

Financial Data 2024

Year Ended March 31, 2024

Mebuki Financial Group, Inc.

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Financial Data

Consolidated Balance Sheet

March 31, 2024 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
ASSETS			
Cash and due from banks (Note 3).....	¥ 4,438,860	¥ 4,818,749	\$ 29,316,827
Call loans and bills bought	88,843	24,115	586,772
Monetary claims bought	7,302	10,341	48,232
Trading assets (Note 4)	5,316	3,962	35,116
Money held in trust (Note 5)	2,824	3,010	18,656
Securities (Notes 4, 10, 11, and 22)	4,133,551	3,662,309	27,300,386
Loans and bills discounted (Notes 7, 11, 22, and 26)	12,658,245	12,436,196	83,602,440
Foreign exchanges (Note 7)	9,383	17,216	61,972
Lease receivables and investments in lease (Note 21)	60,873	60,454	402,044
Other assets (Notes 11 and 23)	260,188	247,636	1,718,436
Tangible fixed assets (Note 8)	102,511	101,567	677,045
Intangible fixed assets (Note 9)	12,956	13,523	85,573
Asset for retirement benefits (Note 13)	72,065	40,791	475,964
Deferred tax assets (Note 20)	2,878	20,027	19,010
Customers' liabilities for acceptances and guarantees (Note 10)	15,227	19,448	100,570
Allowance for loan losses	(84,886)	(91,859)	(560,638)
Allowance for investment losses	(8)	(8)	(58)
TOTAL	¥21,786,134	¥21,387,481	\$143,888,349
LIABILITIES AND EQUITY			
LIABILITIES:			
Deposits (Notes 11 and 22)	¥17,673,968	¥17,137,285	\$116,729,202
Negotiable certificates of deposit (Note 22)	126,689	371,289	836,731
Call money and bills sold	537,778	555,552	3,551,804
Payables under repurchase agreements (Note 11)	149,362	112,902	986,475
Payables under securities lending transactions (Note 11)	107,444	111,887	709,629
Trading liabilities	1,553	1,122	10,258
Borrowed money (Notes 11, 12, and 22)	1,975,065	2,000,858	13,044,485
Foreign exchanges	1,548	8,350	10,228
Due to trust account	3,070	2,983	20,278
Other liabilities	181,578	147,695	1,199,253
Provision for bonuses for directors	260	183	1,722
Provision for retirement benefits for directors	33	29	223
Provision for reimbursement of deposits	1,772	1,954	11,708
Provision for contingent losses	1,882	2,103	12,432
Provision for point card certificates	592	564	3,915
Provision for losses on interest repayments	5	4	37
Reserves under special laws	2	2	17
Deferred tax liabilities (Note 20)	10,658	0	70,392
Deferred tax liabilities for land revaluation (Note 8)	7,844	7,929	51,812
Negative goodwill	395	553	2,609
Acceptances and guarantees (Note 10)	15,227	19,448	100,570
Total liabilities	20,796,735	20,482,702	137,353,778
EQUITY (Notes 14 and 15):			
Common stock	117,495	117,495	776,009
Capital surplus	98,980	125,705	653,722
Stock acquisition rights	43	62	285
Retained earnings	654,319	622,845	4,321,507
Treasury stock	(316)	(7,181)	(2,092)
Accumulated other comprehensive income:			
Unrealized gains on available-for-sale securities (Note 6)	77,279	18,692	510,401
Deferred gains on derivatives under hedge accounting (Note 23)	4,980	7,435	32,892
Land revaluation surplus (Note 8)	11,895	12,088	78,568
Defined retirement benefit plans (Note 13)	24,690	7,604	163,068
Total accumulated other comprehensive income	118,845	45,821	784,928
Non-controlling interests	32	31	211
Total equity	989,399	904,779	6,534,570
TOTAL	¥21,786,134	¥21,387,481	\$143,888,349

See notes to consolidated financial statements.

Consolidated Statement of Income

Year Ended March 31, 2024 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
INCOME:			
Interest income:			
Interest on loans and discounts	¥117,518	¥110,018	\$ 776,163
Interest and dividends on securities	61,260	55,491	404,597
Interest on call loans and bills bought	406	397	2,683
Interest on deposits with banks	3,860	4,817	25,496
Other interest income	390	399	2,576
Trust fees	31	27	206
Fees and commissions	61,275	56,943	404,702
Trading income	576	1,890	3,806
Other operating income	8,270	16,456	54,621
Other income (Note 17)	56,594	83,256	373,782
Total income	310,183	329,698	2,048,632
EXPENSES:			
Interest expenses:			
Interest on deposits	4,069	2,524	26,878
Interest on negotiable certificates of deposit	13	13	89
Interest on call money and bills sold	2,966	1,883	19,595
Interest on payables under repurchase agreements	8,677	3,591	57,311
Interest on payables under securities lending transactions	5,281	3,361	34,880
Interest on borrowing and rediscounts	2,763	1,601	18,250
Other interest expenses	18,783	9,233	124,055
Fees and commissions	15,890	14,266	104,949
Other operating expenses	39,718	91,616	262,327
General and administrative expenses (Note 18)	107,600	107,016	710,653
Provision of allowance for loan losses	1,549	8,045	10,235
Other expenses (Note 19)	41,009	40,587	270,850
Total expenses	248,323	283,743	1,640,071
INCOME BEFORE INCOME TAXES	61,860	45,955	408,561
INCOME TAXES (Note 20):			
Current	22,459	12,421	148,335
Deferred	(3,966)	1,357	(26,194)
Total income taxes	18,493	13,779	122,140
NET INCOME	43,366	32,176	286,421
NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	0	(0)	3
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 43,366	¥ 32,176	\$ 286,417

	Yen	U.S. Dollars
PER SHARE OF COMMON STOCK (Note 16):		
Basic EPS	¥41.66	\$29.90
Diluted EPS	41.66	29.89
Cash dividends applicable to the year (Note 14)	12.00	11.00

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year Ended March 31, 2024 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
NET INCOME	¥ 43,366	¥ 32,176	\$286,421
OTHER COMPREHENSIVE INCOME (LOSS) (Note 24):			
Unrealized gains (losses) on available-for-sale securities	58,587	(72,857)	386,944
Deferred (losses) gains on derivatives under hedge accounting	(2,455)	700	(16,216)
Defined retirement benefit plans	17,085	2,426	112,843
Total other comprehensive income (loss)	73,217	(69,730)	483,571
COMPREHENSIVE INCOME (LOSS)	¥116,584	¥(37,554)	\$769,992
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥116,583	¥(37,553)	\$769,988
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Non-controlling interests	¥ 0	¥ (0)	\$ 3

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year Ended March 31, 2024 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

	Accumulated Other Comprehensive Income											
	Common Stock (Note 14)	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gains (Losses) on Available-for-Sale Securities	Deferred Gains on Derivatives under Hedge Accounting	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total	Non-controlling interests	Total Equity
BALANCE, APRIL 1, 2022	¥117,495	¥125,692	¥130	¥602,694	¥(2,357)	¥91,550	¥6,734	¥11,944	¥5,177	¥115,407	¥—	¥959,063
Cash dividends				(11,881)								(11,881)
Net income attributable to owners of the parent				32,176								32,176
Purchase of treasury stock					(5,000)							(5,000)
Disposal of treasury stock		13			176							189
Reversal of land revaluation surplus				(144)								(144)
Net changes during the fiscal year			(68)			(72,857)	700	144	2,426	(69,586)	31	(69,623)
Total changes during the fiscal year	—	13	(68)	20,151	(4,824)	(72,857)	700	144	2,426	(69,586)	31	(54,283)
BALANCE, MARCH 31, 2023	¥117,495	¥125,705	¥62	¥622,845	¥(7,181)	¥18,692	¥7,435	¥12,088	¥7,604	¥45,821	¥31	¥904,779

	Accumulated Other Comprehensive Income											
	Common Stock (Note 14)	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gains on Available-for-Sale Securities	Deferred Gains (Losses) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total	Non-controlling interests	Total Equity
BALANCE, APRIL 1, 2023	¥117,495	¥125,705	¥62	¥622,845	¥(7,181)	¥18,692	¥7,435	¥12,088	¥7,604	¥45,821	¥31	¥904,779
Cash dividends				(12,085)								(12,085)
Net income attributable to owners of the parent				43,366								43,366
Purchase of treasury stock					(20,000)							(20,000)
Disposal of treasury stock		15			125							140
Retirement of treasury stock		(26,740)			26,740							—
Reversal of land revaluation surplus				192								192
Net changes during the fiscal year			(19)			58,587	(2,455)	(192)	17,085	73,024	0	73,006
Total changes during the fiscal year	—	(26,725)	(19)	31,473	6,865	58,587	(2,455)	(192)	17,085	73,024	0	84,619
BALANCE, MARCH 31, 2024	¥117,495	¥98,980	¥43	¥654,319	¥(316)	¥77,279	¥4,980	¥11,895	¥24,690	¥118,845	¥32	¥989,399

	Accumulated Other Comprehensive Income											
	Common Stock (Note 14)	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gains on Available-for-Sale Securities	Deferred Gains (Losses) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total	Non-controlling interests	Total Equity
BALANCE, APRIL 1, 2023	\$776,009	\$830,231	\$411	\$4,113,636	\$ (47,432)	\$123,457	\$49,108	\$79,841	\$50,225	\$302,630	\$208	\$5,975,693
Cash dividends				(79,819)								(79,819)
Net income attributable to owners of the parent				286,417								286,417
Purchase of treasury stock					(132,098)							(132,098)
Disposal of treasury stock		101			829							929
Retirement of treasury stock		(176,610)			176,610							—
Reversal of land revaluation surplus				1,273								1,273
Net changes during the fiscal year			(126)			386,944	(16,216)	(1,273)	112,843	482,298	3	482,175
Total changes during the fiscal year	—	(176,509)	(126)	207,871	45,341	386,944	(16,216)	(1,273)	112,843	482,298	3	558,878
BALANCE, MARCH 31, 2024	\$776,009	\$653,722	\$285	\$4,321,507	\$ (2,092)	\$510,401	\$32,892	\$78,568	\$163,068	\$784,928	\$211	\$6,534,570

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31, 2024 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	
OPERATING ACTIVITIES:			
Income before income taxes	¥ 61,860	¥ 45,955	\$ 408,561
Adjustments for:			
Income taxes paid	(4,691)	(16,709)	(30,985)
Depreciation and amortization	9,278	9,113	61,277
Impairment loss	906	438	5,988
Amortization of negative goodwill	(158)	(158)	(1,044)
Decrease in allowance for loan losses	(6,972)	(1,941)	(46,053)
Increase (decrease) in provision for bonuses for directors	76	(97)	507
Increase in asset for retirement benefits	(3,725)	(4,245)	(24,607)
Decrease in liability for retirement benefits	—	(361)	—
Increase in provision for retirement benefits for directors	4	5	28
Decrease in provision for reimbursement of deposits	(181)	(229)	(1,198)
Decrease in provision for contingent losses	(221)	(245)	(1,460)
Increase in provision for point card certificates	27	56	184
Increase (decrease) in provision for interest repayments	1	(3)	7
Gains on fund management	(183,435)	(171,124)	(1,211,516)
Financing expenses	42,554	22,210	281,057
Losses related to securities	20,012	45,446	132,175
Losses on money held in trust	185	18	1,228
Foreign exchange gains	(91,169)	(63,146)	(602,137)
Losses on disposal of fixed assets	275	237	1,818
Net decrease (increase) in trading assets	(1,354)	627	(8,948)
Net increase in trading liabilities	430	779	2,843
Net increase in loans and bills discounted	(222,048)	(698,819)	(1,466,540)
Net increase in deposits	536,682	311,549	3,544,567
Net increase (decrease) in negotiable certificates of deposit	(244,599)	60,564	(1,615,480)
Net decrease in borrowed money (excluding subordinated borrowings)	(25,793)	(1,794,841)	(170,356)
Net increase in due from banks (excluding cash equivalents)	(946)	(10,399)	(6,254)
Net increase in call loans	(61,689)	(17,338)	(407,432)
Net increase (decrease) in call money	18,686	(524,665)	123,414
Net decrease in payables under securities lending transactions	(4,442)	(714,939)	(29,339)
Net decrease in foreign exchanges - assets	7,832	4	51,732
Net increase (decrease) in foreign exchanges - liabilities	(6,802)	3,960	(44,926)
Net decrease (increase) in lease receivables and investments in lease	(418)	4,870	(2,766)
Net increase (decrease) in due to trust account	86	(63)	571
Proceeds from fund management	179,526	172,506	1,185,699
Payments for finance	(42,172)	(20,090)	(278,533)
Other-net	(1,144)	(7,023)	(7,561)
Total adjustments	(85,401)	(3,414,052)	(564,040)
Net cash used in operating activities	¥ (23,541)	¥ (3,368,097)	\$ (155,479)
INVESTING ACTIVITIES:			
Purchases of securities	¥(1,300,531)	¥ (785,895)	\$ (8,589,472)
Proceeds from sales of securities	639,179	1,323,150	4,221,517
Proceeds from redemption of securities	346,014	392,058	2,285,282
Increase in money held in trust	—	(1,002)	—
Purchases of tangible fixed assets	(5,766)	(3,640)	(38,082)
Proceeds from sales of tangible fixed assets	196	426	1,298
Purchases of intangible fixed assets	(4,188)	(2,363)	(27,663)
Other-net	(248)	(303)	(1,639)
Net cash provided by (used in) investing activities	(325,343)	922,430	(2,148,760)
FINANCING ACTIVITIES:			
Purchase of treasury stocks	(20,000)	(5,000)	(132,098)
Proceeds from sales of treasury stocks	135	180	895
Cash dividends paid	(12,085)	(11,881)	(79,819)
Payments from non-controlling shareholders	—	32	—
Net cash used in financing activities	(31,950)	(16,669)	(211,022)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	0	16	2
NET DECREASE IN CASH AND CASH EQUIVALENTS	(380,835)	(2,462,319)	(2,515,260)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,802,328	7,264,647	31,717,381
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	¥ 4,421,493	¥ 4,802,328	\$29,202,121

NONCASH INVESTING AND FINANCING ACTIVITIES:

Not applicable.

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year Ended March 31, 2024 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of Mebuki Financial Group, Inc. (the "Company") and its consolidated subsidiaries (together, the "Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, in accordance with the Enforcement Regulation for the Banking Act, 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 which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2023 consolidated financial statements to conform to the classifications used in 2024.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which 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 16 significant subsidiaries.

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

All consolidated subsidiaries have a fiscal year ending on March 31, which is the same as the fiscal year of the Company.

The consolidated financial statements as of March 31, 2024, do not include the accounts of 12 subsidiaries because the total assets, total income, net income, retained earnings, and accumulated other comprehensive income of those entities would not have had a material effect on the consolidated financial statements.

The following three companies are not treated as subsidiaries even though the Group owns more than 50% of their voting rights because the Company's unconsolidated subsidiary in the investment business held its shares for the purpose of growing the investee's business and not for the purpose of controlling the entity:

- Ibaraki Soko Co., Ltd.
- Hitachiya Honpo Co., Ltd.
- Miraie HD, Ltd.

The consolidated financial statements as of March 31, 2024, do not apply to the equity method of accounting of 12 unconsolidated subsidiaries and four associated companies because the net income, retained earnings, and accumulated other comprehensive income of those entities would not have had a material effect on the consolidated financial statements.

Kiuchi Sake Brewery 1823 Co. is not treated as an associated company even though the Group owns 20% or more and less than 50% of its voting rights because the Company's unconsolidated subsidiary in the investment business held its shares for the purpose of growing the investee's business, and not for the purpose of controlling the entity.

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

Negative goodwill represents the difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition. Negative goodwill incurred before March 31, 2010, is amortized using the straight-line method over 20 years.

b. Trading Assets and Trading Liabilities — Transactions for "Trading purposes" (seeking to capture gains arising from short-term changes in interest rates, currency exchange rates, market prices of securities, and other market-related indices or from arbitrage between markets) are valued at fair value and have been included in trading assets and trading liabilities on a trade-date basis. Gains or losses on such trading transactions are reflected as trading income or trading expenses in the consolidated statement of income.

Among the trading assets and liabilities, securities and monetary claims are carried at fair value as of the consolidated balance sheet date. Derivatives, including swaps, futures, and options, are valued assuming settlement on the consolidated balance sheet date.

Trading income or trading expenses include interest received or paid during the fiscal year. The year-on-year valuation differences of securities and monetary claims are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the year-on-year valuation differences are also recorded in the above-mentioned accounts.

c. Securities — 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 stated at amortized cost using the straight-line method.
- (2) Investments in unconsolidated subsidiaries that are not accounted for by the equity method are stated at cost determined by the moving-average method.
- (3) Available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Securities without readily available market prices are stated at cost determined by the moving-average cost method.

For other-than-temporary declines in fair value, securities are reduced to net realizable value by a charge to income.

d. Tangible Fixed Assets — Tangible fixed assets (except for leased assets) are stated at cost, less accumulated depreciation. Depreciation of tangible fixed assets owned by the consolidated banking subsidiaries is computed by the straight-line method.

The range of useful lives is from 3 to 50 years for buildings and from 3 to 20 years for other tangible fixed assets.

Depreciation of tangible fixed assets owned by other subsidiaries is mainly computed by the straight-line method in estimated useful lives.

Depreciation of leased 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 respective lease periods. The residual value of leased assets is determined using the guaranteed residual value indicated on the lease contracts where provided; otherwise, they have a nil residual value.

e. Intangible Fixed Assets — Amortization of intangible fixed assets is computed by the straight-line method. The cost of computer software obtained for internal use is amortized principally using the straight-line method over the estimated useful lives of mainly five years.

f. 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.

g. Allowance for Loan Losses — The consolidated banking subsidiaries have provided an allowance for loan losses, which is determined based on management's judgment and assessment of future losses based on the write-offs and provision standards. These systems reflect the past experience of credit losses; possible credit losses; business and economic conditions; the character, quality, and performance of the portfolio; the value of collateral or guarantees; and other pertinent indicators.

The quality of all loans performed by the business offices is reviewed by the credit-related divisions in the headquarters and then independently examined by the internal audit division based on the self-assessment of asset quality standards.

The classification of borrowers (six categories: "Normal borrowers"; "Borrowers requiring caution, excluding borrowers requiring monitoring"; "Borrowers requiring monitoring"; "Possible bankruptcy"; "Virtual bankruptcy"; and "Legal bankruptcy") is determined in accordance with self-assessment standards prescribed by the Group to evaluate the credit losses on loans.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings, or similar legal proceedings ("Legal bankruptcy"), or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("Virtual bankruptcy"), an allowance is provided based on the amount of claims, after the write-offs as stated below, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt, but are likely to become bankrupt in the future ("Possible bankruptcy"), an allowance is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers whose loans are classified as "Restructured loans" over a certain amount, for which future cash flows from the collection of principal and interest are reasonably estimated, an allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claims based on the discounted cash flow method.

For other claims, an allowance is provided, mainly based on expected loan losses for the next three years for claims requiring special caution ("Requiring monitoring") in whole or in part among claims against borrowers requiring caution in future management, such as borrowers with unreasonable loan terms, borrowers with questionable performance, borrowers with weak or unstable business conditions, or borrowers with unfavorable financial conditions ("Requiring caution"), and expected loan losses for the next one year for claims against borrowers other than requiring monitoring and claims against borrowers with good business conditions and no particular financial problems ("Normal"). Expected loan losses are computed using the average historical loan loss ratio of the past one year to three years. Where necessary, the expected loan losses are modified for possible future scenarios.

For collateralized or guaranteed claims of borrowers who are in "Virtual bankruptcy" or "Legal bankruptcy" the amount exceeding the estimated value of collateral or guarantees has been deducted as deemed uncollectible directly from those claims. As of March 31, 2024 and 2023, the deducted amounts were ¥26,458 million (\$174,745 thousand) and ¥22,723 million, respectively.

Other consolidated subsidiaries determine allowances for loan losses that are provided for general claims at an amount based on the actual historical rate of loan losses and for specific claims (from potentially bankrupt customers and other) at an estimate of the amounts deemed uncollectible based on the respective assessments.

h. Allowance for Investment Losses — Allowance for investment losses is provided at the amount deemed necessary to cover estimated possible losses on certain type of nonmarketable investments.

i. Provision for Bonuses for Directors — Provision for bonuses for directors (including executive officers) is provided in the amount of the estimated bonuses that are attributable to each fiscal year.

j. Retirement Benefits for Employees—The Group accounts for the liability for retirement benefits based on the projected benefit obligations and the fair value of plan assets at the consolidated balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs 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 from the next year of incurrence and the year of incurrence, respectively, by the straight-line method over a period (mainly 10 years) no longer than the expected average remaining service period of the employees.

k. Provision for Retirement Benefits for Directors — Provision for retirement benefits for directors, which is provided for payments of retirement benefits to directors, is recorded in the amount deemed accrued at the fiscal year end date based on the estimated amount of benefits.

l. Provision for Reimbursement of Deposits — Provision for reimbursement of deposits, which were derecognized as liabilities under certain conditions, is provided for possible losses on future claims and is calculated based on the historical reimbursement experience.

m. Provision for Contingent Losses — Provision for contingent losses is provided for possible loan losses guaranteed by the credit guarantee corporations in an amount deemed necessary based on estimated losses in the future, calculated using historical default rates after exclusion of contingent losses covered by other reserves.

n. Provision for Point Card Certificates — Provision for point card certificates, which is provided for the future use of points granted to customers under the credit card points program, is calculated by converting the outstanding points into a monetary amount and rationally estimating and recognizing the amount that will be redeemed in the future.

o. Provision for Losses on Interest Repayments — Certain consolidated subsidiaries provide a provision for losses on interest repayments in an amount deemed necessary based on estimated amounts to be repaid, taking into account historical records of interest repayments on the portion of loans whose interest rates exceeded the maximum interest rate stipulated by the Interest Limitation Law.

p. Reserves under Special Laws — Reserves under special laws are provided for contingent liabilities incurred by an accident in relation to the sales and purchase or other transactions of securities, which amounted to ¥2 million (\$17 thousand) and ¥2 million as of March 31, 2024 and 2023, respectively, pursuant to Article 46-5-1 of the Financial Instruments and Exchange Act and Item 175 of the related cabinet order.

q. Stock Options — Compensation expense for employee stock options is recognized based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. In the consolidated balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised.

r. Stock Issuance Costs — Stock issuance costs are charged to income as incurred.

s. Leases — As a lessor, finance leases that are not deemed to transfer ownership of the leased property to the lessee are recognized as investments in leases.

Income and expenses are recognized when lease receivables are collected for finance lease transactions that do not transfer ownership of the property.

As for finance lease transactions that do not transfer ownership of the leased property and which commenced prior to April 1, 2008, in line with the stipulations of Item 81 of the Guidance on Accounting Standard for Lease Transactions (Accounting Standards Board of Japan (ASBJ) Guidance No. 16, March 25, 2011), book value (after deduction of accumulated depreciation) of lease assets included in tangible fixed assets and intangible assets as of the previous consolidated balance sheet date (March 31, 2008) was recorded as the initial balance of "Lease receivables and investments in lease."

t. Income Taxes — The provision for 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.

The Group files a tax return under the group tax sharing system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned subsidiaries.

u. Translation of Foreign Currencies — Assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing as of the consolidated balance sheet date.

v. Derivatives and Hedging Activities — Derivative financial instruments are classified and accounted for as follows: (a) all derivatives, except those entered into for hedging purposes, are recognized as either assets or liabilities and measured at fair value, with gains or losses on derivative transactions recognized in the consolidated statement of income, and the fair value is calculated on a group basis for the financial assets and financial liabilities on the net amount after offsetting the financial assets and financial liabilities, taking into account specific market risks or specific credit risks, or (b) 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 (deferral hedge accounting).

The consolidated banking subsidiaries apply deferral hedge accounting based on the rules of the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 24, March 17, 2022, "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry," for interest rate derivatives to manage interest rate risk from various financial assets and liabilities, as a whole. Under these rules, the effectiveness of a fair value hedge is assessed by an identified group of hedge items, such as loans, and by a corresponding group of hedging instruments, such as interest rate swaps in the same maturity category. Also, under these rules, the effectiveness of cash flow hedges is assessed based on the correlation between a base interest rate index of the hedged cash flow and that of the hedging instrument.

The consolidated banking subsidiaries apply deferral hedge accounting based on the rules of the JICPA Industry Audit Committee Report No. 25, October 8, 2020, "Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry," to currency swaps and funding swaps used for the purpose of currency exchange. Under deferral hedge accounting, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions, such as currency swap transactions and foreign exchange swaps, as hedging instruments. Effectiveness of derivative transactions, such as currency swap transactions and foreign exchange swap transactions, is reviewed by comparing the total foreign currency position of the hedged items and the hedging instrument by currency.

One consolidated banking subsidiary applies individual deferral hedge accounting to offset the price fluctuation of the strategic shares that are classified under available-for-sale securities, using stock forward contracts, as hedged items. The hedge effectiveness of derivative transactions is reviewed by comparing the changes in the value of the hedged item and hedging instruments.

The consolidated banking subsidiaries apply individual deferral hedge accounting and exceptional accrual method for interest rate swap to some assets and liabilities.

w. Cash and Cash Equivalents — Cash and cash equivalents in the consolidated statement of cash flows represent cash and due from banks in the consolidated balance sheet, excluding deposits with banks other than the Bank of Japan, of the consolidated banking subsidiaries and exclude the time deposits of the Company and the other consolidated subsidiaries.

x. Consumption Taxes — Consumption tax is excluded from transactions reported by the Group. However, nondeductible consumption tax on tangible fixed assets is charged to income as incurred.

y. Per Share Information — Basic net earnings per share (EPS) of common stocks is computed by dividing net income attributable to common shareholders by the weighted-average number of shares of common stock 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.

Significant Accounting Estimates

Accounting estimates recorded in the consolidated financial statements for the current fiscal year that may have a material impact on the consolidated financial statements for the following fiscal year are as follows:

Allowance for loan losses

As the ratio of loans, etc., recorded by the consolidated banking subsidiaries is relatively high in the consolidated balance sheet, the accounting estimate of allowance for loan losses has a significant impact on the results of business performance and financial position.

(i) Amounts recorded in the consolidated financial statements as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Allowance for loan losses	¥84,886	¥91,859	\$560,638

(ii) Information on the consolidated financial statements with regard to the accounting estimates

(a) Calculating method

As the calculation method is stated in "H. Allowance for loan losses" in NOTE "2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES," the classification of borrowers (six categories: "Normal borrowers"; "Borrowers requiring caution, excluding borrowers requiring monitoring"; "Borrowers requiring monitoring"; "Possible bankruptcy"; "Virtual bankruptcy"; and legal bankruptcy") is determined in accordance with self-assessment standards prescribed by the Group to prepare for credit losses on loans. In determining the classification of borrowers, the Group considers the projections for changes in the performance of the borrowers that are expected to be affected by the demand trends in the borrower's industry, supply chain trends, price rises, and other external economic environment, as well as the borrower's internal environment, such as improvement of technological capabilities or production capacity, business efficiency, and cash flow management, etc. Allowance for loan losses is estimated in

accordance with the credit risk by estimating the expected loss amount based on the actual historical rate of loan losses for each classification of the borrowers determined as above.

(b) Significant assumptions

The classification of borrowers is determined by comprehensively considering various information, such as the borrower's past financial condition, repayment history, future forecasts, and other qualitative information of the borrowers.

Since the future forecast information includes the demand trends in the borrower's industry, supply chain trends, price rises, and other external economic environment, as well as the borrower's internal environment, such as improvement of technological capabilities or production capacity, business efficiency, and cash flow management, etc. and they can be significantly affected by changes in the internal and external environment, the Group evaluates the information based on certain assumptions.

(c) Impact on the consolidated financial statements for the following fiscal year:

The assumptions used in determining the classification of borrowers are uncertain, and changes in the assumptions used in the initial estimation could increase or decrease the amount of loss and have a material impact on the consolidated financial statements.

Additional Information

In determining the classification of borrowers, the Group considered the projections for changes in the performance of the borrowers that would be expected to be affected by the impact of COVID-19, etc.

However, COVID-19 has been reclassified to "Category 5," which has no special restrictions, and the impacts of COVID-19 on the projections for changes in the performance of the borrowers have shrunk. The impact of that uncertainty on the consolidated financial statements for the next period has also been reduced.

Based on the assumption above, the Group estimates allowance for loan losses for the current consolidated fiscal year.

3. CASH AND CASH EQUIVALENTS

The reconciliation of "Cash and cash equivalents" in the consolidated statements of cash flows and "Cash and due from banks" in the consolidated balance sheets as of March 31, 2024 and 2023, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Cash and due from banks.....	¥4,438,860	¥4,818,749	\$29,316,827
Deposits with banks of the consolidated banking subsidiaries other than the Bank of Japan.....	(17,367)	(16,420)	(114,706)
Cash and cash equivalents	¥4,421,493	¥4,802,328	\$29,202,121

4. TRADING SECURITIES AND SECURITIES

The amounts shown in the following tables include "Securities," trading securities in "Trading assets," and negotiable certificates of deposit in "Cash and due from banks," as described in the consolidated balance sheet.

Valuation differences recognized as income and expenses as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Trading securities.....	¥1	¥3	\$7

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Japanese national government bonds	¥ 660,704	¥ 396,943	\$ 4,363,680
Japanese local government bonds	791,507	1,024,386	5,227,574
Japanese corporate bonds.....	911,686	784,578	6,021,312
Japanese corporate stocks	283,019	215,695	1,869,227
Other securities	1,486,633	1,240,706	9,818,594
Total	¥4,133,551	¥3,662,309	\$27,300,386

The cost and aggregate fair value of available-for-sale securities and held-to-maturity securities as of March 31, 2024 and 2023, were as follows:

March 31, 2024	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:	¥3,826,296	¥191,028	¥82,343	¥3,934,981
Equity securities.....	126,827	152,849	877	278,799
Debt securities:.....	2,242,818	841	34,188	2,209,471
Japanese national government bonds	606,689	411	2,161	604,938
Japanese local government bonds	799,184	217	8,994	790,407
Japanese corporate bonds	836,944	212	23,032	814,124
Others:.....	1,456,651	37,337	47,277	1,446,710
Foreign bonds	850,652	2,342	16,981	836,012
Others.....	605,999	34,994	30,295	610,698
Held-to-maturity:.....	154,427	95	1,498	153,024
Japanese national government bonds.....	55,766	—	993	54,772
Japanese local government bonds.....	1,099	—	2	1,096
Japanese corporate bonds	97,562	95	502	97,155

March 31, 2023	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:	¥3,437,365	¥121,541	¥96,547	¥3,462,358
Equity securities:	109,574	103,286	1,515	211,344
Debt securities:	2,078,460	1,870	36,284	2,044,046
Japanese national government bonds	353,287	758	13,893	340,152
Japanese local government bonds	1,031,448	466	8,127	1,023,786
Japanese corporate bonds	693,725	646	14,263	680,108
Others:	1,249,330	16,383	58,747	1,206,966
Foreign bonds	636,729	2,062	15,964	622,827
Others:	612,601	14,321	42,783	584,139
Held-to-maturity:	161,861	148	966	161,043
Japanese national government bonds	56,791	—	518	56,272
Japanese local government bonds	599	0	0	599
Japanese corporate bonds	104,470	148	446	104,172

March 31, 2024	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:	\$25,271,097	\$1,261,662	\$543,844	\$25,988,915
Equity securities:	837,640	1,009,509	5,795	1,841,354
Debt securities:	14,812,882	5,557	225,801	14,592,638
Japanese national government bonds	4,006,930	2,717	14,279	3,995,368
Japanese local government bonds	5,278,284	1,435	59,404	5,220,315
Japanese corporate bonds	5,527,668	1,405	152,118	5,376,955
Others:	9,620,575	246,596	312,248	9,554,923
Foreign bonds	5,618,204	15,470	112,158	5,521,515
Others:	4,002,372	231,126	200,090	4,033,408
Held-to-maturity:	1,019,927	630	9,894	1,010,663
Japanese national government bonds	368,311	—	6,562	361,750
Japanese local government bonds	7,259	0	15	7,244
Japanese corporate bonds	644,357	630	3,317	641,669

Information for available-for-sale securities, which were sold during the years ended March 31, 2024 and 2023, is as follows:

March 31, 2024	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 34,371	¥17,235	¥ 345
Debt securities:	406,315	29	23,797
Japanese national government bonds	256,489	28	17,781
Japanese local government bonds	126,801	—	4,494
Japanese corporate bonds	23,024	0	1,521
Others:	175,934	2,255	15,964
Foreign bonds	100,083	—	7,190
Others	75,850	2,255	8,773
Total	¥616,621	¥19,519	¥40,107

March 31, 2023	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 65,104	¥39,809	¥ 429
Debt securities:	511,566	57	36,228
Japanese national government bonds	509,481	51	36,228
Japanese corporate bonds	2,085	5	—
Others:	722,654	8,661	56,391
Foreign bonds	621,444	—	50,063
Others	101,210	8,661	6,327
Total	¥1,299,325	¥48,528	¥93,049

March 31, 2024	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	\$ 227,007	\$113,831	\$ 2,283
Debt securities:	2,683,547	192	157,173
Japanese national government bonds	1,694,009	190	117,438
Japanese local government bonds	837,474	—	29,687
Japanese corporate bonds	152,065	2	10,048
Others:	1,161,972	14,895	105,436
Foreign bonds	661,011	—	47,492
Others	500,961	14,895	57,945
Total	\$4,072,526	\$128,919	\$264,892

Securities other than securities for trading purposes (excluding equity securities without readily available market price and partnership investments), where the fair value of the securities has significantly decreased compared to the acquisition cost and there is no expectation that the fair value will recover to the acquisition cost, are accounted for on the consolidated balance sheet at the fair value. Additionally, the difference in valuation is treated as a loss for the current consolidated fiscal year, a process referred to as "impairment."

The impairment amount for the previous fiscal year was 172 million yen (including stocks: 172 million yen).

There is no impairment amount for the current fiscal year.

The criteria for determining whether the fair value has "significantly declined" are based on the spirit of the "Practical Guidelines on Accounting for Financial Instruments" (Report No. 14 of the Accounting System Committee of the Japanese Institute of Certified Public Accountants), and include cases where the fair value at the end of the consolidated fiscal year has fallen by 30% or more compared to the acquisition cost. Additionally, available-for-sale securities such as domestic stocks and domestic investment trusts, the judgment is generally based on the average fair value for the last month of the consolidated fiscal year.

As of March 31, 2024 and 2023, Total amount of shares or capital contributions in non-consolidated subsidiaries and affiliated companies, of ¥7,528 million (\$49,722 thousand) and ¥5,912 million, respectively.

5. MONEY HELD IN TRUST

Money held in trust for trading purposes as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Amounts recorded in the consolidated balance sheet	¥2,824	¥3,010	\$18,656
Valuation loss included in the consolidated statement of income	(184)	(17)	(1,221)

6. UNREALIZED GAINS ON AVAILABLE-FOR-SALE SECURITIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Unrealized gains:	¥109,678	¥25,794	\$724,378
Available-for-sale securities	109,678	25,794	724,378
Deferred tax liabilities:	32,398	7,102	213,977
Unrealized gains on available-for-sale securities before adjustments by ownership share	77,279	18,692	510,401
Noncontrolling interests	—	—	—
Unrealized gains on available-for-sale securities	¥77,279	¥18,692	\$510,401

As of March 31, 2024 and 2023, the total unrealized gains include an unrealized gain of ¥993 million (\$6,560 thousand) and ¥801 million, respectively, on available-for-sale securities contained in certain fund.

7. LOANS AND BILLS DISCOUNTED

Claims based on the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions as of March 31, 2024 and 2023, are as follows:

The claims consist of those included in the accounts of bonds included in "Securities" (its principal's redemption and interest payments are guaranteed, in whole or in part, and the corporate bonds issue is limited to a private placement of the securities (Article 2, Item 3 of the Financial Instruments and Exchange Act)); "Loans;" "Foreign exchanges assets; accrued interest and suspense payment in "Other assets;" and "Customers' liabilities for acceptances and guarantees" in the consolidated balance sheet, and securities in the notes (limited to those under a loan for use or lease agreement) that are in case of loan.

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Bankrupt and substantially bankrupt claims	¥ 14,676	¥ 12,577	\$ 96,931
Doubtful claims	151,478	153,013	1,000,455
Claims past due for three months or more	105	211	698
Restructured claims	28,994	31,311	191,497
Total	¥195,255	¥197,114	\$1,289,581

The amounts above are stated before the deduction of the allowance for loan losses.

"Bankrupt and substantially bankrupt claims" are claims against debtors in bankruptcy due to the commencement of bankruptcy procedures, the commencement of reorganization proceedings, the petition for the commencement of rehabilitation proceedings, and claims equivalent to these.

"Doubtful claims" are claims that the debtor is not yet in a state of bankruptcy, but its financial position and business performance have deteriorated, and it is highly probable that the principal's collection and interest on claims in accordance with the terms of the contract will not be received. These claims do not fall under the category of "Bankrupt and substantially bankrupt claims."

"Loans past due for three months or more" include accruing loans for which principal or interest is past due three months or more.

"Restructured loans" are loans to borrowers in financial difficulty to whom the Group has provided financial support through modification of the lending terms to be more favorable to the borrower, including reduction of interest rates, suspension of repayment of principal and interest, and debt forgiveness.

Contracts of overdraft facilities and loan commitment limits are contracts under which the consolidated banking subsidiaries and certain consolidated subsidiaries lend to customers up to the prescribed limits in response to

customer applications for loans as long as there is no violation of any condition in the contracts. As of March 31, 2024 and 2023, the amounts of unused commitments were ¥2,829,195 million (\$18,685,659 thousand) and ¥2,836,748 million, respectively. As of March 31, 2024 and 2023, the amounts of unused commitments whose remaining contract terms were within one year were ¥1,852,431 million (\$12,234,538 thousand) and ¥1,896,251 million, respectively.

As many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions whereby the consolidated banking subsidiaries and certain consolidated subsidiaries can refuse customer applications for loans or decrease the contract limits for certain reasons (e.g., changes in a financial situation and deterioration in customers' creditworthiness). At the inception of the contracts, the consolidated banking subsidiaries and certain consolidated subsidiaries obtain real estate, securities, or other assets as collateral if considered to be necessary. Subsequently, the consolidated banking subsidiaries and certain consolidated subsidiaries perform periodic reviews of the customers' business results based on the internal rules and take necessary measures to reconsider conditions in the contracts and/or require additional collateral and guarantees.

Discounting bills are treated as secured lending transactions. As of March 31, 2024 and 2023, consolidated banking subsidiaries have the right to sell or repledge bills discounted and foreign exchange bills bought and their total face value was ¥27,560 million (\$182,028 thousand) and ¥25,645 million, respectively.

8. TANGIBLE FIXED ASSETS

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Buildings	¥ 35,734	¥ 36,459	\$236,013
Land	52,116	52,657	344,205
Leased assets	25	31	171
Construction in progress	278	170	1,840
Other	14,356	12,248	94,817
Total	¥102,511	¥101,567	\$677,045

The accumulated depreciation of tangible fixed assets as of March 31, 2024 and 2023, amounted to ¥122,999 million (\$812,363 thousand) and ¥123,603 million, respectively.

Under certain conditions, such as exchanges of fixed assets of 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. As of March 31, 2024 and 2023, such deferred profit amounted to ¥9,635 million (\$63,639 thousand) and ¥9,661 million, respectively, and the amount of the deferred profit recorded for the year ended March 31, 2024, was ¥23 million (\$152).

Under the "Law of Land Revaluation," one banking subsidiary elected a onetime revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 1998. The resulting revaluation reserve for land represents an 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 revaluation reserve for land account and related deferred tax liabilities. As of March 31, 2024 and 2023, the carrying amount of the land after the above onetime revaluation exceeded the fair value by ¥20,579 million (\$135,920 thousand) and ¥21,040 million, respectively.

9. INTANGIBLE FIXED ASSETS

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Software.....	¥ 9,491	¥10,272	\$62,686
Other	3,465	3,250	22,888
Total	¥12,956	¥13,523	\$85,573

10. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees in the consolidated balance sheet. As a contra account, customers' liabilities for acceptances and guarantees are presented as assets, representing the consolidated banking subsidiaries' and certain consolidated subsidiaries' rights of indemnity from the 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 ¥160,393 million (\$1,059,334 thousand) and ¥177,813 million, respectively.

11. MONETARY TRUST

Consolidated domestic banking subsidiaries guarantee the principals on certain jointly managed trust products. The guaranteed principal amounts held in such trusts were ¥3,049 million (\$20,140 million) and ¥2,970 million as of March 31, 2024 and 2023, respectively.

12. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and the related liabilities as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Assets pledged as collateral:			
Securities.....	¥2,112,552	¥2,099,040	\$13,952,530
Loans and bills discounted	455,017	576,813	3,005,198
Total	¥2,567,569	¥2,675,854	\$16,957,728
Related liabilities to above assets:			
Deposits	¥ 166,621	¥ 186,281	\$ 1,100,464
Payables under repurchase agreements	149,362	112,902	986,475
Payables under securities lending transactions.....	107,444	111,887	709,629
Borrowed money	1,972,275	1,997,698	13,026,060

Additionally, securities amounting to ¥5,316 million (\$35,114 thousand) and ¥5,328 million as of March 31, 2024 and 2023, respectively, were pledged as collateral for settlements of exchange or as substitute securities for margins on futures transactions.

Moreover, other assets included the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Deposits for central counterparty.....	¥106,690	¥102,611	\$704,648
Cash collateral paid for financial instruments.....	34,398	24,855	227,186
Cash collateral paid for transactions involving public funds	2,051	2,078	13,551
Guarantee deposits	1,343	1,378	8,875

13. BORROWED MONEY AND LEASE OBLIGATIONS

(1) Borrowed money as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Borrowed money of which the weighted-average annual interest rates were 0.10%, due from April 2024 to June 2035	¥1,975,065	¥2,000,858	\$13,044,485

Annual maturities of borrowed money as of March 31, 2024, for the next five years were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2025.....	¥1,716,237	\$11,335,034
2026.....	93,759	619,240
2027.....	86,053	568,345
2028.....	79,001	521,774
2029.....	1	12

(2) Obligations under finance lease transactions

The following is a summary of maturities of the finance lease obligations subsequent to March 31, 2024

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2025.....	¥16	\$106
2026.....	5	36
2027.....	2	19
2028.....	1	12
2029.....	0	3
Total	¥26	\$175

Regarding the average interest rate of lease obligations, it is not listed because some consolidated subsidiaries engaged in the banking business record the amount before deducting the interest equivalent amount included in the total lease fee as a lease obligation in the consolidated balance sheet.

The finance lease obligations were included in other liabilities in the consolidated balance sheet.

14. RETIREMENT AND PENSION PLANS

(1) Outline of the adopted retirement benefit plans

The Company's banking subsidiary, The Joyo Bank, Ltd. ("Joyo"), and its consolidated subsidiaries have adopted a defined benefit corporate pension system and a lump-sum retirement payment system as defined benefit plans, along with a defined contribution pension system for corporations. Additionally, a retirement benefit trust has been set up for the defined benefit corporate pension system and lump-sum retirement payment system.

Furthermore, when it comes to employee retirements, enhanced severance payments that are not subject to retirement benefit liabilities calculated in accordance with retirement benefit accounting may be paid. Joyo Bank, Ltd. has implemented a revision of the lump-sum retirement payment system as of October 1, 2021, and has communicated changes in regulations associated with the revision as of June 30, 2021. Consequently, an increase in retirement benefit liabilities (past service costs) amounting to 315 million yen occurred, and the cost treatment (increase in expenses) has been conducted since July 2021.

The Company's banking subsidiary, Ashikaga Bank, Ltd. ("Ashikaga"), and its consolidated subsidiaries have adopted funded and unfunded defined benefit plans, as well as defined contribution plans to provide for the employees' retirement benefits. All of the retirement benefit plans are managed in an integrated manner through retirement benefit points that are determined based on years of service and capabilities of employees, as well as employee performance evaluation. The determined points are then allocated to each plan.

The defined benefit pension plans (funded plans) have introduced pension plans similar to cash balance plan-type pension plans. Under the plan, each participant will set up a virtual individual account where pension or lump-sum payments will be made based on the accumulated retirement benefit points allocated. A retirement benefit trust is established for this defined benefit pension plan.

Under the lump-sum retirement benefit plans (unfunded plans that have become funded plans due to the establishment of a retirement benefit trust), lump-sum payments are made based on the accumulated retirement benefit points allocated. In some cases, premium severance payments may be made to employees in conjunction with the employees' retirement and other.

Under the defined contribution plans, the contribution amount is decided based on the accumulated retirement benefit points allocated.

The Company's consolidated subsidiaries are members of the defined benefit pension funds under the multiemployer plans, and as the amount of plan assets corresponding to the contribution of each subsidiary may be reasonably calculated, such information is included in the notes to defined benefit plans.

Regarding the lump-sum retirement benefit plans adopted by certain consolidated subsidiaries, liability for retirement benefits and retirement benefit expenses are calculated by the simplified method.

(2) Defined benefit plans

(a) 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
	2024	2023	2024
Balance at beginning of year.....	¥116,588	¥123,728	\$770,020
Current service cost.....	2,602	3,054	17,189
Interest cost.....	1,120	712	7,402
Actuarial losses	(3,824)	(5,086)	(25,261)
Benefits paid.....	(6,700)	(6,584)	(44,251)
Prior service cost.....	—	—	—
Others	55	765	364
Balance at end of year.....	¥109,842	¥116,588	\$725,463

*Figures above exclude retirement and benefit plans calculated by the simplified method.

(b) The changes in plan assets for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year.....	¥158,508	¥157,015	\$1,046,885
Expected return on plan assets.....	3,214	3,163	21,228
Actuarial gains (losses)	21,870	(1,204)	144,443
Contributions from the employer.....	3,144	3,238	20,766
Benefits paid.....	(3,798)	(3,736)	(25,090)
Others	30	32	204
Balance at end of year.....	¥182,969	¥158,508	\$1,208,435

*Figures above exclude retirement and benefit plans calculated by the simplified method.

(c) The changes in liabilities for retirement benefits adopting the simplified method for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year.....	¥1,113	¥1,133	\$ 7,353
Retirement benefit expense.....	280	284	1,852
Benefits paid.....	(157)	(104)	(1,042)
Contribution to the defined benefit pension plan	(190)	(200)	(1,256)
Balance at end of year.....	¥1,045	¥1,113	\$ 6,906

(d) Reconciliation between the liabilities recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Funded defined benefit obligation.....	¥ 112,658	¥ 120,134	\$ 744,062
Plan assets.....	(185,769)	(162,039)	(1,226,932)
Total	(73,111)	(41,904)	(482,870)
Unfunded defined benefit obligation	1,045	1,113	6,906
Net asset arising from defined benefit obligation.....	¥ (72,065)	¥ (40,791)	\$ (475,964)

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Liability for retirement benefits.....	¥ —	¥ —	\$ —
Asset for retirement benefits.....	(72,065)	(40,791)	(475,964)
Net asset arising from defined benefit obligation.....	¥(72,065)	¥(40,791)	\$ (475,964)

*Figures above include retirement and benefit plans calculated by the simplified method.

(e) 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
	2024	2023	2024
Service cost.....	¥ 2,602	¥ 3,054	\$ 17,189
Interest cost.....	1,120	712	7,402
Expected return on plan assets.....	(3,214)	(3,163)	(21,228)
Recognized actuarial losses	(1,177)	(428)	(7,776)
Amortization of prior service cost	31	31	208
Retirement benefit expense calculated by the simplified method.....	280	284	1,852
Others	(14)	718	(93)
Net periodic benefit costs	¥ (370)	¥ 1,209	\$ (2,446)

(f) 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
	2024	2023	2024
Prior service cost	¥ (31)	¥ (31)	\$ (208)
Actuarial gains	(24,517)	(3,454)	(161,926)
Total	¥(24,548)	¥(3,485)	\$ (162,135)

(g) 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
	2024	2023	2024
Unrecognized prior service cost	¥ 228	¥ 260	\$ 1,510
Unrecognized actuarial gains	(35,716)	(11,199)	(235,895)
Total	¥(35,488)	¥(10,939)	\$ (234,385)

(h) Plan assets

a. Components of plan assets

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

	2024	2023
Debt investments	47.1%	42.2%
Equity investments	41.1%	41.3%
General accounts	8.2%	9.4%
Others	3.3%	7.0%
Total	100.0%	100.0%

* As of March 31, 2024 and 2023, total plan assets that were set up on corporate pension plans include a retirement benefit trust of 37.1% and 34.3%, 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 long-term rates of return, which are expected currently and in the future from the various components of the plan assets.

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

	2024	2023
Discount rate	0.80% — 1.35%	0.60% — 1.10%
Expected rate of return on plan assets	2.50%	2.50%
Expected rate of increase in salary	4.32% — 9.00%	4.29% — 9.00%

(3) Defined contribution plans

The amounts of the required contribution to the defined contribution plans of certain consolidated subsidiaries were ¥672 million (\$4,444 thousand) and ¥684 million as of March 31, 2024 and 2023, respectively.

15. EQUITY

Japanese companies are subject to 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. 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 certain limitations 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 equity 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 that was charged upon the payment of such dividends until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of capital 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 capital 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.

(1) Capital Stock Changes during the Year

The changes in the number and class of issued stock and treasury stock for the year ended March 31, 2024, were as follows:

	Shares in Thousands			
	As of April 1, 2023	Changes During the Year		As of March 31, 2024
		Increase	Decrease	
Issued stock:				
Common stock	1,089,055	—	72,000* ¹	1,017,055
Total	1,089,055	—	72,000	1,017,055
Treasury stock:				
Common stock	24,621	48,661* ²	72,430* ³	852
Total	24,621	48,661	72,430	852

*¹ The number of issued stock decreased due to retirement of treasury stock in accordance with Article 178 of the Companies Act.

*² The number of shares of treasury stock increased by 48,658 thousand shares due to purchase of the Company's own shares and 2 thousand shares due to purchases of shares less than the trading unit.

*³ The number of shares of treasury stock decreased by 0 thousand shares due to sales to shareholders in response to their demand to buy additional shares up to the trading unit, by 356 thousand shares due to the disposal of the Company's own shares as restricted stocks, and by 72 thousand shares due to exercise of the stock acquisition rights. Reduction of 72,000 thousand shares through treasury stock cancellation.

The changes in the number and class of issued stock and treasury stock for the year ended March 31, 2023, were as follows:

	Shares in Thousands			
	As of April 1, 2022	Changes During the Year		As of March 31, 2023
		Increase	Decrease	
Issued stock:				
Common stock	1,089,055	—	—	1,089,055
Total	1,089,055	—	—	1,089,055
Treasury stock:				
Common stock	9,299	16,017* ¹	695* ²	24,621
Total	9,299	16,017	695	24,621

*¹ The number of shares of treasury stock increased by 16,015 thousand shares due to purchase of the Company's own shares and 2 thousand shares due to purchases of shares less than the trading unit.

*² The number of shares of treasury stock decreased by 0 thousand shares due to sales to shareholders in response to their demand to buy additional shares up to the trading unit, by 458 thousand shares due to the disposal of the Company's own shares as restricted stocks, and by 236 thousand shares due to exercise of the stock acquisition rights.

(2) Cash Dividends Per Share

Cash dividends per share for the years ended March 31, 2024 and 2023, were as follows:

Year ended March 31, 2024

Dividends paid in the fiscal year ended March 31, 2024

	Total Amount (Millions of Yen/ Thousands of U.S. Dollars)	Per Share Amount (Yen/U.S. Dollars)	Dividend Record Date	Effective Date
Cash dividends approved at the Board of Directors' meeting held on May 12, 2023:				
Common stock	¥5,854 (\$38,666)	¥5.50 (\$0.04)	Mar. 31, 2023	Jun. 2, 2023
Cash dividends approved at the Board of Directors' meeting held on Nov. 10, 2023:				
Common stock	¥6,231 (\$41,154)	¥6.00 (\$0.04)	Sep. 30, 2023	Dec. 4, 2023

Dividends to be paid after March 31, 2024

	Total Amount (Millions of Yen/ Thousands of U.S. Dollars)	Per Share Amount (Yen/U.S. Dollars)	Dividend Record Date	Effective Date
Cash dividends approved at the Board of Directors' meeting held on May 10, 2024:				
Common stock	¥6,097 (\$40,270)	¥6.00 (\$0.04)	Mar. 31, 2024	Jun. 4, 2024

Year ended March 31, 2023:

Dividends paid in the fiscal year ended March 31, 2023

	Total Amount (Millions of Yen)	Per Share Amount (Yen)	Dividend Record Date	Effective Date
Cash dividends approved at the Board of Directors' meeting held on May 13, 2022:				
Common stock	¥5,938	¥5.50	Mar. 31, 2022	Jun. 2, 2022
Cash dividends approved at the Board of Directors' meeting held on Nov. 11, 2022:				
Common stock	¥5,942	¥5.50	Sep. 30, 2022	Dec. 2, 2022

Dividends to be paid after March 31, 2023

	Total Amount (Millions of Yen)	Per Share Amount (Yen)	Dividend Record Date	Effective Date
Cash dividends approved at the Board of Directors' meeting held on May 12, 2023:				
Common stock	¥5,854	¥5.50	Mar. 31, 2023	Jun. 2, 2023

16. STOCK OPTIONS

The Company's stock option plans grant options to directors and others to purchase certain shares of the Company's common stock in the respective exercise periods.

The stock options outstanding as of March 31, 2024, were as follows:

Stock Options	Persons Granted	Number of Options Granted (Shares) *3	Date of Grant	Exercise Price	Exercise Period
Mebuki Financial Group, Inc. 7th Series of Stock Acquisition Rights*1	10 directors of Joyo*2	39,241	July 18, 2013*4	¥1	From October 1, 2016, to July 18, 2043
Mebuki Financial Group, Inc. 9th Series of Stock Acquisition Rights*1	10 directors of Joyo*2	40,656	July 18, 2014*4	¥1	From October 1, 2016, to July 18, 2044
Mebuki Financial Group, Inc. 11th Series of Stock Acquisition Rights*1	10 directors of Joyo*2	40,041	July 17, 2015*4	¥1	From October 1, 2016, to July 17, 2045
Mebuki Financial Group, Inc. 13th Series of Stock Acquisition Rights	29 directors of the Company, Joyo and Ashikaga	142,176	December 6, 2016	¥1	From December 7, 2016, to December 6, 2046
Mebuki Financial Group, Inc. 15th Series of Stock Acquisition Rights	29 directors of the Company, Joyo and Ashikaga	135,990	August 9, 2017	¥1	From August 10, 2017, to August 9, 2047
Mebuki Financial Group, Inc. 16th Series of Stock Acquisition Rights	16 executive officers of Joyo	62,024	August 9, 2017	¥1	From August 10, 2017, to August 9, 2047
Mebuki Financial Group, Inc. 17th Series of Stock Acquisition Rights	24 directors of the Company, Joyo and Ashikaga	127,508	August 14, 2018	¥1	From August 15, 2018, to August 14, 2048
Mebuki Financial Group, Inc. 18th Series of Stock Acquisition Rights	34 executive officers of Joyo and Ashikaga	147,282	August 14, 2018	¥1	From August 15, 2018, to August 14, 2048
Mebuki Financial Group, Inc. 19th Series of Stock Acquisition Rights	23 executive officers of Joyo and Ashikaga	201,104	August 20, 2019	¥1	From August 21, 2019, to August 20, 2049
Mebuki Financial Group, Inc. 20th Series of Stock Acquisition Rights	29 executive officers of Joyo and Ashikaga	193,295	August 20, 2019	¥1	From August 21, 2019, to August 20, 2049

*1 As a result of the share exchange conducted between the Company and Joyo on October 1, 2016, stock acquisition rights of the Company were allotted to the holders of stock acquisition rights of Joyo based on the share exchange ratio.

*2 The classification and number of recipients for this number are based on the status at the time of the grant at The Joyo Bank, Ltd.

*3 This number is listed after being converted into the number of shares.

*4 The date is initially granted by Joyo.

The stock option activity was as follows:

Year ended March 31, 2024

	Mebuki FG 7th	Mebuki FG 9th	Mebuki FG 11th	Mebuki FG 13th
Non-vested (shares):				
April 1, 2023 — Outstanding	—	—	—	—
Granted	—	—	—	—
Canceled	—	—	—	—
Vested	—	—	—	—
March 31, 2024 — Outstanding	—	—	—	—
Vested (shares):				
April 1, 2023 — Outstanding	4,336	4,492	3,302	19,232
Vested	—	—	—	—
Exercised	—	—	—	4,347
Canceled	—	—	—	—
March 31, 2024 — Outstanding	4,336	4,492	3,302	14,885
Exercise price (Yen/US Dollars)	¥1 \$0.01	¥1 \$0.01	¥1 \$0.01	¥1 \$0.01
Average stock price at exercise (Yen/US Dollars)	¥— \$—	¥— \$—	¥— \$—	¥338 \$2.23
Fair value price at grant date (Yen/US Dollars)	¥518 \$3.42	¥500 \$3.30	¥680 \$4.49	¥345 \$2.28
Non-vested (shares):				
April 1, 2023 — Outstanding	—	—	—	—
Granted	—	—	—	—
Canceled	—	—	—	—
Vested	—	—	—	—
March 31, 2024 — Outstanding	—	—	—	—
Vested (shares):				
April 1, 2023 — Outstanding	19,765	7,384	38,516	16,548
Vested	—	—	—	—
Exercised	4,166	3,692	6,018	12,411
Canceled	—	—	—	—
March 31, 2024 — Outstanding	15,599	3,692	32,498	4,137
Exercise price (Yen/US Dollars)	¥1 \$0.01	¥1 \$0.01	¥1 \$0.01	¥1 \$0.01
Average stock price at exercise (Yen/US Dollars)	¥338 \$2.23	¥332 \$2.19	¥338 \$2.23	¥336 \$2.22
Fair value price at grant date (Yen/US Dollars)	¥360 \$2.38	¥390 \$2.58	¥319 \$2.11	¥348 \$2.30

	Mebuki FG 19th	Mebuki FG 20th
Non-vested (shares):		
April 1, 2023 — Outstanding	—	—
Granted	—	—
Canceled	—	—
Vested	—	—
March 31, 2024 — Outstanding	—	—
Vested (shares):		
April 1, 2023 — Outstanding	69,227	45,815
Vested	—	—
Exercised	9,230	32,725
Canceled	—	—
March 31, 2024 — Outstanding	59,997	13,090
Exercise price	¥1	¥1
(Yen/US Dollars)	\$0.01	\$0.01
Average stock price at exercise	¥338	¥335
(Yen/US Dollars)	\$2.23	\$2.21
Fair value price at grant date	¥179	¥206
(Yen/US Dollars)	\$1.18	\$1.36

The Method Used to Estimate the Number of Stock Options Expected to Vest

Since it is difficult to rationally estimate the number of unexercised options in the future, a method of only reflecting actual unexercised options is adopted.

17. PER SHARE OF COMMON STOCK

(1) EPS

Reconciliation of the differences between basic and diluted 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 the Parent	Weighted- Average Shares	EPS	
Year Ended March 31, 2024				
Basic EPS —				
Net income available to common shareholders.....	¥43,366	1,040,762	¥41.66	\$0.28
Effect of dilutive securities:				
Warrants.....	—	167	—	—
Diluted EPS —				
Net income for computation.....	¥43,366	1,040,929	¥41.66	\$0.28
Year Ended March 31, 2023				
Basic EPS —				
Net income available to common shareholders.....	¥32,176	1,075,922	¥29.90	
Effect of dilutive securities				
Warrants.....	—	267	—	—
Diluted EPS —				
Net income for computation.....	¥32,176	1,076,190	¥29.89	

(2) Total equity per share

Total equity per share as of March 31, 2024 and 2023, was as follows:

	Yen		U.S. Dollars
	2024	2023	2024
Total equity per share.....	¥973.55	¥849.92	\$6.43

Total equity per share as of March 31, 2024 and 2023, is calculated based on the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Total equity.....	¥989,399	¥904,779	\$6,534,570
Deductions from total equity	75	93	497
Stock acquisition rights.....	43	62	285
Non-controlling interests.....	32	31	211
Total equity attributable to common shareholders.....	¥989,324	¥904,685	\$6,534,074

	Number of Shares in Thousands	
	2024	2023
Number of shares of common stock used in computing total equity per share at year-end	1,016,202	1,064,433

18. 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	¥19,166	¥45,495	\$126,586
Recoveries of write-off of claims	2,032	2,662	13,421
Gain on disposal of fixed assets	114	241	759
Other	35,280	34,856	233,016
Total	¥56,594	¥83,256	\$373,782

19. 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 allowances.....	¥ 50,545	¥ 50,832	\$333,831
Periodic benefit costs	201	1,796	1,329
Other	56,853	54,388	375,494
Total.....	¥107,600	¥107,016	\$710,653

20. OTHER EXPENSES

Other 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
Loss on sales of stocks and other securities	¥ 427	¥ 1,445	\$ 2,821
Write-off of loans	4,698	4,296	31,034
Impairment on fixed assets*.....	906	438	5,988
Loss on disposal of fixed assets.....	390	479	2,578
Other	34,586	33,927	228,430
Total.....	¥41,009	¥40,587	\$270,850

* Impairment losses on long-lived assets were recognized mainly on the properties of the Bank's branches in the Tochigi and Ibaraki prefectures, whose operations were discontinued because the Company believed the investment would not be recoverable. The components of impairment losses on fixed assets for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Buildings.....	¥413	¥207	\$2,733
Land.....	460	51	3,039
Equipment.....	17	109	115
Software	15	17	100
Water supply subscription rights.....	—	0	—
Leasehold interests in land.....	—	53	—

As for the operating assets of the Company, consolidated banking subsidiaries and the others, business branches are grouped into a certain region based on the complementarity of cash flows. As for the idle assets, each asset is treated as separate units. In addition, headquarters, administrative centers, dormitories, corporate housings, and welfare facilities are treated as a corporate assets because they do not generate independent cash flows. The recoverable amount is mainly calculated based on the net sale value by deducting the estimated disposal cost from the real estate appraisal value, etc.

21. INCOME TAXES

The Group is subject to Japanese national and local income taxes, which, in the aggregate, resulted in a normal effective statutory tax rate of 30.62% for the years ended March 31, 2024 and 2023.

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
	2024	2023	2024
Deferred tax assets:			
Allowance for loan losses	¥ 32,584	¥ 32,987	\$ 215,206
Write-offs of securities	9,023	8,968	59,597
Unrealized losses on available-for-sale securities	—	3,250	—
Liability for retirement benefits	—	2,922	—
Provision for employee bonuses	1,889	1,879	12,476
Tax loss carryforwards	1,344	1,397	8,880
Depreciation	541	677	3,575
Provision for reimbursement of deposits	539	594	3,561
Other	14,339	9,826	94,704
Subtotal deferred tax assets	60,261	62,503	397,999
Less valuation allowance	(12,664)	(13,048)	(83,644)
Total deferred tax assets	47,596	49,454	314,355
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(36,719)	(15,218)	(242,519)
Retirement benefit trust	(3,400)	(3,937)	(22,458)
Other	(15,255)	(10,271)	(100,759)
Total deferred tax liabilities	(55,376)	(29,427)	(365,737)
Net deferred tax assets (liabilities)	¥ (7,779)	¥ 20,027	\$ (51,381)

Since the difference between the legally effective tax rate and the actual effective tax rate after applying tax effect accounting is equal to or less than 5% of the legally effective tax rate, 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.

As the Company and some subsidiaries have adopted the group tax-sharing system since the current fiscal year, the accounting treatment and disclosure of corporate tax and local corporate tax, as well as tax-effect accounting relating to these taxes are in accordance with the "Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System" (ASBJ Guidance No. 42, August 12, 2021).

22. LEASES

Future minimum payments under noncancelable operating leases as of March 31, 2024 and 2023, were as follows:

Lessee

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Due within one year	¥77	¥ 94	\$513
Due after one year	14	46	99
Total	¥92	¥140	\$611

Lessor

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Due within one year	¥ 85	¥ 7	\$ 565
Due after one year	270	8	1,788
Total	¥356	¥15	\$2,354

23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Matters Relating to the Conditions of Financial Instruments

(1) Group Policies for Financial Instruments

The Group provides comprehensive financial services, such as lease and securities centering on banking. As the central business operation of the Group, the consolidated banking subsidiaries raise funds by deposits as its basic function as a bank; the consolidated banking subsidiaries also procure funds by call money transactions from short-term markets to maintain an adequate degree of liquidity. The consolidated banking subsidiaries manage those funds through lending to corporate customers and individuals, such as housing loans; investing in securities, mainly bonds; and investing in money markets.

The Group utilizes Asset Liability Management (ALM) to avoid unfavorable floating interest rate fluctuation of the financial assets and liabilities it holds. As a part of ALM, the Group has entered into derivative transactions.

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

The Group's financial assets are mainly loans made by the consolidated banking subsidiaries to domestic corporations and individuals in Japan, which are exposed not only to interest rate fluctuation risks, but also to customers' credit risks. Securities and investment securities, such as bonds, stocks, and investment trusts, are possessed to trade, to hold to maturity dates to generate stable interest income, and to promote business relationships with the issuers. These securities are exposed to the issuers' credit risks, interest rate fluctuation risks, and market price fluctuation risks.

The Group's main financial liabilities are deposits received by the consolidated banking subsidiaries, which are exposed to interest rate fluctuation risks and liquidity risks. Borrowed money and bonds are exposed to the risks that the Group may not be able to repay them on their maturity dates if, under certain circumstances, the Group is not able to access a capital market.

The consolidated banking subsidiaries utilize derivative transactions to hedge the customers' interest and currency risks and to control the interest rate fluctuation risks in ALM. Derivatives transactions are utilized to hedge interest rate fluctuation risks, foreign currency exchange rate fluctuation risks, and market price fluctuation risks on the Group's financial assets and liabilities. Derivatives mainly include interest rate swaps, currency swaps, and bond futures, and are exposed to the interest rate fluctuation risks, market price fluctuation risks, foreign currency exchange rate fluctuation risks, and credit risks.

Hedge accounting is applied to certain derivatives.

In hedge transactions against foreign currency fluctuation risks, mainly currency swaps and foreign exchange swaps, the effectiveness of hedging is determined by confirming that the amount of the hedging instruments is generally consistent with that of the hedged items. Regarding an exceptional accounting treatment in interest rate swaps, post testing is conducted to confirm that requirements for the treatment are satisfied.

Derivatives transactions to which hedge accounting is not applied are exposed to interest rate fluctuation risks, foreign currency exchange rate fluctuation risks, price fluctuation risks, and credit risks.

(3) Risk Management for Financial Instruments

(a) Integrated Risk Management

The Group conducts integrated risk management to holistically control risks from various financial assets and liabilities and risks related to the banking business. More specifically, the periodically quantified risks of the Group are controlled so as to not exceed Tier 1 capital allocated by each risk category. The bank assesses unquantifiable risks using stress tests and other measures.

(b) Credit Risk Management

The Group has enacted "Group Guidelines for Credit Risk Management," which provides for basic policies comprising appropriate credit exposure management on individual and portfolio bases. The portfolio-based credit exposure management involves diversification of risks.

Credit risk management divisions have been segregated from the divisions under business headquarters to achieve rigorous credit review and conduct monitoring of borrowers' financial condition to prevent deterioration of loans.

In the self-assessments that evaluate the quality of assets, the Group designs and operates controls over self-assessment of the quality of assets, which is performed in multiple steps. The assessment of the quality of assets performed by the business offices is reviewed by the credit-related divisions in the headquarters and then independently examined by the internal audit division.

As for credit risks of the issuers of securities and the counterparties of derivatives transactions, global markets and market operation divisions monitor credit information and fair value and give the issuers and counterparties credit ratings, as well as carry out assessments of the issuers and counterparties as general borrowers.

(c) Market Risk Management

① Market Risk Management Measures

The Group manages market risks by ALM. Risk management policies and procedures are prescribed in relevant ALM rules and manuals, and these policies decided in ALM/Risk Management Committee and so forth are closely monitored and regularly discussed. Market risk is measured by using Value at Risk (VaR). In order not to exceed the limit, the ALM/Risk Management Committee monitors the status of conflicts and compliance with the limit on a monthly basis by setting the alarm points.

② Market Risk Quantitative information

(i) Banking Account

a. Interest Rate Risk

The Group adopts the variance-covariance method as the measurement method (a holding period of six months, a confidence interval of 99%, and an observation period of one year) for calculating VaR related to interest rate risk of loans and bills discounted, domestic bonds, deposits, borrowed money, corporate bonds, and derivatives, such as interest rate swaps. The Group uses the historical simulation method (a holding period of six months, a confidence interval of 99%, and an observation period of five years) for the calculation of VaR related to interest rate risk of foreign bonds, trust beneficiary right, market fund transaction, and derivatives like interest rate swaps and currency swaps.

As of March 31, 2024 and 2023, the Group's VaR related to interest rate risks, which is a simple sum of its consolidated banking subsidiaries' VaR, were ¥72,681 million (\$480,032 thousand) and ¥145,046 million, respectively.

b. Price Fluctuation Risk

The Group adopts the historical simulation method (a holding period of six months, a confidence interval of 99%, and an observation period of five years) for calculating VaR related to price fluctuation risk of listed equities and investment trust.

As of March 31, 2024 and 2023, the Group's VaR related to price fluctuation risk, which is a simple sum of its consolidated banking subsidiaries' VaR, were ¥162,567 million (\$1,073,689 thousand) and ¥146,050 million, respectively. Correlation between interest rate risk and price fluctuation risk has not been considered.

(ii) Trading Account

The Group adopts the historical simulation method (a holding period of 10 days, a confidence interval of 99%, and an observation period of five years) for calculating VaR related to trading securities; trading-purpose foreign exchange transactions; and trading-purpose derivatives, such as forward transactions and option transactions. As of March 31, 2024 and 2023, the Group's VaR related to trading account, which is simple sum of its consolidated banking subsidiaries' VaR, were ¥9 million (\$64 thousand) and ¥11 million, respectively.

(iii) Validity of VaR

The Group performs backtesting to compare VaR calculated by its internal measurement model with the actual profit and loss to confirm whether the model captures market risks with sufficient accuracy. However, there could be cases in which VaR cannot capture risks under sudden and dramatic changes in market conditions beyond normal circumstances since VaR is statistically calculated based on historical market fluctuation.

(d) Liquidity Risk Management

Under "Group Liquidity Risk Management Rules," the Group conducts financing activities after fully analyzing its cash flows and strives to maintain the diversity and stability of funding sources, while paying continuous attention to the consolidated balance sheet structure, lines of credit provided to the Group, collateral management, and costs to maintain the liquidity.

(4) Supplementary Explanation on Fair Values of Financial Instruments

In the valuation of financial instruments, certain assumptions and conditions are adopted. Therefore, the value may vary if different assumptions and conditions are used.

Matters Relating to Fair Value of Financial Instruments and Others

The carrying amounts in the consolidated balance sheet and the fair values of financial instruments, and unrealized gains or losses on them were as below as of March 31, 2024 and 2023. The table below does not include equity securities and other securities without readily available market prices or investments in partnerships and other investments. Notes to cash and due from banks, call loans and bills bought, foreign exchanges (assets and liabilities), call money and bills sold, payables under repurchase agreements, and payables under securities lending transactions are omitted because these are settled in the short term and their fair values approximate their carrying amounts. Immaterial line items are also omitted.

	Millions of Yen						Thousands of U.S. Dollars		
	2024		Unrealized Gains/Losses	2023		Unrealized Gains/Losses	2024		Unrealized Gains/Losses
	Carrying Amount	Fair Value		Carrying Amount	Fair Value		Carrying Amount	Fair Value	
(1) Securities:									
Held-to-maturity securities.....	¥ 154,427	¥ 153,024	¥ (1,402)	¥ 161,861	¥ 161,043	¥ (817)	\$ 1,019,927	\$ 1,010,663	\$ (9,265)
Available-for-sale securities.....	3,924,981	3,924,981	—	3,452,358	3,452,358	—	25,922,869	25,922,869	—
(2) Loans and bills discounted.....	12,658,245			12,436,196			83,602,440		
Allowance for loan losses*1.....	(83,493)			(90,204)			(551,443)		
Net.....	12,574,751	12,569,098	(5,652)	12,345,992	12,354,969	8,977	83,050,998	83,013,664	(37,333)
Total assets.....	¥16,654,160	¥16,647,104	¥(7,055)	¥15,960,211	¥15,968,372	¥8,160	\$109,993,794	\$109,947,196	\$ (46,598)
(1) Deposits.....	¥17,673,968	¥17,674,098	¥ (130)	¥17,137,285	¥17,137,335	¥ (49)	\$116,729,202	\$116,730,064	\$ (862)
(2) Negotiable certificates of deposit.....	126,689	126,689	—	371,289	371,289	—	836,731	836,731	—
(3) Borrowed money.....	1,975,065	1,975,062	2	2,000,858	2,000,857	1	13,044,485	13,044,468	17
Total liabilities.....	¥19,775,723	¥19,775,851	¥ (127)	¥19,509,433	¥19,509,482	¥ (48)	\$130,610,417	\$130,611,263	\$ (845)
Derivative instruments*2:									
Hedge accounting is not applied.....	¥ 1,213	¥ 1,213	¥ —	¥ 1,158	¥ 1,158	¥ —	\$ 8,013	\$ 8,013	\$ —
Hedge accounting is applied*3.....	(34,269)	(34,269)	—	(20,779)	(20,779)	—	(226,334)	(226,334)	—
Total derivative instruments.....	¥ (33,055)	¥ (33,055)	¥ —	¥ (19,621)	¥ (19,621)	¥ —	\$ (218,321)	\$ (218,321)	\$ —

*1 Allowances for loan losses relevant to loans and bills discounted have been deducted.

*2 Derivative instruments recorded as trading assets, trading liabilities, other assets, and other liabilities include derivative transactions. Derivative instruments are presented as net of assets and liabilities associated with derivative transactions.

*3 Interest rate swaps, currency swaps, and other derivative contracts have been designated as hedging instruments to fix cash flows of financial assets, including loans and bills discounted and securities, and financial liabilities being hedged, offset changes in fair values, or reduce or eliminate foreign currency exchange rate fluctuation risks. Deferral hedge accounting and exceptional accrual method have been applied to these swaps. The "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (Practical Solution No. 40, March 17, 2022) has been applied to these hedging relationships.

(a) The table below shows the carrying amounts of equity securities and other securities without readily available market price and investments in partnerships and other investments in the consolidated balance sheet. These line items are not included in "Available-for-sale securities" stated in information on fair values of financial instruments.

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Equity securities without readily available market price*1*2.....	¥ 4,220	¥ 4,350	\$ 27,874
Investments in partnerships*3.....	49,922	43,739	329,715

*1 Based on Item 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020), equity securities without readily available market price are out of the scope of the fair value disclosure.

*2 During the year ended March 31, 2024, impairment losses on equity securities without readily available market price of ¥44 million (\$297) were recognized.

*3 Based on Item 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter, the "Fair Value Measurement Guidance"), investments in partnerships and other investments are out of the scope of the fair value disclosure.

(b) The scheduled redemption amounts of monetary claims and securities with contractual maturities after the consolidated balance sheet date

March 31, 2024	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Securities:						
Held-to-maturity securities.....	¥ 26,043	¥ 44,875	¥ 22,209	¥ 54,363	¥ 183	¥ 1,000
Japanese national government bonds.....	—	—	—	50,000	—	—
Japanese local government bonds.....	150	150	900	—	—	—
Japanese corporate bonds.....	25,893	44,725	21,309	4,363	183	1,000
Available-for-sale securities with contractual maturities.....	291,097	804,877	538,409	285,087	553,864	1,073,415
Japanese national government bonds.....	35,000	350,000	55,150	—	67,000	98,500
Japanese local government bonds.....	153,155	233,273	214,726	64,121	76,945	55,390
Japanese corporate bonds.....	71,552	161,930	84,519	36,861	20,836	457,479
Foreign currency bonds.....	17,025	43,080	114,526	72,827	191,973	421,733
Other.....	14,362	16,593	69,488	111,276	197,109	40,312
Loans and bills discounted*1.....	2,867,884	2,027,276	1,725,768	1,062,597	1,212,600	3,343,165
Total.....	¥3,185,024	¥2,877,029	¥2,286,387	¥1,402,048	¥1,766,647	¥4,417,580

March 31, 2023	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Securities:						
Held-to-maturity securities.....	¥ 27,941	¥ 45,295	¥ 26,581	¥ 54,113	¥ 151	¥ 1,000
Japanese national government bonds.....	—	—	—	50,000	—	—
Japanese local government bonds.....	150	300	150	—	—	—
Japanese corporate bonds.....	27,791	44,995	26,431	4,113	151	1,000
Available-for-sale securities with contractual maturities.....	253,270	472,169	551,095	271,345	565,854	1,038,765
Japanese national government bonds.....	—	35,228	—	41,150	—	267,243
Japanese local government bonds.....	156,207	272,824	288,539	100,629	125,672	79,802
Japanese corporate bonds.....	42,972	108,772	50,498	27,913	25,882	428,097
Foreign currency bonds.....	41,032	32,177	148,198	57,176	134,795	228,512
Other.....	13,057	23,166	63,858	44,476	279,504	35,109
Loans and bills discounted*2.....	3,063,510	1,990,579	1,548,104	1,033,859	1,121,934	3,263,101
Total.....	¥3,344,722	¥2,508,044	¥2,125,780	¥1,359,319	¥1,687,939	¥4,302,866

March 31, 2024	Thousands of U.S. Dollars					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Securities:						
Held-to-maturity securities.....	\$ 172,003	\$ 296,382	\$ 146,682	\$ 359,047	\$ 1,209	\$ 6,605
Japanese national government bonds.....	—	—	—	330,229	—	—
Japanese local government bonds.....	991	991	5,944	—	—	—
Japanese corporate bonds.....	171,012	295,391	140,738	28,818	1,209	6,605
Available-for-sale securities with contractual maturities.....	1,922,576	5,315,882	3,555,974	1,882,887	3,658,046	7,089,463
Japanese national government bonds.....	231,160	2,311,604	364,243	—	442,507	650,551
Japanese local government bonds.....	1,011,530	1,540,676	1,418,177	423,497	508,195	365,829
Japanese corporate bonds.....	472,577	1,069,482	558,213	243,457	137,618	3,021,464
Foreign currency bonds.....	112,448	284,527	756,400	480,997	1,267,903	2,785,375
Other.....	94,861	109,592	458,941	734,935	1,301,823	266,244
Loans and bills discounted*1.....	18,941,183	13,389,316	11,397,980	7,018,011	8,008,718	22,080,215
Total.....	\$21,035,762	\$19,001,579	\$15,100,636	\$9,259,944	\$11,667,973	\$29,176,282

*1 As of March 31, 2024, loans and bills discounted with no contractual maturities amounting to ¥253,334 million (\$1,673,166 thousand) and loans and bills discounted whose cash flow cannot be estimated, such as "Legal bankruptcy," "Virtual bankruptcy," and "Possible bankruptcy" loans, amounting to ¥165,619 million (\$1,093,851 thousand) are not included.

*2 As of March 31, 2023, loans and bills discounted with no contractual maturities amounting to ¥250,733 million and loans and bills discounted whose cash flow cannot be estimated, such as "Legal bankruptcy," "Virtual bankruptcy," and "Possible bankruptcy" loans, amounting to ¥164,373 million are not included.

(c) The scheduled repayment amounts of borrowed money and other interest-bearing liabilities after the consolidated balance sheet date

March 31, 2024	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits *1.....	¥16,716,660	¥765,830	¥132,323	¥25,731	¥33,422	¥—
Negotiable certificates of deposit.....	126,689	—	—	—	—	—
Borrowed money.....	1,716,237	179,812	79,003	3	5	2
Total.....	¥18,559,587	¥945,642	¥211,327	¥25,735	¥33,428	¥ 2

March 31, 2023	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits *1.....	¥16,146,991	¥829,824	¥112,391	¥22,463	¥25,615	¥—
Negotiable certificates of deposit.....	371,289	—	—	—	—	—
Borrowed money.....	1,790,685	124,105	86,054	3	5	4
Total.....	¥18,308,965	¥953,929	¥198,446	¥22,467	¥25,620	¥ 4

March 31, 2024	Thousands of U.S. Dollars					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits *1.....	\$110,406,580	\$5,057,991	\$ 873,941	\$169,948	\$220,742	\$—
Negotiable certificates of deposit.....	836,731	—	—	—	—	—
Borrowed money.....	11,335,034	1,187,585	521,787	24	37	18
Total.....	\$122,578,345	\$6,245,576	\$1,395,727	\$169,972	\$220,779	\$18

*1 In deposits, the cash flow of demand deposits is included in "Due in one year or less."

Matters Relating to Breakdown by Level of the Fair Value Hierarchy of Financial Instruments

The fair values of financial instruments are classified into the following three levels according to the observability and significance of the inputs used for fair value measurement:

- Level 1 fair value: Fair value measured by quoted prices of the assets or liabilities being measured that are developed in active markets among the observable inputs for fair value measurement
- Level 2 fair value: Fair value measured by inputs for fair value measurement other than the Level 1 inputs among the observable inputs for fair value measurement
- Level 3 fair value: Fair value measured by unobservable inputs for fair value measurement

If multiple inputs that significantly impact the fair value measurement are used, the fair value is classified into the level with the lowest priority in the fair value measurement among the levels to which those inputs belong.

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

March 31, 2024	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
Japanese national government bonds	¥ 604,938	¥ —	¥ —	¥ 604,938
Japanese local government bonds	—	790,407	—	790,407
Japanese corporate bonds	—	744,016	70,107	814,124
Equity securities	262,308	16,491	—	278,799
Foreign currency bonds	119,737	535,360	180,914	836,012
Other	177,313	423,082	—	600,396
Derivative transactions:				
Interest rate-related	—	9,366	—	9,366
Currency-related	—	6,076	—	6,076
Other	—	—	40	40
Total assets	¥1,164,298	¥2,524,802	¥251,063	¥3,940,164
Derivative transactions:				
Interest rate-related	¥ —	¥ 5,638	¥ —	¥ 5,638
Currency-related	—	42,860	—	42,860
Bond-related	0	—	—	0
Other	—	—	40	40
Total liabilities	¥ 0	¥ 48,498	¥ 40	¥ 48,539

March 31, 2024	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
Japanese national government bonds	\$3,995,368	\$ —	\$ —	\$ 3,995,368
Japanese local government bonds	—	5,220,315	—	5,220,315
Japanese corporate bonds	—	4,913,921	463,034	5,376,955
Equity securities	1,732,436	108,918	—	1,841,354
Foreign currency bonds	790,816	3,535,831	1,194,868	5,521,515
Other	1,171,085	2,794,285	—	3,965,370
Derivative transactions:				
Interest rate-related	—	61,864	—	61,864
Currency-related	—	40,132	—	40,132
Other	—	—	269	269
Total assets	\$7,689,706	\$16,675,267	\$1,658,170	\$26,023,143
Derivative transactions:				
Interest rate-related	\$ —	\$ 37,239	\$ —	\$ 37,239
Currency-related	—	283,076	—	283,076
Bond-related	2	—	—	2
Other	—	—	269	269
Total liabilities	\$ 2	\$ 320,315	\$ 269	\$ 320,586

The table above does not include the investment trusts and other securities to which the measures of net asset value of investment trusts as fair value have been applied, which are set forth in Item 24-9 of the Fair Value Measurement Guidance. The amount of the investment trusts and other securities in the consolidated balance sheet is ¥301 million (\$1,992 thousand).

March 31, 2023	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
Japanese national government bonds	¥340,152	¥ —	¥ —	¥ 340,152
Japanese local government bonds	—	1,023,786	—	1,023,786
Japanese corporate bonds	—	599,546	80,561	680,108
Equity securities	194,286	17,057	—	211,344
Foreign currency bonds	55,370	447,829	119,627	622,827
Other	125,473	448,365	—	573,839
Derivative transactions:				
Interest rate-related	—	9,726	—	9,726
Currency-related	—	12,820	—	12,820
Other	—	—	59	59
Total assets	¥715,283	¥2,559,132	¥200,248	¥3,474,665
Derivative transactions:				
Interest rate-related	¥ —	¥ 4,273	¥ —	¥ 4,273
Currency-related	—	37,887	—	37,887
Bond-related	7	—	—	7
Other	—	—	59	59
Total liabilities	¥ 7	¥ 42,160	¥ 59	¥ 42,227

The table above does not include the investment trusts and other securities to which the measures of net asset value of investment trusts as fair value have been applied, which are set forth in Item 24-9 of the Fair Value Measurement Guidance. The amount of the investment trusts and other securities in the consolidated balance sheet is ¥300 million.

(2) Financial instruments other than those recorded at fair value in the consolidated balance sheet

March 31, 2024	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity securities				
Japanese national government bonds	¥54,772	¥ —	¥ —	¥ 54,772
Japanese local government bonds	—	1,096	—	1,096
Japanese corporate bonds	—	2,584	94,570	97,155
Loans and bills discounted	—	—	12,569,098	12,569,098
Total assets	¥54,772	¥ 3,681	¥12,663,669	¥12,722,123
Deposits				
Deposits	¥ —	¥17,674,098	¥ —	¥17,674,098
Negotiable certificates of deposit	—	126,689	—	126,689
Borrowed money	—	1,975,062	—	1,975,062
Total liabilities	¥ —	¥19,775,851	¥ —	¥19,775,851

March 31, 2024	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity securities				
Japanese national government bonds	\$361,750	\$ —	\$ —	\$ 361,750
Japanese local government bonds	—	7,244	—	7,244
Japanese corporate bonds	—	17,072	624,598	641,669
Loans and bills discounted	—	—	83,013,664	83,013,664
Total assets	\$361,750	\$ 24,315	\$83,638,262	\$ 84,024,327
Deposits				
Deposits	\$ —	\$116,730,064	\$ —	\$116,730,064
Negotiable certificates of deposit	—	836,731	—	836,731
Borrowed money	—	13,044,468	—	13,044,468
Total liabilities	\$ —	\$130,611,263	\$ —	\$130,611,263

March 31, 2023	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity securities				
Japanese national government bonds	¥56,272	¥ —	¥ —	¥ 56,272
Japanese local government bonds	—	599	—	599
Japanese corporate bonds	—	2,586	101,585	104,172
Loans and bills discounted	—	—	12,354,969	12,354,969
Total assets	¥56,272	¥ 3,185	¥12,456,555	¥12,516,013
Deposits				
Deposits	¥ —	¥17,137,335	¥ —	¥17,137,335
Negotiable certificates of deposit	—	371,289	—	371,289
Borrowed money	—	2,000,857	—	2,000,857
Total liabilities	¥ —	¥19,509,482	¥ —	¥19,509,482

(a) Explanation of valuation techniques and inputs used for fair value measurement

Assets

Securities

The fair values of securities for which unadjusted quoted prices in active markets are available are classified as Level 1, which mainly includes listed equities and Japanese national government bonds.

In case the markets are inactive even if the quoted prices are available, the fair values are classified as Level 2, which mainly includes Japanese local government bonds and Japanese corporate bonds.

The fair values of investment trusts for which there are no market transaction price are classified as Level 2 based on the net asset values if there are no significant restrictions on the level at which market participants are required to pay for the risk in relation to cancellation or repurchase requests.

In case the quoted prices are not available, the fair values are the prices valued by an information vendor, a broker or other sources of market information, or the prices determined by valuation techniques, such as the discounted cash flow method. In valuing these prices, observable inputs are used to the maximum, which include market rates, government bond yields, credit spreads, default rates, and recovery rates. When the fair values are measured by significant unobservable inputs, they are classified as Level 3.

The fair values of private placement bonds are measured by reflecting default rates and other credit risk factors in the discounted present value determined by a discount rate adjusted for a market rate. As the discount rate and default rates are unobservable, the fair values are classified as Level 3.

The fair values of securitized products are based on valuations obtained from an information vendor, a broker, or other sources of market information. These fair values are classified as Level 3 when significant unobservable inputs are used and as Level 2 when other inputs are used.

Loans and bills discounted

The fair values of loans and bills discounted are determined by discounting the principal and interest amount at the discount rate reflecting credit risk and other risks in market rates by categories according to the types, internal ratings, and terms of the loans and bills discounted. The carrying amounts of loans and bills discounted with floating -interest rates approximate fair value when customers' credit risks have not changed significantly after lending because the market rates are promptly reflected in the floating-interest rates. The carrying amounts of loans and bills discounted with maturity less than one year approximate fair value because of their short maturities.

For loans to obligors classified as "Legal bankruptcy," "Virtual bankruptcy," and "Possible bankruptcy," an allowance is provided based on the discounted cash flow method or based on amounts expected to be collected through the disposal of collateral or execution of guarantees. The carrying value, net of the allowance as of the consolidated balance sheet date, is a reasonable estimate of the fair values of those loans.

The carrying amounts of loans and bills discounted that do not have fixed maturities due to loan characteristics, such as limited loan amounts within the value of pledged assets, approximate fair value due to their expected repayment periods and interest rate conditions. These fair values are classified as Level 3.

Liabilities

Deposits and negotiable certificates of deposit

The fair values of demand deposits are the amounts paid immediately according to the demands on the consolidated balance sheet date. The fair values of time deposits are determined by discounting the contractual cash flows grouped by the remaining duration at the rates that would be applied for similar new contracts.

The carrying amounts of time deposits whose deposit terms are one year or less approximate fair value because of their short deposit terms. These fair values are classified as Level 2.

Borrowed money

The fair value of borrowed money is determined by discounting the principal and interest amount of the borrowed money grouped by the remaining duration at the rate that would be applied for similar new contracts. The carrying amount of borrowed money with a floating-interest rate is considered to approximate fair value because the market rate is promptly reflected in the floating-interest rate, and the credit risks of the Company and its consolidated subsidiaries have not changed significantly after lending. The carrying amount of borrowed money with maturity of one year or less approximates fair value because of its short maturity period. This fair value is classified as Level 2.

Derivatives

The fair values of derivatives for which unadjusted quoted prices in active markets are available are classified as Level 1, which mainly includes bond futures.

However, since most derivatives are over-the-counter transactions and there are no quoted prices, the fair values of derivatives are measured using valuation techniques, such as the discounted cash flow method and the Black-Scholes model, depending on the type of transaction and the maturity period. The main inputs used in those valuation techniques include interest rates, currency rates, stock prices, and volatility. Price adjustments are also made based on the credit risk of counterparties and the credit risk of the consolidated banking subsidiaries themselves. When unobservable inputs are not used or the impact of unobservable inputs is not material, the fair values are classified as Level 2, which includes such transactions as plain vanilla interest rate swaps and forward exchange contracts. When significant unobservable inputs are used, the fair values are classified as Level 3.

(b) Information on Level 3 fair value of financial instruments recorded at fair value in the consolidated balance sheet

(1) Quantitative information on significant unobservable inputs

March 31, 2024	Valuation Technique	Significant Unobservable Input	Input Range	Weighted-Average Input
Securities:				
Available-for-sale securities				
Japanese corporate bonds	Discounted cash flow method	Discount rate	0.574% — 0.986%	0.731%
		Default rate	0.030% — 2.885%	0.194%

March 31, 2023	Valuation Technique	Significant Unobservable Input	Input Range	Weighted-Average Input
Securities:				
Available-for-sale securities				
Japanese corporate bonds	Discounted cash flow method	Discount rate	0.445% — 0.852%	0.535%
		Default rate	0.030% — 8.306%	0.202%

(2) Changes from the beginning balance to the ending balance, and unrealized gains or losses recognized in income or loss

March 31, 2024	Millions of Yen							Unrealized Gains/Losses on Financial Assets and Financial Liabilities Held as of the Consolidated Balance Sheet Date, Which are Recorded in Income/Loss for the Year
	Beginning Balance	Recorded in Income/Loss*1	Recorded in Other Comprehensive Income*2	Net of Purchase, Sale, Issuance, and Settlement	Transfer to Level 3 Fair Value	Transfer from Level 3 Fair Value	Ending Balance	
Securities:								
Available-for-sale securities								
Japanese corporate bonds	¥ 80,561	¥ 0	¥ 56	¥(10,510)	¥—	¥—	¥ 70,107	¥ —
Foreign bonds	119,627	17,876	1,563	41,847	—	—	180,914	17,871
Derivative transactions:								
Other	(0)	0	—	—	—	—	(0)	—

March 31, 2023	Millions of Yen							Unrealized Gains/Losses on Financial Assets and Financial Liabilities Held as of the Consolidated Balance Sheet Date, Which are Recorded in Income/Loss for the Year
	Beginning Balance	Recorded in Income/Loss*1	Recorded in Other Comprehensive Income*2	Net of Purchase, Sale, Issuance, and Settlement	Transfer to Level 3 Fair Value	Transfer from Level 3 Fair Value	Ending Balance	
Securities:								
Available-for-sale securities								
Japanese corporate bonds	¥90,242	¥ 1	¥(280)	¥ (9,401)	¥—	¥—	¥ 80,561	¥ —
Foreign bonds	63,371	4,958	(955)	52,253	—	—	119,627	4,987
Derivative transactions:								
Other	(0)	(0)	—	—	—	—	(0)	—

March 31, 2024	Thousands of U.S. Dollars							Unrealized Gains/Losses on Financial Assets and Financial Liabilities Held as of the Consolidated Balance Sheet Date, Which are Recorded in Income/Loss for the Year
	Beginning Balance	Recorded in Income/Loss*1	Recorded in Other Comprehensive Income*2	Net of Purchase, Sale, Issuance, and Settlement	Transfer to Level 3 Fair Value	Transfer from Level 3 Fair Value	Ending Balance	
Securities:								
Available-for-sale securities								
Japanese corporate bonds	\$532,074	\$ 1	\$ 375	\$ (69,417)	\$—	\$—	\$ 463,034	\$ —
Foreign bonds	790,091	118,068	10,326	276,383	—	—	1,194,868	118,036
Derivative transactions:								
Other	(0)	0	—	—	—	—	(0)	—

*1 The amounts are included in "Interest and dividends on securities," "Other operating income," and "Other operating expenses" in the consolidated statement of income.

*2 The amounts are included in "Unrealized gains (losses) on available-for-sale securities" in the consolidated statement of comprehensive income.

(3) Explanation of the fair value measurement process

In the Group, the middle and back offices at the consolidated banking subsidiaries have established a fair value measurement policy and procedures. The Group verifies the reasonableness of the valuation techniques and inputs used for fair value measurement and the appropriateness of the fair value-level classification for the measured fair values and level classification.

The Group uses valuation models that most appropriately reflect the nature, characteristics, and risks of individual assets to measure their fair values. When using quoted prices obtained from third parties, the Group also verifies the reasonableness of the prices in an appropriate way; for example, examining valuation techniques and inputs used and comparing the prices with the fair values of similar financial instruments.

24. DERIVATIVES

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

With respect to derivatives to which hedge accounting is not applied, contract amount or notional principal, fair value, and the related valuation gains (losses) at the fiscal year end date by transaction type and valuation method of fair value are described below. Note that contract amounts do not represent the market risk exposure associated with derivatives.

Consolidated banking subsidiaries had the following derivative contracts, which were quoted on listed exchanges, outstanding as of March 31, 2024 and 2023, as follows:

March 31, 2024	Millions of Yen				Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/Losses	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/Losses
Bond-related transactions								
Bond futures:								
Sold	¥145	—	¥(0)	¥(0)	\$960	—	\$(2)	\$(2)
Bought	—	—	—	—	—	—	—	—
Total	—	—	¥(0)	¥(0)	—	—	\$(2)	\$(2)

March 31, 2023	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/Losses
Bond-related transactions				
Bond futures:				
Sold	¥437	—	¥(7)	¥(7)
Bought	—	—	—	—
Total	—	—	¥(7)	¥(7)

Note:

The above transactions are stated at fair value, and the related valuation gains (losses) are reported in the consolidated statement of income.

(4) Explanation of the impact on fair value when changing significant unobservable inputs

The significant unobservable inputs used to measure the fair values of private placement bonds are the discount rate and default rates. In general, a significant increase or decrease in these inputs causes a significant decrease or increase in these fair values.

Consolidated banking subsidiaries had the following derivative contracts, which were not quoted on listed exchanges, outstanding as of March 31, 2024 and 2023:

March 31, 2024	Millions of Yen				Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value*	Unrealized Gains/Losses	Contract Amount	Contract Amount Due after One Year	Fair Value*	Unrealized Gains/Losses
Interest rate-related transactions								
Interest rate swaps:								
Receive fixed and pay floating	¥253,227	¥234,321	¥(3,175)	¥(3,175)	\$1,672,465	\$1,547,595	\$(20,974)	\$(20,974)
Receive floating and pay fixed	253,039	234,144	5,072	5,072	1,671,218	1,546,424	33,504	33,504
Cap transactions:								
Sold	948	699	(10)	14	6,266	4,622	(67)	99
Bought	948	699	10	(0)	6,266	4,622	68	(6)
Swaption:								
Sold	82,280	82,280	(441)	572	543,425	543,425	(2,916)	3,781
Bought	82,280	82,280	441	441	543,425	543,425	2,916	2,916
Total	—	—	¥ 1,897	¥ 2,925	—	—	\$ 12,532	\$ 19,320
Currency-related transactions								
Currency swaps								
Forward exchange contracts:	¥222,327	¥117,617	¥ (329)	¥ (329)	\$1,468,383	\$ 776,816	\$(2,178)	\$(2,178)
Sold	16,988	9,545	(1,052)	(1,052)	112,202	63,041	(6,951)	(6,951)
Bought	16,560	9,189	1,196	1,196	109,375	60,691	7,903	7,903
Currency option contracts:								
Sold	301,235	229,051	(3,040)	2,482	1,989,536	1,512,790	(20,084)	16,393
Bought	301,235	229,051	2,542	1,078	1,989,536	1,512,790	16,793	7,120
Total	—	—	¥ (683)	¥ 3,374	—	—	\$(4,516)	\$ 22,287
Other transactions								
Earthquake derivatives:								
Sold	¥ 4,100	—	¥ (40)	—	\$ 27,079	—	\$(269)	—
Bought	4,100	—	40	—	27,079	—	269	—
Total	—	—	¥ (0)	—	—	—	\$(0)	—

March 31, 2023	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value*	Unrealized Gains/Losses
Interest rate-related transactions				
Interest rate swaps:				
Receive fixed and pay floating	¥ 232,517	¥ 218,193	¥(2,348)	¥(2,348)
Receive floating and pay fixed	232,517	218,193	4,257	4,257
Cap transactions				
Sold	1,633	958	(10)	17
Bought	1,633	958	11	(1)
Swaption:				
Sold	58,170	58,170	(512)	227
Bought	58,170	58,170	512	512
Total	—	—	¥ 1,908	¥ 2,664
Currency-related transactions				
Currency swaps				
Forward exchange contracts:	¥ 201,889	¥ 153,021	¥ 136	¥ 136
Sold	20,441	4,487	136	136
Bought	15,980	4,231	70	70
Currency option contracts:				
Sold	272,241	212,153	(9,824)	(3,772)
Bought	272,241	212,153	8,737	5,747
Total	—	—	¥ (743)	¥ 2,318
Other transactions				
Earthquake derivatives:				
Sold	¥ 5,900	—	¥ (59)	—
Bought	5,900	—	59	—
Total	—	—	¥ (0)	—

Note:

* The above transactions are stated at fair value and the related valuation gains (losses) are reported in the consolidated statement of income.

(2) Derivative Transactions to Which Hedge Accounting is Applied as of March 31, 2024 and 2023

With respect to derivatives to which hedge accounting is applied, contract amount or notional principal and fair value at the fiscal year end date by transaction type, hedge accounting method, and valuation method of fair value are as follows. Note that contract amounts do not represent the market risk exposure associated with derivatives.

Consolidated banking subsidiaries had the following derivative contracts, which were accounted for based on the principal method, outstanding as of March 31, 2024 and 2023:

March 31, 2024	Hedged Item	Millions of Yen			Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate-related transactions*1							
Interest rate swaps:							
	Receive floating and pay fixed.....Securities	¥192,993	¥192,993	¥ 1,831	\$1,274,642	\$1,274,642	\$ 12,094
	Total	—	—	¥ 1,831	—	—	\$ 12,094
Currency-related transactions*2							
	Currency swaps.....Loans, securities, deposits, foreign exchanges, etc., which are denominated in foreign currencies	¥187,804	¥ 29	¥ (5,262)	\$1,240,370	\$ 197	\$ (34,756)
	Forward exchange contracts	—	—	—	—	—	—
	Foreign exchange swap	380,660	85,092	(30,837)	2,514,101	562,000	(203,671)
	Total	—	—	¥(36,100)	—	—	\$ (238,427)

March 31, 2023	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate-related transactions*1				
Interest rate swaps:				
	Receive floating and pay fixed.....Securities	¥119,999	¥119,999	¥ 3,544
	Total	—	—	¥ 3,544
Currency-related transactions*2				
	Currency swaps.....Loans, securities, deposits, foreign exchanges, etc., which are denominated in foreign currencies	¥131,084	¥ 2,965	¥ (2,658)
	Forward exchange contracts	—	—	—
	Foreign exchange swap	269,697	90,531	(21,665)
	Total	—	—	¥(24,324)

Note: 1. Interest rate-related transactions are primarily accounted for using the deferral method in accordance with "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks" (JICPA Industry Audit Committee Report No. 24, March 17, 2022).
2. Currency-related transactions are primarily accounted for using the deferral method in accordance with "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25, October 8, 2020).

Consolidated banking subsidiaries had the following derivative contracts, which were accounted for by the exceptional accrual method, outstanding as of March 31, 2024:

March 31, 2024	Hedged Item	Millions of Yen			Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate-related transactions							
Interest rate swaps:							
	Receive fixed and pay floating.....Loans and borrowed money	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
	Receive floating and pay fixed.....	7,419	2,706	363	49,000	17,875	2,403
	Total	—	—	¥363	—	—	\$2,403

March 31, 2023	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate-related transactions				
Interest rate swaps:				
	Receive fixed and pay floating.....Loans and borrowed money	¥ —	¥ —	¥ —
	Receive floating and pay fixed.....	5,199	5,199	456
	Total	—	—	¥456

The exceptional accrual method of hedge accounting, as specifically permitted for certain interest rate swaps, is valued with the hedged items as a whole so that the fair value is included in the fair value of borrowed money and loans and bills discounted ("Note 22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES").

25. OTHER COMPREHENSIVE INCOME (LOSS)

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Unrealized gains (losses) on available-for-sale securities:			
Gains (losses) arising during the year	¥68,518	¥(142,434)	\$ 452,536
Reclassification adjustments to profit or loss.....	15,364	37,587	101,479
Amount before income tax effect.....	83,883	(104,847)	554,014
Income tax effect	(25,296)	31,989	(167,070)
Total	¥58,587	¥ (72,857)	\$ 386,944
Deferred gains (losses) on derivatives under hedge:			
Gains arising during the year.....	¥ 3,284	¥ 3,472	\$ 21,693
Reclassification adjustments to profit or loss.....	(6,816)	(2,460)	(45,018)
Amount before income tax effect.....	(3,531)	1,012	(23,325)
Income tax effect	1,076	(311)	7,109
Total	¥ (2,455)	¥ 700	\$ (16,216)
Defined retirement benefit plans:			
Gains arising during the year.....	¥25,694	¥ 3,882	\$ 169,703
Reclassification adjustments to profit or loss.....	(1,145)	(396)	(7,568)
Amount before income tax effect.....	24,548	3,485	162,135
Income tax effect	(7,463)	(1,058)	(49,291)
Total	¥17,085	¥ 2,426	\$ 112,843
Total other comprehensive income (loss)	¥73,217	¥ (69,730)	\$ 483,571

26. 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.

The Group engages in banking and other related activities, such as leasing, securities, and credit card services. Segment information is not disclosed as the operations other than banking are immaterial.

Other segment-related information:

(1) Information by services

	Millions of Yen (Thousands of U.S. Dollars)			
	Lending Operations	Investment Operations	Other	Total
March 31, 2024				
Total income from external customers.....	¥117,518	¥80,779	¥111,769	¥310,068
	(\$776,163)	(\$533,516)	(\$738,193)	(\$2,047,872)

	Millions of Yen			
	Lending Operations	Investment Operations	Other	Total
March 31, 2023				
Total income from external customers.....	¥110,018	¥104,020	¥115,418	¥329,457

(2) Information by geographic region

Since the ordinary income and total tangible fixed assets attributable to the "Japan" segment account for more than 90% of the total of all geographic segments, geographical segment information has not been presented.

(3) Information by major customers

Since there has been no specific customer to whom the Group sells more than 10% of total ordinary income on the consolidated statement of income, information on major customers has not been presented.

(4) Information on loss on impairment of fixed assets by reportable segment

Information on loss on impairment of fixed assets is not disclosed as it is immaterial, except for the banking business.

(5) Information on amortization and unamortized balance of goodwill by reportable segment

Information on amortization and unamortized balance of goodwill is not disclosed as it is immaterial, except for the banking business.

(6) Information on gain on negative goodwill by reportable segment

Information on gain on negative goodwill is not disclosed as it is immaterial, except for the banking business.

27. RELATED-PARTY TRANSACTIONS

Related-party transactions of consolidated subsidiaries of the Company with its directors or major individual shareholders for the years ended March 31, 2024 and 2023, were as follows:

Year ended March 31, 2024

There was no material information to be stated.

Year ended March 31, 2023

There was no material information to be stated.

28. SUBSEQUENT EVENTS

Acquisition of treasury stock

At the board of directors' meeting held on May 10, 2024, the Company resolved to acquire treasury stock for the purpose of enhancement of shareholder returns and improving capital efficiency, pursuant to the provisions of the Articles of Incorporation in accordance with the provision of Article 459, paragraph 1, of the Companies Act.

Contents of the resolution adopted by the board of directors' meeting held on May 10, 2024:

- (1) Class of shares to be acquired: Common stock
- (2) Total number of shares to be acquired: 20,000,000 shares (upper limit)
(The ratio to number of issued shares, excluding treasury stock, is 1.96%)
- (3) Total acquisition cost: ¥10,000 million (upper limit) (\$66,046 thousand)
- (4) Period of acquisition: From May 13, 2024, to July 31, 2024
- (5) Method of acquisition: Market purchases on the Tokyo Stock Exchange

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mebuki Financial Group, Inc.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Mebuki Financial Group, Inc. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Determination of the allowance for loan losses

Mebuki Financial Group, Inc. has Joyo Bank, Ltd. and Ashikaga Bank, Ltd. as its banking subsidiaries. Joyo Bank, Ltd. and Ashikaga Bank, Ltd. perform lending operations focusing on the business feasibility evaluation of local companies, such as their potential growth and business sustainability mainly within their core markets, which are Ibaraki Prefecture, Tochigi Prefecture and adjacent areas. Lending operations have a potential risk that a credit loss may be incurred when all or part of a loan becomes uncollectible due to the borrower's bankruptcy and other adverse conditions. Joyo Bank, Ltd. and Ashikaga Bank, Ltd. record the allowance for loan losses to provide for such credit losses. As of March 31, 2023, the Group recorded the loans and bills discounted of ¥12,658.2 billion and the allowance for loan losses of ¥84.8 billion on the consolidated balance sheet. Accounting policies of Joyo Bank, Ltd. and Ashikaga Bank, Ltd. for the allowance for loan losses are disclosed in Note 2.h, Summary of Significant Accounting Policies—Allowance for Loan Losses, and the Note, Significant Accounting Estimate—Allowance for Loan Losses, included in the consolidated financial statements.

Key audit matter description

The allowance for loan losses is calculated in accordance with internal policies related to the self-assessment of asset quality standards and the write offs and provisions standards. The calculation process includes various estimates, such as the determination of the borrower's credit category, which is classified based on the evaluation of the borrower's debt service capacity, the assessment of the value of collateral provided by the borrower, and adjustments for future loss projections for the loss rate calculated based on historical credit loss experiences.

Among these estimates, the borrower's credit category, which is a significant factor in determining the allowance for loan losses, is classified as a "Borrowers requiring caution, excluding borrowers requiring monitoring" or "Borrowers requiring monitoring," based on an expectation that the borrower's business performance in the future will improve despite its unfavorable business performance and financial position.

The estimate regarding the expected future recovery of the borrower's future business performance is highly uncertain because it will be affected by the demand trends in the borrower's industry, supply chain trends, price rises, and other external economic environment, as well as the borrower's internal environment such as improvement of technological capabilities or production capacity, business efficiency, and cash flow management, etc.

Additionally, in the case where the amount of the total lending outstanding on these borrowers, less estimated recoveries from disposal of collaterals and execution of guarantees (hereinafter referred to as "Unsecured amount") is quantitatively significant, the consolidated financial statements may be significantly impacted if Joyo Bank, Ltd. and Ashikaga Bank, Ltd. fail to correctly estimate the outlook for future improvement of the borrowers' business performance and as a result incorrectly classify the borrowers as "Borrowers requiring caution, excluding borrowers requiring monitoring" or "Borrowers requiring monitoring."

Therefore, we identified, as a key audit matter, the reasonableness of the determination of the borrowers' credit categories for those borrowers with significant unsecured amount who are classified as "Borrowers requiring caution, excluding borrowers requiring monitoring" or "Borrowers requiring monitoring" based on the expectation of the Group that the borrowers' business performance will improve in the future despite their current unfavorable business performance and financial positions.

Joyo Bank, Ltd. and Ashikaga Bank, Ltd. design and operate controls over the self-assessment of the quality of assets which is performed in multiple steps. The assessment of the quality of assets performed by the business offices is reviewed by the credit related divisions in the headquarters, and then independently examined by the internal audit division.

How the key audit matter was addressed in the audit

We performed the following procedures, among others, to address the key audit matter:

We inquired of the personnel who performed the relevant control activities over the self-assessment and inspected relevant documents to corroborate the responses to evaluate the design and operating effectiveness of the internal controls, including the approval by the credit related divisions for the borrower's credit category determined by the business offices, and monitoring by the internal audit division.

We selected, among the borrowers subject to the self-assessment of the quality of assets performed by Joyo Bank, Ltd. and Ashikaga Bank, Ltd., the borrowers with significant unsecured amount classified as "Borrowers requiring caution, excluding borrowers requiring monitoring" or "Borrowers requiring monitoring" based on the expectation of the Group that their business performance will improve in the future despite their current unfavorable business performance and financial positions and performed the following procedures, among others:

- In order to examine the reasonableness and feasibility of the expected future recovery of the borrower's business performance, we inquired of the credit related divisions regarding evaluation of the Group about the expected future recovery of the borrower's business performance, etc.
- In order to corroborate the response to the inquiries and the information obtained during the discussion, we inspected related documents, and evaluated the reasonableness of the borrower's credit category determination by analyzing the demand trends in the borrower's industry, supply chain trends, price rises, and other external economic environment by comparing them with available external information, and by evaluating the degree to which the borrower has achieved major measures to improve its business performance, such as improving its own technological capabilities or production capacity, business efficiency, and cash flow management, etc.

Other Information

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

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

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

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to Mebuki Financial Group, Inc. and its subsidiaries were ¥145 million and ¥5 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

September 13, 2024