

## INDEPENDENT AUDITOR'S REPORT

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

### <Audit of Consolidated Financial Statements>

#### Opinion

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

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

#### Convenience Translation

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

#### Basis for Opinion

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

#### Key Audit Matter

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

The Determination of the Allowance for Loan Losses	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As a regional financial institution, The Shiga Bank, Ltd. (the "Bank") plays a role as a financial intermediary that supports sustainable development in the region, and recognizes credit risk, mainly in loans, as the most significant risk because of its impact. In developing sales activities rooted in the local community, the Bank is particularly focusing on strengthening the sales force by providing consulting services. The Bank maintains an allowance for loan losses to absorb incurred losses resulting from defaults by borrowers, assessment of the borrowers' financial conditions and repayment statuses, the fair value of collateral, the borrowers' business environments and so forth. As of March 31, 2024, loans and bills discounted of ¥4,475.4 billion and an allowance for loan losses of ¥32.6 billion against these loans and bills were recorded on the consolidated balance sheet.</p> <p>As described in 2. Summary of significant accounting policies (k) Allowance for loan losses and (u) Significant accounting estimates, the determination of the allowance for loan losses is based on the Bank's internal rules for credit ratings and self-assessment of assets, which depends on the degree of risk, by categorizing the loans into five debtor classifications: normal debtors, debtors on close watch, debtors who are likely to go bankrupt, debtors who are virtually bankrupt, and debtors who are legally bankrupt. In the self-assessment of assets, an operating division, such as a branch, assesses borrowers' credit ratings and the debtor classifications that are commensurate with the credit ratings, and then the credit risk management division in the Credit Supervision Department approves both of them. Through the process of determining the debtor classifications, the borrowers' conditions are considered by assessing their repayment capabilities based on their financial positions, cash flows, earning capacities and so on. The determination of debtor classifications may depend on future performance estimates, such as the borrower's business improvement plan. To ensure the accuracy of the results of such self-assessment of assets, the Risk Management Division, which is independent of the operating division and the credit risk management division, inspects selected borrowers in accordance with certain criteria.</p>	<p>Our audit procedures to address this key audit matter included the following, among others:</p> <p>(1) Test of internal controls</p> <ul style="list-style-type: none"> <li>We tested the design and operating effectiveness of internal controls, including the inspection and approval, over the determination of borrower credit ratings and the debtor classifications that were commensurate with the credit ratings based on the Bank's internal rules for credit ratings and self-assessment of assets for the borrowers related.</li> </ul> <p>(2) Examination of business improvement plan</p> <ul style="list-style-type: none"> <li>We evaluated the reasonableness of the borrowers' management business plans, including cost-cutting and revenue improvement business plans, by inspecting the related materials used in developing such business plans to determine whether they were supported by concrete figures.</li> <li>Furthermore when testing the borrower's business improvement plan in response to the changes in the external environment, such as changes in soaring resource prices or constraints on economic activities, and evaluating the reasonableness of the assumptions regarding the borrowers' recoverability, we inspected the self-assessment analysis performed by the Bank regarding the businesses and current conditions of the borrowers and performed transition analyses of the financial positions and results of operations of the borrowers. Also, in order to evaluate the progress of borrowers' management business plans, we inspected borrowers' financial statements and their latest trial balances and compared the planned forecasts with actual results.</li> </ul>

<p>When the determination of debtor classifications depends on future performance estimates, such as a business improvement plan, future forecasts of business environments, including the future growth of the industry to which a borrower belongs, supply and demand environments of markets, price trends, and the feasibility of management business plans, including cost-cutting and revenue improvement business plans, are significant factors in determining the debtor classifications. As a result, the determination of debtor classifications is highly dependent on management's subjective judgments, and the risk of management bias and misjudgments in making estimates may increase.</p> <p>Furthermore, restrictions on economic activities have changed as the new COVID-19 infection has been reclassified as a Category 5 infectious disease under the Infectious Disease Law in the current fiscal year. Additionally, cost structures are changing as the external environment changes, making it even more difficult for borrowers to prepare the borrowers' business improvement plans that require forecasts about future.</p> <p>Therefore, we identified as a key audit matter the determination of the allowance for loan losses for the borrowers whose debtor-classification determination is highly dependent on the estimation of future performances and quantitatively significant to the Bank in the event of a downgrade of debtor classifications.</p>	<p>In addition to the procedures described above, we performed the following procedures for certain borrowers that would have a considerable impact on the Bank's results of operations in the event of a downgrade of debtor classifications:</p> <ul style="list-style-type: none"> <li>• We evaluated the reasonableness of the future forecasts of business environments, including future growth of industries to which borrowers belong, supply and demand environments of markets and price trends by testing the consistency between the underlying figures used as premises for forecasts and objective facts, such as statistical research and research institutions' reports.</li> <li>• We inquired of the Management of Credit Supervision Department, which is responsible for approving the determination of the debtor classifications, and inspected the records of interviews with borrowers and the records of consultations with financial institutions that supported borrowers to evaluate the progress of the management business plans, considering the external environment changes.</li> </ul>
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### Other Information

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

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

### Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board 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.

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

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

**<Fee-Related Information>**

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to The Shiga Bank, Ltd. and its subsidiaries were ¥77 million and ¥5 million, respectively.

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

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

July 19, 2024

*PricewaterhouseCoopers LLC*

**Consolidated Balance Sheet**

As of March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>Assets</b>			
Cash and due from banks (Notes 3 and 33) .....	¥1,360,066	¥1,201,938	\$ 8,982,669
Call loans and bills bought .....	5,753	17,759	37,996
Debt purchased.....	1,968	2,514	12,997
Trading securities (Note 4).....	459	488	3,031
Money held in trust (Note 5) .....	30,376	27,059	200,620
Investment securities (Notes 4, 7, 12, 19 and 33) .....	1,857,431	1,515,578	12,267,558
Loans and bills discounted (Notes 7, 12, 13, 33 and 39).....	4,475,442	4,343,641	29,558,430
Foreign exchange assets (Notes 7 and 8).....	6,193	6,730	40,902
Other assets (Notes 7, 9 and 12).....	161,400	119,185	1,065,979
Tangible fixed assets (Notes 10, 11 and 14).....	47,638	52,349	314,629
Intangible fixed assets .....	1,342	2,180	8,863
Asset for retirement benefits (Note 31) .....	25,228	19,650	166,620
Deferred tax assets (Note 32) .....	591	572	3,903
Customers' liabilities for acceptances and guarantees (Notes 7 and 19).....	29,340	28,226	193,778
Allowance for loan losses.....	(32,683)	(32,177)	(215,857)
<b>Total assets</b> .....	<b>7,970,551</b>	<b>7,305,698</b>	<b>52,642,170</b>
<b>Liabilities</b>			
Deposits (Notes 12, 15 and 33).....	5,803,032	5,714,368	38,326,609
Negotiable certificates of deposit (Note 33) .....	25,360	30,332	167,492
Call money and bills sold (Note 33) .....	346,092	237,906	2,285,793
Payables under securities lending transactions (Notes 12 and 33).....	241,330	205,572	1,593,884
Borrowed money (Notes 12, 16 and 33).....	882,628	538,456	5,829,390
Foreign exchange liabilities (Note 8).....	92	377	607
Borrowed money from trust account (Note 17) .....	184	187	1,215
Other liabilities (Notes 18 and 39).....	88,812	61,346	586,566
Liability for retirement benefits (Note 31).....	168	159	1,109
Liability for retirement benefits of directors and Audit & Supervisory Board Members.....	4	4	26
Allowance for repayment of excess interest .....	5	10	33
Reserve for other contingent losses .....	196	140	1,294
Deferred tax liabilities (Note 32).....	56,949	41,893	376,124
Deferred tax liabilities for land revaluation (Note 14).....	5,463	5,495	36,080
Acceptances and guarantees (Note 19).....	29,340	28,226	193,778
<b>Total liabilities</b> .....	<b>7,479,663</b>	<b>6,864,476</b>	<b>49,400,059</b>
<b>Equity</b> (Notes 20, 21 and 37)			
Common stock, authorized, 100,000,000 shares; issued, 53,090,081 shares as of March 31, 2024 and 2023 .....	33,076	33,076	218,453
Capital surplus.....	24,541	24,540	162,083
Retained earnings .....	269,792	258,053	1,781,863
Treasury stock – at cost 6,159,570 shares and 5,613,090 shares as of March 31, 2024 and 2023, respectively.....	(16,476)	(14,488)	(108,817)
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities (Notes 4 and 6).....	131,867	107,785	870,926
Deferred gains on derivatives under hedge accounting.....	30,145	15,599	199,095
Land revaluation surplus (Note 14) .....	8,240	8,312	54,421
Defined retirement benefit plans.....	9,700	8,343	64,064
<b>Total equity</b> .....	<b>490,887</b>	<b>441,222</b>	<b>3,242,104</b>
<b>Total liabilities and equity</b> .....	<b>¥7,970,551</b>	<b>¥7,305,698</b>	<b>\$ 52,642,170</b>

See Notes to Consolidated Financial Statements.

## Consolidated Statement of Income

Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>Income</b> (Notes 22 and 38)			
Interest income:			
Interest on loans and discounts .....	¥ 44,597	¥ 38,192	\$ 294,544
Interest and dividends on securities .....	25,026	19,024	165,286
Other interest income .....	4,553	821	30,070
Trust fees .....	0	0	0
Fees and commissions .....	19,995	17,651	132,058
Other operating income (Note 23) .....	13,181	20,188	87,055
Other income (Note 24) .....	15,277	19,619	100,898
<b>Total income</b> .....	<b>122,632</b>	<b>115,498</b>	<b>809,933</b>
<b>Expenses</b>			
Interest expenses:			
Interest on deposits .....	2,045	1,194	13,506
Interest on borrowing and rediscounts .....	11,746	4,746	77,577
Other interest expenses .....	5,199	3,069	34,337
Fees and commissions .....	5,730	4,873	37,844
Other operating expenses (Note 25) .....	18,072	33,788	119,358
General and administrative expenses (Note 26) .....	51,047	44,420	337,144
Other expenses (Note 27) .....	5,056	3,236	33,392
<b>Total expenses</b> .....	<b>98,896</b>	<b>95,330</b>	<b>653,166</b>
<b>Income before income taxes</b> .....	<b>23,735</b>	<b>20,168</b>	<b>156,759</b>
<b>Income taxes</b> (Note 32)			
Current .....	10,078	4,731	66,560
Deferred .....	(2,283)	578	(15,078)
<b>Net income</b> .....	<b>15,940</b>	<b>14,858</b>	<b>105,277</b>
<b>Net income attributable to owners of the parent</b> .....	<b>¥ 15,940</b>	<b>¥ 14,858</b>	<b>\$ 105,277</b>
		Yen	U.S. dollars
	<b>2024</b>	<b>2023</b>	<b>2024</b>
<b>Per share information</b> (Note 36)			
Basic net income .....	¥ 336.31	¥ 310.57	\$ 2.221
Diluted net income .....	—	310.49	—
Cash dividends applicable to the year .....	90.00	80.00	0.594

See Notes to Consolidated Financial Statements.

## Consolidated Statement of Comprehensive Income

Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>Net income</b> .....	¥ 15,940	¥ 14,858	\$ 105,277
Other comprehensive income (Note 35):			
Net unrealized gains (losses) on available-for-sale securities .....	24,082	(41,170)	159,051
Deferred gains on derivatives under hedge accounting .....	14,546	9,553	96,070
Defined retirement benefit plans .....	1,356	1,687	8,955
Total other comprehensive income (loss) .....	39,985	(29,930)	264,084
Comprehensive income (loss) .....	¥ 55,925	¥ (15,071)	\$ 369,361
Attributable to			
Owners of the parent .....	¥ 55,925	¥ (15,071)	\$ 369,361

See Notes to Consolidated Financial Statements.



## Consolidated Statement of Changes in Equity

Years ended March 31, 2024 and 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 equity
							Net unrealized gains (losses) on available-for-sale securities	Deferred gains on derivatives under hedge accounting	Land revaluation surplus	Defined retirement benefit plans	
Balance as of April 1, 2022.....	48,587	¥33,076	¥24,536	¥103	¥248,089	¥(11,619)	¥148,955	¥6,045	¥8,369	¥6,656	¥464,214
Changes during the year:											
Net income attributable to owners of the parent.....					14,858						14,858
Cash dividends, ¥102.50 per share .....					(4,951)						(4,951)
Purchase of treasury stock.....	(1,161)					(3,002)					(3,002)
Sales of treasury stock.....	51		3			133					137
Reversal of land revaluation surplus .....					56						56
Other changes .....				(103)			(41,170)	9,553	(56)	1,687	(30,090)
Net change in the year.....		—	3	(103)	9,963	(2,869)	(41,170)	9,553	(56)	1,687	(22,992)
Balance as of March 31, 2023 ..	47,476	33,076	24,540	—	258,053	(14,488)	107,785	15,599	8,312	8,343	441,222
Changes during the year:											
Net income attributable to owners of the parent.....					15,940						15,940
Cash dividends, ¥90.00 per share .....					(4,273)						(4,273)
Purchase of treasury stock.....	(554)					(2,007)					(2,007)
Sales of treasury stock.....	7		0			20					20
Reversal of land revaluation surplus .....					72						72
Other changes .....							24,082	14,546	(72)	1,356	39,912
Net change in the year.....		—	0	—	11,739	(1,987)	24,082	14,546	(72)	1,356	49,665
Balance as of March 31, 2024 ..	46,930	¥ 33,076	¥ 24,541	¥ —	¥269,792	¥(16,476)	¥131,867	¥30,145	¥8,240	¥9,700	¥490,887

	Thousands of U.S. dollars (Note 1)									
	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Accumulated Other Comprehensive Income				Total equity
						Net unrealized gains (losses) on available-for-sale securities	Deferred gains on derivatives under hedge accounting	Land revaluation surplus	Defined retirement benefit plans	
Balance as of April 1, 2023.....	\$218,453	\$162,076	\$—	\$1,704,332	\$(95,687)	\$711,875	\$103,024	\$54,897	\$55,102	\$2,914,087
Changes during the year:										
Net income attributable to owners of the parent.....				105,277						105,277
Cash dividends, \$0.59 per share .....				(28,221)						(28,221)
Purchase of treasury stock.....					(13,255)					(13,255)
Sales of treasury stock.....			0		132					132
Reversal of land revaluation surplus .....				475						475
Other changes .....						159,051	96,070	(475)	8,955	263,602
Net change in the year.....		—	0	77,531	(13,123)	159,051	96,070	(475)	8,955	328,016
Balance as of March 31, 2024 ..	\$218,453	\$162,083	\$ —	\$1,781,863	\$(108,817)	\$870,926	\$199,095	\$54,421	\$64,064	\$3,242,104

See Notes to Consolidated Financial Statements.

**Consolidated Statement of Cash Flows**

Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>Operating activities:</b>			
Income before income taxes .....	¥ 23,735	¥ 20,168	\$ 156,759
Depreciation .....	2,400	1,846	15,851
Losses on impairment of long-lived assets .....	146	—	964
Increase (decrease) in allowance for loan losses .....	505	(637)	3,335
Increase in reserve for other contingent losses .....	56	6	369
Increase in asset for retirement benefits .....	(5,578)	(6,326)	(36,840)
Increase in liability for retirement benefits .....	9	1	59
Increase in liability for retirement benefits of directors and Audit & Supervisory Board Members .....	0	0	0
Decrease in liability for reimbursement of deposits .....	—	(83)	—
Decrease in allowance for repayment of excess interest .....	(4)	(2)	(26)
Interest income .....	(74,177)	(58,038)	(489,908)
Interest expense .....	18,990	9,010	125,421
Losses (gains) on sales and write-down of investment securities .....	(7,635)	5,424	(50,425)
Gains on money held in trust .....	(704)	(66)	(4,649)
Foreign exchange gains .....	(3)	(2)	(19)
Losses (gains) on disposals of fixed assets – net .....	84	(126)	554
Net increase in loans and bills discounted .....	(131,801)	(278,957)	(870,490)
Net increase in deposits .....	88,664	103,283	585,588
Net decrease in negotiable certificate of deposits .....	(4,971)	(11,548)	(32,831)
Net increase (decrease) in borrowed money (excluding subordinated loans) Net decrease in due from banks (excluding deposits in Bank of Japan) .....	344,172	(398,383)	2,273,112
Net decrease (increase) in call loans and others .....	297	222	1,961
Net decrease (increase) in call money and bills sold .....	12,551	(8,234)	82,894
Net increase in call money and bills sold .....	108,186	92,096	714,523
Net increase in payables under securities lending transactions .....	35,757	19,892	236,160
Net decrease in foreign exchange assets .....	537	332	3,546
Net increase (decrease) in foreign exchange liabilities .....	(285)	131	(1,882)
Net decrease in borrowed money from trust account .....	(2)	(26)	(13)
Interest received (cash basis) .....	72,695	57,582	480,120
Interest paid (cash basis) .....	(16,812)	(5,848)	(111,036)
Other .....	(9,713)	(18,521)	(64,150)
Subtotal .....	457,101	(476,807)	3,018,961
Income taxes – paid .....	(3,808)	(6,626)	(25,150)
<b>Net cash provided by (used in) operating activities .....</b>	<b>453,292</b>	<b>(483,433)</b>	<b>2,993,804</b>
<b>Investing activities:</b>			
Purchases of securities .....	(650,801)	(700,336)	(4,298,269)
Proceeds from sales of securities .....	285,027	571,189	1,882,484
Proceeds from redemptions of securities .....	80,993	87,575	534,925
Increase in money held in trust .....	(6,109)	(11,840)	(40,347)
Decrease in money held in trust .....	3,000	—	19,813
Purchases of tangible fixed assets .....	(1,132)	(4,235)	(7,476)
Proceeds from sales of tangible fixed assets .....	486	509	3,209
Purchases of intangible fixed assets .....	(50)	(849)	(330)
<b>Net cash used in investing activities .....</b>	<b>(288,586)</b>	<b>(57,989)</b>	<b>(1,905,990)</b>
<b>Financing activities:</b>			
Purchases of treasury stock .....	(2,007)	(3,002)	(13,255)
Proceeds from sales of treasury stock .....	0	—	0
Dividends paid .....	(4,273)	(4,951)	(28,221)
<b>Net cash used in financing activities .....</b>	<b>(6,280)</b>	<b>(7,954)</b>	<b>(41,476)</b>
Foreign currency translation adjustments on cash and cash equivalents .....	—	(0)	—
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>158,425</b>	<b>(549,377)</b>	<b>1,046,331</b>
<b>Cash and cash equivalents, beginning of year .....</b>	<b>1,201,299</b>	<b>1,750,676</b>	<b>7,934,079</b>
<b>Cash and cash equivalents, end of year (Note 3) .....</b>	<b>¥ 1,359,724</b>	<b>¥ 1,201,299</b>	<b>\$ 8,980,410</b>

See Notes to Consolidated Financial Statements.

## Notes to Consolidated Financial Statements

Years ended March 31, 2024 and 2023

### 1. Basis of presenting consolidated financial statements

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The accompanying consolidated financial statements have been prepared based on the accounts maintained by THE SHIGA BANK, LTD. (the “Bank”) and its significant subsidiaries (together the “Group”) in accordance with the provisions set forth in the Companies Act of Japan, the Japanese Financial Instruments and Exchange Act, and the Japanese Banking Act and in conformity 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.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

Amounts in yen of respective accounts included in the accompanying consolidated financial statements and notes thereto are stated in millions of yen by discarding fractional amounts less than ¥1 million. Therefore, total or subtotal amounts do not necessarily tie in with the aggregation of such account balances.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥151.41 to U.S.\$1, the rate of exchange at March 31, 2024, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollar amounts at this rate or any other rates.

### 2. Summary of significant accounting policies

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#### (a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and seven consolidated subsidiaries for the years ended March 31, 2024 and 2023.

The consolidated subsidiaries’ respective fiscal periods end March 31 for the years ended March 31, 2024 and 2023.

The Bank has one and two other nonconsolidated subsidiaries in 2024 and 2023, respectively, in which investments are not accounted for by the equity method because their net income (the portion corresponding to the Bank’s equity), retained earnings (as above) and accumulated other comprehensive income (as above) have no material impact on the Group’s financial position or business performance.

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

#### (b) Cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents are defined as cash and due from the Bank of Japan.

#### (c) Trading securities

Trading securities held by the Bank are stated at fair value at the fiscal year end (cost of sales, in principle, is computed by the moving-average method).

#### (d) Investment securities

*i.* Marketable securities held for trading purposes are stated at fair value (cost of sales, in principle, is computed by the moving-average method).

Securities held to maturity are stated at amortized cost (straight-line method) using the moving-average method. Securities available-for-sale are stated at fair value (cost of sales, in principle, is computed by the moving-average method). Shares, etc. that do not have market price are stated at cost using the moving-average method. Investment in capital of investment partnership and others are recorded at the net amount of the Bank’s share of their assets based on the most recent financial statements of the partnership and others. Valuation gains/losses on securities available for sale are included in net assets, net of income taxes (cost of sales, in principle, is computed by the moving-average method).

*ii.* Marketable securities included in money held in trust by the Bank are treated as trust assets and are stated at fair value at the fiscal year-end. Securities that constitute trust assets in money held in trust are stated using the same methods described in *(i)* above.

iii. Beneficiary rights included in “debt purchased” are stated using the same methods described in (i) above.

#### **(e) Derivatives and hedging activities**

Under the Accounting Standards for Financial Instruments, derivatives are stated at fair value unless they are used for hedging purposes.

##### ***i. Interest rate risk hedges***

The Bank applies deferred hedge accounting to hedge transactions against interest rate risk arising from financial assets and liabilities which includes the method of designating hedging instruments to hedged items as well as the method stipulated in “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (JICPA Industry Committee Practical Guidelines No. 24, March 17, 2022).

With regard to the assessment of hedge effectiveness, for the hedges that offset the fluctuations in the fair value of fixed interest rates classified as available-for-sale securities, interest rate swaps are assigned to hedged items collectively by bond type as the hedging instrument. The Bank designates the hedges so as to ensure that the critical conditions related to the hedged items and hedging instruments are largely identical; therefore, the hedges are considered to be highly effective, and the assessment of the effectiveness is based on the similarity of the conditions.

With regard to the effectiveness of cash flow hedges, hedge effectiveness is assessed by verifying the relationship of the interest rate fluctuation factors of the hedged items and the hedging instruments.

With regard to some assets, special treatment of interest rate swaps has been carried out, and the evaluation of the effectiveness of hedging has been replaced by the determination of the requirements for special treatment.

##### ***ii. Currency exchange risk hedges***

Regarding the hedge accounting method applied to hedging transactions against currency exchange risk arising from assets and liabilities in foreign currencies, the Bank applies deferred hedge accounting stipulated in “Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020).

The Bank assesses the effectiveness of exchange swaps executed to reduce the risk of changes in currency exchange rates with fund swap transactions by verifying that there exist foreign currency positions of the hedging instruments corresponding to the foreign currency monetary claims and debts to be hedged.

Fund swap transactions are foreign exchange transactions that are contracted for the purpose of lending or borrowing funds in different currencies. These transactions consist of spot foreign exchange either bought or sold and forward foreign exchange either bought or sold.

To hedge foreign exchange fluctuation risks of foreign currency-denominated securities (other than bonds), the Bank identifies in advance the specific foreign currency-denominated securities to be hedged and applies fair value hedging as a comprehensive hedge on the conditions, including but not limited to the Bank having direct liabilities for such foreign currency-denominated securities in excess of the acquisition cost on a foreign currency basis.

#### **(f) Bills discounted**

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Committee Practical Guidelines No. 24. The Bank has rights to sell or pledge bank acceptances bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions.

#### **(g) Tangible fixed assets (except for lease assets)**

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation for buildings and equipment of the Bank is computed using the declining-balance method at a rate principally based on the estimated useful lives of the assets. However, buildings purchased on or after April 1, 1998 (excluding fittings and equipment), and fittings and equipment and structures purchased on or after April 1, 2016, are depreciated using the straight-line method.

The range of useful lives is principally from 3 to 50 years for buildings and from 3 to 20 years for equipment.

Depreciation of tangible fixed assets owned by subsidiaries is computed principally using the declining-balance method over the estimated useful lives of the assets.

Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. The Bank adopted the former treatment and reduced the cost of the assets acquired by ¥3,487 million (\$23,030 thousand) at March

31, 2024 and 2023, respectively.

**(h) Long-lived assets**

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be 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.

Accumulated impairment losses are directly deducted from the respective fixed assets.

**(i) Intangible fixed assets (except for lease assets)**

Depreciation for intangible fixed assets is computed under the straight-line method. Development costs for internally used software are capitalized and depreciated using the straight-line method over the estimated useful lives of 5 years.

**(j) Lease assets**

Lease assets in “Tangible fixed assets” or “Intangible fixed assets” of the finance leases other than those that were deemed to transfer the ownership of the leased property to the lessee are computed under the straight-line method over the lease term with zero residual value unless residual value is guaranteed by the corresponding lease contracts.

**(k) Allowance for loan losses**

Allowance for loan losses of the Bank is provided as detailed below, pursuant to internal rules for write-offs and allowances.

For debtors who are legally bankrupt (bankrupt, under special liquidation, or subject to legal bankruptcy proceedings) or virtually bankrupt (in a similar situation), an allowance is provided based on the amount of claims, after the write-off stated below, net of amounts expected to be collected through disposal of collateral or execution of guarantees. For loans to debtors who are likely to become bankrupt (potentially bankrupt), an allowance is provided for the amount considered to be necessary based on an overall solvency assessment performed for the amount of such loans, net of amounts deemed collectible through disposal of collateral or execution of guarantees, using the following methods.

- (i) For large debtors with credit exposure above a certain amount, an allowance is provided for the non-protected amount, net of an estimate of the amount collectible through cash flow based on a comprehensive assessment of the debtor’s situation (cash flow deduction method).
- (ii) For loans to debtors other than (i), an allowance is provided for the expected losses for the subsequent three years. Expected losses are determined based on the average loan loss ratio over a certain period of time calculated using historical loan loss experience over three years with required adjustments for future forecasts and others.

For loans to other debtors, with regard to debtors who are recognized as having good business conditions and no particular problems with their financial conditions (hereinafter, “normal debtors”) and debtors who require careful management (hereinafter, “debtors on close watch”) such as debtors that have problems with loan terms, debtors with performance issues, debtors with weak or unstable business conditions, and debtors that have problems with their financial conditions, an allowance is provided for the expected losses for subsequent one year. Among the debtors on close watch, for debtors whose loans are in need of management (restructured loans and loans that are delinquent for three months or more), an allowance is provided for the expected losses for the subsequent three years. Expected losses are determined based on the average loan loss ratio over a certain period of time calculated using historical loan loss experience over one year or three years with required adjustments for future forecasts and others.

\*Necessary revision and determination method of the expected loss ratio due to future forecasts, etc.

The expected loss ratio used in the calculation of the allowance is determined by comparing the average value of the most recent three calculation periods with the long-term average value that takes into account the business cycle. The average of the three most recent calculation periods is calculated after reviewing the current situation, future forecasts, and other necessary adjustments.

All loans are assessed by the branches and the operating divisions based on the Bank’s internal rules for self-assessment of assets. The risk management sector, which is independent from the branches and the operating divisions, subsequently verifies the appropriateness of self-assessment results, write-offs and allowances.

For collateralized or guaranteed claims to debtors who are legally bankrupt or virtually bankrupt, the amount deemed unrecoverable, which is the amount of claims exceeding the estimated value of collateral or guarantees, has been written off and amounted to ¥8,362 million (\$55,227 thousand) and ¥8,161 million as of March 31, 2024 and 2023, respectively.

Allowance for loan losses of the Bank's consolidated subsidiaries is provided based on historical loan loss experience in addition to amounts deemed necessary based on estimation of the collectability of specific claims.

**(l) Retirement and Pension Plans**

The Bank has a contributory funded pension plan and lump-sum severance payment plan. Consolidated subsidiaries have unfunded lump-sum severance payment plans.

The projected benefit obligations are attributed to periods on a benefit formula basis. Past service costs are amortized on a straight-line basis over 10 years within the average remaining service period.

Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period from the fiscal year following the respective fiscal year in which the difference is recognized.

Consolidated subsidiaries adopt a simplified method where the amount to be required for voluntary termination at the fiscal year end is recorded as projected benefit obligations in the calculation of their liability for retirement benefits and retirement benefit costs.

**(m) Liability for retirement of directors and Audit & Supervisory Board Members**

Consolidated subsidiaries provide Liability for retirement benefits of directors and Audit & Supervisory Board Members at the amount required if they all retired at the fiscal year-end, which is calculated based on the internal rules of the Group.

**(n) Allowance for repayment of excess interest**

Allowance for repayment of excess interest is provided at the estimated amount based on payment experience that the Bank's consolidated subsidiaries may be required to refund upon customers' claims.

**(o) Reserve for other contingent losses**

The Bank provides reserves for contingent liabilities not covered by other reserves in an amount deemed necessary based on estimated losses in the future.

**(p) Foreign currency transactions**

Receivables and payables in foreign currencies and foreign branch accounts are translated into Japanese yen principally at the rates prevailing at the balance sheet dates.

**(q) Accounting for leases**

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions.

***i. As lessee***

Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the balance sheet.

***ii. As lessor***

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee should be recognized as lease receivables and all finance leases that are deemed not to transfer ownership of the leased property to the lessee should be recognized as investments in leases.

Lease revenue and lease costs are recognized over the lease period.

**(r) Income taxes**

The provision for income taxes is computed based on the pretax income included in the consolidated statements 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 tax rates to the temporary differences.

**(s) Appropriations of retained earnings**

The consolidated statements of changes in equity reflect the appropriation resolved by the general shareholders' meeting when duly resolved and paid.

**(t) 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, retroactively adjusted for stock splits.

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

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the fiscal year.

**(u) Significant accounting estimates**

Items for which the amount was recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the following fiscal year, are as follows.

**Allowance for loan losses****(1) Amounts recorded in the consolidated financial statements**

Allowance for loan losses was ¥32,683 million (\$215,857 thousand) and ¥32,177 million at March 31, 2024 and 2023, respectively.

**(2) Information that contributes to an understanding of the content of significant accounting estimates for identified items****i. Calculation method**

The method of calculating the allowance for loan losses is described in “(k) Allowance for loan losses” in “2. Summary of significant accounting policies.” In addition, the Bank has recorded an allowance for loan losses by revising the debtor classifications based on the current deterioration in business performance and estimates related to impacts that are not yet reflected in financial information in order to prepare for expected losses due to such impacts based on the following assumptions. For certain borrowers in specific industries that have been impacted by COVID-19, an additional allowance for loan losses is provided based on the expected loss ratio, with necessary adjustments to the loan loss ratio.

**ii. Major assumptions**

The major assumption is the “future forecasts of business environments of the borrower in determining the debtor classifications.” It is set based on the individual evaluation of each debtor’s ability to earn income. In addition, regarding the impact of COVID-19 that may have a significant impact on the “future forecasts of business environments of the borrower in determining the debtor classifications,” although the status under the Infectious Diseases Control Law has been downgraded to Category 5 and various economic activities have generally normalized, it cannot be said that the impact has yet completely disappeared for certain borrowers in specific industries, and it is assumed that the credit risk contained in loans to these borrowers remains relatively high.

**iii. Impacts on the consolidated financial statements for the following fiscal year**

The Group conducts self-assessment with scrutiny and takes measures such as setting aside an allowance for loan losses as deemed necessary. However, due to the high degree of uncertainty in the above assumptions, changes in the assumptions used for the initial estimates may have a significant impact on the allowance for loan losses in the consolidated financial statements for the following fiscal year (ending March 31, 2025) and thereafter.

In addition, the uncertainty may grow even greater when the determination of the debtor classifications depends on future forecasts of business environments, such as the business improvement plan of the borrower.

**(v) New accounting pronouncements**

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

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

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

**(1) Summary**

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

**(2) Effective date**

The Group expects to apply the new guidance effective from the beginning of the fiscal year ending March 31, 2025.

**(3) Effects of application of the standards and guidance**

The Group is currently evaluating the impact of applying this guidance.



### 3. Cash and cash equivalents

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The reconciliation of “Cash and cash equivalents” and “Cash and due from banks” in the consolidated balance sheets at March 31, 2024 and 2023, is as follows:

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Cash and due from banks .....	¥ 1,360,066	¥ 1,201,938	\$ 8,982,669
Other due from banks .....	(341)	(639)	(2,252)
<b>Cash and cash equivalents.....</b>	<b>¥ 1,359,724</b>	<b>¥ 1,201,299</b>	<b>\$ 8,980,410</b>

### 4. Securities

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

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Japanese government bonds .....	¥ 538,190	¥ 324,224	\$ 3,554,520
Japanese local government bonds.....	231,788	228,191	1,530,863
Japanese corporate bonds .....	300,895	310,074	1,987,286
Corporate stocks.....	345,625	284,360	2,282,709
Other securities.....	440,931	368,726	2,912,165
<b>Total.....</b>	<b>¥ 1,857,431</b>	<b>¥ 1,515,578</b>	<b>\$ 12,267,558</b>

Securities lent under unsecured loan (bond lending transactions) amounted to ¥52,828 million (\$348,906 thousand) and ¥52,819 million are included in Japanese government bonds of securities at March 31, 2024 and 2023, respectively.

Fair value and other information on securities at March 31, 2024 and 2023 were as follows. Securities include “Trading securities” and trust beneficiary right under “Debt purchased,” in addition to “Investment securities,” which are presented on the consolidated balance sheet.

## Securities

### (1) Trading securities

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
			2024
	Losses included in loss during the fiscal year		
Trading securities .....	¥ (0)	¥ 0	\$ (0)

### (2) Held-to-maturity securities

Held-to-maturity securities as of March 31, 2024 and 2023 were as follows:

	Millions of yen		
	2024		
	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Japanese government bonds .....	¥ —	¥ —	¥ —
Japanese local government bonds .....	—	—	—
Japanese corporate bonds .....	—	—	—
Others .....	—	—	—
<b>Subtotal</b> .....	<b>¥ —</b>	<b>¥ —</b>	<b>¥ —</b>

Fair value not exceeding consolidated balance sheet amount:

Japanese government bonds .....	¥ 66,960	¥ 58,695	¥ (8,264)
Japanese local government bonds .....	—	—	—
Japanese corporate bonds .....	—	—	—
Others .....	—	—	—
<b>Subtotal</b> .....	<b>66,960</b>	<b>58,695</b>	<b>(8,264)</b>
<b>Total</b> .....	<b>¥ 66,960</b>	<b>¥ 58,695</b>	<b>¥ (8,264)</b>

	Millions of yen		
	2023		
	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Japanese government bonds .....	¥ —	¥ —	¥ —
Japanese local government bonds .....	—	—	—
Japanese corporate bonds .....	—	—	—
Others .....	—	—	—
<b>Subtotal</b> .....	<b>¥ —</b>	<b>¥ —</b>	<b>¥ —</b>

Fair value not exceeding consolidated balance sheet amount:

Japanese government bonds .....	¥ 66,958	¥ 61,806	¥ (5,152)
Japanese local government bonds .....	—	—	—
Japanese corporate bonds .....	—	—	—
Others .....	—	—	—
<b>Subtotal</b> .....	<b>66,958</b>	<b>61,806</b>	<b>(5,152)</b>
<b>Total</b> .....	<b>¥ 66,958</b>	<b>¥ 61,806</b>	<b>¥ (5,152)</b>

Thousands of U.S. dollars

**2024**

	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Japanese government bonds .....	\$ —	\$ —	\$ —
Japanese local government bonds .....	—	—	—
Japanese corporate bonds .....	—	—	—
Others .....	—	—	—
<b>Subtotal</b> .....	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
Fair value not exceeding consolidated balance sheet amount:			
Japanese government bonds .....	\$ 442,242	\$ 387,656	\$ (54,580)
Japanese local government bonds .....	—	—	—
Japanese corporate bonds .....	—	—	—
Others .....	—	—	—
<b>Subtotal</b> .....	<b>442,242</b>	<b>387,656</b>	<b>(54,580)</b>
<b>Total</b> .....	<b>\$ 442,242</b>	<b>\$ 387,656</b>	<b>\$ (54,580)</b>

### (3) Available-for-sale securities

Available-for-sale securities as of March 31, 2024 and 2023 were as follows:

	Millions of yen		
	2024		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks.....	¥ 334,826	¥ 93,789	¥ 241,036
Bonds: .....	229,177	228,113	1,063
Japanese government bonds .....	144,568	144,086	482
Japanese local government bonds .....	49,358	49,177	180
Japanese corporate bonds .....	35,249	34,849	399
Others .....	151,700	145,959	5,740
<b>Subtotal</b> .....	<b>¥ 715,703</b>	<b>¥ 467,863</b>	<b>¥ 247,840</b>
Consolidated balance sheet amount not exceeding cost:			
Stocks.....	¥ 5,981	¥ 6,310	¥ (329)
Bonds: .....	774,737	801,439	(26,702)
Japanese government bonds .....	326,661	344,251	(17,590)
Japanese local government bonds .....	182,430	184,785	(2,355)
Japanese corporate bonds .....	265,645	272,402	(6,756)
Others .....	271,383	307,230	(35,846)
<b>Subtotal</b> .....	<b>1,052,101</b>	<b>1,114,980</b>	<b>(62,878)</b>
<b>Total</b> .....	<b>¥ 1,767,805</b>	<b>¥ 1,582,843</b>	<b>¥ 184,961</b>
	Millions of yen		
	2023		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks.....	¥ 267,227	¥ 82,563	¥ 184,663
Bonds: .....	214,445	211,130	3,315
Japanese government bonds .....	82,915	80,784	2,130
Japanese local government bonds .....	48,773	48,462	311
Japanese corporate bonds .....	82,757	81,883	873
Others .....	86,486	83,598	2,887
<b>Subtotal</b> .....	<b>¥ 568,159</b>	<b>¥ 377,292</b>	<b>¥ 190,866</b>
Consolidated balance sheet amount not exceeding cost:			
Stocks.....	¥ 13,717	¥ 14,410	¥ (692)
Bonds: .....	581,086	595,456	(14,370)
Japanese government bonds .....	174,350	181,991	(7,640)
Japanese local government bonds .....	179,418	181,699	(2,281)
Japanese corporate bonds .....	227,317	231,765	(4,448)
Others .....	268,677	293,987	(25,309)
<b>Subtotal</b> .....	<b>863,481</b>	<b>903,854</b>	<b>(40,372)</b>
<b>Total</b> .....	<b>¥ 1,431,641</b>	<b>¥ 1,281,146</b>	<b>¥ 150,494</b>

	Thousands of U.S. dollars		
	<b>2024</b>		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks.....	\$ 2,211,386	\$ 619,437	\$ 1,591,942
Bonds: .....	1,513,618	1,506,591	7,020
Japanese government bonds .....	954,811	951,628	3,183
Japanese local government bonds .....	325,989	324,793	1,188
Japanese corporate bonds .....	232,804	230,163	2,635
Others .....	1,001,915	963,998	37,910
<b>Subtotal</b> .....	<b>\$ 4,726,920</b>	<b>\$ 3,090,040</b>	<b>\$ 1,636,879</b>
Consolidated balance sheet amount not exceeding cost:			
Stocks.....	\$ 39,502	\$ 41,674	\$ (2,172)
Bonds: .....	5,116,815	5,293,170	(176,355)
Japanese government bonds .....	2,157,459	2,273,634	(116,174)
Japanese local government bonds .....	1,204,874	1,220,427	(15,553)
Japanese corporate bonds .....	1,754,474	1,799,101	(44,620)
Others .....	1,792,371	2,029,126	(236,747)
<b>Subtotal</b> .....	<b>6,948,688</b>	<b>7,363,978</b>	<b>(415,283)</b>
<b>Total</b> .....	<b>\$ 11,675,615</b>	<b>\$ 10,454,018</b>	<b>\$ 1,221,590</b>

(4) Bonds classified as held to maturity were not sold for the years ended March 31, 2024 and 2023.

**(5) Available-for-sale securities sold**

	Millions of yen		
	<b>2024</b>		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 38,523	¥ 13,064	¥ 708
Bonds: .....	179,540	1,189	5,155
Japanese government bonds .....	96,230	1,130	3,156
Japanese local government bonds .....	60,792	48	1,290
Japanese corporate bonds .....	22,517	9	708
Others .....	32,677	1,201	1,690
<b>Total</b> .....	<b>¥ 250,741</b>	<b>¥ 15,455</b>	<b>¥ 7,554</b>

	Millions of yen		
	<b>2023</b>		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 53,825	¥ 17,616	¥ 985
Bonds: .....	289,507	685	4,943
Japanese government bonds .....	272,955	678	4,898
Japanese local government bonds .....	—	—	—
Japanese corporate bonds .....	16,552	7	44
Others .....	170,584	555	18,511
<b>Total</b> .....	<b>¥ 513,917</b>	<b>¥ 18,857</b>	<b>¥ 24,440</b>

	Thousands of U.S. dollars		
	<b>2024</b>		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	\$ 254,428	\$ 86,282	\$ 4,676
Bonds: .....	1,185,786	7,852	34,046
Japanese government bonds .....	635,559	7,463	20,844
Japanese local government bonds .....	401,505	317	8,519
Japanese corporate bonds .....	148,715	59	4,676
Others .....	215,817	7,932	11,161
<b>Total</b> .....	<b>\$ 1,656,039</b>	<b>\$ 102,073</b>	<b>\$ 49,891</b>

## (6) Reclassification of investment securities due to change in intent of holding

There were no reclassifications of investment securities due to change in intent of holding for the years ended March 31, 2024 and 2023.

## (7) Impairment losses on securities

For available-for-sale securities with market quotations (other than shares, etc. that do not have market price and investment in capital of investment partnership and others), in cases where the fair value has fallen substantially from the acquisition cost and there is believed to be little likelihood of a recovery in the acquisition cost level, said securities are shown on the balance sheets at fair value and the difference between the fair value and the acquisition cost is posted as a loss (hereinafter “impairment loss”).

Impairment losses amounted to ¥172 million (\$1,135 thousand) which consisted of all stocks of ¥172 million (\$1,135 thousand); and less than a million yen which consisted of all bonds of less than a million yen; as of March 31, 2024 and 2023, respectively.

In addition, the Bank recognizes that fair value has fallen significantly based on standards that have been set out in the self-assessment standards for assets by the issuing companies of securities. The details are as follows:

The Bank recognizes that the fair value of available-for-sale securities of legally bankrupt debtors, virtually bankrupt debtors, or debtors who are likely to go bankrupt, has fallen significantly when the fair value of such instruments as of the consolidated balance sheet date has decreased from the acquisition cost. For debtors on close watch, the Bank recognizes that the fair value has fallen significantly when the fair value as of the consolidated balance sheet date has decreased 30% or more from the acquisition cost. For normal debtors, it recognizes this when the fair value as of the consolidated balance sheet date has fallen 50% or more from the acquisition cost or when the fair value as of the consolidated balance sheet date has fallen 30% or more from the acquisition cost and the market prices remain below certain levels.

Debtors on close watch are defined as those who will require close monitoring in the future and normal debtors are defined as those other than legally bankrupt debtors, virtually bankrupt debtors, debtors who are likely to go bankrupt, or debtors on close watch.

## 5. Money held in trust

### (1) Money held in trust classified as trading

	Millions of yen			
	2024		2023	
	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year
Money held in trust classified as trading .....	¥ 26,721	¥ 83	¥ 24,517	¥ (75)

	Thousands of U.S. dollars	
	2024	
	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year
Money held in trust classified as trading .....	\$ 176,481	\$ 548

(2) No money held in trust was classified as held to maturity.

(3) Other money held in trust (other than money held in trust for trading purposes and money in trust held to maturity).

	Millions of yen				
	2024				
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)	Consolidated balance sheet amount exceeding cost	Consolidated balance sheet amount not exceeding cost
Other money held in trust	¥ 3,655	¥ 3,749	¥ (94)	—	¥ 94

Millions of yen					
2023					
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)	Consolidated balance sheet amount exceeding cost	Consolidated balance sheet amount not exceeding cost
Other money held in trust	¥ 2,542	¥ 2,578	¥ (36)	—	¥ 36

(Note) “Consolidated balance sheet amount exceeding cost” and “consolidated balance sheet amount not exceeding cost” are components of unrealized gains (losses).

Thousands of U.S. dollars					
2024					
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)	Consolidated balance sheet amount exceeding cost	Consolidated balance sheet amount not exceeding cost
Other money held in trust	\$ 24,139	\$ 24,760	\$ (620)	—	\$ 620

(Note) “Consolidated balance sheet amount exceeding cost” and “consolidated balance sheet amount not exceeding cost” are components of unrealized gains (losses).

## 6. Net unrealized gains/losses on available-for-sale securities

Available-for-sale securities were valued at market and net unrealized gains/losses on valuation were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Net unrealized gains on investment securities .....	¥ 184,579	¥ 150,169	\$ 1,219,067
Available-for-sale securities	184,673	150,205	1,219,688
Other money held in trust	(94)	(36)	(620)
Deferred tax liabilities .....	(52,711)	(42,384)	(348,134)
Noncontrolling interests .....	—	—	—
Net unrealized gains on available-for-sale securities .....	¥ 131,867	¥ 107,785	\$ 870,926

## 7. Loans and bills discounted

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Bills discounted .....	¥ 8,322	¥ 5,793	\$ 54,963
Loans on bills .....	69,385	72,600	458,259
Loans on deeds .....	3,962,643	3,853,207	26,171,606
Overdrafts .....	435,091	412,039	2,873,594
<b>Total</b> .....	¥ 4,475,442	¥ 4,343,641	\$ 29,558,430

Claims under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. The claims include corporate bonds in “investment securities” in the consolidated balance sheets (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part, and for which the bonds were issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans and bills discounted, foreign exchange assets, accrued interest and suspense payments in “other assets,” customers’ liabilities for acceptances and guarantees and the securities in the case of a loan of securities (limited to those under a loan-for-use or lease agreement) that is indicated in the notes.

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Bankrupt and substantially bankrupt claims .....	¥ 3,006	¥ 2,838	\$ 19,853
Doubtful claims .....	51,666	48,314	341,232
Loans past due three months or more .....	119	68	785
Restructured loans .....	29,977	33,340	197,985
<b>Total</b> .....	<b>¥ 84,771</b>	<b>¥ 84,561</b>	<b>\$ 559,877</b>

Bankrupt and substantially bankrupt claims mean the claim held against debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claims equivalent thereto.

Doubtful claims mean the claims whose debtor is not yet in the status of failure in business although such debtor's financial conditions and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible, excluding the claims subject to legal bankruptcy proceedings and reorganization proceedings and any other type of claims equivalent thereto.

Loans past due three months or more mean loans for which payment of principal or interest has been delayed for three months or more from the date following the agreed payment date, excluding the claims subject to legal bankruptcy proceedings and reorganization proceedings and any other type of claims equivalent thereto and the claims with risks.

Restructured loans mean loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payments, extension of maturity dates, waiver of the face amount, or other concessive measures) to the debtors to assist them in recovering from financial difficulties and eventually being able to pay creditors, excluding the claims subject to legal bankruptcy proceedings and reorganization proceedings and any other type of claims equivalent thereto, the claims with risks and the loans overdue for three months or more.

The total face value of bills discounted at March 31, 2024 and 2023 was ¥8,464 million (\$55,901 thousand) and ¥5,935 million, respectively.

## 8. Foreign exchanges

Foreign exchange assets and liabilities at March 31, 2024 and 2023, consisted of the following:

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
<b>Assets:</b>			
Due from foreign correspondents .....	¥ 5,840	¥ 6,258	\$ 38,570
Foreign bills of exchange purchased .....	—	0	—
Foreign bills of exchange receivable .....	352	471	2,324
<b>Total</b> .....	<b>¥ 6,193</b>	<b>¥ 6,730</b>	<b>\$ 40,902</b>
<b>Liabilities:</b>			
Foreign bills of exchange sold .....	¥ 47	¥ 172	\$ 310
Accrued foreign bills of exchange .....	44	205	290
<b>Total</b> .....	<b>¥ 92</b>	<b>¥ 377</b>	<b>\$ 607</b>



## 9. Other assets

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

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Prepaid expenses .....	¥ 245	¥ 259	\$ 1,618
Accrued income.....	7,902	5,705	52,189
Derivatives .....	49,071	30,135	324,093
Other (Note 12) .....	104,181	83,085	688,072
<b>Total.....</b>	<b>¥ 161,400</b>	<b>¥ 119,185</b>	<b>\$ 1,065,979</b>

## 10. Tangible fixed assets

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

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Buildings .....	¥ 13,264	¥ 13,670	\$ 87,603
Land .....	31,457	32,054	207,760
Construction in progress.....	703	4,531	4,643
Other.....	2,211	2,092	14,602
<b>Total.....</b>	<b>¥ 47,638</b>	<b>¥ 52,349</b>	<b>\$ 314,629</b>

Accumulated depreciation on tangible fixed assets at March 31, 2024 and 2023 amounted to ¥47,804 million (\$315,725 thousand) and ¥47,305 million, respectively.

## 11. Long-lived assets

The Group recognized impairment losses for the years ended March 31, 2024 and 2023, as follows:

The Bank groups assets by the methods described in the “Overview of asset groups and grouping method” below. Subsidiaries group their assets by unit, which periodically manages profit and loss. The Bank wrote down the carrying amounts to the recoverable amounts and recognized impairment losses as follows for the year ended March 31, 2024 since the carrying amounts of the assets held by the above branches and other exceeded the sum of the undiscounted future cash flows. There are no impairment losses to be recognized for the year ended March 31, 2023.

Location	Description	Classification	Impairment losses		
			Millions of yen		Thousands of U.S. dollars
			2024	2023	2024
Shiga Prefecture	Idle assets	Land.....	¥ 101	¥ —	\$ 667
		Buildings.....	20	—	132
		Equipment.....	0	—	0
<b>Total.....</b>		<b>¥ 122</b>	<b>¥ —</b>	<b>\$ 805</b>	

Location	Description	Classification	Impairment losses		
			Millions of yen		Thousands of U.S. dollars
			2024	2023	2024
Outside of Shiga Prefecture	Business assets	Buildings.....	¥ 16	¥ —	\$ 105
		Equipment.....	7	—	46
		<b>Total.....</b>	<b>¥ 24</b>	<b>¥ —</b>	<b>\$ 158</b>

The recoverable amounts of these assets were 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 was 5% and the net selling price was determined by quotations from real estate appraisal information, less estimated costs to dispose.

Impairment losses are included in other expenses (Note 27).

### Overview of asset groups and grouping method

#### (1) Outline of asset groups

##### i. Idle assets

Stores, former company housing sites, etc.

##### ii. Operating assets

Assets used for business purposes

##### iii. Common assets

Assets related to the entire bank (headquarters, office centers, dormitories, company housing, etc.)

#### (2) Methods of grouping

##### i. Idle assets

Grouping as independent assets.

##### ii. Operating assets

Grouping is done by store groups or store units that constitute full-banking functions.

##### iii. Common assets

Grouping of the entire bank as a whole.

## 12. Assets pledged

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

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Investment securities .....	¥ 975,359	¥ 656,024	\$ 6,441,884
Loans and bills discounted .....	283,925	199,653	1,875,206

  

Related liabilities	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Deposits.....	¥ 12,547	¥ 25,115	\$ 82,867
Payables under securities lending transactions.....	241,330	205,572	1,593,884
Borrowed money .....	877,226	533,391	5,793,712

In addition, other assets (deposits to central counterparty) of ¥45,696 million (\$301,803 thousand) and ¥43,553 million at March 31, 2024 and 2023, respectively.

Other assets include guarantee deposits of ¥378 million (\$2,496 thousand) at March 31, 2024 and 2023, respectively.

## 13. Overdrafts and commitment lines

Overdraft agreements and commitment line agreements are agreements that oblige the Group to lend funds up to a certain limit agreed in advance. The Group makes the loans upon the request of an obligor to draw down funds under such loan agreements as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreements. The unused commitment balance relating to these loan agreements at March 31, 2024 and 2023 amounted to ¥1,022,887 million (\$6,755,742 thousand) and ¥1,018,015 million, respectively, and the amounts of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time were ¥909,092 million (\$6,004,174 thousand) and ¥914,616 million at March 31, 2024 and 2023, respectively. In many cases, the term of the agreement expires without the loan ever being drawn down. Therefore, the unused loan commitment will not necessarily affect future cash flows. Conditions are included in certain loan agreements that allow the Group to decline the request for a loan draw down or to reduce the agreed limit amount where there is due cause to do so, such as when there is a change in financial conditions or when it is necessary to do so in order to protect the Group's credit. The Group takes various measures to protect its credit. Such measures include having the obligor pledge collateral to the Group in the form of real estate, securities, etc. on signing the loan agreements or, in accordance with the Group's established internal procedures, confirming the obligor's financial condition, etc. at regular intervals.

## 14. Land revaluation

Under the "Act of Land Revaluation," promulgated on March 31, 1998 (final revision on May 30, 2003), 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, 2002. The resulting land revaluation surplus represented unrealized appreciation of land and was stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation surplus account and related deferred tax liabilities. At March 31, 2024 and 2023, the carrying amount of the land after the above one-time revaluation exceeded the fair value by ¥3,407 million (\$22,501 thousand) and ¥3,634 million, respectively.

### Method of revaluation

The fair values were determined by applying appropriate adjustments for land shape and analysis on the appraisal specified in Article 2-3 of the Enforcement Ordinance of the Act of Land Revaluation effective March 31, 1998.

## 15. Deposits

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Current deposits.....	¥ 268,030	¥ 246,969	\$ 1,770,226
Ordinary deposits .....	3,519,768	3,352,562	23,246,601
Deposits at notice .....	33,613	55,454	221,999
Time deposits .....	1,897,853	1,955,961	12,534,528
Other deposits.....	83,766	103,420	553,239
<b>Total.....</b>	<b>¥ 5,803,032</b>	<b>¥ 5,714,368</b>	<b>\$ 38,326,609</b>

## 16. Borrowed money

At March 31, 2024 and 2023, the weighted-average interest rates applicable to borrowed money were 0.75% and 1.10%, respectively.

Borrowed money at March 31, 2024 and 2023, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Borrowing from banks and other.....	¥ 882,628	¥ 538,456	\$ 5,829,390
<b>Total.....</b>	<b>¥ 882,628</b>	<b>¥ 538,456</b>	<b>\$ 5,829,390</b>

Annual maturities of borrowed money at March 31, 2024 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2025.....	¥ 198,523	\$ 1,311,161
2026.....	40,125	265,008
2027.....	263,093	1,737,619
2028.....	365,393	2,413,268
2029.....	10,793	71,283
2030 and thereafter.....	4,697	31,021
<b>Total.....</b>	<b>¥ 882,628</b>	<b>\$ 5,829,390</b>

## 17. Borrowed money from trust account

Principal amounts of trusts with a principal compensation agreement at March 31, 2024 and 2023 were ¥184 million (\$1,215 thousand) and ¥187 million, respectively.

## 18. Other liabilities

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Accrued income taxes .....	¥ 7,205	¥ 730	\$ 47,586
Accrued expenses .....	8,980	6,502	59,309
Unearned income.....	7,466	8,841	49,309
Derivatives .....	14,727	13,479	97,265
Other.....	50,433	31,791	333,088
<b>Total.....</b>	<b>¥ 88,812</b>	<b>¥ 61,346</b>	<b>\$ 586,566</b>

## **19. Acceptances and guarantees**

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All contingent liabilities arising from acceptances and guarantees are reflected in “Acceptances and guarantees.” As a contra account, “Customers’ liabilities for acceptances and guarantees,” is shown as an asset representing the Bank’s right of indemnity from the applicants.

The amounts of “Acceptances and guarantees” and “Customers’ liabilities for acceptances and guarantees” amounting to ¥8,214 million (\$54,250 thousand) and ¥11,026 million as of March 31, 2024 and 2023, respectively, were set off because those that were relevant to corporate bonds and the guaranteed bonds were held by the Bank itself.

## **20. Equity**

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### **(1) Capital stock and capital surplus**

There were no changes in the number of common stock for the years ended March 31, 2024 and 2023.

### **(2) Companies Act**

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

#### ***(a) Dividends***

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders’ meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal 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 (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

#### ***(b) Increases/decreases and transfer of common stock, reserve and surplus***

The Companies Act requires that an amount equal to 10% (20% for banks pursuant to the Banking Act) of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% (100% for banks pursuant to the Banking Act) of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

#### ***(c) Treasury stock and treasury stock acquisition rights***

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders that 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.

### (3) Appropriations of retained earnings

The following appropriation of retained earnings at March 31, 2024 was proposed at the Bank's ordinary general shareholders' meeting held on June 26, 2024.

	Millions of yen	Thousands of U.S. dollars
Cash dividends (dividend amount per share: ¥40 (\$0.264)) .....	<u>¥ 1,877</u>	<u>\$ 12,396</u>

## 21. Stock options

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There were no stock options as of March 31, 2024 and 2023, respectively.

## 22. Revenue recognition

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Disaggregation of revenue from contracts with customers

Category	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Income .....	<b>¥ 122,630</b>	¥ 115,289	<b>\$ 809,920</b>
Of which, fees and commissions .....	<b>19,995</b>	17,651	<b>132,058</b>
Deposit and loan services .....	<b>5,812</b>	4,003	<b>38,385</b>
Foreign exchange services .....	<b>3,017</b>	2,843	<b>19,926</b>
Trust related services .....	<b>160</b>	135	<b>1,056</b>
Securities related services .....	<b>131</b>	234	<b>865</b>
Agency services .....	<b>298</b>	313	<b>1,968</b>
Safe-deposit and safe-deposit box services .....	<b>108</b>	113	<b>713</b>
Guarantee services .....	<b>951</b>	1,007	<b>6,280</b>
Credit card services .....	<b>3,324</b>	3,228	<b>21,953</b>
Investment trust and insurance sales .....	<b>4,359</b>	4,100	<b>28,789</b>
Others .....	<b>1,830</b>	1,670	<b>12,086</b>
Of which, trust fees .....	<b>0</b>	0	<b>0</b>

The above table also includes income based on "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

## 23. Other operating income

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

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Gains on sales of bonds .....	¥ 1,614	870	\$ 10,659
Gains on derivative financial instruments .....	943	9,075	6,228
Other.....	10,622	10,242	70,153
<b>Total.....</b>	<b>¥ 13,181</b>	<b>¥ 20,188</b>	<b>\$ 87,055</b>

## 24. Other income

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

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Gains on sales of stocks and other securities.....	¥ 13,861	¥ 18,382	\$ 91,546
Recoveries of claims previously charged-off.....	252	615	1,664
Other.....	1,163	621	7,681
<b>Total.....</b>	<b>¥ 15,277</b>	<b>¥ 19,619</b>	<b>\$ 100,898</b>

## 25. Other operating expenses

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

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Losses on sales of bonds .....	¥ 6,687	¥ 23,426	\$ 44,164
Losses on devaluation of bonds.....	—	0	—
Losses on redemption of bonds .....	—	198	—
Other.....	11,384	10,163	75,186
<b>Total.....</b>	<b>¥ 18,072</b>	<b>¥ 33,788</b>	<b>\$ 119,358</b>

## 26. R&D expenses

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Expenses related to mission-critical systems were recorded for the years ended March 31, 2023, including R&D expenses of 4,888 million yen. In addition, the amount recorded for the fiscal year ended March 31, 2024 includes 6,783 million yen (\$44,798 thousand), which is a partial transfer of expenses that were recorded as mission-critical system-related assets by the end of the current fiscal year.

## 27. Other expenses

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

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Provision of allowance for loan losses .....	¥ 2,470	¥ 886	\$ 16,313
Losses on sales of stocks and other securities .....	866	1,014	5,719
Written-off of loans and bills discounted.....	789	989	5,211
Losses on devaluation of stocks and other securities.....	288	37	1,902
Losses on disposal of fixed assets .....	86	82	567
Losses on impairment of long-lived assets .....	146	—	964
Other.....	408	227	2,694
<b>Total.....</b>	<b>¥ 5,056</b>	<b>¥ 3,236</b>	<b>\$ 33,392</b>

## 28. Gains (losses) related to bonds, etc.

Gains (losses) related to bonds for the years ended March 31, 2024 and 2023, consisted of the following:

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
<b>Gains (losses) related to bonds:</b>			
Gains on sales of bonds .....	¥ 1,614	¥ 870	\$ 10,659
Losses on sales of bonds.....	(6,687)	(23,426)	(44,164)
Losses on redemption of bonds .....	—	(198)	—
Losses on devaluation of bonds.....	—	(0)	—
<b>Subtotal.....</b>	<b>¥ (5,072)</b>	<b>¥ (22,754)</b>	<b>\$ (33,498)</b>
<b>Gains (losses) on derivatives financial instruments:</b>	<b>¥ 943</b>	<b>¥ 9,075</b>	<b>\$ 6,228</b>
<b>Total.....</b>	<b>¥ (4,128)</b>	<b>¥ (13,678)</b>	<b>\$ (27,263)</b>

## 29. Gains (losses) related to stocks and other securities

Gains (losses) related to stocks and other securities for the years ended March 31, 2024 and 2023, consisted of the following:

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
<b>Gains (losses) related to stocks and other securities:</b>			
Gains on sales of stocks and other securities .....	¥ 13,861	¥ 18,382	\$ 91,546
Losses on sales of stocks and other securities .....	(866)	(1,014)	(5,719)
Losses on devaluation of stocks and other securities.....	(288)	(37)	(1,902)
<b>Gains (losses) on stocks and other securities .....</b>	<b>¥ 12,706</b>	<b>¥ 17,331</b>	<b>\$ 83,917</b>



### 30. Leases

#### Lessor

One subsidiary lease certain equipment and other assets.

As stated in Note 2 (q) ii, finance lease transactions other than those in which ownership is fully transferred to the lessee are accounted for in a similar manner to ordinary sales and transactions, effective from the year ended March 31, 2009.

Investments in leases included in other assets on the balance sheets as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Gross lease receivables.....	¥ 15,909	¥ 14,933	\$ 105,072
Unguaranteed residual values.....	388	390	2,562
Unearned interest income.....	(1,325)	(1,221)	(8,751)
Investments in leases.....	¥ 14,972	¥ 14,102	\$ 98,883

Maturities of lease receivables for finance leases that are deemed to transfer ownership of the leased property to the lessee are as of March 31, 2024 are as follows:

	Millions of	Thousands of
	yen	U.S. dollars
2025.....	¥ 352	\$ 2,324
2026.....	330	2,179
2027.....	235	1,552
2028.....	120	792
2029.....	25	165
2030 and thereafter.....	1	6

Maturities of gross lease receivables related to investments in leases as of March 31, 2024 are as follows:

	Millions of	Thousands of
	yen	U.S. dollars
2025.....	¥ 4,929	\$ 32,553
2026.....	3,851	25,434
2027.....	3,081	20,348
2028.....	2,282	15,071
2029.....	1,294	8,546
2030 and thereafter.....	469	3,097

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

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Due within one year.....	¥ 15	¥ 13	\$ 99
Due after one year.....	31	37	204
<b>Total.....</b>	¥ 47	¥ 50	\$ 310

### 31. Retirement benefit plans

The Bank and consolidated subsidiaries have either funded or unfunded defined benefit plans. The Bank's funded defined benefit corporate pension plan (contract type) provides lump-sum or annuity payments, the amounts of which are determined based on the length of service and certain other factors. The Bank's lump-sum severance payment plan, which became a funded plan as a result of setting a retirement benefits trust, provides lump-sum payments determined based on the length of service, position, and certain other factors. As of October 1, 2017, the Bank has transferred a part of its funded defined benefit corporate pension plan to a defined contribution plan. The consolidated subsidiaries' unfunded lump-sum severance payment plans are based on a simplified method in the calculation of their liability for retirement benefits and retirement benefit costs.

#### 1. Defined benefit plan (except for the plan adopting the simplified method)

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Balance at beginning of year .....	¥ 42,143	¥ 47,217	\$ 278,336
Current service cost .....	1,466	1,709	9,682
Interest cost .....	493	203	3,256
Actuarial gains.....	(1,110)	(4,508)	(7,331)
Benefits paid.....	(2,334)	(2,477)	(15,415)
Prior service cost.....	—	—	—
Balance at end of year .....	¥ 40,658	¥ 42,143	\$ 268,529

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Balance at beginning of year .....	¥ 61,793	¥ 60,540	\$ 408,117
Expected return on plan assets.....	1,027	1,219	6,782
Actuarial gains (losses).....	2,717	(349)	17,944
Contribution from the employer .....	1,655	1,697	10,930
Benefits paid.....	(1,306)	(1,314)	(8,625)
Balance at end of year .....	¥ 65,887	¥ 61,793	\$ 435,156

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Funded defined benefit obligation .....	¥ 40,658	¥ 42,143	\$ 268,529
Plan assets .....	(65,887)	(61,793)	(435,156)
Net asset arising from the balance sheet.....	¥ (25,228)	¥ (19,650)	\$ (166,620)

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Liability for retirement benefits.....	¥ —	¥ —	\$ —
Asset for retirement benefits .....	25,228	19,650	166,620
Net asset arising from the balance sheet.....	¥ (25,228)	¥ (19,650)	\$ (166,620)

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Service cost .....	¥ 1,466	¥ 1,709	\$ 9,682
Interest cost .....	493	203	3,256
Expected return on plan assets.....	(1,027)	(1,219)	(6,782)
Recognized actuarial gains.....	(1,877)	(1,733)	(12,396)
Amortization of prior service cost .....	—	—	—
Net periodic benefit costs .....	¥ (944)	¥ (1,039)	\$ (6,234)

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Prior service cost .....	¥ —	¥ —	\$ —
Actuarial gains.....	(1,950)	(2,425)	(12,878)
Total .....	¥ (1,950)	¥ (2,425)	\$ (12,878)

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Unrecognized prior service cost .....	¥ —	¥ —	\$ —
Unrecognized actuarial gains.....	(13,947)	(11,996)	(92,114)
Total .....	¥ (13,947)	¥ (11,996)	\$ (92,114)

**(7) Plan assets:**

**a. Components of plan assets**

	2024	2023
Bonds .....	12%	12%
Stocks.....	61	60
Cash and cash equivalents.....	9	10
General accounts .....	18	18
Total .....	100%	100%

(Note) Total plan assets included retirement benefits trust of 48% and 52%, for the years ended March 31, 2024 and 2023, respectively, mainly consisting of 5 stocks, which were set for a corporate pension plan and a lump-sum payment plan.

**b. Method of determining the expected rate of return on plan assets**

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

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

	2024	2023
Discount rate .....	1.17%	1.17%
Expected rate of return on plan assets		
Plan assets (except for retirement benefits trust) .....	3.48%	4.19%
Plan assets (retirement benefits trust).....	0.00%	0.00%
Estimated rate of salary increase .....	3.90%	4.10%

## 2. Defined benefit plan adopting the simplified method

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

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Balance at beginning of year .....	¥ 159	¥ 157	\$ 1,050
Net periodic benefit costs .....	24	20	158
Benefits paid.....	(15)	(18)	(99)
Contribution to the plan.....	—	—	—
Balance at end of year .....	¥ 168	¥ 159	\$ 1,109

(2) 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
	2024	2023	U.S. dollars
Unfunded defined benefit obligation .....	¥ 168	¥ 159	\$ 1,109
Net liability arising from the balance sheet .....	¥ 168	¥ 159	\$ 1,109

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Liability for retirement benefits.....	¥ 168	¥ 159	\$ 1,109
Net liability arising from the balance sheet .....	¥ 168	¥ 159	\$ 1,109

(3) Net periodic benefit costs recognized in the simplified method for the years ended March 31, 2024 and 2023, were ¥24 million (\$158 thousand) and ¥20 million, respectively.

## 3. Defined contribution plan

The Bank's required contribution to the defined contribution plan for the years ended March 31, 2024 and 2023 were ¥332 million (\$2,192 thousand) and ¥338 million, respectively.

### 32. Income taxes

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2024 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deferred tax assets:			
Allowance for loan losses.....	¥ 11,088	¥ 11,009	\$ 73,231
Devaluation of stocks and other securities .....	4,149	4,295	27,402
Liability for retirement benefits.....	57	262	376
Depreciation .....	9,666	6,173	63,839
Accrued enterprise tax.....	421	154	2,780
Other.....	2,267	2,010	14,972
Less valuation allowance.....	(12,889)	(12,174)	(85,126)
<b>Total.....</b>	<b>¥ 14,761</b>	<b>¥ 11,731</b>	<b>\$ 97,490</b>
Deferred tax liabilities:			
Reserve for advance depreciation of fixed assets .....	(184)	(184)	(1,215)
Net unrealized gains on available-for-sale securities.....	(52,711)	(42,384)	(348,134)
Defined retirement benefit plans .....	(4,246)	(3,652)	(28,043)
Asset for retirement benefits.....	(778)	—	(5,138)
Deferred gains on derivatives under hedge accounting .....	(13,198)	(6,829)	(87,167)
<b>Total.....</b>	<b>(71,119)</b>	<b>(53,052)</b>	<b>(469,711)</b>
<b>Net deferred tax liabilities.....</b>	<b>¥ (56,358)</b>	<b>¥ (41,320)</b>	<b>\$ (372,221)</b>

A reconciliation of the effective income tax rate reflected in the accompanying consolidated statement of income to the statutory tax rate for the years ended March 31, 2024 and 2023, were as follows:

	2024	2023
Statutory tax rate .....	30.4%	30.4%
(Reconciliation)		
Permanent differences excluded from taxable income		
such as dividend income.....	(1.9)%	(3.6)%
Tax credit for experimentation and research expenses, etc.	—%	(3.3)%
Changes in valuation allowance .....	3.0%	2.4%
Others .....	1.3%	0.4%
Effective income tax rate.....	32.8%	26.3%

### 33. Financial instruments and related disclosures

#### 1. Overall situation concerning financial instruments

##### (1) Basic policy for financial instruments

As a regional financial institution with its main business base in Shiga Prefecture, the Group provides financial services centered on banking operations.

The Group's main operations are to extend loans to customers in its business area, and make investments in securities by mainly using funds that are received as deposits from customers and those that are obtained through the financial market.

To carry out these operations, the Group has financial assets and financial liabilities that are largely subject to interest rate volatility. To minimize disadvantages caused by interest rate volatility, the Group conducts Asset Liability Management (ALM), the comprehensive management of assets and liabilities.

##### (2) Nature and extent of risks arising from financial instruments

The financial assets held by the Group are primarily loans to customers within its business area and are subject to credit risk of incurring losses when the value of such assets declines or disappears due to deterioration in the financial condition of its customers. The Group's domestic loan portfolio attempts to distribute risk by industry sector to eliminate its exposure to credit risk caused by changes in the business environment in certain industries.

The Group holds investment securities, primarily comprised of bonds, corporate stocks and investment trusts, for the following purposes: to sell them to customers, for purely investment purposes, and for strategic investment. These are subject to market risk of incurring potential losses due to fluctuations of interest rates, foreign exchange rates, stock markets and others, and the credit risk of the issuers.

Foreign currency-denominated loans and bonds are subject to foreign exchange risk in addition to the risks as described above. They are managed to reduce foreign exchange risk by procuring foreign currency funds through currency swaps, repurchase transactions, or call transactions.

Financial liabilities are primarily deposits from customers and borrowed money. Borrowed money is — under certain conditions, such as when the Group is unable to access the market — subject to risks that losses are incurred due to an inability to secure required funds or being forced to raise funds at significantly higher than normal interest rates. Moreover, some of the Group’s borrowings are made at variable interest rates and are subject to risks of losses from increasing fund procurement costs associated with rising interest rates.

To respond to customer needs and hedge market risks for assets and liabilities, the Group uses derivative transactions, including interest rate swaps, currency swaps, currency options, and forward exchange contracts. For some of these transactions, the Group applies hedge accounting based on internal regulations that comply with the “JICPA Practical Guidelines for Financial Instruments” and the Group’s own hedging policies.

To obtain short-swing profits, the Group transacts bond futures contracts, bond options, and stock price index futures trading after setting position limit and loss limits amounts.

These derivative transactions include market risk as well as credit risk.

### **(3) Risk management for financial instruments**

#### ***(i) Credit risk management***

Recognizing credit risk as the most important risk to business management from the standpoint of its impact, the Group has established regulations and standards pertaining to such risk. It has also developed a debtor rating system based on a Foundation Internal Ratings-based approach and has built a credit risk management system appropriate to its needs.

Notably, the Group has developed a rating system that involves asset self-assessments. Under this system, for example, the Business Management Department reports the results of its own asset ratings at meetings such as the Meeting of Managing Directors.

With respect to individual credit management, the Group has instituted its “Basic Rules of Loan Business,” in which it has clearly defined the way of thinking and a code of conduct to which all employees involved in the loan business should adhere. It has also established basic procedures to follow when making credit decisions or managing credit, along with putting in place a system that enables executives and employees to make credit decisions in accordance with the principles of public benefit, security, profitability, liquidity, and growth potential. More specifically, the Group has developed and is operating a credit management system that handles credit assessment, credit limits, credit information management, and internal ratings; sets guarantees and collateral; and deals with problem debts of companies (or corporate groups) or individual projects. This credit management system is being implemented in every bank branch and the Credit Supervision Department.

With respect to extending credit to overseas debtors, the Group manages it by setting a credit limit for each country at the Meeting of Managing Directors each fiscal year, after taking into account the foreign currency conditions and the political and economic situation of the country in which the debtor resides.

With respect to conducting market transactions for securities or other instruments, a limit is set semiannually at the Meeting of Managing Directors for bond issuer credit risk and counterparty risk for derivative and financial transactions, and the credit status and the market prices are managed on a daily basis. The Group has established a system in which reports about those risks are routinely given to the Meeting of Managing Directors.

#### ***(ii) Market risk management***

The Group has compiled a set of Market Risk Management Rules with the goal of upgrading market risk management, strengthening internal controls, and ensuring sound management. To achieve stable profits, the Group institutes a financial plan and risk management policy semiannually and is working to build an appropriate risk management system.

##### ***1) Interest rate risk management***

As interest rate risk inevitably arises in banking business operations, the Group manages all assets and liabilities (including off-balance transactions), such as deposits, loans, and securities, in a comprehensive manner through ALM.

Along with the aforementioned Market Risk Management Rules, the Group has established standards for risk management methods and reporting procedures. The Group conducts monitoring through such models as Value at Risk (VaR) and the maturity ladder approach, and reports to the ALM Committee on a regular basis.

##### ***2) Exchange rate risk management***

For exchange rate risk, the Group sets position limits at the Meeting of Managing Directors to manage positions that are under the influence of exchange rate volatility. The Group controls positions by using derivative transactions, including foreign currency transactions and currency swaps.

The Group establishes an acceptable level of risk using VaR and manages the level of risk on a daily basis so that it stays within an acceptable range.

### **3) Price volatility risk management**

To rigorously manage price volatility risk for transactions, including securities, the Group has divided the organization into a market transaction sector, business management sector, and risk management sector.

For market transactions including securities, the Group takes into account overall Group risk and return, based on a financial plan and a risk management policy, and formulates a business management plan in the market sector.

When making investments, the Group calculates position amounts, gains, and losses as well as VaR and Basis Point Value (BPV) based on the abovementioned policy and plan. The extent to which the Group complies with the established acceptable risk limit and other risk limits is monitored on a daily basis and is reported to management.

### **4) Derivative transaction management**

With respect to derivative transactions, the divisions concerned with the execution of transactions, the evaluation of hedge effectiveness, and business management have been separated, and an internal checking system has been established. Because a majority of the Group's derivative transactions are performed for the purposes of hedging and cover transactions to customer transactions, the Group manages them so that asset and liability risks and market risks are offset with each other.

### **5) Quantitative information regarding market risks**

Regarding market risks, the Group measures the quantitative risk of interest rate risks and stock price volatility risks through VaR, a statistical method. Principally by reporting these risks to the ALM Committee and other organizations on a regular basis, the Group ensures appropriate monitoring and management. In calculating the risk amounts, the Group adopts a historical simulation method (a holding period of one year, a confidence level of 99%, and an observing period of two years).

#### **Interest rate risks**

The Group measures interest rate risks of all its assets and liabilities, including loans, securities and deposits, and derivative transactions.

The Group's interest rate risk amounts as of March 31, 2024 and 2023 stood at ¥5,077 million (\$33,531 thousand) and ¥7,386 million, respectively.

Regarding liquid deposits, such as ordinary deposits, the Group handles some as deposits that remain with the Group for an extended period and manages them by allocating them to each period category based on an internal model.

#### **Stock price volatility risks**

The Group holds certain shares for strategic investment and purely investment purposes. The volatility risk amounts of the prices of such shares as of March 31, 2024 and 2023 stood at ¥61,439 million (\$405,779 thousand) and ¥62,108 million, respectively.

#### **Backtesting**

To verify the appropriateness of the risk amounts that are measured through VaR, the Group carries out backtesting in which VaR is compared with gains and losses. In this way, the Group analyzes the effectiveness of the risk measurement method. However, because VaR statistically measures the amounts based on the historical market volatility, results may vary due to assumptions, measuring methods, and other factors. In addition, risks may not be able to be appropriately captured when the market environment changes drastically.

Interest rate risks and stock price volatility risks that are held by the Bank's consolidated subsidiaries are excluded from the calculation of the market risk amount as the impact from such risks on the Group is limited.

### **(iii) Liquidity risk management related to financing**

The Group has compiled a set of Liquidity Risk Management Rules under a basic policy of clearly understanding its cash position and ensuring stable financing. In this way, it strives to establish an appropriate risk management system.

With respect to daily financing, the Group monitors and manages the financial environment, the balance of realizable current assets, the expected amount of cash outflows, and other such factors. The Group reports the financing situation and other related matters to the ALM Committee and the Board of Directors on a regular basis.

## 2. Fair value of financial instruments

Fair value and the consolidated balance sheet amount as of March 31, 2024 and 2023, are shown below. Shares, etc. that do not have market price and investment in capital of partnership are not included in the table below (see Note 1).

Cash and due from banks, call loans and bills bought, foreign exchange (assets and liabilities), call money and bills sold, and payables under securities lending transactions are settled in a short period of time and their book value approximates fair value, therefore, notes are omitted. Financial instruments that are immaterial have been omitted.

	Millions of yen		
	2024		
	Consolidated balance sheet amount	Fair value	Difference
Investment securities .....	¥ 1,834,766	¥ 1,826,501	¥ (8,264)
Held-to-maturity securities .....	66,960	58,695	(8,264)
Available-for-sale securities (*1) .....	1,767,805	1,767,805	—
Loans and bills discounted .....	4,475,442	—	—
Allowance for loan losses (*2) .....	(32,315)	—	—
	<b>4,443,126</b>	<b>4,403,369</b>	<b>(39,756)</b>
Assets total .....	<b>6,277,892</b>	<b>6,229,871</b>	<b>(48,021)</b>
Deposits .....	5,803,032	5,803,163	131
Negotiable certificates of deposit .....	25,360	25,361	1
Borrowed money .....	882,628	874,896	(7,732)
Liabilities total .....	<b>6,711,021</b>	<b>6,703,422</b>	<b>(7,599)</b>
Derivative transactions (*3)			
Deferred hedge accounting is not applied .....	(8,999)	(8,999)	—
Deferred hedge accounting is applied (*4) .....	43,343	43,343	—
Derivative transactions total .....	¥ 34,344	¥ 34,344	¥ —

	Millions of yen		
	2023		
	Consolidated balance sheet amount	Fair value	Difference
Investment securities	¥ 1,498,034	¥ 1,492,882	¥ (5,152)
Held-to-maturity securities .....	66,958	61,806	(5,152)
Available-for-sale securities(*1) .....	1,431,076	1,431,076	—
Loans and bills discounted .....	4,343,641	—	—
Allowance for loan losses (*2) .....	(31,842)	—	—
	<b>4,311,798</b>	<b>4,286,290</b>	<b>(25,508)</b>
Assets total .....	<b>5,809,833</b>	<b>5,779,173</b>	<b>(30,660)</b>
Deposits .....	5,714,368	5,714,494	126
Negotiable certificates of deposit .....	30,332	30,333	1
Borrowed money .....	538,456	536,341	(2,114)
Liabilities total .....	<b>6,283,157</b>	<b>6,281,169</b>	<b>(1,987)</b>
Derivative transactions (*3)			
Deferred hedge accounting is not applied .....	(5,773)	(5,773)	—
Deferred hedge accounting is applied (*4) .....	22,428	22,428	—
Derivative transactions total .....	¥ 16,655	¥ 16,655	¥ —



	Thousands of U.S. dollars		
	<b>2024</b>		
	Consolidated balance sheet		
	amount	Fair value	Difference
Investment securities	\$ 12,117,865	\$ 12,063,278	\$ (54,580)
Held-to-maturity securities .....	442,242	387,656	(54,580)
Available-for-sale securities (*1) .....	11,675,615	11,675,615	—
Loans and bills discounted .....	29,558,430	—	—
Allowance for loan losses (*2) .....	(213,427)	—	—
	<b>29,344,997</b>	<b>29,082,418</b>	<b>(262,571)</b>
Assets total .....	<b>41,462,862</b>	<b>41,145,703</b>	<b>(317,158)</b>
Deposits .....	38,326,609	38,327,475	865
Negotiable certificates of deposit .....	167,492	167,498	6
Borrowed money .....	5,829,390	5,778,323	(51,066)
Liabilities total .....	<b>44,323,499</b>	<b>44,273,310</b>	<b>(50,188)</b>
Derivative transactions (*3)			
Deferred hedge accounting is not applied .....	(59,434)	(59,434)	—
Deferred hedge accounting is applied (*4) .....	286,262	286,262	—
Derivative transactions total .....	<b>\$ 226,827</b>	<b>\$ 226,827</b>	<b>\$ —</b>

(\*1) Available-for-sale securities include investment trusts to which the treatment of recognizing the base price at market value has been applied, as set forth in Paragraphs 24-3 and 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on June 17, 2021).

(\*2) General allowance for loan losses and specific allowance for loan losses provided to “Loans and bills discounted” are separately presented in the above table.

(\*3) Derivative transactions recorded in “Other assets” and “Other liabilities” are aggregated and shown herein. Assets and liabilities attributable to the derivative transactions are totally offset and the net liability position as a consequence of offsetting would be represented with brackets.

(\*4) Interest rate swaps designated as hedging instruments to offset market fluctuations in foreign securities, which are hedged items, are accounted for as deferred hedges. “Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (ASBJ Revised Practical Solution No.40 issued on March 17, 2022) is applied to these hedging relationships.

### **(Note 1) Shares, etc. that do not have market price and investment in capital of partnership**

The consolidated balance sheet amounts of shares, etc. that do not have market price and investment in capital of partnership are as follows. These are not included in “available-for-sale securities” under “investment securities” in the tables above.

	Consolidated balance sheet amount		
	Millions of yen		Thousands of U.S. dollars
	<b>2024</b>	2023	<b>2024</b>
Unlisted stocks (*1) (*2) .....	¥ 4,818	¥ 3,416	\$ 31,820
Investment in capital of partnership and others (*3) .....	17,846	14,126	117,865

(\*1) Unlisted stocks are excluded from fair value disclosure in accordance with Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 issued on March 31, 2020).

(\*2) Impairment losses for unlisted stocks amounted to ¥116 million (\$766 thousand) and ¥37 million for the years ended March 31, 2024 and 2023, respectively.

(\*3) Investment in capital of partnership and others are excluded from fair value disclosure in accordance with Paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on June 17, 2021).

**(Note 2) Maturity analysis for financial assets and securities with contractual maturities**

	Millions of yen					
	2024					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks .....	¥ 1,326,185	¥ —	¥ —	¥ —	¥ —	¥ —
Investment securities .....	51,999	293,810	253,705	124,300	111,756	677,986
Held-to-maturity securities .....	—	—	—	—	—	67,000
Japanese government bonds .....	—	—	—	—	—	67,000
Available-for-sale securities .....	51,999	293,810	253,705	124,300	111,756	610,986
Japanese government bonds .....	12,000	140,000	49,800	20,000	31,000	235,000
Japanese local government bonds .....	9,143	45,183	57,926	51,960	61,073	8,850
Japanese corporate bonds .....	12,170	44,338	73,238	18,966	300	158,133
Others .....	18,685	64,288	72,740	33,373	19,383	209,003
Loans and bills discounted (*) .....	990,052	852,255	700,676	412,448	435,265	1,008,247
<b>Total .....</b>	<b>¥ 2,368,237</b>	<b>¥ 1,146,065</b>	<b>¥ 954,382</b>	<b>¥ 536,748</b>	<b>¥ 547,022</b>	<b>¥ 1,686,234</b>

	Millions of yen					
	2023					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks .....	¥ 1,162,006	¥ —	¥ —	¥ —	¥ —	¥ —
Investment securities .....	63,219	138,422	163,388	114,681	103,854	642,048
Held-to-maturity securities .....	—	—	—	—	—	67,000
Japanese government bonds .....	—	—	—	—	—	67,000
Available-for-sale securities .....	63,219	138,422	163,388	114,681	103,854	575,048
Japanese government bonds .....	3,000	12,000	—	—	20,000	227,000
Japanese local government bonds .....	13,128	36,031	42,756	70,799	54,343	13,045
Japanese corporate bonds .....	19,498	38,540	59,944	15,838	800	178,828
Others .....	27,592	51,850	60,687	28,043	28,710	156,174
Loans and bills discounted (*) .....	952,444	826,450	653,775	410,949	471,956	954,086
<b>Total .....</b>	<b>¥ 2,177,670</b>	<b>¥ 964,872</b>	<b>¥ 817,164</b>	<b>¥ 525,631</b>	<b>¥ 575,810</b>	<b>¥ 1,596,135</b>

	Thousands of U.S. dollars					
	2024					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks .....	\$ 8,758,899	\$ —	\$ —	\$ —	\$ —	\$ —
Investment securities .....	343,431	1,940,492	1,675,615	820,949	738,101	4,477,815
Held-to-maturity securities .....	—	—	—	—	—	442,507
Japanese government bonds .....	—	—	—	—	—	442,507
Available-for-sale securities .....	343,431	1,940,492	1,675,615	820,949	738,101	4,035,308
Japanese government bonds .....	79,255	924,641	328,908	132,091	204,742	1,552,077
Japanese local government bonds .....	60,385	298,414	382,577	343,174	403,361	58,450
Japanese corporate bonds .....	80,377	292,834	483,706	125,262	1,981	1,044,402
Others .....	123,406	424,595	480,417	220,414	128,016	1,380,377
Loans and bills discounted (*) .....	6,538,881	5,628,789	4,627,673	2,724,047	2,874,744	6,659,051
<b>Total .....</b>	<b>\$ 15,641,219</b>	<b>\$ 7,569,282</b>	<b>\$ 6,303,295</b>	<b>\$ 3,544,997</b>	<b>\$ 3,612,852</b>	<b>\$ 11,136,873</b>

(\*) Bankrupt and substantially bankrupt claims amounting to ¥54,122 million (\$357,453 thousand) and ¥50,816 million, and, loans and bills discounted without contractual maturities amounting to ¥22,373 million (\$147,764 thousand) and ¥23,161 million are excluded from the table above as of March 31, 2024 and 2023.

**(Note 3) Maturity analysis for bonds, borrowed money, and other interest-bearing liabilities**

	Millions of yen					
	2024					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	¥ 5,514,274	¥ 260,492	¥ 28,265	¥ —	¥ —	¥ —
Negotiable certificates of deposit .....	25,360	—	—	—	—	—
Call money and bills sold .....	346,092	—	—	—	—	—
Payables under securities lending transactions....	241,330	—	—	—	—	—
Borrowed money .....	198,523	303,219	376,187	4,697	—	—
<b>Total</b> .....	<b>¥ 6,325,581</b>	<b>¥ 563,712</b>	<b>¥ 404,453</b>	<b>¥ 4,697</b>	<b>¥ —</b>	<b>¥ —</b>

	Millions of yen					
	2023					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	¥ 5,406,329	¥ 290,410	¥ 17,627	¥ —	¥ —	¥ —
Negotiable certificates of deposit .....	30,332	—	—	—	—	—
Call money and bills sold .....	237,906	—	—	—	—	—
Payables under securities lending transactions....	205,572	—	—	—	—	—
Borrowed money .....	197,505	71,387	265,414	114	4,035	—
<b>Total</b> .....	<b>¥ 6,077,646</b>	<b>¥ 361,798</b>	<b>¥ 283,042</b>	<b>¥ 114</b>	<b>¥ 4,035</b>	<b>¥ —</b>

	Thousands of U.S. dollars					
	2024					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	\$ 36,419,483	\$ 1,720,441	\$ 186,678	\$ —	\$ —	\$ —
Negotiable certificates of deposit .....	167,492	—	—	—	—	—
Call money and bills sold .....	2,285,793	—	—	—	—	—
Payables under securities lending transactions	1,593,884	—	—	—	—	—
Borrowed money .....	1,311,161	2,002,635	2,484,558	31,021	—	—
<b>Total</b> .....	<b>\$ 41,777,828</b>	<b>\$ 3,723,083</b>	<b>\$ 2,671,243</b>	<b>\$ 31,021</b>	<b>\$ —</b>	<b>\$ —</b>

(\*) Demand deposits are included in “1 year or less.”

### 3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

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

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

Notes regarding securities by purpose of holding are described in 4. Securities.

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

Category	Millions of yen			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Japanese government bonds, local government bonds, etc. ....	¥ 446,036	¥ 256,982	¥ —	¥ 703,019
Japanese corporate bonds.....	—	168,490	8,189	176,680
Residential mortgage-backed security.....	—	124,214	—	124,214
Stocks.....	336,710	4,097	—	340,807
Other.....	123,666	214,670	65,573	403,909
Derivative transactions				
Interest rate related.....	—	44,406	—	44,406
Currency related.....	—	4,665	—	4,665
Total assets	906,414	817,526	73,762	1,797,703
Derivative transactions				
Interest rate related.....	—	960	—	960
Currency related.....	—	13,767	—	13,767
Total liabilities	¥ —	¥ 14,727	¥ —	¥ 14,727
Category	Millions of yen			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Japanese government bonds, local government bonds, etc. ....	¥ 240,840	¥ 244,617	¥ —	¥ 485,457
Japanese corporate bonds.....	—	155,167	11,459	166,627
Residential mortgage-backed security.....	—	143,447	—	143,447
Stocks.....	278,050	2,895	—	280,945
Other.....	100,292	188,829	53,634	342,755
Derivative transactions				
Interest rate related.....	—	24,073	—	24,073
Currency related.....	—	6,062	—	6,062
Total assets	619,182	765,091	65,094	1,449,368
Derivative transactions				
Interest rate related.....	—	1,591	—	1,591
Currency related.....	—	11,888	—	11,888
Total liabilities	¥ —	¥ 13,479	¥ —	¥ 13,479

(\*) Investment securities do not include investment trusts to which the treatment of recognizing the base price at market value has been applied, as set forth in Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on June 17, 2021). The consolidated balance sheet amount of investment trusts to which the treatment under Paragraph 24-3 has been applied is ¥1,707 million and the consolidated balance sheet amount of investment trusts to which the treatment under Paragraph 24-9 has been applied is ¥3,698 million.

Thousands of U.S. dollars				
2024				
Fair value				
Category	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Japanese government bonds, local government bonds, etc. ....	\$ 2,945,882	\$ 1,697,259	\$ —	\$ 4,643,147
Japanese corporate bonds.....	—	1,112,806	54,084	1,166,897
Residential mortgage-backed security.....	—	820,381	—	820,381
Stocks .....	2,223,829	27,058	—	2,250,888
Other .....	816,762	1,417,805	433,082	2,667,650
Derivative transactions				
Interest rate related.....	—	293,283	—	293,283
Currency related.....	—	30,810	—	30,810
Total assets	<u>5,986,487</u>	<u>5,399,418</u>	<u>487,167</u>	<u>11,873,079</u>
Derivative transactions				
Interest rate related.....	—	6,340	—	6,340
Currency related.....	—	90,925	—	90,925
Total liabilities	<u>\$ —</u>	<u>\$ 97,265</u>	<u>\$ —</u>	<u>\$ 97,265</u>

(\*) Investment securities do not include investment trusts to which the treatment of recognizing the base price at market value has been applied, as set forth in Paragraphs 24-3 and 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on June 17, 2021). The consolidated balance sheet amount of investment trusts to which the treatment under Paragraph 24-3 has been applied is ¥2,838 million (\$18,743 thousand) and the consolidated balance sheet amount of investment trusts to which the treatment under Paragraph 24-9 has been applied is ¥9,327 million (\$61,600 thousand).

(a) Adjustment table from the beginning balance to the year-end balance of investment trusts applying the treatment of Paragraphs 24-3 and 24-9

	Millions of yen	Thousands of U.S. dollars
	2024	
Beginning balance.....	¥ 5,405	\$ 35,697
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss .....	—	—
Recorded in other comprehensive income (*) .....	35	231
Purchases, sales and redemption (net) .....	6,725	44,415
Amount for which the base price of the investment trusts is considered to be the fair value.....	—	—
Amount for which the base price of the investment trusts is not considered to be the fair value.....	—	—
Ending balance.....	<u>¥ 12,165</u>	<u>\$ 80,344</u>
Gains or losses on valuation of investment trusts held at the end of the reporting period included in profit or loss for the period		
	¥ —	\$ —

(\*) Included in “net unrealized gains (losses) on available-for-sale securities” under “other comprehensive income” in the consolidated statement of comprehensive income.

	Millions of yen
	2023
Beginning balance.....	¥ 808
Profit or loss or other comprehensive income for the period	
Recorded in profit or loss .....	—
Recorded in other comprehensive income (*) .....	44
Purchases, sales and redemption (net) .....	4,553
Amount for which the base price of the investment trusts is considered to be the fair value.....	—
Amount for which the base price of the investment trusts is not considered to be the fair value.....	—
Ending balance.....	<u>¥ 5,405</u>
Gains or losses on valuation of investment trusts held at the end of the reporting period included in profit or loss for the period	
	¥ —

(\*) Included in “net unrealized gains (losses) on available-for-sale securities” under “other comprehensive income” in the consolidated statement of comprehensive income.

(b) Breakdown by restriction on cancellation or repurchase requests on consolidated accounting dates

	Millions of yen	Thousands of U.S. dollars
<b>2024</b>		
Main contents on restriction on cancellation or repurchase requests	Amount on the consolidated balance sheet	
Cancellation or repurchase request is not possible, and the consent of the asset management company is required for transfer .....	¥ 1,968	\$ 12,997
Taking several months from cancellation application to refund .....	869	5,739
Millions of yen		
<b>2023</b>		
Main contents on restriction on cancellation or repurchase requests	Amount on the consolidated balance sheet	
Cancellation or repurchase request is not possible, and the consent of the asset management company is required for transfer .....	¥ 1,302	
Taking several months from cancellation application to refund .....	404	

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

Category	Millions of yen			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity securities				
Japanese government bonds, local government bonds, etc. ....	¥ 58,695	¥ —	¥ —	¥ 58,695
Loans and bills discounted.....	—	—	4,403,369	4,403,369
Total assets	58,695	—	4,403,369	4,462,065
Deposits .....	—	5,803,163	—	5,803,163
Negotiable certificates of deposit.....	—	25,361	—	25,361
Borrowed money.....	—	874,896	—	874,896
Total liabilities	¥ —	¥ 6,703,422	¥ —	¥ 6,703,422

Category	Millions of yen			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity securities				
Japanese government bonds, local government bonds, etc. ....	¥ 61,806	¥ —	¥ —	¥ 61,806
Loans and bills discounted.....	—	—	4,286,290	4,286,290
Total assets	61,806	—	4,286,290	4,348,097
Deposits .....	—	5,714,494	—	5,714,494
Negotiable certificates of deposit.....	—	30,333	—	30,333
Borrowed money.....	—	536,341	—	536,341
Total liabilities	¥ —	¥ 6,281,169	¥ —	¥ 6,281,169

Category	Thousands of U.S. dollars			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity securities				
Japanese government bonds, local government bonds, etc. ....	\$ 387,656	\$ —	\$ —	\$ 387,656
Loans and bills discounted.....	—	—	29,082,418	29,082,418
Total assets	387,656	—	29,082,418	29,470,081
Deposits .....	—	38,327,475	—	38,327,475
Negotiable certificates of deposit.....	—	167,498	—	167,498
Borrowed money.....	—	5,778,323	—	5,778,323
Total liabilities	\$ —	\$ 44,273,310	\$ —	\$ 44,273,310

**(Note 1) A description of the valuation techniques and inputs used in the fair value measurements**

**Assets**

**Securities**

Securities for which unadjusted quoted prices in active markets are available are classified as Level 1 fair value. This mainly includes listed stocks and Japanese government bonds. Securities for which published quoted prices are available but the market is not active are classified as Level 2 fair value. This mainly includes Japanese local government bonds and Japanese corporate bonds. In addition, regarding investment trusts that do not have a trading price in the market, if there is no restriction that is significant enough for the market participants to demand compensation for the risk relating to cancellation or repurchase claims, the base value is the fair value and they are classified as Level 2 fair value.

When quoted prices are not available, fair value is determined using valuation techniques such as the present value of future cash flows. In making valuations, the Bank uses observable inputs to the greatest extent possible.

Such inputs include TIBOR, government bond yields, prepayment rates, credit spreads, probability of bankruptcy, and loss rates in the event of bankruptcy. When significant unobservable inputs are used in the valuation, the fair value is classified as Level 3 fair value.

### **Loans and bills discounted**

For loans and bills discounted, the fair value is calculated by discounting the total amount of principal and interest by a discount rate that reflects the market interest rate and credit risk, etc., for each category based on the type of loan, internal rating and term. Those with floating interest rates reflect the market rate in the short term. Consequently, in cases where the credit conditions of borrowers have not significantly changed after the execution of the loans, the book value of the loans is presented as the fair value, as the fair value approximates the book value. With respect to claims against bankrupt and substantially bankrupt claims, fair value is calculated using the estimated future cash flows and the estimated amounts that the Group would be able to collect from collateral and guarantees. For loans that are subject to special accounting treatment for interest rate swaps or designated hedge accounting for forward exchange contracts, etc., the fair value of the interest rate swaps or forward exchange contracts, etc. is reflected. If the effect of unobservable inputs on fair value is significant, the fair value is classified as Level 3 fair value; otherwise, the fair value is classified as Level 2 fair value.

### **Liabilities**

#### **Deposits and Negotiable certificates of deposit**

For demand deposits that are payable immediately on demand on the consolidated balance sheet date, the amount of the demand deposit is used as the fair value. For time deposits and negotiable certificates of deposit, the fair value is calculated based on the discounted present value of the future cash flows, classified by a certain period of time. The discount rate is based on market interest rates. The fair value of those with short deposit terms (i.e., less than one year) approximates the book value, and the Group deems the book value to be the fair value. Such fair value is classified as Level 2 fair value.

#### **Borrowed money**

The present value of borrowed money is calculated by discounting the total principal and interest of the relevant borrowed money, classified by a certain period of time, at an interest rate that takes into account the remaining period of the borrowed money and credit risk. The book value of floating rate borrowings is presented as the fair value, because the fair value approximates book value. This is because the floating rate borrowings reflect the market interest rate in a short period and there has been no significant change in our credit conditions or in the credit conditions of our consolidated subsidiaries before or after the borrowings were made. The fair value of those with short contractual terms (i.e., less than one year) approximates the book value, and the Group deems the book value to be the fair value. Such fair value is classified as Level 2 fair value.

#### **Derivative transactions**

Derivative transactions for which unadjusted quoted prices in active markets are available are classified as Level 1 fair value, which primarily include bond and interest rate futures transactions.

However, since most derivative transactions are over-the-counter transactions and there are no published quoted prices, fair values are calculated using valuation techniques such as the present value technique and the Black-Scholes model, depending on the type of transaction and the period to maturity. The main inputs used in those valuation techniques include interest rates, exchange rates, and volatility. Price adjustments are made based on the credit risk of the counterparty and the Bank's own credit risk. When unobservable inputs are not used or their effect is not material, they are classified as Level 2 fair value and include plain vanilla interest rate swap transactions, forward exchange contracts, etc. If significant unobservable inputs are used, they are classified as Level 3 fair value and include bond over-the-counter option transactions, etc.



**(Note 2) Information about Level 3 fair value of financial instruments carried at fair value in the consolidated balance sheet**

**(1) Quantitative information on significant unobservable inputs**

2024				
Category	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Available-for-sale securities				
Japanese corporate bonds				
Private placement bonds	<b>Present value technique</b>	<b>Discount rate</b>	<b>0.3% to 2.1%</b>	<b>0.4%</b>
2023				
Category	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Available-for-sale securities				
Japanese corporate bonds				
Private placement bonds	Present value technique	Discount rate	0.3% to 1.9%	0.4%

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

Millions of yen			
2024			
Securities			
Available-for-sale securities			
	Japanese corporate bonds	Foreign bonds	Others
Beginning balance.....	¥ 11,459	¥ 53,634	¥ —
Profit or loss or other comprehensive income for the period			
Recorded in profit or loss (*1) .....	2	4	—
Recorded in other comprehensive income (*2) .....	(2)	(1,529)	(22)
Purchases, sales, issuances, and settlements (net) .....	(3,269)	12,379	1,107
Transfer into Level 3.....	—	—	—
Transfer out of Level 3.....	—	—	—
Ending balance.....	¥ 8,189	¥ 64,488	¥ 1,084
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	¥ —	¥ —	¥ —

Millions of yen		
2023		
Securities		
Available-for-sale securities		
	Japanese corporate bonds	Foreign bonds
Beginning balance.....	¥ 17,858	¥ 17,467
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1) .....	5	4
Recorded in other comprehensive income (*2) .....	(29)	(749)
Purchases, sales, issuances, and settlements (net) .....	(6,374)	34,676
Transfer into Level 3 (*3).....	—	2,235
Transfer out of Level 3.....	—	—
Ending balance.....	¥ 11,459	¥ 53,634
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	¥ —	¥ —

Thousands of U.S. dollars			
<b>2024</b>			
Securities			
Available-for-sale securities			
	Japanese corporate bonds	Foreign bonds	Others
Beginning balance.....	\$ 75,681	\$ 354,230	\$ —
Profit or loss or other comprehensive income for the period			
Recorded in profit or loss (*1) .....	13	26	—
Recorded in other comprehensive income (*2) .....	(13)	(10,098)	(145)
Purchases, sales, issuances, and settlements (net) .....	(21,590)	81,758	7,311
Transfer into Level 3.....	—	—	—
Transfer out of Level 3.....	—	—	—
Ending balance.....	\$ 54,084	\$ 425,916	\$ 7,159
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	\$ —	\$ —	\$ —

(\*1) Included in “other operating income” and “other operating expenses” in the consolidated statement of income.

(\*2) Included in “net unrealized gains (losses) on available-for-sale securities” under “other comprehensive income” in the consolidated statement of comprehensive income.

(\*3) Transferred out of Level 2 fair value into Level 3 fair value because of changes in observability of inputs used for the calculation of fair value. The transfer was made at the end of the previous fiscal year.

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

The risk management sector of the Group establishes policies and procedures for fair value measurement, and the business management sector formulates a fair value valuation model in accordance with such policies and procedures. The risk management sector verifies appropriateness as to whether the model, the inputs used, and the fair value as a result of the calculation are in accordance with the policies and procedures. Based on the results of the verification, the risk management sector makes decisions regarding the classification of fair value levels. When quoted prices obtained from third parties are used as fair value, the Bank verifies appropriateness of the prices through appropriate methods, including confirmation of the valuation techniques and inputs used and comparison with the fair value of similar financial instruments.

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

The discount rate is an adjustment to the base market interest rate, such as the risk-free rate or swap rate, and consists of a risk premium, which is the amount of compensation required by market participants for the uncertainty of the cash flows of financial instruments arising primarily from credit risk. Generally, a significant increase (decrease) in the discount rate will result in a significant decrease (increase) in fair value.

### 34. Fair value information on derivative transactions

#### Derivative transactions to which hedge accounting is not applied

The following is the fair value information for derivative transactions to which hedge accounting is not applied at March 31, 2024 and 2023.

The contractual value of swap agreements and the contract amounts of forward exchange contracts, option agreements and other derivatives do not necessarily measure the Bank's exposure to market risk.

#### (1) Interest-rate-related transactions

	Millions of yen			
	2024			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate .....	¥ 4,742	¥ 3,992	¥ (39)	¥ (39)
Receivable floating rate /pay fixed rate .....	6,408	5,658	142	142
<b>Total .....</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 102</b>	<b>¥ 102</b>

	Millions of yen			
	2023			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate .....	¥ 11,077	¥ 5,683	¥ (66)	¥ (66)
Receivable floating rate /pay fixed rate .....	12,545	7,285	119	119
<b>Total .....</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 53</b>	<b>¥ 53</b>

	Thousands of U.S. dollars			
	2024			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate .....	\$ 31,318	\$ 26,365	\$ (257)	\$ (257)
Receivable floating rate /pay fixed rate .....	42,322	37,368	937	937
<b>Total .....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 673</b>	<b>\$ 673</b>

Note: The above transactions were revalued at the end of each of the years and the related gains and losses are reflected in the accompanying consolidated statements of income.

## (2) Currency-related transactions

	Millions of yen			
	2024			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap.....	¥ 62,271	¥ 47,690	¥ (7,867)	¥ (7,867)
Forward exchange contracts:				
Sold.....	54,789	15	(1,302)	(1,302)
Bought.....	9,904	317	97	97
Currency options:				
Sold.....	139,260	111,016	(4,208)	(28)
Bought.....	139,260	111,016	4,178	813
<b>Total.....</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ (9,101)</b>	<b>¥ (8,287)</b>

	Millions of yen			
	2023			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap.....	¥ 40,542	¥ 33,509	¥ (5,190)	¥ (5,190)
Forward exchange contracts:				
Sold.....	70,892	—	(830)	(830)
Bought.....	21,998	—	343	343
Currency options:				
Sold.....	113,883	87,761	(5,524)	(2,269)
Bought.....	113,883	87,761	5,375	2,858
<b>Total.....</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ (5,826)</b>	<b>¥ (5,087)</b>

	Thousands of U.S. dollars			
	2024			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap.....	\$ 411,274	\$ 314,972	\$ (51,958)	\$ (51,958)
Forward exchange contracts:				
Sold.....	361,858	99	(8,599)	(8,599)
Bought.....	65,411	2,093	640	640
Currency options:				
Sold.....	919,754	733,214	(27,792)	(184)
Bought.....	919,754	733,214	27,593	5,369
<b>Total.....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (60,108)</b>	<b>\$ (54,732)</b>

Note: The above transactions were revalued at the end of each of the years and the related gains and losses are reflected in the accompanying consolidated statements of income.

- (3) Stock-related transactions are not applicable.
- (4) Bond-related transactions are not applicable.
- (5) Financial product-related transactions are not applicable.
- (6) Credit derivative transactions are not applicable.

## Derivative transactions to which hedge accounting is applied

The following is the fair value information for derivative transactions to which hedge accounting is applied at March 31, 2024 and 2023.

The contract value do not necessarily measure the Bank's exposure to market risk:

### (1) Interest-rate-related transactions

Millions of yen				
2024				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
<b>Principle treatment</b>				
Interest rate swap:				
Receivable floating rate/pay fixed rate .....	<b>(bonds), deposits</b>	¥ 373,522	¥ 373,522	¥ 43,343
<b>Special treatment</b>				
Interest rate swap:				
Receivable floating rate/pay fixed rate .....	<b>Loans</b>	7,000	7,000	(Note 2)
Total.....		¥ —	¥ —	¥ 43,343

Millions of yen				
2023				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
<b>Principle treatment</b>				
Interest rate swap:				
Receivable floating rate/pay fixed rate .....	Available-for-sale securities (bonds)	¥ 312,847	¥ 312,847	¥ 22,428

Note: Deferred hedge accounting is mainly applied.

Thousands of U.S. dollars				
2024				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
<b>Principle treatment</b>				
Interest rate swap:				
Receivable floating rate/pay fixed rate .....	<b>Available-for-sale securities (bonds)</b>	\$ 2,466,957	\$ 2,466,957	\$ 286,262
<b>Special treatment</b>				
Interest rate swap:				
Receivable floating rate/pay fixed rate .....	<b>Loans</b>	46,232	46,232	(Note 2)
Total.....		\$ —	\$ —	\$ 286,262

Note 1: In addition to the method of linking the hedged items with the hedging means, deferred hedge accounting is applied based on the Industry Committee Practical Guidelines No. 24.

Note 2: Since interest rate swaps with special treatment are treated as an integral part of loans that are subject to hedging, its fair value is included in the fair value of the loans described in the Note 33 "Financial instruments and related disclosures."

(2) Currency-related transactions are not applicable.

(3) Stock-related transactions are not applicable.

(4) Bond-related transactions are not applicable.

### 35. Comprehensive income (loss)

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

	Millions of yen		Thousands of
	2024	2023	U.S. dollars
Net unrealized gains (losses) on available-for-sale securities:			2024
The amount arising during the period.....	¥ 42,137	¥ (64,872)	\$ 278,297
Reclassification adjustments to profit or loss .....	(7,728)	5,583	(51,040)
Before adjustments to tax effect .....	34,409	(59,289)	227,257
The amount of tax effect.....	(10,326)	18,118	(68,198)
<b>Total</b> .....	<b>¥ 24,082</b>	<b>¥ (41,170)</b>	<b>\$ 159,051</b>
Deferred gains on derivatives under hedge accounting:			
The amount arising during the period.....	¥ 24,317	¥ 23,746	\$ 160,603
Reclassification adjustments to profit or loss .....	(3,402)	(10,009)	(22,468)
Before adjustments to tax effect .....	20,914	13,736	138,128
The amount of tax effect.....	(6,368)	(4,182)	(42,057)
<b>Total</b> .....	<b>¥ 14,546</b>	<b>¥ 9,553</b>	<b>\$ 96,070</b>
Defined retirement benefit plans:			
The amount arising during the period.....	¥ 3,827	¥ 4,159	\$ 25,275
Reclassification adjustments to profit or loss .....	(1,877)	(1,733)	(12,396)
Before adjustments to tax effect .....	1,950	2,425	12,878
The amount of tax effect.....	(593)	(738)	(3,916)
<b>Total</b> .....	<b>¥ 1,356</b>	<b>¥ 1,687</b>	<b>\$ 8,955</b>
<b>Total other comprehensive income (loss)</b> .....	<b>¥ 39,985</b>	<b>¥ (29,930)</b>	<b>\$ 264,084</b>

### 36. Net income per share

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

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
<b>For the year ended March 31, 2024</b>				
Basic EPS:				
Net income attributable to common shareholders .....	¥ 15,940	47,397	¥ 336.31	\$ 2.221
Effect of dilutive securities:				
Warrants .....				
Diluted EPS:				
Net income for computation .....	¥ —	—	¥ —	\$ —
<b>For the year ended March 31, 2023</b>				
Basic EPS:				
Net income attributable to common shareholders .....	¥ 14,858	47,841	¥ 310.57	
Effect of dilutive securities:				
Warrants .....		11		
Diluted EPS:				
Net income for computation .....	¥ 14,858	47,852	¥ 310.49	

Note: Diluted EPS for the year ended March 31, 2024 was not disclosed because there were no potential shares.

### 37. Subsequent event

Appropriation of retained earnings

The following appropriation of retained earnings was authorized at the ordinary general shareholders’ meeting held on June 26, 2024:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥40 (\$0.264) per share .....	¥ 1,877	\$ 12,396
<b>Total .....</b>	<b>¥ 1,877</b>	<b>\$ 12,396</b>

Establishment of subsidiary

The Bank resolved at a meeting of its Board of Directors held on February 22, 2024 to establish a wholly owned subsidiary, and established Shigagin energy Co., Ltd., on April 1, 2024.

#### 1. Objective of establishment

Shigagin energy Co., Ltd. was established with the objective of solving regional issues from an energy perspective through GX (Green Transformation) initiatives and creating a virtuous cycle of the economy and the environment.

#### 2. Overview of the subsidiary

- |                  |  |
|------------------|--|
| (1) Company name | Shigagin energy Co., Ltd.  |
| (2) Location     | 1-38 Hamamachi, Otsu (located within the Bank’s Head Office premises)  |
| (3) Capital      | ¥100 million (\$660 thousand) (wholly owned by the Bank)   |
| (4) Established  | April 1, 2024  |
| (5) Businesses   | <ul style="list-style-type: none"> <li>● GX and SX consulting business for companies and government agencies</li> <li>● On-site and off-site PPA business utilizing solar power generation facilities</li> <li>● Acquisition and operation of solar power plants</li> <li>● Environmental value business (creation, sale, purchase, brokerage, etc., of environmental value)</li> <li>● Investment in operating companies related to decarbonization and resource-recycling</li> </ul> |

### 38. Segment information

#### For the years ended March 31, 2024 and 2023

As the Group has only one segment (i.e. banking), the description is not presented.

#### Related Information

##### (1) Information about services

Millions of yen					
2024					
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers .....	¥ 44,679	¥ 40,501	¥ 19,995	¥ 17,454	¥ 122,630

  

Millions of yen					
2023					
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers .....	¥ 38,669	¥ 38,275	¥ 17,651	¥ 20,693	¥ 115,289

  

Thousands of U.S. dollars					
2024					
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers .....	\$ 295,086	\$ 267,492	\$ 132,058	\$ 115,276	\$ 809,920

##### (2) Information about geographical areas

###### (a) Operating income

Operating income from external domestic customers exceeded 90% of total operating income on the consolidated statements of income for the years ended March 31, 2024 and 2023; therefore, geographical operating income information is not presented.

###### (b) Tangible fixed assets

The balance of domestic tangible fixed assets exceeded 90% of the total balance of tangible fixed assets on the consolidated balance sheets as of March 31, 2024 and 2023; therefore, geographical tangible fixed assets information is not presented.

##### (3) Information about major customers

Operating income to a specific customer did not reach 10% of total operating income on the consolidated statements of income for the years ended March 31, 2024 and 2023; therefore, major customer information is not presented.

### 39. Related party transactions

There were no transactions of the Bank with related parties for the year ended March 31, 2024.

Transactions of the Bank with related parties for the year ended March 31, 2023, were as follows:

Related party	Category	Description of transactions	Transaction amount	Accounts name	Year-end balance
			Millions of yen		Millions of yen
		Lending operation loan, net of collection .....	¥ (3)	Loans .....	¥ 82
Takagi Building Ltd.	Company in which director or relative has the majority of the voting rights	Interest receipts..... Commission receipts, etc.....	0 0	Other liabilities ..	0