

Consolidated Financial Statements

• Consolidated Balance Sheets

The Nanto Bank, Ltd. and Consolidated Subsidiaries as of March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Assets:			
Cash and due from banks (Notes 23 and 25)	¥ 963,526	¥ 1,085,005	\$ 6,363,687
Call loans and bills bought (Note 25)	1,892	—	12,495
Debt purchased (Notes 25 and 26)	1,494	1,503	9,867
Money held in trust (Notes 25 and 26)	40,967	43,579	270,569
Securities (Notes 9, 10, 11, 14, 25 and 26)	1,461,095	1,320,545	9,649,924
Loans and bills discounted (Notes 10, 11, 12 and 25)	4,170,554	3,944,387	27,544,772
Foreign exchanges (Note 10)	1,225	1,354	8,090
Lease receivables and lease investment assets (Note 11)	28,239	26,221	186,506
Other assets (Notes 10, 11 and 15)	79,357	72,006	524,119
Tangible fixed assets (Note 13)	41,795	40,493	276,038
Buildings	10,877	10,567	71,838
Land	23,782	23,647	157,070
Construction in progress	3,512	3,529	23,195
Other tangible fixed assets	3,622	2,749	23,921
Intangible fixed assets	4,842	4,674	31,979
Software	4,397	4,228	29,040
Other intangible fixed assets (Note 11)	444	446	2,932
Deferred tax assets (Note 29)	6,278	17,046	41,463
Customers' liabilities for acceptances and guarantees (Note 10)	7,216	8,759	47,658
Reserve for possible loan losses (Notes 3 and 25)	(21,430)	(23,461)	(141,536)
Total assets	¥ 6,787,056	¥ 6,542,117	\$ 44,825,678
Liabilities and net assets:			
Liabilities:			
Deposits (Notes 11 and 25)	¥ 5,797,765	¥ 5,715,665	\$ 38,291,823
Negotiable certificates of deposit (Note 25)	5,738	8,140	37,897
Payables under securities lending transactions (Notes 11 and 25)	253,137	139,161	1,671,864
Borrowed money (Notes 11, 25 and 34)	355,656	356,490	2,348,959
Foreign exchanges	797	806	5,263
Borrowed money from trust account	4,104	4,659	27,105
Other liabilities (Note 34)	51,073	32,699	337,315
Liability for retirement benefits (Note 28)	11,680	11,916	77,141
Reserve for reimbursement of deposits	190	76	1,254
Reserve for contingent losses	926	831	6,115
Reserve for share-based payment	123	96	812
Reserve under special laws	3	3	19
Deferred tax liabilities (Note 29)	11	11	72
Acceptances and guarantees	7,216	8,759	47,658
Total liabilities	¥ 6,488,425	¥ 6,279,318	\$ 42,853,345
Net assets (Note 7):			
Common stock: Authorized 64,000 thousand shares in 2024 and 2023			
Issued 33,025 thousand shares in 2024 and 2023	¥ 37,924	¥ 37,924	\$ 250,472
Capital surplus	34,749	34,749	229,502
Retained earnings	208,825	200,383	1,379,202
Less treasury stock: Issued 1,270 thousand shares in 2024			
and 1,273 thousand shares in 2023	(3,413)	(3,418)	(22,541)
Total stockholders' equity	278,085	269,639	1,836,635
Valuation difference on available-for-sale securities (Note 26)	14,232	(6,537)	93,996
Deferred gains or losses on hedges (Note 27)	6,575	95	43,425
Accumulated adjustments for retirement benefits (Note 28)	(262)	(398)	(1,730)
Total accumulated other comprehensive income	20,545	(6,840)	135,691
Total net assets	298,631	262,798	1,972,333
Total liabilities and net assets	¥ 6,787,056	¥ 6,542,117	\$ 44,825,678

See Notes to Consolidated Financial Statements.

• Consolidated Statements of Income

The Nanto Bank, Ltd. and Consolidated Subsidiaries for the Fiscal Years Ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Income (Note 15):			
Interest income:			
Interest on loans and bills discounted	¥ 37,271	¥ 34,474	\$ 246,159
Interest and dividends on securities	10,241	10,865	67,637
Other interest income	3,281	1,523	21,669
Trust fees	28	16	184
Fees and commissions	25,652	23,662	169,420
Other operating income (Note 16)	2,787	4,268	18,406
Other income (Note 17)	6,586	3,043	43,497
Total income	85,848	77,853	566,990
Expenses:			
Interest expense:			
Interest on deposits	286	294	1,888
Interest on borrowings and rediscounts	2,971	1,408	19,622
Interest on payables under securities lending transactions	4,565	1,569	30,149
Other interest expense	34	469	224
Fees and commissions	14,327	12,916	94,623
Other operating expenses (Note 18)	3,686	12,914	24,344
General and administrative expenses (Note 19)	40,516	39,481	267,591
Other expenses (Notes 20 and 21)	2,834	2,483	18,717
Total expenses	69,223	71,537	457,189
Income before income taxes	16,625	6,316	109,801
Income taxes (Note 29):			
Current	5,906	1,380	39,006
Deferred	(1,318)	203	(8,704)
Total income taxes	4,587	1,584	30,295
Net income	12,037	4,731	79,499
Net income attributable to owners of parent	¥ 12,037	¥ 4,731	\$ 79,499
	Yen		U.S. dollars (Note 1)
Per share of common stock:			
Net income - basic (Note 32)	¥ 379.08	¥ 147.75	\$ 2.50
Dividends (Note 7)	114.00	113.00	0.75

See Notes to Consolidated Financial Statements.

• Consolidated Statements of Comprehensive Income

The Nanto Bank, Ltd. and Consolidated Subsidiaries for the Fiscal Years Ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Net income	¥ 12,037	¥ 4,731	\$ 79,499
Other comprehensive income (loss) (Note 22):			
Valuation difference on available-for-sale securities	20,770	(21,659)	137,177
Deferred gains (losses) on hedges	6,480	(1,719)	42,797
Adjustments for retirement benefits (Note 28)	135	147	891
Total other comprehensive income (loss)	27,385	(23,231)	180,866
Total comprehensive income (loss) for the year	¥ 39,423	¥ (18,499)	\$ 260,372
Total comprehensive income (loss) attributable to:			
Owners of parent	¥ 39,423	¥ (18,499)	\$ 260,372

See Notes to Consolidated Financial Statements.

Consolidated Financial Statements

• Consolidated Statements of Changes in Net Assets

The Nanto Bank, Ltd. and Consolidated Subsidiaries for the Fiscal Years Ended March 31, 2024 and 2023

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	Total net assets
Balance at April 1, 2022	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)
Balance at April 1, 2023	33,025	¥ 37,924	¥ 34,749	¥ 200,383	¥ (3,418)	¥ (6,537)	¥ 95	¥ (398)	¥ 262,798
Cash dividends				(3,596)					(3,596)
Net income attributable to owners of parent				12,037					12,037
Purchase of treasury stock					(4)				(4)
Disposition of treasury stock			(0)		9				9
Transfer from retained earnings to capital surplus			0	(0)					—
Net changes in items other than stockholders' equity						20,770	6,480	135	27,385
Balance at March 31, 2024 (Note 7)	33,025	¥ 37,924	¥ 34,749	¥ 208,825	¥ (3,413)	¥ 14,232	¥ 6,575	¥ (262)	¥ 298,631

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	Total net assets
Balance at April 1, 2023	\$ 250,472	\$ 229,502	\$ 1,323,446	\$ (22,574)	\$ (43,174)	\$ 627	\$ (2,628)	\$ 1,735,671
Cash dividends			(23,750)					(23,750)
Net income attributable to owners of parent			79,499					79,499
Purchase of treasury stock				(26)				(26)
Disposition of treasury stock		(0)		59				59
Transfer from retained earnings to capital surplus		0	(0)					—
Net changes in items other than stockholders' equity					137,177	42,797	891	180,866
Balance at March 31, 2024 (Note 7)	\$ 250,472	\$ 229,502	\$ 1,379,202	\$ (22,541)	\$ 93,996	\$ 43,425	\$ (1,730)	\$ 1,972,333

See Notes to Consolidated Financial Statements.

• Consolidated Statements of Cash Flows

The Nanto Bank, Ltd. and Consolidated Subsidiaries for the Fiscal Years Ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Cash flows from operating activities			
Income before income taxes	¥ 16,625	¥ 6,316	\$ 109,801
Depreciation.....	3,507	3,412	23,162
Impairment loss.....	2	43	13
Share of loss (profit) of entities accounted for using equity method.....	22	14	145
Increase (decrease) in reserve for possible loan losses	(2,031)	976	(13,413)
Increase (decrease) in liability for retirement benefits	(40)	151	(264)
Increase (decrease) in reserve for reimbursement of deposits	113	(28)	746
Increase (decrease) in reserve for contingent losses	94	(2)	620
Increase (decrease) in reserve for share-based payment	26	35	171
Interest income	(50,795)	(46,862)	(335,479)
Interest expense.....	7,858	3,741	51,898
Loss (gain) on securities	(4,229)	7,820	(27,930)
Loss (gain) on money held in trust	(47)	152	(310)
Foreign exchange losses (gains)	(15,614)	(7,736)	(103,123)
Losses (gains) on sales of fixed assets	2	(37)	13
Net decrease (increase) in loans and bills discounted	(226,166)	(73,613)	(1,493,732)
Net increase (decrease) in deposits	82,099	68,258	542,229
Net increase (decrease) in negotiable certificates of deposit	(2,401)	600	(15,857)
Net increase (decrease) in borrowed money	(833)	(352,737)	(5,501)
Net decrease (increase) in due from banks (excluding due from the Bank of Japan)...	(81)	(83)	(534)
Net decrease (increase) in call loans and bills bought	(1,883)	(36)	(12,436)
Net increase (decrease) in call money	—	(189,578)	—
Net increase (decrease) in payables under securities lending transactions ...	113,975	36,729	752,757
Net decrease (increase) in foreign exchange assets.....	129	1,134	851
Net increase (decrease) in foreign exchange liabilities	(9)	332	(59)
Net decrease (increase) in lease receivables and lease investment assets....	(2,224)	(1,364)	(14,688)
Net increase (decrease) in borrowed money from trust account	(555)	(808)	(3,665)
Interest received.....	48,730	47,352	321,841
Interest paid	(6,819)	(2,645)	(45,036)
Other	16,099	(8,973)	106,327
Subtotal	(24,444)	(507,436)	(161,442)
Income taxes paid.....	(1,659)	(6,428)	(10,957)
Net cash used in operating activities	(26,104)	(513,864)	(172,406)
Cash flows from investing activities			
Purchase of securities	(387,317)	(374,000)	(2,558,067)
Proceeds from sales of securities	230,795	397,341	1,524,304
Proceeds from maturities of securities	66,979	91,188	442,368
Increase in money held in trust	(4,843)	(321)	(31,985)
Decrease in money held in trust	7,334	48	48,438
Purchase of tangible fixed assets	(3,090)	(4,829)	(20,408)
Proceeds from sales of tangible fixed assets	181	539	1,195
Purchase of intangible fixed assets.....	(1,785)	(1,461)	(11,789)
Payments for asset retirement obligations	(2)	(48)	(13)
Other	(119)	(101)	(785)
Net cash provided by (used in) investing activities	(91,867)	108,355	(606,743)
Cash flows from financing activities			
Dividends paid	(3,593)	(3,553)	(23,730)
Purchase of treasury stock.....	(4)	(1,618)	(26)
Other	9	0	59
Net cash used in financing activities	(3,589)	(5,171)	(23,703)
Effect of exchange rate changes on cash and cash equivalents.....	0	5	0
Net increase (decrease) in cash and cash equivalents.....	(121,560)	(410,675)	(802,853)
Cash and cash equivalents at beginning of year	1,083,159	1,493,835	7,153,814
Cash and cash equivalents at end of year (Note 23)	¥ 961,599	¥ 1,083,159	\$ 6,350,960

See Notes to Consolidated Financial Statements.

■ Notes to Consolidated Financial Statements

The Nanto Bank, Ltd. and Consolidated Subsidiaries

Fiscal Years Ended March 31, 2024 and 2023

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 ("Japanese GAAP"), 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, 2024, which was ¥151.41 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 2023) subsidiaries at March 31, 2024.

The Bank has five (four in 2023) unconsolidated subsidiaries in the fiscal year ended March 31, 2024, Nanto Sixth Industry Support Investment Limited Partnership, Nanto Regional Vitality Creation Support Investment Limited Partnership, Nanto CVC No. 3 Akebono Investment Limited Partnership, Nanto TSUNAGU Fund Investment Limited Partnership and Nara Mirai Forestry Co., Ltd. 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, 2024, Nara Mirai Forestry Co., Ltd. became an unconsolidated subsidiary due to its new establishment.

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

The Bank had three (three in 2023) 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.

The Bank has five (four in 2023) unconsolidated subsidiaries that are not accounted for using the equity method in the fiscal year ended March 31, 2024, Nanto Sixth Industry Support Investment Limited Partnership, Nanto Regional Vitality Creation Support Investment Limited Partnership, Nanto CVC No. 3 Akebono Investment Limited Partnership, Nanto TSUNAGU Fund Investment Limited Partnership and Nara Mirai Forestry Co., Ltd. The Bank also had five (five in 2023) 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 exclusion 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, 2024, Nara Mirai Forestry Co., Ltd. became an unconsolidated subsidiary that is not accounted for using the equity method due to its new establishment.

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.

(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.

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, 2024 and 2023 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 in which the ownership of the leased assets is transferred to the lessee are recognized as lease receivables, and all finance leases in which the ownership of the leased assets is not transferred to the lessee are recognized as lease investment assets.

Fiscal Year Ended March 31, 2023

For finance leases which commenced before April 1, 2008 and in which the ownership of the leased assets is not transferred 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 year ended March 31, 2023, 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 in which the ownership of the leased assets is not transferred 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. Leased assets

Leased assets with respect to finance leases in which the ownership of tangible fixed assets and intangible fixed assets is not transferred to the lessee, 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 leased assets is the value guaranteed in the lease contract or zero for assets without such guaranteed value.

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, 2024 and 2023, the deducted amounts were ¥6,572 million (\$43,405 thousand) and ¥5,367 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, 2024 and 2023 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Reserve for possible loan losses	¥ 21,430	¥ 23,461	\$ 141,536

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 write-off and reserves are implemented based on the category of borrowers (normal, need attention, likely to become bankrupt, effectively bankrupt and bankrupt).

(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 comprehensively considers the outlook on sustainability and profitability of their businesses, and ability to service their 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 year ended March 31, 2024, though the COVID-19's category under the Infectious Diseases Control Law has been reclassified as Class 5 and socio-economic activities are normalizing, the Bank expected that the tough situation will persist for a certain period of time due to the expiry of repayment grace periods of the COVID-19 related loans, a rise in prices and a labor shortage. Considering these uncertainties, the Bank has provided for possible loan losses by judging the category of each borrower and reviewing it as necessary based on the available information after taking into account of the characteristics of the industrial sector, the possibility of recovery from the short-term business performance, and cash flow status, etc.

At the end of the fiscal year ended March 31, 2023, the Bank anticipated that the impact of the COVID-19 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 of the characteristics of the industrial sector, the possibility of recovery from the short-term business performance, and 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 borrower category, the category of borrowers as of the end of the current fiscal year, the amount expected to be recovered using collateral and guarantees, the Russia-Ukraine situation and changes in geopolitical situations, and effects of foreign exchange rate.

The major assumptions concerning the estimates 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 incidents occur which affect the economy, there is a possibility that such events would have an impact on the operating results and financial position for the next fiscal year may change, such as an increase in the reserve for possible loan losses.

4. CHANGES IN ACCOUNTING POLICIES

Fiscal year ended March 31, 2024

There was no information to be reported on 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.

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, directors who are Audit & Supervisory Board Members, 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 (including the case when he/she resigns as a Director, who is not an Audit & Supervisory Board Member and assumes the position of Director and Audit & Supervisory Board Member).

(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

- The book value of the Bank's shares held by the Trust as of March 31, 2024 and 2023 was ¥134 million (\$885 thousand) and ¥143 million, respectively.
- The Bank's shares held by the Trust are recorded as treasury stock under stockholders' equity.
- The numbers of shares as of March 31, 2024 and 2023 were 68 thousand and 73 thousand, respectively, and the average numbers of shares during the fiscal years ended March 31, 2024 and 2023 were 69 thousand and 73 thousand, respectively.
- The numbers of shares at the end of the fiscal years ended March 31, 2024 and 2023 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, 2024 and 2023

	(Thousands of shares)				Remarks
	2024				
	April 1, 2023	Increase	Decrease	March 31, 2024	
Shares issued					
Common stock.....	33,025	—	—	33,025	
Total.....	33,025	—	—	33,025	
Treasury stock					
Common stock.....	1,273	1	4	1,270	Notes 1, 2 & 3
Total.....	1,273	1	4	1,270	

Notes: 1. The number of shares of treasury stock as of March 31, 2024 includes 68 thousand shares of the Bank's stock held by the Director Remuneration BIP Trust.
 2. The increase of 1 thousand shares in common stock of treasury stock is due to the purchase of shares of less than one unit.
 3. The decrease of 4 thousand shares in common stock of treasury stock is attributable to a decrease of 4 thousand shares due to the delivery of the Bank's shares by the Director Remuneration BIP Trust and a decrease of 0 thousand shares due to the sale of shares of less than one unit.

	(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.

(2) Stock acquisition rights

Fiscal years ended March 31, 2024 and 2023

Not applicable.

(3) Information on dividends is as follows:

(a) Dividends paid in the fiscal year ended 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	Cash dividends per share	Record date	Effective date
Annual stockholders' meeting held on June 29, 2023	Common stock	¥2,323 (\$ 15,342)	¥73.00 (\$ 0.48)	March 31, 2023	June 30, 2023
Board of Directors' meeting held on November 13, 2023	Common stock	¥1,272 (\$ 8,401)	¥40.00 (\$ 0.26)	September 30, 2023	December 5, 2023

Notes: 1. Aggregate amount of dividends resolved by the Annual stockholders' meeting on June 29, 2023 includes dividends for the Bank's shares held by the Director Remuneration BIP Trust of ¥5 million (\$33 thousand).
 2. Aggregate amount of dividends resolved by the Board of Directors on November 13, 2023 includes dividends for the Bank's shares held by the Director Remuneration BIP Trust of ¥2 million (\$13 thousand).

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

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, 2022	Common stock	¥2,283	¥70.00	March 31, 2022	June 30, 2022
Board of Directors' meeting held on November 11, 2022	Common stock	¥1,273	¥40.00	September 30, 2022	December 5, 2022

(c) Dividends to be paid in the fiscal year ending March 31, 2025

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 27, 2024	Common stock	¥2,354 (\$15,547)	Retained earnings	¥74.00 (\$0.48)	March 31, 2024	June 28, 2024

Note: Aggregate amount of dividends includes dividends for the Bank's shares held by the Director Remuneration BIP Trust of ¥5 million (\$33 thousand).

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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, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Shares or investments in capital.....	¥ 4,842	¥ 4,032	\$ 31,979

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, 2024 and 2023. 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
	2024	2023	2024
Bankrupt or quasi-bankrupt claims	¥ 4,053	¥ 3,665	\$ 26,768
Doubtful claims.....	46,266	46,239	305,567
Claims past due for three months or more	275	131	1,816
Restructured claims.....	7,430	8,997	49,072
Total.....	¥ 58,026	¥ 59,034	\$ 383,237

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.

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 ¥13,216 million (\$87,286 thousand) and ¥13,371 million at March 31, 2024 and 2023, 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 ¥2,600 million (\$17,171 thousand) and ¥3,601 million at March 31, 2024 and 2023, respectively.

11. PLEDGED ASSETS

Assets pledged as collateral at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Assets pledged as collateral:			
Securities	¥ 549,513	¥ 440,547	\$ 3,629,304
Loans and bills discounted	116,466	141,347	769,209
Other assets	178	178	1,175
Liabilities corresponding to assets pledged as collateral:			
Deposits	68,031	79,537	449,316
Payables under securities lending transactions	253,137	139,161	1,671,864
Borrowed money	344,056	346,534	2,272,346

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
	2024	2023	2024
Other assets	¥ 21,662	¥ 26,219	\$ 143,068

The following was pledged as collateral for borrowed money of ¥1,325 million (\$8,751 thousand) and ¥2,109 million at March 31, 2024 and 2023, respectively.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Unexpired lease contract claims	¥ 1,830	¥ 2,978	\$ 12,086

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
	2024	2023	2024
Initial margins of future markets	¥ 983	¥ 892	\$ 6,492
Security deposits	969	960	6,399
Key money	444	446	2,932

12. LOAN COMMITMENTS

Overdrafts contracts and commitment line contracts on loans are agreements to lend to customers up to a prescribed amount when they apply for borrowing as long as there is no violation of any condition established in the contracts. The amounts of unused commitments at March 31, 2024 and 2023 were ¥997,815 million (\$6,590,152 thousand) and ¥1,006,735 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, 2024 and 2023 were ¥916,863 million (\$6,055,498 thousand) and ¥938,055 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 arise.

13. TANGIBLE FIXED ASSETS

Accumulated depreciation of tangible fixed assets was ¥43,574 million (\$287,788 thousand) and ¥43,802 million at March 31, 2024 and 2023, respectively. Accumulated capital gains directly offset against the acquisition cost of tangible fixed assets to obtain tax benefits were ¥770 million (\$5,085 thousand) and ¥805 million at March 31, 2024 and 2023, respectively. For the fiscal years ended March 31, 2024 and 2023, 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 ¥40,852 million (\$269,810 thousand) and ¥42,633 million at March 31, 2024 and 2023, 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, 2024 and 2023 was as follows:

Millions of yen					
2024					
	Reportable segments			Total	
	Banking	Leasing	Other		
Fees and commissions	¥ 8,672	¥ —	¥ 2,257	¥	10,930
Deposit and loan services	1,888	—	—		1,888
Exchange services	2,149	—	—		2,149
Trust related services	141	—	—		141
Securities related services	—	—	452		452
Agency services	2,657	—	—		2,657
Custody and safe deposit box services	219	—	—		219
Guarantee services	—	—	—		—
Other	1,616	—	1,805		3,422
Ordinary income from contracts with customers	¥ 8,672	¥ —	¥ 2,257	¥	10,930
Ordinary income other than the above	63,165	10,544	1,096		74,805
Ordinary income from outside customers	¥ 71,838	¥ 10,544	¥ 3,354	¥	85,736

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

Thousands of U.S. dollars					
2024					
	Reportable segments			Total	
	Banking	Leasing	Other		
Fees and commissions	\$ 57,274	\$ —	\$ 14,906	\$	72,188
Deposit and loan services	12,469	—	—		12,469
Exchange services	14,193	—	—		14,193
Trust related services	931	—	—		931
Securities related services	—	—	2,985		2,985
Agency services	17,548	—	—		17,548
Custody and safe deposit box services	1,446	—	—		1,446
Guarantee services	—	—	—		—
Other	10,673	—	11,921		22,600
Ordinary income from contracts with customers	\$ 57,274	\$ —	\$ 14,906	\$	72,188
Ordinary income other than the above	417,178	69,638	7,238		494,055
Ordinary income from outside customers	\$ 474,460	\$ 69,638	\$ 22,151	\$	566,250

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 ¥528 million (\$3,487 thousand) and ¥492 million as of March 31, 2024 and 2023, respectively, was included in other assets.

16. OTHER OPERATING INCOME

For the fiscal years ended March 31, 2024 and 2023, other operating income consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Gains on sales of bonds	¥ 1,134	¥ 1,989	\$ 7,489
Gain on foreign exchange transactions	1,544	1,936	10,197
Other	108	342	713
Total	¥ 2,787	¥ 4,268	\$ 18,406

17. OTHER INCOME

For the fiscal years ended March 31, 2024 and 2023, other income consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Gains on sales of stocks and other securities.....	¥ 3,902	¥ 1,129	\$ 25,771
Reversal of reserve for possible loan losses	913	—	6,029
Recovery of written-off claims	304	405	2,007
Other	1,465	1,508	9,675
Total	¥ 6,586	¥ 3,043	\$ 43,497

18. OTHER OPERATING EXPENSES

For the fiscal years ended March 31, 2024 and 2023, other operating expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Losses on financial derivatives	¥ 3,478	¥ 2,037	\$ 22,970
Losses on sales of bonds	207	10,873	1,367
Other	0	4	0
Total	¥ 3,686	¥ 12,914	\$ 24,344

19. GENERAL AND ADMINISTRATIVE EXPENSES

For the fiscal years ended March 31, 2024 and 2023, general and administrative expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Salaries and allowances.....	¥ 19,105	¥ 18,947	\$ 126,180
Retirement benefit costs	1,483	1,523	9,794
Other	19,927	19,010	131,609
Total	¥ 40,516	¥ 39,481	\$ 267,591

20. OTHER EXPENSES

For the fiscal years ended March 31, 2024 and 2023, other expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Write-offs of loans	¥ 1,275	¥ 718	\$ 8,420
Losses on sales of stocks and other securities	507	65	3,348
Reserve for possible loan losses	—	1,117	—
Other	1,051	581	6,941
Total	¥ 2,834	¥ 2,483	\$ 18,717

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21. IMPAIRMENT LOSS

Fiscal year ended March 31, 2024

There were no significant items to be reported.

Fiscal year ended March 31, 2023

The Group reports impairment losses for the following asset groups.

Region	Principle use	Type	Millions of yen	
			Impairment loss	
Nara Prefecture - outside	1 business store, etc.	Buildings, etc.	¥	7
Nara Prefecture - inside	1 idle asset	Buildings, etc.		26
Nara Prefecture - outside	1 idle asset	Buildings, etc.		6
Nara Prefecture - inside	1 business store, etc.	Software		2
Total			¥	43

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 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%.

22. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the fiscal years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Valuation difference on available-for-sale securities:			
Gains (losses) incurred during the year	¥ 29,442	¥ (40,703)	\$ 194,452
Reclassification adjustments to net income	524	9,727	3,460
Amount before tax effect	29,966	(30,976)	197,912
Tax effect	(9,196)	9,316	(60,735)
Valuation difference on available-for-sale securities	20,770	(21,659)	137,177
Deferred gains (losses) on hedges			
Gains (losses) incurred during the year	11,299	(2,379)	74,625
Reclassification adjustments to net income	(1,988)	(90)	(13,129)
Amount before tax effect	9,310	(2,470)	61,488
Tax effect	(2,830)	751	(18,690)
Deferred gains (losses) on hedges	6,480	(1,719)	42,797
Adjustments for retirement benefits:			
Gains (losses) incurred during the year	0	1	0
Reclassification adjustments to net income	194	211	1,281
Amount before tax effect	194	212	1,281
Tax effect	(59)	(64)	(389)
Adjustments for retirement benefits	135	147	891
Total other comprehensive income (loss)	¥ 27,385	¥ (23,231)	\$ 180,866

23. STATEMENTS OF CASH FLOWS

The reconciliation between cash and due from banks in the consolidated balance sheets at March 31, 2024 and 2023 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
	2024	2023	2024
Cash and due from banks on the consolidated balance sheets.....	¥ 963,526	¥ 1,085,005	\$ 6,363,687
Current deposits due from banks.....	(117)	(41)	(772)
Time deposits due from banks.....	(600)	(600)	(3,962)
Other due from banks.....	(1,209)	(1,204)	(7,984)
Cash and cash equivalents on the consolidated statements of cash flows	¥ 961,599	¥ 1,083,159	\$ 6,350,960

24. LEASE TRANSACTIONS

Operating leases

As lessee:

Future minimum lease payments under operating leases which were not cancelable at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Due within one year	¥ 154	¥ 197	\$ 1,017
Due after one year	711	489	4,695
Total.....	¥ 865	¥ 686	\$ 5,712

As lessor:

Future minimum lease payments under operating leases which were not cancelable at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Due within one year	¥ 33	¥ 7	\$ 217
Due after one year	88	24	581
Total.....	¥ 122	¥ 31	\$ 805

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 2023) consolidated subsidiaries and its three (three in 2023) 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.

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 of the interest rate components between the hedged items and the 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

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 while taking appropriate risks.

The Bank has a market risk management structure to ensure checks and balances by segregating a market operations department (front office) and an administrative management department (back office), as well as establishing a risk management department (middle office).

The Risk Management Division, which acts as the risk management department, monitors VaR, and captures and analyses the risk in a multifaceted manner such as interest rate risk based on standards for Interest Rate Risk in the Banking Book (IRBB), Basis Point Value (BPV) and Stress Test. The result of the said monitoring and analysis is reported to the ALM Committee every month.

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.

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 that are not purely for investment purposes are 240 business days in 2023]) and the correlation of risk categories are considered (it had been calculated by simply aggregating without considering the correlation until the fiscal year ended March 31, 2023).

At March 31, 2024, the Group's total market risk (decrease in estimated economic value) was ¥68,484 million (\$452,308 thousand) (¥45,514 million in 2023). 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 Group has established a structure that appropriately manages its liquidity risk, prescribing the basic policy and management structure of the liquidity risk management in accordance with the Group's "Rules on Liquidity Risk Management." 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, 2024 and 2023. 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		
	Carrying amount	Fair value	Difference
2024			
Money held in trust (*1)	¥ 40,967	¥ 40,967	¥ —
Securities (*1)			
Held-to-maturity debt securities	40,852	40,776	(76)
Available-for-sale securities	1,398,302	1,398,302	—
Loans and bills discounted	4,170,554		
Reserve for possible loan losses (*2)	(21,029)		
	4,149,524	4,131,403	(18,121)
Total assets	¥ 5,629,647	¥ 5,611,450	¥ (18,197)
Deposits	¥ 5,797,765	¥ 5,797,805	¥ 40
Borrowed money	355,656	355,636	(20)
Total liabilities	¥ 6,153,421	¥ 6,153,441	¥ 20
Derivative transactions (*3)			
Hedge accounting not applied	¥ (3,026)	¥ (3,026)	¥ —
Hedge accounting applied (*4)	10,095	10,095	—
Total derivative transactions	¥ 7,068	¥ 7,068	¥ —
2023			
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	¥ —

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Thousands of U.S. dollars			
2024			
	Carrying amount	Fair value	Difference
Money held in trust (*1)	\$ 270,569	\$ 270,569	\$ —
Securities (*1)			
Held-to-maturity debt securities	269,810	269,308	(501)
Available-for-sale securities	9,235,202	9,235,202	—
Loans and bills discounted	27,544,772		
Reserve for possible loan losses (*2)	(138,887)		
	27,405,878	27,286,196	(119,681)
Total assets	\$ 37,181,474	\$ 37,061,290	\$ (120,183)
Deposits	\$ 38,291,823	\$ 38,292,087	\$ 264
Borrowed money	2,348,959	2,348,827	(132)
Total liabilities	\$ 40,640,783	\$ 40,640,915	\$ 132
Derivative transactions (*3)			
Hedge accounting not applied	\$ (19,985)	\$ (19,985)	\$ —
Hedge accounting applied (*4)	66,673	66,673	—
Total derivative transactions	\$ 46,681	\$ 46,681	\$ —

(*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, 2024 and 2023 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			
Millions of yen			Thousands of U.S. dollars
	2024	2023	2024
Unlisted equity securities (*1) (*2)	¥ 1,496	¥ 1,659	\$ 9,880
Investments in partnerships (*3)	20,443	19,369	135,017

(*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) The Group recognized impairment loss of ¥91 million (\$601 thousand) on unlisted equity securities for the fiscal year ended March 31, 2024, while no impairment loss was recognized for the fiscal year ended March 31, 2023.

(*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						
2024						
	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	¥ 911,340	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	1,892	—	—	—	—	—
Debt purchased	1,494	—	—	—	—	—
Securities	18,564	25,144	40,654	89,271	237,355	297,027
Held-to-maturity debt securities	12,447	20,008	7,122	1,274	—	—
Bonds	12,447	20,008	7,122	1,274	—	—
Available-for-sale securities with contractual maturities	6,116	5,136	33,531	87,997	237,355	297,027
Japanese government bonds	—	—	—	10,000	124,000	37,000
Japanese local government bonds	594	3,912	11,291	76,197	108,513	1,323
Corporate bonds	5,522	1,223	6,699	1,800	300	141,689
Other	—	—	15,541	—	4,542	117,015
Loans and bills discounted (*)	524,342	779,504	601,047	425,097	405,193	1,028,034
Total	¥ 1,457,634	¥ 804,648	¥ 641,701	¥ 514,368	¥ 642,549	¥ 1,325,062

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

Thousands of U.S. dollars

2024

	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.....	\$ 6,019,021	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans and bills bought	12,495	—	—	—	—	—
Debt purchased.....	9,867	—	—	—	—	—
Securities	122,607	166,065	268,502	589,597	1,567,630	1,961,739
Held-to-maturity debt securities	82,207	132,144	47,037	8,414	—	—
Bonds.....	82,207	132,144	47,037	8,414	—	—
Available-for-sale securities with contractual maturities.....	40,393	33,921	221,458	581,183	1,567,630	1,961,739
Japanese government bonds.....	—	—	—	66,045	818,968	244,369
Japanese local government bonds.....	3,923	25,837	74,572	503,249	716,683	8,737
Corporate bonds	36,470	8,077	44,244	11,888	1,981	935,796
Other	—	—	102,641	—	29,998	772,835
Loans and bills discounted (*)	3,463,060	5,148,299	3,969,665	2,807,588	2,676,131	6,789,736
Total	\$ 9,627,065	\$ 5,314,364	\$ 4,238,167	\$ 3,397,186	\$ 4,243,768	\$ 8,751,482

(*) Loans from "bankrupt," "effectively bankrupt" and "likely to become bankrupt" borrowers, which are not expected to be repaid, amounting to ¥44,662 million (\$294,973 thousand) and ¥45,069 million at March 31, 2024 and 2023, respectively, are not included.
Loans whose payment terms were not determined amounting to ¥362,673 million (\$2,395,304 thousand) and ¥336,252 million at March 31, 2024 and 2023, respectively, are not included.

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

Millions of yen

2024

	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 (*)	¥ 5,426,344	¥ 340,749	¥ 30,671	¥ —	¥ —	¥ —
Negotiable certificates of deposit	5,738	—	—	—	—	—
Payables under securities lending transactions	253,137	—	—	—	—	—
Borrowed money	86,797	129,076	136,755	3,028	—	—
Total	¥ 5,772,017	¥ 469,826	¥ 167,426	¥ 3,028	¥ —	¥ —

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	—	—	—	—	—
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	¥ —

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Thousands of U.S. dollars

	2024					
	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 (*)	\$ 35,838,742	\$ 2,250,505	\$ 202,569	\$ —	\$ —	\$ —
Negotiable certificates of deposit	37,897	—	—	—	—	—
Payables under securities lending transactions	1,671,864	—	—	—	—	—
Borrowed money	573,258	852,493	903,209	19,998	—	—
Total	\$ 38,121,768	\$ 3,103,005	\$ 1,105,779	\$ 19,998	\$ —	\$ —

(*) 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				
	2024				
	Fair value				
	Level 1	Level 2	Level 3	Total	
Money held in trust (trading purposes and other) (*1)	¥ 9,918	¥ 27,120	¥ —	¥	37,038
Securities					
Available-for-sale securities (*1)					
Japanese government bonds and Japanese local government bonds, etc.	164,632	197,836	—		362,468
Corporate bonds	—	153,976	—		153,976
Stocks	92,987	90	—		93,077
Other	118,296	669,757	—		788,053
Derivative transactions (*2)					
Interest rate related	—	11,360	—		11,360
Currency related	—	5,310	—		5,310
Total assets	¥ 385,834	¥ 1,065,451	¥ —	¥	1,451,285
Derivative transactions (*2)					
Interest rate related	¥ —	¥ 979	¥ —	¥	979
Currency related	—	8,623	—		8,623
Total liabilities	¥ —	¥ 9,602	¥ —	¥	9,602

	Millions of yen				
	2023				
	Fair value				
	Level 1	Level 2	Level 3	Total	
Money held in trust (trading purposes and other) (*1)	¥ 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 (*2)					
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 (*2)					
Interest rate related	¥ —	¥ 3,018	¥ —	¥	3,018
Currency related	—	2,174	—		2,174
Total liabilities	¥ —	¥ 5,193	¥ —	¥	5,193

Thousands of U.S. dollars

	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust (trading purposes and other) (*1)	\$ 65,504	\$ 179,116	\$ —	\$ 244,620
Securities				
Available-for-sale securities (*1)				
Japanese government bonds and Japanese local government bonds, etc.	1,087,325	1,306,624	—	2,393,950
Corporate bonds	—	1,016,947	—	1,016,947
Stocks	614,140	594	—	614,734
Other	781,295	4,423,466	—	5,204,761
Derivative transactions (*2)				
Interest rate related	—	75,028	—	75,028
Currency related	—	35,070	—	35,070
Total assets	\$ 2,548,272	\$ 7,036,860	\$ —	\$ 9,585,133
Derivative transactions (*2)				
Interest rate related	\$ —	\$ 6,465	\$ —	\$ 6,465
Currency related	—	56,951	—	56,951
Total liabilities	\$ —	\$ 63,417	\$ —	\$ 63,417

(*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, 2024 to which the treatment of Paragraphs 24-3 and 24-9 are applied was ¥3,928 million (\$25,942 thousand) and ¥726 million (\$4,794 thousand), respectively.

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 are applied was ¥4,045 million and ¥721 million, respectively.

(*2) The amount of derivative transactions to which hedge accounting is applied in the consolidated balance sheet at March 31, 2024 and 2023 was ¥10,095 million (\$66,673 thousand) and ¥204 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 are applied

Millions of yen

2024							
Beginning balance	Income (loss) or other comprehensive income for the current fiscal year		Net amount of purchase, sale and redemption	Amount of investment trusts of which standard quotations are deemed as fair value	Amount of investment trusts of which standard quotations are 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)					
¥ 4,767	¥ 240	¥ 4	¥ (357)	¥ —	¥ —	¥ 4,655	¥ 240

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 of which standard quotations are deemed as fair value	Amount of investment trusts of which standard quotations are 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

2024							
Beginning balance	Income (loss) or other comprehensive income for the current fiscal year		Net amount of purchase, sale and redemption	Amount of investment trusts of which standard quotations are deemed as fair value	Amount of investment trusts of which standard quotations are 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)					
\$ 31,484	\$ 1,585	\$ 26	\$ (2,357)	\$ —	\$ —	\$ 30,744	\$ 1,585

(*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.

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Main restrictions on cancellation or claims for repurchase			
Halted acceptance of cancellation due to being in the process of liquidation of funds	¥ 1,563	¥ 1,345	\$ 10,322
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	1,399	1,393	9,239
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	966	1,306	6,380
Refund: Pay back after 2 months from the cancellation date			

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

	Millions of yen			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Corporate bonds	¥ —	¥ —	¥ 40,776	¥ 40,776
Loans and bills discounted	—	148,959	3,982,443	4,131,403
Total assets	¥ —	¥ 148,959	¥ 4,023,219	¥ 4,172,179
Deposits	¥ —	¥ 5,797,805	¥ —	¥ 5,797,805
Borrowed money	—	347,131	8,505	355,636
Total liabilities	¥ —	¥ 6,144,936	¥ 8,505	¥ 6,153,441

	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

	Thousands of U.S. dollars			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Corporate bonds	\$ —	\$ —	\$ 269,308	\$ 269,308
Loans and bills discounted	—	983,812	26,302,377	27,286,196
Total assets	\$ —	\$ 983,812	\$ 26,571,686	\$ 27,555,504
Deposits	\$ —	\$ 38,292,087	\$ —	\$ 38,292,087
Borrowed money	—	2,292,655	56,171	2,348,827
Total liabilities	\$ —	\$ 40,584,743	\$ 56,171	\$ 40,640,915

(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 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 values approximate the carrying amounts of bonds at the balance sheet date less reserve for possible loan losses, and such amounts used as fair values. 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, 2024 and 2023**(a) Trading securities**

Not applicable for the fiscal years ended March 31, 2024 and 2023.

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(b) Held-to-maturity debt securities

	Millions of yen		
	2024		
	Carrying amount	Fair value	Unrealized gains (losses)
Fair value exceeding carrying amount:			
Corporate bonds	¥ 15,995	¥ 16,012	¥ 17
Subtotal	¥ 15,995	¥ 16,012	¥ 17
Fair value not exceeding carrying amount:			
Corporate bonds	¥ 24,857	¥ 24,763	¥ (93)
Subtotal	¥ 24,857	¥ 24,763	¥ (93)
Total	¥ 40,852	¥ 40,776	¥ (76)

	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)

	Thousands of U.S. dollars		
	2024		
	Carrying amount	Fair value	Unrealized gains (losses)
Fair value exceeding carrying amount:			
Corporate bonds	\$ 105,640	\$ 105,752	\$ 112
Subtotal	\$ 105,640	\$ 105,752	\$ 112
Fair value not exceeding carrying amount:			
Corporate bonds	\$ 164,170	\$ 163,549	\$ (614)
Subtotal	\$ 164,170	\$ 163,549	\$ (614)
Total	\$ 269,810	\$ 269,308	\$ (501)

(c) Available-for-sale securities

	Millions of yen		
	2024		
	Carrying amount	Acquisition cost	Unrealized gains (losses)
Carrying amount exceeding acquisition cost:			
Stocks	¥ 92,837	¥ 31,344	¥ 61,492
Bonds	117,837	117,238	599
Japanese government bonds	61,025	60,689	336
Japanese local government bonds	36,233	36,023	210
Japanese corporate bonds	20,578	20,525	52
Others	224,877	220,892	3,985
Foreign securities included	11,650	11,646	4
Subtotal	¥ 435,552	¥ 369,475	¥ 66,077
Carrying amount not exceeding acquisition cost:			
Stocks	¥ 239	¥ 266	¥ (26)
Bonds	398,607	412,933	(14,326)
Japanese government bonds	103,606	107,898	(4,291)
Japanese local government bonds	161,602	165,678	(4,075)
Japanese corporate bonds	133,397	139,356	(5,959)
Others	563,902	598,054	(34,152)
Foreign securities included	115,712	127,763	(12,050)
Subtotal	¥ 962,750	¥ 1,011,254	¥ (48,504)
Total	¥ 1,398,302	¥ 1,380,730	¥ 17,572

Millions of yen

2023

	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)

Thousands of U.S. dollars

2024

	Carrying amount	Acquisition cost	Unrealized gains (losses)
Carrying amount exceeding acquisition cost:			
Stocks.....	\$ 613,149	\$ 207,014	\$ 406,129
Bonds	778,264	774,308	3,956
Japanese government bonds	403,044	400,825	2,219
Japanese local government bonds	239,303	237,916	1,386
Japanese corporate bonds	135,909	135,559	343
Others	1,485,218	1,458,899	26,319
Foreign securities included.....	76,943	76,916	26
Subtotal.....	\$ 2,876,639	\$ 2,440,228	\$ 436,411
Carrying amount not exceeding acquisition cost:			
Stocks.....	\$ 1,578	\$ 1,756	\$ (171)
Bonds	2,632,633	2,727,250	(94,617)
Japanese government bonds	684,274	712,621	(28,340)
Japanese local government bonds	1,067,313	1,094,234	(26,913)
Japanese corporate bonds	881,031	920,388	(39,356)
Others	3,724,337	3,949,897	(225,559)
Foreign securities included.....	764,229	843,821	(79,585)
Subtotal.....	\$ 6,358,562	\$ 6,678,911	\$ (320,348)
Total	\$ 9,235,202	\$ 9,119,146	\$ 116,055

(2) Held-to-maturity debt securities sold for the fiscal years ended March 31, 2024 and 2023

Millions of yen

2024

	Cost of sales	Sales amount	Gains (losses) on sales
Bonds	¥ 130	¥ 130	¥ 0
Japanese corporate bonds	130	130	0
Total	¥ 130	¥ 130	¥ 0

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

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Thousands of U.S. dollars			
2024			
	Cost of sales	Sales amount	Gains (losses) on sales
Bonds	\$ 858	\$ 858	\$ 0
Japanese corporate bonds	858	858	0
Total	\$ 858	\$ 858	\$ 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, 2024 and 2023

Millions of yen			
2024			
	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 4,946	¥ 3,108	¥ —
Bonds	97,222	606	128
Japanese government bonds	97,132	606	127
Japanese local government bonds	89	—	0
Others	64,152	1,320	587
Foreign securities included	50,435	830	36
Total	¥ 166,321	¥ 5,036	¥ 715

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
Others	115,100	491	10,628
Foreign securities included	96,366	327	9,992
Total	¥ 296,942	¥ 3,117	¥ 10,939

Thousands of U.S. dollars			
2024			
	Sales amount	Gains on sales	Losses on sales
Stocks	\$ 32,666	\$ 20,527	\$ —
Bonds	642,110	4,002	845
Japanese government bonds	641,516	4,002	838
Japanese local government bonds	587	—	0
Others	423,697	8,718	3,876
Foreign securities included	333,102	5,481	237
Total	\$ 1,098,480	\$ 33,260	\$ 4,722

(4) Money held in trust at March 31, 2024 and 2023

Money held in trust for trading purposes

Millions of yen			Thousands of U.S. dollars
	2024	2023	2024
Carrying amount (fair value)	¥ 19,000	¥ 22,000	\$ 125,487
Amount of net unrealized gains (losses) included in the consolidated statements of income	489	545	3,229

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

Millions of yen			Thousands of U.S. dollars
	2024	2023	2024
Carrying amount	¥ 21,967	¥ 21,579	\$ 145,082
Acquisition cost	22,099	21,913	145,954
Difference	(131)	(334)	(865)
Unrealized gain	240	26	1,585
Unrealized loss	(371)	(361)	(2,450)

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Money held in trust	¥ 4,103	¥ 4,659	\$ 27,098

(5) Components of the valuation difference on available-for-sale securities recorded under net assets at March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Valuation difference	¥ 17,553	¥ (12,413)	\$ 115,930
Deferred tax assets (liabilities)	(3,321)	5,875	(21,933)
Valuation difference on available-for-sale securities before adjustment for noncontrolling interests	¥ 14,232	¥ (6,537)	\$ 93,996
Noncontrolling interests adjustment	—	—	—
Valuation difference on available-for-sale securities	¥ 14,232	¥ (6,537)	\$ 93,996

(6) Securities reclassified for the fiscal years ended March 31, 2024 and 2023

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 years ended March 31, 2024 and 2023.

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, 2024 and 2023 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			
		2024			
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	—	—	—	—
Over-the-counter transactions	Bought	—	—	—	—
	Forward rate agreements				
	Sold	—	—	—	—
	Bought	—	—	—	—
	Interest rate swaps				
	Receive fixed rate/pay floating rate	32,449	31,093	(773)	(773)
	Receive floating rate/pay fixed rate	33,389	31,937	1,059	1,059
	Receive floating rate/pay floating rate	—	—	—	—
	Interest rate options				
	Sold	—	—	—	—
	Bought	—	—	—	—
Other					
	Sold	—	—	—	—
Total	Bought	—	—	—	—
		¥ —	¥ —	¥ 286	¥ 286

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		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.....	—	—	—	—
Over-the-counter transactions	Bought	—	—	—	—
	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

		Thousands of U.S. dollars			
		2024			
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.....	—	—	—	—
Over-the-counter transactions	Bought	—	—	—	—
	Forward rate agreements				
	Sold.....	—	—	—	—
	Bought	—	—	—	—
	Interest rate swaps				
	Receive fixed rate/pay floating rate	214,312	205,356	(5,105)	(5,105)
	Receive floating rate/pay fixed rate	220,520	210,930	6,994	6,994
	Receive floating rate/pay floating rate.....	—	—	—	—
	Interest rate options				
	Sold.....	—	—	—	—
	Bought	—	—	—	—
Other					
	Sold.....	—	—	—	—
	Bought	—	—	—	—
Total		\$ —	\$ —	\$ 1,888	\$ 1,888

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
		2024	2023	2024
Contract amount	¥	940	¥ 1,249	\$ 6,208
Fair value		(1)	(19)	(6)
Unrealized gains (losses)		(1)	(19)	(6)

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
		2024	2023	2024
Unrealized gains (losses)	¥	(38)	¥ (57)	\$ (250)

(b) Currency related transactions

		Millions of yen			
		2024			
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	1,120,912	982,519	(3,436)	(3,436)
	Forward foreign exchange contracts				
	Sold.....	18,263	14,852	(1,843)	(1,843)
	Bought	23,532	14,247	1,967	1,967
	Currency options				
	Sold.....	—	—	—	—
	Bought	—	—	—	—
	Other				
	Sold.....	—	—	—	—
	Bought	—	—	—	—
Total		¥ —	¥ —	¥ (3,312)	¥ (3,312)

		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

		Thousands of U.S. dollars			
		2024			
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	7,403,156	6,489,128	(22,693)	(22,693)
	Forward foreign exchange contracts				
	Sold.....	120,619	98,091	(12,172)	(12,172)
	Bought	155,419	94,095	12,991	12,991
	Currency options				
	Sold.....	—	—	—	—
	Bought	—	—	—	—
	Other				
	Sold.....	—	—	—	—
	Bought	—	—	—	—
Total		\$ —	\$ —	\$ (21,874)	\$ (21,874)

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

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(c) Stock related transactions

None.

(d) Bond related transactions

None.

(e) Commodity related transactions

None.

(f) Credit derivative transactions

None.

(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, 2024 and 2023 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		
			2024		
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		116,334	116,318	10,095
	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		—	¥ —	¥ —	¥ 10,095

			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

			Thousands of U.S. dollars		
			2024		
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		768,337	768,231	66,673
	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		—	\$ —	\$ —	\$ 66,673

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
	2024	2023	2024
Balance at the beginning of the fiscal year	¥ 12,145	¥ 12,191	\$ 80,212
Service cost.....	588	607	3,883
Interest cost.....	80	80	528
Actuarial loss (gain)	(0)	(1)	(0)
Benefits paid.....	(905)	(733)	(5,977)
Prior service costs.....	—	—	—
Balance at the end of the fiscal year.....	¥ 11,908	¥ 12,145	\$ 78,647

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, 2024 and 2023.

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Funded projected benefit obligations	¥ 498	¥ 482	\$ 3,289
Plan assets	—	—	—
Funded assets under the SERAMA Scheme	(227)	(229)	(1,499)
	270	252	1,783
Unfunded projected benefit obligations	11,410	11,663	75,358
Net liability (assets) for retirement benefits recorded on the consolidated balance sheet	¥ 11,680	¥ 11,916	\$ 77,141
Liability for retirement benefits	¥ 11,680	¥ 11,916	\$ 77,141
Asset for retirement benefits	—	—	—
Net liability (assets) for retirement benefits recorded on the consolidated balance sheet	¥ 11,680	¥ 11,916	\$ 77,141

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

(d) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Service cost	¥ 588	¥ 607	\$ 3,883
Interest cost	80	80	528
Expected return on plan assets	—	—	—
Net actuarial loss amortization	194	211	1,281
Amortization of prior service costs	—	—	—
Total retirement benefit costs	¥ 863	¥ 899	\$ 5,699

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
	2024	2023	2024
Actuarial gain (loss)	¥ 194	¥ 212	\$ 1,281
Total	¥ 194	¥ 212	\$ 1,281

(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
	2024	2023	2024
Unrecognized actuarial gain (loss)	¥ (377)	¥ (572)	\$ (2,489)
Total	¥ (377)	¥ (572)	\$ (2,489)

(g) Plan assets

Not applicable for the fiscal years ended March 31, 2024 and 2023.

(h) Actuarial assumptions

The principal actuarial assumptions for the fiscal years ended March 31, 2024 and 2023 were as follows:

	2024	2023
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 ¥620 million (\$4,094 thousand) and ¥626 million for the fiscal years ended March 31, 2024 and 2023, 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 ¥827 million (\$5,461 thousand), and the number of years remaining for contributions equivalent to the contributions that are commensurate with risks is five and a half years.

29. 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, 2024 and 2023.

(1) Significant components of deferred tax assets and liabilities as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deferred tax assets:			
Excess reserve for possible loan losses.....	¥ 7,754	¥ 7,535	\$ 51,211
Liability for retirement benefits	3,583	3,654	23,664
Depreciation.....	666	711	4,398
Write-down of land.....	872	872	5,759
Impairment loss	1,188	1,218	7,846
Valuation loss on securities	2,593	2,738	17,125
Valuation difference on available-for-sale securities.....	—	5,912	—
Deferred gains or losses on hedges	—	230	—
Tax loss carryforwards	777	677	5,131
Other	2,637	1,874	17,416
Subtotal deferred tax assets:	20,074	25,426	132,580
Valuation allowance pertaining to tax loss carryforwards (Note 2)	(762)	(659)	(5,032)
Valuation allowance pertaining to total of deductible temporary differences, etc. ...	(6,689)	(7,266)	(44,178)
Subtotal valuation allowance.....	(7,452)	(7,926)	(49,217)
Total deferred tax assets	12,622	17,499	83,363
Deferred tax liabilities:			
Valuation difference on available-for-sale securities.....	(3,321)	(36)	(21,933)
Deferred gains or losses on hedges	(2,872)	(272)	(18,968)
Other	(162)	(156)	(1,069)
Total deferred tax liabilities	(6,355)	(465)	(41,972)
Net deferred tax assets (liabilities) (Note 1)	¥ 6,266	¥ 17,034	\$ 41,384

Notes: 1. Net deferred tax assets (liabilities) as of March 31, 2024 and 2023 are included in the following accounts in the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deferred tax assets.....	¥ 6,278	¥ 17,046	\$ 41,463
Deferred tax liabilities	11	11	72

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

	Millions of yen						
	2024						
	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 (*)...	¥ —	¥ —	¥ —	¥ —	¥ 123	¥ 653	¥ 777
Valuation allowance	—	—	—	—	(123)	(639)	(762)
Deferred tax assets.....	—	—	—	—	—	14	14

	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

	Thousands of U.S. dollars						
	2024						
	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 (*)...	\$ —	\$ —	\$ —	\$ —	\$ 812	\$ 4,312	\$ 5,131
Valuation allowance	—	—	—	—	(812)	(4,220)	(5,032)
Deferred tax assets.....	—	—	—	—	—	92	92

(*) 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, 2024 and 2023

	2024	2023
Statutory tax rate	30.4%	30.4%
Valuation allowance.....	(2.8)%	(4.7)%
Non-deductible expenses	0.2%	0.5%
Non-taxable income.....	(0.8)%	(2.7)%
Inhabitant tax on per capita basis, etc.....	0.4%	1.0%
Other	0.2%	0.5%
Effective tax rate	27.5%	25.0%

30. 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.

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

Segment information for the fiscal years ended March 31, 2024 and 2023 is summarized as follows:

	Millions of yen							
	2024							
	Reportable segments							
	Banking	Leasing	Total	Other	Total	Adjustment	Consolidated	
Ordinary income:								
Outside customers	¥ 71,839	¥ 10,542	¥ 82,382	¥ 3,168	¥ 85,550	¥ 185	¥ 85,736	
Intersegment income	1,139	478	1,617	2,671	4,288	(4,288)	—	
Total.....	¥ 72,978	¥ 11,020	¥ 83,999	¥ 5,840	¥ 89,839	¥ (4,102)	¥ 85,736	
Segment profit.....	¥ 15,885	¥ 149	¥ 16,035	¥ 1,502	¥ 17,537	¥ (906)	¥ 16,631	
Segment assets.....	6,763,816	44,639	6,808,455	29,771	6,838,226	(51,169)	6,787,056	
Segment liabilities	6,476,968	39,603	6,516,572	13,083	6,529,656	(41,230)	6,488,425	
Others:								
Depreciation	3,258	107	3,365	113	3,479	27	3,507	
Interest income	51,314	7	51,321	501	51,823	(1,028)	50,795	
Interest expense	7,837	114	7,951	6	7,958	(100)	7,858	
Extraordinary gain.....	112	—	112	—	112	—	112	
Extraordinary loss	114	0	114	1,946	2,061	(1,943)	118	
Tax expense	4,079	48	4,127	442	4,570	16	4,587	
Increase in tangible and intangible fixed assets...	4,734	238	4,972	99	5,072	(196)	4,876	

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 ¥185 million is mainly the recovery of written-off claims included in "Other."

(2) Adjustment of segment profit of ¥(906) million is the elimination of intersegment transactions.

(3) Adjustment of segment assets of ¥(51,169) million is the elimination of intersegment transactions.

(4) Adjustment of segment liabilities of ¥(41,230) 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 ¥(1,028) million is the elimination of intersegment transactions.

(7) Adjustment of interest expense of ¥(100) million is the elimination of intersegment transactions.

(8) Adjustment of extraordinary loss of ¥(1,943) million is the elimination of intersegment transactions.

(9) Adjustment of tax expense of ¥16 million is the elimination of intersegment transactions.

(10) Adjustment of increase in tangible and intangible fixed assets of ¥(196) 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

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 "Other."

(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.

Thousands of U.S. dollars

2024

	Reportable segments			Other	Total	Adjustment	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Outside customers	\$ 474,466	\$ 69,625	\$ 544,098	\$ 20,923	\$ 565,022	\$ 1,221	\$ 566,250
Intersegment income	7,522	3,156	10,679	17,640	28,320	(28,320)	—
Total	\$ 481,989	\$ 72,782	\$ 554,778	\$ 38,570	\$ 593,349	\$ (27,092)	\$ 566,250
Segment profit	\$ 104,913	\$ 984	\$ 105,904	\$ 9,920	\$ 115,824	\$ (5,983)	\$ 109,840
Segment assets	44,672,188	294,822	44,967,010	196,625	45,163,635	(337,949)	44,825,678
Segment liabilities	42,777,676	261,561	43,039,244	86,407	43,125,658	(272,306)	42,853,345
Others:							
Depreciation	21,517	706	22,224	746	22,977	178	23,162
Interest income	338,907	46	338,953	3,308	342,269	(6,789)	335,479
Interest expense	51,760	752	52,513	39	52,559	(660)	51,898
Extraordinary gain	739	—	739	—	739	—	739
Extraordinary loss	752	0	752	12,852	13,612	(12,832)	779
Tax expense	26,940	317	27,257	2,919	30,182	105	30,295
Increase in tangible and intangible fixed assets ...	31,266	1,571	32,837	653	33,498	(1,294)	32,203

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 \$1,221 thousand is mainly the recovery of written-off claims included in "Other."

(2) Adjustment of segment profit of \$(5,983) thousand is the elimination of intersegment transactions.

(3) Adjustment of segment assets of \$(337,949) thousand is the elimination of intersegment transactions.

(4) Adjustment of segment liabilities of \$(272,306) thousand is the elimination of intersegment transactions and the adjustment of liability for retirement benefits.

(5) Adjustment of depreciation of \$178 thousand is the elimination of intersegment transactions.

(6) Adjustment of interest income of \$(6,789) thousand is the elimination of intersegment transactions.

(7) Adjustment of interest expense of \$(660) thousand is the elimination of intersegment transactions.

(8) Adjustment of extraordinary loss of \$(12,832) thousand is the elimination of intersegment transactions.

(9) Adjustment of tax expense of \$105 thousand is the elimination of intersegment transactions.

(10) Adjustment of increase in tangible and intangible fixed assets of \$(1,294) 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				
	2024				
	Lending	Securities and investments	Leasing	Other	Total
Ordinary income from outside customers.....	¥ 38,521	¥ 16,040	¥ 10,542	¥ 20,631	¥ 85,736

	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

	Thousands of U.S. dollars				
	2024				
	Lending	Securities and investments	Leasing	Other	Total
Ordinary income from outside customers.....	\$ 254,415	\$ 105,937	\$ 69,625	\$ 136,259	\$ 566,250

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, 2024 and 2023; 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, 2024 and 2023; 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, 2024 and 2023; therefore, information about major customers is not required to be disclosed.

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

	Millions of yen				
	2024				
	Reportable segments				Total
	Banking	Leasing	Other		
Impairment loss	¥ —	¥ —	¥ 2		¥ 2

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

	Thousands of U.S. dollars				
	2024				
	Reportable segments				Total
	Banking	Leasing	Other		
Impairment loss	\$ —	\$ —	\$ 13		\$ 13

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.

31. RELATED PARTY TRANSACTIONS

For the fiscal year ended March 31, 2024, 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 —	\$66 —
A company in which a majority of voting rights are held by officers of the Bank and their relatives	Kyowa Shokai Yakuhin K.K. (Note 3)	Kizugawa City Kyoto	10	Sales of chemicals	—	Loans	Lending of money Interest receivable	115 1	759 6	Loans —	83 —	548 —

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

4. Mr. Matazaemon Kitamura resigned as a Director of the Bank on June 29, 2023 and the loan balance to Kitamura Forestry Co., Ltd., of which 100% of the voting rights was owned directly by his relatives, was ¥290 million (\$1,915 thousand) as of that date.

5. Mr. Naoki Minowa resigned as a Corporate Auditor of the Bank on June 29, 2023 and the loan balance to NIKKEN BLAST CO., LTD., of which 62.5% of the voting rights was owned directly by his relatives, was ¥73 million (\$482 thousand) as of that date.

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)	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 —	¥10 —
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	Loans —	200 —
	NIKKEN BLAST CO., LTD. (Note 4)	Daito City Osaka	10	Metal processing	—	Loans	Lending of money Interest receivable	— 0	Loans —	74 —
	Kyowa Shokai Yakuhin K.K. (Note 5)	Kizugawa City Kyoto	10	Sales of chemicals	—	Loans	Lending of money Interest receivable	98 1	Loans —	89 —

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.

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32. PER SHARE INFORMATION

Net assets per share at March 31, 2024 and 2023 and net income per share for the fiscal years then ended were as follows:

	Yen		U.S. dollars
	2024	2023	2024
Net assets per share.....	¥ 9,404.25	¥ 8,276.62	\$ 62.11
Net income per share – basic	379.08	147.75	2.50

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
(Net assets per share)			
Net assets	¥ 298,631	¥ 262,798	\$ 1,972,333
Net assets attributed to common stock	298,631	262,798	1,972,333
Outstanding number of shares of common stock at end of year (unit: thousands of shares)	31,754	31,751	—
(Net income per share – basic)			
Net income attributable to owners of parent	¥ 12,037	¥ 4,731	\$ 79,499
Net income attributable to common stockholders of parent	12,037	4,731	79,499
Average outstanding number of shares during the year (unit: thousands of shares)...	31,754	32,024	—

Notes: 1. Net income per share –diluted for the fiscal years ended March 31, 2024 and 2023 is not presented because there were no residual shares.

2. 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, 2024 and 2023 that were deducted for computing net asset per share were 68 thousand and 73 thousand, respectively. In addition, the average numbers of shares of treasury stock during the fiscal years ended March 31, 2024 and 2023 that were deducted for computing net income per share were 69 thousand and 73 thousand, respectively.

33. SUBSEQUENT EVENTS.

Purchase of treasury stock

At the Board of Directors' meeting held on May 10, 2024, the Bank resolved on matters concerning purchase of treasury stock based on Article 156 of the Companies Act applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the said act.

(1) Reason to the purchase of treasury stock

In order to conduct the Bank's flexible capital policy in response to changes in the business environment, and to increase its corporate value by improving capital efficiency, and to reward its shareholders.

(2) Details of the purchase of treasury stock

(a) Type of shares to be purchased

Common stock

(b) Total number of shares to be purchased

450,000 shares (maximum)

(1.41% of the total number of shares issued (excluding treasury stock))

(c) Total purchase cost of shares

¥1 billion (\$6,604 thousand) (maximum)

(d) Period of the purchase

From May 13, 2024 to July 31, 2024

(e) Method of the purchase

Market purchase on the Tokyo Stock Exchange

34. BORROWED MONEY AND LEASE OBLIGATIONS

a. The details of borrowed money as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Borrowed money			
Due from April 2024 through August 2030	¥ 355,656	¥ 356,490	\$ 2,348,959
Average interest rate: 0.85% p.a.			

Annual maturities of borrowed money as of March 31, 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	Millions of yen		Thousands of U.S. dollars
2025.....	¥ 86,797		\$ 573,258
2026.....	2,291		15,131
2027.....	126,785		837,362
2028.....	136,305		900,237
2029.....	450		2,972
2030 and thereafter	3,028		19,998
Total.....	¥ 355,656		\$ 2,348,959

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, 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	Millions of yen		Thousands of U.S. dollars
2025.....	¥ 0		\$ 0
2026 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.