

## Financial Data

# Consolidated Financial Statements

### • Consolidated Balance Sheets

The Nanto Bank, Ltd. and Consolidated Subsidiaries as of March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
<b>Assets:</b>			
Cash and due from banks (Notes 23 and 25).....	¥ 1,085,005	¥ 1,495,598	\$ 8,125,552
Debt purchased (Notes 25 and 26) .....	1,503	1,466	11,255
Money held in trust (Notes 25 and 26).....	43,579	44,017	326,361
Securities (Notes 9, 10, 11, 14, 25 and 26) .....	1,320,545	1,470,517	9,889,500
Loans and bills discounted (Notes 10, 11, 12 and 25).....	3,944,387	3,870,774	29,539,331
Foreign exchanges (Note 10) .....	1,354	2,488	10,140
Lease receivables and lease investment assets (Note 11).....	26,221	24,990	196,367
Other assets (Notes 10, 11 and 15) .....	72,006	55,922	539,249
Tangible fixed assets (Note 13).....	40,493	37,782	303,250
Buildings .....	10,567	10,708	79,135
Land .....	23,647	23,915	177,091
Construction in progress .....	3,529	313	26,428
Other tangible fixed assets .....	2,749	2,845	20,587
Intangible fixed assets .....	4,674	4,858	35,003
Software .....	4,228	4,411	31,663
Other intangible fixed assets (Note 11) .....	446	447	3,340
Deferred tax assets (Note 30).....	17,046	7,247	127,656
Customers' liabilities for acceptances and guarantees (Note 10) .....	8,759	8,261	65,595
Reserve for possible loan losses (Notes 3 and 25).....	(23,461)	(22,485)	(175,698)
Total assets .....	¥ 6,542,117	¥ 7,001,441	\$ 48,993,611
<b>Liabilities and net assets:</b>			
<b>Liabilities:</b>			
Deposits (Notes 11 and 25).....	¥ 5,715,665	¥ 5,647,407	\$ 42,804,351
Negotiable certificates of deposit (Note 25) .....	8,140	7,540	60,960
Call money and bills sold (Note 25) .....	—	176,835	—
Payables under repurchase agreements (Notes 11 and 25).....	—	12,742	—
Payables under securities lending transactions (Notes 11 and 25).....	139,161	102,432	1,042,170
Borrowed money (Notes 11, 25 and 35) .....	356,490	709,227	2,669,737
Foreign exchanges.....	806	473	6,036
Borrowed money from trust account.....	4,659	5,467	34,891
Other liabilities (Note 35) .....	32,699	31,586	244,881
Liability for retirement benefits (Note 28).....	11,916	11,976	89,238
Reserve for reimbursement of deposits.....	76	104	569
Reserve for contingent losses .....	831	834	6,223
Reserve for share-based payment .....	96	61	718
Reserve under special laws.....	3	3	22
Deferred tax liabilities (Note 30) .....	11	12	82
Acceptances and guarantees.....	8,759	8,261	65,595
Total liabilities .....	¥ 6,279,318	¥ 6,714,967	\$ 47,025,522
<b>Net assets (Note 7):</b>			
Common stock: Authorized 64,000 thousand shares in 2023 and 2022 Issued 33,025 thousand shares in 2023 and 2022 .....	¥ 37,924	¥ 37,924	\$ 284,011
Capital surplus .....	34,749	34,749	260,233
Retained earnings .....	200,383	199,208	1,500,659
Less treasury stock: Issued 1,273 thousand shares in 2023 and 472 thousand shares in 2022 .....	(3,418)	(1,799)	(25,597)
<b>Total stockholders' equity</b> .....	269,639	270,083	2,019,314
Valuation difference on available-for-sale securities (Note 26) .....	(6,537)	15,121	(48,955)
Deferred gains or losses on hedges (Note 27) .....	95	1,814	711
Accumulated adjustments for retirement benefits (Note 28).....	(398)	(546)	(2,980)
<b>Total accumulated other comprehensive income</b> .....	(6,840)	16,390	(51,224)
Total net assets .....	262,798	286,473	1,968,082
Total liabilities and net assets.....	¥ 6,542,117	¥ 7,001,441	\$ 48,993,611

See Notes to Consolidated Financial Statements.



## Financial Data

### Consolidated Financial Statements

#### • Consolidated Statements of Changes in Net Assets

The Nanto Bank, Ltd. and Consolidated Subsidiaries for the Years Ended March 31, 2023 and 2022

Millions of yen										
	Number of shares of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Less treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Accumulated adjustments for retirement benefits	Stock acquisition rights	Total net assets
<b>Balance at April 1, 2021</b> .....	33,025	¥ 37,924	¥ 34,749	¥ 189,973	¥ (1,693)	¥ 31,221	¥ 2,008	¥ (688)	¥ 63	¥ 293,559
Cash dividends .....				(2,609)						(2,609)
Net income attributable to owners of parent .....				11,867						11,867
Purchase of treasury stock .....					(147)					(147)
Disposition of treasury stock .....			(22)		41					18
Transfer from retained earnings to capital surplus .....			22	(22)						—
Net changes in items other than stockholders' equity .....						(16,099)	(193)	142	(63)	(16,214)
<b>Balance at April 1, 2022</b> .....	33,025	¥ 37,924	¥ 34,749	¥ 199,208	¥ (1,799)	¥ 15,121	¥ 1,814	¥ (546)	¥ —	¥ 286,473
Cash dividends .....				(3,556)						(3,556)
Net income attributable to owners of parent .....				4,731						4,731
Purchase of treasury stock .....					(1,618)					(1,618)
Disposition of treasury stock .....			(0)		0					0
Transfer from retained earnings to capital surplus .....			0	(0)						—
Net changes in items other than stockholders' equity .....						(21,659)	(1,719)	147	—	(23,231)
<b>Balance at March 31, 2023 (Note 7)</b> .....	33,025	¥ 37,924	¥ 34,749	¥ 200,383	¥ (3,418)	¥ (6,537)	¥ 95	¥ (398)	¥ —	¥ 262,798

Thousands of U.S. dollars (Note 1)										
	Common stock	Capital surplus	Retained earnings	Less treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Accumulated adjustments for retirement benefits	Stock acquisition rights	Total net assets	
<b>Balance at April 1, 2022</b> .....	\$ 284,011	\$ 260,233	\$ 1,491,859	\$ (13,472)	\$ 113,240	\$ 13,584	\$ (4,088)	\$ —	\$ 2,145,383	
Cash dividends .....			(26,630)						(26,630)	
Net income attributable to owners of parent .....			35,430						35,430	
Purchase of treasury stock .....				(12,117)					(12,117)	
Disposition of treasury stock .....		(0)		0					0	
Transfer from retained earnings to capital surplus .....		0	(0)						—	
Net changes in items other than stockholders' equity .....					(162,203)	(12,873)	1,100	—	(173,975)	
<b>Balance at March 31, 2023 (Note 7)</b> .....	\$ 284,011	\$ 260,233	\$ 1,500,659	\$ (25,597)	\$ (48,955)	\$ 711	\$ (2,980)	\$ —	\$ 1,968,082	

See Notes to Consolidated Financial Statements.

## • Consolidated Statements of Cash Flows

The Nanto Bank, Ltd. and Consolidated Subsidiaries for the Years Ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
<b>Cash flows from operating activities</b>			
Income before income taxes .....	¥ 6,316	¥ 17,910	\$ 47,300
Depreciation.....	3,412	3,296	25,552
Impairment loss.....	43	62	322
Share of loss (profit) of entities accounted for using equity method.....	14	9	104
Increase (decrease) in reserve for possible loan losses .....	976	716	7,309
Increase (decrease) in liability for retirement benefits .....	151	419	1,130
Increase (decrease) in reserve for reimbursement of deposits .....	(28)	(53)	(209)
Increase (decrease) in reserve for contingent losses .....	(2)	(300)	(14)
Increase (decrease) in reserve for share-based payment .....	35	61	262
Interest income .....	(46,862)	(48,185)	(350,947)
Interest expense.....	3,741	902	28,016
Loss (gain) on securities .....	7,820	(1,260)	58,563
Loss (gain) on money held in trust .....	152	167	1,138
Foreign exchange losses (gains).....	(7,736)	(8,530)	(57,934)
Losses (gains) on sales of fixed assets .....	(37)	17	(277)
Net decrease (increase) in loans and bills discounted .....	(73,613)	(83,896)	(551,284)
Net increase (decrease) in deposits .....	68,258	207,439	511,181
Net increase (decrease) in negotiable certificates of deposit .....	600	3,500	4,493
Net increase (decrease) in borrowed money .....	(352,737)	82,526	(2,641,631)
Net decrease (increase) in due from banks (excluding due from the Bank of Japan)...	(83)	1,077	(621)
Net decrease (increase) in call loans and bills bought .....	(36)	361	(269)
Net increase (decrease) in call money.....	(189,578)	152,500	(1,419,740)
Net increase (decrease) in payables under securities lending transactions ...	36,729	(4,032)	275,061
Net decrease (increase) in foreign exchange assets.....	1,134	(1,250)	8,492
Net increase (decrease) in foreign exchange liabilities .....	332	(104)	2,486
Net decrease (increase) in lease receivables and lease investment assets....	(1,364)	135	(10,214)
Net increase (decrease) in borrowed money from trust account .....	(808)	(797)	(6,051)
Interest received.....	47,352	48,537	354,616
Interest paid.....	(2,645)	(972)	(19,808)
Other .....	(8,973)	1,094	(67,198)
Subtotal .....	(507,436)	371,351	(3,800,164)
Income taxes paid.....	(6,428)	(3,769)	(48,138)
Net cash provided by (used in) operating activities.....	(513,864)	367,581	(3,848,303)
<b>Cash flows from investing activities</b>			
Purchase of securities .....	(374,000)	(362,645)	(2,800,868)
Proceeds from sales of securities .....	397,341	229,244	2,975,668
Proceeds from maturities of securities .....	91,188	80,753	682,902
Increase in money held in trust .....	(321)	(19,719)	(2,403)
Decrease in money held in trust .....	48	15,578	359
Purchase of tangible fixed assets .....	(4,829)	(1,753)	(36,164)
Proceeds from sales of tangible fixed assets .....	539	426	4,036
Purchase of intangible fixed assets.....	(1,461)	(1,209)	(10,941)
Payments for asset retirement obligations .....	(48)	(26)	(359)
Other .....	(101)	(13)	(756)
Net cash provided by (used in) investing activities .....	108,355	(59,366)	811,465
<b>Cash flows from financing activities</b>			
Dividends paid .....	(3,553)	(2,609)	(26,608)
Purchase of treasury stock.....	(1,618)	(147)	(12,117)
Other .....	0	0	0
Net cash used in financing activities .....	(5,171)	(2,756)	(38,725)
<b>Effect of exchange rate changes on cash and cash equivalents.....</b>	<b>5</b>	<b>9</b>	<b>37</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>(410,675)</b>	<b>305,468</b>	<b>(3,075,526)</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>1,493,835</b>	<b>1,188,367</b>	<b>11,187,261</b>
<b>Cash and cash equivalents at end of year (Note 23) .....</b>	<b>¥ 1,083,159</b>	<b>¥ 1,493,835</b>	<b>\$ 8,111,727</b>

See Notes to Consolidated Financial Statements.

## Consolidated Financial Statements

### Notes to Consolidated Financial Statements

The Nanto Bank, Ltd. and Consolidated Subsidiaries  
Years Ended March 31, 2023 and 2022

#### 1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of The Nanto Bank, Ltd. (the "Bank") and its consolidated subsidiaries (together, the "Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and the Ordinance for Enforcement of the Banking Law and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English, with some expanded descriptions, from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Some supplemental information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

As permitted by the Financial Instruments and Exchange Act of Japan, amounts less than one million yen have been omitted. As a result, the totals shown in the financial statements do not necessarily agree with the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2023, which was ¥133.53 to US\$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its eleven (eleven in 2022) subsidiaries at March 31, 2023. (Changes in scope of consolidation)

In the fiscal year ended March 31, 2022, Nanto Investment Advisors Co., Ltd. was excluded from the scope of consolidation because the company resolved to dissolve at the annual stockholders' meeting held on June 30, 2021 and its liquidation was completed on December 9, 2021.

The Bank had four (three in 2022) unconsolidated subsidiaries in the fiscal year ended March 31, 2023, Nanto Sixth Industry Support Investment Limited Partnership, Nanto Regional Vitality Creation Support Investment Limited Partnership, Nanto CVC No. 3 Akebono Investment Limited Partnership and Nanto TSUNAGU Fund Investment Limited Partnership. The unconsolidated subsidiaries were excluded from the scope of consolidation because the portion of their assets, net income (loss), retained earnings, accumulated other comprehensive income and others that correspond to the Bank's equity were immaterial to the extent that their exclusion from the scope of consolidation did not preclude reasonable judgment of the Group's financial position and results of operations.

(Establishment of unconsolidated subsidiaries)

In the fiscal year ended March 31, 2023, Nanto TSUNAGU Fund Investment Limited Partnership became an unconsolidated subsidiary due to its new establishment.

In the fiscal year ended March 31, 2022, Nanto CVC No. 3 Akebono Investment Limited Partnership became an unconsolidated subsidiary due to its new establishment on February 1, 2022.

The Bank had three (two in 2022) affiliates over which it had the ability to exercise significant influence over operating and financial policies, Nara Mirai Design Co., Ltd., Nara Kominka Machizukuri Partners Co., Ltd. and Frontier Nanto Investment LLC, and these affiliates were accounted for by the equity method.

(Changes in scope of the equity method)

In the fiscal year ended March 31, 2023, Frontier Nanto Investment LLC was included in the scope of the equity method due to its new establishment.

In the fiscal year ended March 31, 2022, Nara Mirai Design Co., Ltd. was included in the scope of the equity method due to its new establishment on April 1, 2021, and Nara Kominka Machizukuri Partners Co., Ltd. was included in the scope of the equity method due to the acquisition of its shares by the Bank on January 20, 2022.

The Bank had four (three in 2022) unconsolidated subsidiaries not accounted for by the equity method in the fiscal year ended March 31, 2023, Nanto Sixth Industry Support Investment Limited Partnership, Nanto Regional Vitality Creation Support Investment Limited Partnership, Nanto CVC No. 3 Akebono Investment Limited Partnership and Nanto TSUNAGU Fund Investment Limited Partnership. The Bank also had five (three in 2022) affiliates not accounted for by the equity method, Nanto CVC Investment Limited Partnership, Nanto CVC No. 2 Investment Limited Partnership and Nara Kominka Machizukuri Fund Investment Limited Partnership, Frontier Nanto Investment Limited Partnership and Yamato Social Impact Investment Limited Partnership. The unconsolidated subsidiaries and affiliates not accounted for by the equity method were excluded from the scope of the equity method because the effect of their inclusion on the consolidated financial statements would not have been significant in terms of the portion of net income (loss), retained earnings, accumulated other comprehensive income and others which correspond to the Bank's equity.

(Establishment of unconsolidated subsidiaries not accounted for by the equity method)

In the fiscal year ended March 31, 2023, Nanto TSUNAGU Fund Investment Limited Partnership became an unconsolidated subsidiary not accounted for by the equity method due to its new establishment.

In the fiscal year ended March 31, 2022, Nanto CVC No. 3 Akebono Investment Limited Partnership became an unconsolidated subsidiary not accounted for by the equity method due to its new establishment on February 1, 2022.

(Establishment of affiliates not accounted for by the equity method)

In the fiscal year ended March 31, 2023, Frontier Nanto Investment Limited Partnership and Yamato Social Impact Investment Limited Partnership became affiliates not accounted for by the equity method due to their new establishment.

In the fiscal year ended March 31, 2022, Nara Kominka Machizukuri Fund Investment Limited Partnership became an affiliate not accounted for by the equity method because Nara Kominka Machizukuri Partners Co., Ltd., an affiliate accounted for by the equity method, was an unlimited liability partner.

Potager Co., Ltd., of which the Bank owns between 20% and 50% of the voting rights (execution rights), was not recognized as an affiliate for the fiscal years ended March 31, 2023 and 2022 because it is held by the Bank's unconsolidated subsidiary for the purpose of incubating the investees and not for the purpose of controlling the entity.

All consolidated subsidiaries have fiscal years ending on March 31.

All significant intercompany accounts, transactions and unrealized profits on transactions are eliminated.

## b. Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash and cash equivalents represents cash and due from the Bank of Japan.

## c. Finance leases

As lessor:

Finance leases are accounted for in a manner similar to that used for ordinary sale transactions. Revenue from finance lease transactions and related costs are recognized upon receipt of the lease payments. Finance leases which transfer ownership of the lease assets to the lessee are recognized as lease receivables, and all finance leases which do not transfer ownership of the lease assets to the lessee are recognized as lease investment assets.

For finance leases which commenced before April 1, 2008 and do not transfer ownership of the lease assets to the lessee, the appropriate book value (net of accumulated depreciation and amortization) in tangible and intangible fixed assets as of March 31, 2008 was recorded as the beginning balance of "Lease receivables and lease investment assets," and the total amount of interest equivalent for the remaining lease term after the adoption of the "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan ("ASBJ") Statement No. 13, issued on March 30, 2007) has been allocated over the remaining lease term using the straight-line method.

For the fiscal years ended March 31, 2023 and 2022, differences between income before income taxes and income before income taxes calculated as if the accounting treatment for ordinary sale transactions had been applied to the finance leases which do not transfer ownership of the leased assets to the lessee were not material.

## d. Securities

Trading securities are stated at fair value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains and losses in the period of the disposal or the change. Cost of sales for such securities is determined using the moving average method. Held-to-maturity debt securities are stated at amortized cost on a straight-line method, cost of which is determined using the moving average method. Stocks of affiliates accounted for by the equity method and unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost using the moving average method. Available-for-sale securities with available fair values are stated at fair value. Unrealized gains and losses on available-for-sale securities are reported, net of applicable income taxes, as a separate component of accumulated other comprehensive income. Equity securities, etc., with no market price included in available-for-sale securities are stated at moving average cost.

If the fair value of held-to-maturity debt securities or available-for-sale securities declines significantly, the securities are stated at fair value, and the difference between the fair value and the carrying amount is recognized as a loss in the period of the decline. In such a case, the fair value will be the carrying amount of the securities at the beginning of the next fiscal year.

Securities managed as trust assets in individually managed money held in trust primarily for securities management purposes are measured at fair value.

## e. Derivatives and hedge accounting

Derivatives are measured at fair value.

To account for hedging transactions in connection with interest rate risk arising from financial assets and liabilities, the Bank applies the deferred hedge accounting method stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Committee Report No. 24, March 17, 2022). The Bank assesses the effectiveness of such hedges in offsetting movement in the fair value from changes in interest rates by classifying the hedged items, such as loans and deposits, and the hedging instruments, such as interest rate swaps, by their maturity. The Bank assesses the effectiveness of cash flow hedges by verifying the correlation between the hedged items and the hedging instruments.

In order to hedge risk arising from the volatility of exchange rates for available-for-sale securities (excluding bonds) denominated in foreign currencies, the Bank applies fair value hedge accounting with the condition that the hedged available-for-sale securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged securities denominated in the same foreign currency.

## f. Tangible fixed assets (except for leased assets)

Depreciation of tangible fixed assets of the Bank is computed by the declining balance method, except for buildings (excluding facilities attached to buildings and structures acquired on or before March 31, 2016, which are depreciated by the declining balance method) which are depreciated by the straight-line method. The estimated useful lives of major items are as follows:

Buildings	6 to 50 years
Others	3 to 20 years

Depreciation of the assets of the consolidated subsidiaries is computed principally by the declining balance method over the estimated useful life of the asset.

## g. Intangible fixed assets (except for leased assets)

Amortization of intangible fixed assets is computed by the straight-line method. Acquisition costs of software to be used internally are capitalized and amortized by the straight-line method primarily over a useful life of five years.

## h. Lease assets

Lease assets with respect to finance leases that do not transfer ownership of tangible fixed assets and intangible fixed assets are depreciated or amortized using the straight-line method with the assumption that the term of the lease is the useful life. The residual value of lease assets is the value guaranteed in the lease contract or zero for assets without such guaranteed value.



### Consolidated Financial Statements

#### **i. Reserve for possible loan losses**

A reserve for possible loan losses is provided according to predetermined standards.

For loans to insolvent customers who are undergoing bankruptcy or other special liquidation ("bankrupt borrowers") or who are in a similar financial condition ("effectively bankrupt borrowers"), the reserve for possible loan losses is provided based on the amount of the claims net of the amount expected to be recovered from collateral and guarantees and net of the deducted amount mentioned below. For the unsecured and unguaranteed portions of loans to customers not presently in the above circumstances but for whom there is a high probability of so becoming ("likely to become bankrupt borrowers"), the Bank deducts the estimated future cash flows and the amount expected to be recovered from collateral and guarantees from the loan amount and of that remainder reports the amount that it recognizes to be necessary after comprehensively judging the customer's ability to pay.

For loans pertaining to customers other than the above, the Bank reports mainly the anticipated loss for the next one or three years. The anticipated loss is calculated by region using the loss rate based on the average value in a fixed past period of the loan loss ratio with the actual loan loss of one or three years as its foundation with necessary adjustments such as future prospects, etc.

All claims are assessed by the operating divisions based on the self-assessment criteria for asset quality, and the assessment results are audited by the Asset Audit Division, which is independent from the operating divisions.

For claims against "bankrupt borrowers" and "effectively bankrupt borrowers," the amount exceeding the estimated value of collateral and guarantees is deemed uncollectible and is deducted directly from those claims in principle. At March 31, 2023 and 2022, the deducted amounts were ¥5,367 million (\$40,193 thousand) and ¥6,233 million, respectively.

The reserve for possible loan losses of the consolidated subsidiaries is provided for general claims by the amount deemed necessary based on the historical loan loss ratio and for certain doubtful claims by the amount deemed uncollectible based on an assessment of each claim.

#### **j. Employee retirement benefits**

In calculating projected benefit obligations, expected benefits are attributed to each period by the benefit formula basis.

Prior service costs are recognized as profit or loss at the time of occurrence.

Actuarial gains and losses are amortized from the fiscal year following the year in which the gains and losses are recognized by the straight-line method over a fixed period (ten years) within the average remaining service years of the current employees.

Consolidated subsidiaries applied the simplified method where the amount to be required for voluntary termination at the fiscal year-end is recorded as projected benefit obligations in the calculation of the liability for retirement benefits and retirement benefit costs.

#### **k. Reserve for reimbursement of deposits**

A reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

#### **l. Reserve for contingent losses**

To pay its contribution to the Credit Guarantee Corporation, the Bank provides a reserve for contingent liabilities not covered by other reserves in an amount deemed necessary based on estimated future losses.

#### **m. Reserve for share-based payment**

To prepare for the delivery of the Bank's shares through the Director Remuneration BIP (Board Incentive Plan) Trust, the estimated amount of shares to be delivered in proportion to the points allocated to the Directors in accordance with the stock benefit rules is recorded as reserve for share-based payment.

#### **n. Reserve under special laws**

Reserve under the special laws represents Financial Instruments Transaction Liability Reserve prescribed in Article 46-5, Paragraph 1 of the Financial Instruments Exchange Act. The amount is recorded as determined by the consolidated subsidiaries in accordance with the provisions of Article 175 of the Cabinet Office Order on Financial Instruments Business, etc., in order to provide for losses arising from security related accidents.

#### **o. Foreign currency translations**

Foreign currency assets and liabilities are translated at fiscal year-end exchange rates.

#### **p. Income taxes**

Deferred income taxes are recorded to reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting purposes.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes.

#### **q. Criteria for recognizing lease income and costs for finance leases**

Lease income and costs are recognized at the time of receiving lease fees.

#### r. Criteria for recognizing revenue from contracts with customers

The Group has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and the “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021), and recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services.

The Bank and its consolidated subsidiaries recognize information on transactions with customers based on the following five steps:

Step 1: Identify the contract(s) with customers.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue from transactions with customers of the Bank and its consolidated subsidiaries, etc. relates mainly to transaction services that are recognized when control of the promised goods or services is transferred to the customer and includes fees and commissions related to deposit services, lending services, exchange services and others.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES

Those items whose amounts have been recognized in the consolidated financial statements for the current consolidated fiscal year based on accounting estimates which could have a material impact on the consolidated financial statements for the next consolidated fiscal year are as follows.

#### (1) Reserve for possible loan losses

Credit operations are one of the major operations of the Group, and assets with credit risk, such as loans, occupy a very important place in consolidated net assets on the consolidated balance sheet. So recognition of the reserve for possible loan losses has a large impact on the operating results and financial position and is judged to be material in the accounting estimates.

#### (2) Amount recognized in the consolidated financial statements

The reserve for possible loan losses recognized in the consolidated balance sheets as of March 31, 2023 and 2022 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Reserve for possible loan losses .....	¥ 23,461	¥ 22,485	\$ 175,698

The details concerning the accounting estimates adopted when making the calculation are set forth below.

#### (3) Accounting estimates

##### (a) Methods for calculating amounts

Calculation methods are stated in the Notes (SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES i. Reserve for possible loan losses). The asset appraisals stated in the reserve for possible loan losses recognition standards refer to individually analyzing and considering the assets held and classifying them based on the degree of nonrecovery risk and loss of value risk. Appropriate depreciation and reservation are implemented based on the category of borrowers (normal borrowers, needs attention borrowers, likely to become bankrupt borrowers, effectively bankrupt borrowers and bankrupt borrowers).

##### (b) Major assumptions used in calculating amounts

The Bank assumes that losses nearly equivalent to historical loan losses for each category of borrowers would be incurred. For the claims equivalent to normal claims and claims which need attention, the Bank calculated the required reserve amount for each region using the expected loss rate taking into consideration the necessary adjustments to the average value of the loan loss ratio for a fixed period in the past. The determination of the borrower category is based on the credit rating determined by the rating models and the borrower's repayment ability based on their substantial financial position, financing capacities, and profitability, etc., and the terms and conditions of the loans and payment status of the borrower. Also, the Bank gives comprehensive consideration to the borrower's sustainability, projected profitability, and ability to pay obligations based on their annual repayable amount, appropriateness of their business improvement plans, and other factors in light of the borrower's industry characteristics.

Furthermore, in the case that management reconstruction is thought to be proceeding in line with a drastic and highly feasible business improvement plan and a reasonable and highly feasible business improvement plan, the loans shall be deemed not to qualify as claims corresponding to restructured loans or claims likely to become bankrupt borrowers.

Note that, at the end of the fiscal years ended March 31, 2023 and 2022, the Bank anticipated that the impact of the new coronavirus would continue for a certain period of time, and the individual category of borrowers was determined based on the available information after taking into account the characteristics of the industrial sector, the possibility of recovery from the short-term business performance, cash flow status, etc. Accordingly, an additional reserve was not provided.

##### (c) The impact on the consolidated financial statements for the next fiscal year

The uncertainties of the material estimates are included in the major assumptions used for the calculation of the amount of the reserve for possible loan losses, including the expected loss rate by region and by debt classification, the category of borrowers as of the end of the current fiscal year, the amount expected to be recovered using collateral and guarantees, the impact of the new coronavirus and inflation, etc.

The major assumptions concerning the estimate of the reserve for possible loan losses are determined based on the available information. However, if the business condition of a major customer worsens or the impact of the new coronavirus and inflation is prolonged, there is a possibility that such events would have an impact on the operating results and financial position for the next fiscal year, such as an increase in the reserve for possible loan losses becoming necessary.



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### 4. CHANGES IN ACCOUNTING POLICIES

Fiscal year ended March 31, 2023

#### Application of implementation guidance on accounting standard for fair value measurement

The Group has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year ended March 31, 2023 and will prospectively apply the new accounting policies stipulated by the Implementation Guidance on Accounting Standard for Fair Value Measurement in accordance with the transitional treatment prescribed in Paragraph 27-2 of the guidance. There was no effect on the consolidated financial statements due to this application.

As for notes of investment trusts in financial instruments categorized by fair value hierarchy in Note 25, "FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES," the comparative information for the fiscal year ended March 31, 2022 is not included in the said Note in accordance with Paragraph 27-3 of the guidance.

Fiscal year ended March 31, 2022

#### (1) Application of accounting standard for revenue recognition

The Group has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the fiscal year ended March 31, 2022 and recognizes revenue when control of promised goods or services is transferred to the customer in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services.

The Group applied the Accounting Standard for Revenue Recognition in accordance with the transitional treatment prescribed in Paragraph 84 of the standard, and there was no effect on retained earnings at the beginning of the fiscal year ended March 31, 2022.

Any effects on the consolidated financial statements were immaterial.

#### (2) Application of accounting standard for fair value measurement

The Group has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) from the beginning of the fiscal year ended March 31, 2022 and will prospectively apply the new accounting policies stipulated by the Accounting Standard for Fair Value Measurement in accordance with the transitional treatment prescribed in Paragraph 19 of the standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

The effects on the consolidated financial statements were immaterial.

In addition, the Group discloses financial instruments categorized by fair value hierarchy in Note 25, "FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES."

#### (3) Change in criteria for recognizing income from installment sales transactions

The Bank's consolidated subsidiary, Nanto Lease Co., Ltd., has adopted a method of recording income from installment sales transactions in the amount equivalent to interest expense in accordance with the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, March 25, 2011).

The amount equivalent to interest expense was previously accounted for by the straight-line method, but this has been changed to the interest method effective from the fiscal year ended March 31, 2022. This change was made based on the judgment that adopting the interest method, which is the principle method, will more appropriately reflect the status of profit and loss, given the increasing trend of installment sales transactions.

This change in accounting policy has been applied retrospectively.

### 5. STANDARDS AND GUIDANCE NOT YET ADOPTED

The following standards and guidance were issued but not yet adopted.

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)
- "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

#### (1) Overview

These standards and guidance set forth the accounting classification of current income taxes in the case where other comprehensive income is taxable, as well as the treatment of tax effect accounting on sale of shares of subsidiaries, etc. under the group taxation regime.

#### (2) Effective date

The Group is scheduled to apply the standards and guidance from the beginning of the fiscal year ending March 31, 2025.

#### (3) Effects of the application of the standards and guidance

The Group is currently evaluating the effects of the application of these standards and guidance.

### 6. ADDITIONAL INFORMATION

#### Director Remuneration BIP (Board Incentive Plan) Trust

The Bank has introduced a Director Remuneration BIP Trust for directors of the Bank (excluding outside directors and nonresidents in Japan; hereinafter "the Bank's directors").

#### (1) Overview of transaction

The Director Remuneration BIP Trust is a board incentive plan designed to motivate the Bank's directors to contribute to achieving mid- to long-term performance improvement and increasing corporate value. This is a stock-based compensation plan in which points are awarded to the Bank's directors based on their position and achievement of performance targets, etc. The Bank's shares corresponding to the points and a cash payment equivalent to the value of the Bank's shares are delivered or paid to the Bank's directors at the time of their retirement from office.

#### (2) Accounting treatment for transactions in which the Bank's shares are delivered through the Trust

The Bank has followed the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts" (Practical Issues Task Force No. 30, March 26, 2015) with respect to the accounting treatment of this trust agreement.

#### (3) Matters on Bank's shares held by the Trust

(a) The book value of the Bank's shares held by the Trust as of March 31, 2023 and 2022 was ¥143 million (\$1,070 thousand) and ¥143 million, respectively.

(b) The Bank's shares held by the Trust are recorded as treasury stock under stockholders' equity.

(c) The numbers of shares as of March 31, 2023 and 2022 were 73 thousand and 73 thousand, respectively, and the average numbers of shares during the fiscal years ended March 31, 2023 and 2022 were 73 thousand and 47 thousand, respectively.

(d) The numbers of shares at the end of the fiscal years ended March 31, 2023 and 2022 and the average numbers of shares during the respective fiscal years are included in treasury stock to be deducted for computing per share information.

## 7. CHANGES IN NET ASSETS

### (1) Type and numbers of shares issued and treasury stock for the fiscal years ended March 31, 2023 and 2022

	(Thousands of shares)				Remarks
	2023				
	April 1, 2022	Increase	Decrease	March 31, 2023	
Shares issued					
Common stock.....	33,025	—	—	33,025	
Total.....	33,025	—	—	33,025	
Treasury stock					
Common stock.....	472	801	0	1,273	Notes 1, 2 & 3
Total.....	472	801	0	1,273	

Notes: 1. The number of shares of treasury stock as of March 31, 2023 includes 73 thousand shares of the Bank's stock held by the Director Remuneration BIP Trust.  
2. The increase of 801 thousand shares in common stock of treasury stock is attributable to an increase of 800 thousand shares due to the acquisition of treasury stock, which was resolved by the Board of Directors, and an increase of 1 thousand shares due to the purchase of shares of less than one unit.  
3. The decrease of 0 thousand shares in common stock of treasury stock is due to the sale of shares less than one unit.

	(Thousands of shares)				Remarks
	2022				
	April 1, 2021	Increase	Decrease	March 31, 2022	
Shares issued					
Common stock.....	33,025	—	—	33,025	
Total.....	33,025	—	—	33,025	
Treasury stock					
Common stock.....	407	74	9	472	Notes 1, 2 & 3
Total.....	407	74	9	472	

Notes: 1. The number of shares of treasury stock as of March 31, 2022 includes 73 thousand shares of the Bank's stock held by the Director Remuneration BIP Trust.  
2. The increase of 74 thousand shares in common stock of treasury stock is attributable to an increase of 73 thousand shares due to the acquisition by the Director Remuneration BIP Trust and an increase of 1 thousand shares due to the purchase of shares of less than one unit.  
3. The decrease of 9 thousand shares in common stock of treasury stock is attributable to a decrease of 9 thousand shares due to the execution of stock options and a decrease of 0 thousand shares due to the sale of shares of less than one unit.

### (2) Stock acquisition rights

Fiscal years ended March 31, 2023 and 2022

Not applicable.

### (3) Information on dividends is as follows:

#### (a) Dividends paid in the fiscal year ended March 31, 2023

Millions of yen (thousands of U.S. dollars), except per share amount (yen (U.S. dollars))					
Resolution	Type of shares	Aggregate amount of dividends	Cash dividends per share	Record date	Effective date
Annual stockholders' meeting held on June 29, 2022	Common stock	¥2,283 (\$ 17,097)	¥70.00 (\$ 0.52)	March 31, 2022	June 30, 2022
Board of Directors' meeting held on November 11, 2022	Common stock	¥1,273 (\$ 9,533)	¥40.00 (\$ 0.29)	September 30, 2022	December 5, 2022

Notes: 1. Aggregate amount of dividends resolved by the Annual stockholders' meeting on June 29, 2022 includes dividends for the Bank's shares held by the Director Remuneration BIP Trust of ¥5 million (\$37 thousand).  
2. Aggregate amount of dividends resolved by the Board of Directors on November 11, 2022 includes dividends for the Bank's shares held by the Director Remuneration BIP Trust of ¥2 million (\$14 thousand).

#### (b) Dividends paid in the fiscal year ended March 31, 2022

Millions of yen, except per share amount (yen)					
Resolution	Type of shares	Aggregate amount of dividends	Cash dividends per share	Record date	Effective date
Annual stockholders' meeting held on June 29, 2021	Common stock	¥1,304	¥40.00	March 31, 2021	June 30, 2021
Board of Directors' meeting held on November 12, 2021	Common stock	¥1,305	¥40.00	September 30, 2021	December 6, 2021

#### (c) Dividends to be paid in the fiscal year ending March 31, 2024

Millions of yen (thousands of U.S. dollars), except per share amount (yen (U.S. dollars))						
Resolution	Type of shares	Aggregate amount of dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Annual stockholders' meeting held on June 29, 2023	Common stock	¥2,323 (\$17,396)	Retained earnings	¥73.00 (\$0.54)	March 31, 2023	June 30, 2023

Note: Aggregate amount of dividends includes dividends for the Bank's shares held by the Director Remuneration BIP Trust of ¥5 million (\$37 thousand).

## Consolidated Financial Statements

## 8. STOCKHOLDERS' EQUITY

Under the Banking Law of Japan and the Company Law, the entire amount of the issue price of shares is required to be accounted for as capital, although the Bank may, by resolution of its Board of Directors, account for an amount not exceeding one half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

The Banking Law provides that an amount equal to at least 20% of cash dividends and other cash appropriations be appropriated and set aside as legal earnings reserve until the total amount of legal earnings reserve and additional paid-in capital equals 100% of common stock. The total amount of legal earnings reserve and additional paid-in capital of the Bank has reached 100% of common stock. Therefore, the Bank is not required to provide additional legal earnings reserve.

The legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the stockholders' meeting or may be capitalized by resolution of the Board of Directors. On condition that the total amount of legal earnings reserve and additional paid-in capital remains equal to or more than 100% of common stock, they are available for distribution by resolution of the stockholders' meeting. Legal earnings reserve is included in retained earnings in the accompanying financial statements.

The maximum amount that the Bank can distribute as dividends is calculated based on the nonconsolidated financial statements of the Bank in accordance with the Company Law.

## 9. SHARES OR INVESTMENTS IN CAPITAL OF UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Shares or investments in capital of unconsolidated subsidiaries and affiliates at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Shares or investments in capital.....	¥ 4,032	¥ 2,979	\$ 30,195

## 10. NONPERFORMING CLAIMS

The Bank reported claims based on the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions at March 31, 2023 and 2022. The claims consisted of those recorded in the consolidated balance sheets as corporate bonds in "Securities" (limited to those for which redemption of the principal and payment of interest are guaranteed in whole or in part and are issued by private placement of securities in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act), loans and bills discounted, foreign exchanges, accrued interest and suspense payments in "Other assets", customers' liabilities for acceptances and guarantees, and securities in lending securities transactions indicated in the Notes (limited to those under loan for use or lease contracts).

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2022
Bankrupt or quasi-bankrupt claims .....	¥ 3,665	¥ 3,592	\$ 27,447
Doubtful claims.....	46,239	42,510	346,281
Claims past due for three months or more .....	131	161	981
Restructured claims.....	8,997	7,226	67,378
Total.....	¥ 59,034	¥ 53,491	\$ 442,102

Bankrupt or quasi-bankrupt claims are claims made against obligors who have fallen into bankruptcy for reasons such as the commencement of bankruptcy proceedings or reorganization proceedings, or the petition for commencement of rehabilitation proceedings, and claims similar to these.

Doubtful claims are claims that are made against obligors who are yet to have fallen into bankruptcy, but it is highly probable that the contractual principal and interest cannot be collected/received due to deterioration of the obligor's financial condition and business performance and those not classified as bankrupt or quasi-bankrupt claims.

Claims past due for three months or more represent claims for which payments of principal or interest have been in arrears for three months or more from the day following the agreed-upon payment date, but do not meet the criteria for bankrupt, quasi-bankrupt claims or doubtful claims.

Restructured claims are claims that provide certain concession favorable to the obligors with the intent of facilitating the obligor's restructuring or otherwise providing support, such as by reducing or exempting interest, postponing principal/interest payments, releasing credits, or providing other benefits and those that are not classified in any of the above categories.

The amounts of claims in the above table are before deduction of reserve for possible loan losses.

(Changes in presentation)

"Cabinet Office Ordinance Partially Revising the Ordinance for Enforcement of the Banking Act" (Cabinet Office Ordinance No. 3, January 24, 2020) became effective on March 31, 2022. Accordingly, the classification of "Risk management claims," etc., under the Banking Act are presented in accordance with the classification of claims requiring disclosure based on the Act on Emergency Measures for the Revitalization of Financial Functions and other requirements.

Bills discounted are accounted for as financing transactions in accordance with "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA Industry Committee Report No. 24, March 17, 2022). This accounting treatment gives the Bank the right to sell or pledge such bills without restrictions. The total face value of commercial bills and purchased foreign exchange bills obtained as a result of discounting was ¥13,371 million (\$100,134 thousand) and ¥14,169 million at March 31, 2023 and 2022, respectively.

Regarding loan participation and based on the "Accounting Treatment and Presentation of Loan Participation" (JICPA Accounting System Committee Report No. 3, November 28, 2014), of the participating principal amount accounted for as loans and bills discounted with respect to the original debtor, the amount recorded in the consolidated balance sheets was ¥3,601 million (\$26,967 thousand) and ¥3,602 million at March 31, 2023 and 2022, respectively.

## 11. PLEDGED ASSETS

Assets pledged as collateral at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Assets pledged as collateral:			
Securities.....	¥ 440,547	¥ 555,826	\$ 3,299,236
Loans and bills discounted.....	141,347	387,045	1,058,541
Other assets.....	178	178	1,333
Liabilities corresponding to assets pledged as collateral:			
Deposits.....	79,537	107,874	595,648
Payables under repurchase agreements.....	—	12,742	—
Payables under securities lending transactions.....	139,161	102,432	1,042,170
Borrowed money.....	346,534	700,899	2,595,177

In addition to the above, the following were pledged as collateral for transaction guarantees or as a substitute for margin money for forward transactions.

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Other assets.....	¥ 26,219	¥ 21,514	\$ 196,352

The following was pledged as collateral for borrowed money of ¥2,109 million (\$15,794 thousand) and ¥2,173 million at March 31, 2023 and 2022, respectively.

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Unexpired lease contract claims.....	¥ 2,978	¥ 3,085	\$ 22,302

Other assets included initial margins of futures markets and security deposits and other intangible fixed assets included key money as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Initial margins of future markets.....	¥ 892	¥ 762	\$ 6,680
Security deposits.....	960	977	7,189
Key money.....	446	447	3,340

## 12. LOAN COMMITMENTS

Commitment line contracts on overdrafts and loans are agreements to lend to customers when they apply for borrowing up to a prescribed amount as long as there is no violation of any condition established in the contract. The amounts of unused commitments at March 31, 2023 and 2022 were ¥1,006,735 million (\$7,539,391 thousand) and ¥1,027,166 million, respectively, and the amount of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time at March 31, 2023 and 2022 were ¥938,055 million (\$7,025,050 thousand) and ¥951,310 million, respectively.

Since many of these commitment line contracts are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily affect actual future cash flow.

Many of these commitments line contracts have clauses that allow the Group to reject the application from customers or reduce the contract amounts if economic conditions change. In addition, the Group may request that customers pledge collateral such as real estate and securities or take other necessary measures such as scrutinizing customers' financial positions and revising contracts when the need to secure claims arises.

## 13. TANGIBLE FIXED ASSETS

Accumulated depreciation of tangible fixed assets was ¥43,802 million (\$328,031 thousand) and ¥44,248 million at March 31, 2023 and 2022, respectively. Accumulated capital gains directly offset against the acquisition cost of tangible fixed assets to obtain tax benefits were ¥805 million (\$6,028 thousand) and ¥806 million at March 31, 2023 and 2022, respectively. For the fiscal years ended March 31, 2023 and 2022, the capital gain offset from acquisition costs was nil.

## 14. GUARANTEES

The amount guaranteed by the Bank for privately placed bonds (stipulated by Article 2, Paragraph 3 of the Financial Instruments Exchange Act) included in "Bonds" of "Securities" was ¥42,633 million (\$319,276 thousand) and ¥43,674 million at March 31, 2023 and 2022, respectively.

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## 15. REVENUE

## (1) Revenue from contracts with customers

Ordinary income is not disclosed by disaggregating revenue from contracts with customers and other sources of revenue.

Revenue from contracts with customers on a disaggregated basis for the fiscal years ended March 31, 2023 and 2022 was as follows:

	Millions of yen				
	2023				
	Reportable segments			Total	
	Banking	Leasing	Other		
Fees and commissions.....	¥ 8,912	¥ —	¥ 1,996	¥ 10,908	
Deposit and loan services.....	1,887	—	—	1,887	
Exchange services.....	2,170	—	—	2,170	
Trust related services.....	134	—	—	134	
Securities related services.....	—	—	280	280	
Agency services.....	2,943	—	—	2,943	
Custody and safe deposit box services.....	226	—	—	226	
Guarantee services.....	—	—	—	—	
Other.....	1,549	—	1,715	3,265	
Ordinary income from contracts with customers.....	¥ 8,912	¥ —	¥ 1,996	¥ 10,908	
Ordinary income other than the above.....	56,097	9,308	1,434	66,839	
Ordinary income from outside customers.....	¥ 65,009	¥ 9,308	¥ 3,430	¥ 77,748	

	Millions of yen				
	2022				
	Reportable segments			Total	
	Banking	Leasing	Other		
Fees and commissions.....	¥ 9,137	¥ —	¥ 1,676	¥ 10,813	
Deposit and loan services.....	1,890	—	—	1,890	
Exchange services.....	2,349	—	—	2,349	
Trust related services.....	108	—	—	108	
Securities related services.....	—	—	283	283	
Agency services.....	2,996	—	—	2,996	
Custody and safe deposit box services.....	233	—	—	233	
Guarantee services.....	—	—	—	—	
Other.....	1,559	—	1,392	2,951	
Ordinary income from contracts with customers.....	¥ 9,137	¥ —	¥ 1,676	¥ 10,813	
Ordinary income other than the above.....	56,346	8,803	1,568	66,718	
Ordinary income from outside customers.....	¥ 65,483	¥ 8,803	¥ 3,244	¥ 77,531	

	Thousands of U.S. dollars				
	2023				
	Reportable segments			Total	
	Banking	Leasing	Other		
Fees and commissions.....	\$ 66,741	\$ —	\$ 14,947	\$ 81,689	
Deposit and loan services.....	14,131	—	—	14,131	
Exchange services.....	16,251	—	—	16,251	
Trust related services.....	1,003	—	—	1,003	
Securities related services.....	—	—	2,096	2,096	
Agency services.....	22,039	—	—	22,039	
Custody and safe deposit box services.....	1,692	—	—	1,692	
Guarantee services.....	—	—	—	—	
Other.....	11,600	—	12,843	24,451	
Ordinary income from contracts with customers.....	\$ 66,741	\$ —	\$ 14,947	\$ 81,689	
Ordinary income other than the above.....	420,107	69,707	10,739	500,554	
Ordinary income from outside customers.....	\$ 486,849	\$ 69,707	\$ 25,687	\$ 582,251	

Note: "Other" is business segments which are not included in the reportable segments and include the following services: credit guarantees, real estate leasing and management, software development, credit cards and securities.

## (2) Receivables from contracts with customers

Receivables from contracts with customers of ¥492 million (\$3,684 thousand) and ¥476 million as of March 31, 2023 and 2022, respectively, was included in other assets.

## 16. OTHER OPERATING INCOME

For the fiscal years ended March 31, 2023 and 2022, other operating income consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Gains on sales of bonds .....	¥ 1,989	¥ 1,928	\$ 14,895
Gain on foreign exchange transactions .....	1,936	1,037	14,498
Other .....	342	459	2,561
Total .....	¥ 4,268	¥ 3,425	\$ 31,962

## 17. OTHER INCOME

For the fiscal years ended March 31, 2023 and 2022, other income consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Gains on sales of stocks and other securities.....	¥ 1,129	¥ 2,578	\$ 8,455
Recovery of written-off claims .....	405	319	3,033
Other .....	1,508	852	11,293
Total .....	¥ 3,043	¥ 3,750	\$ 22,788

## 18. OTHER OPERATING EXPENSES

For the fiscal years ended March 31, 2023 and 2022, other operating expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Losses on sales of bonds .....	¥ 10,873	¥ 2,415	\$ 81,427
Other .....	2,041	2	15,284
Total .....	¥ 12,914	¥ 2,418	\$ 96,712

## 19. GENERAL AND ADMINISTRATIVE EXPENSES

For the fiscal years ended March 31, 2023 and 2022, general and administrative expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Salaries and allowances.....	¥ 18,947	¥ 19,076	\$ 141,893
Retirement benefit costs .....	1,523	1,563	11,405
Other .....	19,010	19,594	142,365
Total .....	¥ 39,481	¥ 40,234	\$ 295,671

## 20. OTHER EXPENSES

For the fiscal years ended March 31, 2023 and 2022, other expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Write-offs of loans.....	¥ 718	¥ 1,194	\$ 5,377
Provision for possible loan losses.....	1,117	1,157	8,365
Losses on sales of stocks and other securities .....	65	687	486
Other .....	581	802	4,351
Total .....	¥ 2,483	¥ 3,840	\$ 18,595



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## 21. IMPAIRMENT LOSS

The Group reports impairment loss for the following asset groups.  
Fiscal year ended March 31, 2023

Region	Principle use	Type	Millions of yen		Thousands of U.S. dollars	
			Impairment loss			
Nara Prefecture - outside	1 business store, etc.	Buildings, etc.	¥	7	\$	52
Nara Prefecture - inside	1 idle asset	Buildings, etc.		26		194
Nara Prefecture - outside	1 idle asset	Buildings, etc.		6		44
Nara Prefecture - inside	1 business store, etc.	Software		2		14
Total			¥	43	\$	322

Regarding the fixed assets above, due to the decline in operating cash flows and the reorganization of the store network, the Bank reduced the carrying amount to the recoverable amount and reported the decrease as an impairment loss of ¥43 million (\$322 thousand) in other expenses.

The Bank uses the grouping method of area and business store units because it continuously determines income and expenditure for each area and for each business store. For idle assets, the grouping is carried out using each asset as the unit. Furthermore, the Headquarters, Administrative Center, Training Center, etc., are assets that contribute to the generation of the future cash flows of multiple assets and asset groups, so they are deemed to be corporate assets. Each subsidiary uses the grouping with each respective company as the unit.

The recoverable amount of impaired assets was measured at the net selling price or value in use, whichever was higher. Net selling prices were calculated based on Real Estate Appraisal Standards, etc., and the value in use was computed by discounting future cash flows at 0.7% to 1.4%.  
Fiscal year ended March 31, 2022

Region	Principle use	Type	Millions of yen	
			Impairment loss	
Nara Prefecture - inside	3 business stores, etc.	Buildings, etc.	¥	34
Nara Prefecture - inside	1 idle asset	Land		11
Nara Prefecture - outside	1 business store, etc.	Buildings, etc.		16
Total			¥	62

Regarding the fixed assets above, due to the decline in operating cash flows and the reorganization of the store network, the Bank reduced the carrying amount to the recoverable amount and reported the decrease as an impairment loss of ¥62 million in other expenses.

The Bank uses the grouping method of area and business store units because it continuously determines income and expenditure for each area and for each business store. For idle assets, the grouping is carried out using each asset as the unit. Furthermore, the Headquarters, Administrative Center, Training Center, etc., are assets that contribute to the generation of the future cash flows of multiple assets and asset groups, so they are deemed to be corporate assets. Each subsidiary uses the grouping with each respective company as the unit.

The recoverable amount of impaired assets was measured at the net selling price or value in use, whichever was higher. Net selling prices were calculated based on Real Estate Appraisal Standards, etc., and the value in use was computed by discounting future cash flows at 1.0% to 1.1%.

## 22. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Valuation difference on available-for-sale securities:			
Gains (losses) incurred during the year .....	¥ (40,703)	¥ (22,457)	\$ (304,822)
Reclassification adjustments to net income .....	9,727	(411)	72,845
Amount before tax effect .....	(30,976)	(22,868)	(231,977)
Tax effect .....	9,316	6,769	69,767
Valuation difference on available-for-sale securities .....	(21,659)	(16,099)	(162,203)
Deferred gains (losses) on hedges			
Gains (losses) incurred during the year .....	(2,379)	(448)	(17,816)
Reclassification adjustments to net income .....	(90)	169	(674)
Amount before tax effect .....	(2,470)	(278)	(18,497)
Tax effect .....	751	84	5,624
Deferred gains (losses) on hedges .....	(1,719)	(193)	(12,873)
Adjustments for retirement benefits:			
Gains (losses) incurred during the year .....	1	(14)	7
Reclassification adjustments to net income .....	211	218	1,580
Amount before tax effect .....	212	204	1,587
Tax effect .....	(64)	(62)	(479)
Adjustments for retirement benefits .....	147	142	1,100
Total other comprehensive income (loss) .....	¥ (23,231)	¥ (16,151)	\$ (173,975)

## 23. STATEMENTS OF CASH FLOWS

The reconciliation between cash and due from banks in the consolidated balance sheets at March 31, 2023 and 2022 and cash and cash equivalents in the consolidated statements of cash flows for the fiscal years then ended was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Cash and due from banks on the consolidated balance sheets.....	¥ 1,085,005	¥ 1,495,598	\$ 8,125,552
Current deposits due from banks.....	(41)	(80)	(307)
Time deposits due from banks.....	(600)	(600)	(4,493)
Other due from banks.....	(1,204)	(1,081)	(9,016)
Cash and cash equivalents on the consolidated statements of cash flows.....	¥ 1,083,159	¥ 1,493,835	\$ 8,111,727

## 24. LEASE TRANSACTIONS

### Operating leases

#### As lessee:

Future minimum lease payments under operating leases which were not cancelable at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Due within one year.....	¥ 197	¥ 211	\$ 1,475
Due after one year.....	489	793	3,662
Total.....	¥ 686	¥ 1,004	\$ 5,137

#### As lessor:

Future minimum lease payments under operating leases which were not cancelable at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Due within one year.....	¥ 7	¥ —	\$ 52
Due after one year.....	24	—	179
Total.....	¥ 31	¥ —	\$ 232

## 25. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### a. Status of financial instruments

#### (1) Policy on financial instruments

The Group is composed of the Bank, its eleven (eleven in 2022) consolidated subsidiaries and its three (two in 2022) affiliates accounted for by the equity method and provides financial services such as banking, securities, leasing and credit guarantee services.

The Group's major banking business includes (i) the acceptance of deposits, lending services, bills discounting and remittance, and (ii) the guarantee of debt, acceptance of bills and other services related to the banking business. The securities business includes underwriting and dealing in securities, over-the-counter derivative transactions and other related services, including security index future transactions in accordance with the Financial Instruments and Exchange Act.

The Bank, in addition to being a money lender and borrower in the interbank market to adjust its surpluses and deficits of funds, raises funds by borrowed money and bonds with consideration for the financial market conditions and the balance of length.

The Bank conducts asset and liability management (ALM), identifying various types of risk exposures associated with the banking business as the Bank holds financial assets and liabilities exposed to the market risk associated with fluctuation in interest rates. As part of its risk management, the Bank utilizes derivative transactions such as interest rate swaps. The Bank also enters into derivative transactions for trading purposes with certain position limits.

#### (2) Contents and risk of financial instruments

Financial assets held by the Group are composed mainly of loans to corporate and individual customers that are exposed to credit risk arising from customer nonperformance. In addition, loan balances are significantly concentrated in Nara prefecture, where the head office of the Bank is located. Accordingly, changes in the economic circumstances of the region could have a great impact on the credit risk.

Securities consist principally of Japanese government bonds, Japanese local government bonds, equity securities, foreign securities, investment trusts that are classified as other securities (available-for-sale), private bonds guaranteed by the Bank that are classified as held-to-maturity debt securities and Japanese government bonds classified as trading purpose securities. These securities are exposed to the credit risk of issuers and the market risk of fluctuation in interest rates and market prices. Since financial assets denominated in foreign currencies are exposed to exchange rate risk, currency related derivative transactions are used to balance the amount of funding and amount of operations for each currency to reduce the risk.

In the banking business, financial liabilities consist principally of deposits from retail clients in Japan and are exposed to interest rate risk. In addition, foreign currency deposits are exposed to exchange rate risk. With respect to borrowed money, the Group may be forced to raise funds under unfavorable conditions and, accordingly, become significantly exposed to liquidity risk if the fund raising capacity of the Group significantly declined and led to the inability to repay under circumstances such as the significant deterioration of the financial position of the Group. Furthermore, borrowed money with floating interest rates is exposed to interest rate risk.

Derivative transactions include interest rate swaps for interest rate related transactions, currency swaps and forward foreign exchange transactions for currency related transactions, and bond future transactions and bond option transactions for bond related transactions. The Bank utilizes those derivative transactions in order to hedge the position of the customers as well as to capture various risks associated with transactions with customers and control those risks properly. The Bank also uses derivatives for trading purposes with certain position limits. Interest rate swaps are used as hedging instruments to avoid interest rate risks of hedged items such as loans and deposits with fixed interest rates. Deferred hedge accounting has been applied to derivatives used as hedging instruments.

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The Bank assesses the effectiveness of hedges in offsetting movement in the fair value from changes in interest rates by classifying the hedged items such as deposits and loans and the hedging instruments such as interest rate swaps by their maturity. For cash flow hedges, the Bank assesses the effectiveness by verifying the correlation between the hedged items and the interest rate components of hedging instruments. Transactions which do not meet the requirements of hedge accounting and derivative transactions for trading purposes are exposed to interest rate risk, foreign currency risk, price fluctuation risk and credit risk.

#### (3) Risk management system for financial instruments

##### **Credit risk management**

The Group has established a framework for credit control which includes credit reviews for individual transactions, credit limits, credit information management, internal credit ratings, guarantees and collateral and self-assessment in accordance with the Group's "Rules on Credit Risk Management" and "Rules on Self-Assessment of Assets." These credit controls are performed by each branch and the Examination Department. The Audit Department, which is independent from the said branches and department, audits the status of credit risk controls and its results. The status of credit risk controls is periodically evaluated and reported to the Management Meeting and the Board of Directors.

Credit risks associated with the issuers of securities are managed by the Market Operations Department and Risk Management Division. With respect to the credit risks associated with the issuer of the securities and counterparty risk associated with derivative transactions, related credit information and fair values of the securities are periodically checked to monitor those risks.

##### **Market risk management**

###### (a) Interest rate risk

From the perspective of ALM, the Group manages market risk such as interest rate risk associated with assets and liabilities, including loans, deposits and securities comprehensively. The Group's "Rules on Market Risk Management" stipulates that the Bank makes efforts to manage the market sector effectively, taking risk and reward into account as well as avoiding excessive risk taking by setting appropriate risk limits based on the Group's ability to take risk and identifying market risk properly.

The ALM Committee, the decision making entity for the management of market risks, sets certain semiannual risk limits determined by VaR based upon the Bank's capital adequacy and market conditions. The Bank pursues profit opportunities within the risk limits. The Risk Management Division assesses interest rate risk by VaR, reports to the ALM Committee on a monthly basis and properly monitors its operations.

In addition to the VaR methodology, it utilizes a combination of the BPV (basis point value) methodology, simulations of interest rate fluctuations, and ΔEVE (the decrease in economic value with respect to an interest rate shock), etc., to identify and analyze risk from a broader point of view.

###### (b) Foreign currency risk

With regard to foreign currency risk associated with operations and procurement of financial instruments denominated in foreign currency, the Group manages risk by balancing the amount of funding and amount of operations for each currency. In addition, as for foreign currency exchange transactions for investment purposes, the Risk Management Division assesses the foreign currency risk by VaR, reports to the ALM committee on a monthly basis and properly monitors its operations.

###### (c) Price fluctuation risk

With regard to investments in securities, the Group prepares its asset management plan semiannually and makes investment decisions at the ALM Committee based upon expected returns and correlations between investment items and related market fluctuation risk. The Market Operations Department plays a part in investments for investment purposes, and the Corporate Solutions Department plays a part in investments for the purpose of business alliances and capital affiliation. Continuous monitoring of market conditions and restrictions on investments in riskier assets such as securitized instruments help to avoid unnecessary price fluctuation risk.

The Risk Management Division assesses the price fluctuation risk of equity securities, etc., by VaR, reports monthly to the ALM Committee about compliance with risk limits and properly manages the risk.

###### (d) Derivative transactions

With respect to derivative transactions for hedging purposes, the Group establishes internal rules defining the authority and hedge policies which are governed by the Risk Management Division. With respect to derivative transactions for trading purposes, certain trading limits and loss limit rules are set semiannually by the ALM Committee. The Risk Management Division, which serves as the middle office, monitors compliance and calculates the total amount of risk. The Market Operations Department, which serves as the back office, checks each derivative transaction, marked-to-market position, and evaluates the profit and loss from the transactions on a daily basis. In addition to those functions, the related divisions check each other so as not to exceed limits on loss.

The directors of the Bank are reported to from both the middle office and the back office and monitor the risks associated with the Bank's portfolio as a whole, including loans, deposits and securities at the ALM Committee.

###### (e) Quantitative information relating to market risk

The Group manages the quantity of market risk for financial instruments such as loans, deposits, securities and derivatives by VaR. To calculate VaR, the Group has adopted the historical method (confidence level of 99%, observation period of 1,250 business days, holding period of 120 business days [holding period for equity securities other than purely for investment purposes are 240 business days] and the correlation of risk categories are not considered.)

At March 31, 2023, the Group's total market risk (decrease in estimated economic value) was ¥45,514 million (\$340,852 thousand) (¥56,464 million in 2022). In addition, the Group conducted back tests comparing actual profit or loss with the VaR calculated by the model. However, VaR is a statistical measure of market risk based on past fluctuations in the market and certain probability of occurrence. It may not be possible to capture the risk if the market fluctuates rapidly under extraordinary circumstances.

**Management of liquidity risk associated with financing activities**

The Market Operations Department manages the Bank's cash position based upon the monthly funding plan designed by the ALM Committee, while the Risk Management Division monitors the situation. The ALM Committee manages financing risk comprehensively by understanding the amount of cash for which the Bank can liquidate and also can raise from the market on a regular basis.

In addition, the Group categorizes its financing situation into "Regular Phase," "Concern Phase" and "Crisis Phase" and prepares appropriate management structures for each phase so that the Group can take proper action accordingly.

**(4) Supplementary explanation on the fair value of financial instruments**

Certain assumptions are used in measuring the fair value of financial instruments. Accordingly, the result of these fair value measurements may vary if different assumptions are used.

**b. Fair value of financial instruments**

The table below summarizes the carrying amounts, fair values and differences for financial instruments as of March 31, 2023 and 2022. Equity securities, etc., with no market price and investments in partnerships are not included in the following table (see Note 1 below).

Cash and due from banks, debt purchased, foreign exchange in assets and negotiable certificates of deposit, call money and bills sold, payables under repurchase agreements, payables under securities lending transactions and foreign exchange in liabilities, whose fair value approximates carrying amount, and because they are settled within a short term, are also omitted. In addition, immaterial financial instruments are omitted.

	Millions of yen		
	2023		
	Carrying amount	Fair value	Difference
Money held in trust (*1) .....	¥ 43,579	¥ 43,579	¥ —
Securities (*1)			
Held-to-maturity debt securities .....	42,633	42,471	(162)
Available-for-sale securities .....	1,256,882	1,256,882	—
Loans and bills discounted .....	3,944,387		
Reserve for possible loan losses (*2) .....	(23,043)		
	3,921,344	3,909,715	(11,628)
Total assets .....	¥ 5,264,439	¥ 5,252,648	¥ (11,791)
Deposits .....	¥ 5,715,665	¥ 5,715,670	¥ 4
Borrowed money .....	356,490	356,458	(32)
Total liabilities .....	¥ 6,072,156	¥ 6,072,128	¥ (27)
Derivative transactions (*3)			
Hedge accounting not applied .....	¥ 3,285	¥ 3,285	¥ —
Hedge accounting applied (*4) .....	204	204	—
Total derivative transactions .....	¥ 3,490	¥ 3,490	¥ —

  

	Millions of yen		
	2022		
	Carrying amount	Fair value	Difference
Money held in trust .....	¥ 44,017	¥ 44,017	¥ —
Securities			
Held-to-maturity debt securities .....	43,674	43,678	4
Available-for-sale securities .....	1,411,347	1,411,347	—
Loans and bills discounted .....	3,870,774		
Reserve for possible loan losses (*2) .....	(22,059)		
	3,848,714	3,853,164	4,449
Total assets .....	¥ 5,347,754	¥ 5,352,208	¥ 4,453
Deposits .....	¥ 5,647,407	¥ 5,647,422	¥ 14
Borrowed money .....	709,227	709,201	(26)
Total liabilities .....	¥ 6,356,634	¥ 6,356,623	¥ (11)
Derivative transactions (*3)			
Hedge accounting not applied .....	¥ (4,297)	¥ (4,297)	¥ —
Hedge accounting applied (*4) .....	2,625	2,625	—
Total derivative transactions .....	¥ (1,671)	¥ (1,671)	¥ —

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	Thousands of U.S. dollars		
	2023		
	Carrying amount	Fair value	Difference
Money held in trust (*1) .....	\$ 326,361	\$ 326,361	\$ —
Securities (*1)			
Held-to-maturity debt securities .....	319,276	318,063	(1,213)
Available-for-sale securities .....	9,412,731	9,412,731	—
Loans and bills discounted .....	29,539,331		
Reserve for possible loan losses (*2) .....	(172,567)		
	<b>29,366,764</b>	<b>29,279,674</b>	<b>(87,081)</b>
Total assets .....	\$ 39,425,140	\$ 39,336,838	\$ (88,302)
Deposits .....	\$ 42,804,351	\$ 42,804,388	\$ 29
Borrowed money .....	2,669,737	2,669,497	(239)
Total liabilities .....	\$ 45,474,095	\$ 45,473,886	\$ (202)
Derivative transactions (*3)			
Hedge accounting not applied .....	\$ 24,601	\$ 24,601	\$ —
Hedge accounting applied (*4) .....	1,527	1,527	—
Total derivative transactions .....	\$ 26,136	\$ 26,136	\$ —

(\*1) These include investment trusts whose standard quotation is deemed as fair value by applying the treatment prescribed in Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

(\*2) General reserve for possible loan losses and specific reserve for possible loan losses corresponding to loans are deducted.

(\*3) Assets and liabilities arising from derivative transactions are presented on a net basis, and net liabilities are presented in parentheses.

(\*4) These are interest rate swaps, etc., designated as hedging instruments in order to fix the cash flow from loans, etc., which are the hedged items, and mainly deferred hedge accounting is applied. The "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (Practical Issues Task Force (PITF) No. 40, March 17, 2022) is applied to these hedging relationships.

(Note 1) The carrying amount of equity securities, etc., with no market price and investments in partnerships as of March 31, 2023 and 2022 are set forth in the table below. These amounts are not included in "Available-for-sale securities" in the table for fair value of financial instruments.

	Carrying amount		Thousands of U.S. dollars
	Millions of yen		
	2023	2022	
Unlisted equity securities (*1) (*2) .....	¥ 1,659	¥ 1,605	\$ 12,424
Investments in partnerships (*3) .....	19,369	13,889	145,053

(\*1) Unlisted equity securities are not subject to fair value disclosure in accordance with Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).

(\*2) No impairment loss was recognized for the fiscal year ended March 31, 2023, while the Group recognized impairment loss on unlisted equity securities of ¥108 million for the fiscal year ended March 31, 2022.

(\*3) Investments in partnerships are not subject to fair value disclosure in accordance with Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

(Note 2) Redemption schedule of monetary claims and securities with maturities

	Millions of yen					
	2023					
	Due within one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks .....	¥ 1,028,426	¥ —	¥ —	¥ —	¥ —	¥ —
Debt purchased .....	1,503	—	—	—	—	—
Securities .....	53,149	28,854	28,980	58,955	106,019	315,046
Held-to-maturity debt securities .....	14,089	18,975	8,335	1,233	—	—
Bonds .....	14,089	18,975	8,335	1,233	—	—
Available-for-sale securities with contractual maturities .....	39,060	9,878	20,644	57,722	106,019	315,046
Japanese government bonds .....	—	—	—	—	10,000	74,000
Japanese local government bonds .....	21,477	3,552	1,422	54,622	91,613	1,764
Corporate bonds .....	8,903	6,326	5,869	2,700	400	148,493
Other .....	8,679	—	13,353	400	4,005	90,788
Loans and bills discounted (*) .....	473,350	799,217	591,805	371,197	398,510	928,985
Total .....	¥ 1,556,429	¥ 828,071	¥ 620,785	¥ 430,153	¥ 504,529	¥ 1,244,031

Millions of yen

2022

	Due within one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks .....	¥ 1,439,653	¥ —	¥ —	¥ —	¥ —	¥ —
Debt purchased .....	1,466	—	—	—	—	—
Securities .....	69,900	122,555	19,569	65,653	194,907	232,878
Held-to-maturity debt securities .....	11,222	21,131	10,093	1,226	—	—
Bonds .....	11,222	21,131	10,093	1,226	—	—
Available-for-sale securities with contractual maturities .....	58,678	101,423	9,476	64,427	194,907	232,878
Japanese government bonds .....	12,500	54,500	—	—	20,000	34,000
Japanese local government bonds .....	4,822	24,542	8,252	43,752	142,313	2,206
Corporate bonds .....	34,890	14,425	1,223	6,200	1,900	156,347
Other .....	6,465	7,955	—	14,474	30,693	40,325
Loans and bills discounted (*) .....	491,586	740,993	593,427	379,604	405,578	897,715
Total .....	¥ 2,002,607	¥ 863,549	¥ 612,997	¥ 445,258	¥ 600,485	¥ 1,130,593

Thousands of U.S. dollars

2023

	Due within one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks .....	\$ 7,701,834	\$ —	\$ —	\$ —	\$ —	\$ —
Debt purchased .....	11,255	—	—	—	—	—
Securities .....	398,030	216,086	217,029	441,511	793,971	2,359,364
Held-to-maturity debt securities .....	105,511	142,102	62,420	9,233	—	—
Bonds .....	105,511	142,102	62,420	9,233	—	—
Available-for-sale securities with contractual maturities .....	292,518	73,975	154,601	432,277	793,971	2,359,364
Japanese government bonds .....	—	—	—	—	74,889	554,182
Japanese local government bonds .....	160,840	26,600	10,649	409,061	686,085	13,210
Corporate bonds .....	66,674	47,375	43,952	20,220	2,995	1,112,057
Other .....	64,996	—	100,000	2,995	29,993	679,907
Loans and bills discounted (*) .....	3,544,896	5,985,299	4,432,000	2,779,877	2,984,422	6,957,125
Total .....	\$ 11,656,024	\$ 6,201,385	\$ 4,649,030	\$ 3,221,395	\$ 3,778,394	\$ 9,316,490

(\*) Loans from "bankrupt," "effectively bankrupt" and "likely to become bankrupt" borrowers, which are not expected to be repaid, amounting to ¥45,069 million (\$337,519 thousand) and ¥40,871 million at March 31, 2023 and 2022, respectively, are not included.

Loans whose payment terms were not determined amounting to ¥336,252 million (\$2,518,175 thousand) and ¥320,997 million at March 31, 2023 and 2022, respectively, are not included.

## (Note 3) Redemption schedule of borrowed money and interest bearing liabilities

Millions of yen

2023

	Due within one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*) .....	¥ 5,299,164	¥ 377,645	¥ 38,856	¥ —	¥ —	¥ —
Negotiable certificates of deposit .....	8,140	—	—	—	—	—
Call money and bills sold .....	—	—	—	—	—	—
Payables under repurchase agreements .....	—	—	—	—	—	—
Payables under securities lending transactions .....	139,161	—	—	—	—	—
Borrowed money .....	53,944	148,395	151,480	—	2,670	—
Total .....	¥ 5,500,409	¥ 526,040	¥ 190,336	¥ —	¥ 2,670	¥ —

Millions of yen

2022

	Due within one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*) .....	¥ 5,194,750	¥ 405,250	¥ 47,406	¥ —	¥ —	¥ —
Negotiable certificates of deposit .....	7,540	—	—	—	—	—
Call money and bills sold .....	176,835	—	—	—	—	—
Payables under repurchase agreements .....	12,742	—	—	—	—	—
Payables under securities lending transactions .....	102,432	—	—	—	—	—
Borrowed money .....	458,150	187,693	60,936	—	2,447	—
Total .....	¥ 5,952,451	¥ 592,943	¥ 108,343	¥ —	¥ 2,447	¥ —



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Thousands of U.S. dollars

	2023					
	Due within one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*)	\$ 39,685,194	\$ 2,828,165	\$ 290,990	\$ —	\$ —	\$ —
Negotiable certificates of deposit	60,960	—	—	—	—	—
Call money and bills sold	—	—	—	—	—	—
Payables under repurchase agreements	—	—	—	—	—	—
Payables under securities lending transactions	1,042,170	—	—	—	—	—
Borrowed money	403,984	1,111,323	1,134,426	—	19,995	—
Total	\$ 41,192,308	\$ 3,939,489	\$ 1,425,417	\$ —	\$ 19,995	\$ —

(\*) Demand deposits are included in "Due within one year or less."

## c. Financial instruments categorized by fair value hierarchy

The fair value of financial instruments is categorized into the following three levels depending on the observability and materiality of the inputs used to calculate fair value.

Level 1: Fair values measured by using observable inputs that are quoted prices in active markets for identical assets or liabilities

Level 2: Fair values measured by using observable inputs other than those included within Level 1

Level 3: Fair values measured by using unobservable inputs

In cases where multiple inputs with a material impact on the fair value measurement are used, the fair value is classified into the lowest level from which significant inputs were used.

## (1) Financial instruments carried at fair value in the consolidated balance sheet

	Millions of yen				
	2023				
	Fair value				
	Level 1	Level 2	Level 3	Total	
Money held in trust (trading purposes and other) (*)	¥ 7,543	¥ 31,990	¥ —	¥ —	¥ 39,533
Securities					
Available-for-sale securities (*1)					
Japanese government bonds and Japanese local government bonds, etc.	81,591	171,301	—	—	252,892
Corporate bonds	—	172,223	—	—	172,223
Stocks	73,789	50	—	—	73,839
Other	101,015	656,190	—	—	757,205
Derivative transactions (*3)					
Interest rate related	—	3,511	—	—	3,511
Currency related	—	5,171	—	—	5,171
Total assets	¥ 263,939	¥ 1,040,438	¥ —	¥ —	¥ 1,304,377
Derivative transactions (*3)					
Interest rate related	¥ —	¥ 3,018	¥ —	¥ —	¥ 3,018
Currency related	—	2,174	—	—	2,174
Total liabilities	¥ —	¥ 5,193	¥ —	¥ —	¥ 5,193

	Millions of yen				
	2022				
	Fair value				
	Level 1	Level 2	Level 3	Total	
Money held in trust (trading purposes and other)	¥ 9,200	¥ 28,756	¥ —	¥ —	¥ 37,957
Securities					
Available-for-sale securities (*2)					
Japanese government bonds and Japanese local government bonds, etc.	120,589	224,764	—	—	345,354
Corporate bonds	—	217,108	—	—	217,108
Stocks	73,292	50	—	—	73,342
Other	43,792	49,772	—	—	93,564
Derivative transactions					
Interest rate related	—	3,170	—	—	3,170
Currency related	—	1,797	—	—	1,797
Total assets	¥ 246,875	¥ 525,419	¥ —	¥ —	¥ 772,295
Derivative transactions (*3)					
Interest rate related	¥ —	¥ 267	¥ —	¥ —	¥ 267
Currency related	—	6,373	—	—	6,373
Total liabilities	¥ —	¥ 6,640	¥ —	¥ —	¥ 6,640

Thousands of U.S. dollars

	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust (trading purposes and other) (*1) .....	\$ 56,489	\$ 239,571	\$ —	\$ 296,060
Securities				
Available-for-sale securities (*1)				
Japanese government bonds and Japanese local government bonds, etc. ....	611,031	1,282,865	—	1,893,896
Corporate bonds .....	—	1,289,770	—	1,289,770
Stocks .....	552,602	374	—	552,976
Other .....	756,496	4,914,176	—	5,670,673
Derivative transactions (*3)				
Interest rate related .....	—	26,293	—	26,293
Currency related .....	—	38,725	—	38,725
Total assets .....	\$ 1,976,626	\$ 7,791,792	\$ —	\$ 9,768,419
Derivative transactions (*3)				
Interest rate related .....	\$ —	\$ 22,601	\$ —	\$ 22,601
Currency related .....	—	16,280	—	16,280
Total liabilities .....	\$ —	\$ 38,890	\$ —	\$ 38,890

(\*1) Investment trusts whose standard quotation is deemed as fair value by applying the treatment prescribed in Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) are not included in the above tables. The amount of investment trusts in the consolidated balance sheet at March 31, 2023 to which the treatment of Paragraphs 24-3 and 24-9 is applied was ¥4,045 million (\$30,292 thousand) and ¥721 million (\$5,399 thousand), respectively.

(\*2) Investment trusts, etc., to which the transitional treatment prescribed in Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019) is applied are not included in the above table. The amount of such investment trusts, etc., in the consolidated balance sheet at March 31, 2022 was ¥688,038 million.

(\*3) The amount of derivative transactions to which hedge accounting is applied in the consolidated balance sheet at March 31, 2023 and 2022 was ¥204 million (\$1,527 thousand) and ¥2,625 million, respectively.

**(a) Reconciliation from the beginning balance to the ending balance of investment trusts to which the treatment of Paragraphs 24-3 and 24-9 is applied**

Millions of yen

2023							
Beginning balance	Income (loss) or other comprehensive income for the current fiscal year		Net amount of purchase, sale and redemption	Amount of investment trusts whose standard quotation is deemed as fair value	Amount of investment trusts whose standard quotation is not deemed as fair value	Ending balance	Valuation gains (losses) on investment trusts held at year-end recorded in income (loss) for the current fiscal year (*1)
	Recorded in income (loss) (*1)	Recorded in other comprehensive income (*2)					
¥ 4,756	¥ 37	¥ 10	¥ (37)	¥ —	¥ —	¥ 4,767	¥ 37

Thousands of U.S. dollars

2023							
Beginning balance	Income (loss) or other comprehensive income for the current fiscal year		Net amount of purchase, sale and redemption	Amount of investment trusts whose standard quotation is deemed as fair value	Amount of investment trusts whose standard quotation is not deemed as fair value	Ending balance	Valuation gains (losses) on investment trusts held at year-end recorded in income (loss) for the current fiscal year (*1)
	Recorded in income (loss) (*1)	Recorded in other comprehensive income (*2)					
\$ 35,617	\$ 277	\$ 74	\$ (277)	\$ —	\$ —	\$ 35,699	\$ 277

(\*1) Included in "Other operating income" in the consolidated statements of income.

(\*2) Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.

**(b) Breakdown of restrictions on cancellation or claims for repurchase at year-end**

	Millions of yen	Thousands of U.S. dollars
	2023	2023
Main restrictions on cancellation or claims for repurchase		
Halted acceptance of cancellation due to being in the process of liquidation of funds .....	¥ 1,345	\$ 10,072
Lock-up period: One year after purchase		
Acceptance of cancellation: At the end of every quarter with 90 days' advance notice required		
Upper limit per cancellation: 25% of each investor's initial investment value	1,393	10,432
Refund: Retain 5% of cancellation refund in funds and pay back after settlement of funds .....		
Acceptance of cancellation: At the end of every month with 4 months' advance notice required		
Upper limit per cancellation: 10% of the entire fund	1,306	9,780
Refund: Pay back after 2 months from the cancellation date .....		

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## (2) Financial instruments not carried at fair value in the consolidated balance sheet

	Millions of yen					
	2023					
	Fair value					
	Level 1	Level 2	Level 3	Total		
Securities						
Held-to-maturity debt securities						
Corporate bonds .....	¥	—	¥	—	¥ 42,471	¥ 42,471
Loans and bills discounted .....		—	50,619	3,859,096		3,909,715
Total assets .....	¥	—	¥ 50,619	¥ 3,901,567	¥	¥ 3,952,186
Deposits .....	¥	—	¥ 5,715,670	¥ —	¥	¥ 5,715,670
Borrowed money .....		—	349,275	7,182		356,458
Total liabilities .....	¥	—	¥ 6,064,946	¥ 7,182	¥	¥ 6,072,128

	Millions of yen					
	2022					
	Fair value					
	Level 1	Level 2	Level 3	Total		
Securities						
Held-to-maturity debt securities						
Corporate bonds .....	¥	—	¥	—	¥ 43,678	¥ 43,678
Loans and bills discounted .....		—	47,444	3,805,719		3,853,164
Total assets .....	¥	—	¥ 47,444	¥ 3,849,398	¥	¥ 3,896,842
Deposits .....	¥	—	¥ 5,647,422	¥ —	¥	¥ 5,647,422
Borrowed money .....		—	703,425	5,775		709,201
Total liabilities .....	¥	—	¥ 6,350,847	¥ 5,775	¥	¥ 6,356,623

	Thousands of U.S. dollars					
	2023					
	Fair value					
	Level 1	Level 2	Level 3	Total		
Securities						
Held-to-maturity debt securities						
Corporate bonds .....	\$	—	\$	—	\$ 318,063	\$ 318,063
Loans and bills discounted .....		—	379,083	28,900,591		29,279,674
Total assets .....	\$	—	\$ 379,083	\$ 29,218,654	\$	\$ 29,597,738
Deposits .....	\$	—	\$ 42,804,388	\$ —	\$	\$ 42,804,388
Borrowed money .....		—	2,615,704	53,785		2,669,497
Total liabilities .....	\$	—	\$ 45,420,100	\$ 53,785	\$	\$ 45,473,886

(Note) Valuation techniques and inputs used in fair value measurement

Assets

## Money held in trust:

The fair value of securities managed as trust assets in individually managed money held in trust primarily for securities management purposes is determined based on the price provided by the financial institutions, and classified according to the level of their components.

Money held in trust categorized by holding purposes is described in Note 26, "SECURITIES AND MONEY HELD IN TRUST."

## Securities:

The fair value of securities with unadjusted quoted prices in active markets are classified as Level 1. This includes mainly listed equity securities and Japanese government bonds.

Even when there are published quoted prices, however, fair values arising from markets that are not active are classified as Level 2. This mainly includes Japanese local government bonds, corporate bonds and residential mortgage-backed securities. The fair value of investment trusts with no transaction price in markets is determined using a standard quotation if there are no material restrictions causing market participants to demand compensation for risk of cancellation or claims for repurchase, and is classified as Level 2.

The fair value of private bonds guaranteed by the Bank is calculated by discounting the total amount of principal and interest at an interest rate applicable to new similar bonds, following a division into certain periods, redemption methods and guarantee classification. For private bonds guaranteed by the Bank issued by "bankrupt," "effectively bankrupt" and "likely to become bankrupt" borrowers, an estimated loan loss is calculated based on either a present value of estimated future cash flows or an amount expected to be recovered from collateral and guarantees. Therefore, their fair value approximates the carrying amount of claims at the balance sheet date less reserve for possible loan losses, and such amount is used as fair value. The fair value of private bonds guaranteed by the Bank is classified as Level 3.

Securities categorized by the purpose for which they are held are described in Note 26, "SECURITIES AND MONEY HELD IN TRUST."

## Loans and bills discounted:

The fair value of loans and bills discounted is calculated by discounting the total amount of principal and interest at a discounted rate, that is a market interest rate adjusted for credit risk, etc., following a division into loan type, internal rating and period. For loans with floating interest rates which reflect market interest rates within a short period of time, fair value approximates carrying amount as long as the credit standing of the borrowers has not changed significantly from the time of the transaction, therefore the carrying amount is used as the fair value. For loans to "bankrupt," "effectively

bankrupt” and “likely to become bankrupt” borrowers, the fair value is calculated based on the discounted present value of the estimated future cash flows or that using an amount expected to be recovered from collateral and guarantees. These are classified as Level 3.

The fair value of embedded derivative loans is determined based on the discounted present value of future cash flows or a value calculated by option pricing models, etc., using observable inputs, such as interest rates, and are classified as Level 2.

#### Liabilities

##### Deposits:

For demand deposits, the amount required to be paid if demanded on the consolidated balance sheet date is deemed to be the fair value. The fair value of time deposits is determined based on the present value by discounting future cash flows classified by a certain period. The interest rate applicable to new deposits is used as the discount rate. For deposits whose contract period is short (within a year), the fair value approximates carrying amount, which is therefore used as the fair value.

These are classified as Level 2.

##### Borrowed money:

The fair value of borrowed money is based on the net present value calculated by discounting the total amount of principal and interest classified by a certain period at an interest rate that takes the remaining period and credit risk into account. For borrowed money with floating interest rates which reflect market interest rates within a short period of time, the fair value is deemed to approximate the carrying amount as long as the credit standing of the Bank and its consolidated subsidiaries has not changed significantly after the transaction. In the cases, the carrying amount is used as fair value. For borrowed money whose contract period is short (within a year), the fair value approximates the carrying amount, which is therefore used as fair value.

These are classified mainly as Level 2.

##### Derivative transactions:

The fair value of derivative transactions with unadjusted quoted prices in active markets available is classified as Level 1. This includes mainly bond futures transactions and interest rate futures transactions.

However, as most derivatives are over-the-counter transactions and there are no published quoted prices, the fair value is determined based on a discounted present value of future cash flows or a value calculated by option pricing models, etc., depending on the transaction type and the period to maturity. In cases in which unobservable inputs are not used or their impact is immaterial, fair value is classified as Level 2. These cases include plain vanilla interest rate swaps and forward foreign exchange contracts. In addition, in cases in which significant unobservable inputs are used, the fair value is classified as Level 3.

## 26. SECURITIES AND MONEY HELD IN TRUST

The securities in this note include “Trading account securities” and beneficial interests in trust assets under “Debt purchased,” in addition to “Securities” classified on the consolidated balance sheets.

### (1) Trading account securities and securities with available fair values at March 31, 2023 and 2022

#### (a) Trading securities

Not applicable for the fiscal years ended March 31, 2023 and 2022.

#### (b) Held-to-maturity debt securities

	Millions of yen		
	2023		
	Carrying amount	Fair value	Unrealized gains (losses)
Fair value exceeding carrying amount:			
Corporate bonds .....	¥ 9,703	¥ 9,708	¥ 5
Subtotal .....	¥ 9,703	¥ 9,708	¥ 5
Fair value not exceeding carrying amount:			
Corporate bonds .....	¥ 32,930	¥ 32,762	¥ (168)
Subtotal .....	¥ 32,930	¥ 32,762	¥ (168)
Total .....	¥ 42,633	¥ 42,471	¥ (162)

  

	Millions of yen		
	2022		
	Carrying amount	Fair value	Unrealized gains (losses)
Fair value exceeding carrying amount:			
Corporate bonds .....	¥ 21,075	¥ 21,108	¥ 32
Subtotal .....	¥ 21,075	¥ 21,108	¥ 32
Fair value not exceeding carrying amount:			
Corporate bonds .....	¥ 22,598	¥ 22,569	¥ (28)
Subtotal .....	¥ 22,598	¥ 22,569	¥ (28)
Total .....	¥ 43,674	¥ 43,678	¥ 4

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Thousands of U.S. dollars

	2023		
	Carrying amount	Fair value	Unrealized gains (losses)
Fair value exceeding carrying amount:			
Corporate bonds .....	\$ 72,665	\$ 72,702	\$ 37
Subtotal.....	\$ 72,665	\$ 72,702	\$ 37
Fair value not exceeding carrying amount:			
Corporate bonds .....	\$ 246,611	\$ 245,353	\$ (1,258)
Subtotal.....	\$ 246,611	\$ 245,353	\$ (1,258)
Total .....	\$ 319,276	\$ 318,063	\$ (1,213)

#### (c) Available-for-sale securities

	Millions of yen		
	Carrying amount	Acquisition cost	Unrealized gains (losses)
Carrying amount exceeding acquisition cost:			
Stocks.....	¥ 73,034	¥ 32,474	¥ 40,560
Bonds .....	89,177	87,708	1,468
Japanese government bonds .....	39,551	38,375	1,176
Japanese local government bonds .....	23,358	23,253	104
Japanese corporate bonds .....	26,266	26,079	187
Others .....	56,242	55,242	999
Foreign securities included.....	36,390	35,760	630
Subtotal.....	¥ 218,454	¥ 175,425	¥ 43,028
Carrying amount not exceeding acquisition cost:			
Stocks.....	¥ 805	¥ 917	¥ (112)
Bonds .....	335,938	345,178	(9,240)
Japanese government bonds .....	42,039	44,687	(2,648)
Japanese local government bonds .....	147,942	151,201	(3,258)
Japanese corporate bonds .....	145,956	149,289	(3,333)
Others .....	701,684	747,488	(45,804)
Foreign securities included.....	85,636	90,657	(5,021)
Subtotal.....	¥ 1,038,428	¥ 1,093,585	¥ (55,157)
Total .....	¥ 1,256,882	¥ 1,269,010	¥ (12,128)

	Millions of yen		
	Carrying amount	Acquisition cost	Unrealized gains (losses)
Carrying amount exceeding acquisition cost:			
Stocks.....	¥ 71,051	¥ 31,526	¥ 39,525
Bonds .....	206,577	204,585	1,992
Japanese government bonds .....	68,002	67,120	882
Japanese local government bonds .....	55,704	55,272	432
Japanese corporate bonds .....	82,870	82,192	678
Others .....	95,788	92,645	3,142
Foreign securities included.....	17,905	17,828	77
Subtotal.....	¥ 373,417	¥ 328,756	¥ 44,660
Carrying amount not exceeding acquisition cost:			
Stocks.....	¥ 2,290	¥ 2,547	¥ (257)
Bonds .....	355,884	360,183	(4,298)
Japanese government bonds .....	52,587	54,007	(1,419)
Japanese local government bonds .....	169,059	170,679	(1,619)
Japanese corporate bonds .....	134,237	135,497	(1,259)
Others .....	679,755	700,840	(21,085)
Foreign securities included.....	83,276	90,215	(6,938)
Subtotal.....	¥ 1,037,930	¥ 1,063,572	¥ (25,641)
Total .....	¥ 1,411,347	¥ 1,392,328	¥ 19,019

Thousands of U.S. dollars

	2023		
	Carrying amount	Acquisition cost	Unrealized gains (losses)
Carrying amount exceeding acquisition cost:			
Stocks.....	\$ 546,948	\$ 243,196	\$ 303,751
Bonds .....	667,842	656,841	10,993
Japanese government bonds .....	296,195	287,388	8,807
Japanese local government bonds .....	174,926	174,140	778
Japanese corporate bonds .....	196,704	195,304	1,400
Others .....	421,193	413,704	7,481
Foreign securities included.....	272,523	267,804	4,718
Subtotal.....	\$ 1,635,991	\$ 1,313,749	\$ 322,234
Carrying amount not exceeding acquisition cost:			
Stocks.....	\$ 6,028	\$ 6,867	\$ (838)
Bonds .....	2,515,824	2,585,022	(69,197)
Japanese government bonds .....	314,828	334,658	(19,830)
Japanese local government bonds .....	1,107,930	1,132,337	(24,399)
Japanese corporate bonds .....	1,093,057	1,118,018	(24,960)
Others .....	5,254,879	5,597,903	(343,024)
Foreign securities included.....	641,324	678,926	(37,602)
Subtotal.....	\$ 7,776,739	\$ 8,189,807	\$ (413,068)
Total .....	\$ 9,412,731	\$ 9,503,557	\$ (90,826)

**(2) Held-to-maturity debt securities sold for the fiscal years ended March 31, 2023 and 2022**

	Millions of yen		
	2023		
	Cost of sales	Sales amount	Gains (losses) on sales
Bonds .....	¥ 177	¥ 177	¥ 0
Japanese corporate bonds .....	177	177	0
Total .....	¥ 177	¥ 177	¥ 0

	Millions of yen		
	2022		
	Cost of sales	Sales amount	Gains (losses) on sales
Bonds .....	¥ 654	¥ 656	¥ 2
Japanese corporate bonds .....	654	656	2
Total .....	¥ 654	¥ 656	¥ 2

	Thousands of U.S. dollars		
	2023		
	Cost of sales	Sales amount	Gains (losses) on sales
Bonds .....	\$ 1,325	\$ 1,325	\$ 0
Japanese corporate bonds .....	1,325	1,325	0
Total .....	\$ 1,325	\$ 1,325	\$ 0

(Reason for sale) Sales of Japanese corporate bonds comprise retirement by purchase of private bonds.

**(3) Available-for-sale securities sold for the fiscal years ended March 31, 2023 and 2022**

	Millions of yen		
	2023		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 1,837	¥ 1,123	¥ —
Bonds .....	180,004	1,502	310
Japanese government bonds .....	120,866	1,357	103
Japanese local government bonds .....	59,137	145	206
Japanese corporate bonds .....	—	—	—
Others .....	115,100	491	10,628
Foreign securities included.....	96,366	327	9,992
Total .....	¥ 296,942	¥ 3,117	¥ 10,939



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	Millions of yen		
	2022		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 5,042	¥ 1,309	¥ 53
Bonds .....	51,566	148	8
Japanese government bonds .....	51,356	148	7
Japanese local government bonds .....	179	—	0
Japanese corporate bonds .....	30	—	0
Others .....	123,283	3,045	3,040
Foreign securities included.....	96,006	2,241	2,408
Total .....	¥ 179,892	¥ 4,504	¥ 3,102

	Thousands of U.S. dollars		
	2023		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	\$ 13,757	\$ 8,410	\$ —
Bonds .....	1,348,041	11,248	2,321
Japanese government bonds .....	905,159	10,162	771
Japanese local government bonds .....	442,874	1,085	1,542
Japanese corporate bonds .....	—	—	—
Others .....	861,978	3,677	79,592
Foreign securities included.....	721,680	2,448	74,829
Total .....	\$ 2,223,784	\$ 23,343	\$ 81,921

#### (4) Money held in trust at March 31, 2023 and 2022

Money held in trust for trading purposes

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Carrying amount (fair value).....	¥ 22,000	¥ 22,000	\$ 164,756
Amount of net unrealized gains (losses) included in the consolidated statements of income .....	545	358	4,081

Money held in trust for purposes other than trading or held-to-maturity

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Carrying amount .....	¥ 21,579	¥ 22,017	\$ 161,604
Acquisition cost .....	21,913	22,473	164,105
Difference .....	(334)	(455)	(2,501)
Unrealized gain .....	26	—	194
Unrealized loss.....	(361)	(455)	(2,703)

The principal amount in trust with contracts to compensate losses on the principal was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Money held in trust .....	¥ 4,659	¥ 5,467	\$ 34,891

#### (5) Components of the valuation difference on available-for-sale securities recorded under net assets at March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Valuation difference.....	¥ (12,413)	¥ 18,562	\$ (92,960)
Deferred tax assets (liabilities) .....	5,875	(3,440)	43,997
Valuation difference on available-for-sale securities before adjustment for noncontrolling interests .....	¥ (6,537)	¥ 15,121	\$ (48,955)
Noncontrolling interests adjustment .....	—	—	—
Valuation difference on available-for-sale securities .....	¥ (6,537)	¥ 15,121	\$ (48,955)

#### (6) Securities reclassified for the fiscal years ended March 31, 2023 and 2022

Not applicable.

**(7) Impairment loss on securities**

In the event that the fair value of securities other than securities held for trading purpose (excluding stocks, etc. that do not have a market price and investments in partnerships) declines significantly from the acquisition cost and the fair value is not expected to recover, such securities are stated at fair value and the difference between the fair value and the acquisition cost is recognized as loss in the period of the decline ("impairment loss"). The fair value is regarded as "significantly declined" when (i) the fair value as of the end of the fiscal year has declined by more than 50% of the acquisition cost or (ii) the fair value as of the end of the fiscal year has declined by more than 30% but less than 50% of the acquisition cost, and is not expected to recover within one year. No impairment loss was recognized for the fiscal year ended March 31, 2023 while the Bank recognized impairment loss on stocks of ¥143 million for the fiscal year ended March 31, 2022.

**27. DERIVATIVE TRANSACTIONS****(1) Derivative contracts to which hedge accounting is not applied**

With respect to derivatives to which hedge accounting is not applied, the contract amount or notional principal amount defined in the contract, fair value and unrealized gains (losses) by transaction type as of March 31, 2023 and 2022 were as follows.

Note that the contract amount does not represent the market risk exposure of the derivative transactions themselves.

**(a) Interest rate related transactions**

		Millions of yen			
		2023			
Category	Transaction type	Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Exchange transactions	Interest rate futures				
	Sold.....	¥ —	¥ —	¥ —	¥ —
	Bought .....	—	—	—	—
	Interest rate options				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
Over-the-counter transactions	Forward rate agreements				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
	Interest rate swaps				
	Receive fixed rate/pay floating rate .....	38,114	32,093	(697)	(697)
	Receive floating rate/pay fixed rate .....	39,363	33,342	986	986
	Receive floating rate/pay floating rate.....	—	—	—	—
	Interest rate options				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
Other					
Sold.....	—	—	—	—	
Bought .....	—	—	—	—	
Total .....		¥ —	¥ —	¥ 288	¥ 288

		Millions of yen			
		2022			
Category	Transaction type	Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Exchange transactions	Interest rate futures				
	Sold.....	¥ —	¥ —	¥ —	¥ —
	Bought .....	—	—	—	—
	Interest rate options				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
Over-the-counter transactions	Forward rate agreements				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
	Interest rate swaps				
	Receive fixed rate/pay floating rate .....	36,680	36,680	(78)	(78)
	Receive floating rate/pay fixed rate .....	38,409	38,243	357	357
	Receive floating rate/pay floating rate.....	—	—	—	—
	Interest rate options				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
Other					
Sold.....	—	—	—	—	
Bought .....	—	—	—	—	
Total .....		¥ —	¥ —	¥ 278	¥ 278

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		Thousands of U.S. dollars			
		2023			
Category	Transaction type	Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Exchange transactions	Interest rate futures				
	Sold.....	\$ —	\$ —	\$ —	\$ —
	Bought .....	—	—	—	—
	Interest rate options				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
Over-the-counter transactions	Forward rate agreements				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
	Interest rate swaps				
	Receive fixed rate/pay floating rate .....	285,433	240,342	(5,219)	(5,219)
	Receive floating rate/pay fixed rate .....	294,787	249,696	7,384	7,384
	Receive floating rate/pay floating rate.....	—	—	—	—
	Interest rate options				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
	Other				
Sold.....	—	—	—	—	
Bought .....	—	—	—	—	
Total .....		\$ —	\$ —	\$ 2,156	\$ 2,156

Notes: 1. The above transactions are measured at fair value, and unrealized gains (losses), except as in Note 2 below, are recognized in the consolidated statements of income.

2. The following amounts for which the application of hedge accounting was cancelled since the requirements for hedge accounting were not met were included in "Receive floating rate/pay fixed rate" of interest rate swaps.

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Contract amount .....	¥ 1,249	¥ 1,729	\$ 9,353
Fair value .....	(19)	(49)	(142)
Unrealized gains (losses) .....	(19)	(49)	(142)

The following unrealized gains (losses) on "Receive floating rate/pay fixed rate" were deferred over the hedge period due to the cancellation.

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Unrealized gains (losses) .....	¥ (57)	¥ 81	\$ (426)

#### (b) Currency related transactions

		Millions of yen			
		2023			
Category	Transaction type	Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Exchange transactions	Currency futures				
	Sold.....	¥ —	¥ —	¥ —	¥ —
	Bought .....	—	—	—	—
	Currency options				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
Over-the-counter transactions	Currency swaps .....	1,084,269	1,002,207	2,995	2,995
	Forward foreign exchange contracts				
	Sold.....	16,077	10,164	(862)	(862)
	Bought .....	14,906	9,265	863	863
	Currency options				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
	Other				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
Total .....	¥ —	¥ —	¥ 2,996	¥ 2,996	

Millions of yen

2022

Category	Transaction type	2022			
		Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Exchange transactions	Currency futures				
	Sold.....	¥ —	¥ —	¥ —	¥ —
	Bought .....	—	—	—	—
	Currency options				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
Over-the-counter transactions	Currency swaps .....	522,426	435,097	(3,084)	(3,084)
	Forward foreign exchange contracts				
	Sold.....	35,135	10,419	(2,397)	(2,397)
	Bought .....	10,835	8,828	905	905
	Currency options				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
	Other				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
Total .....	¥ —	¥ —	¥ (4,575)	¥ (4,575)	

Thousands of U.S. dollars

2023

Category	Transaction type	2023			
		Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Exchange transactions	Currency futures				
	Sold.....	\$ —	\$ —	\$ —	\$ —
	Bought .....	—	—	—	—
	Currency options				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
Over-the-counter transactions	Currency swaps .....	8,120,040	7,505,481	22,429	22,429
	Forward foreign exchange contracts				
	Sold.....	120,399	76,117	(6,455)	(6,455)
	Bought .....	111,630	69,385	6,462	6,462
	Currency options				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
	Other				
	Sold.....	—	—	—	—
	Bought .....	—	—	—	—
Total .....	\$ —	\$ —	\$ 22,436	\$ 22,436	

Note: The above transactions are measured at fair value, and unrealized gains (losses) are recognized in the consolidated statements of income.

**(c) Stock related transactions**

None.

**(d) Bond related transactions**

None.

**(e) Commodity related transactions**

None.

**(f) Credit derivative transactions**

None.

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## (2) Derivative contracts to which hedge accounting is applied

With respect to derivatives to which hedge accounting is applied, the contract amount or notional principal amount defined in the contract, and fair value by transaction type and by hedge accounting method as of March 31, 2023 and 2022 were as follows. Note that the contract amount does not represent the market risk exposure of the derivative transactions themselves.

## (a) Interest rate related transactions

			Millions of yen		
			2023		
Hedge accounting method	Transaction type	Major hedged items	Contract amount	Contract amount due after one year	Fair value
Fundamental method	Interest rate swaps:	Interest bearing assets and liabilities such as loans, deposits, and securities denominated in foreign currencies			
	Receive fixed rate/pay floating rate		¥ —	¥ —	¥ —
	Receive floating rate/pay fixed rate		127,358	127,208	204
	Interest rate futures		—	—	—
	Interest rate options		—	—	—
	Other		—	—	—
Exceptional accounting method for interest rate swaps	Interest rate swaps	—			
	Receive fixed rate/pay floating rate		—	—	—
	Receive floating rate/pay fixed rate		—	—	—
Total		—	¥ —	¥ —	¥ 204
			Millions of yen		
			2022		
Hedge accounting method	Transaction type	Major hedged items	Contract amount	Contract amount due after one year	Fair value
Fundamental method	Interest rate swaps:	Interest bearing assets and liabilities such as loans, deposits, and securities denominated in foreign currencies			
	Receive fixed rate/pay floating rate		¥ —	¥ —	¥ —
	Receive floating rate/pay fixed rate		25,065	25,060	2,625
	Interest rate futures		—	—	—
	Interest rate options		—	—	—
	Other		—	—	—
Exceptional accounting method for interest rate swaps	Interest rate swaps	—			
	Receive fixed rate/pay floating rate		—	—	—
	Receive floating rate/pay fixed rate		—	—	—
Total		—	¥ —	¥ —	¥ 2,625
			Thousands of U.S. dollars		
			2023		
Hedge accounting method	Transaction type	Major hedged items	Contract amount	Contract amount due after one year	Fair value
Fundamental method	Interest rate swaps:	Interest bearing assets and liabilities such as loans, deposits, and securities denominated in foreign currencies			
	Receive fixed rate/pay floating rate		\$ —	\$ —	\$ —
	Receive floating rate/pay fixed rate		953,778	952,654	1,527
	Interest rate futures		—	—	—
	Interest rate options		—	—	—
	Other		—	—	—
Exceptional accounting method for interest rate swaps	Interest rate swaps	—			
	Receive fixed rate/pay floating rate		—	—	—
	Receive floating rate/pay fixed rate		—	—	—
Total		—	\$ —	\$ —	\$ 1,527

Note: Gain/loss on the above contracts is principally deferred until the maturity of the hedged items under the fundamental method in accordance with the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA Industry Committee Report No. 24, March 17, 2022).

**(b) Currency related transactions**

None.

**(c) Stock related transactions**

None.

**(d) Bond related transactions**

None.

**28. PROJECTED BENEFIT OBLIGATIONS****(1) Outline of employees' retirement allowance**

The Bank provides a non-contributory unfunded lump-sum retirement allowance plan, a funded defined benefit pension plan, and a funded defined contribution pension plan for employees.

On April 1, 2018, the Bank transferred its defined benefit pension plans to risk sharing pension plans and defined contribution pension plans classified as a defined contribution plan provided in Paragraph 4 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, December 16, 2016). In addition, a plan similar to a cash balance plan has been introduced to some of the employees subject to the risk sharing pension plans.

In addition to the amounts that are equivalent to standard contributions, the Bank makes contributions to risk sharing pension plans that are commensurate with risks as prescribed in the plan terms. Benefits from the risk sharing pension plans increase or decrease each fiscal year based on the assets of the pension plan.

Under the plan similar to a cash balance plan, a virtual individual account balance corresponding to the funded amounts and source of pension funds will be set up for each participant, and after retirement, interest principally based on market interest rate trends will be credited to the balance.

Eleven consolidated subsidiaries have non-contributory unfunded lump-sum retirement allowance plans as defined benefit plans and apply the simplified method in the calculation of their liability for retirement benefits and retirement benefit costs using the method in which the necessary amounts to be paid for retirement benefits on a voluntary basis is regarded as the retirement benefit obligations. Certain consolidated subsidiaries have adopted funded defined contribution pension plans.

In addition, some consolidated subsidiaries participate in the Smaller Enterprise Retirement Allowance Mutual Aid Scheme (the "SERAMA Scheme").

**(2) Defined benefit plans****(a) Movement in projected benefit obligations**

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Balance at the beginning of the fiscal year .....	¥ 12,191	¥ 12,072	\$ 91,297
Service cost.....	607	627	4,545
Interest cost.....	80	80	599
Actuarial loss (gain) .....	(1)	14	(7)
Benefits paid.....	(733)	(601)	(5,489)
Prior service costs.....	—	—	—
Balance at the end of the fiscal year.....	¥ 12,145	¥ 12,191	\$ 90,953

Note: Plans based on the simplified method have been included in the above.

**(b) Movements in plan assets**

Not applicable for the fiscal years ended March 31, 2023 and 2022.

**(c) Reconciliation from projected benefit obligations and plan assets to liability (asset) for retirement benefits**

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Funded projected benefit obligations .....	¥ 482	¥ 448	\$ 3,609
Plan assets .....	—	—	—
Funded assets under the SERAMA Scheme .....	(229)	(215)	(1,714)
	252	232	1,887
Unfunded projected benefit obligations.....	11,663	11,743	87,343
Net liability (assets) for retirement benefits recorded on the consolidated balance sheet .....	¥ 11,916	¥ 11,976	\$ 89,238
Liability for retirement benefits.....	¥ 11,916	¥ 11,976	\$ 89,238
Asset for retirement benefits .....	—	—	—
Net liability (assets) for retirement benefits recorded on the consolidated balance sheet .....	¥ 11,916	¥ 11,976	\$ 89,238

Note: Plans based on the simplified method have been included in the above.



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**(d) Retirement benefit costs**

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Service cost.....	¥ 607	¥ 627	\$ 4,545
Interest cost.....	80	80	599
Expected return on plan assets.....	—	—	—
Net actuarial loss amortization .....	211	218	1,580
Amortization of prior service costs .....	—	—	—
Total retirement benefit costs .....	¥ 899	¥ 925	\$ 6,732

Note: Retirement benefit costs of consolidated subsidiaries which have applied the simplified method are included in "Service cost."

**(e) Adjustments for retirement benefits**

The components of adjustments for retirement benefits (before tax effect) were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Actuarial gain (loss) .....	¥ 212	¥ 204	\$ 1,587
Total.....	¥ 212	¥ 204	\$ 1,587

**(f) Accumulated adjustments for retirement benefits**

The components of accumulated adjustments for retirement benefits (before tax effect) were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Unrecognized actuarial gain (loss) .....	¥ (572)	¥ (784)	\$ (4,283)
Total.....	¥ (572)	¥ (784)	\$ (4,283)

**(g) Plan assets**

Not applicable for the fiscal years ended March 31, 2023 and 2022.

**(h) Actuarial assumptions**

The principal actuarial assumptions for the fiscal years ended March 31, 2023 and 2022 were as follows:

	2023	2022
Discount rate .....	0.70%	0.70%
Long-term expected rate of return .....	—%	—%
Estimated rate of increase in salary .....	2.50%	2.50%

**(3) Defined contribution plans****(a) Retirement benefit costs for defined contribution plans**

The amounts paid to defined contribution plans by the Bank and its consolidated subsidiaries was ¥626 million (\$4,688 thousand) and ¥642 million for the fiscal years ended March 31, 2023 and 2022, respectively.

**(b) The amounts equivalent to contributions commensurate with risks**

The contributions that are commensurate with risks required to be contributed from the next fiscal year onwards are ¥983 million (\$7,361 thousand), and the number of years remaining for contributions equivalent to the contributions that are commensurate with risks is six and a half years.

**29. STOCK OPTIONS****(1) Items and amounts expensed related to stock options**

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
General and administrative expenses.....	¥ —	¥ 3	\$ —

Note: On August 31, 2021, the Bank abolished a system of stock options granted as stock-based compensation and shifted to a performance-linked stock compensation plan.

**(2) Stock options outstanding at March 31, 2023**

Not applicable.

### 30. INCOME TAXES

The Group is subject to a number of taxes based on income, including corporation tax, inhabitant tax and enterprise tax, which, in the aggregate, indicate a statutory tax rate in Japan of approximately 30.4 % for the fiscal years ended March 31, 2023 and 2022.

(1) Significant components of deferred tax assets and liabilities as of March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
<b>Deferred tax assets:</b>			
Excess reserve for possible loan losses.....	¥ 7,535	¥ 7,442	\$ 56,429
Liability for retirement benefits.....	3,654	3,651	27,364
Depreciation.....	711	733	5,324
Write-down of land.....	872	875	6,530
Impairment loss.....	1,218	1,388	9,121
Valuation loss on securities.....	2,738	2,805	20,504
Valuation difference on available-for-sale securities.....	5,912	—	44,274
Deferred gains or losses on hedges.....	230	—	1,722
Tax loss carryforwards.....	677	559	5,070
Other.....	1,874	2,384	14,034
<b>Subtotal deferred tax assets:</b> .....	<b>25,426</b>	<b>19,840</b>	<b>190,414</b>
Valuation allowance pertaining to tax loss carryforwards (Note 3).....	(659)	(541)	(4,935)
Valuation allowance pertaining to total of deductible temporary differences, etc. ....	(7,266)	(7,686)	(54,414)
Subtotal valuation allowance.....	(7,926)	(8,228)	(59,357)
<b>Total deferred tax assets</b> .....	<b>17,499</b>	<b>11,612</b>	<b>131,049</b>
<b>Deferred tax liabilities:</b>			
Valuation difference on available-for-sale securities.....	(36)	(3,440)	(269)
Deferred gains or losses on hedges.....	(272)	(792)	(2,036)
Other.....	(156)	(143)	(1,168)
<b>Total deferred tax liabilities</b> .....	<b>(465)</b>	<b>(4,377)</b>	<b>(3,482)</b>
<b>Net deferred tax assets (liabilities) (Note 1)</b> .....	<b>¥ 17,034</b>	<b>¥ 7,235</b>	<b>\$ 127,566</b>

Notes: 1. Net deferred tax assets (liabilities) as of March 31, 2023 and 2022 are included in the following accounts in the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Deferred tax assets.....	¥ 17,046	¥ 7,247	\$ 127,656
Deferred tax liabilities.....	11	12	82

2. As described in Note 4, "CHANGES IN ACCOUNTING POLICIES," the Group has changed the criteria for recognizing income from installment sales transactions from the fiscal year ended March 31, 2022.

3. Amount of tax loss carryforwards and their deferred tax assets by carryforwards period

	Millions of yen						
	2023						
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Tax loss carryforwards (*)...	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 677	¥ 677
Valuation allowance.....	—	—	—	—	—	(659)	(659)
Deferred tax assets.....	—	—	—	—	—	17	17

	Millions of yen						
	2022						
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Tax loss carryforwards (*)...	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 559	¥ 559
Valuation allowance.....	—	—	—	—	—	(541)	(541)
Deferred tax assets.....	—	—	—	—	—	18	18

	Thousands of U.S. dollars						
	2023						
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Tax loss carryforwards (*)...	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,070	\$ 5,070
Valuation allowance.....	—	—	—	—	—	(4,935)	(4,935)
Deferred tax assets.....	—	—	—	—	—	127	127

(\*) The tax loss carryforwards are the amounts multiplied by the statutory tax rate.

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## (2) Significant differences between the statutory tax rate and the effective tax rate for financial statement purposes for the fiscal years ended March 31, 2023 and 2022

	2023	2022
Statutory tax rate .....	30.4%	30.4%
Valuation allowance.....	(4.7)%	3.0%
Non-deductible expenses .....	0.5%	0.1%
Non-taxable income.....	(2.7)%	(0.7)%
Inhabitant tax on per capita basis, etc.....	1.0%	0.4%
Other .....	0.5%	0.3%
Effective tax rate .....	25.0%	33.7%

## 31. SEGMENT AND RELATED INFORMATION

## (1) Overview of the reportable segments

The Bank's reportable segments are determined on the basis that separate financial information for such segments is available and examined periodically by the Board of Directors to make decisions regarding the allocation of management resources and assess the business performance of the segments within the Group. The Group's main operations are banking services. The Bank also provides leasing services and operates securities services, credit card services, and consulting services. The Group has divided its business operations into the two reportable segments of "Banking" and "Leasing."

## (2) Basis of measurement for reported segment profit (loss), segment assets, segment liabilities and other material items

The accounting methods used for reportable business segments are presented in accordance with Note 2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES." The reportable segment profit figures are based on ordinary profit. Income arising from intersegment transactions is based on arm's length prices.

(Changes in measurement method of profit (loss) of reportable segments)

As described in Note 4, "CHANGES IN ACCOUNTING POLICIES," the Group has changed the criteria for recognizing income from installment sales transactions in the leasing business from the fiscal year ended March 31, 2022.

## (3) Reportable segment profit (loss), segment assets, segment liabilities and other material items

Segment information for the fiscal years ended March 31, 2023 and 2022 is summarized as follows:

	Millions of yen						
	2023						
	Reportable segments			Other	Total	Adjustment	Consolidated
Banking	Leasing	Total					
Ordinary income:							
Outside customers .....	¥ 65,009	¥ 9,276	¥ 74,285	¥ 3,312	¥ 77,598	¥ 149	¥ 77,748
Intersegment income .....	1,411	613	2,025	2,648	4,674	(4,674)	—
Total.....	¥ 66,421	¥ 9,890	¥ 76,311	¥ 5,961	¥ 82,273	¥ (4,524)	¥ 77,748
Segment profit.....	¥ 5,768	¥ 316	¥ 6,084	¥ 1,522	¥ 7,607	¥ (1,285)	¥ 6,322
Segment assets.....	6,521,463	40,773	6,562,237	31,413	6,593,651	(51,534)	6,542,117
Segment liabilities .....	6,270,024	35,793	6,305,818	13,319	6,319,138	(39,819)	6,279,318
Others:							
Depreciation .....	3,181	93	3,275	109	3,385	27	3,412
Interest income .....	47,599	6	47,605	654	48,259	(1,396)	46,862
Interest expense .....	3,739	85	3,824	7	3,832	(90)	3,741
Extraordinary gain.....	105	—	105	—	105	—	105
Extraordinary loss .....	105	0	105	6	111	—	111
Tax expense .....	1,028	99	1,127	434	1,562	22	1,584
Increase in tangible and intangible fixed assets...	6,133	166	6,300	42	6,343	(52)	6,290

Notes: 1. Ordinary income ("Total income" less extraordinary gain included in "Other income" in the consolidated statements of income) is presented in place of net sales of operating companies of other industry groups.

2. "Other" includes business segments which are not included in the reportable segments and comprises credit guarantees, real estate leasing and management, software development, credit cards and securities.

3. Adjustments are as below:

(1) Adjustment of ordinary income from outside customers of ¥149 million is mainly the recovery of written-off claims included in "Others."

(2) Adjustment of segment profit of ¥(1,285) million is the elimination of intersegment transactions.

(3) Adjustment of segment assets of ¥(51,534) million is the elimination of intersegment transactions.

(4) Adjustment of segment liabilities of ¥(39,819) million is the elimination of intersegment transactions and the adjustment of liability for retirement benefits.

(5) Adjustment of depreciation of ¥27 million is the elimination of intersegment transactions.

(6) Adjustment of interest income of ¥(1,396) million is the elimination of intersegment transactions.

(7) Adjustment of interest expense of ¥(90) million is the elimination of intersegment transactions.

(8) Adjustment of tax expense of ¥22 million is the elimination of intersegment transactions.

(9) Adjustment of increase in tangible and intangible fixed assets of ¥(52) million is due to intersegment transactions.

4. Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" less extraordinary loss included in "Other expenses" in the consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit, is reconciled to "Income before income taxes" through the addition/deduction of extraordinary gain/loss, net.

Millions of yen

2022

	Reportable segments			Other	Total	Adjustment	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Outside customers .....	¥ 65,483	¥ 8,773	¥ 74,256	¥ 3,186	¥ 77,442	¥ 88	¥ 77,531
Intersegment income .....	1,402	695	2,098	2,733	4,831	(4,831)	—
Total .....	¥ 66,886	¥ 9,468	¥ 76,354	¥ 5,919	¥ 82,274	¥ (4,742)	¥ 77,531
Segment profit .....	¥ 17,455	¥ 306	¥ 17,761	¥ 1,567	¥ 19,329	¥ (1,347)	¥ 17,981
Segment assets .....	6,981,997	39,220	7,021,218	31,582	7,052,800	(51,359)	7,001,441
Segment liabilities .....	6,706,723	34,364	6,741,088	13,358	6,754,446	(39,479)	6,714,967
Others:							
Depreciation .....	3,107	91	3,199	113	3,313	(16)	3,296
Interest income .....	48,920	5	48,925	739	49,664	(1,478)	48,185
Interest expense .....	906	80	987	6	994	(91)	902
Extraordinary gain .....	85	—	85	160	246	(160)	85
Extraordinary loss .....	128	0	128	92	220	(63)	156
Tax expense .....	5,550	93	5,643	376	6,020	21	6,042
Increase in tangible and intangible fixed assets ...	2,766	133	2,899	67	2,967	(4)	2,963

Notes: 1. Ordinary income ("Total income" less extraordinary gain included in "Other income" in the consolidated statements of income) is presented in place of net sales of operating companies of other industry groups.

2. "Other" includes business segments which are not included in the reportable segments and comprises credit guarantees, real estate leasing and management, software development, credit cards and securities.

3. Adjustments are as below:

(1) Adjustment of ordinary income from outside customers of ¥88 million is mainly the recovery of written-off claims included in "Others."

(2) Adjustment of segment profit of ¥(1,347) million is the elimination of intersegment transactions.

(3) Adjustment of segment assets of ¥(51,359) million is the elimination of intersegment transactions.

(4) Adjustment of segment liabilities of ¥(39,479) million is the elimination of intersegment transactions and the adjustment of liability for retirement benefits.

(5) Adjustment of depreciation of ¥(16) million is the elimination of intersegment transactions.

(6) Adjustment of interest income of ¥(1,478) million is the elimination of intersegment transactions.

(7) Adjustment of interest expense of ¥(91) million is the elimination of intersegment transactions.

(8) Adjustment of extraordinary gain of ¥(160) million is the elimination of intersegment transactions.

(9) Adjustment of extraordinary loss of ¥(63) million is the elimination of intersegment transactions.

(10) Adjustment of tax expense of ¥21 million is the elimination of intersegment transactions.

(11) Adjustment of increase in tangible and intangible fixed assets of ¥(4) million is due to intersegment transactions.

4. Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" less extraordinary loss included in "Other expenses" in the consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit, is reconciled to "Income before income taxes" through the addition/ deduction of extraordinary gain/loss, net.

Thousands of U.S. dollars

2023

	Reportable segments			Other	Total	Adjustment	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Outside customers .....	\$ 486,849	\$ 69,467	\$ 556,316	\$ 24,803	\$ 581,127	\$ 1,115	\$ 582,251
Intersegment income .....	10,566	4,590	15,165	19,830	35,003	(35,003)	—
Total .....	\$ 497,423	\$ 74,065	\$ 571,489	\$ 44,641	\$ 616,138	\$ (33,880)	\$ 582,251
Segment profit .....	\$ 43,196	\$ 2,366	\$ 45,562	\$ 11,398	\$ 56,968	\$ (9,623)	\$ 47,345
Segment assets .....	48,838,935	305,347	49,144,289	235,250	49,379,547	(385,935)	48,993,611
Segment liabilities .....	46,955,920	268,052	47,223,979	99,745	47,323,732	(298,202)	47,025,522
Others:							
Depreciation .....	23,822	696	24,526	816	25,350	202	25,552
Interest income .....	356,466	44	356,511	4,897	361,409	(10,454)	350,947
Interest expense .....	28,001	636	28,637	52	28,697	(674)	28,016
Extraordinary gain .....	786	—	786	—	786	—	786
Extraordinary loss .....	786	0	786	44	831	—	831
Tax expense .....	7,698	741	8,440	3,250	11,697	164	11,862
Increase in tangible and intangible fixed assets ...	45,929	1,243	47,180	314	47,502	(389)	47,105

Notes: 1. Ordinary income ("Total income" less extraordinary gain included in "Other income" in the consolidated statements of income) is presented in place of net sales of operating companies of other industry groups.

2. "Other" includes business segments which are not included in the reportable segments and comprises credit guarantees, real estate leasing and management, software development, credit cards and securities.

3. Adjustments are as below:

(1) Adjustment of ordinary income from outside customers of \$1,115 thousand is mainly the recovery of written-off claims included in "Others."

(2) Adjustment of segment profit of \$(9,623) thousand is the elimination of intersegment transactions.

(3) Adjustment of segment assets of \$(385,935) thousand is the elimination of intersegment transactions.

(4) Adjustment of segment liabilities of \$(298,202) thousand is the elimination of intersegment transactions and the adjustment of liability for retirement benefits.

(5) Adjustment of depreciation of \$202 thousand is the elimination of intersegment transactions.

(6) Adjustment of interest income of \$(10,454) thousand is the elimination of intersegment transactions.

(7) Adjustment of interest expense of \$(674) thousand is the elimination of intersegment transactions.

(8) Adjustment of tax expense of \$164 thousand is the elimination of intersegment transactions.

(9) Adjustment of increase in tangible and intangible fixed assets of \$(389) thousand is due to intersegment transactions.

4. Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" less extraordinary loss included in "Other expenses" in the consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit, is reconciled to "Income before income taxes" through the addition/ deduction of extraordinary gain/loss, net.

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## (4) Information about services

	Millions of yen				
	2023				
	Lending	Securities and investments	Leasing	Other	Total
Ordinary income from outside customers.....	¥ 35,771	¥ 14,746	¥ 9,276	¥ 17,953	¥ 77,748

	Millions of yen				
	2022				
	Lending	Securities and investments	Leasing	Other	Total
Ordinary income from outside customers.....	¥ 32,810	¥ 19,540	¥ 8,773	¥ 16,406	¥ 77,531

	Thousands of U.S. dollars				
	2023				
	Lending	Securities and investments	Leasing	Other	Total
Ordinary income from outside customers.....	\$ 267,887	\$ 110,432	\$ 69,467	\$ 134,449	\$ 582,251

Note: Ordinary income ("Total income" less extraordinary gain) is presented in place of net sales of operating companies of other industry groups.

## (5) Information about geographic areas

## (a) Ordinary income

The ratio of ordinary income from outside customers within Japan to the total ordinary income in the consolidated statements of income exceeded 90% for both fiscal years ended March 31, 2023 and 2022; therefore, no information about geographic areas is required to be disclosed.

## (b) Tangible fixed assets

The ratio of tangible fixed assets located in Japan to the total tangible fixed assets in the consolidated balance sheets exceeded 90% as of March 31, 2023 and 2022; therefore, no information about geographic areas is required to be disclosed.

## (6) Information about major customers

There was no ordinary income from a specific customer exceeding 10% of the total consolidated ordinary income for both fiscal years ended March 31, 2023 and 2022; therefore, information about major customers is not required to be disclosed.

## (7) Impairment loss on fixed assets for each reportable segment

	Millions of yen				
	2023				
	Reportable segments			Other	Total
	Banking	Leasing			
Impairment loss .....	¥ 40	¥ —	¥ 2	¥ 43	

	Millions of yen				
	2022				
	Reportable segments			Other	Total
	Banking	Leasing			
Impairment loss .....	¥ 58	¥ —	¥ 3	¥ 62	

	Thousands of U.S. dollars				
	2023				
	Reportable segments			Other	Total
	Banking	Leasing			
Impairment loss .....	\$ 299	\$ —	\$ 14	\$ 322	

Note: "Other" comprises financial product transactions.

## (8) Amortization of goodwill and its remaining balance for each reportable segment

There is no information to be reported on amortization of goodwill and its remaining balance.

## (9) Gain on negative goodwill for each reportable segment

There is no information to be reported on gain on negative goodwill.

## 32. RELATED PARTY TRANSACTIONS

For the fiscal year ended March 31, 2023, related party transactions were as follows:

Relationship with the Bank	Name	Location	Paid-in capital (millions of yen)	Occupation/Business	Voting rights ownership (%)	Relationship of related parties	Details of transactions	Transaction amount (millions of yen)	Transaction amount (thousands of U.S. dollars)	Accounting title	Year-end balance (millions of yen)	Year-end balance (thousands of U.S. dollars)
Officers of the Bank and their relatives	Haruyuki Kakutani	—	¥—	Office worker	—	Executive Officer of the Bank	Lending of money (Note 2) Interest receivable	¥— 0	\$— 0	Loans —	¥10 —	\$74 —
A company in which a majority of voting rights are held by officers of the Bank and their relatives	Kitamura Forestry Co., Ltd. (Note 3)	Osaka City Osaka	32	Forestry	Directly owned 1.31	Loans	Lending of money Interest receivable	200 2	1,497 14	Loans —	200 —	1,497 —
	NIKKEN BLAST CO., LTD. (Note 4)	Daito City Osaka	10	Metal processing	—	Loans	Lending of money Interest receivable	— 0	— 0	Loans —	74 —	554 —
	Kyowa Shokai Yakuhin K.K. (Note 5)	Kizugawa City Kyoto	10	Sales of chemicals	—	Loans	Lending of money Interest receivable	98 1	733 7	Loans —	89 —	666 —

Policies regarding and terms and conditions of the transactions

Notes: 1. Terms and conditions of loans are determined on an arm's length basis.

2. Real estate is accepted as collateral for loan transactions.

3. Relatives of Matazaemon Kitamura (Director of the Bank) owned 100% of the voting rights of this company directly.

4. Relatives of Naoki Minowa (Corporate Auditor of the Bank) owned 62.5% of the voting rights of this company directly.

5. Relatives of Hisayoshi Tahara (Executive Officer of the Bank) owned 62.5% of the voting rights of this company directly.

For the fiscal year ended March 31, 2022, related party transactions were as follows:

Relationship with the Bank	Name	Location	Paid-in capital (millions of yen)	Occupation/Business	Voting rights ownership (%)	Relationship of related parties	Details of transactions	Transaction amount (millions of yen)	Accounting title	Year-end balance (millions of yen)
Officers of the Bank and their relatives	Haruyuki Kakutani	—	¥—	Office worker	—	Executive Officer of the Bank	Lending of money (Note 2) Interest receivable	¥— 0	Loans —	¥11 —
A company in which a majority of voting rights are held by officers of the Bank and their relatives	Kitamura Forestry Co., Ltd. (Note 3)	Osaka City Osaka	32	Forestry	Directly owned 1.28	Loans	Lending of money Interest receivable	200 2	Loans —	200 —
	NIKKEN BLAST CO., LTD. (Note 4)	Daito City Osaka	10	Metal processing	—	Loans	Lending of money Interest receivable	— 0	Loans —	82 —
	Kyowa Shokai Yakuhin K.K. (Note 5)	Kizugawa City Kyoto	10	Sales of chemicals	—	Loans	Lending of money Interest receivable	76 0	Loans —	80 —

Policies regarding and terms and conditions of the transactions

Notes: 1. Terms and conditions of loans are determined on an arm's length basis.

2. Real estate is accepted as collateral for loan transactions.

3. Matazaemon Kitamura (Director of the Bank) and his relatives owned 6% and 94% of the voting rights, respectively, of this company directly.

4. Relatives of Naoki Minowa (Corporate Auditor of the Bank) owned 62.5% of the voting rights of this company directly.

5. Relatives of Hisayoshi Tahara (Executive Officer of the Bank) owned 62.5% of the voting rights of this company directly.

6. Mr. Satoru Wada resigned as a Director of the Bank on June 29, 2021 and the loan balance to Mr. Masato Ibi, Mr. Wada's son-in-law, was ¥24 million as of that date.



## Financial Data

### Consolidated Financial Statements

#### 33. PER SHARE INFORMATION

Net assets per share at March 31, 2023 and 2022 and net income per share for the fiscal years then ended were as follows:

	Yen		U.S. dollars
	2023	2022	2023
Net assets per share.....	¥ 8,276.62	¥ 8,800.10	\$ 61.98
Net income per share – basic .....	147.75	364.29	1.10

Basic information in computing the above per share data was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
(Net assets per share)			
Net assets .....	¥ 262,798	¥ 286,473	\$ 1,968,082
Net assets attributed to common stock .....	262,798	286,473	1,968,082
Outstanding number of shares of common stock at end of year (unit: thousands of shares) .....	31,751	32,553	—
(Basic net income per share)			
Net income attributable to owners of parent .....	¥ 4,731	¥ 11,867	\$ 35,430
Net income attributable to common stockholders of parent .....	4,731	11,867	35,430
Average outstanding number of shares during the year (unit: thousands of shares) ...	32,024	32,577	—

Notes: 1. As described in Note 4, "CHANGES IN ACCOUNTING POLICIES," the Group has changed the criteria for recognizing income from installment sales transactions from the fiscal year ended March 31, 2022.

2. Net income per share – diluted for the fiscal years ended March 31, 2023 and 2022 is not presented because there were no residual shares.

3. The Bank introduced the Director Remuneration BIP Trust. Shares of the Bank remaining in the Trust, which were recorded as treasury stock in stockholders' equity, were included in treasury stock to be deducted for computing net assets per share and net income per share.

The numbers of shares of treasury stock as of March 31, 2023 and 2022 that were deducted for computing net asset per share were 73 thousand and 73 thousand, respectively. In addition, the average numbers of shares of treasury stock during the fiscal years ended March 31, 2023 and 2022 that were deducted for computing net income per share were 73 thousand and 47 thousand, respectively.

#### 34. SUBSEQUENT EVENTS.

Not applicable.

#### 35. BORROWED MONEY AND LEASE OBLIGATIONS

a. The details of borrowed money as of March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Borrowed money			
Due from May 2023 through August 2030	¥ 356,490	¥ 709,227	\$ 2,669,737
Average interest rate: 0.74% p.a.....			

Annual maturities of borrowed money as of March 31, 2023 were as follows:

	Millions of yen	Thousands of U.S. dollars
2024.....	¥ 53,944	\$ 403,984
2025.....	86,894	650,745
2026.....	61,501	460,578
2027.....	150,975	1,130,644
2028.....	505	3,781
2029 and thereafter .....	2,670	19,995
Total.....	¥ 356,490	\$ 2,669,737

#### b. Lease obligations

Lease obligations are included in "Other liabilities" in the accompanying consolidated balance sheets.

Annual maturities of lease obligation as of March 31, 2023 were as follows:

	Millions of yen	Thousands of U.S. dollars
2024.....	¥ 0	\$ 0
2025 and thereafter .....	—	—
Total.....	¥ 0	\$ 0

Average interest rates are omitted since the interest equivalent amount included in total lease charges is allocated over the related period using the straight-line method.

#### c. Other

The Group has not issued commercial paper by way of promissory notes to fund operating activities.