

## Notes to Consolidated Financial Statements

The Kiyo Bank, Ltd. and its consolidated subsidiaries  
Years ended March 31, 2024 and 2023

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### 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, 2024, which was ¥151.41 to US \$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

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### 2. Significant accounting policies

**(a) Consolidation** — The consolidated financial statements include the accounts of the Bank and eight (eight in 2023) subsidiaries for the year ended March 31, 2024. 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 three (two in 2023) unconsolidated companies (Kiyo 6th Industrialization Investment Limited Partnership, Kiyo 1st Growth Support Investment Limited Partnership and Kiyo 2nd Growth Support Investment Limited Partnership) at March 31, 2024. 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, profit (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 an 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.

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 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 ¥2,783 million (\$18,380 thousand) and ¥2,900 million as of March 31, 2024 and 2023, 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, 2024 and 2023, the deducted amounts were ¥9,543 million (\$63,027 thousand) and ¥11,206 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.

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) Accounting principles and procedures applied in the absence of relevant accounting standards** — Gains or losses on redemption of investment trusts is recorded in “Interest and dividends on securities” for gains on a transaction basis and “Other operating expenses” for losses on a transaction basis.

**(p) Significant accounting estimates**

**Reserve for possible loan losses:**

- a. The Bank recorded reserve for possible loan losses of ¥26,231 million (\$173,244 thousand) and ¥28,257 million in the consolidated financial statements as of March 31, 2024 and 2023, 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 ¥2,783 million (\$18,380 thousand) and ¥2,900 million as of March 31, 2024 and 2023, 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.

**(q) Accounting changes**

Year ended March 31, 2024

There were no items to be reported.

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 Guidance 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.

**(r) 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.

**(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.

**(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, 2024 and 2023 was ¥270 million (\$1,783 thousand) and ¥694 million, respectively, while the number of shares of such treasury stock was 172 thousand and 442 thousand, respectively.

- (3) The carrying amount of the borrowed money recorded by applying the gross amount method as of March 31, 2024 and 2023 was ¥278 million (\$1,836 thousand) and ¥709 million, respectively.
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### **3. Cash and cash equivalents**

As of March 31, 2024 and 2023, 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, 2024 and 2023 amounted to nil and ¥(1) million, respectively.

Investments in unconsolidated subsidiaries (three in 2024 and two in 2023) in the amounts of ¥1,253 million (\$8,275 thousand) and ¥864 million are included in “Securities” as of March 31, 2024 and 2023, respectively.

Fair values and unrealized gains and losses on held-to-maturity debt securities and available-for-sale securities as of March 31, 2024 and 2023 were as follows:

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

Type	Millions of yen		
	2024		
	Carrying amount	Fair value	Difference
Held-to-maturity debt securities whose fair value exceeds the carrying amount:			
Bonds			
Local government bonds	¥ 2,590	¥ 2,608	¥ 18
Corporate bonds	-	-	-
Subtotal	¥ 2,590	¥ 2,608	¥ 18
Held-to-maturity debt securities whose fair value does not exceed the carrying amount:			
Bonds			
Local government bonds	¥ 2,000	¥ 1,990	¥ (9)
Corporate bonds	2,500	2,490	(9)
Subtotal	¥ 4,500	¥ 4,480	¥ (19)
Total	¥ 7,090	¥ 7,089	¥ (0)

Type	Millions of yen		
	2023		
	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)

Type	Thousands of U.S. dollars		
	2024		
	Carrying amount	Fair value	Difference
Held-to-maturity debt securities whose fair value exceeds the carrying amount:			
Bonds			
Local government bonds	\$ 17,105	\$ 17,224	\$ 118
Corporate bonds	-	-	-
Subtotal	\$ 17,105	\$ 17,224	\$ 118
Held-to-maturity debt securities whose fair value does not exceed the carrying amount:			
Bonds			
Local government bonds	\$ 13,209	\$ 13,143	\$ (59)
Corporate bonds	16,511	16,445	(59)
Subtotal	\$ 29,720	\$ 29,588	\$ (125)
Total	\$ 46,826	\$ 46,819	\$ (0)

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

Type	Millions of yen					
	2024					
	Carrying amount		Acquisition cost		Difference	
Available-for-sale securities whose carrying amount exceeds acquisition cost:						
Stocks	¥	25,675	¥	9,660	¥	16,014
Bonds		63,906		63,449		456
Japanese government bonds		10,876		10,849		27
Local government bonds		21,989		21,887		102
Corporate bonds		31,039		30,712		327
Other		58,781		56,944		1,836
Foreign bonds		36,857		36,239		618
Other		21,923		20,705		1,218
Subtotal	¥	148,362	¥	130,055	¥	18,307
Available-for-sale securities whose carrying amount does not exceed acquisition cost:						
Stocks	¥	4,787	¥	5,578	¥	(790)
Bonds		489,502		508,087		(18,584)
Japanese government bonds		232,916		245,482		(12,566)
Local government bonds		134,234		135,919		(1,684)
Corporate bonds		122,351		126,685		(4,333)
Other		226,533		245,433		(18,900)
Foreign bonds		118,641		126,619		(7,978)
Other		107,892		118,814		(10,922)
Subtotal	¥	720,823	¥	759,098	¥	(38,275)
Total	¥	869,185	¥	889,154	¥	(19,968)

Type	Millions of yen					
	2023					
	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)



Type	Thousands of U.S. dollars					
	2024					
	Carrying amount	Acquisition cost	Difference			
Available-for-sale securities whose carrying amount exceeds acquisition cost:						
Stocks	\$	169,572	\$	63,800	\$	105,765
Bonds		422,072		419,054		3,011
Japanese government bonds		71,831		71,653		178
Local government bonds		145,228		144,554		673
Corporate bonds		204,999		202,839		2,159
Other		388,224		376,091		12,126
Foreign bonds		243,425		239,343		4,081
Other		144,792		136,747		8,044
Subtotal	\$	979,869	\$	858,959	\$	120,910
Available-for-sale securities whose carrying amount does not exceed acquisition cost:						
Stocks	\$	31,616	\$	36,840	\$	(5,217)
Bonds		3,232,956		3,355,703		(122,739)
Japanese government bonds		1,538,313		1,621,306		(82,993)
Local government bonds		886,559		897,688		(11,122)
Corporate bonds		808,077		836,701		(28,617)
Other		1,496,156		1,620,982		(124,826)
Foreign bonds		783,574		836,265		(52,691)
Other		712,581		784,716		(72,135)
Subtotal	\$	4,760,735	\$	5,013,526	\$	(252,790)
Total	\$	5,740,604	\$	5,872,491	\$	(131,880)

Securities other than trading account 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 years ended March 31, 2024 and 2023.

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, 2024 and 2023.

(d) Total sales of available-for-sale securities in the years ended March 31, 2024 and 2023 amounted to ¥125,910 million (\$831,583 thousand) and ¥399,771 million, respectively. The related gains and losses for the year ended March 31, 2024 amounted to ¥4,551 million (\$30,057 thousand) and ¥6,244 million (\$41,239 thousand), respectively. The related gains and losses for the year ended March 31, 2023 amounted to ¥7,129 million and ¥28,536 million, respectively.

(e) Money held in trust

Money held in trust for trading purpose as of March 31, 2024 and 2023 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Money held in trust for trading purpose	¥ 8,872	¥ 9,229	\$ 58,595
Unrealized gains (losses) included in earnings	-	-	-

There was no money held in trust held to maturity as of March 31, 2024 and 2023.

There was no money held in trust held for other purposes than trading and held-to-maturity as of March 31, 2024 and 2023.

(f) Net unrealized gains on available-for-sale securities as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Difference between acquisition cost and fair value:			
Available-for-sale securities	¥ (19,901)	¥ (17,294)	\$ (131,437)
Deferred tax assets (liabilities)	6,611	5,930	43,662
Difference between acquisition cost and fair value (prior to adjustment for non-controlling interests)	(13,290)	(11,364)	(87,774)
Amount corresponding to non-controlling interests	116	190	766
Net unrealized gains (losses) on available-for-sale securities	¥ (13,406)	¥ (11,554)	\$ (88,541)

Note: Net unrealized gains as of March 31, 2024 and 2023 included net unrealized gains of ¥67 million (\$442 thousand) and ¥61 million, respectively, 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
	2024	2023	2024
Bankrupt and quasi-bankrupt loans	¥ 13,990	¥ 14,237	\$ 92,398
Doubtful loans	53,539	55,290	353,602
Delinquent loans past due three months or more	3	-	19
Restructured loans	9,540	13,975	63,007
Total	¥ 77,074	¥ 83,503	\$ 509,041

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 loans 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 loans.

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.

The Bank applies "Accounting and Auditing Treatment of Accounting Standard 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 ¥10,180 million (\$67,234 thousand) and ¥10,003 million at March 31, 2024 and 2023, 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 ¥520 million (\$3,434 thousand) and ¥1,104 million at March 31, 2024 and 2023, respectively.

## 6. Tangible fixed assets

Accumulated depreciation for tangible fixed assets at March 31, 2024 and 2023 was ¥42,180 million (\$278,581 thousand) and ¥42,818 million, respectively. The amount of accumulated contributions deducted from the acquisition cost of tangible fixed assets was ¥3,971 million (\$26,226 thousand) and ¥4,032 million at March 31, 2024 and 2023, respectively.

## 7. Assets pledged as collateral

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Securities	¥ 441,731	¥ 380,170	\$ 2,917,449
Loans and bills discounted	674,796	650,930	4,456,746
Other assets	298	294	1,968
Total	¥ 1,116,826	¥ 1,031,395	\$ 7,376,170

The above pledged assets secured the following liabilities:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deposits	¥ 25,323	¥ 20,740	\$ 167,247
Securities sold under repurchase agreements	4,309	-	28,459
Payables under securities lending transactions	52,724	64,102	348,220
Borrowed money	802,400	529,000	5,299,517
Total	¥ 884,757	¥ 613,842	\$ 5,843,451

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
	2024	2023	2024
Securities	¥ 686	¥ 1,103	\$ 4,530
Other assets	20,000	20,000	132,091
<i>Guarantee and leasehold deposits</i>	1,027	1,008	6,782
<i>Cash collateral paid for financial instruments</i>	3,722	6,887	24,582

## 8. Deposits

Deposits at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Liquid deposits	¥ 3,190,095	¥ 3,016,851	\$ 21,069,249
Fixed-term deposits	1,313,943	1,387,792	8,678,046
Other deposits	121,315	124,675	801,235
Negotiable certificates of deposit	59,328	62,923	391,836
Total	¥ 4,684,682	¥ 4,592,242	\$ 30,940,373

## 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, 2024 were as follows:

Years ending March 31	Borrowed money		Lease obligations	
	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
2025	¥ 802,582	\$ 5,300,719	¥ 125	\$ 825
2026	440	2,906	122	805
2027	121	799	115	759
2028	82	541	115	759
2029	42	277	98	647
2030 and thereafter	11	72	167	1,102
Total	¥ 803,279	\$ 5,305,323	¥ 744	\$ 4,913

## 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.

### (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, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Balance at beginning of year	¥ 28,032	¥ 28,553	\$ 185,139
Service cost	837	870	5,528
Interest cost	95	97	627
Actuarial differences	(2,680)	250	(17,700)
Benefits paid	(1,669)	(1,738)	(11,023)
Balance at end of year	¥ 24,614	¥ 28,032	\$ 162,565

2. The changes in plan assets for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2024	2023	2024	
Balance at beginning of year	¥ 51,590	¥ 55,674	\$ 340,730	
Expected return on plan assets	323	306	2,133	
Actuarial differences	4,191	(3,788)	27,679	
Contribution from employers	447	451	2,952	
Benefits paid	(905)	(1,053)	(5,977)	
Balance at end of year	¥ 55,647	¥ 51,590	\$ 367,525	

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	
	2024	2023	2024	
Funded benefit obligation	¥ 24,588	¥ 28,005	\$ 162,393	
Plan assets	(55,647)	(51,590)	(367,525)	
	(31,058)	(23,585)	(205,125)	
Unfunded benefit obligation	26	27	171	
Net liability (asset)	¥ (31,032)	¥ (23,557)	\$ (204,953)	

	Millions of yen		Thousands of U.S. dollars	
	2024	2023	2024	
Net defined benefit liability	¥ 26	¥ 27	\$ 171	
Net defined benefit asset	(31,058)	(23,585)	(205,125)	
Net liability (asset)	¥ (31,032)	¥ (23,557)	\$ (204,953)	

4. The components of severance and retirement benefit expenses for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2024	2023	2024	
Service cost	¥ 837	¥ 870	\$ 5,528	
Interest cost	95	97	627	
Expected return on plan assets	(323)	(306)	(2,133)	
Recognized actuarial differences	(1,361)	(2,220)	(8,988)	
Other	43	29	283	
Severance and retirement benefit expenses	¥ (707)	¥ (1,528)	\$ (4,669)	

5. The components of remeasurements of defined benefit plans (before tax effect) for the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars	
	2024	2023	2024	
Actuarial differences	¥ 5,511	¥ (6,259)	\$ 36,397	
Total	¥ 5,511	¥ (6,259)	\$ 36,397	

6. The components of accumulated remeasurements of defined benefit plans (before tax effect) as of March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars	
	2024	2023	2024	
Unrecognized actuarial differences	¥ 10,475	¥ 4,964	\$ 69,183	
Total	¥ 10,475	¥ 4,964	\$ 69,183	

7. Plan assets

- (1) Components of plan assets as of March 31, 2024 and 2023

Plan assets consisted of the following:

	2024	2023
Stocks	52%	49%
Cash and deposits	14%	14%
Bonds	13%	12%
General accounts	12%	14%
Other	9%	11%
Total	100%	100%

Note: Total plan assets include the assets of the retirement benefit trust established for corporate pension plans and lump-sum payment plans representing 51% and 52% of total assets as of March 31, 2024 and 2023, 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, 2024 and 2023 were as follows (presented at weighted average rates):

	2024	2023
Discount rate	1.2%	0.3%
Long-term expected rate of return on plan assets	0.6%	0.5%
Expected rate of salary increase	7.1%	7.1%

### (c) Defined contribution plans

The required contribution to the defined contribution plans of the Bank and its consolidated subsidiaries was ¥210 million (\$1,386 thousand) and ¥204 million for the years ended March 31, 2024 and 2023, 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	
	2024	2023	2024	
Amount of plan assets	¥ 268,557	¥ 273,942	\$ 1,773,707	
Total amount of actuarial obligations for pension financing calculation purposes	216,580	221,108	1,430,420	
Net amount	¥ 51,976	¥ 52,833	\$ 343,279	

Notes: 1. The latest funding status as of March 31, 2024 is based on the information available as of March 31, 2023.

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

- (2) The share of contribution of pension premiums of the Group against the whole plan for the years ended March 31, 2024 and 2023 (based on the information for the periods from March 1, 2023 through March 31, 2023 and from March 1, 2022 through March 31, 2022) was 0.1%.
- (3) Supplementary explanation  
Major factors in the net amount above (1) were past service liabilities for the purpose of pension financing calculation in the amount of ¥102 million (\$673 thousand) and general reserve of ¥52,079 million (\$343,960 thousand) as of March 31, 2024 (based on information as of March 31, 2023); past service liabilities for the purpose of pension financing calculation in the amount of ¥54 million and general reserve of ¥52,887 million as of March 31, 2023 (based on information as of March 31, 2022).

## 11. Guarantee obligations for bonds

Guarantee obligations for privately placed bonds (Article 2, Clause 3 of the Financial Instruments and Exchange Law) stood at ¥29,498 million (\$194,822 thousand) and ¥32,226 million as of March 31, 2024 and 2023, respectively.

## 12. Shareholders' equity

### (a) Capital stock

The number of shares of the Bank's capital stock as of March 31, 2024 and 2023 was as follows:

	Thousands of shares	
	2024	2023
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, 2024 and 2023, the number of shares was as follows:

Thousands of shares				
	2023	Increase	Decrease	2024
Shares issued:				
Common	67,300	-	-	67,300
Total	67,300	-	-	67,300
Treasury stock:				
Common (*1) (*2)	2,057	2	291	1,769
Total	2,057	2	291	1,769

(\*1) The number of shares of treasury stock at April 1, 2023 and March 31, 2024 includes 442 thousand shares and 172 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 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 sale by the Trust of common stock (269 thousand shares), and the disposition as the restricted stock compensation (21 thousand shares).

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).

#### (b) Subscription rights to shares

The outstanding balance of subscription rights to shares of the Bank as of March 31, 2024 and 2023 was ¥78 million (\$515 thousand) and ¥78 million, respectively.

#### (c) Information on dividends

Dividends paid during the year ended March 31, 2024 were as follows:

Resolution:	Type of shares:	Millions of yen (Thousands of U.S. dollars)	Yen (U.S. dollars)	Record date	Effective date
		Amount of dividends	Cash dividends per share		
Ordinary general meeting of shareholders held on June 29, 2023	Common	¥ 1,313 (\$ 8,671)	¥ 20.00 (\$ 0.13)	March 31, 2023	June 30, 2023
Board of Directors' meeting held on November 13, 2023	Common	¥ 1,642 (\$ 10,844)	¥ 25.00 (\$ 0.16)	September 30, 2023	December 5, 2023

Notes: 1. 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 (\$52 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 13, 2023 included dividends in an amount of ¥7 million (\$46 thousand) related to the Bank's shares held by the Trust.



Dividends applicable to the year ended March 31, 2024 and whose effective date (i.e., initial payment date) falls after March 31, 2024 were as follows:

Resolution:	Type of shares:	Millions of yen (Thousands of U.S. dollars)	Yen (U.S. dollars)	Record date	Effective date
		Amount of dividends	Cash dividends per share		
Ordinary general meeting of shareholders held on June 27, 2024	Common	¥ 1,642 (\$ 10,844)	¥ 25.00 (\$ 0.16)	March 31, 2024	June 28, 2024

Note: The amount of dividends resolved by the ordinary general meeting of shareholders held on June 27, 2024 included dividends in an amount of ¥4 million (\$26 thousand) related to the Bank's shares held by the Trust.

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

Resolution:	Type of shares:	Millions of yen	Yen	Record date	Effective date
		Amount of dividends	Cash dividends per share		
Ordinary general meeting of shareholders held on June 29, 2022	Common	¥ 2,681	¥ 40.00	March 31, 2022	June 30, 2022
Board of Directors' meeting held on November 11, 2022	Common	¥ 1,313	¥ 20.00	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 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 related to the Bank's shares held by the Trust.

#### 14. Stock options

##### (1) Stock option expense

Stock option expenses were not recorded for the years ended March 31, 2024 and 2023.

##### (2) Stock options outstanding at March 31, 2024 were as follows:

###### a. Outline of stock options

	1st Stock Options	2nd Stock Options	3rd 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
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
Date of grant	July 27, 2015	July 29, 2016	July 31, 2017
Vesting conditions	Not defined	Not defined	Not defined
Applicable service period	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
	4th Stock Options	5th Stock Options	6th Stock Options
Persons to whom stock subscription rights were allocated	7 directors (excluding directors serving as audit and supervisory committee members) and 8 executive officers of the Bank; a total of 15 persons	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 20,700 shares	Common stock of the Bank 26,400 shares	Common stock of the Bank 17,500 shares
Date of grant	July 27, 2018	July 26, 2019	July 22, 2020
Vesting conditions	Not defined	Not defined	Not defined
Applicable service period	Not defined	Not defined	Not defined
Exercise period	From July 28, 2018 to July 27, 2048	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, 2024, 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, 2023	-	-	-	-	-	-
Granted	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Vested	-	-	-	-	-	-
<b>Outstanding as of March 31, 2024</b>	-	-	-	-	-	-
Vested:						
Outstanding as of March 31, 2023	4,200	5,800	6,300	8,300	13,700	12,900
Vested	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-
<b>Outstanding as of March 31, 2024</b>	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	-	-	-	-	-	-
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	-	-	-	-	-	-
Fair value at date of grant	11.08	9.12	11.40	12.04	8.89	9.62

(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, 2024 and 2023 included the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Reversal of reserve for possible loan losses	¥ 1,078	¥ -	\$ 7,119
Recovery of written-off claims	4,400	1,909	29,060
Gain on sales of stocks and other securities	4,047	6,060	26,728
Gain on disposal of fixed assets	35	15	231

## 16. General and administrative expenses

General and administrative expenses for the years ended March 31, 2024 and 2023 included the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Salaries and allowances	¥ 13,301	¥ 12,830	\$ 87,847

## 17. Other expenses

Other expenses for the years ended March 31, 2024 and 2023 included the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Loss on the loans written-off	¥ 2,832	¥ 930	\$ 18,704
Loss on sales of stock and other securities	447	370	2,952
Loss on money held in trust	278	400	1,836
Loss on the devaluation of stocks	155	167	1,023
Loss on the transfer/sale of loan obligations	140	134	924
Loss on disposal of fixed assets	71	100	468
Impairment loss on fixed assets	66	118	435

### Impairment loss on fixed assets

The Bank reduced the book value to the amounts deemed recoverable and posted the reduced amount of ¥66 million (\$435 thousand) and ¥118 million for the years ended March 31, 2024 and 2023, respectively. Details are as follows:

Location	Major use	Asset category	Impairment loss on fixed assets	
			Millions of yen	Thousands of U.S. dollars
			2024	2024
Wakayama Prefecture	Operating offices: 5 locations	Buildings and movables	¥ 15	\$ 99
Wakayama Prefecture	Idle assets: 3 locations	Land	2	13
Wakayama Prefecture	Business assets	Software	15	99
Osaka Prefecture	Operating offices: 1 location	Buildings and movables	33	217
Total	-	-	¥ 66	\$ 435

Location	Major use	Asset category	Impairment loss on fixed assets	
			Millions of yen	
			2023	
Wakayama Prefecture	Operating offices: 5 locations	Land, buildings and movables	¥ 111	
Wakayama Prefecture	Idle assets: 8 locations	Land	6	
Osaka Prefecture	Operating offices: 1 location	Land and movables	0	
Total	-	-	¥ 118	

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, 2024 and 2023. 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, 2024 and 2023.

	2024	2023
Statutory tax rate	30.4%	30.4%
Adjustments:		
Nondeductible expenses for tax purpose (entertainment expenses, etc.)	0.1	1.7
Dividend income that is not taxable for income tax purposes	(0.9)	(1.2)
Change in valuation allowance	(6.1)	(13.6)
Other	1.3	0.5
Effective tax rate	24.8%	17.8%

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
<b>Deferred tax assets:</b>			
Nondeductible reserve for possible loan losses	¥ 9,200	¥ 9,706	\$ 60,762
Net unrealized (gains) losses on available-for-sale securities	6,918	6,916	45,690
Write-down of securities	1,498	1,485	9,893
Carryforward tax loss	19	827	125
Other	4,420	4,176	29,192
Subtotal	22,056	22,392	145,670
Valuation allowance for carryforward tax loss	(19)	(20)	(125)
Valuation allowance for deductible temporary differences	(10,574)	(11,713)	(69,836)
Subtotal	(10,593)	(11,733)	(69,962)
Deferred tax assets	11,462	10,658	75,701
<b>Deferred tax liabilities:</b>			
Net defined benefit asset	(5,830)	(3,915)	(38,504)
(Gains) losses on retirement benefit trust	(218)	(298)	(1,439)
Net unrealized (gains) losses on available-for-sale securities	(216)	(263)	(1,426)
Other	(1,020)	(1,152)	(6,736)
Deferred tax liabilities	(7,286)	(5,630)	(48,120)
Net deferred tax assets (liabilities)	¥ 4,176	¥ 5,028	\$ 27,580

Note: As of March 31, 2024, valuation allowance decreased by ¥1,139 million (\$7,522 thousand). This decrease was due mainly to decreases in valuation allowances for debt-equity swaps and reserve for possible loan losses of the Bank in the amount of ¥656 million (\$4,332 thousand) and ¥487 million (\$3,216 thousand), respectively.

As of March 31, 2023, valuation allowance decreased by ¥695 million. 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.

Net amounts recorded in the consolidated balance sheets after offsetting by each taxable entity at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deferred tax assets	¥ 4,394	¥ 5,280	\$ 29,020
Deferred tax liabilities	217	251	1,433

## 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
	2024	2023	2024
Net unrealized gains (losses) on available-for-sale securities:			
Increase (decrease) during the year	¥ (6,253)	¥ (40,477)	\$ (41,298)
Reclassification adjustments	3,646	21,419	24,080
Subtotal before tax	(2,606)	(19,058)	(17,211)
Tax benefit (expense)	681	5,627	4,497
Net unrealized gains (losses) on available-for-sale securities	(1,925)	(13,430)	(12,713)
Net deferred gains (losses) on hedging instruments:			
Increase (decrease) during the year	(830)	(151)	(5,481)
Reclassification adjustments	627	355	4,141
Subtotal before tax	(203)	203	(1,340)
Tax benefit (expense)	61	(61)	402
Net deferred gains (losses) on hedging instruments	(141)	141	(931)
Remeasurements of defined benefit plans:			
Increase (decrease) during the year	6,872	(4,038)	45,386
Reclassification adjustments	(1,361)	(2,220)	(8,988)
Subtotal before tax	5,511	(6,259)	36,397
Tax benefit (expense)	(1,675)	1,902	(11,062)
Remeasurements of defined benefit plans	3,835	(4,356)	25,328
Total other comprehensive income (loss)	¥ 1,768	¥ (17,645)	\$ 11,676

## 20. Per share information

	Yen		U.S. dollars
	2024	2023	2024
Net assets per share	¥ 3,617.69	¥ 3,401.78	\$ 23,893
Basic earnings per share	229.70	59.83	1.51
Diluted earnings per share	229.52	59.78	1.51

(Note 1) The calculation of net assets per share as of March 31, 2024 and 2023 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Total net assets	¥ 238,113	¥ 223,792	\$ 1,572,637
Amount to be deducted from total net assets:	1,042	1,852	6,881
Subscription rights to shares	78	78	515
Non-controlling interests	964	1,774	6,366
Net assets attributable to common stock	237,070	221,940	1,565,748
Number of shares of common stock as of the fiscal year end used in computing net assets per share (thousands of shares)	65,530	65,242	-

(Note 2) The calculation of earnings per share for the years ended March 31, 2024 and 2023 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
<b>Basic earnings per share:</b>			
Profit attributable to owners of parent	¥ 15,020	¥ 3,924	\$ 99,200
Amount not attributable to common shareholders	-	-	-
Profit attributable to common shareholders of parent	15,020	3,924	99,200
Average number of shares of common stock during the term (thousands of shares)	65,392	65,587	-
<b>Diluted earnings per share:</b>			
Adjustment to profit attributable to owners of parent	-	-	-
Increase in number of shares of common stock (thousands of shares)	51	57	-
Subscription rights to shares (thousands of shares)	51	57	-
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, 2024 and 2023 was 172 thousand shares and 442 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, 2024 and 2023 was 305 thousand shares and 586 thousand shares, respectively.

## 21. Overdraft agreements and commitment line agreements

Overdraft 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 balances within the lending limits related to these agreements at March 31, 2024 and 2023 amounted to ¥487,583 million (\$3,220,282 thousand) and ¥453,568 million, respectively. Of this amount, those with terms of one year or less or that were unconditionally cancelable at any time totaled ¥390,096 million (\$2,576,421 thousand) and ¥370,062 million, respectively.

In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused balances within the lending limits 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.

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## 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, as with 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 the 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 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, 2024 and 2023 was ¥20,255 million (\$133,775 thousand) and ¥11,187 million, respectively, for interest rate risk and ¥8,866 million (\$58,556 thousand) and ¥13,992 million, respectively, for price fluctuation risk.

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, 2024 and 2023 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), securities sold under repurchase agreements 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 are also omitted.



Millions of yen				
2024				
	Carrying amount	Fair value	Unrealized gains (losses)	
Securities (*1):				
Held-to-maturity debt securities	¥ 7,090	¥ 7,089	¥	(0)
Available-for-sale securities	869,185	869,185		-
Loans and bills discounted	3,832,494			
Reserve for possible loan losses (*2)	(25,941)			
	3,806,552	3,799,786		(6,766)
Total assets	¥ 4,682,828	¥ 4,676,060	¥	(6,767)
Deposits	¥ 4,684,682	¥ 4,684,740	¥	57
Borrowed money	803,279	803,279		-
Total liabilities	¥ 5,487,962	¥ 5,488,019	¥	57
Derivative transactions (*3)				
Hedge accounting not applied	¥ 1,482	¥ 1,482	¥	-
Hedge accounting applied (*4)	(3,390)	(3,390)		-
Total derivative transactions	¥ (1,908)	¥ (1,908)	¥	-

(\*1) Securities include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

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

(\*3) 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.

(\*4) 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				
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.

Thousands of U.S. dollars			
<b>2024</b>			
	Carrying amount	Fair value	Unrealized gains (losses)
Securities (*1):			
Held-to-maturity debt securities	\$ 46,826	\$ 46,819	\$ (0)
Available-for-sale securities	5,740,604	5,740,604	-
Loans and bills discounted	25,312,026		
Reserve for possible loan losses (*2)	(171,329)		
	<b>25,140,690</b>	<b>25,096,004</b>	<b>(44,686)</b>
Total assets	\$ 30,928,128	\$ 30,883,429	\$ (44,693)
Deposits	\$ 30,940,373	\$ 30,940,756	\$ 376
Borrowed money	5,305,323	5,305,323	-
Total liabilities	\$ 36,245,703	\$ 36,246,080	\$ 376
Derivative transactions (*3)			
Hedge accounting not applied	\$ 9,787	\$ 9,787	\$ -
Hedge accounting applied (*4)	(22,389)	(22,389)	-
Total derivative transactions	\$ (12,601)	\$ (12,601)	\$ -

(\*1) Securities include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

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

(\*3) 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.

(\*4) 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.

Thousands of U.S. dollars			
Millions of yen			
	2024	2023	2024
Unlisted equity securities (*1) (*2)	¥ 1,351	¥ 1,653	\$ 8,922
Investments in partnerships (*3)	4,802	4,065	31,715

(\*1) Unlisted equity securities are not subject to disclosure of fair value based on Paragraph 5 of “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 ¥155 million (\$1,023 thousand) and ¥167 million for the years ended March 31, 2024 and 2023, respectively.

(\*3) Investments in partnerships are not subject to disclosure of fair value based on Paragraph 24-16 of “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							
2024							
	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:	¥ 30,946	¥ 128,386	¥ 86,099	¥ 58,710	¥ 154,257	¥ 257,597	
Held-to-maturity debt securities:	1,700	-	800	-	4,590	-	
Local government bonds	-	-	-	-	4,590	-	
Corporate bonds	1,700	-	800	-	-	-	
Available-for-sale securities with contract maturities, of which:	29,246	128,386	85,299	58,710	149,667	257,597	
Japanese government bonds	-	-	31,773	6,356	85,580	120,083	
Local government bonds	6,884	69,751	20,579	40,768	14,998	3,241	
Corporate bonds	7,228	21,699	18,923	10,634	197	94,708	
Other	15,133	36,935	14,023	951	48,891	39,563	
Foreign bonds	15,133	36,935	14,023	951	48,891	39,563	
Loans and bills discounted (*)	825,149	696,898	467,900	396,056	464,691	891,751	
Total	¥ 856,095	¥ 825,284	¥ 554,000	¥ 454,767	¥ 618,948	¥ 1,149,349	

(\*) Loans and bills discounted at March 31, 2024 do not include ¥67,439 million of those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers whose repayment schedules cannot be estimated and ¥22,605 million of those which have non-defined maturities.

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.

Thousands of U.S. dollars							
2024							
	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:	\$ 204,385	\$ 847,936	\$ 568,648	\$ 387,755	\$ 1,018,803	\$ 1,701,320	
Held-to-maturity debt securities:	11,227	-	5,283	-	30,315	-	
Local government bonds	-	-	-	-	30,315	-	
Corporate bonds	11,227	-	5,283	-	-	-	
Available-for-sale securities with contract maturities, of which:	193,157	847,936	563,364	387,755	988,488	1,701,320	
Japanese government bonds	-	-	209,847	41,978	565,220	793,098	
Local government bonds	45,465	460,676	135,915	269,255	99,055	21,405	
Corporate bonds	47,737	143,312	124,978	70,233	1,301	625,506	
Other	99,947	243,940	92,616	6,280	322,904	261,297	
Foreign bonds	99,947	243,940	92,616	6,280	322,904	261,297	
Loans and bills discounted (*)	5,449,765	4,602,721	3,090,284	2,615,784	3,069,090	5,889,644	
Total	\$ 5,654,150	\$ 5,450,657	\$ 3,658,939	\$ 3,003,546	\$ 4,087,893	\$ 7,590,971	

(\*) Loans and bills discounted at March 31, 2024 do not include \$445,406 thousand of those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers whose repayment schedules cannot be estimated and \$149,296 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						
2024						
	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)	¥ 4,393,865	¥ 184,507	¥ 46,981	¥ -	¥ -	¥ -
Borrowed money	802,582	562	124	11	-	-
Total	¥ 5,196,447	¥ 185,069	¥ 47,105	¥ 11	¥ -	¥ -

(\*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						
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	¥ 4,811,371	¥ 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.

Thousands of U.S. dollars						
2024						
	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)	\$ 29,019,648	\$ 1,218,591	\$ 310,289	\$ -	\$ -	\$ -
Borrowed money	5,300,719	3,711	818	72	-	-
Total	\$ 34,320,368	\$ 1,222,303	\$ 311,108	\$ 72	\$ -	\$ -

(\*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						
	2024						
	Fair value						
	Level 1		Level 2		Level 3		Total
Securities:							
Available-for-sale securities							
Japanese government bonds	¥	243,792	¥	-	¥	-	¥ 243,792
Local government bonds		-		156,224		-	156,224
Corporate bonds		-		124,018		29,372	153,391
Equity securities		28,337		2,125		-	30,462
Other (*)		86,211		197,666		836	284,714
Derivative transactions:							
Currency related		-		3,430		-	3,430
Total assets	¥	358,341	¥	483,465	¥	30,208	¥ 872,015
Derivative transactions:							
Currency related	¥	-	¥	5,338	¥	-	¥ 5,338
Total liabilities	¥	-	¥	5,338	¥	-	¥ 5,338

(\*) "Other" does not include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021). The carrying amount of the investment trusts to which the treatment in Paragraph 24-9 is applied was ¥600 million.

	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

	Thousands of U.S. dollars				
	2024				
	Fair value				
	Level 1	Level 2	Level 3	Total	
Securities:					
Available-for-sale securities					
Japanese government bonds	\$ 1,610,144	\$ -	\$ -	\$	1,610,144
Local government bonds	-	1,031,794	-		1,031,794
Corporate bonds	-	819,087	193,989		1,013,083
Equity securities	187,154	14,034	-		201,188
Other (*)	569,387	1,305,501	5,521		1,880,417
Derivative transactions:					
Currency related	-	22,653	-		22,653
Total assets	\$ 2,366,693	\$ 3,193,085	\$ 199,511	\$	5,759,295
Derivative transactions:					
Currency related	\$ -	\$ 35,255	\$ -	\$	35,255
Total liabilities	\$ -	\$ 35,255	\$ -	\$	35,255

(\*) "Other" does not include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021). The carrying amount of the investment trusts to which the treatment in Paragraph 24-9 is applied was \$3,962 thousand.

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

	Millions of yen						
	2024						
	Fair value						
	Level 1		Level 2		Level 3		Total
Securities:							
Held-to-maturity debt securities							
Local government bonds	¥	-	¥	4,598	¥	-	¥ 4,598
Corporate bonds		-		2,490		-	2,490
Loans and bills discounted		-		-		3,799,786	3,799,786
Total assets	¥	-	¥	7,089	¥	3,799,786	¥ 3,806,875
Deposits	¥	-	¥	4,684,740	¥	-	¥ 4,684,740
Borrowed money		-		803,279		-	803,279
Total liabilities	¥	-	¥	5,488,019	¥	-	¥ 5,488,019

	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

Thousands of U.S. dollars					
2024					
Fair value					
	Level 1	Level 2	Level 3	Total	
Securities:					
Held-to-maturity debt securities					
Local government bonds	\$ -	\$ 30,367	\$ -	\$	30,367
Corporate bonds	-	16,445	-		16,445
Loans and bills discounted	-	-	25,096,004		25,096,004
Total assets	\$ -	\$ 46,819	\$ 25,096,004	\$	25,142,824
Deposits	\$ -	\$ 30,940,756	\$ -	\$	30,940,756
Borrowed money	-	5,305,323	-		5,305,323
Total liabilities	\$ -	\$ 36,246,080	\$ -	\$	36,246,080

(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 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. 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, 2024**

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	0.5%-1.6%	0.7%

##### **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%

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

##### **March 31, 2024**

	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, 2024 recognized in profit or loss
		Included in profit or loss (*1)	Included in other comprehensive income (*2)					
Securities								
Corporate bonds	¥ 32,029	¥ 0	¥ 71	¥ (2,727)	¥ -	¥ -	¥ 29,372	¥ -
Other	2,119	-	196	(1,479)	-	-	836	-

(\*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 consolidated statements of comprehensive income.



### 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 consolidated statements of comprehensive income.

### March 31, 2024

	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, 2024 recognized in profit or loss
		Included in profit or loss (*1)	Included in other comprehensive income (*2)					
Securities								
Corporate bonds	\$ 211,538	\$ 0	\$ 468	\$ (18,010)	\$ -	\$ -	\$ 193,989	\$ -
Other	13,995	-	1,294	(9,768)	-	-	5,521	-

(\*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 consolidated 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 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 as of March 31, 2024 and 2023 and the gains and losses recognized in the consolidated statements of income for the years then ended 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							
	2024				2023			
	Contract amount				Contract amount			
	Total	Over one year	Fair value	Recognized gain (loss)	Total	Over one year	Fair value	Recognized gain (loss)
Currency swaps	¥ 1,251,748	¥ 1,190,601	¥ 2,128	¥ 2,128	¥ 1,395,277	¥ 1,171,942	¥ 1,963	¥ 1,963
Forward foreign exchanges:								
Sell	90,920	-	(767)	(767)	62,570	-	(939)	(939)
Buy	2,678	-	121	121	5,111	-	10	10
Total	-	-	¥ 1,482	¥ 1,482	-	-	¥ (1,035)	¥ (1,035)

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

	Thousands of U.S. dollars			
	2024			
	Contract amount			
	Total	Over one year	Fair value	Recognized gain (loss)
Currency swaps	\$ 8,267,274	\$ 7,863,423	\$ 14,054	\$ 14,054
Forward foreign exchanges:				
Sell	600,488	-	(5,065)	(5,065)
Buy	17,687	-	799	799
Total	-	-	\$ (9,787)	\$ (9,787)

Note: 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:

Hedge accounting method	Type	Major hedged items	Millions of yen		
			2024		
			Contract amount		
			Total	Over one year	Fair value
Fundamental method	Currency swaps:	Foreign currency denominated loans, securities	¥ 14,381	¥ 13,326	¥ (3,390)

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).

Hedge accounting method	Type	Major hedged items	Millions of yen		
			2023		
			Contract amount		
			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).

Hedge accounting method	Type	Major hedged items	Thousands of U.S. dollars		
			2024		
			Contract amount		
			Total	Over one year	Fair value
Fundamental method	Currency swaps:	Foreign currency denominated loans, securities	\$ 94,980	\$ 88,012	\$ (22,389)

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. Business combinations

Year ended March 31, 2024

Transactions under common control

Additional acquisition of shares of consolidated subsidiary by the Bank

### 1. Outline of the transaction

#### (1) Name and business of the company subject to the business combination

Name	Business
The Kiyo Lease Co., Ltd.	Lease business

#### (2) Effective date of the business combination

September 25, 2023

#### (3) Legal form of the business combination

Share acquisition from non-controlling shareholders

#### (4) Company name following the business combination

The company name has not been changed following the business combination.

#### (5) Other matters about the transaction outline

Under the circumstances where customer needs have become more diversified and sophisticated, the Bank acquired shares of The Kiyo Lease Co., Ltd. held by non-controlling shareholders for the purpose of strengthening its comprehensive financial services as the Group. As a result, the ratio of the Bank's voting rights in The Kiyo Lease Co., Ltd. increased to 100%. Taking this opportunity, the Bank is working to enhance its corporate value by promoting group-wide management swiftly and effectively.

### 2. Outline of accounting treatment applied

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the transaction was treated as a transaction with non-controlling shareholders among transactions under common control.

### 3. Matters on additional acquisition of the subsidiary's shares

Breakdown of acquisition cost and consideration by type

	Millions of yen	Thousands of U.S. dollars
Consideration paid for acquisition:		
Cash and due from banks	¥ 75	\$ 495
Acquisition cost	¥ 75	\$ 495

### 4. Matters on changes in interests of the Bank related to the transactions with non-controlling shareholders

#### (1) Reason for changes in capital surplus

Additional acquisition of the subsidiary's shares

#### (2) Amount of increase in capital surplus due to the transactions with non-controlling shareholders

¥772 million (\$5,098 thousand)

Year ended March 31, 2023

There were no items to be reported.

## 25. Disaggregation of revenue from contracts with customers

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Income:	¥ 84,782	¥ 84,449	\$ 559,949
Of which, fees and commissions:	17,528	16,762	115,765
Deposit-taking and lending business	6,344	5,972	41,899
Sales business of investment trust and insurance	4,290	3,450	28,333
Foreign exchanges business	2,351	2,361	15,527
Guarantee business	694	787	4,583
Other	3,847	4,190	25,407

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

## 26. 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, 2024 was as follows:

	Millions of yen				
	2024				
	Banking business	Other business	Total	Reconciliation	Consolidated
Ordinary income:					
Outside customers	¥ 73,299	¥ 11,483	¥ 84,782	¥ -	¥ 84,782
Intersegment	771	1,699	2,471	(2,471)	-
Total	74,071	13,182	87,254	(2,471)	84,782
Segment profit	18,319	2,251	20,570	(434)	20,136
Segment assets	5,824,981	49,988	5,874,970	(43,591)	5,831,379
Segment liabilities	5,603,020	29,889	5,632,910	(39,643)	5,593,266
Others					
Depreciation	¥ 2,658	¥ 224	¥ 2,882	¥ -	¥ 2,882
Interest income	46,717	37	46,754	(514)	46,240
Interest expense	5,606	61	5,668	(61)	5,607
Gain on disposal of fixed assets	35	-	35	-	35
Loss on disposal of fixed assets	71	0	71	-	71
Impairment loss on fixed assets	66	-	66	-	66
Income taxes	4,255	721	4,976	-	4,976
Increase in tangible and intangible fixed assets	4,030	73	4,103	-	4,103

- 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, job referral services, clerical work agency industry, leasing business, 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 ¥(2,471) million represents intersegment elimination.  
 (2) "Reconciliation" of "Segment profit" in the amount of ¥(434) million represents intersegment elimination.  
 (3) "Reconciliation" of "Segment assets" in the amount of ¥(43,591) million represents intersegment elimination.  
 (4) "Reconciliation" of "Segment liabilities" in the amount of ¥(39,643) million represents intersegment elimination.  
 (5) "Reconciliation" of "Interest income" in the amount of ¥(514) million represents intersegment elimination.  
 (6) "Reconciliation" of "Interest expense" in the amount of ¥(61) 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, 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, 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.

Thousands of U.S. dollars					
2024					
	Banking business	Other business	Total	Reconciliation	Consolidated
Ordinary income:					
Outside customers	\$ 484,109	\$ 75,840	\$ 559,949	\$ -	\$ 559,949
Intersegment	5,092	11,221	16,319	(16,319)	-
Total	489,208	87,061	576,276	(16,319)	559,949
Segment profit	120,989	14,866	135,856	(2,866)	132,989
Segment assets	38,471,573	330,149	38,801,730	(287,900)	38,513,829
Segment liabilities	37,005,613	197,404	37,203,024	(261,825)	36,941,192
Others					
Depreciation	\$ 17,554	\$ 1,479	\$ 19,034	\$ -	\$ 19,034
Interest income	308,546	244	308,790	(3,394)	305,395
Interest expense	37,025	402	37,434	(402)	37,031
Gain on disposal of fixed assets	231	-	231	-	231
Loss on disposal of fixed assets	468	0	468	-	468
Impairment loss on fixed assets	435	-	435	-	435
Income taxes	28,102	4,761	32,864	-	32,864
Increase in tangible and intangible fixed assets	26,616	482	27,098	-	27,098

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, job referral services, clerical work agency industry, leasing business, 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 \$(16,319) thousands represents intersegment elimination.  
(2) "Reconciliation" of "Segment profit" in the amount of \$(2,866) thousand represents intersegment elimination.  
(3) "Reconciliation" of "Segment assets" in the amount of \$(287,900) thousand represents intersegment elimination.  
(4) "Reconciliation" of "Segment liabilities" in the amount of \$(261,825) thousand represents intersegment elimination.  
(5) "Reconciliation" of "Interest income" in the amount of \$(3,394) thousand represents intersegment elimination.  
(6) "Reconciliation" of "Interest expense" in the amount of \$(402) 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					
2024					
	Loan services	Securities investment	Other	Total	
Ordinary income:					
Outside customers	¥ 45,181	¥ 12,867	¥ 26,734	¥ 84,782	

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

Thousands of U.S. dollars					
2024					
	Loan services	Securities investment	Other	Total	
Ordinary income:					
Outside customers	\$ 298,401	\$ 84,981	\$ 176,566	\$ 559,949	

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		
	<b>2024</b>		
	Banking business	Other business	Total
Impairment loss on fixed assets	¥ 66	¥ -	¥ 66

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

	Thousands of U.S. dollars		
	<b>2024</b>		
	Banking business	Other business	Total
Impairment loss on fixed assets	\$ 435	\$ -	\$ 435

**(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, 2024 and 2023.



## 27. Related party transactions

Significant transactions with the directors of the Bank or major shareholders for the years ended March 31, 2024 and 2023 were as follows:

### Year ended March 31, 2024

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 3)	Production of cardboard boxes	Held 0.06%, directly	Loans	Loan (Note 1)	¥ (18)	Loans and bills discounted	¥ 154

\*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. Mr. Yasuhiko Akira, a senior managing executive officer of the Bank, directly owns 100% of the voting rights of this company.
3. 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 (Millions of yen)	Account	Outstanding balance (Millions of yen)
*1	Akira Danbooru Kogyo Co., Ltd. (Notes 2 and 4)	Production of cardboard boxes	Held 0.06%, directly	Loans	Loan (Note 1)	¥ (17)	Loans and bills discounted	¥ 172
	MORI KEN CO., LTD. (Notes 3, 4 and 5)	Construction	Held 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, 2024

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 3)	Production of cardboard boxes	Held 0.06%, directly	Loans	Loan (Note 1)	\$ (118)	Loans and bills discounted	\$ 1,017

\*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. Mr. Yasuhiko Akira, a senior managing executive officer of the Bank, directly owns 100% of the voting rights of this company.
3. The Bank took out a revolving mortgage on its real estate to secure the loans.

## Information about parent company or significant affiliates

Years ended March 31, 2024 and 2023

Not applicable

## 28. Subsequent events

There were no significant subsequent events to be noted.