

**ANNUAL
REPORT 2023**
THE OITA BANK,LTD.

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OITA BANK PROFILE

The Oita Bank, Ltd., was founded in 1893 in Oita Prefecture, Kyushu, in the southwest of the Japanese archipelago. For more than a century, the Bank has provided outstanding financial services to individual and corporate clients, contributing significantly to the economic growth and prosperity of Oita Prefecture and the greater Kyushu region.

In Oita Prefecture, there was a steady stream of capital investment from some of the world's most prominent enterprises in the high-tech and automotive industries, which has had a major impact on the economy of the prefecture. At the same time, the prefecture continues to reinforce infrastructure to support its development as a hub of international business.

As the leading bank native to Oita Prefecture, the Oita Bank strives to strengthen its management structure and enhance financial services, thereby contributing to the region's prosperity.

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HEAD OFFICE



RED BRICK BUILDING

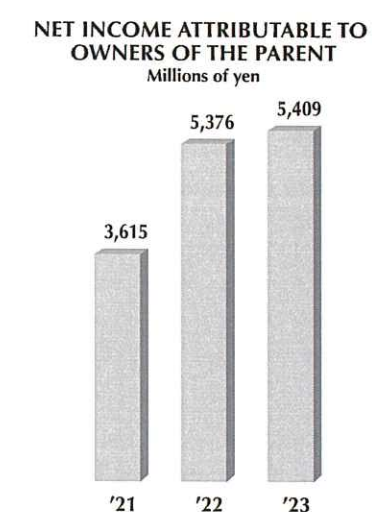
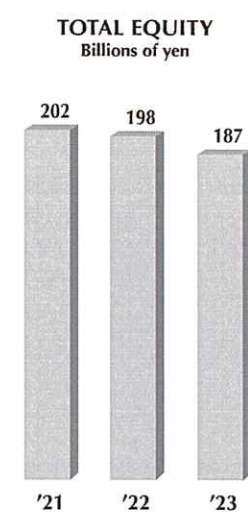
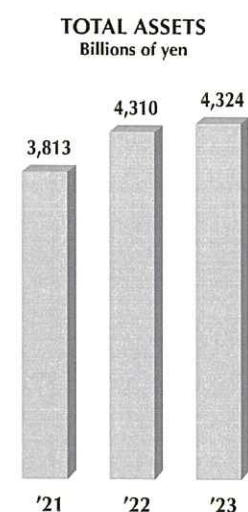


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CONSOLIDATED FINANCIAL HIGHLIGHTS

THE OITA BANK, LTD. and Consolidated Subsidiaries
Years Ended March 31, 2023, 2022 and 2021

	Millions of Yen		
	2023	2022	2021
Deposits	¥3,540,319	¥3,457,890	¥3,294,890
Loans and bills discounted	2,092,111	1,972,040	1,906,882
Investment securities	1,388,202	1,287,683	1,269,941
Common stock	19,598	19,598	19,598
Total equity	187,520	198,072	202,746
Total assets	4,324,388	4,310,569	3,813,669
Net income attributable to owners of the parent	5,409	5,376	3,615
Number of branches (Nonconsolidated)	93	93	93
Number of employees (Nonconsolidated)	1,593	1,558	1,607



Note: All graph figures are for the years ended March 31.

A MESSAGE FROM THE MANAGEMENT

A Value-Creating Company That Enhances The Region's Sustainability

Oita Bank sincerely appreciates the continued patronage of all our stakeholders.

Since our founding in 1893, Oita Bank has continued to operate as a regional financial institution built on solid foundations. We extend our warmest thanks to all our stakeholders for your support over the years.

This year was the final year of our Medium-Term Management Plan 2021, which had as its long-term vision to make Oita Bank "a value-creating company that enhances the region's sustainability." Under our Medium-Term Management Plan 2021, we are "taking up the challenge of transforming ourselves in preparation for the future" through the development of fundamental and visionary strategies for creating value in four areas - the environment, society, the economy and our customers - and have begun working in earnest to concretely achieve this via our "Regional Vision" initiative. This Regional Vision is focused on addressing regional challenges and achieving sustainable, regional growth by cultivating a virtuous economic cycle and strengthening earning power within the region, thereby maintaining and improving the economic foundations of the region. Moving forward, we will work with local governments, organizations, companies and other regional entities in order to realize this vision. Additionally, in March 2023, as part of a comprehensive business alliance with Nomura Securities Co., Ltd. to provide financial intermediary services, we opened "Consulting Plazas" in five locations within the prefecture. We are contributing to regional sustainability by putting in place a structure that will enable us to provide regional customers with a greater level of support for asset formation.

Oita Bank's management philosophy is to make every effort to contribute to the prosperity of the regional community through our banking operations, and it is by helping to realize a sustainable regional community that we are working to improve our corporate value.

FY2022 (Year Ended March 31, 2023) Consolidated Operating Performance

Deposits

As of March 31, 2023, total deposits, including negotiable certificates of deposit, amounted to ¥3,540.3 billion, up ¥82.4 billion from one year earlier.

Loans and Bills Discounted

Total loans and bills discounted outstanding amounted to ¥2,092.1 billion on March 31, 2023, up ¥120.0 billion from one year earlier, owing to an increase in business loans, individual loans and loans to public entities.

Investment Securities

Investment securities on March 31, 2023 totaled ¥1,388.2 billion, up ¥100.5 billion higher than the previous fiscal year-end, despite decreases in Japanese government bonds and corporate bonds, due to a rise in local government bonds and other securities.

Foreign Exchange

Foreign exchange transactions, including international trade trans-

actions, overseas remittances and foreign currency deposits, totaled US\$1,367 million, US\$134 million higher than the previous fiscal year-end.

Earnings

Ordinary income was up ¥17,384 million year on year, to ¥72,905 million, due to such factors as increased interest on securities, gains on sales of government bonds and other bonds, and an increase in gain on reversal of reserve for loan losses.

Ordinary profit was up ¥549 million year on year, to ¥7,796 million. Net income attributable to owners of the parent rose ¥33 million year on year, to ¥5,409 million, partly due to an increase in ordinary profit.

Dividend Policy

In due consideration of its responsibility to the public as a financial institution, the Bank's fundamental dividend policy is stable and continuous profit distribution. To this end, we are striving to strengthen its financial structure by reinforcing the long-term stability of its management base, improving management efficiency and building sufficient reserves.

To increase return to shareholders, on the occasion of the 130th anniversary of Oita Bank's founding, which was observed on February 1, 2023, the interim dividend was increased 10 yen to 50 yen per share, thereby making the annual dividend 90 yen.

Capital Adequacy Ratio

As of March 31, 2023, the Bank's capital adequacy ratio was 9.60% on a non-consolidated basis and 10.40% on a consolidated basis, both of which easily exceed the domestic standard of 4%.

For customers to be able to do transactions with us with peace of mind, we will strive to further increase our capital adequacy and strengthen our management structure.

Credit Rating

On September 29, 2000, the Bank attained an "A+" long-term preferred debt rating from Japan Credit Rating Agency, Ltd. (JCR), and the Bank has consistently maintained that rating for the 23 years since. This rank indicates "the highest level of certainty of an obligor to honor its financial obligations," and, given that "A+" is the highest of the three kinds of "A," the JCR rating attests to the stability and soundness of the Oita Bank.

Conclusion

Oita Bank recognizes its responsibilities as a regional bank with Oita Prefecture as its base of operations. Accordingly, we work proactively to contribute to regional communities through our banking operations.

We ask our stakeholders for their understanding and support of the Bank's endeavors.

August 2023

Tomiichiro Goto
President

T. Goto

Consolidated Balance Sheet

THE OITA BANK, LTD. and Consolidated Subsidiaries
March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
ASSETS:			
Cash and due from banks (Notes 23 and 24)	¥ 725,874	¥ 942,673	\$ 5,436,036
Call loans	2,537		18,999
Commercial paper and other debt purchased	3,310	3,476	24,788
Money held in trust (Note 7)	3,991	16,931	29,888
Investment securities (Notes 6, 8, 12 and 24)	1,388,202	1,287,683	10,396,180
Loans and bills discounted (Notes 8, 12, 13 and 24)	2,092,111	1,972,040	15,667,722
Foreign exchange assets (Note 8)	4,331	11,591	32,434
Lease receivables and leased investment assets	16,022	16,538	119,988
Other assets (Notes 8 and 12)	54,031	36,034	404,635
Premises and equipment (Note 9)	30,286	29,575	226,810
Intangible assets (Note 10)	689	895	5,159
Asset for retirement benefits (Note 16)	9,085	9,887	68,037
Deferred tax assets (Note 20)	10,412	4,413	77,974
Customers' liabilities for acceptances and guarantees (Notes 8 and 11)	10,218	8,098	76,522
Reserve for loan losses (Notes 3 and 24)	(26,717)	(29,270)	(200,082)
TOTAL	¥4,324,388	¥4,310,569	\$32,385,141
LIABILITIES:			
Deposits (Notes 12, 14 and 24)	¥3,540,319	¥3,457,890	\$26,513,285
Call money		3,671	
Payables under repurchase agreements (Note 12)	47,902	16,827	358,735
Payables under securities lending transactions (Note 12)	83,698	138,405	626,810
Borrowed money (Notes 12, 15 and 24)	388,765	426,984	2,911,443
Foreign exchange liabilities	37	45	277
Other liabilities	54,108	48,638	405,212
Liability for retirement benefits (Note 16)	6,852	6,631	51,314
Reserve for reimbursement of deposits	879	1,116	6,582
Deferred tax liabilities (Note 20)	12	11	89
Deferred tax liabilities for land revaluation excess	4,074	4,174	30,509
Acceptances and guarantees (Note 11)	10,218	8,098	76,522
Total liabilities	4,136,868	4,112,496	30,980,813
EQUITY (Notes 17 and 29):			
Common stock- authorized, 30,000,000 shares; issued, 16,243,634 shares in 2023 and 2022	19,598	19,598	146,768
Capital surplus	13,768	13,768	103,107
Stock acquisition rights (Note 18)	246	220	1,842
Retained earnings	151,743	147,390	1,136,396
Treasury stock- at cost, 460,533 shares in 2023 and 469,710 shares in 2022	(2,078)	(2,122)	(15,562)
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities (Note 6)	(2,941)	9,141	(22,025)
Deferred gain (loss) on derivatives under hedge accounting (Note 25)	(454)	1,673	(3,399)
Land revaluation excess	8,124	8,353	60,840
Defined retirement benefit plans (Note 16)	(554)	(18)	(4,148)
Total	187,451	198,005	1,403,811
Noncontrolling interests	68	67	509
Total equity	187,520	198,072	1,404,328
TOTAL	¥4,324,388	¥4,310,569	\$32,385,141

See notes to consolidated financial statements.

Consolidated Statement of Income

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
INCOME (Note 21):			
Interest on:			
Loans and discounts	¥22,474	¥20,859	\$168,306
Securities	21,154	12,182	158,421
Other	490	654	3,669
Total interest income (Note 26)	44,119	33,695	330,405
Fees and commissions	9,640	9,086	72,193
Other operating income	14,663	10,743	109,810
Gain on reversal of reserve for loan losses	2,309		17,291
Gains on sales of stocks and other securities	1,954	1,728	14,633
Other income	332	450	2,486
Total income	73,020	55,705	546,843
EXPENSES:			
Interest on:			
Deposits	187	252	1,400
Borrowings and rediscounts	36	28	269
Other	1,730	208	12,955
Total interest expenses (Note 26)	1,954	489	14,633
Fees and commissions	1,922	1,976	14,393
Other operating expenses	32,506	16,448	243,435
General and administrative expenses (Note 19)	27,130	27,186	203,175
Provision for loan losses		1,180	
Losses on sales of stocks and other securities	538	388	4,029
Impairment losses on stocks and other securities	710	436	5,317
Impairment losses (Notes 9 and 26)	325	324	2,433
Other expenses	511	312	3,826
Total expenses	65,600	48,742	491,275
INCOME BEFORE INCOME TAXES	7,419	6,962	55,560
INCOME TAXES (Note 20):			
Current	1,621	1,851	12,139
Deferred	387	(268)	2,898
Total income taxes	2,009	1,583	15,045
NET INCOME	5,410	5,379	40,515
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	0	3	6
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 5,409	¥ 5,376	\$ 40,507
	Yen		U.S. Dollars
	2023	2022	2023
PER SHARE OF COMMON STOCK (Notes 2.r and 28):			
Basic net income	¥342.76	¥340.96	\$ 2.56
Diluted net income	340.64	339.17	2.55
Cash dividends applicable to the year	90.00	80.00	0.67

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
NET INCOME	¥ 5,410	¥ 5,379	\$ 40,515
OTHER COMPREHENSIVE INCOME (LOSS) (Note 22):			
Unrealized gain (loss) on available-for-sale securities	(12,082)	(8,953)	(90,481)
Deferred gain (loss) on derivatives under hedge accounting	(2,128)	1,202	(15,936)
Defined retirement benefit plans	(535)	(1,043)	(4,006)
Total other comprehensive income (loss)	(14,747)	(8,795)	(110,439)
COMPREHENSIVE INCOME (LOSS)	¥(9,337)	¥(3,416)	\$(69,924)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥(9,338)	¥(3,418)	\$(69,931)
Noncontrolling interests	0	1	7

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2023

	Thousands	Millions of Yen												
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income					Total	Non- controlling Interests	Total Equity
							Unrealized Gain (Loss) on Available- for-Sale Securities	Deferred Gain (Loss) on Deriva- tives under Hedge Accounting	Land Revaluation Excess	Defined Retirement Benefit Plans				
BALANCE, MARCH 31, 2021 (APRIL 1, 2021, as previously reported)	15,745	¥19,598	¥13,771	¥266	¥143,043	¥(2,254)	¥18,093	¥ 471	¥8,664	¥1,025	¥202,681	¥65	¥202,746	
Cumulative effect of accounting change					(41)						(41)		(41)	
BALANCE, APRIL 1, 2021 (as restated)	15,745	19,598	13,771	266	143,002	(2,254)	18,093	471	8,664	1,025	202,639	65	202,705	
Net income attributable to owners of the parent					5,376						5,376		5,376	
Cash dividends, ¥80.00 per share					(1,260)						(1,260)		(1,260)	
Purchase of treasury stock	(1)					(2)					(2)		(2)	
Disposal of treasury stock	29		(41)			135					93		93	
Transfer from land revaluation excess					310						310		310	
Transfer from retained earnings to capital surplus			38		(38)									
Net change in the year				(45)			(8,952)	1,202	(310)	(1,043)	(9,150)	1	(9,149)	
BALANCE, MARCH 31, 2022	15,773	19,598	13,768	220	147,390	(2,122)	9,141	1,673	8,353	(18)	198,005	67	198,072	
Net income attributable to owners of the parent					5,409						5,409		5,409	
Cash dividends, ¥80.00 per share					(1,262)						(1,262)		(1,262)	
Purchase of treasury stock	(0)					(1)					(1)		(1)	
Disposal of treasury stock	10		(22)			45					22		22	
Transfer from land revaluation excess					228						228		228	
Transfer from retained earnings to capital surplus			22		(22)									
Net change in the year				25			(12,082)	(2,128)	(228)	(535)	(14,950)	0	(14,949)	
BALANCE, MARCH 31, 2023	15,783	¥19,598	¥13,768	¥246	¥151,743	¥(2,078)	¥ (2,941)	¥ (454)	¥8,124	¥ (554)	¥187,451	¥68	¥187,520	

	Thousands of U.S. Dollars (Note 1)												
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income					Total	Non- controlling Interests	Total Equity
						Unrealized Gain (Loss) on Available- for-Sale Securities	Deferred Gain (Loss) on Deriva- tives under Hedge Accounting	Land Revaluation Excess	Defined Retirement Benefit Plans				
BALANCE, MARCH 31, 2022	\$146,768	\$103,107	\$1,647	\$1,103,796	\$(15,891)	\$68,456	\$12,529	\$62,555	\$ (134)	\$1,482,850	\$501	\$1,483,352	
Net income attributable to owners of the parent				40,507						40,507		40,507	
Cash dividends, \$0.59 per share				(9,451)						(9,451)		(9,451)	
Purchase of treasury stock					(7)					(7)		(7)	
Disposal of treasury stock		(164)			337					164		164	
Transfer from land revaluation excess				1,707						1,707		1,707	
Transfer from retained earnings to capital surplus		164		(164)									
Net change in the year			187			(90,481)	(15,936)	(1,707)	(4,006)	(111,959)	7	(111,952)	
BALANCE, MARCH 31, 2023	\$146,768	\$103,107	\$1,842	\$1,136,396	\$(15,562)	\$(22,025)	\$ (3,399)	\$60,840	\$ (4,148)	\$1,403,811	\$509	\$1,404,328	

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	
OPERATING ACTIVITIES:			
Income before income taxes	¥ 7,419	¥ 6,962	\$ 55,560
Adjustments for:			
Income taxes-refunded	595		4,455
Income taxes-paid	(2,981)	(3,077)	(22,324)
Depreciation and amortization	1,536	1,662	11,503
Impairment losses	325	324	2,433
Increase (decrease) in reserve for loan losses	(2,552)	324	(19,111)
Increase (decrease) in liability for retirement benefits	175	21	1,310
(Increase) decrease in asset for retirement benefits	80	(44)	599
Increase (decrease) in reserve for reimbursement of deposits	(237)	(266)	(1,774)
Interest income-accrued basis	(44,119)	(33,695)	(330,405)
Interest expenses-accrued basis	1,954	489	14,633
Net (gain) loss on investment securities	13,317	5,330	99,730
Net (gain) loss on money held in trust	59	68	441
Foreign exchange (gains) losses	24	(4)	179
Net (gain) loss on disposal of fixed assets	51	(40)	381
Net (increase) decrease in loans and bills discounted	(120,070)	(65,158)	(899,198)
Net increase (decrease) in deposits	82,429	162,999	617,306
Net increase (decrease) in borrowed money	(38,219)	197,180	(286,220)
Net (increase) decrease in due from banks (excluding due from the Bank of Japan)	(512)	4,928	(3,834)
Net (increase) decrease in call loans	(2,371)	437	(17,756)
Net increase (decrease) in call money	(3,671)	3,671	(27,491)
Net increase (decrease) in payables under securities lending transactions	(54,707)	119,263	(409,698)
Net (increase) decrease in foreign exchange assets	7,259	1,017	54,362
Net increase (decrease) in foreign exchange liabilities	(8)	9	(59)
Net (increase) decrease in lease receivables and leased investment assets	515	(715)	3,856
Interest income-cash basis	43,420	33,736	325,170
Interest expenses-cash basis	(1,576)	(547)	(11,802)
Other-net	15,922	35,404	119,239
Total adjustments	(103,359)	463,319	(774,050)
Net cash provided by (used in) operating activities	(95,940)	470,282	(718,490)
INVESTING ACTIVITIES:			
Purchases of investment securities	(680,306)	(492,940)	(5,094,780)
Proceeds from sales of investment securities	288,856	229,858	2,163,229
Proceeds from maturities of investment securities	260,704	226,464	1,952,400
Payments for increase in money held in trust	(68)	(53)	(509)
Proceeds from decrease in money held in trust	12,923	2,971	96,779
Purchases of premises and equipment	(2,795)	(1,234)	(20,931)
Purchases of intangible assets	(136)	(138)	(1,018)
Proceeds from sales of premises and equipment	823	887	6,163
Payments for asset retirement obligations	(81)		(606)
Net cash provided by (used in) investing activities	(120,081)	(34,183)	(899,281)
FORWARD	¥ (216,022)	¥ 436,098	\$ (1,617,778)

(Continued)

Consolidated Statement of Cash Flows

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
FORWARD	¥ (216,022)	¥ 436,098	\$ (1,617,778)
FINANCING ACTIVITIES:			
Dividends paid	(1,261)	(1,259)	(9,443)
Repayment of lease obligations	(22)	(21)	(164)
Purchases of treasury stock	(1)	(2)	(7)
Proceeds from sales of treasury stock	22	93	164
Net cash provided by (used in) financing activities	(1,263)	(1,190)	(9,458)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(24)	4	(179)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(217,310)	434,913	(1,627,424)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	940,996	506,083	7,047,075
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 23)	¥ 723,685	¥ 940,996	\$ 5,419,643

See notes to consolidated financial statements.

(Concluded)

Notes to Consolidated Financial Statements

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2023

1 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of THE OITA BANK, LTD. (the "Bank") and its seven consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, its related accounting regulations and the Enforcement Regulation for the Banking Law of Japan (the "Banking Law"), and in accordance with accounting principles generally accepted in Japan, 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 2022 consolidated financial statements to confirm to the classifications used in 2023.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. Amounts of less than one million yen have been omitted in the accompanying consolidated financial statements as permitted by the Japanese Financial Instruments and Exchange Act. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

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 ¥133.53 to \$1, the approximate rate of exchange at March 31, 2023. Such translations should not be construed as representation 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 include the accounts of the Bank and its seven significant subsidiaries (together, the "Group"). The fiscal periods of all consolidated subsidiaries end on March 31.

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

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

DAIGIN BUSINESS SERVICE CO., LTD. was excluded from the scope of consolidation from the current consolidated fiscal year because it was eliminated in an absorption-type merger with the Bank as the surviving company.

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.

b. Cash and Cash Equivalents - For the purpose of reporting cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

c. Trading Account Securities - Trading account securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings. The cost of trading account securities sold is determined by the moving-average method.

d. Investment Securities and Money Held in Trust - All applicable securities are classified and accounted for, depending on management's intent, as follows:

(i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and (ii) available-for-sale securities, which are not classified as either of trading account securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of available-for-sale securities sold is determined based on the moving-average method.

Nonmarketable available-for-sale equity securities are stated at cost or determined by the moving-average method.

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

Securities managed through money held in trust accounts are reported at fair value and the related unrealized gains and losses are included in earnings.

e. Premises and Equipment - Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment is principally computed using the declining-balance method over the estimated useful lives of the assets and depreciation of leased premises and equipment is provided on the straight-line method over the lease periods.

f. Software - Cost of computer software obtained for internal use is amortized using the straight-line method over the estimated useful lives of five years.

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

h. Land Revaluation - Under the "Law of Land Revaluation," the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 1998.

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

As of March 31, 2023 and 2022, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥8,988 million (\$67,310 thousand) and ¥9,210 million, respectively.

i. Foreign Currency Items - All assets and liabilities denominated in foreign currencies are translated into Japanese yen at the current exchange rates at each balance sheet date.

j. Reserve for Loan Losses - The Bank determines the amount of the reserve for loan losses by means of management's judgment and assessment of future losses based on the self-assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

The Bank implemented the self-assessment system for its asset quality. The quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the Bank's asset review and inspection division in accordance with the Bank's policy and rules for self-assessment of asset quality.

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

Reserve for loan losses is calculated based on the actual past loss ratio for normal and caution categories, and the fair value of the collateral for collateral-dependent loans and other factors of solvency including value of future cash flows for other self-assessment categories. For loans classified as possible bankruptcy, the reserve for loan losses is provided for in an amount deemed necessary to cover possible loan losses considering the customer's solvency and other factors, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted. For loans classified as virtual bankruptcy or legal bankruptcy, the reserve for loan losses is provided for based upon the loan amount, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted.

In addition, for loans which are mainly classified into possible bankruptcy and restructured loans as defined in Note 8 below, if the exposure to an obligor exceeds a certain specific amount and if future cash flows of the principal and interest can be reasonably estimated, the discounted cash flow method is used to calculate the reserve for loan losses, under which method the reserve is determined as the difference between the book value of the loan and the present value of future cash flows discounted using the contractual interest rate before the loan is classified as one of the above loans.

The consolidated subsidiaries determine the amount of the reserve for loan losses by a comparable self-assessment system as the Bank.

k. Retirement and Pension Plans - The Bank has contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees. Consolidated subsidiaries have unfunded retirement benefit plans.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the 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 over 10 years no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

Retirement allowances for directors of consolidated subsidiaries are recorded as a liability at the amount that would be required if all directors retired at the balance sheet date.

l. Stock Options - Under Accounting Standards Board of Japan ("ASBJ") Statement No. 8, "Accounting Standard for Share-based Payment," requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock options or the goods or services received. In the balance sheet, stock options are presented as stock acquisition rights as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions.

m. Revenue Recognition - The Group recognizes revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for satisfying performance obligations to transfer the goods or services promised in contracts with customers. The nature of performance obligations for

each of the Group's major business and when such obligations are satisfied are as follows:

Fees and commissions include administrative fees for deposit and loan businesses, exchange businesses operations and securities-related businesses, and are obligated to provide services based on contracts with customers. These transactions are recognized as revenue as performance obligations are satisfied upon the completion of service delivery.

n. 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.

o. Reserve for Reimbursement of Deposits - Reserve for reimbursement of deposits is provided for the deposits derecognized from the liabilities at the estimated amount of future claims for withdrawal.

p. Leases - As Lessor, lease revenue is recognized at the date of each lease payment according to the lease contracts. As Lessee, all finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet.

q. Derivatives and Method of Hedge Accounting - The Bank's policy is to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives as a part of its trading activities. Consolidated subsidiaries do not utilize any derivatives.

The Bank enters into interest rate swaps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into foreign exchange forward contracts and currency swaps, futures and options to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies.

The Bank applies deferred hedge accounting, which is stipulated in the "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (the Japanese Institute of Certified Public Accountants (the "JICPA") Industry Committee Practice Guidance No. 24), to the interest risk caused by its financial assets and liabilities.

In evaluating the effectiveness of a hedge, the hedged item, such as loans, and the hedge instruments, such as interest rate swaps, are specified and evaluated regarding the hedging approach. Effectiveness of the hedging approach is evaluated by verifying the correlation of the interest fluctuation factor of the hedged item and the hedge instruments.

r. Per Share Information - Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period. The average number of common shares used in the computation was 15,781 thousand shares and 15,767 thousand shares for the years ended March 31, 2023 and 2022, respectively.

Diluted net income per share reflects the potential dilution that could occur if the outstanding stock options and convertible bonds were exercised. Diluted net income per share assumes full exercise of the outstanding stock options and convertible bonds at the beginning of the year (or at the time of grant).

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.

s. Change the Display Method - For dividend income from group credit life insurance, etc., which was previously included in "Other income," the bank

has reviewed its accounting method in consideration of the revisions to the contracts related to insurance premiums and dividend income for certain group credit life insurance policies as well as the prospect of an increase in such insurance policies.

Accordingly, the bank has determined that it will be more appropriate to record the net amount of insurance premiums after deducting dividend income, from the viewpoint of disclosing the actual amount of insurance premiums to be borne.

As a result, the above dividend income has been included in "Fees and commissions" since the current consolidated fiscal year.

3 SIGNIFICANT ACCOUNTING ESTIMATE

Item for which the amount was recorded in the consolidated financial statements for the covered consolidated fiscal year based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the following fiscal year, was as follows:

Reserve for loan losses

(1) Carrying amount

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Reserve for loan losses	¥26,717	¥29,270	\$200,082

(2) Information on the significant accounting estimate

(a) Calculation method

Debtor categories are determined based on the debtor's financial position and results of operations, as well as its future business plans, and the reserve for loan losses is recorded according to these debtor categories.

The specific method of calculating the reserve for loan losses for each debtor category is disclosed in Note 2.j, "Summary of Significant Accounting Policies - Reserve for Loan Losses."

(b) Significant assumptions

The significant assumptions are the assessment of the reasonableness of the debtors' future business plans, which are used as the basis for determining the debtor categories. In assessing the reasonableness of business plans, considers the achievability of the plans.

Furthermore, the impact of the COVID-19 pandemic on the economy: the Bank assumes that it will continue into the next consolidated fiscal year and beyond. Under these circumstances, the debtor categories are determined considering the information affecting the estimate that is currently available. There is no significant change in the assumptions from the previous consolidated fiscal year.

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

If there are changes in the assumptions used in relation to the debtor categories, the status of the COVID-19 pandemic, and its impact on the economy, etc., the balance of the reserve for loan losses may fluctuate, which may have an impact on profit or loss.

4 ACCOUNTING CHANGE

Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement

Effective April 1, 2022, the Group applied ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," (the

"Implementation Guidance on Accounting Standard"). The Group applied the Implementation Guidance on Accounting Standards prospectively.

There is no impact on the consolidated financial statements.

Investment trusts are included in matters related to the breakdown of the fair value of financial instruments by level in Note 24, "Financial Instruments and Related Disclosures."

5 BUSINESS COMBINATION

Year Ended March 31, 2023

Transaction Under Common Control

Merger of consolidated subsidiary

Overview of Transactions

Name and business of combining companies:

Name of the combining company: THE OITA BANK, LTD.

Business of the combining company: Banking

Name of the combined company: DAIGIN BUSINESS SERVICE CO., LTD.

Business of the combined company: Agency service for banking business

Date of the business combination: April 1, 2022

Legal form of the business combination:

Absorption-Type Merger with the Bank as the surviving company and DAIGIN BUSINESS SERVICE CO., LTD. as the absorbed company.

Company name after the combination: THE OITA BANK, LTD.

Other matters concerning the outline of transactions:

In order to improve the efficiency of management and effectively utilize management resources in the Group, DAIGIN BUSINESS SERVICE CO., LTD., a wholly-owned subsidiary, was merged into the Bank.

Summary of Accounting Treatments

This merger is treated as a transaction under common control in accordance with ASBJ Statement No.21, "Accounting Standard for Business Combinations" and ASBJ Guidance No.10, "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

6 TRADING ACCOUNT SECURITIES AND INVESTMENT SECURITIES

There were no trading account securities as of March 31, 2023 and 2022.

Investment securities at March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Japanese government bonds	¥ 213,578	¥ 243,102	\$ 1,599,475
Local government bonds	314,585	286,141	2,355,912
Corporate bonds	251,387	261,275	1,882,625
Equity securities	79,321	69,756	594,031
Other	529,329	427,408	3,964,120
Total	¥1,388,202	¥1,287,683	\$10,396,180

The costs and aggregate fair value of securities at March 31, 2023 and 2022, were as shown in the table below.

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2023				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 51,741	¥27,578	¥2,233	¥ 77,086
Debt securities	708,435	1,842	11,207	699,069
Other	539,422	2,162	23,387	518,197
Held-to-maturity:				
Debt securities	80,480	115	1,157	79,439

March 31, 2022	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities.....	¥ 44,522	¥25,255	¥2,156	¥ 67,621
Debt securities.....	738,028	1,697	9,023	730,701
Other	420,328	5,712	9,327	416,713
Held-to-maturity:				
Debt securities.....	59,817		528	59,289

March 31, 2023	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities.....	\$ 387,485	\$206,530	\$16,722	\$ 577,293
Debt securities.....	5,305,436	13,794	83,928	5,235,295
Other	4,039,706	16,191	175,144	3,880,753
Held-to-maturity:				
Debt securities.....	602,711	861	8,664	594,915

Securities lending based on noncollateralized contracts were included in investment securities and amounted to ¥38,395million at March 31, 2022. There were no securities lending based on noncollateralized contracts for the year ended March 31, 2023.

The information related to available-for-sale securities which were sold during the years ended March 31, 2023 and 2022, was as follows:

March 31, 2023	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities.....	¥ 7,463	¥1,592	¥ 312
Debt securities.....	152,955	65	8,223
Other	130,727	663	11,637
Total	¥291,145	¥2,321	¥20,173

March 31, 2022	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities.....	¥ 4,922	¥1,395	¥ 388
Debt securities.....	45,010	52	268
Other	182,507	2,178	7,584
Total	¥232,440	¥3,627	¥8,240

March 31, 2023	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities.....	\$ 55,890	\$11,922	\$ 2,336
Debt securities.....	1,145,472	486	61,581
Other	979,008	4,965	87,148
Total	\$2,180,371	\$17,381	\$151,074

Impairment losses on available-for-sale securities for the year ended March 31, 2022, were ¥47 million. Impairment losses available-for-sale securities for the year ended March 31, 2023, were not recognized.

Net unrealized gain (loss) on available-for-sale securities for the years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Valuation differences:			
Available-for-sale securities.....	¥(5,244)	¥12,157	\$(39,272)
Deferred tax liabilities	2,330	(2,989)	17,449
Noncontrolling interests	(27)	(27)	(202)
Net unrealized gain (loss) on available-for-sale securities	¥(2,941)	¥ 9,141	\$ 22,025

7 MONEY HELD IN TRUST

The carrying amounts and unrealized gains (losses) of money held in trust, as of March 31, 2023 and 2022, were as follows:

Money held in trust held for trading	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Carrying amounts.....	¥3,991	¥16,931	\$29,888
Unrealized gains (losses) credited to income			

8 LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Bills discounted	¥ 4,824	¥ 4,569	\$ 36,126
Loans on notes	60,968	58,804	456,586
Loans on deeds.....	1,868,059	1,760,141	13,989,807
Overdrafts.....	158,258	148,525	1,185,186
Total	¥2,092,111	¥1,972,040	\$15,667,722

Bills discounted are accounted for as financial transactions in accordance with the JICPA Industry Committee Practice Guidance No. 24. The Bank has rights to sell or pledge these bills discounted. The total of the face value of bills discounted was ¥4,824million (\$36,126 thousand) and ¥4,569 million at March 31, 2023 and 2022, respectively.

Claims based on the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions are as follows. The receivables include corporate bonds (limited to the corporate bonds on which the payment of all or part of the principal and interest is guaranteed by financial institutions holding such bonds and which were issued through private placement as defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act), loans and bills discounted, foreign exchange assets, other assets booked as accrued interests, suspense payments or customers' liabilities for acceptance and guarantee, and securities if the Bank lent such securities which are required to be disclosed in a note to its balance sheets (they are limited to loans for use or lending under rental contract).

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Claims against bankrupt or de facto bankrupt borrowers	¥ 7,955	¥ 5,192	\$ 59,574
Doubtful claims	38,918	45,167	291,455
Accruing loans contractually past due three months or more			
Restructured loans	199	205	1,490
Total	¥47,073	¥50,566	\$352,527

Claims against bankrupt or de facto bankrupt borrowers represent claims held against borrowers who have been declared insolvent or in a substantially similar condition, on the grounds of the commencement of bankruptcy or restructuring proceedings, filing for the proceedings of rehabilitation or other similar legal proceedings.

Doubtful claims are those against borrowers who have not yet failed but their financial condition and business performance have deteriorated, with a high possibility that the principal and interest on these claims will not be received as per agreement. Claims against bankrupt or de facto bankrupt borrower are excluded.

Accruing loans contractually past due three months or more are loans in which the principal or interest is three months or more past due. Claims against

bankrupt or de facto bankrupt borrowers and doubtful claims are excluded.

Restructured loans, designed to assist in the recovery of the financial soundness of debtors, are loans on which the Group granted concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount). Claims against bankrupt or de facto bankrupt borrowers, doubtful claims and accruing loans contractually past due three months or more are excluded.

9 PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Buildings	¥ 6,551	¥ 4,869	\$ 49,060
Land	20,389	20,569	152,692
Leased assets.....	25	37	187
Construction in progress.....	172	566	1,288
Other	3,147	3,533	23,567
Total	¥30,286	¥29,575	\$226,810

Accumulated depreciation at March 31, 2023 and 2022, amounted to ¥36,528million (\$273,556 thousand) and ¥37,015 million, respectively.

As of March 31, 2023 and 2022, deferred gains for tax purposes of ¥1,659 million (\$12,424 thousand) and ¥1,660 million on premises and equipment sold and replaced with similar assets have been deducted from the cost of newly-acquired premises and equipment.

The Group reviews their long-lived assets for impairment continuously. As of March 31, 2023 and 2022, the Bank recognized impairment losses of ¥325 million (\$2,433 thousand) and ¥324 million as other expense for certain branches, idle fixed assets and assets held for sale due to the carrying amounts of the assets exceeding their recoverable amounts. As a result, the carrying amounts of the relevant assets were written down to the recoverable amount. The recoverable amount 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. The discount rate used for computation of the present value of future cash flows ranged from 9.2% to 9.9% at March 31, 2023 and was from 7.9% to 9.6% at March 31, 2022.

The Group principally groups operating assets by branch office, which is the minimum unit for management accounting. Idle fixed assets fixed assets and assets held for sale are individually assessed for impairment.

The recoverable amount of operating assets, idle fixed assets and assets held for sale are measured at their net selling price determined by quotations from third-party vendors.

10 INTANGIBLE ASSETS

Intangible assets as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Software.....	¥580	¥784	\$4,343
Other	109	111	816
Total	¥689	¥895	\$5,159

11 CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees" are shown on the asset side representing the Bank's right of indemnity from the applicants.

12 ASSETS PLEDGED

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Assets pledged as collateral:			
Investment securities.....	¥581,110	¥576,080	\$4,351,905
Loans and bills discounted		97,823	
Relevant liabilities to above assets:			
Deposits.....	14,820	19,161	110,986
Payables under repurchase agreements.....	47,902	16,827	358,735
Payables under securities lending transactions.....	83,698	138,405	626,810
Borrowed money.....	383,000	421,000	2,868,269

In addition, investment securities and others totaling ¥34,111 million (\$255,455 thousand) and ¥37,334 million were pledged as collateral or security deposits for exchange settlement and futures contracts at March 31, 2023 and 2022, respectively.

Guarantee deposits on office space amounting to ¥330 million (\$2,471 thousand) and ¥373 million were included in other assets at March 31, 2023 and 2022, respectively.

13 LOAN COMMITMENTS

Contracts of overdraft facilities and loan commitment limits are contracts where the Group lends to customers up to the prescribed limits in response to customers' applications for loans as long as there is no violation of any conditions in the contracts. The unused amounts within the limits totaled ¥654,866 million (\$4,904,261thousand) at March 31, 2023, and ¥668,522 million at March 31, 2022, for these contracts. Of the above, the amounts for which the original agreement period was within a year or agreements which the Group could cancel at any time without penalty totaled ¥643,961 million (\$4,822,594 thousand) at March 31, 2023, and ¥657,613 million at March 31, 2022.

Since many of these commitments expire without being drawn upon, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions where the Group can refuse a customers' application for loans or decrease the contract limits with proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of the contracts, the Group obtains real estate, securities, etc., as collateral if considered necessary. Subsequently, the Group performs periodic reviews of the customers' business results based on internal rules and take necessary measures to reconsider conditions in contracts and require additional collateral and guarantees, if necessary.

14 DEPOSITS

Deposits at March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Current deposits.....	¥ 145,289	¥ 139,056	\$ 1,088,062
Ordinary deposits.....	2,392,055	2,293,084	17,913,989
Savings at notice.....	24,917	25,043	186,602
Deposits at notice.....	4,792	4,840	35,887
Time deposits	827,941	839,652	6,200,411
Installment savings.....	10,282	9,869	77,001
Negotiable certificates of deposit..	95,248	97,809	713,307
Other deposits.....	39,792	48,533	298,000
Total	¥3,540,319	¥3,457,890	\$26,513,285

15 BORROWED MONEY

Borrowed money as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Borrowings from other financial institutions	¥388,765	¥426,984	\$2,911,443
Total	¥388,765	¥426,984	\$2,911,443

The weighted average interest rates of borrowings from other financial institutions were 0.00% and 0.00% at March 31, 2023 and 2022, respectively.

Annual maturities of long-term debt as of March 31, 2023, for the next five years and thereafter were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2024	¥ 39,204	\$ 293,596
2025	52,547	393,522
2026	108,129	809,773
2027	188,682	1,413,030
2028	202	1,512
2029 and thereafter		
Total	¥388,765	\$2,911,443

Please see Note 12 for assets pledged as collateral and their relevant borrowed money.

16 RETIREMENT AND PENSION PLANS

Consolidated subsidiaries have severance payment plans for employees, directors and Audit & Supervisory Board members. The Bank terminated its retirement benefits plan for directors and Audit & Supervisory Board members at the Bank's general shareholders meeting held on June 26, 2012.

Under most circumstances, employees whose service with the Group is terminated are entitled to retirement and pension benefits determined by reference to base rates of pay at the time of termination, length of service and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to greater payment than in the case of voluntary termination.

The liability for retirement benefits for directors of consolidated subsidiaries is ¥27 million (\$202 thousand) and ¥29 million at March 31, 2023 and 2022, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Balance at beginning of year	¥32,611	¥33,165	\$244,222
Current service cost	979	1,013	7,331
Interest cost	194	197	1,452
Actuarial (gains) losses	(388)	(213)	(2,905)
Benefits paid	(1,366)	(1,551)	(10,229)
Balance at end of year	¥32,030	¥32,611	\$239,871

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Balance at beginning of year	¥35,896	¥37,928	\$268,823
Expected return on plan assets	258	474	1,932
Actuarial gains (losses)	(988)	(1,631)	(7,399)
Benefits paid	(877)	(874)	(6,567)
Balance at end of year	¥34,289	¥35,896	\$256,788

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Funded defined benefit obligation	¥ 31,756	¥ 32,351	\$ 237,819
Plan assets	(34,289)	(35,896)	(256,788)
Total	(2,533)	(3,545)	(18,969)
Unfunded defined benefit obligation	273	260	2,044
Net liability (asset) arising from defined benefit obligation	¥ (2,259)	¥ (3,285)	\$ (16,917)

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Liability for retirement benefits	¥ 6,825	¥ 6,602	\$ 51,112
Asset for retirement benefits	(9,085)	(9,887)	(68,037)
Net liability (asset) arising from defined benefit obligation	¥(2,259)	¥ (3,285)	\$ (16,917)

(4) The components of net periodic benefit costs for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Service cost	¥979	¥1,013	\$7,331
Interest cost	194	197	1,452
Expected return on plan assets	(258)	(474)	(1,932)
Recognized actuarial (gains) losses	(170)	(82)	(1,273)
Net periodic benefit costs	¥744	¥ 653	\$5,571

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Actuarial (gains) losses	¥(770)	¥(1,501)	\$(5,766)
Total	¥(770)	¥(1,501)	\$(5,766)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Unrecognized actuarial (gains) losses	¥797	¥27	\$5,968
Total	¥797	¥27	\$5,968

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2023 and 2022, consisted of the following:

	2023	2022
Debt investments	15%	15%
Equity investments	40	42
Cash and cash equivalents	0	0
Others	45	43
Total	100%	100%

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.

(8) Assumptions used for the years ended March 31, 2023 and 2022, were set forth as follows:

	2023	2022
Discount rate	1.4%	0.6%
Expected rate of return on plan assets	0.8	1.7
Expected rate of salary increases	6.7	6.7

17 EQUITY

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

(1) 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. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Audit & Supervisory Board members, 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. However, the Bank cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semi-annual 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 and the Banking Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

(2) Increases / Decreases and Transfer of Common Stock, Reserve and Surplus

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 100% of the common stock. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(3) 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.

18 STOCK OPTIONS

The stock options outstanding as of March 31, 2023, were as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2013 Stock Option	10 directors (excluding outside directors) of the Bank	14,480 shares	August 19, 2013	¥1 (\$0.01)	From August 20, 2013 to August 19, 2043
2014 Stock Option	8 directors (excluding non-permanent directors) and 8 executive officers of the Bank	16,210 shares	August 18, 2014	¥1 (\$0.01)	From August 19, 2014 to August 18, 2044
2015 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	10,670 shares	August 17, 2015	¥1 (\$0.01)	From August 18, 2015 to August 17, 2045
2016 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	18,300 shares	August 22, 2016	¥1 (\$0.01)	From August 23, 2016 to August 22, 2046
2017 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	12,100 shares	August 28, 2017	¥1 (\$0.01)	From August 29, 2017 to August 28, 2047
2018 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	14,380 shares	August 27, 2018	¥1 (\$0.01)	From August 28, 2018 to August 27, 2048
2019 Stock Option	6 directors (excluding non-permanent directors) and 6 executive officers of the Bank	15,350 shares	August 26, 2019	¥1 (\$0.01)	From August 27, 2019 to August 26, 2049
2020 Stock Option	6 directors (excluding non-permanent directors) and 8 executive officers of the Bank	23,610 shares	August 24, 2020	¥1 (\$0.01)	From August 25, 2020 to August 24, 2050
2021 Stock Option	5 directors (excluding non-permanent directors) and 8 executive officers of the Bank	31,450 shares	August 23, 2021	¥1 (\$0.01)	From August 24, 2021 to August 23, 2051
2022 Stock Option	5 directors (excluding non-permanent directors) and 8 executive officers of the Bank	28,330 shares	August 22, 2022	¥1 (\$0.01)	From August 23, 2022 to August 22, 2052

The stock option activity during the year ended March 31, 2023, was as follows:

Year Ended March 31, 2023	2013 Stock Option (Shares)	2014 Stock Option (Shares)	2015 Stock Option (Shares)	2016 Stock Option (Shares)	2017 Stock Option (Shares)
Non-vested					
March 31, 2022- Outstanding	1,460	1,920	3,230	7,140	6,710
Granted					
Canceled					
Vested				950	620
March 31, 2023- Outstanding	1,460	1,920	3,230	6,190	6,090
Vested					
March 31, 2022- Outstanding					
Vested				950	620
Exercised				950	620
Canceled					
March 31, 2023- Outstanding					
Exercise price	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)
Average stock price at exercise				¥1,861	¥1,861
Fair value price at grant date	¥2,790	¥3,590	¥5,210	¥2,950	¥3,910

Year Ended March 31, 2023	2018 Stock Option (Shares)	2019 Stock Option (Shares)	2020 Stock Option (Shares)	2021 Stock Option (Shares)	2022 Stock Option (Shares)
Non-vested					
March 31, 2022- Outstanding	7,990	10,360	18,550	31,450	
Granted					28,330
Canceled					
Vested	740	1,070	2,690	3,970	
March 31, 2023- Outstanding	7,250	9,290	15,860	27,480	28,330
Vested					
March 31, 2022- Outstanding					
Vested	740	1,070	2,690	3,970	
Exercised	740	1,070	2,690	3,970	
Canceled					
March 31, 2023- Outstanding					
Exercise price	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)
Average stock price at exercise	¥1,861	¥1,861	¥1,861	¥1,861	
Fair value price at grant date	¥3,632	¥2,819	¥2,143	¥1,513	¥1,701

Shares and per share figures have been restated, as appropriate, to reflect a one-for-ten stock consolidation exercised on October 1, 2017.

The Assumptions Used to Measure the Fair Value of the 2022 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	35.2%
Estimated remaining outstanding period:	Two years and nine months
Estimated dividend:	¥80 per share
Risk free interest rate:	(0.08)%

19 GENERAL AND ADMINISTRATIVE EXPENSES

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

	Millions of Yen	Thousands of U.S. Dollars
	2023	2022
Salary	¥11,941	¥12,321
Other	15,188	14,864
Total	¥27,130	¥27,186

20 INCOME TAXES

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.5% for the years ended March 31, 2023 and 2022.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2023 and 2022, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2023	2022
Deferred tax assets:		
Reserve for loan losses	¥ 8,094	¥ 8,983
Liability for employees' retirement benefits	2,445	2,150
Depreciation	1,766	1,748
Unrealized loss on available-for-sale securities	2,330	
Other	3,491	3,252
Less valuation allowance	(6,212)	(6,492)
Total	¥11,915	¥9,642

Deferred tax liabilities:

	Millions of Yen	Thousands of U.S. Dollars
	2023	2022
Unrealized gain on available-for-sale securities		(2,989)
Unrealized gain on employees' retirement benefit trust	(1,448)	(1,448)
Other	(66)	(803)
Total	¥(1,514)	¥(5,241)
Net deferred tax assets (liability)	¥10,400	¥ 4,401

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2023, with the corresponding figures for 2022 was as follows:

	2023	2022
Normal effective statutory tax rate	30.5%	30.5%
Expenses not deductible for income tax purposes	0.7	0.6
Income not taxable for income tax purposes	(1.7)	(1.6)
Valuation allowance	(3.8)	(8.6)
Other-net	1.4	1.8
Actual effective tax rate	27.1%	22.7%

21 REVENUE

(1) Disaggregation of Revenue

Revenues from contracts with customers on a disaggregated basis for the year ended March 31, 2023 and 2022, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2023	2022
Fees and commissions:		
Deposit and loan businesses	¥ 2,844	¥ 2,844
Exchange business	2,477	2,477
Securities-related businesses	1,160	1,160
Agency businesses	1,102	1,102
Other	919	919
Other than fees and commissions	95	95
Ordinary income from contracts with customers	8,599	8,599
Ordinary income other than above	53,179	53,179
Ordinary income from external customers	¥61,778	¥61,778

	Millions of Yen	Thousands of U.S. Dollars
	2023	2022
Fees and commissions:		
Deposit and loan businesses	¥ 2,745	¥ 2,745
Exchange business	2,523	2,523
Securities-related businesses	1,626	1,626
Agency businesses	520	520
Other	618	618
Other than fees and commissions	104	104
Ordinary income from contracts with customers	8,137	8,137
Ordinary income other than above	36,460	36,460
Ordinary income from external customers	¥44,598	¥44,598

	Millions of Yen	Thousands of U.S. Dollars
	2023	2022
Fees and commissions:		
Deposit and loan businesses	\$ 21,298	\$ 21,298
Exchange business	18,550	18,550
Securities-related businesses	8,687	8,687
Agency businesses	8,252	8,252
Other	6,882	6,882
Other than fees and commissions	711	711
Ordinary income from contracts with customers	64,397	64,397
Ordinary income other than above	398,255	398,255
Ordinary income from external customers	\$462,652	\$462,652

- Notes: 1. The "Other" segment is a business segment that is not included in reportable segments and includes credit card services.
2. The "Ordinary income other than above" includes income according to ASBJ Statement No. 10, "Accounting Standard for Financial Instruments" as well as revenue according to ASBJ Statement No. 13, "Accounting Standard for Lease Transactions."
3. A downward reconciliation in ordinary income other than above of ¥299 million (\$2,239 thousand) is made to adjust the gain on reversal of reserve for loan losses for the year ended March 31, 2023.
4. As disclosed in Note 2.s "Summary of Significant Accounting Policies - Change the Display Method," in "Banking," dividend income from group credit life insurance, etc. which was previously included in "Other income" has been included in "Fees and commissions" since the current consolidated fiscal year and the segment information for the previous fiscal year has been reclassified.

(2) Basic Information to Understand Revenues from Contracts with Customers

The information that provides the basis for understanding the revenue generated from contracts with customers is provided in Note 2.m, "Summary of Significant Accounting Policies - Revenue Recognition."

(3) Contract Balances

Receivables from contract with customers and contract liabilities at the beginning and end of the year were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2023	2022
Receivables from contracts with customers:		
Balance at beginning of year	¥314	¥306
Balance at end of year	420	314
Contract liabilities:		
Balance at beginning of year	90	83
Balance at end of year	90	90

Receivables from contract with customers are mainly accounts receivable from fees and commissions received from customers.

Contract liabilities are a portion of the commission income received from customers. Contract liabilities are transferred to income as performance obligations are satisfied in connection with the provision of service transactions, etc.

Of the revenue recognized in the fiscal year under review, the amount included in the contract liabilities at the beginning of the fiscal year was ¥90 million (\$674 thousand) and ¥83 million at March 31, 2023 and 2022, respectively.

(4) Transaction Prices Allocated to Remaining Performance Obligations

In the current consolidated fiscal year, there are no significant contracts with customers that are expected to have an initial term of more than 1 year, and accordingly, such notes are not stated in accordance with the treatment set forth in paragraph 80-22 of the ASBJ Statement No.29, "Accounting Standard for Revenue Recognition."

22 OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2023	2022
Unrealized gain (loss) on available-for-sale securities:		
Gains (losses) arising during the year	¥(35,615)	¥(18,043)
Reclassification adjustments to profit or loss	18,213	4,992
Amount before income tax effect	(17,402)	(13,051)
Income tax effect	5,319	4,097
Total	¥(12,082)	¥ (8,953)

Deferred gain (loss) on derivatives under hedge accounting:

	Millions of Yen	Thousands of U.S. Dollars
	2023	2022
Gains (losses) arising during the year	¥ 3,277	¥ 1,649
Reclassification adjustments to profit or loss	216	78
Amount before income tax effect	(3,061)	1,728
Income tax effect	932	(526)
Total	¥ (2,128)	¥ 1,202

Defined retirement benefit plans:

	Millions of Yen	Thousands of U.S. Dollars
	2023	2022
Adjustments arising during the year	¥ (599)	¥ (1,418)
Reclassification adjustments to profit or loss	(170)	(82)
Amount before income tax effect	(770)	(1,501)
Income tax effect	234	457
Total	¥ (535)	¥ (1,043)

	Millions of Yen	Thousands of U.S. Dollars
	2023	2022
Total other comprehensive income (loss)	¥(14,747)	¥ (8,795)

23 CASH AND CASH EQUIVALENTS

The reconciliation of cash and due from banks in the consolidated balance sheet to cash and cash equivalents at March 31, 2023 and 2022, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Cash and due from banks.....	¥725,874	¥942,673	\$5,436,036
Less deposits in other banks except for the Bank of Japan.....	(2,189)	(1,676)	(16,393)
Cash and cash equivalents, end of year	¥723,685	¥940,996	\$5,419,643

24 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Bank Policy for Financial Instruments

The Bank's operations mainly include accepting deposits, providing loans, discounting bills, and buying and selling marketable securities and other financial instruments. Through these activities, the Bank holds substantial financial assets and financial liabilities that are subject to fluctuations in interest rates. To protect itself from the negative effects of interest rate fluctuations, the Bank conducts derivative transactions as part of its asset and liability management (ALM) activities.

In addition, the consolidated subsidiaries that engage in leasing and credit card businesses handle financial instruments as their principal business.

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

Of the principal financial assets held by the Group, loans are subject to credit risk, or default on the part of the customer. The Group holds trading account securities and investment securities, for holding to maturity and for purely trading purposes, as well as to promote business activities. These securities are subject to issuer credit risk, interest rate fluctuation risk and market price fluctuation risk.

Of financial liabilities, deposits and borrowed money are subject to liquidity risk, or the possibility that the Group may become unable to meet payment obligations when due in the event that they become unable to utilize markets in certain circumstances.

Among derivative transactions, the Bank employs interest rate swap transactions to hedge risk using ALM. To offset the risk of interest rate increases, the Bank employs variable receipt/fixed payment and fixed receipt/variable payment interest rate swap transactions on loans bearing long-term, fixed rates of interest, and securities.

With respect to currencies, the Bank employs currency swap transactions, forward exchange contracts and coupon swap transactions, primarily to hedge the exchange rate fluctuation risks on foreign currency assets and liabilities.

The Bank engages in bond futures transactions, mainly as part of its dealing operations. With regard to the methods of hedge accounting for interest risks on financial assets and liabilities, the Bank employs deferred hedge accounting as provided in the JICPA Industry Committee Practice Guidance No. 24. To evaluate hedging effectiveness, for hedges designed to offset market fluctuations, the Bank performs specified evaluations of hedged loans at individual hedge stages grouped by (remaining) term.

The consolidated subsidiaries do not conduct derivative transactions.

(3) Risk Management for Financial Instruments

Credit risk management

The Bank has in place various provisions, including a Credit Risk Management Policy and Credit Risk Management Provisions. These provisions, which extend beyond lending activities and include market transactions and off-bal-

ance-sheet assets, are in place to manage credit risks related to all manners of banking operations. For each activity, the Bank conducts credit screenings, manages credit limits, manages credit information and employs an internal rating system. The Bank also has in place a credit management system to support management improvements and handle loans that have become delinquent or present collection difficulties. The consolidated subsidiaries also have in place various credit risk management and other provisions. They act in accordance with these provisions to manage credit risks appropriately.

To manage these credit risks, the Group has established credit risk management divisions, including screening divisions, credit management divisions and problem loan management divisions. The Bank's Risk Management Division takes overall responsibility for credit risk management, including the status of credit risk and accompanying problems.

With regard to credit screening, the Bank's Audit Division checks the Bank's Risk Management Division and each risk management division to ascertain the appropriateness of credit risk management.

Market risk management

The Bank has in place a system for managing market risk. All items that require market risk management, including deposit and loan transactions, market transactions and off-balance-sheet transactions, are managed in accordance with the Bank's Market Risk Management Policy and Market Risk Management Provisions. The ALM divisions manage market risk related to deposits and loans, while market-related divisions mainly manage market risk related to market transactions. The Bank's Risk Management Division provides comprehensive reports to the Risk Management Committee indicating risk amounts, stress test results and other information. Market Risk Management Policy and Provisions are also in place at consolidated subsidiaries, in line with each company's risk profile. In this manner, systems are in place to ensure the appropriate management of market risk.

The market risk management divisions of the Group manages market risks in this way and the Bank's Risk Management Division serves as the central division for the management of market risk and addressing related problems.

With regard to audits of market risk management, the Bank's Audit Division checks the Bank's Risk Management Division and each market risk management division to ascertain the appropriateness of market risk management.

(Quantitative information concerning market risks)

Major financial instruments held by the Bank, which are subject to the primary risk parameters such as interest rate risk and price fluctuation risk, are loans, securities (held-to-maturity debt securities and other securities), deposits and negotiable certificates of deposit, and interest rate swap transactions in derivative transactions.

For these financial assets and financial liabilities, the Bank estimates the amount of loss that they will have after specific periods of time by using a statistical method and assumes it as the market risk quantities. Also, the Bank employs it as a quantitative analysis to manage the risk of interest rate and price fluctuation. Value at Risk (VaR) is used to calculate the impact amount.

A historical simulation model has been adopted for the current fiscal year to measure VaR. The conditions are an observation period of 1,250 business days, a confidence interval of 99%, and a holding period of 60 business days (125 business days for strategic holdings).

As of March 31, 2023, the Bank's market risk (estimated loss value) on major financial instruments was ¥38,197million (\$286,055 thousand). Of this amount, ¥27,356 million (\$204,867 thousand) was attributable to securities and ¥10,841 million (\$81,187 thousand) was attributable to instruments other than securities, such as deposits and loans.

The Bank also conducts back-testing, by comparing the VaR calculated using this model with actual profits or losses. During the consolidated fiscal year under review, back-testing demonstrated that its approximation model was sufficiently precise to capture market risk.

However, it is important to recognize that VaR estimation is a calculation based on a statistical process, and that results may differ depending on the preconditions and calculation methods used. Further, this process does not forecast maximum losses, and future market conditions may differ substantially from past conditions.

Furthermore, quantitative analysis is not applied to certain financial instruments whose impact is immaterial or those held by consolidated subsidiaries.

Liquidity risk management

The Bank manages liquidity risk in accordance with its Liquidity Risk Management Policy and Liquidity Risk Management Provisions. The Market Financing Division manages cash on a daily basis, and the Bank's Risk Management Division, which serves as the management division, monitors this risk, providing comprehensive reports to the Risk Management Committee including the status of risks, the status of assets available for payment, the results of stress tests and other information.

With regard to audits of liquidity risk management, the Bank's Audit Division checks the Bank's Risk Management Division and each liquidity risk management division to ascertain the appropriateness of liquidity risk management.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are as follows: Investments in equity instruments that do not have a quoted market price in an active market are not included in the following table. The fair values of cash and due from banks, payables under repurchase agreements, and payables under securities lending transactions are not disclosed because their maturities are short and the carrying values approximate fair value. Also, please see Note 25 for details of the fair values of derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
March 31, 2023			
Investment securities:			
Held-to-maturity securities.....	¥ 80,480	¥ 79,439	¥ (1,041)
Available-for-sale securities.....	1,294,353	1,294,353	
Loans and bills discounted.....	2,092,111		
Reserve for loan losses (*1).....	(22,262)		
	2,069,848	2,059,015	(10,832)
Total	¥3,444,683	¥3,432,808	¥ (11,874)
Deposits.....	¥3,540,319	¥3,540,370	¥ 51
Borrowed money.....	388,765	388,734	(30)
Total	¥3,929,085	¥3,929,105	¥ 20
Derivative instruments (*2):			
Hedge accounting is not applied	¥ (10,119)	¥ (10,119)	
Hedge accounting is applied	(289)	(289)	
Total	¥ (10,409)	¥ (10,409)	
March 31, 2022			
Investment securities:			
Held-to-maturity securities.....	¥ 59,817	¥ 59,289	¥(528)
Available-for-sale securities.....	1,215,037	1,215,037	
Loans and bills discounted.....	1,972,040		
Reserve for loan losses (*1).....	(24,872)		
	1,947,167	1,948,559	1,391
Total	¥3,222,022	¥3,222,886	¥ 863

Deposits.....	¥3,457,890	¥3,457,983	¥ 93
Borrowed money.....	426,984	426,957	(27)
Total	¥3,884,875	¥3,884,941	¥ 66

Derivative instruments (*2):			
Hedge accounting is not applied	¥ (12,356)	¥ (12,356)	
Hedge accounting is applied (*3).....	2,855	2,855	
Total	¥ (9,500)	¥ (9,500)	

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
March 31, 2023			
Investment securities:			
Held-to-maturity securities.....	\$ 602,711	\$ 594,915	\$ (7,796)
Available-for-sale securities.....	9,693,349	9,693,349	
Loans and bills discounted.....	15,667,722		
Reserve for loan losses (*1).....	(166,719)		
	15,500,996	15,419,868	(81,120)
Total	\$25,797,071	\$25,708,140	\$ (88,923)
Deposits.....	\$26,513,285	\$26,513,667	\$ 381
Borrowed money.....	2,911,443	2,911,210	(224)
Total	\$29,424,736	\$29,424,885	\$ 149

Derivative instruments (*2):			
Hedge accounting is not applied	\$ (75,780)	\$ (75,780)	
Hedge accounting is applied	(2,164)	2,164	
Total	\$ (77,952)	\$ (77,952)	

(*1) Reserve for loan losses relevant to loans and bills discounted have been deducted.
(*2) Derivative instruments are disclosed in the net amount of assets and liabilities.

(*3) Interest rate swaps designated as hedging instruments for securities that are hedged, and deferred hedges are applied. For these hedging relationships, the "PITF No.40 for Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" is applied.

(b) Carrying amount of investments in equity instruments that do not have a quoted market price in an active market

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Equity securities.....	¥ 2,235	¥ 2,134	\$ 16,737
Other	11,132	10,694	83,367
Total.....	¥13,367	¥12,828	\$100,104

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2023				
Due from banks.....	¥ 696,147			
Investment securities:				
Held-to-maturity securities....	¥ 50,600	¥ 19,155	¥ 11,000	
Available-for-sale securities ...	162,693	441,531	278,396	265,944
Loans and bills discounted (*1)...	471,809	598,932	393,675	590,249
Total.....	¥1,330,650	¥1,091,063	¥691,227	¥867,193
March 31, 2022				
Due from banks.....	¥ 910,181			
Investment securities:				
Held-to-maturity securities....	¥ 40,000	¥ 9,755	¥ 10,000	
Available-for-sale securities ...	119,790	387,265	295,346	302,176
Loans and bills discounted (*1)...	475,144	589,583	360,965	505,985
Total.....	¥1,505,117	¥1,016,848	¥666,067	¥818,161

	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2023				
Due from banks.....	\$5,213,412			
Investment securities:				
Held-to-maturity securities....		\$ 378,941	\$ 143,450	\$ 82,378
Available-for-sale securities ...	1,218,400	3,306,605	2,084,894	1,991,642
Loans and bills discounted (*)...	3,533,355	4,485,374	2,948,213	4,420,347
Total.....	\$9,965,176	\$8,170,920	\$5,176,567	\$6,494,368

(*) Excluded from the loan amount for the years ended March 31, 2023 and 2022, were ¥37,444 million (\$280,416 thousand) and ¥40,360 million, respectively, in loans classified as "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy" on which the redemption amount cannot be forecasted.

(6) Maturity Analysis for Deposits with Contractual Maturities

	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2023				
Deposits	¥3,339,486	¥199,640	¥1,192	

	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2022				
Deposits	¥3,239,713	¥216,870	¥1,306	

	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2023				
Deposits	\$25,009,256	\$1,495,094	\$8,926	

Please see Note 15 for annual maturities of borrowed money.

(7) Financial Instruments Categorized by Fair Value Hierarchy

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

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

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

(a) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
March 31, 2023				
Marketable and investment securities:				
Available-for-sale securities:				
Japanese government bonds	¥202,673			¥ 202,673
Local government bonds		¥ 263,014		263,014
Corporate bonds		221,669	¥11,712	233,381
Equity securities	75,701	1,384		77,086
Other	80,410	398,482	39,304	518,197
Total assets	¥358,786	¥884,551	¥51,016	¥1,294,353

Derivative transactions (*2):		
Interest rate swaps	¥ (289)	¥ (289)
Foreign currency forward contracts	(10,119)	(10,119)
Total liabilities	¥(10,409)	¥ (10,409)

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
March 31, 2022				
Marketable and investment securities:				
Available-for-sale securities:				
Japanese government bonds	¥233,149			¥ 233,149
Local government bonds		¥ 251,799		251,799
Corporate bonds		234,404	¥11,348	245,752
Equity securities	66,465	1,156		67,621
Other (*1)	43,894	114,155	49,652	207,702
Total assets	¥343,509	¥601,516	¥61,001	¥1,006,026

Derivative transactions (*2):		
Interest rate swaps	¥ 2,855	¥ 2,855
Foreign currency forward contracts	(12,356)	(12,356)
Total liabilities	¥ (9,500)	¥ (9,500)

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
March 31, 2023				
Marketable and investment securities:				
Available-for-sale securities:				
Japanese government bonds	\$1,517,808			\$1,517,808
Local government bonds		\$1,969,699		1,969,699
Corporate bonds		1,660,068	\$ 87,710	1,747,779
Equity securities	566,921	10,364		577,293
Other	602,186	2,984,213	294,345	3,880,753
Total assets	\$2,686,931	\$6,624,361	\$382,056	\$9,693,349

Derivative transactions (*2):		
Interest rate swaps	\$ (2,164)	\$ (2,164)
Foreign currency forward contracts	(75,780)	(75,780)
Total liabilities	\$ (77,952)	\$ (77,952)

(*1) Investment trusts to which the transitional measures set forth in Paragraph 26 of the ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement" have been applied are not included in the above table. The amount of the relevant investment trust in the consolidated balance sheet for the years ended March 31, 2022 is ¥209,011 million.

(*2) Derivative instruments are disclosed in the net amount of assets and liabilities.

(b) The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
March 31, 2023				
Marketable and investment securities:				
Held-to-maturity securities:				
Japanese government bonds	¥10,047			¥ 10,047
Local government bonds		¥ 51,396		51,396
Corporate bonds		17,995		17,995
Loans and bills discounted			¥2,059,015	2,059,015
Total assets	¥10,047	¥ 69,391	¥2,059,015	¥2,138,454

Deposits		¥3,540,370		¥3,540,370
Borrowed money		388,734		388,734
Total liabilities		¥3,929,105		¥3,929,105

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
March 31, 2022				
Marketable and investment securities:				
Held-to-maturity securities:				
Japanese government bonds	¥9,564			¥ 9,564
Local government bonds		¥ 34,226		34,226
Corporate bonds		15,498		15,498
Loans and bills discounted			¥1,948,559	1,948,559
Total assets	¥9,564	¥ 49,725	¥1,948,559	¥2,007,848

Deposits	¥3,457,983	¥3,457,983
Borrowed money	426,957	426,957
Total liabilities	¥3,884,941	¥3,884,941

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
March 31, 2023				
Marketable and investment securities:				
Held-to-maturity securities:				
Japanese government bonds	\$75,241			\$ 75,241
Local government bonds		\$ 384,902		384,902
Corporate bonds		134,763		134,763
Loans and bills discounted			\$15,419,868	15,419,868
Total assets	\$75,241	\$ 519,665	\$15,419,868	\$16,014,783

Deposits		\$26,513,667		\$26,513,667
Borrowed money		2,911,210		2,911,210
Total liabilities		\$29,424,885		\$29,424,885

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Investment Securities

Securities with unadjusted quoted prices in active markets are categorized as Level 1. Listed stocks, government bonds, and investment trusts are mainly included.

If the market is not active, even if the announced market price is used, it is categorized as Level 2. This mainly includes local government bonds and corporate bonds.

For investment trusts for which there is no market transaction price, if there are no significant restrictions to the extent that market participants are required to pay consideration for the risk in the event of cancellation or repurchase, the net asset value is used as fair value and categorized as Level 2.

In addition, privately placed bonds guaranteed by the Bank for which market prices are not available, the fair value is calculated by discounting the total amount of principal and interest by the interest rate assumed in the case of similar new issuance for each categorization based on internal ratings and maturity, and is categorized as Level 3.

Certain other securities with no published quoted prices are categorized as Level 2 or Level 3 based on the market prices obtained from external traders (brokers, etc.) and the inputs used therein.

Loans and Bills Discounted

The fair value of loans is calculated by discounting the total amount of principal and interest by the discount rate reflecting the credit risk, etc. in the market interest rate for each category based on the type of loan, internal rating and period. In the case of variable interest rates, the fair value is used to reflect market interest rates in a short period of time. Therefore, if the credit status of the borrower does not differ significantly after the loan is executed, the book value is used as the fair value because the book value is similar to the fair value.

The fair value of loans provided to entities that are classified as legal bankruptcy, virtual bankruptcy or possible bankruptcy are determined according to the current value of expected future cash flows or the amount of collateral that is expected to be recoverable or guarantee amounts that are determined to be recoverable. As these amounts are nearly identical to the book value after deducting the allowance for doubtful accounts, these amounts are assumed to be their fair value.

These fair values are categorized as Level 3.

Deposits

For demand deposits, fair value is assumed to be the amount to be paid when demanded on the balance sheet date (i.e., the book value). The fair value of time deposits is determined by segmenting such deposits by term and discounting future cash flows to their current value. The discount rate used is the rate of interest on new deposits of the same type. As the term on the deposits are short-term in nature, book value approximates fair value, so their book value is assumed to be their fair value.

These fair values are categorized as Level 2.

Borrowed Money

For borrowed money, interest rates on floating-rate borrowings reflect short-term market interest rates. The credit conditions of the Group has not changed significantly since the time of borrowing, and as such, book value approximates fair value. So their book value is assumed to be their fair value. Such borrowings with fixed interest rates are segmented by term, the total amount of principal and interest on the borrowed money is divided by time period, and their present value is calculated by discounting according to the assumed interest rate. For items with a short commitment term (within three months), as their book value approximates fair value, their book value is assumed to be their fair value.

These fair values are categorized as Level 2.

Derivatives

Exchange traded transactions are categorized as Level 1, with the fair value being the final price at the exchange.

Over-the-counter transactions are categorized as Level 2, with the fair value calculated using the present value of future cash flows using inputs such as interest rates and foreign exchange rates.

Information on the fair value of Level 3 financial instruments stated on the consolidated balance sheet at fair value.

(c) Quantitative information on important unobservable inputs

March 31, 2023	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted-average of inputs
Marketable and investment securities:				
Available-for-sale securities:				
Corporate bonds (privately placed bonds guaranteed by the Bank)	Discounted cash flow (*)	Discount rate	From 0.3% to 1.6%	0.8%

March 31, 2022	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted-average of inputs
Marketable and investment securities:				
Available-for-sale securities:				
Corporate bonds (privately placed bonds guaranteed by the Bank)	Discounted cash flow (*)	Discount rate	From 0.3% to 1.6%	0.7%

(*) The fair value of corporate bonds provided to entities that are classified as legal bankruptcy, virtual bankruptcy or possible bankruptcy are determined according to the current value of expected future cash flows or the amount of collateral that is expected to be recoverable or guarantee amounts that are determined to be recoverable.

(d) A reconciliation of the beginning balance and the ending balance and unrealized gain (loss) recognized in net income or loss

Millions of Yen							
	April 1, 2022	Included in net income (*1)	Included in other comprehensive income (loss) (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3 (*3)	Transfers out of fair value of Level 3 (*4)	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held a March 31, 2023 (*1)
March 31, 2023							
Marketable and investment securities:							
Available-for-sale securities:							
Corporate bonds	¥11,348		¥ (45)	¥ 408			¥11,712
Other	49,652	¥600	(158)	(10,791)			39,304
Millions of Yen							
	April 1, 2021	Included in net income (*1)	Included in other comprehensive income (loss) (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3 (*3)	Transfers out of fair value of Level 3 (*4)	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held a March 31, 2022 (*1)
March 31, 2022							
Marketable and investment securities:							
Available-for-sale securities:							
Corporate bonds	¥11,849	¥ (47)	¥ (35)	¥(418)			¥11,348
Other	72,234	2,266	(640)	(466)		¥(23,740)	49,652
							¥(3)
Thousands of U.S. Dollars							
	April 1, 2022	Included in net income (*1)	Included in other comprehensive income (loss) (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3 (*3)	Transfers out of fair value of Level 3 (*4)	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held a March 31, 2023 (*1)
March 31, 2023							
Marketable and investment securities:							
Available-for-sale securities:							
Corporate bonds	\$ 84,984		\$ (337)	\$ 3,055			\$ 87,710
Other	371,841	\$4,493	(1,183)	(80,813)			294,345

(*1) Included in "Other operating income" and "Other operating expenses" in the consolidated statement of income.

(*2) Included in "Unrealized gain (loss) on available-for-sale securities" in "Other comprehensive income (loss)" in the consolidated statement of comprehensive income.

(*3) The transfer is from Level 2 to Level 3 due to changes in the observability of the inputs used to calculate fair value. The transfer was made on the last day of the current consolidated fiscal year.

(*4) The transfer is from Level 3 to Level 2 and is due to changes in the observability of the inputs used to calculate fair value. The transfer was made on the last day of the current consolidated fiscal year.

(e) Explain about the valuation process of fair value

At the Group, the back division and the middle division establish policies and procedures related to the calculation of fair values and procedures related to the use of the fair value model, and each division calculates fair values in accordance with these policies and procedures. The fair values calculated are verified by an independent valuation department to verify the appropriateness of the valuation techniques and inputs used to calculate the fair values and the appropriateness of the categorization of the level of fair values.

In cases where market prices obtained from third parties are used, the appropriateness of the prices is verified by appropriate methods such as confirmation of the valuation techniques and inputs used and comparison with the market prices of similar financial instruments.

(f) Explanation about effect on fair value of changing a significant unobservable input

The discount rate is an adjustment rate to standard market interest rates such as swap rates, and mainly consists of risk premiums, which are the amount of compensation required by market participants for the uncertainty of cash flows of financial instruments arising from credit risk. In general, a significant increase (decrease) in the discount rate results in a significant decrease (increase) in the fair value.

25 DERIVATIVES

The Bank's policy is to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risk associated with its assets and liabilities.

The Bank enters into interest rate swaps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into foreign exchange forward contracts and currency swaps to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations of market conditions, including interest and foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform under a contract. Because the counterparties to these derivatives are limited to major financial institutions and securities companies, the Bank does not anticipate material losses arising from credit risk.

Concerning risk management associated with derivative transactions, the front and back offices of the trading divisions (the Market Financing Division) are clearly separated, while the Asset and Liabilities Management Office synthetically manages the Bank's market risks. In this manner, an internal monitoring system is effectively secured. Derivative transactions entered into by the Bank have been made in accordance with internal policies, which regulate the trading activities, and credit risk management has formal risk limits and credit lines. The Bank's gains and losses on positions and other conditions are periodically reported to management.

(1) Derivative Transactions to Which Hedge Accounting Is Not Applied

Millions of Yen				
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
March 31, 2023				
Currency swaps	¥114,835	¥ 66,765	¥(8,988)	¥(8,988)
Coupon swaps	170,329	127,805	167	167
Foreign currency forward contracts:				
Selling	59,502	462	(1,431)	(1,431)
Buying	8,820		132	132
Millions of Yen				
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
March 31, 2022				
Currency swaps	¥107,703	¥ 67,314	¥(8,470)	¥(8,470)
Coupon swaps	130,151	122,113	183	183
Foreign currency forward contracts:				
Selling	65,449	9	(4,069)	(4,069)
Buying	8,422		0	0
Thousands of U.S. Dollars				
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
March 31, 2023				
Currency swaps	\$ 859,994	\$500,000	\$(67,310)	\$(67,310)
Coupon swaps	1,275,586	957,125	1,250	1,250
Foreign currency forward contracts:				
Selling	445,607	3,459	(10,716)	(10,716)
Buying	66,052		988	988

(2) Derivative Transactions to Which Hedge Accounting Is Applied

Millions of Yen				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2023				
Interest rate swaps				
(floating rate payment, fixed rate receipt)	Available-for-sale securities (debt securities)			
(fixed rate payment, floating rate receipt)		¥30,000	¥30,000	¥(289)
Millions of Yen				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2022				
Interest rate swaps				
(floating rate payment, fixed rate receipt)	Available-for-sale securities (debt securities)			
(fixed rate payment, floating rate receipt)		¥45,000	¥45,000	¥2,855
Thousands of U.S. Dollars				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2023				
Interest rate swaps				
(floating rate payment, fixed rate receipt)	Available-for-sale securities (debt securities)			
(fixed rate payment, floating rate receipt)		\$224,668	\$224,668	\$(2,164)

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Bank's exposure to credit or market risk.

26 SEGMENT INFORMATION

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.

(1) Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors is performed in order to decide how management resources are allocated and in assessing performance. The Group concentrates on the banking business, and also conduct other financial services including the leasing and the credit card businesses. Therefore, the Group's reportable segments consist of Banking and Lease.

(2) Methods of Measurement for the Amounts of Ordinary Income, Profit, Assets and Other Items for Each Reportable Segment

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

(3) Information about Ordinary Income, Profit, Assets and Other Items

	Millions of Yen						
	2023						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Ordinary income from external customers	¥ 61,778	¥ 8,551	¥ 70,329	¥ 2,874	¥ 73,204	¥ (299)	¥ 72,905
Intersegment ordinary income.....	255	150	406	641	1,047	(1,047)	
Total.....	¥ 62,033	¥ 8,702	¥ 70,736	¥ 3,516	¥ 74,252	¥ (1,347)	¥ 72,905
Segment profit.....	¥ 6,521	¥ 189	¥ 6,710	¥ 1,094	¥ 7,805	¥ (8)	¥ 7,796
Segment assets.....	4,303,547	22,922	4,326,469	19,988	4,346,457	(22,069)	4,324,388
Other:							
Depreciation.....	1,375	105	1,481	56	1,537	(0)	1,536
Total interest income.....	43,029	12	43,041	1,126	44,168	(48)	44,119
Total interest expenses	1,933	56	1,989	3	1,993	(38)	1,954
Impairment losses of assets.....	2,785	147	2,933	33	2,966	(0)	2,965
Increase in premises and equipment and intangible assets.....	325		325		325		325

	Millions of Yen						
	2022						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Ordinary income from external customers	¥ 44,598	¥ 8,245	¥ 53,844	¥ 2,676	¥ 55,520		¥ 55,520
Intersegment ordinary income.....	264	153	417	509	927	¥ (927)	
Total.....	¥ 44,862	¥ 8,398	¥ 53,261	¥ 3,186	¥ 56,448	¥ (927)	¥ 55,520
Segment profit.....	¥ 6,184	¥ 212	¥ 6,396	¥ 866	¥ 7,263	¥ (16)	¥ 7,246
Segment assets.....	4,290,382	22,695	4,313,078	18,855	4,331,933	(21,363)	4,310,569
Other:							
Depreciation.....	1,501	98	1,600	63	1,664	(1)	1,662
Total interest income.....	32,661	12	32,673	1,070	33,744	(48)	33,695
Total interest expenses	474	54	528	4	532	(43)	489
Impairment losses of assets.....	324		324		324		324
Increase in premises and equipment and intangible assets.....	1,271	218	1,489	20	1,510		1,510

	Thousands of U.S. Dollars						
	2023						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Ordinary income from external customers	\$ 462,652	\$ 64,038	\$ 526,690	\$ 21,523	\$ 548,221	\$ (2,239)	\$ 545,982
Intersegment ordinary income.....	1,909	1,123	3,040	4,800	7,840	\$ (7,840)	
Total.....	\$ 464,562	\$ 65,168	\$ 529,738	\$ 26,331	\$ 556,069	\$ (10,087)	\$ 545,982
Segment profit.....	\$ 48,835	\$ 1,415	\$ 50,250	\$ 8,192	\$ 58,451	\$ (59)	\$ 58,383
Segment assets.....	32,229,064	171,661	32,400,726	149,689	32,550,415	(165,273)	32,385,141
Other:							
Depreciation.....	10,297	786	11,091	419	11,510	(4)	11,503
Total interest income.....	322,242	89	322,332	8,432	330,772	(359)	330,405
Total interest expenses	14,476	419	14,895	22	14,925	(284)	14,633
Impairment losses of assets.....	20,856	1,100	21,965	247	22,212	(3)	22,204
Increase in premises and equipment and intangible assets.....	2,433		2,433		2,433		2,433

Notes: 1. The "Other" segment contains businesses that are not included in these reporting segments, such as the credit card business.
2. Adjustment amounts for the years ended March 31, 2023 and 2022, were as follows:
(1) A downward reconciliation in ordinary income other than above of ¥299 million (\$2,239 thousand) is made to adjust the gain on reversal of reserve for loan losses for the year ended March 31, 2023.
(2) Segment profit reconciliations of ¥8 million (\$59 thousand) and ¥16million were made to eliminate intersegment transactions.
(3) A downward reconciliation in segment assets of ¥22,069 million (\$165,273 thousand) and ¥21,363 million was made to eliminate intersegment transactions.
(4) A downward reconciliation in depreciation of ¥0 million (\$4 thousand) and ¥1 million was made to eliminate intersegment transactions.
(5) A downward reconciliation in total interest income of ¥48 million (\$359 thousand) and ¥48 million was made to eliminate intersegment transactions.
(6) A downward reconciliation in total interest expenses of ¥38 million (\$284 thousand) and ¥43 million was made to eliminate intersegment transactions.
(7) A downward reconciliation in increase in premises and equipment and intangible assets of ¥0 million(\$3 thousand) was made to eliminate intersegment transactions for the year ended March 31, 2023.
3. Segment profit is reflected as an adjustment to ordinary profit.
4. Ordinary profits, ordinary income and ordinary expenses are defined as follows:
"Ordinary profits" means "Ordinary income" less "Ordinary expenses."
"Ordinary income" represents total income less certain special income included in other income in the accompanying consolidated statement of income for the years ended March 31, 2023 and 2022.
"Ordinary expenses" represents total expenses less certain special expenses included in other expenses in the accompanying consolidated statement of income for the years ended March 31, 2023 and 2022.

(4) Matters regarding changes, etc. to the reporting segments

As disclosed in Note 2.s "Summary of Significant Accounting Policies - Change the Display Method," in "Banking," dividend income from group credit life insurance, etc. which was previously included in "Other income" has been included in "Fees and commissions" since the current consolidated fiscal year and the segment information for the previous fiscal year has been reclassified.

Related Information

(1) Information by Services

Income regarding major service for the years ended March 31, 2023 and 2022, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Loan Businesses.....	¥22,372	¥20,859	\$167,542
Securities Investment Businesses..	28,627	15,809	214,386
Other	21,905	18,851	164,045
Total.....	¥72,905	¥55,520	\$545,982

Notes: As disclosed in Note 2.s "Summary of Significant Accounting Policies - Change the Display Method," in "Banking," dividend income from group credit life insurance, etc. which was previously included in "Other income" has been included in "Fees and commissions" since the current consolidated fiscal year and the segment information for the previous fiscal year has been reclassified.

(2) Geographical Information

(a) Ordinary income

Ordinary income from external domestic customers exceeded 90% of total ordinary income on the consolidated statement of income for the years ended March 31, 2023 and 2022; therefore, geographical ordinary income information is not presented.

(b) Premises and equipment

The balance of domestic premises and equipment exceeded 90% of total balance of premises and equipment in the consolidated balance sheet at March 31, 2023 and 2022; therefore, geographical premises and equipment information is not presented.

(3) Major Customer Information

Ordinary income from a specific customer did not reach 10% of total ordinary income in the consolidated statement of income for the years ended March 31, 2023 and 2022; therefore, major customer information is not presented.

27 RELATED PARTY TRANSACTIONS

Significant related party transactions for the year ended March 31, 2022, were as follows:

Related Party	Account Classification	Transactions for the Year	Balance at End of Year
		Millions of Yen	Millions of Yen
		2022	2022
Kunihiko Okamura	Loans and bills discounted	¥30	¥29

Notes: 1. Kunihiko Okamura retired on June 24, 2021, the balance at the end of the month of retirement is indicated in place of the balance at the end of the period.
2. Terms are substantially the same as for similar transactions with third parties.
3. Amounts of transactions were reported at the average balance for the period.

There were no significant related party transactions for the year ended March 31, 2023.

28 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2023 and 2022, was as follows:

Year Ended March 31, 2023	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares*		EPS*
Basic EPS—Net income available to common shareholders.....	¥5,409	15,781	¥342.76	\$ 2.56
Effect of dilutive securities:				
Stock Option.....		98	(2.12)	(0.01)
Diluted EPS—Net income for computation	¥5,409	15,879	¥340.64	\$ 2.55

Year Ended March 31, 2022

Basic EPS—Net income available to common shareholders.....	¥5,376	15,767	¥340.96	
Effect of dilutive securities:				
Stock Option.....		83	(1.79)	
Diluted EPS—Net income for computation	¥5,376	15,850	¥339.17	

29 SUBSEQUENT EVENTS

Appropriations of Retained Earnings

At the Bank's general shareholders meeting held on June 22, 2023, the Bank's shareholders' approved the following:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥50.0 (\$0.37) per share	¥789	\$5,908



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of THE OITA BANK, LTD.:

Opinion

We have audited the consolidated financial statements of THE OITA BANK, LTD. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2023, 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, 2023, 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.

Calculation of Reserve for Loan Losses

The Group provides banking and other financial services primarily in Oita Prefecture. In the lending business, which is the Group's core banking business, there is a risk that the Group may incur a loss in cases where all or part of a loan becomes uncollectible due to the debtor's credit events such as bankruptcy. The reserve for loan losses is recorded for the portion where such a loss is expected. The Group recorded the reserve for loan losses of ¥26,717 million on the consolidated balance sheet as of March 31, 2023.

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The Group's accounting policy and calculation process of the reserve for loan losses are disclosed in Note 2.j, "Summary of Significant Accounting Policies - Reserve for Loan Losses," to the consolidated financial statements.

The reserve for loan losses is calculated on the basis of the debtor category, which is a significant input in the estimates. Significant assumptions and judgments used in the determination of a debtor category are disclosed in Note 3, "Significant Accounting Estimate."

Key Audit Matter Description

The Group estimates the reserve for loan losses in accordance with the internal rules for write-offs and provisions. The estimates include the determination of a debtor category based on the debtor's financial position and results of operations, as well as its reasonable future business plan, the valuation of the collateral pledged by the debtor, and the calculation of the actual past loss ratio adjusted for the future outlook.

Specifically, the determination of a debtor category may depend on significant judgments regarding the expected recovery of the debtor's financial performance in the future based on its business plan if the debtor is facing financial difficulties and its performance is deteriorating.

In Oita Prefecture, effectively interest-free and unsecured loans with the deferment of principal payment for certain periods have been provided to small and medium sized enterprises whose sales have declined due to the COVID-19 pandemic. These repayments have started in sequence, and there are certain debtors whose business conditions have deteriorated due to the impact of cost increases caused by recent rising raw material and energy prices (hereinafter referred to as the "Certain troubled debtors").

Regarding the determination of debtor categories for such Certain troubled debtors, future business plans often include significant assumptions such as sales forecasts which are subject to the external business environment and demand trends, including the impact of the COVID-19 pandemic, and cost reduction efforts which depend on the debtors' internal business environment.

Accordingly, as significant assumptions have high estimation uncertainty, the determination of debtor categories involves significant judgments.

There is a potential risk that the reserve for loan losses may not be appropriately calculated if a debtor category determined based on the debtor's future business plan does not appropriately reflect the debtor's credit risk. Accordingly, we identified the determination of debtor categories for the Certain troubled debtors, which involves significant assumptions used in their future business plans, as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

In order to address the key audit matter, we evaluated the effectiveness of the Group's controls over the determination of debtor categories of the Certain troubled debtors and tested the appropriateness of debtor categories based on the underlying information obtained.

We evaluated the effectiveness of the Group's controls, including review and approval, over the determination of debtor categories in accordance with the internal rules for write-offs and provisions. We also evaluated the effectiveness of the Group's controls over the accuracy and completeness of data, such as financial information about debtors, that was used in these internal controls.

In addition, for the Certain troubled debtors whose categories were highly dependent upon their future business plans, we tested the appropriateness of the information about these debtors underlying the determination of debtor categories. Also, we identified significant assumptions used in their future business plans and evaluated the reasonableness of such assumptions by performing the following:

- We evaluated the reasonableness of significant assumptions by comparing their business plans in prior periods to the recent actual results and analyzing the factors of differences. Also, we examined whether the factors of differences that needed to be reflected in the business plans for the following period were appropriately reflected.
- We evaluated the feasibility of sales forecasts which are subject to the external business environment and demand trends, including the impact of the COVID-19 pandemic, by examining the progress of measures to improve profits and comparing them to externally available information.
- We evaluated that the impact of rising raw material and energy prices was fully reflected in their business plans by examining the recent costs incurred.
- We evaluated the feasibility of cost reduction efforts which depend on the debtors' internal business environment by examining the recent costs incurred, the progress of such measures and the ability for further cost reduction.

Other Information

Management is responsible for the other information. 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 other information. The other information comprises the information included in the ANNUAL REPORT, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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, related safeguards.

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

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.

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Masayuki Masumura
Designated Engagement Partner
Certified Public Accountant

宮 寄 健

Ken Miyazaki
Designated Engagement Partner
Certified Public Accountant

Deloitte Touche Tohmatsu LLC

July 31, 2023

Summary of Nonconsolidated Balance Sheet (Unaudited)

THE OITA BANK, LTD.
March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
ASSETS:			
Cash and due from banks.....	¥ 725,866	¥ 942,567	\$ 5,435,976
Call loans	2,537		18,999
Commercial paper and other debt purchased	3,310	3,476	24,788
Money held in trust	3,991	16,931	29,888
Investment securities	1,392,387	1,291,928	10,427,521
Loans and bills discounted	2,098,204	1,978,279	15,713,352
Foreign exchange assets.....	4,331	11,591	32,434
Other assets.....	42,980	26,194	321,875
Premises and equipment	29,403	28,037	220,197
Intangible assets	573	746	4,291
Prepaid pension cost	9,540	9,621	71,444
Deferred tax assets.....	9,140	3,360	68,449
Customers' liabilities for acceptances and guarantees.....	10,216	8,095	76,507
Reserve for loan losses.....	(23,963)	(26,570)	(179,457)
TOTAL.....	¥4,308,521	¥4,294,259	\$32,266,314
LIABILITIES:			
Deposits	¥3,555,417	¥3,472,306	\$26,626,353
Call money.....		3,671	
Payables under repurchase agreements.....	47,902	16,827	358,735
Payables under securities lending transactions.....	83,698	138,405	626,810
Borrowed money	383,027	421,102	2,868,471
Foreign exchange liabilities	37	45	277
Other liabilities.....	44,769	39,892	335,272
Liability for retirement benefits	6,210	6,048	46,506
Reserve for reimbursement of deposits	879	1,116	6,582
Deferred tax liabilities for land revaluation excess	4,074	4,174	30,509
Acceptances and guarantees	10,216	8,095	76,507
Total liabilities.....	4,136,233	4,111,686	30,976,057
EQUITY:			
Common stock- authorized, 30,000,000 shares; issued, 16,243,634 shares in 2023 and 2022	19,598	19,598	146,768
Capital surplus	10,582	10,582	79,248
Stock acquisition rights	246	220	1,842
Retained earnings:			
Legal reserve.....	10,431	10,431	78,117
Unappropriated.....	128,856	124,755	964,996
Total retained earnings.....	139,287	135,186	1,043,113
Unrealized gain (loss) on available-for-sale securities.....	(3,017)	9,079	(22,594)
Deferred gain (loss) on derivatives under hedge accounting	(454)	1,673	(3,399)
Land revaluation excess.....	8,124	8,353	60,840
Treasury stock- at cost, 460,533 shares in 2023 and 469,710 shares in 2022	(2,078)	(2,122)	(15,562)
Total equity.....	172,288	182,573	1,290,256
TOTAL.....	¥4,308,521	¥4,294,259	\$32,266,314

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥133.53=U.S. \$1, the approximate exchange rate prevailing at March 31, 2023.

Summary of Nonconsolidated Statement of Income (Unaudited)

THE OITA BANK, LTD.
Year Ended March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
INCOME:			
Interest on:			
Loans and discounts.....	¥21,384	¥19,834	\$160,143
Securities.....	21,153	12,180	158,413
Other	490	653	3,669
Total interest income.....	43,029	32,668	322,242
Fees and commissions.....	8,763	8,296	65,625
Other operating income	5,518	1,899	41,324
Gain on reversal of reserve for loan losses.....	2,522		18,887
Gains on sales of stocks and other securities.....	1,950	1,711	14,603
Other income	923	461	6,912
Total income	62,706	45,037	469,602
EXPENSES:			
Interest on:			
Deposits	187	252	1,400
Borrowings and rediscounts	15	9	112
Other	1,730	208	12,955
Total interest expenses	1,933	470	14,476
Fees and commissions.....	1,922	1,976	14,393
Other operating expenses	24,479	8,813	183,322
General and administrative expenses.....	25,675	25,689	192,278
Provision for loan losses		805	
Losses on sales of stocks and other securities.....	538	386	4,029
Impairment losses on stocks and other securities	695	430	5,204
Impairment losses	325	324	2,433
Other expenses.....	410	281	3,070
Total expenses.....	55,980	39,179	419,231
INCOME BEFORE INCOME TAXES	6,726	5,858	50,370
INCOME TAXES:			
Current	1,159	1,421	8,679
Deferred	410	(223)	3,070
Total income taxes.....	1,569	1,198	11,750
NET INCOME.....	¥ 5,156	¥4,659	\$ 38,613
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK:			
Basic net income.....	¥326.77	¥295.53	\$ 2.44
Diluted net income.....	324.75	293.98	2.43
Cash dividends applicable to the year.....	90.00	80.00	0.67

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥133.53=U.S. \$1, the approximate exchange rate prevailing at March 31, 2023.

Summary of Nonconsolidated Statement of Changes in Equity (Unaudited)

THE OITA BANK, LTD.
Year Ended March 31, 2023

	Thousands Outstanding Number of Shares of Common Stock	Millions of Yen									
					Retained Earnings		Unrealized Gain (Loss) on Available- for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2021 (APRIL 1, 2021, as previously reported)	15,745	¥19,598	¥10,585	¥266	¥10,431	¥121,085	¥18,000	¥ 471	¥8,664	¥(2,254)	¥186,848
Cumulative effect of accounting change						(0)					(0)
BALANCE, APRIL 1, 2021 (as restated)	15,745	19,598	10,585	266	10,431	121,084	18,000	471	8,664	(2,254)	186,848
Net income						4,659					4,659
Cash dividends, ¥80.00 per share						(1,260)					(1,260)
Purchase of treasury stock	(1)									(2)	(2)
Disposal of treasury stock	29		(41)							135	93
Transfer from land revaluation excess						310					310
Transfer from retained earnings to capital surplus			38			(38)					
Net change in the year				(45)			(8,920)	1,202	(310)		(8,075)
BALANCE, MARCH 31, 2022	15,773	19,598	10,582	220	10,431	124,755	9,079	1,673	8,353	(2,122)	182,573
Net income						5,156					5,156
Cash dividends, ¥80.00 per share						(1,262)					(1,262)
Purchase of treasury stock	(0)									(1)	(1)
Disposal of treasury stock	10		(22)							45	22
Transfer from land revaluation excess						228					228
Transfer from retained earnings to capital surplus			22			(22)					
Net change in the year				25			(12,097)	(2,128)	(228)		(14,429)
BALANCE, MARCH 31, 2023	15,783	¥19,598	¥10,582	¥246	¥10,431	¥128,856	¥ (3,017)	¥ (454)	¥8,124	¥(2,078)	¥172,288

	Thousands of U.S. Dollars										
					Retained Earnings		Unrealized Gain (Loss) on Available- for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2022		\$146,768	\$79,248	\$1,647	\$78,117	\$934,284	\$67,992	\$12,529	\$62,555	\$ (15,891)	\$1,367,280
Net income						38,613					38,613
Cash dividends, \$0.59 per share						(9,451)					(9,451)
Purchase of treasury stock										(7)	(7)
Disposal of treasury stock			(164)							337	164
Transfer from land revaluation excess						1,707					1,707
Transfer from retained earnings to capital surplus			164			(164)					
Net change in the year				187			(90,593)	(15,936)	(1,707)		(108,058)
BALANCE, MARCH 31, 2023		\$146,768	\$79,248	\$1,842	\$78,117	\$964,996	\$ (22,594)	\$ (3,399)	\$60,840	\$ (15,562)	\$1,290,256

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥133.53=U.S. \$1, the approximate exchange rate prevailing at March 31, 2023.

CORPORATE DATA

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INTERNATIONAL BUSINESS OFFICE

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Telephone: (097) 538-7513
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Swift: OITA JPJT

Hong Kong Representative Office

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Kowloon, Hong Kong
Telephone: 852-2522-8862
Fax: 852-2522-7298

FOREIGN EXCHANGE OFFICES

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Hakata-ku, Fukuoka 812-0036
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Beppu Branch

18-21, Noguchinakamachi,
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Nakatsu Branch

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Nakatsu, Oita 871-0058
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Tsurusaki Branch

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Telephone: (097) 527-2121

Hita Branch

1-2, Sanbonmatsu 1-chome,
Hita, Oita 877-0016
Telephone: (0973) 23-2101

NUMBER OF MONEY EXCHANGE OFFICES

33

NUMBER OF OFFICES BY DISTRICT

Oita Prefecture	82
Miyazaki Prefecture	2
Kumamoto Prefecture	1
Fukuoka Prefecture	6
Osaka	1
Tokyo	1
Total	93

(As of September 30, 2023)

BOARD OF DIRECTORS AND AUDITORS

President

Tomichiro Goto

Senior Managing Directors

Yasuhide Takahashi

Managing Directors

Nobuhiko Okamatsu
Hiroaki Shimonomura
Yasunori Sato

Outside Director

Hisatsugu Wada

Full-time Audit and Supervisory Committee Members

Masayuki Sagara
Hiroyuki Hirakawa

Outside Audit and Supervisory Committee Members

Mitsuo Kawano
Sachiko Oro
Akiko Yamamoto

Managing Executive Officers

Yu Ikeda
Hideki Nagamatsu

Executive Officers

Katsuhiko Ueki
Norio Hamada
Noriyuki Nakama
Yuji Watanabe
Hideki Takahashi
Masanobu Miura

(As of June 30, 2023)

MEMO