Consolidated Balance Sheets
The Kiyo Bank, Ltd. and its consolidated subsidiaries
As of March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Assets:			
Cash and due from banks (Note 3)	¥ 1,001,855	¥ 1,375,103	$ 7,502,845
Monetary claims bought	0	0	0
Trading account securities (Note 4)	28	46	209
Money held in trust (Note 4)	9,229	9,783	69,115
Securities (Notes 4, 5, 7, 11, 22 and 23)	717,828	982,230	5,375,780
Loans and bills discounted (Notes 5, 7, 21, 22, 23 and 26)	3,593,177	3,409,994	26,909,136
Foreign exchanges (Note 5)	2,652	2,740	19,860
Other assets (Notes 5 and 7)	112,813	56,633	844,851
Tangible fixed assets (Note 6)	33,820	34,131	253,276
Intangible fixed assets	4,176	3,650	31,273
Net defined benefit asset (Note 10)	23,585	27,150	176,626
Deferred tax assets (Note 18)	5,280	518	39,541
Customers' liabilities for acceptances and guarantees (Notes 5 and 11)	7,142	7,579	53,486
Reserve for possible loan losses	(28,257)	(28,841)	(211,615)
Total assets	¥ 5,483,332	¥ 5,880,722	$ 41,064,419
Liabilities:			
Deposits (Notes 7, 8 and 22)	¥ 4,592,242	¥ 4,575,045	$ 34,391,088
Payables under securities lending transactions (Note 7)	64,102	201,847	480,056
Borrowed money (Notes 7, 9 and 22)	530,312	795,202	3,971,482
Foreign exchanges	284	197	2,126
Other liabilities (Note 9)	64,433	54,223	482,535
Net defined benefit liability (Note 10)	27	29	202
Reserve for reimbursement of deposits	405	547	3,033
Provision for contingent losses	337	388	2,523
Deferred tax liabilities (Note 18)	251	2,812	1,879
Acceptances and guarantees (Note 11)	7,142	7,579	53,486
Total liabilities	5,259,539	5,637,872	39,388,444
Net assets (Notes 12 and 13):			
Common stock	80,096	80,096	599,835
Capital surplus	1,722	1,722	12,895
Retained earnings	150,853	150,926	1,129,731
Treasury stock	(3,081)	(1,615)	(23,073)
Total shareholders' equity	229,591	231,130	1,719,396
Net unrealized gains (losses) on available-for-sale securities (Note 4)	(11,554)	1,787	(86,527)
Net deferred gains (losses) on hedging instruments	448	306	3,355
Remeasurements of defined benefit plans	3,455	7,811	25,874
Total accumulated other comprehensive income (loss)	(7,650)	9,906	(57,290)
Subscription rights to shares (Notes 13 and 14)	78	101	584
Non-controlling interests	1,774	1,712	13,285
Total net assets	223,792	242,850	1,675,967
Total liabilities and net assets	¥ 5,483,332	¥ 5,880,722	$ 41,064,419

See accompanying notes.

Consolidated Statements of Income
The Kiyo Bank, Ltd. and its consolidated subsidiaries
Years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Income			
Interest income:			
Interest on loans and bills discounted	¥ 34,875	¥ 34,147	$ 261,177
Interest and dividends on securities	11,329	9,771	84,842
Other interest income	1,381	1,771	10,342
Fees and commissions (Note 24)	16,762	16,551	125,529
Other operating income	11,064	10,758	82,857
Other income (Note 15)	9,051	8,596	67,782
Total income	84,464	81,596	632,546
Expenses			
Interest expenses:			
Interest on deposits	108	133	808
Interest on payables under securities lending transactions	3,873	399	29,004
Interest on borrowings	0	0	0
Other interest expenses	394	81	2,950
Fees and commissions payments	5,260	5,124	39,391
Other operating expenses	35,405	11,937	265,146
General and administrative expenses (Note 16)	31,295	31,999	234,366
Provision for possible loan losses	823	3,675	6,163
Other expenses (Note 17)	2,435	4,153	18,235
Total expenses	79,596	57,506	596,090
Profit before income taxes	4,868	24,090	36,456
Income taxes (Note 18):			
Current	720	7,608	5,392
Deferred	146	919	1,093
Total income taxes	866	8,527	6,485
Profit	4,001	15,562	29,963
Profit attributable to non-controlling interests	77	102	576
Profit attributable to owners of parent	¥ 3,924	¥ 15,460	$ 29,386

	Yen		U.S. dollars
Per share of common stock:			
Basic earnings per share (Note 20)	¥ 59.83	¥ 230.40	$ 0.44
Diluted earnings per share (Note 20)	59.78	230.17	0.44
Dividends (Note 13)	40.00	40.00	0.29

See accompanying notes.

Consolidated Statements of Comprehensive Income
The Kiyo Bank, Ltd. and its consolidated subsidiaries
Years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Profit	¥ 4,001	¥ 15,562	$ 29,963
Other comprehensive income (loss) (Note 19):			
Net unrealized gains (losses) on available-for-sale securities	(13,430)	(13,107)	(100,576)
Net deferred gains (losses) on hedging instruments	141	277	1,055
Remeasurements of defined benefit plans	(4,356)	(1,051)	(32,621)
Total other comprehensive income (loss)	(17,645)	(13,881)	(132,142)
Comprehensive income (loss)	¥ (13,644)	¥ 1,681	$ (102,179)
Total comprehensive income (loss) attributable to:	¥ (13,644)	¥ 1,681	$ (102,179)
Comprehensive income (loss) attributable to owners of parent	(13,632)	1,626	(102,089)
Comprehensive income (loss) attributable to non-controlling interes	(11)	54	(82)

See accompanying notes.

Consolidated Statements of Changes in Net Assets
The Kiyo Bank, Ltd. and its consolidated subsidiaries
Years ended March 31, 2023 and 2022

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income (loss)						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedging instruments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at April 1, 2021	¥ 80,096	¥ 2,835	¥ 141,773	¥ (4,505)	¥ 220,200	¥ 14,848	¥ 29	¥ 8,862	¥ 23,740	¥100	¥ 1,658	¥ 245,699
Cumulative effects of changes in accounting policies	-	-	(127)	-	(127)	-	-	-	-	-	-	(127)
Balance at April 1, 2021 (as restated)	80,096	2,835	141,646	(4,505)	220,072	14,848	29	8,862	23,740	100	1,658	245,572
Cash dividends	-	-	(2,369)	-	(2,369)	-	-	-	-	-	-	(2,369)
Profit attributable to owners of parent	-	-	15,460	-	15,460	-	-	-	-	-	-	15,460
Transfer from retained earnings to capital surplus	-	3,812	(3,812)	-	-	-	-	-	-			-
Purchase of treasury stock	-	-	-	(2,179)	(2,179)	-	-	-	-	-	-	(2,179)
Disposal of treasury stock	-	(91)	-	236	144	-	-	-	-	-	-	144
Cancellation of treasury stock	-	(4,833)	-	4,833	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	(13,060)	277	(1,051)	(13,834)	0	53	(13,779)
Total changes during the year	-	(1,112)	9,279	2,890	11,057	(13,060)	277	(1,051)	(13,834)	0	53	(2,722)
Balance at March 31, 2022	80,096	1,722	150,926	(1,615)	231,130	1,787	306	7,811	9,906	101	1,712	242,850
Balance at April 1, 2022	**80,096**	**1,722**	**150,926**	**(1,615)**	**231,130**	**1,787**	**306**	**7,811**	**9,906**	**101**	**1,712**	**242,850**
Cash dividends	-	-	**(3,994)**	-	**(3,994)**	-	-	-	-	-	-	**(3,994)**
Profit attributable to owners of parent	-	-	**3,924**	-	**3,924**	-	-	-	-	-	-	**3,924**
Transfer from retained earnings to capital surplus	-	**1**	**(1)**	-	-	-	-	-	-			-
Purchase of treasury stock	-	-	-	**(2,002)**	**(2,002)**	-	-	-	-	-	-	**(2,002)**
Disposal of treasury stock	-	**(2)**	-	**536**	**534**	-	-	-	-	-	-	**534**
Net changes in items other than shareholders' equity	-	-	-	-	-	**(13,342)**	**141**	**(4,356)**	**(17,557)**	**(23)**	**62**	**(17,518)**
Total changes during the year	-	**(0)**	**(72)**	**(1,466)**	**(1,539)**	**(13,342)**	**141**	**(4,356)**	**(17,557)**	**(23)**	**62**	**(19,057)**
Balance at March 31, 2023	**¥ 80,096**	**¥ 1,722**	**¥ 150,853**	**¥ (3,081)**	**¥ 229,591**	**¥ (11,554)**	**¥ 448**	**¥ 3,455**	**¥ (7,650)**	**¥ 78**	**¥ 1,774**	**¥ 223,792**

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					Accumulated other comprehensive income (loss)						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedging instruments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at April 1, 2022	**$ 599,835**	**$ 12,895**	**$ 1,130,277**	**$ (12,094)**	**$ 1,730,921**	**$ 13,382**	**$ 2,291**	**$ 58,496**	**$ 74,185**	**$ 756**	**$ 12,821**	**$ 1,818,692**
Cash dividends	-	-	**(29,910)**	-	**(29,910)**	-	-	-	-	-	-	**(29,910)**
Profit attributable to owners of parent	-	-	**29,386**	-	**29,386**	-	-	-	-	-	-	**29,386**
Transfer from retained earnings to capital surplus	-	**7**	**(7)**	-	-	-	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	**(14,992)**	**(14,992)**	-	-	-	-	-	-	**(14,992)**
Disposal of treasury stock	-	**(14)**	-	**4,014**	**3,999**	-	-	-	-	-	-	**3,999**
Net changes in items other than shareholders' equity	-	-	-	-	-	**(99,917)**	**1,055**	**(32,621)**	**(131,483)**	**(172)**	**464**	**(131,191)**
Total changes during the year	-	**(0)**	**(539)**	**(10,978)**	**(11,525)**	**(99,917)**	**1,055**	**(32,621)**	**(131,483)**	**(172)**	**464**	**(142,716)**
Balance at March 31, 2023	**$ 599,835**	**$ 12,895**	**$ 1,129,731**	**$ (23,073)**	**$ 1,719,396**	**$ (86,527)**	**$ 3,355**	**$ 25,874**	**$ (57,290)**	**$ 584**	**$ 13,285**	**$ 1,675,967**

See accompanying notes.

Consolidated Statements of Cash Flows
The Kiyo Bank, Ltd. and its consolidated subsidiaries
Years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Cash flows from operating activities:			
Profit before income taxes	¥ 4,868	¥ 24,090	$ 36,456
Depreciation	2,584	2,664	19,351
Impairment loss on fixed assets	118	6	883
Increase (decrease) in reserve for possible loan losses	(584)	2,234	(4,373)
(Increase) decrease in net defined benefit asset	(2,693)	(2,946)	(20,167)
Increase (decrease) in net defined benefit liability	(1)	0	(7)
Increase (decrease) in reserve for reimbursement of deposits	(142)	(78)	(1,063)
Increase (decrease) in provision for contingent losses	(51)	(0)	(381)
Interest income	(47,586)	(45,690)	(356,369)
Interest expenses	4,376	614	32,771
(Gains) losses on securities transactions	21,573	(1,594)	161,559
(Gains) losses on money held in trust	400	190	2,995
(Gains) losses on foreign exchange transactions	(20,660)	(21,558)	(154,721)
(Gains) losses on sales and disposal of fixed assets	85	185	636
Net (increase) decrease in trading account securities	18	8	134
Net (increase) decrease in loans and bills discounted	(183,182)	(138,785)	(1,371,841)
Net increase (decrease) in deposits	17,197	118,279	128,787
Net increase (decrease) in borrowed money (excluding subordinated loans)	(264,889)	85,887	(1,983,741)
Net (increase) decrease in call loans	-	37	-
Net increase (decrease) in payables under securities lending transactions	(137,744)	17,132	(1,031,558)
Net (increase) decrease in foreign exchange assets	87	(199)	651
Net increase (decrease) in foreign exchange liabilities	86	(74)	644
Interest received	44,658	44,268	334,441
Interest paid	(4,334)	(673)	(32,457)
Other, net	(12,369)	(1,027)	(92,630)
Subtotal	(578,183)	82,970	(4,329,985)
Income taxes paid	(4,110)	(7,441)	(30,779)
Net cash provided by (used in) operating activities	(582,293)	75,528	(4,360,765)
Cash flows from investing activities:			
Purchases of securities	(290,029)	(543,530)	(2,172,013)
Proceeds from sales of securities	359,958	480,857	2,695,708
Redemption of securities	147,755	163,497	1,106,530
Increase in money held in trust	-	(10,000)	-
Purchases of tangible fixed assets	(1,215)	(1,454)	(9,099)
Proceeds from sales of tangible fixed assets	58	2	434
Purchases of intangible fixed assets	(1,786)	(1,834)	(13,375)
Other, net	(97)	(180)	(726)
Net cash provided by (used in) investing activities	214,643	87,357	1,607,451
Cash flows from financing activities:			
Purchase of treasury stock	(2,002)	(2,179)	(14,992)
Proceeds from sales of treasury stock	534	144	3,999
Payment of cash dividends	(3,994)	(2,369)	(29,910)
Payment of cash dividends to non-controlling shareholders	(0)	(0)	(0)
Other, net	(147)	(169)	(1,100)
Net cash provided by (used in) financing activities	(5,611)	(4,573)	(42,020)
Foreign currency translation adjustments of cash and cash equivalents	14	17	104
Net increase (decrease) in cash and cash equivalents	(373,248)	158,329	(2,795,237)
Cash and cash equivalents at the beginning of year	1,375,103	1,216,774	10,298,082
Cash and cash equivalents at the end of year (Note 3)	¥ 1,001,855	¥ 1,375,103	$ 7,502,845

See accompanying notes.

1. Basis of presenting consolidated financial statements

The Kiyo Bank, Ltd. (the “Bank”) and its consolidated subsidiaries (the “Group”) maintain their official accounting records in Japanese yen, in accordance with the provisions set forth in the Japanese Corporate Law and the Japanese Banking Law, in general conformity with the Japanese regulatory authorities and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. The accompanying consolidated financial statements have been restructured and translated into English, with some expanded descriptions, from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary 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. In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made in order to present them in a form which is more familiar to readers outside Japan.

Amounts of less than one million yen have been rounded down. As a result, the totals shown in the financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

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

2. Significant accounting policies

(a) Consolidation — The consolidated financial statements include the accounts of the Bank and eight (eight in 2022) subsidiaries for the year ended March 31, 2023. All significant intercompany transactions and unrealized profits have been eliminated. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling interests, are evaluated using the fair value at the time the Bank acquired control of the respective subsidiary.

(Unconsolidated company)
There are two unconsolidated companies (Kiyo 6th Industrialization Investment Limited Partnership and Kiyo 1st Growth Support Investment Limited Partnership) at March 31, 2023 and 2022. These companies are excluded from the scope of consolidation because the results of the company’s operations have no material effect on the consolidated financial position and operating results of the Group in terms of total assets, net income (corresponding to the share), retained earnings (corresponding to the share) and accumulated other comprehensive income (corresponding to the share). These companies are not accounted for by the equity method.

(Affiliate)
There is one company (SHOKU EN Co., Ltd.), of which the Bank owns the voting rights between 20% and 50% but which is not recognized as an affiliate, because it is held by unconsolidated subsidiary, which is engaged in investment business, for the purpose of incubating its investee, not for the purpose of controlling the company.

The fiscal closing date of all the consolidated subsidiaries is March 31.

(b) Trading account securities — Trading account securities are stated at fair value. Gains and losses realized on the sale of such securities and unrealized gains and losses from fair value fluctuations are recognized as gains and losses in the period of the change. Realized gains and losses on the sale of such securities are computed using the moving average cost.

(c) Securities — The Bank and its consolidated subsidiaries classify securities as (1) debt securities intended to be held to maturity ("held-to-maturity debt securities"), (2) equity securities issued by subsidiaries and affiliated companies and (3) all other securities that are not classified in any of the above categories ("available-for-sale securities").
Held-to-maturity debt securities are stated at amortized cost. Available-for-sale securities are stated at fair value, except for equity and other securities without fair market value, which are stated at acquisition cost determined by the moving average method. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity. Realized gains and losses on the sale of such securities are computed using the moving average cost.
Securities invested as trust assets in the individually managed money held in trust whose primary purpose is to manage securities are stated at fair value.

(d) Derivatives and hedge accounting — Derivatives are stated at fair value, except when the derivatives are used for hedging purposes. If derivatives are used for hedging purposes and meet certain hedging criteria, recognition of gains and losses resulting from changes in fair value are deferred until the related losses and gains on the hedged items are recognized.

The following hedge accounting is applied to derivatives:

(Foreign exchange fluctuation risk hedge)
To hedge foreign exchange fluctuation risk arising from foreign currency denominated assets and liabilities of the Bank, the Bank applies the deferral method in accordance with "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020). Hedge effectiveness is assessed by ensuring the existence of the corresponding foreign currency positions as hedging instruments, such as currency swaps and foreign exchange swaps conducted to mitigate foreign currency exchange fluctuation risk arising from foreign currency denominated monetary receivables and payables, equivalent to foreign currency denominated monetary receivables and payables as hedged items.

(Hedging relationships that apply "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR")
Among the above mentioned hedging relationships, all the hedging relationships subject to the application of "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (PITF No. 40, March 17, 2022) have adopted the special treatment prescribed in PITF No. 40. The details of the hedging relationships applying PITF No. 40 are as follows:

Hedge accounting method:	Deferral hedge accounting
Hedging instruments:	Currency swaps
Hedged items:	Monetary receivables and payables denominated in foreign currencies
Type of hedging transactions:	Those which offset market fluctuations

(e) Depreciation and amortization
(Tangible fixed assets (excluding lease assets))
Depreciation of tangible fixed assets held by the Bank is generally computed by the declining balance method. However, buildings (excluding attached facilities) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method. The useful life of tangible fixed assets ranges from 8 to 50 years for buildings and 5 to 20 years for equipment. Tangible fixed assets held by the consolidated subsidiaries are mainly depreciated using the declining balance method based on the estimated useful life of the asset.

(Intangible fixed assets (excluding lease assets))
Intangible fixed assets are amortized by the straight-line method. Software developed or obtained for internal use is amortized by the straight-line method over an estimated useful life of 5 years.

(Lease assets)
Depreciation and amortization of lease assets, including both "Tangible fixed assets" and "Intangible fixed assets," under leasing transactions that are not deemed to transfer ownership of the leased property to the lessee are computed by the straight-line method over the lease period with a residual value of zero.

(f) Reserve for possible loan losses — Based on its predetermined standards, the Bank makes provisions for possible loan losses.

For loans to insolvent customers who are undergoing bankruptcy or other collection proceedings (“bankrupt borrowers”) or who are in a similar financial condition (“effectively bankrupt borrowers”), the reserve for possible loan losses is provided in the full amount of such loans, excluding the portion that is estimated to be recoverable due to any underlying collateral or guarantees. 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 reserve for possible loan losses is provided for the amount of loans excluding the portion that is estimated to be recoverable due to any underlying collateral or guarantees (“unsecured amount”) after an evaluation of each customer’s overall financial condition.

For loans to normal borrowers who are in good business condition and whose financial condition is not particularly problematic and other borrowers requiring attention for future management, such as those with problematic lending conditions, performance problems, weak or unstable business conditions, or with problematic financial conditions, the reserve for possible loan losses is provided principally based on the estimated losses for the coming one year or three years. The estimated losses are computed using the loss ratio based on the average loan loss ratio for the past definite period based on the actual losses for the past one or three years, with necessary adjustments such as future projections.

Beginning with the year ended March 31, 2022, the Bank provides a preventive reserve for possible loan losses on certain borrowers who are not classified as bankrupt borrowers or effectively bankrupt borrowers and who are affected by the spread of COVID-19 (“borrowers affected by COVID-19”). The purpose of this provision is to provide for future uncertainties arising from the deterioration of business performances of borrowers affected by COVID-19 and secure the Bank’s soundness and thereby take all possible efforts to demonstrate a sustainable financial intermediary function.

Specifically, for loans to borrowers affected by COVID-19 who are either normal borrowers or borrowers requiring caution in specific sectors who are expected to be affected by COVID-19 based on the historical damage to their credit, the reserve is computed using a loss rate applied to the category of borrowers one level below the current category. In addition, for loans to borrowers affected by COVID-19 who are likely to become bankrupt, reserve for possible loan losses is provided in the amount of unsecured amount deemed necessary by comprehensively assessing the downgrading of the category of borrowers in the past and other matters.

As a result, the Bank recorded preventive reserve for possible loan losses in the amount of ¥2,900 million ($21,717 thousand) and ¥3,076 million as of March 31, 2023 and 2022, respectively.

All loans are subject to asset assessment by the business-related divisions based on the self-assessment standards for assets. The assessment results are audited by the Asset Audit Department independent from the divisions concerned. Reserves for possible loan losses of the consolidated subsidiaries are provided for general claims in the amount deemed necessary based on the rate of losses in the past and for certain doubtful claims in the amount deemed uncollectible based on assessments of the respective claims. For claims against “bankrupt borrowers” and “effectively bankrupt borrowers,” in principle, the amount exceeding the estimated value of collateral and guarantees deemed uncollectible is deducted directly from those claims. At March 31, 2023 and 2022, the deducted amounts were ¥11,206 million ($83,921 thousand) and ¥12,821 million, respectively.

(g) Reserve for reimbursement of deposits — Provision is made for future losses from claims on dormant accounts based on historical refund records.

(h) Provision for contingent losses — Provision is made for payment on loan-loss burden sharing to credit guarantee corporations in an amount estimated to be paid in the future.

(i) Accounting for employees’ severance and retirement benefits — In determining retirement benefit obligations, the estimated amount of retirement benefits is attributed to periods on a benefit formula basis.

Past service costs are fully charged to income when incurred.

Differences generated from changes in actuarial assumptions are charged or credited to income in an amount allocated by the straight-line method over 9 years, which is shorter than the average remaining service period of the employees, beginning with the term following that when the differences are generated.

In calculating the net defined benefit liability and retirement benefit expenses, some consolidated subsidiaries have adopted a simplified method in which the amount required to be paid if all the employees retired voluntarily at the fiscal year end is regarded as retirement benefit obligations.

(j) Foreign currency translation — Receivables and payables in foreign currencies of the Bank and its consolidated subsidiaries are translated into Japanese yen at the year-end rates.

(k) Income taxes — Income taxes comprise corporation, inhabitants and enterprise taxes. Deferred tax assets are recorded by the asset-liability approach based on carryforward loss and the temporary differences between the financial statement bases and tax bases of assets and liabilities.

(l) Significant accounting for revenue and costs

Finance leases — As lessor, revenue and cost of sales are recognized upon the receipt of lease charges.

Revenue from contracts with customers — The Bank recognizes revenue when control of a promised good or service is transferred to the customer.

(m) Statements of cash flows — Cash and deposits with the Bank of Japan that are included in the consolidated balance sheets under cash and due from banks are considered to be cash and cash equivalents in the statements of cash flows.

(n) Earnings per share — Basic earnings per share is computed by deducting dividends for preferred stock from profit attributable to owners of parent and dividing the balance by the weighted average number of shares of common stock, excluding treasury stock, outstanding during the reporting period. Diluted earnings per share reflect the potential dilution that could occur if preferred stock were converted into common stock.

(o) Significant accounting estimates
Reserve for possible loan losses:

a. The Bank recorded reserve for possible loan losses of ¥28,257 million ($211,615 thousand) and ¥28,841 million in the consolidated financial statements as of March 31, 2023 and 2022, respectively.
As stated in Note 2 (f) “Significant accounting policies-Reserve for possible loan losses,” a preventive reserve for possible loan losses has been provided in the amount of ¥2,900 million ($21,717 thousand) and ¥3,076 million as of March 31, 2023 and 2022, respectively, in connection with borrowers affected by COVID-19.

b. Significant accounting estimates related to the identified items:
Calculation method:
Information regarding the methods used to calculate amounts is provided in Note 2 (f), “Significant accounting policies-Reserve for possible loan losses.”

Self-assessment stated in Note 2 (f) refers to the process of examining and analyzing each asset held individually and classifying them according to the degree of risk of non-recovery or impairment of value. Borrowers are categorized as “normal,” “requiring attention,” “likely to become bankrupt,” “effectively bankrupt” or “bankrupt” through a multi-step assessment process: 1) determine the repayment ability based on the borrower’s financial condition, cash flows, earning capacity, etc.; 2) confirm the terms of the loan to the borrower and the performance status of the loan; 3) evaluate the characteristics of the industry, etc., the outlook for business continuity and profitability, the ability of the borrower to repay debt based on annual repayable amounts, and the appropriateness of the business improvement plan, etc. The Bank makes appropriate write-offs and provisions according to the borrower category. For delinquent loans past due three months or more and restructured loans to borrowers requiring attention, the Bank classifies them as borrowers requiring control and makes write-offs and provisions separately.

Reserves for possible loan losses of the consolidated subsidiaries are provided for general claims in the amount deemed necessary based on the rate of loss in the past and for certain doubtful claims in the amount deemed uncollectible based on individual assessments of the respective claims.

Main assumptions:
The main assumption used is the “credit risk of borrowers in assessment of the borrower category.” “Credit risk of borrowers in assessment of the borrower category” is determined by assessing the repayment capability of the borrower based on the borrower’s financial condition, cash flows, earning capacity, etc. In addition, for borrowers affected by COVID-19, future financial conditions, cash flows, earning capacity, etc., are more likely to deteriorate compared with those of other borrowers, and therefore the Bank assumes that the borrower category will worsen for certain borrowers. Under this assumption, the Bank determines the borrower category, taking into consideration available information that affects the estimates and records reserve for possible loan losses.

Impact on the consolidated financial statements for the following year:
Major customers may experience deterioration in operating performance or bankruptcy, decrease in collateral value, changes in economic circumstances, or other unforeseen events. In addition, the impact of COVID-19 on economic activities is assumed to continue over a certain period of time, although this assumption involves uncertainties, and the status of COVID-19 and its impact on economic activities may change.

If events and/or changes in circumstances such as those described above indeed occur, and the categories of borrowers, the amounts estimated to be recoverable from underlying collateral or guarantees, the estimated loss ratio and other major assumptions used to calculate reserve for possible loan losses undergo change, the reserve may need additional provisions, and there may be other significant impacts on the reserve for possible loan losses in the consolidated financial statements for the following year.

(p) Accounting changes

For the year ended March 31, 2023

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Bank has adopted the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021; hereinafter the “Fair Value Measurement Guidance”) from the beginning of the year ended March 31, 2023. The Bank prospectively applies the new accounting policies prescribed in the Fair Value Measurement Guidance in accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Guidance. There was no effect of this change on the consolidated financial statements.
With respect to notes regarding investment trusts in the fair value information by level within the fair value hierarchy under Note 22, “Financial instruments and related disclosures,” the notes do not include descriptions for the year ended March 31, 2022 in accordance with the transitional treatment set forth in Paragraph 27-3 of the Fair Value Measurement Guidance.

For the year ended March 31, 2022

(Adoption of Accounting Standard for Revenue Recognition, etc.)
The Bank has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Standard”) and other standards from the beginning of the year ended March 31, 2022. Following the adoption, the Bank recognizes revenue when control of promised goods or services is transferred to customers in the amounts that reflect the consideration to which the Bank expects to be entitled in exchange for the goods and services.

The Bank applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment set forth in Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of retrospectively applying the new accounting policies to prior periods is adjusted for in retained earnings at the beginning of the year ended March 31, 2022, with the new accounting policies applied from the beginning balance. The effect of this change on profit and loss and the beginning balance of retained earnings was immaterial.

(Adoption of Accounting Standard for Fair Value Measurement, etc.)
The Bank has adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Fair Value Measurement Standard”) and other standards from the beginning of the year ended March 31, 2022. Following the adoption, the Bank will prospectively apply the new accounting policies defined by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The effect of this change on the consolidated financial statements for the year ended March 31, 2022 was immaterial.

In addition, the Bank has included notes regarding fair value information by level within the fair value hierarchy under Note 22, “Financial instruments and related disclosures.”

(q) Additional information

(Issuance of Treasury Stock to the Employees through the Trust)

The Bank has introduced “Trust-Type Employee Stock Incentive Plan” to fulfill welfare program for the Group employees and to improve business performances by granting incentives to the Group employees toward enhancement of medium and long-term corporate value and enhancing the employees’ awareness of participation in management.

(Trust-Type Employee Stock Incentive Plan introduced in November 2018)

(1) Overview of transactions

The Plan is an incentive plan for all the employees that participate in either “Kiyo Financial Group Employee Stock Ownership Association” or “Kiyo Information System Employee Stock Ownership Association” (collectively “both Associations”).

The Bank has established “Kiyo Financial Group Employee Stock Ownership Association Trust” (hereinafter referred to as the “Trust”). The Trust will acquire in advance the Bank’s shares approximate to the number of shares both Associations may acquire over three years after its inception. Subsequently, the Bank’s shares will be regularly transferred from the Trust to both Associations at market value. When the amounts corresponding to gains on sales of shares are accumulated within the Trust at the termination of the Trust, such amounts will be distributed to the qualified employees who satisfy the requirements as a beneficiary.

In addition, the Bank will assume the obligation to pay for the remaining loan balances pursuant to the guarantee agreement since the Bank guarantees the loans for the Trust in purchasing the Bank’s shares. As such, when the amounts corresponding to losses on sales of shares due to decline in the Bank’s share value are accumulated in the Trust and the loan balances remain within the Trust upon termination of the Trust, the Bank will repay the remaining balance. The Trust was terminated in July 2021.

(2) The Bank’s shares remaining in the Trust

The Bank’s shares remaining in the Trust were previously recorded as “Treasury stock” under “Net assets” at the carrying amount (excluding incidental expenses) recorded at the Trust. There were no outstanding shares remaining in the Trust as of March 31, 2022 since all the shares held by the Trust were sold in the year ended March 31, 2022.

(3) The carrying amount of the borrowed money recorded by applying the gross amount method

There was no applicable information as of March 31, 2022.

(Trust-Type Employee Stock Incentive Plan introduced in February 2022)

(1) Overview of transactions

The Plan is an incentive plan for all the employees that participate in both Associations.

The Bank has established the Trust. The Trust will acquire in advance the Bank’s shares approximate to the number of shares both Associations may acquire over three years after its inception. Subsequently, the Bank’s shares will be regularly transferred from the Trust to both Associations at market value. When the amounts corresponding to gains on sales of shares are accumulated within the Trust at the termination of the Trust, such amounts will be distributed to the qualified employees who satisfy the requirements as a beneficiary.

In addition, the Bank will assume the obligation to pay for the remaining loan balances pursuant to the guarantee agreement since the Bank guarantees the loans for the Trust in purchasing the Bank’s shares. As such, when the amounts corresponding to losses on sales of shares due to decline in the Bank’s share value are accumulated in the Trust and the loan balances remain within the Trust upon termination of the Trust, the Bank will repay the remaining balance.

(2) The Bank’s shares remaining in the Trust

The Bank’s shares remaining in the Trust are recorded as “Treasury stock” under “Net assets” at the carrying amount (excluding incidental expenses) recorded at the Trust. The carrying amount of such treasury stock as of March 31, 2023 and 2022 was ¥694 million ($5,197 thousand) and ¥1,175 million, respectively, while the number of shares of such treasury stock was 442 thousand and 747 thousand, respectively.

(3) The carrying amount of the borrowed money recorded by applying the gross amount method as of March 31, 2023 and 2022 was ¥709 million ($5,309 thousand) and ¥1,200 million, respectively.

3. Cash and cash equivalents

As of March 31, 2023 and 2022, the amounts of cash and cash equivalents at end of year in the consolidated statements of cash flows were in agreement with the amounts of cash and due from banks in the consolidated balance sheets.

4. Trading account securities, money held in trust and other securities

Net valuation gains and losses from trading account securities for the years ended March 31, 2023 and 2022 amounted to ¥(1) million ($(7) thousand) and ¥(1) million, respectively.

Investments in unconsolidated subsidiaries (two in 2023 and 2022) in the amounts of ¥864 million ($6,470 thousand) and ¥268 million are included in "Securities" as of March 31, 2023 and 2022, respectively.

Fair values and unrealized gains and losses on held-to-maturity debt securities and available-for-sale securities with available fair values as of March 31, 2023 and 2022 were as follows:

(a) Held-to-maturity debt securities

	Millions of yen		
	2023		
Type	Carrying amount	Fair value	Difference
Held-to-maturity debt securities whose fair value exceeds the carrying amount:			
Bonds			
Corporate bonds	**¥ -**	**¥ -**	**¥ -**
Subtotal	**¥ -**	**¥ -**	**¥ -**
Held-to-maturity debt securities whose fair value does not exceed the carrying amount:			
Bonds			
Corporate bonds	**¥ 2,500**	**¥ 2,495**	**¥ (4)**
Subtotal	**¥ 2,500**	**¥ 2,495**	**¥ (4)**
Total	**¥ 2,500**	**¥ 2,495**	**¥ (4)**

	Millions of yen		
	2022		
Type	Carrying amount	Fair value	Difference
Held-to-maturity debt securities whose fair value exceeds the carrying amount:			
Bonds			
Corporate bonds	¥ -	¥ -	¥ -
Subtotal	¥ -	¥ -	¥ -
Held-to-maturity debt securities whose fair value does not exceed the carrying amount:			
Bonds			
Corporate bonds	¥ 2,500	¥ 2,497	¥ (2)
Subtotal	¥ 2,500	¥ 2,497	¥ (2)
Total	¥ 2,500	¥ 2,497	¥ (2)

	Thousands of U.S. dollars		
	2023		
Type	Carrying amount	Fair value	Difference
Held-to-maturity debt securities whose fair value exceeds the carrying amount:			
Bonds			
Corporate bonds	**$ -**	**$ -**	**$ -**
Subtotal	**$ -**	**$ -**	**$ -**
Held-to-maturity debt securities whose fair value does not exceed the carrying amount:			
Bonds			
Corporate bonds	**$ 18,722**	**$ 18,684**	**$ (29)**
Subtotal	**$ 18,722**	**$ 18,684**	**$ (29)**
Total	**$ 18,722**	**$ 18,684**	**$ (29)**

(b) Available-for-sale securities were as follows:

	Millions of yen					
	2023					
Type		Carrying amount		Acquisition cost		Difference
Available-for-sale securities whose carrying amount exceeds acquisition cost:						
Stocks	¥	**26,410**	¥	**13,699**	¥	**12,710**
Bonds		**123,295**		**122,296**		**999**
Japanese government bonds		**30,670**		**30,532**		**138**
Local government bonds		**60,398**		**60,165**		**233**
Corporate bonds		**32,226**		**31,598**		**627**
Other		**5,679**		**5,656**		**22**
Foreign bonds		**4,673**		**4,656**		**17**
Other		**1,006**		**1,000**		**5**
Subtotal	¥	**155,386**	¥	**141,653**	¥	**13,732**
Available-for-sale securities whose carrying amount does not exceed acquisition cost:						
Stocks	¥	**2,200**	¥	**2,889**	¥	**(689)**
Bonds		**311,714**		**319,026**		**(7,311)**
Japanese government bonds		**91,838**		**95,614**		**(3,776)**
Local government bonds		**99,633**		**100,781**		**(1,148)**
Corporate bonds		**120,243**		**122,630**		**(2,387)**
Other		**240,308**		**263,395**		**(23,087)**
Foreign bonds		**110,838**		**117,755**		**(6,916)**
Other		**129,469**		**145,640**		**(16,171)**
Subtotal	¥	**554,223**	¥	**585,312**	¥	**(31,089)**
Total	¥	**709,609**	¥	**726,965**	¥	**(17,356)**

	Millions of yen					
	2022					
Type		Carrying amount		Acquisition cost		Difference
Available-for-sale securities whose carrying amount exceeds acquisition cost:						
Stocks	¥	37,711	¥	18,719	¥	18,992
Bonds		222,799		220,534		2,264
Japanese government bonds		60,960		60,061		899
Local government bonds		107,518		107,028		489
Corporate bonds		54,320		53,444		875
Other		105,617		103,325		2,292
Foreign bonds		68,979		68,585		394
Other		36,638		34,740		1,898
Subtotal	¥	366,128	¥	342,579	¥	23,549
Available-for-sale securities whose carrying amount does not exceed acquisition cost:						
Stocks	¥	3,750	¥	4,485	¥	(734)
Bonds		308,291		312,117		(3,825)
Japanese government bonds		112,885		115,202		(2,317)
Local government bonds		86,354		87,010		(655)
Corporate bonds		109,051		109,904		(852)
Other		297,618		314,843		(17,224)
Foreign bonds		200,939		211,188		(10,248)
Other		96,678		103,654		(6,975)
Subtotal	¥	609,660	¥	631,445	¥	(21,785)
Total	¥	975,789	¥	974,025	¥	1,764

Type	Thousands of U.S. dollars					
	2023					
		Carrying amount		Acquisition cost		Difference
Available-for-sale securities whose carrying amount exceeds acquisition cost:						
Stocks	**$**	**197,783**	**$**	**102,591**	**$**	**95,184**
Bonds		**923,350**		**915,869**		**7,481**
Japanese government bonds		**229,686**		**228,652**		**1,033**
Local government bonds		**452,317**		**450,572**		**1,744**
Corporate bonds		**241,339**		**236,635**		**4,695**
Other		**42,529**		**42,357**		**164**
Foreign bonds		**34,995**		**34,868**		**127**
Other		**7,533**		**7,488**		**37**
Subtotal	**$**	**1,163,678**	**$**	**1,060,832**	**$**	**102,838**
Available-for-sale securities whose carrying amount does not exceed acquisition cost:						
Stocks	**$**	**16,475**	**$**	**21,635**	**$**	**(5,159)**
Bonds		**2,334,411**		**2,389,170**		**(54,751)**
Japanese government bonds		**687,770**		**716,048**		**(28,278)**
Local government bonds		**746,146**		**754,744**		**(8,597)**
Corporate bonds		**900,494**		**918,370**		**(17,876)**
Other		**1,799,655**		**1,972,552**		**(172,897)**
Foreign bonds		**830,060**		**881,861**		**(51,793)**
Other		**969,587**		**1,090,691**		**(121,103)**
Subtotal	**$**	**4,150,550**	**$**	**4,383,374**	**$**	**(232,824)**
Total	**$**	**5,314,229**	**$**	**5,444,207**	**$**	**(129,978)**

Available-for-sale securities excluding equity and other securities without fair market value and investments in partnerships that has declined significantly from the acquisition cost and for which there is deemed to be no likelihood of the fair value recovering to the acquisition cost level are recorded on the balance sheet at the fair value. In addition, the difference between acquisition cost and fair value is posted as a loss in the consolidated accounts for the fiscal year (this process is known as "impairment accounting"). No impairment loss was recognized for the year ended March 31, 2023. The impairment loss recognized on securities for the year ended March 31, 2022 was ¥21 million of stocks.

The criteria for determining when available-for-sales securities have "significantly declined" are cases in which the fair value has fallen below 70% of the acquisition cost; or the fair value of a debt security under available-for-sales securities has fallen not below 70%, but the credit worthiness of the issuing company has worsened. In these cases, impairment loss is recognized as follows:

(1) For all the securities whose fair value has fallen below 50% of the acquisition cost, impairment accounting is implemented.
(2) For securities whose fair value has fallen below 70% but not below 50%, impairment accounting is implemented taking into account internal and external factors such as the business performance of the issuing company, the market price movements, trends of the market environments, etc. For bonds, impairment accounting is implemented taking into account credit worthiness of the issuing company with respect to those whose market prices are deemed unlikely to recover to the acquisition cost.
(3) For securities whose fair value has fallen, but not below 70% of the acquisition cost and the credit worthiness of the issuing company has worsened, impairment accounting is implemented, if necessary, taking into account its credit worthiness, etc.

(c) There were no bonds classified as held-to-maturity sold during the years ended March 31, 2023 and 2022.

(d) Total sales of available-for-sale securities in the years ended March 31, 2023 and 2022 amounted to ¥399,771 million ($2,993,866 thousand) and ¥484,509 million, respectively. The related gains and losses for the year ended March 31, 2023 amounted to ¥7,129 million ($53,388 thousand) and ¥28,536 million ($213,704 thousand), respectively. The related gains and losses for the year ended March 31, 2022 amounted to ¥9,258 million and ¥7,642 million, respectively.

(e) Money held in trust

Money held in trust for trading purpose as of March 31, 2023 and 2022 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Money held in trust for trading purpose	¥ **9,229**	¥ 9,783	$ **69,115**
Unrealized gains (losses) included in earnings	-	-	-

There was no money held in trust held to maturity as of March 31, 2023 and 2022.

There was no money held in trust held for other purposes than trading and held-to-maturity as of March 31, 2023 and 2022.

(f) Net unrealized gains on available-for-sale securities as of March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Difference between acquisition cost and fair value:			
Available-for-sale securities	¥ **(17,294)**	¥ 1,764	$ **(129,513)**
Deferred tax assets (liabilities)	**5,930**	302	**44,409**
Difference between acquisition cost and fair value (prior to adjustment for non-controlling interests)	**(11,364)**	2,066	**(85,104)**
Amount corresponding to non-controlling interests	**(190)**	(278)	**(1,422)**
Net unrealized gains (losses) on available-for-sale securities	¥ **(11,554)**	¥ 1,787	$ **(86,527)**

Note: Net unrealized gains for the year ended March 31, 2023 included net unrealized gains of ¥61 million ($456 thousand) on available-for-sales securities which are components of partnerships, etc.

5. Loans and bills discounted

Loans under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are shown in the following table. These loans include the following:

- Corporate bonds included in “Securities” in the consolidated balance sheets (limited to those that are guaranteed for all or part of the redemption of principal and payment of interest and issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act))
- Loans and bills discounted
- Foreign exchange
- Those accounted for as accrued interest and suspense payments under “Other assets,” and customers’ liabilities for acceptances and guarantees
- Loans of securities described in the accompanying notes, if there is any, limited to those under a loan-for-use or a lease agreement

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Bankrupt and quasi-bankrupt loans	¥ **14,237**	¥ 14,558	$ **106,620**
Doubtful debts	**55,290**	52,448	**414,064**
Delinquent loans past due three months or more	**-**	-	**-**
Restructured loans	**13,975**	13,916	**104,658**
Total	¥ **83,503**	¥ 80,922	$ **625,350**

Bankrupt and quasi-bankrupt loans are loans to borrowers who have fallen into bankruptcy due to initiation of bankruptcy proceedings, reorganization proceedings, petition for commencement of rehabilitation proceedings, and other similar loans.

Doubtful debts are loans for which the borrower has not yet entered into bankruptcy, but the borrower’s financial condition and business performance have deteriorated, it is highly probable that the principal of or interest on the loan will not be collected as agreed, and are loans which do not fall under bankrupt and quasi-bankrupt loans.

Delinquent loans past due three months or more are loans with principal or interest unpaid for three months or more from the day after the agreed-upon payment date and which do not fall under bankrupt and quasi-bankrupt loans or doubtful debts.

Restructured loans are loans on which the terms and conditions have been amended in favor of the borrowers in order to facilitate or assist the borrowers' restructuring by reducing the rate of interest, by providing a grace period for the payment of principal or interest, or by providing loan forgiveness, and which do not fall under any of the above categories.

The amounts of the above loans are before deducting any reserve for possible loan losses.

(Change in presentation method)
Following the enforcement of the Cabinet Office Ordinance for Partial Revision of the Ordinance for Enforcement of the Banking Act, etc. (Cabinet Office Ordinance No. 3, January 24, 2020) on March 31, 2022, loans such as those classified as "Risk management loans" under the Banking Act are presented in accordance with the classification of disclosed loans under the Act on Emergency Measures for the Revitalization of the Financial Functions.

The Bank applies "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry Committee Practical Guidelines No. 24, March 17, 2022) and accounts for bills discounted as financial transactions. The face value of bank acceptances, bills of exchange and bills of lading which were permitted to be sold or pledged without restrictions and which were acquired at a discount amounted to ¥10,003 million ($74,912 thousand) and ¥9,233 million at March 31, 2023 and 2022, respectively.
The carrying amount of loan participation, which was accounted for as loans to original borrowers in accordance with "Accounting and Presentation of Loan Participations" (JICPA Accounting Practice Committee Report No. 3, November 28, 2014), was ¥1,104 million ($8,267 thousand) and ¥1,187 million at March 31, 2023 and 2022, respectively.

6. Tangible fixed assets
Accumulated depreciation for tangible fixed assets at March 31, 2023 and 2022 was ¥42,818 million ($320,662 thousand) and ¥43,375 million, respectively. The amount of accumulated contributions deducted from the acquisition cost of tangible fixed assets was ¥4,032 million ($30,195 thousand) and ¥4,154 million at March 31, 2023 and 2022, respectively.

7. Assets pledged as collateral

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

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Securities	¥ **380,170**	¥ 611,593	$ **2,847,075**
Loans and bills discounted	**650,930**	598,802	**4,874,784**
Other assets	**294**	294	**2,201**
Total	¥ **1,031,395**	¥ 1,210,689	$ **7,724,069**

The above pledged assets secured the following liabilities:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Deposits	¥ **20,740**	¥ 25,954	$ **155,320**
Payables under securities lending transactions	**64,102**	201,847	**480,056**
Borrowed money	**529,000**	793,400	**3,961,656**
Total	¥ **613,842**	¥ 1,021,201	$ **4,597,034**

In addition to the above assets, the following assets were pledged as collateral for transaction guarantees of foreign exchanges, etc.:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Securities	¥ **1,103**	¥ 2,370	$ **8,260**
Other assets	**20,000**	20,000	**149,779**
Guarantee and leasehold deposits	***1,008***	*1,026*	***7,548***
Cash collateral paid for financial instruments	***6,887***	*2,630*	***51,576***

8. Deposits

Deposits at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Liquid deposits	¥ **3,016,851**	¥ 2,935,175	$ **22,593,057**
Fixed-term deposits	**1,387,792**	1,432,683	**10,393,110**
Other deposits	**124,675**	152,794	**933,685**
Negotiable certificates of deposit	**62,923**	54,391	**471,227**
Total	¥ **4,592,242**	¥ 4,575,045	$ **34,391,088**

9. Borrowed money and lease obligations

The weighted average interest rate on the term-end balance of borrowed money was 0.00%. Borrowed money consisted of loans from other financial institutions. Annual maturities of borrowed money and lease obligations as of March 31, 2023 were as follows:

	Borrowed money				Lease obligations			
Years ending March 31	Millions of yen		Thousands of U.S. dollars		Millions of yen		Thousands of U.S. dollars	
2024	¥	**529,181**	$	**3,963,012**	¥	**122**	$	**913**
2025		**142**		**1,063**		**64**		**479**
2026		**831**		**6,223**		**60**		**449**
2027		**81**		**606**		**54**		**404**
2028		**42**		**314**		**54**		**404**
2029 and thereafter		**33**		**247**		**60**		**449**
Total	¥	**530,312**	$	**3,971,482**	¥	**417**	$	**3,122**

10. Employees' severance and retirement benefits

(a) Overview of the retirement benefit plans adopted by the Bank and its consolidated subsidiaries

The Bank has defined benefit pension plans consisting of a corporate pension plan and a lump-sum payment plan and established a corporate-type defined contribution pension plan. In addition, the Bank has set up a retirement benefit trust.

A consolidated subsidiary has adopted a defined contribution pension plan and participated in defined benefit pension funds under multi-employer plans and it is accounted for in the same manner as the defined contribution plan since the amount of plan assets corresponding to its contribution cannot be reasonably determined.

Other consolidated subsidiaries have adopted lump-sum payment plans, and net defined benefit liability and severance and retirement benefit expenses are calculated using a simplified method.

The Bank revised its retirement benefit rules in the year ended March 31, 2022, following the changes in the personnel system effective April 1, 2022. Past service costs incurred were fully charged to income in the year ended March 31, 2022.

(b) Defined benefit plans, including the plans to which a simplified method is applied

1. The changes in projected benefit obligation for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	2023		2022		**2023**	
Balance at beginning of year	¥	**28,553**	¥	29,415	$	**213,832**
Service cost		**870**		921		**6,515**
Interest cost		**97**		98		**726**
Actuarial differences		**250**		(252)		**1,872**
Benefits paid		**(1,738)**		(1,657)		**(13,015)**
Past service costs		**-**		26		**-**
Balance at end of year	¥	**28,032**	¥	28,553	$	**209,930**

2. The changes in plan assets for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Balance at beginning of year	¥ **55,674**	¥ 55,100	$ **416,940**
Expected return on plan assets	**306**	306	**2,291**
Actuarial differences	**(3,788)**	787	**(28,368)**
Contribution from employers	**451**	472	**3,377**
Benefits paid	**(1,053)**	(992)	**(7,885)**
Balance at end of year	¥ **51,590**	¥ 55,674	$ **386,355**

3. Reconciliation between the net defined benefit liability (asset) recorded in the consolidated balance sheets and the balances of defined benefit obligation and plan assets

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Funded benefit obligation	¥ **28,005**	¥ 28,523	$ **209,728**
Plan assets	**(51,590)**	(55,674)	**(386,355)**
	(23,585)	(27,150)	**(176,626)**
Unfunded benefit obligation	**27**	29	**202**
Net liability (asset)	¥ **(23,557)**	¥ (27,121)	$ **(176,417)**

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Net defined benefit liability	¥ **27**	¥ 29	$ **202**
Net defined benefit asset	**(23,585)**	(27,150)	**(176,626)**
Net liability (asset)	¥ **(23,557)**	¥ (27,121)	$ **(176,417)**

4. The components of severance and retirement benefit expenses for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Service cost	¥ **870**	¥ 921	$ **6,515**
Interest cost	**97**	98	**726**
Expected return on plan assets	**(306)**	(306)	**(2,291)**
Recognized actuarial differences	**(2,220)**	(2,549)	**(16,625)**
Recognized past service costs	**-**	26	**-**
Other	**29**	62	**217**
Severance and retirement benefit expenses	¥ **(1,528)**	¥ (1,746)	$ **(11,443)**

5. The components of remeasurements of defined benefit plans (before tax effect) for the years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Actuarial differences	¥ **(6,259)**	¥ (1,510)	$ **(46,873)**
Total	¥ **(6,259)**	¥ (1,510)	$ **(46,873)**

6. The components of accumulated remeasurements of defined benefit plans (before tax effect) as of March 31, 2023 and 2022

	Millions of yen				Thousands of U.S. dollars	
		2023		2022		**2023**
Unrecognized actuarial differences	**¥**	**4,964**	¥	11,223	**$**	**37,175**
Total	**¥**	**4,964**	¥	11,223	**$**	**37,175**

7. Plan assets

(1) Components of plan assets as of March 31, 2023 and 2022

Plan assets consisted of the following:

	2023	2022
Stocks	**49%**	52%
Bonds	**12%**	14%
General accounts	**14%**	11%
Cash and deposits	**14%**	12%
Other	**11%**	11%
Total	**100%**	100%

Note: Total plan assets include the assets of the retirement benefit trust established for corporate pension plans and lump-sum severance payment plans representing 52% and 54% of total assets as of March 31, 2023 and 2022, respectively.

(2) Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined with consideration for the allocation of plan assets expected currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

8. Assumptions used for the years ended March 31, 2023 and 2022 were as follows (presented at weighted average rates):

	2023	2022
Discount rate	**0.3%**	0.3%
Long-term expected rate of return on plan assets	**0.5%**	0.5%
Expected rate of salary increase	**7.1%**	7.0%

(c) Defined contribution plans

The required contribution to the defined contribution plans of the Bank and its consolidated subsidiaries was ¥204 million ($1,527 thousand) and ¥198 million for the years ended March 31, 2023 and 2022, respectively.

The multi-employer plan under which the amount of the required contribution is treated as retirement benefit expense is as follows:

(1) Latest funding status of the entire plan

	Millions of yen				Thousands of U.S. dollars	
		2023		2022		**2023**
Amount of plan assets	**¥**	**273,942**	¥	262,373	**$**	**2,051,538**
Total amount of actuarial obligations for pension financing calculation purposes		**221,108**		206,858		**1,655,867**
Net amount	**¥**	**52,833**	¥	55,515	**$**	**395,663**

Notes: 1. The latest funding status as of March 31, 2023 is based on the information available as of March 31, 2022.
2. The latest funding status as of March 31, 2022 is based on the information available as of March 31, 2021.

(2) The share of contribution of pension premiums of the Group against the whole plan for the years ended March 31, 2023 and 2022 (based on the information for the periods from March 1, 2022 through March 31, 2022 and from March 1, 2021 through March 31, 2021) was 0.1%.

(3) Supplementary explanation
Major factors in the net amount above (1) were past service liabilities for the purpose of pension calculation in the amount of ¥54 million ($404 thousand) and general reserve of ¥52,887 million ($396,068 thousand) as of March 31, 2023 (based on information as of March 31, 2022); past service liabilities for the purpose of pension calculation in the amount of ¥55 million and surplus brought forward of ¥55,571 million as of March 31, 2022 (based on information as of March 31, 2021).

11. Guarantee obligations for bonds

Guarantee obligations for privately placed bonds (Article 2, Clause 3 of the Financial Instruments and Exchange Law) stood at ¥32,226 million ($241,339 thousand) and ¥35,721 million as of March 31, 2023 and 2022, respectively.

12. Shareholders' equity

(a) Capital stock

The number of shares of the Bank's capital stock as of March 31, 2023 and 2022 was as follows:

	Thousands of shares	
	2023	2022
Authorized:		
Common	**120,000**	120,000
Total	**120,000**	120,000

(b) Retained earnings

Japanese banks are subject to the Corporate Law of Japan (the "Law") and the Banking Law. The Law requires that all shares of common stock be recorded with no par value and that at least 50% of the issue price of new shares be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Law permits Japanese companies, upon approval of their Boards of Directors, to issue shares to existing shareholders without limitation. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The Law requires that an amount equal to 10% of dividends be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the capital stock. Under the Law, the total amount of additional paid-in capital and legal reserve may be reserved without limitation. The Law also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

The Law allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus the amount of stated capital, additional paid-in capital or legal reserve to be reduced in cases in which a reduction was resolved at the shareholders' meeting.

In addition to requiring an appropriation for a legal reserve in connection with cash payments, the Law imposes certain limitations on the amount of retained earnings available for dividends.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year for which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Law.

13. Changes in net assets

(a) Type and number of shares issued and treasury stock

At March 31, 2023 and 2022, the number of shares was as follows:

	Thousands of shares			
	2022	Increase	Decrease	**2023**
Shares issued:				
Common	67,300	-	-	**67,300**
Total	67,300	-	-	**67,300**
Treasury stock:				
Common (*1) (*2)	1,015	1,384	343	**2,057**
Total	1,015	1,384	343	**2,057**

(*1) The number of shares of treasury stock at April 1, 2022 and March 31, 2023 includes 747 thousand shares and 442 thousand shares of the Bank held by Kiyo Financial Group Employee Stock Ownership Association Trust (hereinafter referred to as the "Trust"), respectively.

(*2) The increase in the number of common stock in treasury was due to the acquisition based on the resolution at the Board of Directors' meeting (1,382 thousand shares), the purchase of shares of less than one unit (1 thousand shares), and the acquisition without consideration of stocks disposed under the restricted stock compensation system (1 thousand shares). The decrease in the number of common stock in treasury was due to the sale by the Trust of common stock (305 thousand shares), the disposition as the restricted stock compensation (22 thousand shares), and transfers resulting from the exercise of stock options (15 thousand shares).

	Thousands of shares			
	2021	Increase	Decrease	2022
Shares issued:				
Common (*1)	70,300	-	3,000	67,300
Total	70,300	-	3,000	67,300
Treasury stock:				
Common (*2) (*3)	2,677	1,439	3,101	1,015
Total	2,677	1,439	3,101	1,015

(*1) The decrease in the number of common stock issued was due to the cancellation of treasury stock based on the resolution at the Board of Directors' meeting.

(*2) The number of shares of treasury stock at April 1, 2021 and March 31, 2022 includes 64 thousand shares and 747 thousand shares of the Bank held by Kiyo Financial Group Employee Stock Ownership Association Trust (hereinafter referred to as the "Trust"), respectively.

(*3) The increase in the number of common stock in treasury was due to the acquisition of the Bank's shares by the Trust (762 thousand shares), the acquisition based on the resolution at the Board of Directors' meeting (674 thousand shares), and the purchase of shares of less than one unit (2 thousand shares). The decrease in the number of common stock in treasury was due to the cancellation of treasury stock (3,000 thousand shares), the sale by the Trust of common stock (78 thousand shares), the disposition as the restricted stock compensation (19 thousand shares), transfers resulting from the exercise of stock options (3 thousand shares), and requests for additional purchases of shares of less than one unit (0 thousand shares).

(b) Subscription rights to shares

The outstanding balance of subscription rights to shares of the Bank as of March 31, 2023 and 2022 was ¥78 million ($584 thousand) and ¥101 million, respectively.

(c) Information on dividends

Dividends paid during the year ended March 31, 2023 were as follows:

		Millions of yen (Thousands of U.S. dollars)	Yen (U.S. dollars)		
Resolution:	Type of shares:	Amount of dividends	Cash dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 29, 2022	Common	**¥ 2,681** **($ 20,077)**	**¥ 40.00** **($ 0.29)**	March 31, 2022	June 30, 2022
Board of Directors' meeting held on November 11, 2022	Common	**¥ 1,313** **($ 9,832)**	**¥ 20.00** **($ 0.14)**	September 30, 2022	December 6, 2022

Notes: 1. The amount of dividends resolved by the ordinary general meeting of shareholders held on June 29, 2022 included dividends in an amount of ¥29 million ($217 thousand) related to the Bank's shares held by the Trust.
2. The amount of dividends resolved by the Board of Directors' meeting held on November 11, 2022 included dividends in an amount of ¥11 million ($82 thousand) related to the Bank's shares held by the Trust.

Dividends applicable to the year ended March 31, 2023 and whose effective date (i.e., initial payment date) falls after March 31, 2022 were as follows:

		Millions of yen (Thousands of U.S. dollars)	Yen (U.S. dollars)		
Resolution:	Type of shares:	Amount of dividends	Cash dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 29, 2023	Common	**¥ 1,313** **($ 9,832)**	**¥ 20.00** **($ 0.14)**	March 31, 2023	June 30, 2023

Note: The amount of dividends resolved by the ordinary general meeting of shareholders held on June 29, 2023 included dividends in an amount of ¥8 million ($59 thousand) related to the Bank's shares held by the Trust.

Dividends paid during the year ended March 31, 2022 were as follows:

		Millions of yen	Yen		
Resolution:	Type of shares:	Amount of dividends	Cash dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 29, 2021	Common	¥ 2,369	¥ 35.00	March 31, 2021	June 30, 2021

Note: The amount of dividends resolved by the ordinary general meeting of shareholders held on June 29, 2021 included dividends in an amount of ¥2 million related to the Bank's shares held by the Trust.

14. Stock options

(1) Stock option expense

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
General and administrative expenses	**¥ -**	¥ 5	**$ -**

(2) Stock options outstanding at March 31, 2023 were as follows:

a. Outline of stock options

	1st Stock Options	2nd Stock Options	3rd Stock Options	4th Stock Options
Persons to whom stock subscription rights were allocated	9 directors and 5 executive officers of the Bank; a total of 14 persons	9 directors and 6 executive officers of the Bank; a total of 15 persons	9 directors (excluding directors serving as audit and supervisory committee members) and 6 executive officers of the Bank; a total of 15 persons	7 directors (excluding directors serving as audit and supervisory committee members) and 8 executive officers of the Bank; a total of 15 persons
Number of options granted	Common stock of the Bank 17,300 shares	Common stock of the Bank 26,600 shares	Common stock of the Bank 18,400 shares	Common stock of the Bank 20,700 shares
Date of grant	July 27, 2015	July 29, 2016	July 31, 2017	July 27, 2018
Vesting conditions	Not defined	Not defined	Not defined	Not defined
Applicable service period	Not defined	Not defined	Not defined	Not defined
Exercise period	From July 28, 2015 to July 27, 2045	From July 30, 2016 to July 29, 2046	From August 1, 2017 to July 31, 2047	From July 28, 2018 to July 27, 2048

	5th Stock Options	6th Stock Options
Persons to whom stock subscription rights were allocated	6 directors (excluding directors serving as audit and supervisory committee members) and 11 executive officers of the Bank; a total of 17 persons	6 directors (excluding directors serving as audit and supervisory committee members) and 9 executive officers of the Bank; a total of 15 persons
Number of options granted	Common stock of the Bank 26,400 shares	Common stock of the Bank 17,500 shares
Date of grant	July 26, 2019	July 22, 2020
Vesting conditions	Not defined	Not defined
Applicable service period	Not defined	Not defined
Exercise period	From July 27, 2019 to July 26, 2049	From July 23, 2020 to July 22, 2050

Note: Number of stock options is converted into number of shares.

b. Stock option activity

The following table summarizes the movement of stock options outstanding for the year ended March 31, 2023, in which the number of stock options is converted into the number of shares.

(i) Number of stock options

	Number of shares					
	1st Stock Options	2nd Stock Options	3rd Stock Options	4th Stock Options	5th Stock Options	6th Stock Options
Non-vested:						
Outstanding as of March 31, 2022	-	-	-	-	-	-
Granted	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Vested	-	-	-	-	-	-
Outstanding as of March 31, 2023	-	-	-	-	-	-
Vested:						
Outstanding as of March 31, 2022	**6,200**	**8,800**	**8,500**	**10,800**	**16,600**	**15,300**
Vested	-	-	-	-	-	-
Exercised	**2,000**	**3,000**	**2,200**	**2,500**	**2,900**	**2,400**
Forfeited	-	-	-	-	-	-
Outstanding as of March 31, 2023	**4,200**	**5,800**	**6,300**	**8,300**	**13,700**	**12,900**

(ii) Price information

	Yen					
	1st Stock Options	2nd Stock Options	3rd Stock Options	4th Stock Options	5th Stock Options	6th Stock Options
Exercise price	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**
Average stock price at exercise	**1,373**	**1,373**	**1,373**	**1,373**	**1,373**	**1,373**
Fair value at date of grant	**1,678**	**1,382**	**1,727**	**1,823**	**1,347**	**1,457**

	U.S. Dollars					
	1st Stock Options	2nd Stock Options	3rd Stock Options	4th Stock Options	5th Stock Options	6th Stock Options
Exercise price	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**
Average stock price at exercise	**10.28**	**10.28**	**10.28**	**10.28**	**10.28**	**10.28**
Fair value at date of grant	**12.56**	**10.34**	**12.93**	**13.65**	**10.08**	**10.91**

Note: Above information is described after converting into per share data.

(3) Estimation of number of stock options vested

The method the Bank uses to estimate the number of stock options vested reflects actual forfeited options since it is difficult to reasonably estimate the number of stock options to be forfeited in the future.

15. Other income

Other income for the years ended March 31, 2023 and 2022 included the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Recovery of written-off claims	**¥1,909**	¥ 1,285	**$ 14,296**
Gain on sales of stocks and other securities	**6,060**	6,062	**45,383**
Gain on disposal of fixed assets	**15**	0	**112**

16. General and administrative expenses

General and administrative expenses for the years ended March 31, 2023 and 2022 included the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Salaries and allowances	**¥ 12,830**	¥ 13,102	**$ 96,083**

17. Other expenses

Other expenses for the years ended March 31, 2023 and 2022 included the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Loss on the loans written-off	**¥ 930**	¥ 1,873	**$ 6,964**
Loss on money held in trust	**400**	190	**2,995**
Loss on sales of stock and other securities	**370**	1,327	**2,770**
Loss on the devaluation of stocks	**167**	21	**1,250**
Loss on the transfer/sale of loan obligations	**134**	186	**1,003**
Loss on disposal of fixed assets	**100**	185	**748**
Impairment loss on fixed assets	**118**	6	**883**

Impairment loss on fixed assets

The Bank reduced the book value to the amounts deemed recoverable and posted the reduced amount of ¥118 million ($883 thousand) and ¥6 million for the years ended March 31, 2023 and 2022, respectively. Details are as follows:

			Impairment loss on fixed assets	
			Millions of yen	Thousands of U.S. dollars
Location	Major use	Asset category	**2023**	**2023**
Wakayama Prefecture	Operating offices: 5 locations	Land, buildings and movables	**¥ 111**	**$ 831**
Wakayama Prefecture	Idle assets: 8 locations	Land	**6**	**44**
Osaka Prefecture	Operating offices: 1 location	Land and movables	**0**	**0**
Total	-	-	**¥ 118**	**$ 883**

			Impairment loss on fixed assets
			Millions of yen
Location	Major use	Asset category	2022
Wakayama Prefecture	Operating offices: 2 locations	Buildings and movables	¥ 2
Wakayama Prefecture	Idle assets: 3 locations	Land and movables	2
Osaka Prefecture	Idle assets: 1 location	Land	1
Total	-	-	¥ 6

With respect to the calculation of impairment loss on fixed assets, the minimum operational unit recognized for management accounting purposes by the Bank is the single bank branch. However, where a number of branches operate as a group at the managerial level, the accounting unit is the group rather than the individual branch. Each unit of idle assets (one “unit” is defined as one plot of land or one building) is treated as a separate and individual unit for accounting purposes. Because the head office, administration center and Bank provided housing and dormitories for the staff of the Bank do not independently generate any cash flows, they are treated as assets held in common by the Bank for accounting purposes. With respect to the consolidated subsidiaries, each company is treated as a separate and individual unit for impairment accounting purposes.

In calculating impairment loss on fixed assets for the reporting period, the amount deemed recoverable, i.e., the net proceeds from sale, was estimated by deducting the cost of disposal from the real estate appraisal value based on official appraisal standards. For immaterial assets, the recoverable value is determined by deducting the estimated cost of disposal from the appraisal value based on the roadside land prices, etc.

18. Income taxes

The Bank is subject to a number of taxes based on income, which, in the aggregate, indicate a statutory rate in Japan of approximately 30.4% for the years ended March 31, 2023 and 2022. The table below summarizes the significant differences between the statutory tax rate and the Bank's effective tax rate for financial statement purposes for the years ended March 31, 2023 and 2022.

	2023	2022
Statutory tax rate	**30.4%**	30.4%
Adjustments:		
Nondeductible expenses for tax purpose (entertainment expenses, etc.)	**1.7**	0.1
Dividend income that is not taxable for income tax purposes	**(1.2)**	(0.3)
Change in valuation allowance	**(13.6)**	4.9
Other	**0.5**	0.2
Effective tax rate	**17.8%**	35.3%

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

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Deferred tax assets:			
Nondeductible reserve for possible loan losses	**¥ 9,706**	¥ 10,259	**$ 72,687**
Net unrealized (gains) losses on available-for-sale securities	**6,196**	690	**46,401**
Write-down of securities	**1,485**	1,673	**11,121**
Carryforward tax loss	**827**	57	**6,193**
Other	**4,176**	4,534	**31,273**
Subtotal	**22,392**	17,216	**167,692**
Valuation allowance for carryforward tax loss	**(20)**	(28)	**(149)**
Valuation allowance for deductible temporary differences	**(11,713)**	(12,401)	**(87,718)**
Subtotal	**(11,733)**	(12,429)	**(87,867)**
Deferred tax assets	**10,658**	4,787	**79,817**
Deferred tax liabilities:			
Net defined benefit asset	**(3,915)**	(5,423)	**(29,319)**
(Gains) losses on retirement benefit trust	**(298)**	(308)	**(2,231)**
Net unrealized (gains) losses on available-for-sale securities	**(263)**	(353)	**(1,969)**
Other	**(1,152)**	(996)	**(8,627)**
Deferred tax liabilities	**(5,630)**	(7,081)	**(42,162)**
Net deferred tax assets (liabilities)	**¥ 5,028**	¥ (2,294)	**$ 37,654**

Note: Valuation allowance decreased by ¥695 million ($5,204 thousand). This decrease was due mainly to a decrease in valuation allowance of reserve for possible loan losses of the Bank in the amount of ¥412 million ($3,085 thousand).

Net amounts recorded in the consolidated balance sheets after offsetting by each taxable entity at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Deferred tax assets	**¥ 5,280**	¥ 518	**$ 39,541**
Deferred tax liabilities	**251**	2,812	**1,879**

19. Other comprehensive income (loss)

Amounts reclassified to profit in the current period that were recognized in other comprehensive income (loss) in the current or previous periods and the tax effects for each component of other comprehensive income (loss) were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Net unrealized gains (losses) on available-for-sale securities:			
Increase (decrease) during the year	¥ **(40,477)**	¥ (17,011)	$ **(303,130)**
Reclassification adjustments	**21,419**	(1,538)	**160,405**
Subtotal before tax	**(19,058)**	(18,549)	**(142,724)**
Tax benefit (expense)	**5,627**	5,442	**42,140**
Net unrealized gains (losses) on available-for-sale securities	**(13,430)**	(13,107)	**(100,576)**
Net deferred gains (losses) on hedging instruments:			
Increase (decrease) during the year	**(151)**	264	**(1,130)**
Reclassification adjustments	**355**	133	**2,658**
Subtotal before tax	**203**	398	**1,520**
Tax benefit (expense)	**(61)**	(121)	**(456)**
Net deferred gains (losses) on hedging instruments	**141**	277	**1,055**
Remeasurements of defined benefit plans:			
Increase (decrease) during the year	**(4,038)**	1,039	**(30,240)**
Reclassification adjustments	**(2,220)**	(2,549)	**(16,625)**
Subtotal before tax	**(6,259)**	(1,510)	**(46,873)**
Tax benefit (expense)	**1,902**	459	**14,243**
Remeasurements of defined benefit plans	**(4,356)**	(1,051)	**(32,621)**
Total other comprehensive income (loss)	¥ **(17,645)**	¥ (13,881)	$ **(132,142)**

20. Per share information

	Yen		U.S. dollars
	2023	2022	**2023**
Net assets per share	¥ **3,401.78**	¥ 3,636.42	$ **25.47**
Basic earnings per share	**59.83**	230.40	**0.44**
Diluted earnings per share	**59.78**	230.17	**0.44**

(Note 1) The calculation of net assets per share as of March 31, 2023 and 2022 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Total net assets	¥ **223,792**	¥ 242,850	$ **1,675,967**
Amount to be deducted from total net assets:	**1,852**	1,813	**13,869**
Subscription rights to shares	**78**	101	**584**
Non-controlling interests	**1,774**	1,712	**13,285**
Net assets attributable to common stock	**221,940**	241,036	**1,662,098**
Number of shares of common stock as of the fiscal year end used in computing net assets per share (thousands of shares)	**65,242**	66,284	**-**

(Note 2) The calculation of earnings per share for the years ended March 31, 2023 and 2022 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Basic earnings per share:			
Profit attributable to owners of parent	¥ **3,924**	¥ 15,460	$ **29,386**
Amount not attributable to common shareholders	**-**	-	**-**
Profit attributable to common shareholders of parent	**3,924**	15,460	**29,386**
Average number of shares of common stock during the term (thousands of shares)	**65,587**	67,101	**-**
Diluted earnings per share:			
Adjustment to profit attributable to owners of parent	**-**	-	**-**
Increase in number of shares of common stock (thousands of shares)	**57**	67	**-**
Subscription rights to shares (thousands of shares)	**57**	67	**-**
Overview of potential shares not included in computing diluted earnings per share due to having no dilutive effect	**-**	**-**	**-**

(Note 3) In computing net assets per share, the Bank's shares held by Kiyo Financial Group Employee Stock Ownership Association Trust, which are recorded as treasury stock under shareholders' equity, are included in the number of treasury stock to be deducted from the total number of issued shares at the fiscal year end and are included in the number of treasury stock to be deducted from the average number of shares during the term in computing basic earnings per share and diluted earnings per share.

The number of shares of such treasury stock deducted in computing net assets per share as of March 31, 2023 and 2022 was 442 thousand shares and 747 thousand shares, respectively, and the average number of shares of treasury stock during the term deducted in computing basic earnings per share and diluted earnings per share for the years ended March 31, 2023 and 2022 was 586 thousand shares and 103 thousand shares, respectively.

21. Commitment lines

Loan agreements and commitment line agreements are agreements which oblige the Bank to lend funds up to a certain limit agreed to in advance. The Bank makes the loans upon a borrower's request to draw down funds under the agreements as long as there is no breach of the various terms and conditions stipulated in the agreements. The unused commitment balances related to these agreements at March 31, 2023 and 2022 amounted to ¥453,568 million ($3,396,749 thousand) and ¥463,969 million, respectively. Of this amount, the unused commitment balances related to agreements with terms of one year or less or that were unconditionally cancelable at any time totaled ¥370,062 million ($2,771,377 thousand) and ¥397,972 million, respectively.

In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, unused loan commitment balances will not necessarily affect future cash flows. Conditions are included in certain loan agreements which allow the Bank to decline a request to draw down funds or to reduce the agreed limit amount when there is a cause to do so, such as when there is a change in the financial condition of the borrower or when it is necessary to protect the Bank's credit. The Bank makes various measures to protect its credit, including having the obligor pledge collateral in the form of real estate, securities, etc., on signing the loan agreement or confirming the obligor's financial condition in accordance with the Bank's established internal procedures.

22. Financial instruments and related disclosures

1. Disclosure about Financial Instruments

(1) Policy on financial instruments

The Group provides comprehensive financial services such as deposit-taking and lending services, leasing operations, credit card business and others. Since the Group is exposed to the market risk of fluctuation in interest rates arising from deposit-taking, lending services and securities investment operations, the Group conducts comprehensive asset and liability management (ALM) and engages in derivative transactions.

(2) Nature and risk of financial instruments

Financial assets held by the Group consist mainly of loans to domestic customers that are exposed to credit risk arising from the customers' nonperformance of contractual obligations and the risk of interest rate fluctuations. Securities held by the Group consist mainly of debt securities, equity securities and investment trusts, which are held for the purpose of holding to maturity, pure investment, strategic investment and trading purposes. These securities are exposed to the credit risk of the issuers, interest rate fluctuation risk and price fluctuation risk.

Financial liabilities consist mainly of deposits, which are exposed to liquidity risk and interest rate fluctuation risk, and other financial assets.

Major risks inherent in derivative transactions include the market risk of fluctuation in interest rates, foreign exchange, stock prices and other market instruments and the credit risk arising from customers' nonperformance of contractual obligations. The Group employs derivative transactions mainly to hedge these risks, and the market risk of the hedged items is almost entirely offset by the derivatives. Hedging instruments to which hedge accounting is applied are currency swaps, etc. The corresponding hedged items are securities.

(3) Risk management system for financial instruments

Credit risk management

The Group has established a credit risk management system that includes the "Credit Risk Control Rule" and other various rules and defines the basic credit risk control policy and management system. Specifically, the Review Department conducts reviews according to the risk characteristics of the credit items by identifying the financial position, use of funds, repayment resources and other factors related to credit customers. The Credit Control Department sets up and controls limits to avoid the concentration of credit risk and identifies the quantitative level of credit risk. The Department is also responsible for the maintenance of the credit rating system and reports the measured volume of credit risk to the Board of Directors and risk management committee so that credit risk management may be discussed within the framework of integrated risk control.

Market risk management

The Group has established a market risk management system that includes the "Market Risk Control Rule" and other various rules and defines the basic market risk control policy and management system.

(i) Interest rate risk management

With respect to interest rate management, the Group regularly measures the volume of interest rate risk arising from assets and liabilities such as securities, loans and deposits and conducts interest rate gap analysis and interest rate sensitivity analysis and reports the outcome to the ALM Strategy Committee and the Risk Control Committee. The Group also has established specific limits on the level of interest rate risk.

(ii) Price fluctuation risk management

With respect to price fluctuation risk, the Group controls the level of risk on a daily basis by measuring the risk volume and setting up limits on the level of risk. Securities held for pure investment purposes are controlled by setting up additional limits on transactions and losses above those set up by the executive committee in addition to the risk volume control. With respect to shares held for strategic investment purposes, the Group tries to reduce the risk level by limiting the balance and using hedge transactions, etc.

(iii) Foreign exchange risk management

The Group identifies the fluctuation risk associated with foreign currency denominated assets and liabilities, controls the risk within the limit determined by the executive committee and works to mitigate the risk using currency swaps, etc.

(iv) Derivative transactions
Derivatives transactions are employed principally and limitedly for hedging purposes. An internal control system has been established by segregating the functions of executing derivative transactions, evaluating hedge effectiveness and controlling operations.

(v) Quantitative information on market risk
Major financial instruments that are affected by interest rate risk that is regarded as major risk factors are call loans, monetary claims bought, bonds and investment trusts included in securities, loans and bills discounted, deposits, call money, payables under securities lending transactions and borrowed money. Financial instruments that are affected by price fluctuation risk consist of stocks and investment trusts included in securities.

The Bank calculates Value at Risk (VaR) to capture the effects of income and economic value from interest rate fluctuation and price fluctuation. VaR is made available to internal management. To calculate VaR, the Bank applies the variance and covariance method, using 3 to 6 months as the holding period based on risk characteristics, 99% as the confidence interval and 1 to 5 years as the observation period based on risk characteristics. The amount of risk at March 31, 2023 and 2022 was ¥11,187 million ($83,778 thousand) and ¥12,348 million, respectively, for interest rate risk and ¥13,992 million ($104,785 thousand) and ¥12,946 million, respectively, for price fluctuation risk.

At the end of the year ended March 31, 2022, VaR for strategic investment (equity, investment trust) out of VaR for price fluctuation risk used modified VaR, that is VaR after deducting valuation gain or loss, while such modification was not made at the end of the year ended March 31, 2023 due to a change of internal management. (At the end of the year ended March 31, 2022, the modified VaR for strategic investment (equity, investment trust) was zero, since total valuation gain or loss on strategic investment (equity, investment trust) in the amount of ¥14,104 million exceeded VaR for the price fluctuation risk in the amount of ¥1,316 million.)

In addition, the Bank verifies the effectiveness of risk measurement under the variance and covariance method by a back testing protocol that compares VaR to actual income.

In calculating VaR on interest rate risk, the core deposits of liquid deposits are adjusted. Core deposits do not have specified interest rates and are demand deposits that are expected to be held for the long term without demand for withdrawal. VaR is a statistical measure of market risk volume under a certain probability of occurrence based on the past market fluctuations. Accordingly, it may be impossible to capture the risk if the market fluctuates rapidly under extraordinary circumstances.

Liquidity risk management
The Group has established a liquidity risk management system that includes the "Liquidity Risk Control Rule" and other various rules and defines the basic liquidity risk control policy and management system. The Group tries to control liquidity risk by maintaining stable cash management, securing highly liquid reserves and strengthening preliminary controls.

(4) Supplementary explanation about fair value of financial instruments
In addition to fair values based on the market price, the calculation of fair values of financial instruments involves reasonable alternative valuation methods if no market price is available. Since certain assumptions are used in calculating the values, the outcome of such calculations may vary if different assumptions are used.

2. Fair value of financial instruments
The carrying amount, the fair value and any difference as of March 31, 2023 and 2022 are set forth in the tables below. Note that equity and other securities without fair market value and investments in partnerships were not included in the following table (See Note 1).

Notes on cash and due from banks, foreign exchange (asset/liability) and payables under securities lending transactions are omitted because their fair values approximate their carrying values due to their short maturities (within one year). Insignificant items were also omitted.

	Millions of yen		
	2023		
	Carrying amount	Fair value	Unrealized gains (losses)
Securities:			
Held-to-maturity debt securities	¥ **2,500**	¥ **2,495**	¥ **(4)**
Available-for-sale securities	**709,609**	**709,609**	**-**
Loans and bills discounted	**3,593,177**		
Reserve for possible loan losses (*1)	**(27,963)**		
	3,565,213	**3,562,095**	**(3,117)**
Total assets	¥ **4,277,322**	¥ **4,274,200**	¥ **(3,121)**
Deposits	¥ **4,592,242**	¥ **4,592,245**	¥ **2**
Borrowed money	**530,312**	**530,312**	**-**
Total liabilities	¥ **5,122,555**	¥ **5,122,557**	¥ **2**
Derivative transactions (*2)			
Hedge accounting not applied	¥ **1,035**	¥ **1,035**	¥ **-**
Hedge accounting applied (*3)	**(1,395)**	**(1,395)**	**-**
Total derivative transactions	¥ **(360)**	¥ **(360)**	¥ **-**

(*1) General and specific reserves for possible loan losses corresponding to loans and bills discounted are deducted.
(*2) Derivative transactions recorded under "Other assets" and "Other liabilities" are presented collectively. Net receivables and payables incurred from derivative transactions are presented in net amounts, and net payables are presented in parentheses.
(*3) Derivatives to which hedge accounting is applied are currency swaps designated as hedging instruments to offset market fluctuations associated with foreign currency denominated monetary assets and liabilities, etc., which are the hedged items, and to which deferral hedge accounting is applied. "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (PITF No. 40, March 17, 2022) is applied to these hedging relationships.

	Millions of yen		
	2022		
	Carrying amount	Fair value	Unrealized gains (losses)
Securities:			
Held-to-maturity debt securities	¥ 2,500	¥ 2,497	¥ (2)
Available-for-sale securities	975,789	975,789	-
Loans and bills discounted	3,409,994		
Reserve for possible loan losses (*1)	(28,571)		
	3,381,422	3,391,610	10,187
Total assets	¥ 4,359,712	¥ 4,369,897	¥ 10,184
Deposits	¥ 4,520,653	¥ 4,520,664	¥ 11
Borrowed money	795,202	795,202	-
Total liabilities	¥ 5,315,856	¥ 5,315,867	¥ 11
Derivative transactions (*2)			
Hedge accounting not applied	¥ (1,506)	¥ (1,506)	¥ -
Hedge accounting applied (*3)	(1,450)	(1,450)	-
Total derivative transactions	¥ (2,956)	¥ (2,956)	¥ -

(*1) General and specific reserves for possible loan losses corresponding to loans and bills discounted are deducted.
(*2) Derivative transactions recorded under "Other assets" and "Other liabilities" are presented collectively. Net receivables and payables incurred from derivative transactions are presented in net amounts, and net payables are presented in parentheses.
(*3) Derivatives to which hedge accounting is applied are currency swaps designated as hedging instruments to offset market fluctuations associated with foreign currency denominated monetary assets and liabilities, etc., which are the

hedged items, and to which deferral hedge accounting is applied. Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (PITF No. 40, March 17, 2022) is applied to these hedging relationships.

	Thousands of U.S. dollars		
	2023		
	Carrying amount	Fair value	Unrealized gains (losses)
Securities:			
Held-to-maturity debt securities	**$ 18,722**	**$ 18,684**	**$ (29)**
Available-for-sale securities	**5,314,229**	**5,314,229**	**-**
Loans and bills discounted	**26,909,136**		
Reserve for possible loan losses (*1)	**(209,413)**		
	26,699,715	**26,676,364**	**(23,343)**
Total assets	**$ 32,032,666**	**$ 32,009,286**	**$ (23,373)**
Deposits	**$ 34,391,088**	**$ 34,391,110**	**$ 14**
Borrowed money	**3,971,482**	**3,971,482**	**-**
Total liabilities	**$ 38,362,577**	**$ 38,362,592**	**$ 14**
Derivative transactions (*2)			
Hedge accounting not applied	**$ 7,751**	**$ 7,751**	**$ -**
Hedge accounting applied (*3)	**(10,447)**	**(10,447)**	**-**
Total derivative transactions	**$ (2,696)**	**$ (2,696)**	**$ -**

(*1) General and specific reserves for possible loan losses corresponding to loans and bills discounted are deducted.
(*2) Derivative transactions recorded under “Other assets” and “Other liabilities” are presented collectively. Net receivables and payables incurred from derivative transactions are presented in net amounts, and net payables are presented in parentheses.
(*3) Derivatives to which hedge accounting is applied are currency swaps designated as hedging instruments to offset market fluctuations associated with foreign currency denominated monetary assets and liabilities, etc., which are the hedged items, and to which deferral hedge accounting is applied. “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (PITF No. 40, March 17, 2022) is applied to these hedging relationships.

(Note 1) The carrying amounts of equity and other securities without fair market value and investments in partnerships are as follows. These securities are not included in “Available-for-sale securities” in the information regarding the fair value of financial instruments.

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Unlisted equity securities (*1) (*2)	**¥ 1,653**	¥ 1,770	**$ 12,379**
Investments in partnerships (*3)	**4,065**	2,170	**30,442**

(*1) Unlisted equity securities are not subject to disclosure of fair value based on Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020).
(*2) The Bank recognized impairment loss on unlisted equity securities in an amount of ¥167 million ($1,250 thousand) and ¥0 million for the years ended March 31, 2023 and 2022, respectively.
(*3) Investments in partnerships are not subject to disclosure of fair value based on Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021).

(Note 2) Repayment schedule of monetary receivables and securities with contract maturities subsequent to the balance sheet date

	Millions of yen					
	2023					
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Securities:	**¥ 33,323**	**¥ 96,259**	**¥ 133,177**	**¥ 52,142**	**¥ 41,085**	**¥ 197,033**
Held-to-maturity debt securities:	**-**	**1,700**	**-**	**800**	**-**	**-**
Corporate bonds	**-**	**1,700**	**-**	**800**	**-**	**-**
Available-for-sale securities with contract maturities, of which:	**33,323**	**94,559**	**133,177**	**51,342**	**41,085**	**197,033**
Japanese government bonds	**4,008**	**10,101**	**29,961**	**-**	**16,309**	**62,127**
Local government bonds	**861**	**39,345**	**59,647**	**34,744**	**21,906**	**3,526**
Corporate bonds	**5,676**	**18,023**	**22,819**	**15,008**	**197**	**90,745**
Other	**22,777**	**27,088**	**20,748**	**1,590**	**2,672**	**40,634**
Foreign bonds	**22,777**	**27,088**	**20,748**	**1,590**	**2,672**	**40,634**
Loans and bills discounted (*)	**729,665**	**715,195**	**469,571**	**302,355**	**443,557**	**840,965**
Total	**¥ 762,989**	**¥ 811,455**	**¥ 602,748**	**¥ 354,498**	**¥ 484,643**	**¥ 1,037,998**

(*) Loans and bills discounted at March 31, 2023 do not include ¥69,527 million of those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers whose repayment schedules cannot be estimated and ¥22,338 million of those which have non-defined maturities.

	Millions of yen					
	2022					
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Securities:	¥ 48,617	¥ 79,678	¥ 183,356	¥ 77,295	¥ 195,666	¥ 218,896
Held-to-maturity debt securities:	-	1,700	-	800	-	-
Corporate bonds	-	1,700	-	800	-	-
Available-for-sale securities with contract maturities, of which:	48,617	77,978	183,356	76,495	195,666	218,896
Japanese government bonds	38,229	8,093	36,050	8,554	31,189	51,727
Local government bonds	861	7,803	89,960	29,936	61,509	3,801
Corporate bonds	3,907	18,190	25,436	11,140	7,062	97,635
Other	5,618	43,890	31,908	26,864	95,904	65,732
Foreign bonds	5,618	43,890	31,908	26,864	95,904	65,732
Loans and bills discounted (*)	720,827	684,599	438,988	274,094	416,766	785,246
Total	¥ 769,444	¥ 764,277	¥ 622,344	¥ 351,389	¥ 612,433	¥ 1,004,142

(*) Loans and bills discounted at March 31, 2022 do not include ¥67,002 million of those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers whose repayment schedules cannot be estimated and ¥22,470 million of those which have non-defined maturities.

	Thousands of U.S. dollars					
	2023					
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Securities:	**$ 249,554**	**$ 720,879**	**$ 997,356**	**$ 390,489**	**$ 307,683**	**$ 1,475,571**
Held-to-maturity debt securities:	**-**	**12,731**	**-**	**5,991**	**-**	**-**
Corporate bonds	**-**	**12,731**	**-**	**5,991**	**-**	**-**
Available-for-sale securities with contract maturities, of which:	**249,554**	**708,147**	**997,356**	**384,497**	**307,683**	**1,475,571**
Japanese government bonds	**30,015**	**75,645**	**224,376**	**-**	**122,137**	**465,266**
Local government bonds	**6,447**	**294,652**	**446,693**	**260,196**	**164,053**	**26,406**
Corporate bonds	**42,507**	**134,973**	**170,890**	**112,394**	**1,475**	**679,585**
Other	**170,575**	**202,860**	**155,380**	**11,907**	**20,010**	**304,306**
Foreign bonds	**170,575**	**202,860**	**155,380**	**11,907**	**20,010**	**304,306**
Loans and bills discounted (*)	**5,464,427**	**5,356,062**	**3,516,595**	**2,264,322**	**3,321,777**	**6,297,948**
Total	**$ 5,713,989**	**$ 6,076,949**	**$ 4,513,951**	**$ 2,654,819**	**$ 3,629,469**	**$ 7,773,519**

(*) Loans and bills discounted at March 31, 2023 do not include $520,684 thousand of those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers whose repayment schedules cannot be estimated and $167,288 thousand of those which have non-defined maturities.

(Note 3) Repayment schedule of bonds, borrowed money and other interest-bearing liabilities subsequent to the balance sheet date

	Millions of yen					
	2023					
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Deposits (*1)	**¥ 4,282,189**	**¥ 208,558**	**¥ 38,571**	**¥ -**	**¥ -**	**¥ -**
Borrowed money	**529,181**	**973**	**124**	**33**	**-**	**-**
Total	**¥ 4,874,294**	**¥ 209,532**	**¥ 38,695**	**¥ 33**	**¥ -**	**¥ -**

(*1) Negotiable certificates of deposit are excluded from the above deposits. Demand deposits are shown under "Due within 1 year."
(*2) Interest-bearing liabilities that are scheduled to be repaid in full within 1 year are not presented.

	Millions of yen					
	2022					
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Deposits (*)	¥ 4,244,544	¥ 231,426	¥ 44,682	¥ -	¥ -	¥ -
Borrowed money	793,579	243	1,324	44	11	-
Total	¥ 5,038,123	¥ 231,670	¥ 46,006	¥ 44	¥ 11	¥ -

(*) Negotiable certificates of deposit are excluded from the above deposits. Demand deposits are shown under "Due within 1 year."

	Thousands of U.S. dollars					
	2023					
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Deposits (*1)	**$ 32,069,115**	**$ 1,561,881**	**$ 288,856**	**$ -**	**$ -**	**$ -**
Borrowed money	**3,963,012**	**7,286**	**928**	**247**	**-**	**-**
Total	**$ 36,503,362**	**$ 1,569,175**	**$ 289,785**	**$ 247**	**$ -**	**$ -**

(*1) Negotiable certificates of deposit are excluded from the above deposits. Demand deposits are shown under "Due within 1 year."
(*2) Interest-bearing liabilities that are scheduled to be repaid in full within 1 year are not presented.

3. Fair value by level within the fair value hierarchy
The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure the fair value.
Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement
Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs
Level 3 fair value: Fair value measured using unobservable inputs

If multiple inputs that have a material impact on the fair value measurement are used, the fair value is categorized by the lowest level in the fair value hierarchy from which inputs were used.

(1) Financial instruments stated at fair value

	Millions of yen			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
Japanese government bonds	**¥ 122,508**	**¥ -**	**¥ -**	**¥ 122,508**
Local government bonds	**-**	**160,032**	**-**	**160,032**
Corporate bonds	**-**	**120,440**	**32,029**	**152,469**
Equity securities	**27,178**	**1,432**	**-**	**28,610**
Other	**32,027**	**211,840**	**2,119**	**245,987**
Derivative transactions				
Currency related	**-**	**6,289**	**-**	**6,289**
Total assets	**¥ 181,714**	**¥ 500,035**	**¥ 34,148**	**¥ 715,898**
Derivative transactions				
Currency related	**¥ -**	**¥ 6,649**	**¥ -**	**¥ 6,649**
Total liabilities	**¥ -**	**¥ 6,649**	**¥ -**	**¥ 6,649**

	Millions of yen			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
Japanese government bonds	¥ 165,291	¥ 8,554	¥ -	¥ 173,845
Local government bonds	-	193,872	-	193,872
Corporate bonds	-	127,753	35,618	163,372
Equity securities	40,354	1,107	-	41,462
Other (*)	135,763	132,033	2,125	269,922
Derivative transactions				
Currency related	-	1,710	-	1,710
Total assets	¥ 341,410	¥ 465,031	¥ 37,744	¥ 844,185
Derivative transactions				
Currency related	¥ -	¥ 4,666	¥ -	¥ 4,666
Total liabilities	¥ -	¥ 4,666	¥ -	¥ 4,666

(*) Investment trusts, etc., to which the transitional measure set forth in Paragraph 26 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019) is applied are not included in the above table. The carrying amount of such investment trusts in the consolidated balance sheets was ¥133,314 million.

	Thousands of U.S. dollars			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
Japanese government bonds	**$ 917,456**	**$ -**	**$ -**	**$ 917,456**
Local government bonds	**-**	**1,198,472**	-	**1,198,472**
Corporate bonds	**-**	**901,969**	**239,863**	**1,141,833**
Equity securities	**203,534**	**10,724**	-	**214,258**
Other	**239,848**	**1,586,459**	**15,869**	**1,842,185**
Derivative transactions				
Currency related	-	**47,098**	-	**47,098**
Total assets	**$ 1,360,847**	**$ 3,744,739**	**$ 255,732**	**$ 5,361,327**
Derivative transactions				
Currency related	**$** -	**$ 49,794**	**$** -	**$ 49,794**
Total liabilities	**$** -	**$ 49,794**	**$** -	**$ 49,794**

(2) Financial instruments other than those stated at fair value

	Millions of yen			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities				
Corporate bonds	¥ -	¥ **2,495**	¥ -	¥ **2,495**
Loans and bills discounted	-	**-**	**3,562,095**	**3,562,095**
Total assets	¥ -	¥ **2,495**	¥ **3,562,095**	¥ **3,564,591**
Deposits	¥ -	¥ **4,592,245**	¥ -	¥ **4,592,245**
Borrowed money	-	**530,312**	-	**530,312**
Total liabilities	¥ -	¥ **5,122,557**	¥ -	¥ **5,122,557**

	Millions of yen			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities				
Corporate bonds	¥ -	¥ 2,497	¥ -	¥ 2,497
Loans and bills discounted	-	-	3,391,610	3,391,610
Total assets	¥ -	¥ 2,497	¥ 3,391,610	¥ 3,394,107
Deposits (*)	¥ -	¥ 4,520,664	¥ -	¥ 4,520,664
Borrowed money	-	795,202	-	795,202
Total liabilities	¥ -	¥ 5,315,867	¥ -	¥ 5,315,867

(*) Negotiable certificates of deposit are excluded from the above deposits.

	Thousands of U.S. dollars			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities				
Corporate bonds	$ -	$ **18,684**	$ -	$ **18,684**
Loans and bills discounted	-	**-**	**26,676,364**	**26,676,364**
Total assets	$ -	$ **18,684**	$ **26,676,364**	$ **26,695,057**
Deposits	$ -	$ **34,391,110**	$ -	$ **34,391,110**
Borrowed money	-	**3,971,482**	-	**3,971,482**
Total liabilities	$ -	$ **38,362,592**	$ -	$ **38,362,592**

(Note 1) Methods and inputs used in the fair value measurements

Assets:

Securities
The fair value of securities for which unadjusted quoted market prices in active markets are available is classified as Level 1. This mainly includes listed equity securities and Japanese government bonds.

Even if quoted market prices are used, if they are from inactive markets, the fair value is classified as Level 2. This mainly includes local government bonds and corporate bonds.

For investment trusts in cases where there is no transaction price in the market and there are no material restrictions on cancellation or repurchase request such that market participants demand compensation for the risk, the standard price is their fair value and classified as Level 2.

The fair value of private placement bonds is calculated by discounting the sum of principal and interest income using the discount rate reflecting the credit risk, etc., based on the internal rating and period to maturity and is classified as Level 3 since the discount rate is unobservable.

If the quoted market price is not available, except for with private placement bonds, the fair value is determined using valuation methods, such as discounting the present value of future cash flows. In the measurement, observable inputs are used to the maximum and include inputs such as TIBOR, swap rates, credit spread, bankruptcy probability and the loss ratio at bankruptcy. If significant unobservable inputs are used in the measurement, the fair value is classified as Level 3.

Loans and bills discounted
For loans and bills discounted, the fair value is the present value of the sum of the principal and interest discounted using the discount rate reflecting market interest rates plus credit risk, etc., based on the type, internal rating and period to maturity, and is classified as Level 3. For those with floating interest rates, since they reflect market interest rates in a short period of time, their carrying amounts approximate their fair value unless credit conditions of the borrower have changed significantly since the loans were made. Therefore, the carrying amount is used as fair value and is classified as Level 3.

For loans to bankrupt borrowers, effectively bankrupt borrowers, or borrowers likely to become bankrupt, estimated doubtful accounts are calculated based on the present value of future cash flows or the amount expected to be collected through collateral and guarantees. The fair value of such loans approximates the carrying amount less any reserve for possible loan losses, and this amount is used as the fair value and classified as Level 3.

Liabilities:

Deposits
For demand deposits that are payable immediately on demand on the consolidated balance sheet date, the amount in the demand deposit account is taken as the fair value. The fair value of time deposits is determined by segmenting the deposits by their terms and discounting the future cash flows to the present value using the interest rate that would apply when accepting new deposits of the same type. The fair value is classified as Level 2.

For short-term deposits of one year or less, the carrying amount is used as the fair value since they approximate each other. The fair value is classified as Level 2.

Borrowed money
For borrowed money with floating interest rates, since they reflect market interest rates in a short period of time and the credit conditions of the Group have not changed significantly after executing the borrowings, the carrying amount is used as the fair value as they are considered to approximate each other. As for those with short contractual terms of one year or less, the carrying amount is used as the fair value as they approximate each other and is classified as Level 2.

Derivatives

The fair value of derivatives is classified as Level 1 when an unadjusted market price in active markets is available, including for stock price index futures and bond futures.

However, as most derivatives are traded over the counter and there are no published quoted market prices, the fair value is measured using the present value and valuation methods such as the Black-Scholes Model, according to the type and remaining period to maturity. The main inputs used in such valuation methods include interest rates, foreign exchange rates, and volatility. In addition, price adjustments are performed based on counterparty credit risk and the credit risk of the consolidated subsidiaries. If unobservable inputs are not used or their impact is immaterial, the fair value is classified as Level 2, including with currency swaps and foreign exchange forward contracts.

Price adjustments based on the credit risk of counterparties or the Bank are not made because they are immaterial.

(Note 2) Information about financial instruments with Level 3 fair values in the consolidated balance sheets

(1) Quantitative information about significant unobservable inputs

March 31, 2023

Category	Valuation method	Significant unobservable inputs	Range of inputs	Weighted-average of inputs
Securities Corporate bonds (private placement bonds)	Discounted present value method	Discount rates	0.4%-1.6%	0.6%

March 31, 2022

Category	Valuation method	Significant unobservable inputs	Range of inputs	Weighted-average of inputs
Securities Corporate bonds (private placement bonds)	Discounted present value method	Discount rates	0.2%-1.3%	0.4%

(2) Reconciliation of beginning balances to ending balances and valuation gains and losses recognized in profit or loss for the period

March 31, 2023

	Beginning balance	Included in profit or loss or other comprehensive income		Net amount of purchase, sale, issue and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value	Ending balance	Valuation gains (losses) on financial assets and assets held at March 31, 2023 recognized in profit or loss
		Included in profit or loss (*1)	Included in other comprehensive income (*2)					
Securities								
Corporate bonds	**¥ 35,618**	**¥ 0**	**¥ (93)**	**¥ (3,495)**	**¥ -**	**¥ -**	**¥ 32,029**	**¥ -**
Other	**2,125**	**-**	**38**	**(45)**	**-**	**-**	**2,119**	**-**

(*1) These are included in “Interest income” and “Other operating income” under “Income” in the consolidated statements of income.
(*2) These are included in “Net unrealized gains (losses) on available-for-sale securities” under “Other comprehensive income” in the consolidate statements of comprehensive income.

March 31, 2022

	Beginning balance	Included in profit or loss or other comprehensive income		Net amount of purchase, sale, issue and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value	Ending balance	Valuation gains (losses) on financial assets and assets held at March 31, 2022 recognized in profit or loss
		Included in profit or loss (*1)	Included in other comprehensive income (*2)					
Securities								
Local government bonds	¥ 574	¥ (1)	¥ (13)	¥ (560)	¥ -	¥ -	¥ -	¥ -
Corporate bonds	37,090	4	(69)	(1,407)	-	-	35,618	-
Other	5,705	(0)	(19)	(3,560)	-	-	2,125	-

(*1) These are included in “Interest income” and “Other operating income” under “Income” in the consolidated statements of income.
(*2) These are included in “Net unrealized gains (losses) on available-for-sale securities” under “Other comprehensive income” in the consolidate statements of comprehensive income.

March 31, 2023

	Beginning balance	Included in profit or loss or other comprehensive income: Included in profit or loss (*1)	Included in profit or loss or other comprehensive income: Included in other comprehensive income (*2)	Net amount of purchase, sale, issue and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value	Ending balance	Valuation gains (losses) on financial assets and assets held at March 31, 2023 recognized in profit or loss
Securities								
Corporate bonds	**$ 266,741**	**$ 0**	**$ (696)**	**$ (26,173)**	**$ -**	**$ -**	**$239,863**	**$ -**
Other	**15,914**	**-**	**284**	**(337)**	**-**	**-**	**15,869**	**-**

(*1) These are included in "Interest income" and "Other operating income" under "Income" in the consolidated statements of income.
(*2) These are included in "Net unrealized gains (losses) on available-for-sale securities" under "Other comprehensive income" in the consolidate statements of comprehensive income.

(3) Valuation process for fair value
The Group's Risk Management Division has established policies and procedures regarding fair value measurement, and each operating division measures fair value in accordance with such policies and procedures. Fair values measured are verified by the Risk Management Division in terms of validity of the valuation methods and inputs used to calculate the fair values and the appropriateness of the classification of fair value levels.

In fair value measurement, valuation models that most appropriately reflect the nature, characteristics, and risks of individual assets are used. In addition, in cases in which quoted market prices obtained from third parties are used as the fair value, the prices are verified such as by confirming the valuation methods and inputs used and comparing them with fair values of similar financial instruments.

(4) Effect of changes in significant unobservable inputs on fair values
Discount rate
Discount rates reflect percentage-based adjustments that are applied to standard market rates such as TIBOR and swap rates, and are mostly determined from risk premiums on uncertainties in cash flows of financial instruments or arising principally from credit risk. A significant increase or decrease in the discount rate would result in a significant decrease or increase in fair value.

23. Derivative transactions
Information regarding derivative transactions, such as the types of derivatives, the policies and purpose for using derivatives and the risks and risk control systems for derivatives are described in Note 22, "Financial instruments and related disclosures."

Outstanding derivative contracts which were revalued at fair value and the gains and losses recognized in the consolidated statements of income as of March 31, 2023 and 2022 are set forth in the tables below.

Derivatives to which hedge accounting is not applied:
With respect to derivatives to which hedge accounting is not applied, the contract amount, fair value and recognized gain (loss) at the balance sheet date designated by transaction type are set forth in the table below. Note that the contract amounts do not reflect the market risk exposure associated with the derivatives themselves.

Currency related:

	Millions of yen							
	2023				2022			
	Contract amount				Contract amount			
	Total	Over one year	Fair value	Recognized gain (loss)	Total	Over one year	Fair value	Recognized gain (loss)
Currency swaps	**¥1,395,277**	**¥ 1,171,942**	**¥ 1,963**	**¥ 1,963**	¥ 663,988	¥ 535,300	¥ 752	¥ 752
Forward foreign exchanges:								
Sell	**62,570**	**-**	**(939)**	**(939)**	54,940	-	(2,422)	(2,422)
Buy	**5,111**	**-**	**10**	**10**	3,337	-	164	164
Total	**-**	**-**	**¥ (1,035)**	**¥ (1,035)**	-	-	¥ (1,506)	¥ (1,506)

The transactions are valued at fair value, and valuation gains and losses are credited or charged to income.

	Thousands of U.S. dollars			
	2023			
	Contract amount			
	Total	Over one year	Fair value	Recognized gain (loss)
Currency swaps	**$10,449,164**	**$ 8,776,619**	**$ 14,700**	**$ 14,700**
Forward foreign exchanges:				
Sell	**468,583**	**-**	**(7,032)**	**(7,032)**
Buy	**38,276**	**-**	**74**	**74**
Total	-	-	**$ (7,751)**	**$ (7,751)**

The transactions are valued at fair value, and valuation gains and losses are credited or charged to income.

Derivatives to which hedge accounting is applied:

With respect to derivatives to which hedge accounting is applied, the contract amount and fair value at the balance sheet date by transaction type and by hedge accounting method are set forth in the table below. Note that the contract amounts do not reflect the market risk exposure associated with the derivatives themselves.

Currency related:

			Millions of yen		
			2023		
			Contract amount		
Hedge accounting method	Type	Major hedged items	Total	Over one year	Fair value
Fundamental method	Currency swaps:	Foreign currency denominated loans, securities	**¥ 16,158**	**¥ 14,493**	**¥ (1,395)**

Note: The above transactions are accounted for by deferral hedge accounting in accordance with "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020).

			Millions of yen		
			2022		
			Contract amount		
Hedge accounting method	Type	Major hedged items	Total	Over one year	Fair value
Fundamental method	Currency swaps:	Foreign currency denominated loans, securities	¥ 14,881	¥ 9,316	¥ (1,450)

Note: The above transactions are accounted for by deferral hedge accounting in accordance with "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020).

			Thousands of U.S. dollars		
			2023		
			Contract amount		
Hedge accounting method	Type	Major hedged items	Total	Over one year	Fair value
Fundamental method	Currency swaps:	Foreign currency denominated loans, securities	**$ 121,006**	**$ 108,537**	**$ (10,447)**

Note: The above transactions are accounted for by deferral hedge accounting in accordance with "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020).

24. Disaggregation of revenue from contracts with customers

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Income:	**¥ 84,449**	¥ 81,596	**$ 632,434**
Of which, fees and commissions	**16,762**	16,551	**125,529**
Deposit-taking and lending business	**5,972**	5,850	**44,724**
Sales business of investment trust and insurance	**3,450**	3,429	**25,836**
Foreign exchanges business	**2,361**	2,585	**17,681**
Guarantee business	**787**	870	**5,893**
Other	**4,190**	3,814	**31,378**

Note: The above table includes revenue accounted for under ASBJ Statement No. 10, "Accounting Standard for Financial Instruments."

25. Segment information

(a) General information about reportable segments

The Group's reportable segment is defined as an operating segment for which discrete financial information is available and examined by the Board of Directors meeting, etc. regularly in order to make decisions about the allocation of resources and assess performance. The Group comprises of the Bank and the eight consolidated subsidiaries, and engages mainly in the banking business, and financial information is controlled based on figures provided by the Bank, which operates the banking business. So, the Group defines the banking business as a reportable segment.

(b) Basis of measurement for reportable segment profit and loss, segment assets, segment liabilities and other material items

The accounting methods used for the reportable segments are the same as those used for the preparation of the consolidated financial statements. Profits for reportable segments are ordinary profit. Ordinary profit is profit derived from regular business activities, including wages, dividends and interest. Profits and transfer sums of intersegment transactions within the Group are based on market prices.

(c) Information about reportable segment profit or loss, segment assets, segment liabilities and other items

Segment information as of and for the year ended March 31, 2023 was as follows:

	Millions of yen				
	2023				
	Banking business	Other business	Total	Reconciliation	Consolidated
Ordinary income:					
Outside customers	¥ **73,950**	¥ **10,498**	¥ **84,449**	¥ **-**	¥ **84,449**
Intersegment	**317**	**1,727**	**2,045**	**(2,045)**	**-**
Total	**74,268**	**12,226**	**86,494**	**(2,045)**	**84,449**
Segment profit	**2,874**	**2,202**	**5,077**	**(5)**	**5,072**
Segment assets	**5,477,947**	**47,827**	**5,525,774**	**(42,442)**	**5,483,332**
Segment liabilities	**5,269,231**	**28,783**	**5,298,014**	**(38,475)**	**5,259,539**
Others					
Depreciation	¥ **2,373**	¥ **210**	¥ **2,584**	¥ **-**	¥ **2,584**
Interest income	**47,613**	**39**	**47,653**	**(66)**	**47,586**
Interest expense	**4,375**	**63**	**4,439**	**(63)**	**4,376**
Gain on disposal of fixed assets	**15**	**0**	**15**	**-**	**15**
Loss on disposal of fixed assets	**97**	**3**	**100**	**-**	**100**
Impairment loss on fixed assets	**118**	**-**	**118**	**-**	**118**
Income taxes	**155**	**711**	**866**	**-**	**866**
Increase in tangible and intangible fixed assets	**2,893**	**212**	**3,105**	**-**	**3,105**

Notes: 1. Ordinary income represents total income less certain specific income.

2. The "Other" category incorporates operations not included in any of the reportable segments reported, including the credit assurance business, computing business, job referral services, clerical work agency industry, leasing business, venture capital services, investment business, credit card services, program creation and sales services, and contracted calculation services.

3. (1) "Reconciliation" of "Intersegment" under "Ordinary income" in the amount of ¥(2,045) million represents intersegment elimination.
(2) "Reconciliation" of "Segment profit" in the amount of ¥(5) million represents intersegment elimination.
(3) "Reconciliation" of "Segment assets" in the amount of ¥(42,442) million represents intersegment elimination.
(4) "Reconciliation" of "Segment liabilities" in the amount of ¥(38,475) million represents intersegment elimination.
(5) "Reconciliation" of "Interest income" in the amount of ¥(66) million represents intersegment elimination.
(6) "Reconciliation" of "Interest expense" in the amount of ¥(63) million represents intersegment elimination.

4. Segment profit is reconciled to ordinary profit in the consolidated statements of income.

Segment information as of and for the year ended March 31, 2022 was as follows:

	Millions of yen				
	2022				
	Banking business	Other business	Total	Reconciliation	Consolidated
Ordinary income:					
Outside customers	¥ 71,740	¥ 9,855	¥ 81,596	¥ -	¥ 81,596
Intersegment	274	1,745	2,020	(2,020)	-
Total	72,015	11,601	83,616	(2,020)	81,596
Segment profit	22,343	1,928	24,271	9	24,281
Segment assets	5,876,482	43,336	5,919,819	(39,096)	5,880,722
Segment liabilities	5,647,341	25,662	5,673,004	(35,131)	5,637,872
Others					
Depreciation	¥ 2,407	¥ 257	¥ 2,664	¥ -	¥ 2,664
Interest income	45,721	41	45,762	(72)	45,690
Interest expense	613	69	683	(69)	614
Gain on disposal of fixed assets	0	0	0	-	0
Loss on disposal of fixed assets	185	0	185	-	185
Impairment loss on fixed assets	6	-	6	-	6
Income taxes	7,938	589	8,527	-	8,527
Increase in tangible and intangible fixed assets	3,240	109	3,349	-	3,349

Notes: 1. Ordinary income represents total income less certain specific income.
2. The “Other” category incorporates operations not included in any of the reportable segments reported, including the credit assurance business, computing business, job referral services, clerical work agency industry, leasing business, venture capital services, investment business, credit card services, program creation and sales services, and contracted calculation services.
3. (1) “Reconciliation” of “Intersegment” under “Ordinary income” in the amount of ¥(2,020) million represents intersegment elimination.
(2) “Reconciliation” of “Segment profit” in the amount of ¥9 million represents intersegment elimination.
(3) “Reconciliation” of “Segment assets” in the amount of ¥(39,096) million represents intersegment elimination.
(4) “Reconciliation” of “Segment liabilities” in the amount of ¥(35,131) million represents intersegment elimination.
(5) “Reconciliation” of “Interest income” in the amount of ¥(72) million represents intersegment elimination.
(6) “Reconciliation” of “Interest expense” in the amount of ¥(69) million represents intersegment elimination.
4. Segment profit is reconciled to ordinary profit in the consolidated statements of income.

	Thousands of U.S. dollars				
	2023				
	Banking business	Other business	Total	Reconciliation	Consolidated
Ordinary income:					
Outside customers	**$ 553,808**	**$ 78,619**	**$ 632,434**	**$ -**	**$ 632,434**
Intersegment	**2,373**	**12,933**	**15,314**	**(15,314)**	**-**
Total	**556,189**	**91,559**	**647,749**	**(15,314)**	**632,434**
Segment profit	**21,523**	**16,490**	**38,021**	**(37)**	**37,983**
Segment assets	**41,024,091**	**358,174**	**41,382,266**	**(317,846)**	**41,064,419**
Segment liabilities	**39,461,027**	**215,554**	**39,676,582**	**(288,137)**	**39,388,444**
Others					
Depreciation	**$ 17,771**	**$ 1,572**	**$ 19,351**	**$ -**	**$ 19,351**
Interest income	**356,571**	**292**	**356,871**	**(494)**	**356,369**
Interest expense	**32,764**	**471**	**33,243**	**(471)**	**32,771**
Gain on disposal of fixed assets	**112**	**0**	**112**	**-**	**112**
Loss on disposal of fixed assets	**726**	**22**	**748**	**-**	**748**
Impairment loss on fixed assets	**883**	**-**	**883**	**-**	**883**
Income taxes	**1,160**	**5,324**	**6,485**	**-**	**6,485**
Increase in tangible and intangible fixed assets	**21,665**	**1,587**	**23,253**	**-**	**23,253**

Notes: 1. Ordinary income represents total income less certain specific income.
2. The "Other" category incorporates operations not included in any of the reportable segments reported, including the credit assurance business, computing business, job referral services, clerical work agency industry, leasing business, venture capital services, investment business, credit card services, program creation and sales services, and contracted calculation services.
3. (1) "Reconciliation" of "Intersegment" under "Ordinary income" in the amount of $(15,314) thousands represents intersegment elimination.
(2) "Reconciliation" of "Segment profit" in the amount of $(37) thousand represents intersegment elimination.
(3) "Reconciliation" of "Segment assets" in the amount of $(317,846) thousand represents intersegment elimination.
(4) "Reconciliation" of "Segment liabilities" in the amount of $(288,137) thousand represents intersegment elimination.
(5) "Reconciliation" of "Interest income" in the amount of $(494) thousand represents intersegment elimination.
(6) "Reconciliation" of "Interest expense" in the amount of $(471) thousand represents intersegment elimination.
4. Segment profit is reconciled to ordinary profit in the consolidated statements of income.

(d) Information about services

	Millions of yen			
	2023			
	Loan services	Securities investment	Other	Total
Ordinary income:				
Outside customers	**¥ 40,052**	**¥ 18,217**	**¥ 26,179**	**¥ 84,449**

	Millions of yen			
	2022			
	Loan services	Securities investment	Other	Total
Ordinary income:				
Outside customers	¥ 38,613	¥ 18,996	¥ 23,985	¥ 81,596

	Thousands of U.S. dollars			
	2023			
	Loan services	Securities investment	Other	Total
Ordinary income:				
Outside customers	**$ 299,947**	**$ 136,426**	**$ 196,053**	**$ 632,434**

Note: Ordinary income represents total income less certain specific income.

(e) Information about geographic areas
The information is not required to be disclosed because the amounts of ordinary income and tangible fixed assets in Japan exceeded 90% of the respective total amount for all segments.

(f) Information about major customers
The information is not required to be disclosed because ordinary income from any particular outside customer represented less than 10% of consolidated ordinary income.

(g) Segment information for impairment loss on fixed assets by reportable segment

	Millions of yen		
	2023		
	Banking business	Other business	Total
Impairment loss on fixed assets	**¥ 118**	**¥ -**	**¥ 118**

	Millions of yen		
	2022		
	Banking business	Other business	Total
Impairment loss on fixed assets	¥ 6	¥ -	¥ 6

	Thousands of U.S. dollars		
	2023		
	Banking business	Other business	Total
Impairment loss on fixed assets	**$ 883**	**$ -**	**$ 883**

(h) Segment information on amortization and the unamortized portion of goodwill by reportable segment

There was no applicable information for the years ended March 31, 2023 and 2022.

26. Related party transactions
Significant transactions with the directors of the Bank or major shareholders for the years ended March 31, 2023 and 2022 were as follows:

Year ended March 31, 2023

Type	Name	Business/ Occupation	Ownership	Relationship	Transactions	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
*1	Akira Danbooru Kogyo Co., Ltd. (Notes 2 and 4)	Production of cardboard boxes	Non-controlled 0.06%, directly	Loans	Loan (Note 1)	**¥ (17)**	Loans and bills discounted	**¥ 172**
	MORI KEN CO., LTD. (Notes 3, 4 and 5)	Construction	Non-controlled 0.00%, directly	Loans	Loan (Note 1)	**¥ 6**	Loans and bills discounted	**¥ 453**

*1 A company in which an officer or his or her relative owns a majority interest

Notes:
1. The terms and conditions of the transactions were the same as those applied to general third parties with which the Bank enters into ordinary transactions.
2. A relative of Mr. Yasuhiko Akira, a senior managing executive officer of the Bank, owns a majority of the voting rights of this company.
3. A relative of Mr. Kazuhiro Yasuyuki, a former managing executive officer of the Bank, owns a majority of the voting rights of this company.
4. The Bank took out a revolving mortgage on its real estate to secure the loans.
5. Mr. Kazuhiro Yasuyuki resigned from the managing executive officer on October 31, 2022, therefore the outstanding balance of MORIKEN CO., LTD. presents the balance as of that date.

Year ended March 31, 2022

Type	Name	Business/ Occupation	Ownership	Relationship	Transactions	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
*1	Akira Danbooru Kogyo Co., Ltd. (Notes 2 and 4)	Production of cardboard boxes	Non-controlled 0.05%, directly	Loans	Loan (Note 1)	¥ 32	Loans and bills discounted	¥ 190
	MORI KEN CO., LTD. (Notes 3 and 4)	Construction	Non-controlled 0.00%, directly	Loans	Loan (Note 1)	¥ 158	Loans and bills discounted	¥ 447

*1 A company in which an officer or his or her relative owns a majority interest

Notes:
1. The terms and conditions of the transactions were the same as those applied to general third parties with which the Bank enters into ordinary transactions.
2. A relative of Mr. Yasuhiko Akira, a senior managing executive officer of the Bank, owns a majority of the voting rights of this company.
3. A relative of Mr. Kazuhiro Yasuyuki, a managing executive officer of the Bank, owns a majority of the voting rights of this company.
4. The Bank took out a revolving mortgage on its real estate to secure the loans.

Year ended March 31, 2023

Type	Name	Business/ Occupation	Ownership	Relationship	Transactions	Transaction amount (Thousands of U.S. dollars)	Account	Outstanding balance (Thousands of U.S. dollars)
*1	Akira Danbooru Kogyo Co., Ltd. (Notes 2 and 4)	Production of cardboard boxes	Non-controlled 0.06%, directly	Loans	Loan (Note 1)	**$ (127)**	Loans and bills discounted	**$ 1,288**
	MORI KEN CO., LTD. (Notes 3, 4 and 5)	Construction	Non-controlled 0.00%, directly	Loans	Loan (Note 1)	**$ 44**	Loans and bills discounted	**$ 3,392**

*1 A company in which an officer or his or her relative owns a majority interest

Notes:
1. The terms and conditions of the transactions were the same as those applied to general third parties with which the Bank enters into ordinary transactions.
2. A relative of Mr. Yasuhiko Akira, a senior managing executive officer of the Bank, owns a majority of the voting rights of this company.
3. A relative of Mr. Kazuhiro Yasuyuki, a former managing executive officer of the Bank, owns a majority of the voting rights of this company.
4. The Bank took out a revolving mortgage on its real estate to secure the loans.
5. Mr. Kazuhiro Yasuyuki resigned from the managing executive officer on October 31, 2022, therefore the outstanding balance of MORIKEN CO., LTD. presents the balance as of that date.

Information about parent company or significant affiliates

Years ended March 31, 2023 and 2022
Not applicable

27. Subsequent events

There were no significant subsequent events to be noted.

Independent auditor's report

To the Board of Directors of The Kiyo Bank, Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of The Kiyo Bank, Ltd ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2023 and 2022, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of loans and bills discounted to small and medium-sized enterprises (SMEs)	
The key audit matter	**How the matter was addressed in our audit**
The Kiyo Bank, Ltd. (the Bank) and its consolidated subsidiaries reported loans and bills discounted of ¥3, 593.1 billion, accounting for 66% of total assets, and a related reserve for possible loan losses of ¥28.2 billion in the consolidated balance sheet as of March 31, 2023. Of the amount of	The primary procedures we performed to assess whether the Bank's assessment of loans and bills discounted to SMEs was reasonable included the following: **(1) Internal control testing**

the loans and bills discounted, the balance of loans and bills discounted to SMEs amounted to ¥2, 717.6 billion (76% of the total balance of loans and bills discounted), which accounted for a significant portion of the balance of loans and bills discounted. Loans and bills discounted to SMEs refer to loans extended to companies with the capital of ¥300 million or less (¥100 million or less for wholesalers; ¥50 million or less for retailers, restaurants, and goods rental and leasing services) or companies or individuals with the number of regular employees of 300 or less (100 or less for wholesalers and goods rental and leasing services; 50 or less for retailers and restaurants). As described in Note 2. Significant accounting policies, (f) Reserve for possible loan losses and (o) Significant accounting estimates to the Consolidated Financial Statements, the Bank conducts asset assessment based on the internal self-assessment standards for all loans including loans and bills discounted, in order to determine the category of borrowers according to their assigned credit risk rating. When determining the category of borrowers, the Bank considers their ability to pay based mainly on their substantive financial position, financing, and profitability, and checks the terms and conditions of the loans to them and their payment status. Also, the Bank gives comprehensive consideration ,in light of industry characteristics, to their business continuity, projected profitability, and ability to pay obligations based on their cash flows, appropriateness of their business improvement plan, and supports by financial institutions. For each category of borrowers, the Bank recognizes reserve for possible loan losses or makes direct write-offs for expected credit losses based on the historical experience of loan losses or probability of default, in accordance with the methods specified in the standards for write-off and provisions.	We tested the design and operating effectiveness of internal controls relevant to the assessment of loan quality. In this assessment, we performed our testing on the following: • controls to validate whether the internal self-assessment standards, and the policy for write-offs and provisions complied with accounting standards; • controls to ensure the reliability of the borrowers' financial information entered in the financing support system; • IT application controls over the determination of quantitative credit rating, and; • controls to ensure the appropriateness of the monitoring of borrowers including the determination using qualitative factors. **(2) Assessment of determination of the category of borrowers** In order to assess the determination of the category of borrowers for SME borrowers, who are determined to have higher risks of wrong classification, we: • assessed the appropriateness of the results of the determination of the category of borrowers by inspecting relevant documents, comparing some of the information used for the determination with available external information as necessary, and inquiring of personnel in the Review Department; • assessed financial and other information of the borrowers and, for the borrowers who have a business improvement plan, assessed the appropriateness of the determination of the category of borrowers, which included analysis of the feasibility of the business improvement plan and assessment of financing; • for borrowers who were affected by the changes in economic environment caused by COVID-19 and soaring prices, understood their recent business conditions and analyzed their financing, such as requests for modification of terms of loans as well as assessed the determination of the categories based on the understanding and analysis; and • assessed appropriateness of historical changes in the category of borrowers, in order to identify any management bias on determination of the category of borrowers in prior years.

While the Bank aims to “refine its business model, which takes loans to SMEs as its starting point,” SMEs as the borrowers are susceptible to developments in regional economies in Wakayama prefecture and the southern part of Osaka prefecture, including economic deterioration due to COVID-19 and soaring prices. Since the business foundation of SMEs generally tends to be more vulnerable than that of large-scale enterprises, the Bank determines the category of SME borrowers by comprehensively considering not only their financial conditions but their technical capabilities, sales capacity and growth potential, their representatives’ income status, asset quality, and guarantee status and capacity, in light of their business status. Accordingly, determination of the category of borrowers for loans and bills discounted to SMEs depends significantly on management’s judgment, which may have a significant effect on the recognized amount of reserve for possible loan losses. We, therefore, determined that our assessment of the Bank’s assessment of loans and bills discounted to SMEs, especially the appropriateness of the management’s judgment on the category of borrowers, was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Appropriateness of the estimate of reserve for possible loan losses for borrowers affected by COVID-19

The key audit matter	How the matter was addressed in our audit
As described in Note 2. Significant accounting policies, (f) Reserve for possible loan losses and (o) Significant accounting estimates to the Consolidated Financial Statements, the Bank recognized reserve for possible loan losses (¥2.9 billion) for certain borrowers who were affected by the spread of COVID-19 infections (hereinafter	The primary procedures we performed to assess whether the Bank’s estimate of reserve for possible loan losses for borrowers affected by COVID-19 was appropriate included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Bank’s internal controls relevant to the

"borrowers affected by COVID-19"), excluding bankrupt borrowers and effectively bankrupt borrowers. This was executed in order to provide for future uncertainties arising from the deterioration of business performance of borrowers affected by COVID-19 and secure the Bank's soundness, thereby ensuring to fulfill a sustainable financial intermediation function. The reserve for possible loan losses was estimated by using the assumptions that (1) the future financial position, financing and profitability of borrowers affected by COVID-19 were more likely to deteriorate than other borrowers and (2) the category of some of these borrowers would be downgraded from the current level. For loans to borrowers affected by COVID-19, among normal borrowers and borrowers requiring caution in specific sectors who are expected to be affected by COVID-19 based on the historical damage to their credit, reserve for possible loan losses is recognized using a loss rate applied to the category of borrowers one level below the current category. For loans to potentially bankrupt borrowers affected by COVID-19, the Bank recognizes reserve for possible loan losses including the unsecured amount that is deemed necessary by comprehensively assessing the downgrading of the category of borrowers in the past and other matters. Estimating reserve for possible loan losses for borrowers affected by COVID-19–i.e., determining borrowers whose category is expected to be downgraded due to the impact of COVID-19 and estimating their possible losses–involves estimation uncertainty and management's subjective judgment. If the assumptions used for the estimate are not appropriate, it may have a significant effect on the consolidated financial statements. We, therefore, determined that our assessment of the appropriateness of the estimate of reserve for possible loan losses	assessment of the estimate of reserve for possible loan losses for borrowers affected by COVID-19. In this assessment, we performed our testing on the following: • effectiveness of internal controls relevant to inspection and approval within the Bank to ensure that the reserve for possible loan losses for borrowers affected by COVID-19 is appropriately recognized based on internal regulations; and • effectiveness of internal controls to ensure the accuracy and completeness of important basic data used for the internal controls relevant to the assessment, such as information of borrowers. **(2) Assessment of the appropriateness of the estimated reserve for possible loan losses for borrowers affected by COVID-19** In order to assess the appropriateness of determining borrowers whose category was expected to be downgraded due to the impact of COVID-19, the method, assumptions and data used by management to estimate their possible losses, we: • inspected the materials for the board of directors' meeting and the management meeting where the recognition of reserve for possible loan losses was discussed and resolved and inquired of personnel in relevant departments (the Financing Department and the Risk Management Department); • assessed the appropriateness of data used for the default analysis for each sector and category of borrowers that was conducted by the Bank, by performing recalculation; and assessed the appropriateness of assumptions used to estimate the reserve for possible loan losses based on the default analysis for each sector and category of borrowers that was conducted by the Bank by comparing them with available external information.

for borrowers affected by COVID-19 was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited financial statements, but does not include the financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and the audit and supervisory committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and supervisory committee , we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Yukihisa Tatsumi

Designated Engagement Partner

Certified Public Accountant

Takuya Obata

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Osaka Office, Japan

September 25, 2023

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.