
***The Juroku Financial Group, Inc.
and Consolidated Subsidiaries***

*Consolidated Financial Statements
for the Year Ended March 31, 2024*

The Juroku Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Balance Sheet

March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2024</u>	<u>2023</u>	<u>2024</u>
ASSETS:			
Cash and due from banks (Note 4)	¥ 973,943	¥ 751,947	\$ 6,432,488
Call loans and bills bought	-	35,000	-
Trading securities (Notes 5 and 26)	9	84	59
Money held in trust (Note 6)	13,225	11,312	87,346
Securities (Notes 5, 7, 11, 12 and 26)	1,473,330	1,464,507	9,730,731
Loans and bills discounted (Notes 7, 12, 26 and 27)	4,838,415	4,695,448	31,955,716
Foreign exchanges (Notes 7 and 8)	6,225	7,027	41,114
Lease receivables and investments in leases (Notes 7 and 25)	55,455	53,512	366,258
Other assets (Notes 7, 9, 12, 26 and 28)	95,487	103,728	630,652
Premises and equipment (Note 10)	57,558	57,370	380,147
Goodwill	2,741	3,193	18,103
Intangible assets	4,673	4,099	30,863
Asset for retirement benefits for employees (Note 16)	23,822	13,195	157,334
Deferred tax assets (Note 24)	318	214	2,100
Customers' liabilities for acceptances and guarantees (Notes 7 and 11)	13,056	14,110	86,229
Allowance for loan losses (Notes 3 and 26)	(23,218)	(24,189)	(153,345)
Total Assets	<u>¥7,535,039</u>	<u>¥7,190,557</u>	<u>\$ 49,765,795</u>

The Juroku Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Balance Sheet

March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2024</u>	<u>2023</u>	<u>2024</u>
LIABILITIES AND EQUITY:			
Liabilities:			
Deposits (Notes 12, 13 and 26)	¥6,388,735	¥6,266,981	\$ 42,194,934
Negotiable certificates of deposit (Note 26)	13,000	13,000	85,860
Payables under repurchase agreements (Notes 12 and 26)	96,567	97,835	637,785
Payables under securities lending transactions (Note 12)	122,476	-	808,903
Borrowed money (Notes 12, 14 and 26)	346,327	329,501	2,287,346
Foreign exchanges (Note 8)	1,110	1,725	7,331
Borrowed money from trust account (Note 12)	169	38	1,116
Other liabilities (Notes 15, 17, 25, 26 and 28)	63,173	55,581	417,231
Liability for retirement benefits for employees (Note 16)	5,572	5,933	36,801
Provision required under the Special Act	17	11	112
Deferred tax liabilities (Note 24)	27,647	6,880	182,597
Deferred tax liabilities for land revaluation surplus	6,401	6,401	42,276
Acceptances and guarantees (Note 11)	13,055	14,110	86,223
Total Liabilities	<u>7,084,249</u>	<u>6,797,996</u>	<u>46,788,515</u>
Commitments and Contingent Liabilities (Note 27)			
Equity (Notes 18, 19 and 32):			
Common stock: authorized, 80,000,000 shares in 2024 and 2023; issued, 37,924,134 shares in 2024 and 2023	36,000	36,000	237,765
Capital surplus	60,961	61,818	402,622
Retained earnings	266,177	251,974	1,757,988
Treasury stock—at cost, 1,429,087 shares in 2024 and 1,343,278 shares in 2023	(3,561)	(3,068)	(23,519)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 5)	65,214	28,882	430,712
Deferred gain on derivatives under hedge accounting	2,275	117	15,025
Land revaluation surplus	12,453	12,453	82,247
Defined retirement benefit plans (Note 16)	7,151	548	47,229
Total	<u>446,670</u>	<u>388,724</u>	<u>2,950,069</u>
Noncontrolling interests	4,120	3,837	27,211
Total Equity	<u>450,790</u>	<u>392,561</u>	<u>2,977,280</u>
Total Liabilities and Equity	<u>¥7,535,039</u>	<u>¥7,190,557</u>	<u>\$ 49,765,795</u>

See notes to consolidated financial statements.

The Juroku Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Statement of Income Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Income:			
Interest on:			
Loans and discounts	¥ 38,514	¥ 38,150	\$ 254,369
Securities	18,929	13,947	125,018
Other	2,067	1,800	13,652
Trust fees	4	1	26
Fees and commissions	24,727	24,321	163,312
Other operating income (Note 20)	30,303	29,851	200,139
Other income (Note 21)	<u>14,292</u>	<u>4,615</u>	<u>94,392</u>
Total income (Note 31)	<u>128,836</u>	<u>112,685</u>	<u>850,908</u>
Expenses:			
Interest on:			
Deposits	152	165	1,004
Borrowings and re-discounts	399	277	2,635
Payables under repurchase agreements	6,043	2,308	39,911
Other	23	19	152
Fees and commissions	6,136	5,574	40,526
Other operating expenses (Note 5)	42,696	32,896	281,989
General and administrative expenses (Note 22)	44,072	42,239	291,077
Allowance for loan losses	708	1,482	4,676
Impairment loss on long-lived assets	12	150	79
Other expenses (Note 23)	<u>793</u>	<u>579</u>	<u>5,238</u>
Total expenses	<u>101,034</u>	<u>85,689</u>	<u>667,287</u>
Income before Income Taxes	<u>27,802</u>	<u>26,996</u>	<u>183,621</u>
Income Taxes (Note 24):			
Current	6,870	7,058	45,374
Deferred	<u>1,412</u>	<u>1,178</u>	<u>9,326</u>
Total Income Taxes	<u>8,282</u>	<u>8,236</u>	<u>54,700</u>
Net Income	19,520	18,760	128,921
Net Income Attributable to Noncontrolling Interests	<u>202</u>	<u>130</u>	<u>1,334</u>
Net Income Attributable to Owners of the Parent	<u>¥ 19,318</u>	<u>¥ 18,630</u>	<u>\$ 127,587</u>
	Yen		U.S. Dollars
Per Share of Common Stock (Notes 2.t and 30):			
Basic net income	¥530.55	¥505.78	\$3.50
Diluted net income	-	505.44	-
Cash dividends applicable to the year—common stock	160.00	130.00	1.06

See notes to consolidated financial statements.

The Juroku Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Net income	<u>¥ 19,520</u>	<u>¥ 18,760</u>	<u>\$ 128,921</u>
Other Comprehensive Income (Loss) (Note 29):			
Unrealized gain (loss) on available-for-sale securities	36,332	(20,306)	239,958
Deferred gain (loss) on derivatives under hedge accounting	2,158	117	14,253
Defined retirement benefit plans	<u>6,604</u>	<u>(2,793)</u>	<u>43,616</u>
Total other comprehensive income (loss)	<u>45,094</u>	<u>(22,982)</u>	<u>297,827</u>
Comprehensive Income (Loss)	<u>¥ 64,614</u>	<u>¥ (4,222)</u>	<u>\$ 426,748</u>
Total Comprehensive Income (Loss)			
Attributable to:			
Owners of the parent	¥ 64,412	¥ (4,352)	\$ 425,414
Noncontrolling interests	202	130	1,334

See notes to consolidated financial statements.

The Juroku Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity Year Ended March 31, 2024

	Thousands	Millions of Yen											
	Outstanding Number of Shares of Common Stock	Accumulated Other Comprehensive Income											
		Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available- for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
Balance at April 1, 2022	36,921	¥36,000	¥61,807	¥180	¥238,135	¥(2,221)	¥49,189	¥ -	¥12,468	¥3,341	¥398,899	¥3,705	¥ 402,604
Net income attributable to owners of the parent					18,630						18,630		18,630
Cash dividends, ¥130.00 per share of common stock					(4,807)						(4,807)		(4,807)
Transfer of land revaluation surplus					16						16		16
Purchase of treasury stock	(461)					(1,115)					(1,115)		(1,115)
Disposal of treasury stock	121		11			268					279		279
Net change in the year				(180)			(20,307)	117	(15)	(2,793)	(23,178)	132	(23,046)
Balance at April 1, 2023	36,581	¥ 36,000	¥61,818	¥ -	¥ 251,974	¥ (3,068)	¥28,882	¥ 117	¥12,453	¥ 548	¥ 388,724	¥ 3,837	¥ 392,561
Net income attributable to owners of the parent					19,318						19,318		19,318
Cash dividends, ¥140.00 per share of common stock					(5,115)						(5,115)		(5,115)
Purchase of treasury stock	(462)					(1,429)					(1,429)		(1,429)
Disposal of treasury stock	376		(857)			936					79		79
Net change in the year							36,332	2,158		6,603	45,093	283	45,376
Balance at March 31, 2024	36,495	¥ 36,000	¥60,961	¥ -	¥ 266,177	¥ (3,561)	¥65,214	¥2,275	¥12,453	¥7,151	¥ 446,670	¥ 4,120	¥ 450,790

The Juroku Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity Year Ended March 31, 2024

	Thousands of U.S. Dollars (Note 1)											
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
						Unrealized Gain on Available- for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Land Revaluation Surplus	Defined Retirement Benefit Plans			
Balance at April 1, 2023	\$ 237,765	\$ 408,282	\$ -	\$ 1,664,183	\$ (20,263)	\$ 190,754	\$ 773	\$ 82,247	\$ 3,619	\$ 2,567,360	\$ 25,342	\$ 2,592,702
Net income attributable to owners of the parent				127,587						127,587		127,587
Cash dividends, \$0.92 per share of common stock				(33,782)						(33,782)		(33,782)
Purchase of treasury stock					(9,438)					(9,438)		(9,438)
Disposal of treasury stock		(5,660)			6,182					522		522
Net change in the year						239,958	14,252		43,610	297,820	1,869	299,689
Balance at March 31, 2024	<u>\$ 237,765</u>	<u>\$ 402,622</u>	<u>\$ -</u>	<u>\$ 1,757,988</u>	<u>\$ (23,519)</u>	<u>\$ 430,712</u>	<u>\$ 15,025</u>	<u>\$ 82,247</u>	<u>\$ 47,229</u>	<u>\$ 2,950,069</u>	<u>\$ 27,211</u>	<u>\$ 2,977,280</u>

See notes to consolidated financial statements.

The Juroku Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2024</u>	<u>2023</u>	<u>2024</u>
OPERATING ACTIVITIES:			
Income before income taxes	¥ 27,802	¥ 26,996	\$ 183,621
Adjustments for:			
Income taxes—paid	(7,169)	(7,915)	(47,348)
Income taxes—refund	1,238	940	8,176
Depreciation	3,275	3,038	21,630
Impairment loss on long-lived assets	12	150	79
Interest income recognized in consolidated statements of income	(59,511)	(53,897)	(393,045)
Interest expense recognized in consolidated statements of income	6,616	2,769	43,696
Net loss on securities	949	4,148	6,268
Unrealized gain on derivatives	(6,047)	(959)	(39,938)
Net decrease in allowance for loan losses	(972)	(1,620)	(6,419)
Net increase in asset for retirement benefits for employees	(1,434)	(3,027)	(9,471)
Net decrease in liability for retirement benefits for employees	(130)	(174)	(859)
Net increase in provision required under the Special Act	6	3	40
Net increase in loans	(142,967)	(173,623)	(944,238)
Net increase in deposits	121,754	41,689	804,135
Net decrease in negotiable certificates of deposit	-	(1,000)	-
Net increase (decrease) in borrowed money (excluding subordinated loans)	16,825	(1,076,296)	111,122
Net (increase) decrease in due from banks (excluding cash equivalents)	(1,106)	440	(7,304)
Net (decrease) increase in call loans and others	35,000	(35,000)	231,160
Net decrease in call money and others	(1,267)	(35,913)	(8,368)
Net (decrease) increase in money held in trust	(1,913)	300	(12,635)
Net increase (decrease) in payables under securities lending transactions	122,476	(87,538)	808,903
Net (decrease) increase in lease receivables and investments in leases	(1,943)	1,032	(12,833)
Net increase in borrowed money from trust account	131	38	865
Interest income—cash basis	59,071	54,232	390,139
Interest expense—cash basis	(6,526)	(2,697)	(43,102)
Other—net	(7,401)	(25,324)	(48,880)
Total adjustments	<u>128,967</u>	<u>(1,396,204)</u>	<u>851,773</u>
Net cash provided by (used in) operating activities— (Forward)	<u>¥ 156,769</u>	<u>¥(1,369,208)</u>	<u>\$1,035,394</u>

The Juroku Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Net cash provided by (used in) operating activities—(Forward)	¥ 156,769	¥ (1,369,208)	\$1,035,394
INVESTING ACTIVITIES:			
Purchases of securities	(217,174)	(313,959)	(1,434,344)
Proceeds from sales of securities	205,657	236,427	1,358,279
Proceeds from maturities of securities	86,328	71,868	570,160
Purchases of premises and equipment	(2,082)	(1,003)	(13,751)
Purchases of intangible assets	(2,166)	(1,568)	(14,305)
Proceeds from sales of premises and equipment	133	121	878
Other—net	(38)	(70)	(250)
Net cash provided by (used in) investing activities	<u>70,658</u>	<u>(8,184)</u>	<u>466,667</u>
FINANCING ACTIVITIES:			
Proceeds from sales of treasury stock	0	0	0
Acquisition of treasury stock	(1,429)	(1,115)	(9,438)
Dividends paid	<u>(5,115)</u>	<u>(4,807)</u>	<u>(33,782)</u>
Net cash used in financing activities	<u>(6,544)</u>	<u>(5,922)</u>	<u>(43,220)</u>
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	<u>8</u>	<u>5</u>	<u>52</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	220,891	(1,383,309)	1,458,893
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>747,378</u>	<u>2,130,687</u>	<u>4,936,121</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 4)	<u>¥ 968,269</u>	<u>¥ 747,378</u>	<u>\$6,395,014</u>

See notes to consolidated financial statements.

The Juroku Financial Group, Inc. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements *Year Ended March 31, 2024*

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and the Enforcement Regulation for the Banking Law, and in accordance with accounting principles generally accepted in Japan (Japanese GAAP), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Juroku Financial Group, Inc. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥151.41 to \$1, the approximate rate of exchange at March 31, 2024. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation

The consolidated financial statements as of March 31, 2024, include the accounts of the Company and its 11 significant subsidiaries, including Juroku Bank, Ltd.; Juroku Research Institute Co., Ltd.; Juroku Card Co., Ltd.; Juroku Lease Co., Ltd.; Juroku Densan Digital Service Co., Ltd.; NOBUNAGA Capital Village Co., Ltd.; Juroku Business Service Co., Ltd.; Juroku Credit Guarantee Co., Ltd.; Juroku Tokai Tokyo Securities Co., Ltd. ("Juroku TT Securities"); Kanda Machi Okoshi Co., Ltd. and NOBUNAGA Succession Inc. (together, the "Group").

Due to the establishment of NOBUNAGA Succession Inc., it is included in the scope of consolidation from the fiscal year ended March 31, 2024.

Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in 9 unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The number of other companies that were not made affiliates even though the Company owned 20% or more but not more than 50% of the voting rights of such other companies on its own account is one. Such companies are not considered to be affiliates because a non-consolidated subsidiary that is engaged in investment business, etc. owns shares as part of business transaction for the purpose of acquiring capital gains by investment and fostering, not for the purpose of making them subsidiaries.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over a period of 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Group have been eliminated in consolidation.

The balance sheet date for all consolidated subsidiaries is the end of March for each year, which is consistent with the balance sheet date of the Group.

b. Business Combinations

Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interests is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interests are adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

c. Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

d. Trading Securities

Trading securities are stated at fair value and the related unrealized gains and losses are included in earnings. The cost of trading securities sold is determined based on the moving-average method.

e. Securities

Securities other than trading securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost and (2) available-for-sale securities, which are not classified as held-to-maturity, are reported at fair value with unrealized gains and losses, net of applicable taxes, and are reported in a separate component of equity. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For declines in fair value that are not recoverable, securities are reduced to net realizable value by a charge to income.

Securities included in money held in trust for trading purposes are stated at fair value, and the related unrealized gains and losses are included in earnings. Securities included in money held in trust for other purposes are accounted for by the same method as the above
(2) available-for-sale securities.

f. Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment of the Company, except for leased assets, is computed using the declining-balance method over the estimated useful lives of the assets.

The range of useful lives is principally from 15 to 50 years for buildings and from 4 to 20 years for other premises and equipment.

Depreciation of lease assets from finance lease transactions that do not deem to transfer ownership of the leased property to the lessee is computed using the straight-line method over the leasing period. Residual values of lease assets are the guaranteed values determined in the lease contracts or zero for assets without such guaranteed value.

Under certain conditions, such as exchanges of premises and equipment for similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. The deferred gain on premises and equipment resulting from the reduction of the cost of the assets acquired, which is taxable for tax purposes in the future, was ¥983 million (\$6,492 thousand) and ¥983 million as of March 31, 2024 and 2023, respectively.

g. Long-Lived Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. Land Revaluation

Under the "Law of Land Revaluation," the Company elected a one-time revaluation of its consolidated subsidiary's land operating as Bank to a value based on real estate appraisal information as of March 31, 1998.

The resulting land revaluation surplus represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly, such that the amount of the decline in value should be removed from the land revaluation surplus account and related deferred tax liabilities.

The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥11,507 million (\$75,999 thousand) and ¥12,595 million as of March 31, 2024 and 2023, respectively.

i. Intangible Assets

Amortization of intangible assets is calculated using the straight-line method.

Amortization cost of software for internal use is calculated using the straight-line method over the estimated useful life, principally, five years.

j. Allowance for Loan Losses

The Company's consolidated subsidiaries implemented a self-assessment system for their asset quality. The quality of all loans is assessed by the related lending division with a subsequent audit by the asset audit division in accordance with the Company's policies and rules for self-assessment of asset quality.

The Company has established a credit rating system under which the customers are classified into five categories such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy." The credit rating system is used for the self-assessment of asset quality.

With respect to loans to customers who are likely to become bankrupt or to be closely monitored and caution loans with equivalent credit risk, which are classified within normal and caution loans (hereinafter, "loans to customers who are likely to become bankrupt or to be closely monitored, etc.") the allowance for loan losses is calculated based on the projected future losses for the following three years, whilst for other loans, for the following one year. The projected future losses are calculated by group (i.e., residential loans and non-residential loans) for loans to customers who are likely to become bankrupt or to be closely monitored, etc. and other loans based on the loss ratios, which are based on the average of actual past loss ratios for the past three years and one year, respectively. For loans such as possible bankruptcy, the allowance for loan losses is calculated based on an amount deemed necessary to cover possible losses on loans considering the customer's solvency and other factors after the estimated fair value of the collateral real estate

or guaranteed amount has been deducted. For loans such as virtual bankruptcy or legal bankruptcy, the allowance for loan losses is calculated based upon the loan amount after the estimated fair value of the collateral real estate or guaranteed amount has been deducted.

For loans to possible bankruptcy customers and customers who are likely to become bankrupt or to be closely monitored, the discounted cash flow method is applied to calculate the loss provision. In these circumstances, the reserve is determined as the difference between the book value of the loan and the present value of future cash flows, which are discounted using the contractual interest rate in the case that future cash flows of the principal and interest can be reasonably estimated.

k. *Liability for Retirement Benefits*

The Company has a contributory funded defined benefit pension plan, lump-sum payment severance plan, and defined contribution pension plan for employees, and certain subsidiaries have lump-sum payment severance plans for employees and apply the simplified method to state the liability based on the amount that should be paid if employees retired at the consolidated balance sheet date.

The liability for retirement benefits is based on projected benefit obligations and plan assets at the end of the fiscal year. The projected benefit obligations are attributed to periods on a benefit formula basis. Past service costs are recognized in profit or loss as incurred over three years within the expected average remaining service period of the employees. Actuarial gains and losses that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income) after adjusting for tax effects and are recognized in profit or loss over 10 years, no longer than the expected average remaining service period of the employees starting in the fiscal year following the occurrence of such differences.

Retirement benefits to directors and Audit & Supervisory Board members of consolidated subsidiaries are provided at the amount that would be required if all directors and Audit & Supervisory Board members retired at the consolidated balance sheet date based on internal policies.

l. *Stock Options*

The cost of stock options is measured based on fair value on the date of grant and is recognized as compensation expense over the vesting period as consideration for receiving goods or services. In the consolidated balance sheet, the stock options are presented as stock acquisition rights as a separate component of equity until exercised.

m. *Leases*

In regard to finance leases, sales and cost of sales are recognized when lease payments are received.

All other leases are accounted for as operating leases.

n. *Provision for Losses from Reimbursement of Inactive Accounts*

The provision for losses from reimbursement of inactive accounts, which are derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

o. *Provision for Contingent Losses*

The Company provides a provision for contingent losses not covered by other provisions in an amount deemed necessary based on estimated losses in the future.

p. *Provision Required under the Special Act*

The provision required under the Special Act is a financial instruments transaction liability reserve for consolidated subsidiaries engaged in financial instruments business and is provided to prepare for losses arising from operational incidents incurred in relation to trading and other securities transactions. The amount of the provision is calculated pursuant to the provisions of Article 46-5 of the Financial Instruments and Exchange Act and Article 175 of the Cabinet Office Order on Financial Instruments Business.

q. Income Taxes

The provision for current income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

r. Foreign Currency Transactions

Foreign currency assets and liabilities of the Group are translated into yen equivalents at the exchange rates prevailing at the fiscal year end.

s. Derivatives and Hedging Activities

The Company uses a variety of derivative financial instruments.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on the derivative transactions are recognized in the consolidated statement of income, and (2) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged transactions.

The Company applies the deferral method of hedge accounting through individual hedging that directly corresponds the hedging target (securities) and the hedging instrument (interest rate swap) to hedges of interest rate risk associated with financial assets and liabilities in accordance with "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry-specific Committees Practical Guideline No. 24 issued by the Japanese Institute of Certified Public Accountants (JICPA)). Under JICPA Industry-specific Committees Practical Guideline No. 24, hedges to offset changes in fair value of fixed rate instruments (such as securities) (fair value hedges) are applied by grouping hedging instruments and hedged items by their maturities. The assessment of hedge effectiveness is generally based on the consideration of interest rate indices affecting the respective fair values of the group of hedging instruments and hedged items.

t. Per Share Information

Basic net income per share ("EPS") is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted EPS reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted EPS of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year, not retroactively adjusted for a reverse stock split.

u. New Accounting Pronouncements

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27 issued on October 28, 2022)

“Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25 issued on October 28, 2022)

“Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28 issued on October 28, 2022)

(1) Overview

Provisions on the classification of recording of income taxes, etc. when taxing other comprehensive income and on the treatment of tax effects related to the sale of subsidiary shares, etc. when the group corporate tax system is applied.

(2) Application date

The Company will apply the new guidance from the beginning of the year ending March 31, 2025.

(3) Impact of adoption

As a result of the adoption of these accounting standards, retained earnings at the beginning of the consolidated fiscal year beginning April 1, 2024 are expected to increase by ¥674 million (\$4,451 thousand).

3. SIGNIFICANT ACCOUNTING ESTIMATES

Allowance for Loan Losses

(1) Amount recorded in the consolidated financial statements in the years ended March 31, 2024 and 2023

Allowance for loan losses:

¥23,218 million (\$153,345 thousand) and ¥24,189 million in the years ended March 31, 2024 and 2023, respectively.

(2) Information contributing to the understanding of details related to significant accounting estimates for certain items

1. Calculation method

The calculation method of allowance for loan losses is described in “Note 2.j, “Allowance for Loan Losses.”

2. Primary assumptions

- a) The performance forecast of debtors, including those who prepare management improvement plans, used to determine the debtor classification, estimate future cash flows related to the collection of the loan principal and interest, is prepared based on assumptions derived from available information.
Specifically, management improvement plans were developed based on future performance forecasts, which include future sales forecast, prospect of future expense reduction, and future cash flow prospect, among others. Accordingly, the reasonableness and the feasibility of the plan are determined based on industry trends and individual management improvement plans of the debtors.
- b) For loans other than those for which the discounted cash flow method is applied, it is assumed that “normal” loans will incur approximately the same amount of losses as those from previous years, “caution” loans will incur approximately the same amount of losses as those from previous years and loans to customers who are likely to become bankrupt or to be closely monitored, which are classified within normal and caution loans, will incur approximately the same amount of losses as those from previous years.

3. Impact on the consolidated financial statements for the next fiscal year

If the assumptions used in the initial estimate changes due to changes in the external environment, or the internal environment of the debtor, among others, there is a possibility that the amount of allowance will increase or decrease due to changes in the debtor classification, fluctuations of cash flow estimates or the occurrence of circumstances in which actual bad debt losses differ from the initial assumption, which may result in a significant impact on the consolidated financial statements.

4. CASH AND DUE FROM BANKS

Cash and due from banks as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Cash	¥ 53,755	¥ 55,027	\$ 355,029
Due from banks	<u>920,188</u>	<u>696,920</u>	<u>6,077,459</u>
Total	<u>¥ 973,943</u>	<u>¥ 751,947</u>	<u>\$ 6,432,488</u>

A reconciliation between the cash and due from banks in the consolidated balance sheet and the cash and cash equivalents in the consolidated statement of cash flows for the years ended March 31, 2024 and 2023, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Cash and due from banks	¥ 973,943	¥ 751,947	\$ 6,432,488
Due from banks other than the Bank of Japan	<u>(5,674)</u>	<u>(4,569)</u>	<u>(37,474)</u>
Cash and cash equivalents	<u>¥ 968,269</u>	<u>¥ 747,378</u>	<u>\$ 6,395,014</u>

5. TRADING SECURITIES AND SECURITIES

Trading securities as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Japanese government bonds	¥ 9	¥ 67	\$ 59
Japanese local government bonds	-	17	-
Total	<u>¥ 9</u>	<u>¥ 84</u>	<u>\$ 59</u>

The Company records net valuation gains and losses as other operating income and expenses, respectively. For the years ended March 31, 2024 and 2023, the Company recorded net valuation losses of ¥0 million (\$0 thousand) and ¥2 million, respectively.

Securities as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Equity securities	¥ 185,933	¥ 133,372	\$ 1,228,010
Japanese government bonds	172,544	175,682	1,139,581
Japanese local government bonds	520,161	527,523	3,435,447
Japanese corporate bonds	307,826	323,856	2,033,063
Foreign bonds	149,216	165,164	985,510
Investment trust	123,848	122,908	817,964
Other securities	13,802	16,002	91,156
Total	<u>¥ 1,473,330</u>	<u>¥ 1,464,507</u>	<u>\$ 9,730,731</u>

Unsecured loaned securities which borrowers have the right to sell or pledge in the amount of ¥30,969 million (\$204,537 thousand) and ¥45,422 million as of March 31, 2024 and 2023, respectively, were included in Japanese government bonds.

Information regarding available-for-sale and held-to-maturity securities as of March 31, 2024 and 2023, was as follows:

March 31, 2024	Millions of Yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 46,474	¥133,913	¥ 367	¥ 180,020
Debt securities	970,474	272	24,977	945,769
Foreign bonds	154,938	131	5,853	149,216
Investment trust	134,433	902	11,487	123,848
Other	-	2	-	2
Held-to-maturity—debt securities	54,762	250	248	54,764

<u>March 31, 2023</u>	<u>Millions of Yen</u>			<u>Fair Value</u>
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 48,637	¥79,880	¥ 1,136	¥ 127,381
Debt securities	985,899	564	17,463	969,000
Foreign bonds	175,527	229	10,592	165,164
Investment trust	133,681	1,132	11,905	122,908
Other	-	2	-	2
Held-to-maturity—debt securities	58,060	279	187	58,152

<u>March 31, 2024</u>	<u>Thousands of U.S. Dollars</u>			<u>Fair Value</u>
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 306,941	\$884,440	\$ 2,424	\$1,188,957
Debt securities	6,409,577	1,796	164,963	6,246,410
Foreign bonds	1,023,301	865	38,656	985,510
Investment trust	887,874	5,957	75,867	817,964
Other	-	14	-	14
Held-to-maturity—debt securities	361,680	1,651	1,638	361,693

Proceeds from sales of available-for-sale securities for the years ended March 31, 2024 and 2023, consisted of the following:

<u>March 31, 2024</u>	<u>Millions of Yen</u>		
	<u>Proceeds</u>	<u>Realized Gains</u>	<u>Realized Losses</u>
Equity securities	¥ 36,666	¥12,591	¥ 124
Debt securities:			
Japanese government bonds	-	-	-
Japanese local government bonds	28,282	162	-
Japanese corporate bonds	-	-	-
Other:	98,387	1,998	14,851
of which, foreign bonds	67,045	445	11,424
Total	<u>¥ 163,335</u>	<u>¥14,751</u>	<u>¥14,975</u>

<u>March 31, 2023</u>	Millions of Yen		
	<u>Proceeds</u>	<u>Realized Gains</u>	<u>Realized Losses</u>
Equity securities	¥ 15,848	¥3,868	¥ 106
Debt securities:			
Japanese government bonds	24,058	338	507
Japanese local government bonds	63,230	173	1
Japanese corporate bonds	1,001	1	-
Other:	86,284	0	6,988
of which, foreign bonds	<u>86,284</u>	<u>0</u>	<u>6,988</u>
Total	<u>¥ 190,421</u>	<u>¥4,380</u>	<u>¥ 7,602</u>

<u>March 31, 2024</u>	Thousands of U.S. Dollars		
	<u>Proceeds</u>	<u>Realized Gains</u>	<u>Realized Losses</u>
Equity securities	\$ 242,164	\$ 83,158	\$ 819
Debt securities:			
Japanese government bonds	-	-	-
Japanese local government bonds	186,791	1,070	-
Japanese corporate bonds	-	-	-
Other:	649,805	13,196	98,085
of which, foreign bonds	<u>442,804</u>	<u>2,939</u>	<u>75,451</u>
Total	<u>\$1,078,760</u>	<u>\$ 97,424</u>	<u>\$ 98,904</u>

In addition, held-to-maturity securities amounting to ¥85 million (\$561 thousand) and ¥221 million were reclassified as available-for-sale securities due to a decline in the issuer's credit worthiness as of March 31, 2024 and 2023, respectively. The effect of these reclassifications on the accompanying consolidated financial statements was immaterial.

Securities other than trading securities (excluding those securities that do not have a market price and investment in partnerships) whose fair value significantly declined below the acquisition cost and is considered not likely to be recovered are written down to their respective fair value, which is recorded as the carrying amount on the consolidated balance sheet.

The fair value is deemed to have significantly declined if the year-end fair value declined by 30% or more from the acquisition cost for securities issued by bankrupt borrowers, virtually bankrupt borrowers, potentially bankrupt borrowers, and borrowers who are likely to become bankrupt or to be closely monitored, and if the fair value declined by 50% or more from the acquisition cost for securities issued by normal borrowers.

The impairment loss on available-for-sale equity securities for the year ended March 31, 2024, was ¥63 million (\$416 thousand), which consisted of ¥18 million (\$119 thousand) of debt securities and ¥45 million (\$297 thousand) of other securities.

The impairment loss on available-for-sale equity securities for the year ended March 31, 2023, was ¥127 million, which consisted of ¥102 million of equity securities and ¥25 million of debt securities.

Unrealized gain on available-for-sale securities as of March 31, 2024 and 2023, consisted of the following:

	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Unrealized gain before deferred tax on:			
Available-for-sale securities	¥ 92,880	¥41,049	\$ 613,434
Money held in trust—other	24	12	159
Deferred tax liabilities	<u>(27,688)</u>	<u>(12,177)</u>	<u>(182,868)</u>
Unrealized gain on available-for-sale securities before interest adjustments	65,216	28,884	430,725
Noncontrolling interests	<u>(2)</u>	<u>(2)</u>	<u>(13)</u>
Unrealized gain on available-for-sale securities	<u>¥ 65,214</u>	<u>¥28,882</u>	<u>\$ 430,712</u>

Unrealized gain before deferred tax on available-for-sale securities includes ¥344 million (\$2,272 thousand) and ¥339 million of revaluation gain on available-for-sale securities as of March 31, 2024 and 2023, which are held by an investment limited partnership and similar groups.

Investments in and advances to subsidiaries and associated companies as of March 31, 2024 and 2023, were ¥1,229 million (\$8,117 thousand) and ¥1,115 million, respectively.

6. MONEY HELD IN TRUST

Information regarding money held in trust for trading purposes as of March 31, 2024 and 2023, was as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Money held in trust classified as trading purpose	¥ 6,000	¥ 6,000	\$ 39,628
Money held in trust—other	<u>7,225</u>	<u>5,312</u>	<u>47,718</u>
Total	<u>¥13,225</u>	<u>¥11,312</u>	<u>\$ 87,346</u>

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Bills discounted	¥ 13,076	¥ 12,618	\$ 86,362
Loans on bills	97,657	89,992	644,984
Loans on deeds	4,353,775	4,233,821	28,754,871
Overdrafts	365,826	352,447	2,416,128
Others	<u>8,081</u>	<u>6,570</u>	<u>53,371</u>
Total	<u>¥4,838,415</u>	<u>¥4,695,448</u>	<u>\$31,955,716</u>

Loans under the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions are as follows: Loans are corporate bonds in “Securities” in the consolidated balance sheet (guaranteed for all or part of the redemption of the principal and payment of interest, and the issuance of such bonds is limited to private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans and bills discounted, foreign exchange, accrued interest and advance payments in “Other Assets”, etc., as well as securities recorded in each account, such as customers’ liabilities for acceptances and guarantee, and securities (limited to those under use leases or lease agreements) in the case of lending of securities that are to be noted.

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Loans under bankruptcy/rehabilitation or similar proceedings	¥ 14,198	¥ 13,195	\$ 93,772
Doubtful loans	49,379	52,316	326,128
Loans requiring management	2,003	2,121	13,229
Accruing loans past due three months or more	-	113	-
Restructured loans	2,003	2,008	13,229
Normal loans	<u>4,931,374</u>	<u>4,786,599</u>	<u>32,569,672</u>
Total	<u>¥4,996,954</u>	<u>¥ 4,854,231</u>	<u>\$33,002,801</u>

Loans under bankruptcy/rehabilitation or similar proceedings” are loans against borrowers who have fallen into bankruptcy due to reasons such as the commencement of bankruptcy proceedings, the commencement of rehabilitation proceedings, or the application for the commencement of rehabilitation proceedings, as well as similar loans.

“Doubtful loans” are claims in which the debtor has not yet reached a state of bankruptcy, but whose financial position and operating results have deteriorated and there is a high possibility that the principal of the receivables and interest cannot be collected in accordance with the contract. Loans under bankruptcy/rehabilitation or similar proceedings are excluded from doubtful loans.

“Accruing loans past due three months or more” are defined as loans and bills discounted for which principal or interest is past due more than three months from the date following the prescribed payment date. Loans under bankruptcy/rehabilitation or similar proceedings and doubtful loans are excluded from accruing loans past due three months or more.

“Restructured loans” are defined as loans and bills discounted in which the Company is providing financial support to a borrower by a reduction of interest rates, deferral of interest payments, extension of maturity dates, or reduction of the face or maturity amount of the debt or accrued interest. Loans under bankruptcy/rehabilitation or similar proceedings, doubtful loans and accruing loans past due three months or more are excluded from restructured loans.

“Normal loans” are those that do not have any particular problems with the financial position and operating results of the borrower and classified other than loans under bankruptcy/rehabilitation or similar proceedings, doubtful loans, accruing loans past due three months or more and restructured loans.

Bills discounted are accounted for as financing transactions in accordance with "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry-specific Committees Practical Guideline No. 24) issued by the Japanese Institute of Certified Public Accountants. The Bank has rights to sell or pledge accepted commercial bills discounted and foreign bills of exchange bought without restrictions. The total fair value of commercial bills discounted and foreign bills of exchange bought included in foreign exchanges as of March 31, 2024 and 2023, were ¥13,403 million (\$88,521 thousand) and ¥12,977 million, respectively.

8. FOREIGN EXCHANGES

Foreign exchanges as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Assets:			
Due from foreign correspondent account	¥5,523	¥6,052	\$ 36,477
Foreign bills of exchange bought	327	359	2,160
Foreign bills of exchange receivable	<u>375</u>	<u>616</u>	<u>2,477</u>
Total	<u>¥6,225</u>	<u>¥7,027</u>	<u>\$ 41,114</u>
Liabilities:			
Due to foreign correspondent account	¥ 8	¥1,366	\$ 53
Foreign bills of exchange payable	<u>1,102</u>	<u>359</u>	<u>7,278</u>
Total	<u>¥1,110</u>	<u>¥1,725</u>	<u>\$ 7,331</u>

9. OTHER ASSETS

Other assets as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Accrued income	¥ 5,089	¥ 4,759	\$ 33,611
Accounts receivable	12,552	12,547	82,901
Installment receivables	19,529	18,047	128,981
Derivative assets	7,704	6,372	50,882
Other	<u>50,613</u>	<u>62,003</u>	<u>334,277</u>
Total	<u>¥ 95,487</u>	<u>¥103,728</u>	<u>\$ 630,652</u>

10. PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Land	¥43,399	¥43,399	\$ 286,632
Building	9,655	9,949	63,767
Construction in progress	29	-	192
Other	<u>4,475</u>	<u>4,022</u>	<u>29,556</u>
Total	<u>¥57,558</u>	<u>¥57,370</u>	<u>\$ 380,147</u>

The accumulated depreciation of premises and equipment as of March 31, 2024 and 2023 amounted to ¥62,952 million (\$415,772 thousand) and ¥63,276 million, respectively.

11. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, the customers' liabilities for acceptances and guarantees are presented as assets, representing the Company's right of indemnity from applicants.

Guarantee obligations for private placement bonds included in "Securities" (provided in accordance with Article 2-3 of the "Financial Instruments and Exchange Act") as of March 31, 2024 and 2023, were ¥54,956 million (\$362,961 thousand) and ¥58,286 million, respectively.

12. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Assets pledged as collateral:			
Securities	¥ 313,643	¥ 406,713	\$ 2,071,481
Loans and bills discounted	1,035,357	1,110,166	6,838,102
Other assets	<u>154</u>	<u>110</u>	<u>1,017</u>
Total	<u>¥ 1,349,154</u>	<u>¥ 1,516,989</u>	<u>\$ 8,910,600</u>
Relevant liabilities to above assets:			
Deposits	¥ 83,691	¥ 93,297	\$ 552,744
Payables under repurchase agreements	96,567	97,835	637,785
Payables under securities lending transactions	122,476	-	808,903
Borrowed money	<u>327,500</u>	<u>311,440</u>	<u>2,163,001</u>
Total	<u>¥ 630,234</u>	<u>¥ 502,572</u>	<u>\$ 4,162,433</u>

Additionally, initial margins of futures markets, cash collateral received for financial instrument liabilities, guarantee deposits and initial margins of Central Counterparty included in other assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Initial margins of future markets	¥ 4,172	¥ 3,600	\$ 27,554
Cash collateral received for financial instruments liabilities	973	5,553	6,426
Guarantee deposits	1,846	1,862	12,192
Initial margins of Central Counterparty	<u>35,318</u>	<u>35,332</u>	<u>233,261</u>
Total	<u>¥ 42,309</u>	<u>¥ 46,347</u>	<u>\$ 279,433</u>

13. DEPOSITS

Deposits as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Current deposits	¥ 505,243	¥ 433,825	\$ 3,336,920
Ordinary deposits	3,965,817	3,821,036	26,192,570
Deposits at notice	58,963	53,766	389,426
Savings deposits	89,156	98,617	588,838
Time deposits	1,730,254	1,796,513	11,427,607
Other deposits	39,302	63,224	259,573
Total	<u>¥6,388,735</u>	<u>¥6,266,981</u>	<u>\$42,194,934</u>

14. BORROWED MONEY AND LEASE OBLIGATION

Borrowed money and lease obligation as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Borrowings due serially to March 2029 with weighted-average interest rates of 0.10% in 2024 and 0.09% in 2023	¥ 346,327	¥ 329,501	\$ 2,287,346
Lease obligation	-	-	-

Weighted-average interest rates of lease obligation are not represented because the lease obligation is disclosed on the balance sheet without deducting the interest portion, which is included in the amount of the lease obligation.

Annual maturities of borrowings as of March 31, 2024 were as follows:

As of March 31, 2024

<u>Year Ending March 31</u>	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars</u>
2025	¥ 122,046	\$ 806,063
2026	3,135	20,705
2027	39,928	263,708
2028	180,933	1,194,981
2029	285	1,883
2030 and thereafter	-	-
Total	<u>¥ 346,327</u>	<u>\$ 2,287,346</u>

There were no lease obligations as of March 31, 2024 and 2023, respectively.

15. OTHER LIABILITIES

Other liabilities as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Domestic exchange settlement account, credit*	¥ 712	¥ 192	\$ 4,702
Income taxes payable	3,584	3,388	23,671
Accrued expenses	1,326	1,197	8,758
Deferred income	15,587	16,968	102,946
Derivative liabilities	5,722	9,770	37,791
Accounts payable	10,068	10,316	66,495
Other	<u>26,174</u>	<u>13,750</u>	<u>172,869</u>
Total	<u>¥63,173</u>	<u>¥55,581</u>	<u>\$ 417,232</u>

* The domestic exchange settlement account consisted of outstanding remittance bills from other banks and/or collection bills for which the Company has received notices for payment from other banks, which have not been settled.

16. RETIREMENT AND PENSION PLANS

The Company and the consolidated subsidiaries engaged in banking business (the "Bank"), have a contributory funded defined benefit pension plan, lump-sum payment severance plan for employees and defined contribution pension plan. The Bank contributed certain assets to the employee retirement benefit trust for its contributory funded defined benefit pension plan and the assets in this trust are qualified as plan assets. Certain subsidiaries other than above have lump-sum payment severance plans for employees and apply the simplified method to state the liability based on the amount that would be paid if employees retired at the consolidated balance sheet date.

- (1) The changes in defined benefit obligation for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Balance at beginning of year	¥40,573	¥41,350	\$ 267,968
Current service cost	1,344	1,405	8,877
Interest cost	137	139	905
Actuarial losses	394	23	2,602
Benefits paid	<u>(2,277)</u>	<u>(2,344)</u>	<u>(15,039)</u>
Balance at end of year	<u>¥40,171</u>	<u>¥40,573</u>	<u>\$ 265,313</u>

- (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
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Balance at beginning of year	¥47,835	¥49,398	\$ 315,930
Expected return on plan assets	1,435	1,481	9,478
Actuarial gains (losses)	10,210	(2,019)	67,432
Contributions from the employer	638	668	4,214
Benefits paid	<u>(1,697)</u>	<u>(1,693)</u>	<u>(11,208)</u>
Balance at end of year	<u>¥58,421</u>	<u>¥47,835</u>	<u>\$ 385,846</u>

- (3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2024 and 2023, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Funded defined benefit obligation	¥34,599	¥34,641	\$ 228,512
Plan assets	<u>(58,421)</u>	<u>(47,835)</u>	<u>(385,846)</u>
	<u>(23,822)</u>	<u>(13,194)</u>	<u>(157,334)</u>
Unfunded defined benefit obligation	<u>5,572</u>	<u>5,932</u>	<u>36,801</u>
Net asset arising from defined benefit obligation	<u>¥(18,250)</u>	<u>¥ (7,262)</u>	<u>\$ (120,533)</u>

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Liability for retirement benefits for employees	¥ 5,572	¥ 5,933	\$ 36,801
Asset for retirement benefits for employees	<u>(23,822)</u>	<u>(13,195)</u>	<u>(157,334)</u>
Net asset arising from defined benefit obligation	<u>¥(18,250)</u>	<u>¥ (7,262)</u>	<u>\$ (120,533)</u>

- (4) The components of net periodic benefit costs for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Service cost	¥ 1,344	¥ 1,405	\$ 8,877
Interest cost	137	139	905
Expected return on plan assets	(1,435)	(1,481)	(9,478)
Recognized actuarial gains	(25)	(475)	(165)
Past service cost	<u>(367)</u>	<u>(1,470)</u>	<u>(2,424)</u>
Net periodic benefit costs	<u>¥ (346)</u>	<u>¥(1,882)</u>	<u>\$ (2,285)</u>

- (5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Past service cost	¥ (367)	¥(1,470)	\$ (2,424)
Actuarial gains (losses)	<u>9,791</u>	<u>(2,516)</u>	<u>64,665</u>
Total	<u>¥ 9,424</u>	<u>¥(3,986)</u>	<u>\$ 62,241</u>

- (6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Unrecognized past service cost	¥ -	¥ (367)	\$ -
Unrecognized actuarial gains	<u>(10,205)</u>	<u>(414)</u>	<u>(67,400)</u>
Total	<u>¥(10,205)</u>	<u>¥ (781)</u>	<u>\$ (67,400)</u>

(7) Plan assets

(a) Components of plan assets

Plan assets consisted of the following:

	<u>2024</u>	<u>2023</u>
Debt investments	23%	26%
Equity investments	50	42
General account for life insurance	15	18
Others	<u>12</u>	<u>14</u>
Total	<u>100%</u>	<u>100%</u>

Note: The retirement benefit trust that contributed to the pension plan is included in the plan assets and constitutes 27% and 20% of the total plan assets as of March 31, 2024 and 2023, respectively.

(b) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the current and future asset portfolio and the long-term rates of return which are expected currently and in the future from the variety of plan assets in the asset portfolio.

(8) Assumptions used for the years ended March 31, 2024 and 2023, were set forth as follows:

	<u>2024</u>	<u>2023</u>
Discount rate:		
Lump-sum payment	0.084%	0.084 %
Pension plan	0.382	0.382
Expected rate of return on plan assets	3.000	3.000

The amount to be paid to defined contribution pension plan was ¥413 million (\$2,728 thousand) and ¥362 million for the years ended March 31, 2024 and 2023, respectively.

17. ASSET RETIREMENT OBLIGATIONS

The description is omitted because the total amount of asset retirement obligations is immaterial.

18. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. With respect to the third condition above, the Board of Directors of companies with (a) board committees (namely, appointment committee, compensation committee and audit committee) or (b) an audit and supervisory committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by nature, meet the criteria under the Companies Act. The Company is organized as a company with an audit and supervisory committee. The Company meets all the above criteria and, accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year. The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must 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 aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

19. STOCK OPTIONS

From the previous consolidated fiscal year, the Company abolished the stock compensation-type stock option plan and introduced a restricted stock compensation plan.

20. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Gains on sales of Japanese government bonds and other	¥ 1,151	¥ 512	\$ 7,602
Income on lease transaction and installment receivables	25,536	25,204	168,655
Other	<u>3,616</u>	<u>4,135</u>	<u>23,882</u>
Total	<u>¥30,303</u>	<u>¥29,851</u>	<u>\$ 200,139</u>

21. OTHER INCOME

Other income for the years ended March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Gain on sales of stock and other securities	¥ 13,600	¥3,868	\$ 89,822
Other	<u>692</u>	<u>747</u>	<u>4,570</u>
Total	<u>¥14,292</u>	<u>¥4,615</u>	<u>\$ 94,392</u>

22. GENERAL AND ADMINISTRATIVE EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Salaries and wages	¥ 17,706	¥ 17,729	\$ 116,941
Commission fee	4,661	4,642	30,784
Other	<u>21,705</u>	<u>19,868</u>	<u>143,352</u>
Total	<u>¥44,072</u>	<u>¥42,239</u>	<u>\$ 291,077</u>

23. OTHER EXPENSE

Other expense for the years ended March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Loss on sales of stock and other securities	¥ 267	¥ 106	\$ 1,763
Write-down of stock and other securities	1	161	7
Other	<u>525</u>	<u>312</u>	<u>3,468</u>
Total	<u>¥ 793</u>	<u>¥ 579</u>	<u>\$ 5,238</u>

24. INCOME TAXES

The tax effects of significant temporary differences and tax loss carryforwards, which result in deferred tax assets and liabilities as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Deferred tax assets:			
Allowance for loan losses	¥ 5,499	¥ 6,267	\$ 36,319
Write-down of securities	6,520	6,757	43,062
Liability for retirement benefits for employees	1,671	1,779	11,036
Depreciation	1,123	1,198	7,417
Other	2,431	2,196	16,055
Less: valuation allowance	<u>(8,394)</u>	<u>(8,468)</u>	<u>(55,439)</u>
Total	<u>8,850</u>	<u>9,729</u>	<u>58,450</u>
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(27,688)	(12,177)	(182,868)
Net defined benefit asset	(5,211)	(1,835)	(34,416)
Loss on deferred hedge	(971)	(50)	(6,413)
Gain on contribution of available-for-sale securities to employees' retirement benefit trusts	(955)	(955)	(6,307)
Other	<u>(1,354)</u>	<u>(1,378)</u>	<u>(8,943)</u>
Total	<u>(36,179)</u>	<u>(16,395)</u>	<u>(238,947)</u>
Net deferred tax liabilities	<u>¥(27,329)</u>	<u>¥ (6,666)</u>	<u>\$ (180,497)</u>

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2024 and 2023 is omitted, because the difference between the statutory effective tax rate and the corporate tax burden rate after the application of tax effect accounting is not more than 5% of the statutory effective tax rate.

25. LEASES

Finance Leases

(Lessee)

A subsidiary leases certain premises.

There was no rental expense including lease payments under the finance leases for the years ended March 31, 2024 and 2023.

(Lessor)

A subsidiary leases certain equipment and other assets.

The net investments in leases as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Gross lease receivables	¥49,903	¥51,606	\$ 329,589
Unguaranteed residual values	1,158	1,265	7,648
Deferred interest income	(4,197)	(4,352)	(27,720)
Total	<u>¥46,864</u>	<u>¥48,519</u>	<u>\$ 309,517</u>

Maturities of lease receivables for finance leases that were deemed to transfer ownership of the leased assets to the lessee are as follows:

As of March 31, 2024

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2025	¥1,960	\$12,945
2026	1,768	11,677
2027	1,504	9,933
2028	1,297	8,566
2029	1,027	6,783
2030 and thereafter	<u>1,747</u>	<u>11,538</u>
Total	<u>¥9,303</u>	<u>\$61,442</u>

As of March 31, 2023

Year Ending March 31	Millions of Yen
2024	¥1,432
2025	1,197
2026	866
2027	618
2028	469
2029 and thereafter	<u>789</u>
Total	<u>¥5,371</u>

Maturities of investment in leases for finance leases that were deemed not to transfer ownership of the leased assets to the lessee are as follows:

As of March 31, 2024

<u>Year Ending March 31</u>	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars</u>
2025	¥ 14,473	\$95,588
2026	11,435	75,523
2027	8,870	58,583
2028	6,378	42,124
2029	4,090	27,013
2030 and thereafter	<u>4,657</u>	<u>30,758</u>
Total	<u>¥ 49,903</u>	<u>\$ 329,589</u>

As of March 31, 2023

<u>Year Ending March 31</u>	<u>Millions of Yen</u>
2024	¥14,909
2025	12,079
2026	9,182
2027	6,580
2028	4,108
2029 and thereafter	<u>4,748</u>
Total	<u>¥51,606</u>

Operating Leases

(Lessee)

The minimum rental commitments under noncancelable operating leases as of March 31, 2024 and 2023, were as follows:

	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Due within one year	¥ 257	¥ 238	\$ 1,697
Due after one year	<u>1,045</u>	<u>1,210</u>	<u>6,902</u>
Total	<u>¥ 1,302</u>	<u>¥1,448</u>	<u>\$ 8,599</u>

(Lessor)

Expected future rental revenues under operating leases as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Due within one year	¥ 366	¥ 425	\$ 2,417
Due after one year	<u>434</u>	<u>500</u>	<u>2,867</u>
Total	<u>¥ 800</u>	<u>¥ 925</u>	<u>\$ 5,284</u>

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) *Group Policy for Financial Instruments*

The Group provides banking services and comprehensive financial services including a leasing business.

In the core banking business, in addition to procurement through the acceptance of deposits, the Group raises funds through borrowings and other means, manage loans with a focus on business loans and housing loans, and manage securities investment with a focus on bonds.

Since the Group has financial assets and liabilities mainly accompanied by interest rate fluctuations, the Group conducts comprehensive management of assets and liabilities (ALM) so that adverse effects from interest rate fluctuations do not occur. As part of this, the Group also conducts derivative transactions.

(2) *Nature and Extent of Risks Arising from Financial Instruments*

The loans and bills discounted are to general business enterprises, individuals, and local public bodies, and there is a risk (credit risk) that the value of loaned money is reduced by financial deterioration of the borrower and a risk (interest risk) of losses due to changes in interest rates.

In securities, the Group holds domestic bonds, foreign securities, stocks, investment trusts, and investment partnerships and so forth for investment purposes. Also, the Group holds certain domestic bonds for held-to-maturity purposes. In trading securities, the Group holds domestic bonds for trading. These items have interest risk, risk of changes in price, credit risk, and market liquidity risk. Market liquidity risk represents the risk that market trades cannot be performed due to market turmoil and that the Group may suffer losses due to significantly unfavorable financing conditions.

Deposits and borrowed money hold interest risk and cash flow risk (liquidity risk). Cash flow risk refers to the risk that securing necessary financing becomes difficult or significant unfavorable financing conditions result in recording of loss due to a mismatch of periods between operations and financing and unexpected outflows of money. Derivative transactions related to interest are composed of interest-rate swap agreements, cap agreements, floor agreements, and interest futures.

Derivative transactions related to currency are composed of exchange contracts, non-deliverable forwards (NDF), currency swap agreements, and currency option contracts. Derivative transactions related to securities are composed of bond futures, options on bond futures, over-the-counter (OTC) bond options, stock index futures, options on stock index futures, and individual security options.

The Group utilizes derivative transactions to meet customer needs and to control risk so that interest risk, risk of changes in prices, and foreign currency exchange risk are not excessive. In trading transactions, the Group utilizes derivative transactions to earn a profit and to accumulate

the know-how related to the transactions and understand market trends.

The derivative transactions the Group utilizes are exposed to interest risk, currency exchange risk, the risk of change in prices, and credit risk. In utilizing derivative transactions, the Group performs effective covering of transactions to meet customers' needs, and in trading transactions, the Group preliminarily establishes a risk limit to avoid exposing the Group to an excessive degree of market risk. Transactions such as listed futures are exposed to limited credit risk and OTC transactions such as interest swaps are assumed to have low risk since the counterparties are composed of highly credible financial institutions and companies.

For some derivative transactions that hedge securities, etc., the Company applies hedge accounting based on internal regulations and internal hedging policies complying with the "Practical Guidelines for Accounting for Financial Instruments" (Accounting System Committee Report No. 14, hereinafter referred to as the "Practical Guidelines"). The hedging target and hedging instrument to which hedge accounting was applied in the current consolidated fiscal year are as follows:

- Hedging target: Securities
- Hedging instrument: Interest Rate Swap

The effectiveness of hedging is evaluated in the manner stipulated in the Practical Guidelines, etc.

(3) Risk Management for Financial Instruments

Integrated risk

The Group defines integrated risk management policies and regulations, and strengthens integrated risk management to ensure the soundness of management.

The Group monitors various risks holistically including measurement by statistical methods and aims to control risks within the range of management vitality. Integrated risk is managed by the Group Risk Supervisory Division and is reported generally quarterly to the Group Risk Compliance Meeting and Group Risk Compliance Committee and generally semiannually to the Board of Directors' meetings. Necessary actions such as risk control are taken promptly.

Credit risk management

Credit risk refers to the risk of incurring losses due to a decrease or loss in the value of assets as a result of deterioration in the financial situation of a creditor.

Regarding credit risk management, the Group defines a credit rating system where the Group evaluates the degree of credit risk by an integrated scale objectively and discusses countermeasures with the Group companies as necessary in addition to monitoring the status of credit risk management at the Group companies and the risk of credit concentration throughout the Group.

Market risk management (foreign exchange risk and interest rate risk)

Market risk refers to the risk that the value of assets and liabilities will fluctuate due to fluctuations in various market risk factors such as interest rates, foreign exchange rates, and stocks, and the risk of incurring losses due to fluctuations in the earnings generated from assets and liabilities.

Under integrated risk management, the consolidated subsidiaries engaged in banking business semi-annually allocate risk capital to each business (deposit, loan, investment securities and other securities) and establish a cap on the investment amount and a maximum loss amount and matter to be discussed (level of loss to be re-examined) and department in charge handles market transactions within these risk limits expeditiously and effectively.

The Group holds financial instruments which are exposed to market risks (e.g. interest rate risk, price-volatility risk and exchange risk) such as loans and bills discounted, securities, deposits, negotiable deposits, borrowed money and corporate bonds. To manage these market risks, the

Group calculates Value at Risk (VaR), which is used for quantitative analysis.

The Group calculates VaR of yen-denominated bonds (including private placement bonds), borrowed money and corporate bonds that are exposed to interest rate risk by the variance-covariance method (six months holding period with confidence interval of 99% and observation period one year). The VaR of these financial instruments amounted to ¥35,880 million (\$236,972 thousand) and ¥55,738 million in aggregate as of March 31, 2024 and 2023, respectively.

The Group calculates VaR of investment securities that are exposed to price-volatility risk by the variance-covariance method (six months holding period with confidence interval of 99% and observation period one year). The VaR of these financial instruments amounted to ¥48,629 million (\$321,174 thousand) and ¥32,288 million in aggregate as of March 31, 2024 and 2023, respectively.

In addition, the Group calculates VaR of securities, excluding investment securities, which are exposed to interest rate risk or the price-volatility risk by the variance-covariance method (six months holding period with confidence interval of 99% and observation period one year). The VaR of these financial instruments amounted to ¥32,158 million (\$212,390 thousand) and ¥66,856 million in aggregate as of March 31, 2024 and 2023, respectively.

The Group compares VaR calculated by the formula with the actual fluctuation of realized gains and losses to verify that the calculated VaR reflects market risks with a high degree of accuracy.

However, VaR might not reflect market risks in circumstances such as unforeseen wide fluctuations in market circumstances because VaR reflects a certain amount of market risks calculated statistically based on historical fluctuation.

Liquidity risk management

Liquidity risk refers to cash flow risk and market liquidity risk. Cash flow risk refers to the risk of incurring losses due to a mismatch between the investment and funding periods or an unexpected outflow of funds, which makes it difficult to secure the necessary funds, or due to being forced to raise funds at a significantly higher interest rate than usual. Market liquidity risk refers to the risk of incurring losses due to the inability to trade in the market due to market turmoil or other factors or being forced to trade at a significantly more disadvantageous price than usual. The Company monitors the status of cash flow and liquidity risk and matters affecting cash flow and has established a system to respond promptly and accurately even if an unforeseen situation occurs.

(4) *Financial Instruments Categorized by Fair Value Hierarchy*

Fair values of financial instruments are calculated based on certain assumptions; therefore, fair values may vary according to the assumptions used.

The amount recorded in the consolidated balance sheet, market value, the difference between these, and the market value for each level are as follows. Shares without market prices and investment in partnerships are not included in the following table:

The fair value of financial instruments is categorized into the following three levels according to the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2: Fair values measured by using observable inputs other than Level 1 inputs.

Level 3: Fair values measured by using unobservable inputs.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is classified at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(a) *Financial instruments measured at fair value:*

March 31, 2024	Millions of Yen			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Securities (available-for-sale securities)	¥ 406,047	¥986,638	¥ 168	¥1,392,853
Japanese equity securities	171,145	8,875	-	180,020
Japanese government bonds	172,544	-	-	172,544
Japanese local government bonds	-	520,161	-	520,161
Japanese corporate bonds	-	252,896	168	253,064
Foreign bonds	51,489	97,727	-	149,216
Investment trust (*1)	10,869	106,977	-	117,846
Other securities	-	2	-	2
Total assets	¥406,047	¥986,638	¥ 168	¥1,392,853
Derivative transactions (*2) (*3)	¥ -	¥ 2,018	¥ (36)	¥ 1,982
Interest-related transaction	-	3,545	-	3,545
Currency-related transaction	-	(1,527)	-	(1,527)
Credit derivative transaction	-	-	(36)	(36)

March 31, 2023	Millions of Yen			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Securities (available-for-sale securities)	¥ 345,262	¥1,030,415	¥ 190	¥1,375,867
Japanese equity securities	120,645	6,736	-	127,381
Japanese government bonds	175,682	-	-	175,682
Japanese local government bonds	-	527,523	-	527,523
Japanese corporate bonds	-	265,605	190	265,795
Foreign bonds	38,565	126,598	-	165,163
Investment trust (*1)	10,370	103,951	-	114,321
Other securities	-	2	-	2
Total assets	¥345,262	¥1,030,415	¥ 190	¥1,375,867
Derivative transactions (*2) (*3)	¥ -	¥ (3,371)	¥ (27)	¥ (3,398)
Interest-related transaction	-	500	-	500
Currency-related transaction	-	(3,871)	-	(3,871)
Credit derivative transaction	-	-	(27)	(27)

March 31, 2024	Thousands of U.S. Dollars			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Securities (available-for-sale securities)	\$2,681,771	\$6,516,333	\$1,110	\$9,199,214
Japanese equity securities	1,130,341	58,616	-	1,188,957
Japanese government bonds	1,139,581	-	-	1,139,581
Japanese local government bonds	-	3,435,447	-	3,435,447
Japanese corporate bonds	-	1,670,272	1,110	1,671,382
Foreign bonds	340,064	645,446	-	985,510
Investment trust (*1)	71,785	706,539	-	778,324
Other securities	-	13	-	13
Total assets	<u>\$2,681,771</u>	<u>\$6,516,333</u>	<u>\$1,110</u>	<u>\$9,199,214</u>
Derivative transactions				
(*2) (*3)	\$ -	\$ 13,328	\$ (238)	\$ 13,090
Interest-related transaction	-	23,413	-	23,413
Currency-related transaction	-	(10,085)	-	(10,085)
Credit derivative transaction	-	-	(238)	(238)

(*1) Investment trusts for which the base value under Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is deemed as market value are not included. The amounts of investment trusts on the consolidated balance sheets at March 31, 2024 and 2023 are ¥6,002 million (\$39,641 thousand) and ¥8,588 million, respectively.

(*2) Derivative transactions recorded in other assets and liabilities are presented collectively. Net receivables and liabilities arising from derivative transactions are presented in net amounts, and items that constitute net liabilities in total are presented in parentheses.

(*3) Among derivative transactions, the amounts of transactions on the consolidated balance sheets to which hedging accounting is applied at March 31, 2024 and 2023 are ¥3,247 million (\$21,445 thousand) and ¥167 million, respectively.

The adjustment table from the beginning balance to the year-end balance of investment trusts for which the base value is deemed as the market value is as follows:

	Millions of Yen	Thousands of U.S. Dollars
Beginning balance	¥8,588	\$ 56,720
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss	523	3,454
Recorded in other comprehensive income (*)	(488)	(3,223)
Purchases, sales and redemption (net)	(2,621)	(17,310)
Amount for which the base value of the investment trusts is considered to be the fair value	-	-
Amount for which the base value of the investment trusts is not considered to be the fair value	-	-
Ending balance	¥ 6,002	\$ 39,641
Gains or losses on valuation of the investment trusts held at the end of the reporting period included in profit or loss for the period	¥ -	\$ -

(*) Included in the "Unrealized loss on available-for-sale securities" under "Other Comprehensive Income" in the Consolidated Statement of Comprehensive Income.

(b) Financial instruments other than those measured at fair value:

Cash and due from Banks, call loans and bills bought, negotiable certificates of deposit, payables under repurchase agreements, and payables under securities lending transactions are settled in a short period of time, and the carrying value approximates fair value. Therefore, the notes are omitted.

		Millions of Yen				
March 31, 2024	Fair Value				Carrying Amount	Difference
	Level 1	Level 2	Level 3	Total		
Securities (held-to-maturity—debt securities)						
Corporate bonds	¥ -	¥ -	¥ 54,764	¥ 54,764	¥ 54,762	¥ 2
Loans and bills discounted					4,838,415	
Reserve for possible loan losses					(21,668)	
	-	-	4,779,293	4,779,293	4,816,747	(37,454)
Total assets	¥ -	¥ -	¥4,834,057	¥4,834,057	¥4,871,509	¥(37,452)
Deposits	¥ -	¥6,388,738	¥ -	¥6,388,738	¥6,388,735	¥ 3
Borrowed money	-	346,267	-	346,267	346,327	(60)
Total liabilities	¥ -	¥6,735,005	¥ -	¥6,735,005	¥6,735,062	¥ (57)

		Millions of Yen				
March 31, 2023	Fair Value				Carrying Amount	Difference
	Level 1	Level 2	Level 3	Total		
Securities (held-to-maturity—debt securities)						
Corporate bonds	¥ -	¥ -	¥ 58,152	¥ 58,152	¥ 58,060	¥ 92
Loans and bills discounted					4,695,448	
Reserve for possible loan losses					(22,770)	
	-	-	4,655,584	4,655,584	4,672,678	(17,094)
Total assets	¥ -	¥ -	¥4,713,736	¥4,713,736	¥4,730,738	¥(17,002)
Deposits	¥ -	¥6,266,995	¥ -	¥6,266,995	¥6,266,981	¥ 14
Borrowed money	-	329,453	-	329,453	329,501	(48)
Total liabilities	¥ -	¥6,596,448	¥ -	¥6,596,448	¥6,596,482	¥ (34)

		Thousands of U.S. Dollars				
March 31, 2024	Fair Value				Carrying Amount	Difference
	Level 1	Level 2	Level 3	Total		
Securities (held-to-maturity—debt securities)						
Corporate bonds	\$ -	\$ -	\$ 361,693	\$ 361,693	\$ 361,680	\$ 13
Loans and bills discounted					31,955,716	
Reserve for possible loan losses					(143,108)	
	-	-	31,565,240	31,565,240	31,812,608	(247,368)
Total assets	\$ -	\$ -	\$31,926,933	\$31,926,933	\$32,174,288	\$(247,355)
Deposits	\$ -	\$42,194,954	\$ -	\$42,194,954	\$42,194,934	\$ 20
Borrowed money	-	2,286,949	-	2,286,949	2,287,346	(397)
Total liabilities	\$ -	\$44,481,903	\$ -	\$44,481,903	\$44,482,280	\$ (377)

* Allowances for general doubtful accounts and allowances for individual doubtful accounts corresponding to loans are deducted.

(Note 1) Explanation of evaluation techniques used for the calculation of market value and inputs related to the calculation of market value

Assets

Securities

Securities whose unadjusted quoted prices in active markets are available are categorized as Level 1. This mainly includes listed stocks, listed investment trusts, and government bonds.

Securities whose quoted prices are not considered to be in active markets due to low market transactions are categorized as Level 2. This mainly includes Japanese local government bonds and corporate bonds. Regarding investment trusts with no trading prices in the market, if there is no restriction significant enough for market participants to require consideration relating to cancellation or repurchase claims, the base value is fair value and the fair value is classified as Level 2.

When the quoted price is not available, the fair value is measured by using valuation techniques such as the discounted present value method of future cash flows. The Company makes maximum use of observable inputs for valuation techniques, which include TIBOR, prepayment rate, credit spread, bankruptcy probability, and bankruptcy loss rate. Securities whose fair values are measured by using significant unobservable inputs are categorized as Level 3.

Loans and Bills Discounted

The fair values of loans are measured by discounting the total amount of principal and interest at a discount rate that reflects credit risk, etc. in the market interest rate for each type of loan, internal rating, and classification based on period. For loans with variable interest rates, the carrying value approximates fair value because it reflects the market interest rate in the short term as long as the credit status of the borrower has not changed significantly. In addition, as for loans to legally bankrupt borrowers, virtually bankrupt borrowers, and potentially bankrupt borrowers, the fair value is calculated by deducting the allowance, which is calculated based on the discounted present value of the estimated future cash flow or the estimated collection of cash from collateral and guarantee, from the balance in the consolidated balance sheet date. Therefore, the carrying value approximates fair value. The fair value is classified as a Level 3 fair value.

Liabilities

Deposits

For demand deposits, the amount payable immediately on demand as of the consolidated balance sheet date is considered to be the fair value. Time deposits are grouped by maturity lengths and their fair value is calculated by discounting future cash flows with the market interest rate. For the deposits and negotiable certificates of deposits with the repayment period within one year, the carrying value approximates fair value due to the short-term maturities. The fair value is classified as a Level 2 fair value.

Borrowed Money

For borrowed money, the present value is calculated by discounting the total principal and interest of the borrowings divided into certain periods by the interest rate that takes into account the remaining term of the borrowing and credit risk. For borrowed money with variable interest rates, the fair value approximates the carrying value because it reflects the market interest rate in the short term and the credit status of the Company and its consolidated subsidiaries has not changed significantly since inception. Also, for borrowed money that mature within one year, the carrying value approximates fair value due to its short-term maturities. The fair value is classified as a Level 2 fair value.

Derivatives

Derivatives whose unadjusted quoted prices in active markets are available are categorized as Level 1. This mainly includes transactions of bond futures and interest rate futures.

However, since most derivatives transactions are over-the-counter transactions and there is no published quoted price, the fair value is calculated using valuation techniques such as the discounted present value method and the Black Scholes model according to the type of transaction and the period until maturity. The main inputs used in these valuation techniques are interest rates, exchange rates, volatility, etc. If unobservable inputs are not used or their effects are not significant, they are classified as Level 2, and include plain vanilla interest rate swap transactions, foreign exchange contract transactions, etc. Derivatives whose fair values are measured by using significant unobservable inputs are categorized as Level 3.

(Note 2) Information about Level 3 of financial instruments measured at fair value

(1) Quantitative information on significant unobservable inputs

As of March 31, 2024

Categories	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities (available-for-sale securities)				
Corporate bonds	Discounted cash flow method (*1)	Probability of bankruptcy Loss rate at the time of bankruptcy	22.3% 20.0% - 100.0%	22.3% 49.5%

(*1) For some corporate bonds, the estimated amount of loan losses is calculated based on the estimated amount of collateral and guarantees, etc. and the fair value is the amount obtained by deducting the estimated amount of loan losses from the corporate bond value.

As of March 31, 2023

Categories	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities (available-for-sale securities)				
Corporate bonds	Discounted cash flow method (*1)	Probability of bankruptcy Loss rate at the time of bankruptcy	27.3% 20.0% - 100.0%	27.3% 50.8%

(*1) For some corporate bonds, the estimated amount of loan losses is calculated based on the estimated amount of collateral and guarantees, etc. and the fair value is the amount obtained by deducting the estimated amount of loan losses from the corporate bond value.

(2) A reconciliation from the beginning balances to the ending balances and gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period

<u>March 31, 2024</u>	Millions of Yen	
	Securities Available-for-sale	Derivative transactions
	Corporate bonds	Credit derivative transactions (*4)
Beginning balance	¥ 190	¥ (27)
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1)	(19)	(9)
Recorded in other comprehensive income (*2)	4	-
Purchases, sales, issuances, and settlements	(92)	-
Transfer into Level 3 (*3)	85	-
Transfer out of Level 3	-	-
Ending balance	¥ 168	¥ (36)
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	¥ -	¥ (36)

<u>March 31, 2023</u>	Millions of Yen	
	Securities Available-for-sale	Derivative transactions
	Corporate bonds	Credit derivative transactions (*4)
Beginning balance	¥ 28	¥ (16)
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1)	(16)	(11)
Recorded in other comprehensive income (*2)	(3)	-
Purchases, sales, issuances, and settlements	(40)	-
Transfer into Level 3 (*3)	221	-
Transfer out of Level 3	-	-
Ending balance	¥ 190	¥ (27)
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	¥ -	¥ (27)

(*1) Included in "Other operating income" and "Other operating expenses" in the Consolidated Statement of Income.

(*2) Included in the "Unrealized gain (loss) on available-for-sale securities" under "Other Comprehensive Income" in the Consolidated Statement of Comprehensive Income.

(*3) These are privately placed guaranteed bonds held by the Bank, and due to the significant deterioration in the credit condition of the issuer of the bonds, the holding classification of the bond has been changed from held -to-maturity to available-for-sale.

(*4) Net receivables, payables, profits and losses arising from derivatives transactions are presented as net amounts, and items that constitute net payables and losses in total are presented in parentheses.

<u>March 31, 2024</u>	Thousands of U.S. Dollars	
	Securities Available-for-sale	Derivative transactions
	Corporate bonds	Credit derivative transactions (*4)
Beginning balance	\$ 1,255	\$ (178)
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1)	(125)	(60)
Recorded in other comprehensive income (*2)	27	-
Purchases, sales, issuances, and settlements	(608)	-
Transfer into Level 3 (*3)	561	-
Transfer out of Level 3	-	-

Ending balance	\$ 1,110	\$ (238)
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	-	\$ (238)

- (*1) Included in "Other operating income" and "Other operating expenses" in the Consolidated Statement of Income.
- (*2) Included in the "Unrealized gain (loss) on available-for-sale securities" under "Other Comprehensive Income" in the Consolidated Statement of Comprehensive Income.
- (*3) These are privately placed guaranteed bonds held by the Bank, and due to the significant deterioration in the credit condition of the issuer of the bonds, the holding classification of the bond has been changed from held-to-maturity to available-for-sale.
- (*4) Net receivables, payables, profits and losses arising from derivatives transactions are presented as net amounts, and items that constitute net payables and losses in total are presented in parentheses.

(3) A description of valuation processes used for fair value measurements

The risk management division of the Group has established policies and procedures for measuring fair value, and each trading division measures fair value following the policies and procedures. A risk management division verifies whether the fair value obtained is measured using valid valuation techniques and inputs as well as whether they are classified into an appropriate level of the fair value hierarchy.

In measuring fair value, the Company uses a valuation model that most appropriately reflects the nature, characteristics and risks of each asset. In addition, when using quoted prices obtained from third parties, the Company verifies whether the prices are valid using appropriate methods, such as confirming the valuation techniques and inputs used and comparing them with the fair value of similar financial instruments.

(4) A narrative description of sensitivity of the fair value measurement to changes in significant unobservable inputs

Significant unobservable inputs used in measuring the fair value of the corporate bonds are probability of bankruptcy and loss rate at the time of bankruptcy. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for probability of bankruptcy is accompanied by a directionally similar change in the assumption used for loss rate at the time of bankruptcy.

(Note 3) Securities, etc. that do not have a market price and investment in partnerships are as follows and are not included in "Securities (available-for-sale securities)" in the table of financial instruments measured at fair value.

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Securities, etc. that do not have a market price (*1, *2)	¥ 5,989	¥ 6,058	\$ 39,555
Investment in partnerships (*3)	13,724	15,934	90,641
Total	<u>¥19,713</u>	<u>¥21,992</u>	<u>\$ 130,196</u>

- (*1) Securities, etc. that do not have a market price are not subject to fair value disclosure in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).
- (*2) Impairment losses of ¥1 million (\$7 thousand) and ¥59 million are recorded for unlisted equity securities for the years ended March 31, 2024 and 2023, respectively.
- (*3) Investment in partnerships are not subject to fair value disclosure in accordance with Article 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

(Note4) *Maturity Analysis for Financial Assets, Securities and Financial Liabilities with Contractual Maturities*

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
<u>March 31, 2024</u>				
Securities:				
Held-to-maturity securities:				
Debt securities—Japanese corporate bonds	¥ 14,066	¥ 36,197	¥ 4,277	¥ 222
Available-for-sale securities with contractual maturities:				
Debt securities:				
Japanese government bonds	-	-	135,000	45,500
Japanese local government bonds	25,559	188,149	315,511	-
Japanese corporate bonds	17,822	103,862	33,400	101,950
Foreign bonds	12,187	22,440	15,403	108,859
Investment trust	5,548	48,460	20,169	26,897
Other	705	7,089	971	711
Loans and bills discounted *1	<u>812,259</u>	<u>1,228,548</u>	<u>979,290</u>	<u>1,744,623</u>
Total	<u>¥ 888,146</u>	<u>¥ 1,634,745</u>	<u>¥ 1,504,021</u>	<u>¥ 2,028,762</u>

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
<u>March 31, 2024</u>				
Deposits	¥6,053,074	¥ 335,658	¥3	¥ -
Borrowed money	<u>122,047</u>	<u>224,280</u>	-	-
Total	<u>¥6,175,121</u>	<u>¥ 559,938</u>	<u>¥3</u>	<u>¥ -</u>

<u>March 31, 2023</u>	Millions of Yen			
	<u>Due in 1 Year or Less</u>	<u>Due after 1 Year through 5 Years</u>	<u>Due after 5 Years through 10 Years</u>	<u>Due after 10 Years</u>
Securities:				
Held-to-maturity securities:				
Debt securities—Japanese corporate bonds	¥ 13,356	¥ 40,116	¥ 4,512	¥ 76
Available-for-sale securities with contractual maturities:				
Debt securities:				
Japanese government bonds	-	-	135,000	45,500
Japanese local government bonds	18,989	148,977	366,029	67
Japanese corporate bonds	2,739	112,585	42,339	109,478
Foreign bonds	19,707	32,106	25,471	101,842
Investment trust	1,371	45,832	20,514	32,254
Other	778	8,479	1,019	776
Loans and bills discounted ^{*2}	<u>826,542</u>	<u>1,197,485</u>	<u>966,430</u>	<u>1,627,349</u>
Total	<u>¥ 883,482</u>	<u>¥ 1,585,580</u>	<u>¥ 1,561,314</u>	<u>¥ 1,917,342</u>

<u>March 31, 2023</u>	Millions of Yen			
	<u>Due in 1 Year or Less</u>	<u>Due after 1 Year through 5 Years</u>	<u>Due after 5 Years through 10 Years</u>	<u>Due after 10 Years</u>
Deposits	¥5,840,213	¥ 426,766	¥2	¥ -
Borrowed money	<u>223,832</u>	<u>105,669</u>	-	-
Total	<u>¥6,064,045</u>	<u>¥ 532,435</u>	<u>¥2</u>	<u>¥ -</u>

	Thousands of U.S. Dollars			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
<u>March 31, 2024</u>				
Securities:				
Held-to-maturity securities:				
Debt securities—Japanese corporate bonds	\$92,900	\$ 239,066	\$ 28,248	\$ 1,466
Available-for-sale securities with contractual maturities:				
Debt securities:				
Japanese government bonds	-	-	891,619	300,509
Japanese local government bonds	168,807	1,242,646	2,083,819	-
Japanese corporate bonds	117,707	685,965	220,593	673,337
Foreign bonds	80,490	148,207	101,730	718,968
Investment trust	36,642	320,058	133,208	177,644
Other	4,656	46,820	6,413	4,696
Loans and bills discounted *1	<u>5,364,632</u>	<u>8,114,048</u>	<u>6,467,803</u>	<u>11,522,508</u>
Total	<u>\$ 5,865,834</u>	<u>\$10,796,810</u>	<u>\$ 9,933,433</u>	<u>\$13,399,128</u>

	Thousands of U.S. Dollars			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
<u>March 31, 2024</u>				
Deposits	\$39,978,033	\$2,216,881	\$20	\$ -
Borrowed money	<u>806,070</u>	<u>1,481,276</u>	-	-
Total	<u>\$40,784,103</u>	<u>\$3,698,157</u>	<u>\$20</u>	<u>\$ -</u>

*1 Loans and bills discounted whose cash flows cannot be estimated, such as “legal bankruptcy,” “virtual bankruptcy,” and “possible bankruptcy” loans amounting to ¥60,976 million (\$402,721 thousand) as of March 31, 2024 and loans and bills discounted with no contractual maturities, amounting to ¥12,719 million (\$84,004 thousand) as of March 31, 2024, are not included.

*2 Loans and bills discounted whose cash flows cannot be estimated, such as “legal bankruptcy,” “virtual bankruptcy,” and “possible bankruptcy” loans amounting to ¥62,897 million as of March 31, 2023 and loans and bills discounted with no contractual maturities, amounting to ¥14,745 million as of March 31, 2023, are not included.

Please see Note 14 for annual maturities of borrowed money.

27. COMMITMENTS AND CONTINGENT LIABILITIES

Commitment line contracts on overdrafts and loans are agreements to make loans to customers when they apply for borrowing up to a prescribed amount as long as there is no violation of any condition in the contracts.

The total amounts of unused open commitments as of March 31, 2024 and 2023, were ¥1,161,754 million (\$7,672,901 thousand) and ¥1,262,434 million, respectively. Multi-purpose accounts included in the unused open commitments as of March 31, 2024 and 2023, were ¥480,194 million (\$3,171,481 thousand) and ¥509,460 million, respectively. The amounts of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time as of March 31, 2024 and 2023, were ¥1,137,585 million (\$7,513,275 thousand) and ¥1,233,950 million, respectively.

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments have clauses enabling the Bank and certain subsidiaries to reject the loans to customers or reduce the contract amounts of commitment, in the event monetary conditions have changed and the Bank and certain subsidiaries need to secure claims, or other considerable events have occurred.

In addition, if necessary, the Bank and certain subsidiaries can request the customers to pledge collateral such as premises and securities at the execution of the contracts. After execution, the Bank and certain subsidiaries periodically evaluate the customers' financial position based upon the Bank's internal policy, and take necessary measures to manage the credit exposures, such as revising the terms of contracts or securing the claims.

28. DERIVATIVE INFORMATION

The Bank enters into swaps related to interest rates, foreign exchange forward contracts, swap and option contracts related to currencies, over-the-counter bond options and stock index options contracts related to securities.

Derivative Transactions to Which Hedge Accounting Is Not Applied as of March 31, 2024 and 2023

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
<u>March 31, 2024</u>				
Over-the-counter:				
Interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	¥ 9,951	¥ 9,951	¥ (79)	¥ (79)
Variable rate receipt, fixed rate payment	9,951	9,951	377	377
Over-the-counter:				
Currency-related contracts:				
Currency swap	252,739	186,324	(555)	576
Foreign exchange forward:				
Sell	63,770	736	(1,348)	(1,348)
Buy	13,808	529	374	374
Currency option:				
Sell	51,720	39,487	(2,410)	1,552
Buy	56,464	43,823	2,412	(1,062)
Other:				
Sell	-	-	-	-
Buy	-	-	-	-
Over-the-counter:				
Credit derivative contracts:				
Credit default options				
Sell	-	-	-	-
Buy	-	-	-	-
Credit default swap				
Sell	-	-	-	-
Buy	2,319	2,319	(36)	(36)
Other:				
Sell	-	-	-	-
Buy	-	-	-	-
Over-the-counter:				
Earthquake derivative:				
Sell	260	-	(2)	-
Buy	260	-	2	-

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
<u>March 31, 2023</u>				
Over-the-counter:				
Interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	¥ 10,299	¥ 10,299	¥ 26	¥ 26
Variable rate receipt, fixed rate payment	10,299	10,299	307	307
Over-the-counter:				
Currency-related contracts:				
Currency swap	313,002	243,397	(4,007)	(2,617)
Foreign exchange forward:				
Sell	73,606	559	263	263
Buy	17,298	491	(124)	(124)
Currency option:				
Sell	59,719	46,029	(3,304)	1,179
Buy	61,786	48,716	3,301	(596)
Other:				
Sell	-	-	-	-
Buy	-	-	-	-
Over-the-counter:				
Credit derivative contracts:				
Credit default options				
Sell	-	-	-	-
Buy	-	-	-	-
Credit default swap				
Sell	-	-	-	-
Buy	1,895	1,895	(27)	(27)
Other:				
Sell	-	-	-	-
Buy	-	-	-	-

	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
<u>March 31, 2024</u>				
Over-the-counter:				
Interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	\$ 65,722	\$ 65,722	\$ (522)	\$ (522)
Variable rate receipt, fixed rate payment	65,722	65,722	2,490	2,490
Over-the-counter:				
Currency-related contracts:				
Currency swap	1,669,236	1,230,592	(3,666)	3,804
Foreign exchange forward:				
Sell	421,174	4,861	(8,903)	(8,903)
Buy	91,196	3,494	2,470	2,470
Currency option:				
Sell	341,589	260,795	(15,917)	10,250
Buy	372,921	289,433	15,930	(7,014)
Other:				
Sell	-	-	-	-
Buy	-	-	-	-
Over-the-counter:				
Credit derivative contracts:				
Credit default options				
Sell	-	-	-	-
Buy	-	-	-	-
Credit default swap				
Sell	-	-	-	-
Buy	15,316	15,316	(238)	(238)
Other:				
Sell	-	-	-	-
Buy	-	-	-	-
Over-the-counter:				
Earthquake derivative:				
Sell	1,717	-	(13)	-
Buy	1,717	-	13	-

Notes: 1. Derivative transactions are valued at market and the gains/losses are recognized in the consolidated statement of income.

2. There were no transactions applicable for stock-related contracts, bond-related contracts, and commodities for the years ended March 31, 2024 and 2023.

Derivative Transactions to Which Hedge Accounting Is Applied as of March 31, 2024 and 2023

	Millions of Yen			
	Main Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
<u>March 31, 2024</u>				
Principle method				
Interest rate swap:				
Variable rate receipt, fixed rate payment	Deposits	¥ 45,423	¥ 45,423	¥ 3,247

<u>March 31, 2023</u>	<hr/>			
	<u>Main Hedged Item</u>	<u>Contract Amount</u>	<u>Contract Amount Due after One Year</u>	<u>Fair Value</u>
Principle method				
Interest rate swap:				
Variable rate receipt, fixed rate payment	Deposits	¥ 40,059	¥ 40,059	¥ 167
<hr/>				
	Thousands of U.S. Dollars			
	<hr/>			
	<u>Main Hedged item</u>	<u>Contract Amount</u>	<u>Contract Amount Due after One Year</u>	<u>Fair Value</u>
<u>March 31, 2024</u>				
Principle method				
Interest rate swap:				
Variable rate receipt, fixed rate payment	Deposits	\$ 300,000	\$ 300,000	\$ 21,445

29. COMPREHENSIVE INCOME

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

	<hr/>		Thousands of
	<u>2024</u>	<u>2023</u>	<u>U.S. Dollars</u> <u>2024</u>
Unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	¥ 50,367	¥ (32,027)	\$ 332,653
Reclassification adjustments to profit or loss	<u>1,477</u>	<u>3,163</u>	<u>9,755</u>
Amount before income tax effect	51,844	(28,864)	342,408
Income tax effect	<u>(15,512)</u>	<u>8,558</u>	<u>(102,450)</u>
Total	<u>36,332</u>	<u>(20,306)</u>	<u>239,958</u>
Deferred gain on hedges:			
Adjustments arising during the year	4,513	167	29,807
Reclassification adjustments to profit or loss	<u>(1,434)</u>	<u>-</u>	<u>(9,471)</u>
Amount before income tax effect	3,079	167	20,336
Income tax effect	<u>(921)</u>	<u>(50)</u>	<u>(6,083)</u>
Total	<u>2,158</u>	<u>117</u>	<u>14,253</u>
Defined retirement benefit plans:			
Adjustments arising during the year	9,816	(2,042)	64,830
Reclassification adjustments to profit or loss	<u>(392)</u>	<u>(1,944)</u>	<u>(2,589)</u>
Amount before income tax effect	9,424	(3,986)	62,241
Income tax effect	<u>(2,820)</u>	<u>1,193</u>	<u>(18,625)</u>
Total	<u>6,604</u>	<u>(2,793)</u>	<u>43,616</u>
Total other comprehensive income (loss)	<u>¥ 45,094</u>	<u>¥ (22,982)</u>	<u>\$ 297,827</u>

30. PER SHARE INFORMATION

a. Net Income Per Share

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2024 and 2023 was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of Parent	Weighted- Average Shares		
<u>Year Ended March 31, 2024</u>				<u>EPS</u>
Net income attributable to owners of parent	¥ 19,318			
Amount not attributable to common shareholders	-			
Basic EPS—Net income available to common shareholders	19,318	36,412	¥ 530.55	\$ 3.50
Effect of dilutive securities—Stock acquisition rights		-		
Diluted EPS—Net income for computation	<u>¥ -</u>	<u>-</u>	<u>¥ -</u>	<u>\$ -</u>
<u>Year Ended March 31, 2023</u>				
Net income attributable to owners of parent	¥ 18,630			
Amount not attributable to common shareholders	-			
Basic EPS—Net income available to common shareholders	18,630	36,835	¥ 505.79	
Effect of dilutive securities—Stock acquisition rights		25		
Diluted EPS—Net income for computation	<u>¥ 18,630</u>	<u>36,860</u>	<u>¥ 505.44</u>	

Note: Diluted net income per share for the year ended March 31, 2024 is not presented because there are no dilutive shares.

b. Net Assets Per Share

Net assets per share as of March 31, 2024 and 2023, were ¥12,239.21 (\$80.83) and 10,626.44, respectively.

Net assets per share of common stock as of March 31, 2024 and 2023, were calculated based on the following:

	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Total net assets	¥ 450,790	¥ 392,561	\$ 2,977,280
Deductions from total net assets:			
Noncontrolling interests	<u>4,120</u>	<u>3,837</u>	<u>27,211</u>
Net assets attributable to common stock at the end of the fiscal year	<u>¥ 446,670</u>	<u>¥ 388,724</u>	<u>\$ 2,950,069</u>
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share (shares in thousands)	36,495	36,581	

31. Revenue Recognition

Disaggregation of revenue from contracts with customers

Information regarding disaggregation of revenue from contracts with customers for the years ended March 31, 2024 and 2023, was as follows.

March 31, 2024	Millions of Yen				
	Reportable Segment			Other	Total
	Banking	Lease	Total		
Interest income	¥59,414	¥ 159	¥ 59,573	¥ 5,465	¥ 65,038
Trust fees	3	—	3	—	3
Fees and commissions	20,398	—	20,398	7,054	27,452
Deposit and lending service	3,711	—	3,711	—	3,711
Foreign exchanges service	3,696	—	3,696	—	3,696
Securities-related service	3,094	—	3,094	1,595	4,689
Guarantee service	1,934	—	1,934	159	2,093
Credit card service	—	—	—	2,718	2,718
Other operating income	1,155	27,177	28,332	2,715	31,047
Other income	14,303	13	14,316	72	14,388
Income	¥95,273	¥27,349	¥122,622	¥15,306	¥137,928

March 31, 2023	Millions of Yen				
	Reportable Segment			Other	Total
	Banking	Lease	Total		
Interest income	¥53,786	¥ 139	¥ 53,925	¥ 5,987	¥ 59,912
Trust fees	1	—	1	—	1
Fees and commissions	19,936	—	19,936	6,473	26,409
Deposit and lending service	3,803	—	3,803	—	3,803
Foreign exchanges service	3,739	—	3,739	—	3,739
Securities-related service	2,265	—	2,265	1,687	3,952
Guarantee service	2,013	—	2,013	138	2,151
Credit card service	—	—	—	2,656	2,656
Other operating income	1,831	26,800	28,631	1,843	30,474
Other income	4,623	9	4,632	69	4,701
Income	¥80,177	¥26,948	¥107,125	¥14,372	¥121,497

March 31, 2024	Millions of U.S. Dollars				
	Reportable Segment			Other	Total
	Banking	Lease	Total		
Interest income	\$392,405	\$ 1,050	\$393,455	\$36,094	\$ 429,549
Trust fees	20	—	20	—	20
Fees and commissions	134,720	—	134,720	46,589	181,309
Deposit and lending service	24,510	—	24,510	—	24,510
Foreign exchanges service	24,411	—	24,411	—	24,411
Securities-related service	20,435	—	20,435	10,534	30,969
Guarantee service	12,773	—	12,773	1,050	13,823
Credit card service	—	—	—	17,951	17,951
Other operating income	7,628	179,493	187,121	17,931	205,052
Other income	94,465	86	94,551	476	95,027
Income	<u>\$629,238</u>	<u>\$180,629</u>	<u>\$809,867</u>	<u>\$101,090</u>	<u>\$910,957</u>

- *1. The above table also includes revenue based on the ASBJ Statement No. 10 “Accounting Standards for Financial Instruments.”
- *2. “Other” refers to business segments that are not included in the reporting segment, such as financial instruments transaction and credit card service.
- *3. The difference between the “total” amount in the above table and the amount recorded in the consolidated statement of income is mainly the elimination of intersegment transactions.

32. SUBSEQUENT EVENTS

Appropriation of Retained Earnings

On May 9, 2024, the Board of Directors resolved an appropriation of retained earnings as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends—¥90.00 (\$0.59) per share of common stock	¥3,285	\$21,696

Repurchase of treasury stock

At the Board of Directors meeting held on July 26, 2024, the Company resolved on matters related to the repurchase of treasury stock in accordance with the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the same act.

(1) Reason

For the purpose of achieving sustainable growth of the Group and medium- to long-term improvement of corporate value by enhancing shareholder returns

(2) Class of stock to be acquired: Common stock

(3) Total number of shares to be acquired: 620,000 shares (maximum) (1.698% of the total number of issued shares excluding treasury stock)

- (4) Total amount of share acquisition costs: ¥3,100,000,000 (\$20,474 thousand) (maximum)
- (5) Acquisition period: July 29, 2024 to September 20, 2024
- (6) Method of acquisition: Market purchase on the Tokyo Stock Exchange

33. SEGMENT INFORMATION

Under ASBJ Statement No. 17, “Accounting Standard for Segment Information Disclosures” and ASBJ Guidance No. 20, “Guidance on Accounting Standard for Segment Information Disclosures,” an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

a. Description of Reportable Segments

(1) Method for determining the reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Group's management is being performed in order to decide how resources are allocated among the Group.

The Group provides banking services-based comprehensive financial services and leasing business. The Group consists of two reportable segments: banking business and lease business.

(2) Types of products and services belonging to each reportable segment

The banking business is operated by The Juroku Bank, Ltd. and provides various services such as deposit-taking and lending services, trading securities, securities investment, domestic exchange, foreign exchange, managing bonds, a derivatives business and other related businesses at headquarters and branches of The Juroku Bank, Ltd. In addition, consolidated subsidiaries operate credit guarantee business and supplement the banking business.

The lease business is operated by Juroku Lease Co., Ltd. It provides leasing business to meet local customers' needs.

b. Methods of Measurement for the Amounts of Income, Profit, Assets and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

c. Information about Income, Profit, Assets, Liabilities and Other Items

	Millions of Yen						
	2024						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Lease	Total				
Ordinary income:							
(1) Outside customers	¥ 94,339	¥ 27,073	¥ 121,412	¥ 7,424	¥ 128,836	¥ -	¥ 128,836
(2) Intersegment transactions	935	275	1,210	7,882	9,092	(9,092)	-
Total	<u>¥ 95,274</u>	<u>¥ 27,348</u>	<u>¥ 122,622</u>	<u>¥ 15,306</u>	<u>¥ 137,928</u>	<u>¥ (9,092)</u>	<u>¥ 128,836</u>
Segment profit	¥ 26,529	¥ 460	¥ 26,989	¥ 6,287	¥ 33,276	¥ (5,368)	¥ 27,908
Segment assets	7,463,167	88,020	7,551,187	339,153	7,890,340	(355,301)	7,535,039
Other:							
Depreciation	2,548	473	3,021	149	3,170	105	3,275
Amortization of goodwill	245	-	245	207	452	-	452
Interest income	59,413	160	59,573	5,465	65,038	(5,528)	59,510
Interest expense	6,560	186	6,746	48	6,794	(177)	6,617
Allowance for loan losses	482	57	539	169	708	-	708
Increase in premises and equipment and intangible assets	3,778	203	3,981	144	4,125	131	4,256

- Notes: 1. Ordinary income represents total income less certain extraordinary income included in “Other income” in the accompanying consolidated statement of income.
2. “Other” includes business segments of financial instruments business and credit card service.
3. Reconciliations mainly represent the elimination of intersegment transactions.
4. Segment profit is adjusted to reconcile to income before income taxes less certain extraordinary items in the accompanying consolidated statement of income.
5. NOBUNAGA Succession Inc., newly established on July 3, 2023, is included in “Other.”

	Millions of Yen						
	2023						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Lease	Total				
Ordinary income:							
(1) Outside customers	¥ 79,321	¥ 26,664	¥ 105,985	¥ 6,700	¥ 112,685	¥ -	¥ 112,685
(2) Intersegment transactions	<u>856</u>	<u>285</u>	<u>1,141</u>	<u>7,672</u>	<u>8,813</u>	<u>(8,813)</u>	<u>-</u>
Total	<u>¥ 80,177</u>	<u>¥ 26,949</u>	<u>¥ 107,126</u>	<u>¥ 14,372</u>	<u>¥ 121,498</u>	<u>¥ (8,813)</u>	<u>¥ 112,685</u>
Segment profit	¥ 26,277	¥ 427	¥ 26,704	¥ 6,421	¥ 33,125	¥ (5,862)	¥ 27,263
Segment assets	7,122,697	82,384	7,205,081	331,836	7,536,917	(346,360)	7,190,557
Other:							
Depreciation	2,257	512	2,769	156	2,925	113	3,038
Amortization of goodwill	245	-	245	207	452	-	452
Interest income	53,786	139	53,925	5,987	59,912	(6,015)	53,897
Interest expense	2,703	184	2,887	25	2,912	(143)	2,769
Allowance for loan losses	1,301	35	1,336	146	1,482	-	1,482
Increase in premises and equipment and intangible assets	2,104	247	2,351	196	2,547	39	2,586

- Notes:
1. Ordinary income represents total income less certain extraordinary income included in “Other income” in the accompanying consolidated statement of income.
2. “Other” includes business segments of financial instruments business and credit card service.
3. Reconciliations mainly represent the elimination of intersegment transactions.
4. Segment profit is adjusted to reconcile to income before income taxes less certain extraordinary items in the accompanying consolidated statement of income.
5. Kanda Machi Okoshi Co., Ltd., newly established on April 1, 2022, is included in “Other.”

Thousands of U.S. Dollars							
2024							
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Lease	Total				
Ordinary income:							
(1) Outside customers	\$ 623,070	\$ 178,806	\$ 801,876	\$ 49,032	\$ 850,908	\$ -	\$ 850,908
(2) Intersegment transactions	<u>6,175</u>	<u>1,816</u>	<u>7,991</u>	<u>52,058</u>	<u>60,049</u>	<u>(60,049)</u>	<u>-</u>
Total	<u>\$ 629,245</u>	<u>\$ 180,622</u>	<u>\$ 809,867</u>	<u>\$ 101,090</u>	<u>\$ 910,957</u>	<u>\$ (60,049)</u>	<u>\$ 850,908</u>
Segment profit	\$ 175,213	\$ 3,038	\$ 178,251	\$ 41,523	\$ 219,774	\$ (35,453)	\$ 184,321
Segment assets	49,291,110	581,336	49,872,446	2,239,964	52,112,410	(2,346,615)	49,765,795
Other:							
Depreciation	16,828	3,124	19,952	985	20,937	693	21,630
Amortization of goodwill	1,618	-	1,618	1,367	2,985	-	2,985
Interest income	392,398	1,057	393,455	36,094	429,549	(36,510)	393,039
Interest expense	43,326	1,229	44,555	317	44,872	(1,170)	43,702
Allowance for loan losses	3,183	377	3,560	1,116	4,676	-	4,676
Increase in premises and equipment and intangible assets	24,952	1,341	26,293	951	27,244	865	28,109

Notes: 1. Ordinary income represents total income less certain extraordinary income included in "Other income" in the accompanying consolidated statement of income.

2. "Other" includes business segments of financial instruments business, credit cards service.

3. Reconciliations mainly represent the elimination of intersegment transactions.

4. Segment profit is adjusted to reconcile to income before income taxes less certain extraordinary items in the accompanying consolidated statement of income.

5. NOBUNAGA Succession Inc., newly established on July 3, 2023, is included in the "Other".

d. Associated Information

(1) *Information about services*

	Millions of Yen				
	2024				
	<u>Lending Service</u>	<u>Securities Services</u>	<u>Leasing</u>	<u>Other</u>	<u>Total</u>
Ordinary income— Outside customers	¥40,695	¥33,686	¥26,901	¥27,554	¥128,836
	Millions of Yen				
	2023				
	<u>Lending Service</u>	<u>Securities Services</u>	<u>Leasing</u>	<u>Other</u>	<u>Total</u>
Ordinary income— Outside customers	¥40,548	¥18,318	¥26,517	¥27,302	¥112,685
	Thousands of U.S. Dollars				
	2024				
	<u>Lending Service</u>	<u>Securities Services</u>	<u>Leasing</u>	<u>Other</u>	<u>Total</u>
Ordinary income— Outside customers	\$268,774	\$222,482	\$177,670	\$181,982	\$850,908

(2) *Geographical information*

(a) Operating Revenues

This information is not presented because the Group's revenues in Japan account for more than 90% of revenues in the consolidated statement of income.

(b) Property and Equipment

This information is not presented because the Group's property and equipment in Japan account for more than 90% of property and equipment in the consolidated balance sheet.

(3) *Information by major customer*

This information is not presented because there are no customers for which income account for more than 10% of revenues in the consolidated statement of income.

(4) *Information about impairment loss by reportable segment*

Millions of Yen					
2024					
	<u>Banking</u>	<u>Lease</u>	<u>Other</u>	<u>Elimination/ Corporate</u>	<u>Total</u>
Impairment loss on long-lived assets	¥ 12	¥ -	¥ -	¥ -	¥ 12

Millions of Yen					
2023					
	<u>Banking</u>	<u>Lease</u>	<u>Other</u>	<u>Elimination/ Corporate</u>	<u>Total</u>
Impairment loss on long-lived assets	¥ 150	¥ -	¥ -	¥ -	¥ 150

Thousands of U.S. Dollars					
2024					
	<u>Banking</u>	<u>Lease</u>	<u>Other</u>	<u>Elimination/ Corporate</u>	<u>Total</u>
Impairment loss on long-lived assets	\$ 79	\$ -	\$ -	\$ -	\$ 79

(5) *Information about goodwill and negative goodwill by reportable segment*

Millions of Yen					
2024					
	<u>Banking</u>	<u>Lease</u>	<u>Other</u>	<u>Elimination/ Corporate</u>	<u>Total</u>
Amortization of goodwill	¥ 245	¥ -	¥ 207	¥ -	¥ 452
Goodwill at March 31, 2024	1,651	-	1,090	-	2,741
Gain on negative goodwill	-	-	-	-	-

Millions of Yen					
2023					
	<u>Banking</u>	<u>Lease</u>	<u>Other</u>	<u>Elimination/ Corporate</u>	<u>Total</u>
Amortization of goodwill	¥ 245	¥ -	¥ 207	¥ -	¥ 452
Goodwill at March 31, 2023	1,896	-	1,297	-	3,193
Gain on negative goodwill	-	-	-	-	-

Thousands of U.S. Dollars					
2024					
	<u>Banking</u>	<u>Lease</u>	<u>Other</u>	<u>Elimination/ Corporate</u>	<u>Total</u>
Amortization of goodwill	\$ 1,618	\$ -	\$ 1,367	\$ -	\$ 2,985
Goodwill at March 31, 2024	10,904	-	7,199	-	18,103
Gain on negative goodwill	-	-	-	-	-

Note: "Other" represents goodwill related to the financial instruments business.

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