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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Resona Holdings, Inc.:

Opinion

We have audited the consolidated financial statements of Resona Holdings, Inc. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Basis for Opinion

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

Key Audit Matter

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

<table>
<tr><th colspan="2">Determination of the reserve for loan losses</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter Was Addressed in the Audit</th></tr>
<tr><td>Resona Holdings, Inc. (hereinafter the "Company") holds domestic banking subsidiaries (hereinafter the "Banking Subsidiaries") including Resona Bank, Limited and aims to contribute to local communities by thoroughly treating customers in local areas with excellent services under the group management philosophy. As loans to small-to-mid-size companies and individual mortgages comprise a significant proportion in the Company's lending business, which is one of its core businesses, they attempt to diversify their credit portfolio into smaller loans. The Company also attempts to strengthen its credit risk management system by promoting initiatives for predictive management and risk diversification against deterioration of loan assets. As stated in Note 2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (11) Reserve for loan losses" in the consolidated financial statements (hereinafter the "Reserve for loan losses"), in order to prepare for the risk of bad loan losses from default or bankruptcy of the Banking Subsidiaries' borrowers, the Company determines borrower classification in accordance with the Company's internal standards for self-assessment of asset quality as well as the Company's accounting rules for write-offs and reserves. The Company then determines reserves for loan losses by estimating the expected loan losses based on historical loan loss ratios, the collectable amounts from the disposal of collaterals, and the recoverable amounts from guarantees. As of March 31, 2023, reserves for loan losses of 213.7 billion yen were reported in the consolidated balance sheet.

(1) Determination of borrower classification

The Company recognizes the possibility that credit cost may increase due to changes in the environment surrounding its obligors, and accordingly, it describes "Future business outlook of borrowers in determining obligors' classification" as a major assumption of the reserve for loan losses in Note 3, "SIGNIFICANT ACCOUNTING ESTIMATES." In determining the borrower classification, the Banking Subsidiaries set the future business outlook of borrowers by judging each obligor's earning ability individually based on factors such as the obligor's business performance, fulfillment of obligation, the nature of the industry, and the obligor's business plan and progress thereof, as well as the effects of external environmental factors, such as surges in resource prices and semiconductor supply shortages and others, that may significantly affect the aforementioned factors.</td><td>We tested the effectiveness of internal controls over inspections and approvals for whether reserves for loan losses are appropriately determined in accordance with internal rules and guidance. We also performed analyses of the state of the borrowers' finances and revenue as well as analyses of actual losses that served as the basis for loss estimates. Furthermore, with involvement of the auditor of the Banking Subsidiaries, we performed the following substantive procedures with respect to reserves for loan losses to evaluate the reasonableness of management judgment and estimates.

(1) Determination of borrower classification

• In our audit procedures related to the Company's self-assessment of asset quality, we specified obligors for whom external environmental factors, such as surges in resource prices and semiconductor supply shortages and others, in particular, were presumed to significantly affect credit risk of loans owned by the Banking Subsidiaries based on the risk assessment that considered both quantitative information, such as business performance and financial position of the Banking Subsidiaries' obligors, and qualitative information.

• For the obligors specified, we examined the borrower classification by identifying the significant assumptions applied by management of the Company and the Banking Subsidiaries to the obligors' future business outlook, and comparing such assumptions with available external information, such as external economic reports, to determine whether the assumptions were based on reasonable and supportable information and whether the effects of external environmental factors on the obligors' business activities were considered without bias.</td></tr>
</table>

Prospects for future recovery in business performance of the obligors and the continuity of their businesses, which are considered in the determination of the obligors' earning ability, are affected by the changes in the internal and external business environments of the obligors. If external environmental factors significantly affect credit risk of loans owned by the Banking Subsidiaries, in particular, the degree of estimation uncertainty and subjective judgment made by management of the Company and the Banking Subsidiaries becomes higher.	• In addition, we inquired of relevant departments of the Company and the Banking Subsidiaries about estimation uncertainty, inspected research documents related to the effects of external environmental factors and documents related to the determination of borrower classifications prepared by the Company and the Banking Subsidiaries and examined the assessment results of the reasonableness of the business plans of the obligors concerned, including comparative analyses of future business outlook and recent performance.
(2) Additional reserves in light of the impact of the novel coronavirus infection (hereinafter "COVID-19") Based on the analysis of COVID-19 impact that was performed since the fiscal year ended March 31, 2021, the Company has selected industries for which significant impact on credit risk of loans, etc. owned by the Banking Subsidiaries is expected (the "COVID-19 affected industries") and has recorded additional reserves to reflect credit risk inherent in the loans to borrowers who belong to the COVID-19 affected industries and are classified as "Watch obligors" for borrower classification (hereinafter the "Additional Reserve"). The Company recorded the Additional Reserve of 8.8 billion yen in the consolidated balance sheet as of March 31, 2022. As stated in Note 3, "SIGNIFICANT ACCOUNTING ESTIMATES, Additional information" in the consolidated financial statements, the Company has determined that, with the exception of a domestic banking subsidiary, the differences in actual losses between the COVID-19 affected industries and other industries have been on a narrowing trend. Also, the Company has determined that credit risk associated with such impact on borrowers in the COVID-19 affected industries has been reflected in the expected loan loss ratio for "Watch obligors" through the review of borrower classification based on the Company's self-assessment of asset quality. Based on the above, the Company did not record the Additional Reserve for the year ended March 31, 2023, with the exception of a domestic banking subsidiary, but rather, as stated in the "Reserve for loan losses," integrated into its method of determining reserves for loan losses by estimating expected loan losses based on the average of historical loan loss ratios over a certain period of time and taking into account any necessary modifications, such as future projection.	(2) Additional reserves in light of the impact of COVID-19 • We inspected documents prepared by the Company that analyze the differences in actual losses related to the loans owned by the Banking Subsidiaries and the state of both downgrades and upgrades in borrower classification between the COVID-19 affected industries and other industries to determine that the differences were calculated by accurately reflecting actual losses for "Watch obligors" as of March 31, 2023. We also examined the reasonableness of the Company's judgment that with the exception of a domestic banking subsidiary, the differences in actual losses between the COVID-19 affected industries and other industries have been on a narrowing trend. • We inspected documents prepared by the Company that calculates the expected loan loss ratio for "Watch obligors" related to the loans owned by the Banking Subsidiaries to determine that both downgrades and upgrades in borrower classification based on the Company's self-assessment of asset quality were accurately reflected in the expected loan loss ratio. We also examined the reasonableness of the Company's judgment that credit risk associated with such impact on borrowers in the COVID-19 affected industries has been reflected in the expected loan loss ratio for "Watch obligors." • We assessed whether the accounting estimates related to the Additional Reserve were appropriately disclosed.

The judgments related to the estimate of the Additional Reserve involve highly subjective judgments by management of the Company and the Banking Subsidiaries. If the significant estimates related to (1) and (2) above as well as assumptions used in the estimates do not appropriately reflect credit risk inherent in the loans owned by the Banking Subsidiaries, there is a potential risk that reserves for loan losses may not be appropriately calculated. Therefore, we have determined the reasonableness of these significant judgment and assumptions used in the estimates as a key audit matter.	

Other Information

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

Deloitte Touche Tohmatsu LLC

August 25, 2023

CONSOLIDATED BALANCE SHEET
Resona Holdings, Inc. and consolidated subsidiaries
March 31, 2023

	Millions of yen		Millions of U.S. dollars (Note 1)
	2023	2022	2023
Assets:			
Cash and due from banks (Notes 4, 12 and 29)	¥ 22,391,508	¥ 27,999,340	$ 167,676
Call loans and bills bought (Note 29)	89,359	127,949	669
Receivables under securities borrowing transactions (Note 29)	8,360	—	62
Monetary claims bought (Note 29)	497,537	414,616	3,725
Trading assets (Notes 5, 12, 29 and 30)	221,942	238,340	1,661
Securities (Notes 6, 7, 12 and 29)	8,386,214	7,732,548	62,799
Loans and bills discounted (Notes 7, 12, 13 and 29)	41,357,286	39,597,906	309,699
Foreign exchange assets (Notes 8 and 29)	198,688	159,859	1,487
Lease receivables and investments in leases (Note 12)	34,989	34,640	262
Other assets (Notes 7, 9, 12, 29 and 30)	978,079	1,221,612	7,324
Tangible fixed assets (Notes 10, 20 and 28)	352,442	356,644	2,639
Intangible fixed assets (Notes 11 and 28)	51,931	55,114	388
Net defined benefit asset (Note 31)	50,152	43,546	375
Deferred tax assets (Note 27)	22,979	27,151	172
Customers' liabilities for acceptances and guarantees (Notes 7, 19 and 29)	384,964	379,505	2,882
Reserve for loan losses (Note 29)	(213,713)	(233,691)	(1,600)
Reserve for possible losses on investments	(14)	(14)	(0)
Total Assets	¥ 74,812,710	¥ 78,155,071	$ 560,226
Liabilities and Net Assets:			
Liabilities:			
Deposits (Notes 12, 14 and 29)	¥ 61,898,677	¥ 60,922,036	$ 463,521
Negotiable certificates of deposit (Note 29)	898,140	975,640	6,725
Call money and bills sold (Note 29)	1,174,692	1,323,622	8,796
Payables under repurchase agreements (Notes 12 and 29)	5,000	5,000	37
Payables under securities lending transactions (Notes 12 and 29)	2,285,798	804,303	17,116
Trading liabilities (Notes 5, 29 and 30)	48,310	26,203	361
Borrowed money (Notes 12, 15 and 29)	3,617,976	9,134,782	27,092
Foreign exchange liabilities (Notes 8 and 29)	5,301	3,886	39
Bonds (Notes 16 and 29)	196,000	201,000	1,467
Due to trust account (Note 29)	990,487	1,109,114	7,417
Other liabilities (Notes 12, 15, 17, 29 and 30)	676,901	704,795	5,068
Reserve for employees' bonuses	20,074	20,208	150
Net defined benefit liability (Note 31)	9,515	12,392	71
Other reserves (Note 18)	26,016	33,199	194
Deferred tax liabilities (Note 27)	22,706	22,261	170
Deferred tax liabilities for land revaluation (Note 20)	18,094	18,094	135
Acceptances and guarantees (Notes 19 and 29)	384,964	379,505	2,882
Total Liabilities	72,278,658	75,696,047	541,250
Net Assets (Notes 21, 34 and 38):			
Capital stock	50,552	50,552	378
Capital surplus	134,452	149,263	1,006
Retained earnings	1,963,546	1,853,547	14,703
Treasury stock	(8,154)	(9,244)	(61)
Total stockholders' equity	2,140,398	2,044,119	16,028
Net unrealized gains on available-for-sale securities (Note 6)	343,081	378,562	2,569
Net deferred gains on hedges	5,617	4,676	42
Revaluation reserve for land (Note 20)	39,426	39,426	295
Foreign currency translation adjustments	(880)	(4,169)	(6)
Remeasurements of defined benefit plans (Note 31)	(11,759)	(20,427)	(88)
Total accumulated other comprehensive income	375,485	398,068	2,811
Stock acquisition rights (Note 32)	215	224	1
Noncontrolling interests	17,953	16,610	134
Total Net Assets	2,534,052	2,459,023	18,975
Total Liabilities and Net Assets	¥ 74,812,710	¥ 78,155,071	$ 560,226

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2023

	Millions of yen		Millions of U.S. dollars (Note 1)
	2023	2022	2023
Income:			
Interest income (Note 22)	¥ 459,114	¥ 441,698	$ 3,438
Trust fees (Note 35)	21,609	20,834	161
Fees and commissions (Note 35)	259,395	257,749	1,942
Trading income (Note 23)	3,321	3,485	24
Other operating income (Note 24)	44,632	47,793	334
Other income (Note 26)	81,638	76,871	611
Total Income	869,710	848,433	6,512
Expenses:			
Interest expenses (Note 22)	39,754	12,537	297
Fees and commissions	72,360	70,269	541
Trading expenses	280	271	2
Other operating expenses (Note 24)	75,612	86,539	566
General and administrative expenses (Note 25)	413,013	427,220	3,092
Other expenses (Note 26)	43,642	95,932	326
Total Expenses	644,663	692,770	4,827
Income before income taxes	225,047	155,662	1,685
Income taxes (Note 27)**:**			
Current	51,300	49,687	384
Deferred	12,010	(4,142)	89
Total income taxes	63,311	45,544	474
Net income	161,735	110,118	1,211
Net income attributable to noncontrolling interests	1,335	144	9
Net income attributable to owners of parent	¥ 160,400	¥ 109,974	$ 1,201

	Yen		U.S. dollars (Note 1)
Per common share information:			
Net income per share (Basic) (Note 34)	¥ 67.49	¥ 45.42	$ 0.50
Cash dividends per share applicable to the fiscal year (Notes 21 and 38)	21.00	21.00	0.15

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2023

	Millions of yen				Millions of U.S. dollars (Note 1)	
	2023		2022		2023	
Net income	¥	161,735	¥	110,118	$	1,211
Other comprehensive income (Note 33):						
Net unrealized (gains) losses on available-for-sale securities		(35,442)		(66,656)		(265)
Net deferred gains (losses) on hedges		940		(5,988)		7
Foreign currency translation adjustments		3,215		2,629		24
Remeasurements of defined benefit plans		8,654		11,675		64
Share of other comprehensive income (losses) of affiliates accounted for using the equity method		(16)		9		(0)
Total other comprehensive income		(22,647)		(58,330)		(169)
Total comprehensive income (Note 33)	¥	139,087	¥	51,787	$	1,041
Total comprehensive income attributable to (Note 33):						
Owners of parent	¥	137,817	¥	50,656	$	1,032
Noncontrolling interests		1,270		1,131		9

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2023

	Millions of yen				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at April 1, 2021	¥ 50,552	¥ 15,769	¥ 1,796,476	¥ (2,478)	¥ 1,860,319
Cumulative effect due to revision of accounting standards			(2,094)		(2,094)
Restated balance	50,552	15,769	1,794,381	(2,478)	1,858,224
Changes during the fiscal year					
Increase by share exchange		184,556			184,556
Dividends paid			(51,084)		(51,084)
Net income attributable to owners of parent			109,974		109,974
Purchase of treasury stock				(58,516)	(58,516)
Disposal of treasury stock		7		796	803
Cancellation of treasury stock		(50,955)		50,955	—
Reversal of revaluation reserve for land			276		276
Change in ownership interest of parent due to transactions with noncontrolling interests		(114)			(114)
Net changes except for stockholders' equity during the fiscal year					
Total changes during the fiscal year	—	133,494	59,165	(6,765)	185,894
Balance at April 1, 2022	50,552	149,263	1,853,547	(9,244)	2,044,119
Changes during the fiscal year					
Dividends paid			(50,401)		(50,401)
Net income attributable to owners of parent			160,400		160,400
Purchase of treasury stock				(15,006)	(15,006)
Disposal of treasury stock		(5)		1,292	1,286
Cancellation of treasury stock		(14,804)		14,804	—
Net changes except for stockholders' equity during the fiscal year					
Total changes during the fiscal year	—	(14,810)	109,998	1,089	96,278
Balance at March 31, 2023	¥ 50,552	¥ 134,452	¥ 1,963,546	¥ (8,154)	¥ 2,140,398

	Millions of yen								
	Accumulated other comprehensive income								
	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjust -ments	Remeasure -ments of defined benefit plans	Total accumula -ted other comprehen -sive income	Stock acquisition rights	Noncontroll -ing interests	Total net assets
Balance at April 1, 2021	¥ 442,901	¥ 10,671	¥ 39,702	¥ (5,851)	¥ (30,478)	¥ 456,946	¥ 279	¥ 202,099	¥ 2,519,645
Cumulative effect due to revision of accounting standards								(134)	(2,229)
Restated balance	442,901	10,671	39,702	(5,851)	(30,478)	456,946	279	201,965	2,517,415
Changes during the fiscal year									
Increase by share exchange									184,556
Dividends paid									(51,084)
Net income attributable to owners of parent									109,974
Purchase of treasury stock									(58,516)
Disposal of treasury stock									803
Cancellation of treasury stock									—
Reversal of revaluation reserve for land									276
Change in ownership interest of parent due to transactions with noncontrolling interests									(114)
Net changes except for stockholders' equity during the fiscal year	(64,338)	(5,994)	(276)	1,682	10,050	(58,877)	(54)	(185,354)	(244,287)
Total changes during the fiscal year	(64,338)	(5,994)	(276)	1,682	10,050	(58,877)	(54)	(185,354)	(58,392)
Balance at April 1, 2022	378,562	4,676	39,426	(4,169)	(20,427)	398,068	224	16,610	2,459,023
Changes during the fiscal year									
Dividends paid									(50,401)
Net income attributable to owners of parent									160,400
Purchase of treasury stock									(15,006)
Disposal of treasury stock									1,286
Cancellation of treasury stock									—
Net changes except for stockholders' equity during the fiscal year	(35,481)	940	—	3,289	8,667	(22,583)	(8)	1,342	(21,249)
Total changes during the fiscal year	(35,481)	940	—	3,289	8,667	(22,583)	(8)	1,342	75,028
Balance at March 31, 2023	¥ 343,081	¥ 5,617	¥ 39,426	¥ (880)	¥ (11,759)	¥ 375,485	¥ 215	¥ 17,953	¥ 2,534,052

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (Continued)
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2023

	Millions of U.S. dollars (Note1)				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at April 1, 2022	$ 378	$ 1,117	$ 13,880	$ (69)	$ 15,307
Changes during the fiscal year					
Dividends paid			(377)		(377)
Net income attributable to owners of parent			1,201		1,201
Purchase of treasury stock				(112)	(112)
Disposal of treasury stock		(0)		9	9
Cancellation of treasury stock		(110)		110	―
Net changes except for stockholders' equity during the fiscal year					
Total changes during the fiscal year	―	(110)	823	8	720
Balance at March 31, 2023	$ 378	$ 1,006	$ 14,703	$ (61)	$ 16,028

	Millions of U.S. dollars (Note1)								
	Accumulated other comprehensive income								
	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjust-ments	Remeasure-ments of defined benefit plans	Total accumula-ted other comprehen-sive income	Stock acquisition rights	Noncontroll-ing interests	Total net assets
Balance at April 1, 2022	$ 2,834	$ 35	$ 295	$ (31)	$ (152)	$ 2,980	$ 1	$ 124	$ 18,414
Changes during the fiscal year									
Dividends paid									(377)
Net income attributable to owners of parent									1,201
Purchase of treasury stock									(112)
Disposal of treasury stock									9
Cancellation of treasury stock									―
Net changes except for stockholders' equity during the fiscal year	(265)	7	―	24	64	(169)	(0)	10	(159)
Total changes during the fiscal year	(265)	7	―	24	64	(169)	(0)	10	561
Balance at March 31, 2023	$ 2,569	$ 42	$ 295	$ (6)	$ (88)	$ 2,811	$ 1	$ 134	$ 18,975

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2023

	Millions of yen		Millions of U.S. dollars (Note 1)
	2023	2022	2023
Cash flows from operating activities:			
Income before income taxes	¥ 225,047	¥ 155,662	$ 1,685
Adjustments for :			
Depreciation and amortization	38,542	36,970	288
Impairment losses on fixed assets	2,467	4,861	18
Equity in earnings of investments in affiliates	(420)	(518)	(3)
Increase (decrease) in reserve for loan losses	(19,977)	43,603	(149)
Increase (decrease) in reserve for possible losses on investments	0	(22)	0
Increase (decrease) in reserve for employees' bonuses	(134)	1,557	(1)
(Increase) decrease in net defined benefit asset	(6,606)	402	(49)
Increase (decrease) in net defined benefit liability	(2,876)	(2,979)	(21)
Interest income	(459,114)	(441,698)	(3,438)
Interest expenses	39,754	12,537	297
Net (gains) losses on securities	(7,434)	14,104	(55)
Net foreign exchange (gains) losses	(71,654)	(103,207)	(536)
Net (gains) losses on disposal of fixed assets	176	(1,748)	1
Net (increase) decrease in trading assets	16,397	(6,644)	122
Net increase (decrease) in trading liabilities	22,106	(13,422)	165
Net (increase) decrease in loans and bills discounted	(1,759,380)	(618,946)	(13,174)
Net increase (decrease) in deposits	976,640	2,230,813	7,313
Net increase (decrease) in negotiable certificates of deposit	(77,500)	236,470	(580)
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	(5,516,805)	1,916,613	(41,312)
Net (increase) decrease in due from banks (excluding those deposited at the Bank of Japan)	(54,149)	18,460	(405)
Net (increase) decrease in call loans and other	(44,330)	(213,584)	(331)
Net (increase) decrease in receivables under securities borrowing transactions	(8,360)	―	(62)
Net increase (decrease) in call money and other	(148,929)	694,726	(1,115)
Net increase (decrease) in payables under securities lending transactions	1,481,494	(260,178)	11,094
Net (increase) decrease in foreign exchange assets	(38,829)	(20,422)	(290)
Net increase (decrease) in foreign exchange liabilities	1,415	(4,138)	10
Net increase (decrease) in straight bonds	(5,000)	(65,000)	(37)
Net increase (decrease) in due to trust account	(118,627)	(195,231)	(888)
Interest receipts	459,012	445,180	3,437
Interest payments	(35,639)	(13,244)	(266)
Other - net	(45,742)	119,037	(342)
Subtotal	(5,158,457)	3,970,012	(38,628)
Income taxes paid	(49,124)	(79,070)	(367)
Net cash provided by (used in) operating activities	(5,207,582)	3,890,942	(38,996)
Cash flows from investing activities:			
Purchases of securities	(5,827,579)	(7,292,343)	(43,639)
Proceeds from sales of securities	4,860,739	5,208,131	36,399
Proceeds from redemption of securities	597,420	1,179,014	4,473
Purchases of tangible fixed assets	(12,896)	(11,961)	(96)
Proceeds from sales of tangible fixed assets	2,297	4,311	17
Purchases of intangible fixed assets	(7,605)	(10,502)	(56)
Proceeds from sales of intangible fixed assets	―	2	―
Purchase of shares of affiliates accounted for using the equity method	(538)	(850)	(4)
Other - net	(2,202)	(1,786)	(16)
Net cash provided by (used in) investing activities	(390,365)	(925,984)	(2,923)
Cash flows from financing activities:			
Redemption of subordinated bonds	―	(60,000)	―
Dividends paid	(50,401)	(51,084)	(377)
Dividends paid to noncontrolling interests of consolidated subsidiaries	(8)	(45)	(0)
Purchases of treasury stock	(15,006)	(58,516)	(112)
Proceeds from sales of treasury stock	1,381	619	10
Purchases of subsidiaries' shares that do not result in change in scope of consolidation	―	(1,279)	―
Net cash provided by (used in) financing activities	(64,034)	(170,307)	(479)
Effect of exchange rate changes on cash and cash equivalents	1	3	0
Net increase (decrease) in cash and cash equivalents	(5,661,980)	2,794,653	(42,399)
Cash and cash equivalents at the beginning of the fiscal year	27,919,539	25,124,886	209,072
Cash and cash equivalents at the end of the fiscal year (Note 4)	¥ 22,257,558	¥ 27,919,539	$ 166,673

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Resona Holdings, Inc. and consolidated subsidiaries

Fiscal year ended March 31, 2023

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by Resona Holdings, Inc. (the "Company") and its consolidated subsidiaries (together, the "Group") in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and its related accounting regulations concerning the preparation of consolidated financial statements, Ordinance for Enforcement of the Banking Act, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRSs").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Certain reclassifications have been made in the 2022 consolidated financial statements to conform to the classifications used in 2023.

In addition, the notes to the consolidated financial statements include certain information, which is not required under Japanese GAAP, but is presented herein as additional information.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers outside Japan and have been made at the rate of ¥133.54 to U.S. $1.00, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 31, 2023. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

Amounts of less than one million yen and one million U.S. dollars have been rounded down to the nearest million in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Use of estimates

The preparation of consolidated financial statements in accordance with Japanese GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

(2) Principles of consolidation

The Company defines its consolidation scope using the control and influence concept. Under the control and influence concept, those entities in which the Company, directly or indirectly, is able to exercise control over finance and operations through voting interest and/or other means are fully consolidated, and those entities over which the Group has the ability to exercise significant influence are accounted for by the equity method.

In order to apply the control and influence criteria for certain collective investment vehicles, such as Toushi Jigyo Kumiai (investment association), limited partnerships, Tokumei Kumiai (silent partnership) structures and other entities with similar characteristics, the Company looks to the proportionate share of decision-making authority over such vehicles, together with other factors indicating substantial control and influence, in accordance with the guidance of Practical Issues Task Force No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations," issued by the Accounting Standards Board of Japan (the "ASBJ").

(a) Scope of consolidation

The number of consolidated subsidiaries as of March 31, 2023 and 2022 were thirty-three and thirty-one, respectively.

Resona Digital Hub Co., Ltd., FinBASE Co., Ltd. and Loco Door Co., Ltd. were newly established and included in the scope of consolidation from the fiscal year ended March 31, 2023.

Minato Asset Research Co., Ltd. was liquidated and excluded from the scope of consolidation from the fiscal year ended March 31, 2023.

The Group excludes accounts of certain subsidiaries from consolidation when the total assets, total income, net income or loss (applicable for the owned interest), retained earnings (applicable for the owned interest) and accumulated other comprehensive income (applicable for the owned interest) of these subsidiaries would not have a material effect on the consolidated financial statements.

In addition, there is a company that is not accounted as a subsidiary even though the Company holds the majority of the voting rights on its own account.

(b) Application of the equity method of accounting

The number of affiliates accounted for by the equity method as of March 31, 2023 and 2022 were seven and six, respectively.

DACS Co., Ltd. was accounted for by the equity method from the fiscal year ended March 31, 2023 due to the share acquisition.

The equity method of accounting has not been applied to investments in certain non-consolidated subsidiaries and affiliates, as the net income or loss (applicable for the owned interest), retained earnings (applicable for the owned interest) and accumulated other comprehensive income (applicable for the owned interest) are immaterial in relation to the consolidated financial statements.

(c) Balance sheet dates of consolidated subsidiaries

The balance sheet dates of the consolidated subsidiaries as of March 31, 2023 and 2022 were as follows:

(Number of consolidated subsidiaries)

	2023	2022
End of December	**3**	3
End of March	**30**	28

Subsidiaries have been consolidated based on their accounts at their respective balance sheet dates. Appropriate adjustments have been made for significant intervening transactions occurring during the period from the respective balance sheet dates of the above subsidiaries to the consolidated balance sheet date.

(d) Eliminations of intercompany balances and transactions

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

(e) Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

The accounting policies and procedures applied to the Company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements.

Financial statements prepared by foreign subsidiaries in accordance with IFRSs may be tentatively used for the consolidation process; however, the following items should be adjusted in the consolidation process so that net income or loss is accounted for in accordance with Japanese GAAP unless they are not material:

(i) Amortization of goodwill
(ii) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(iii) Expensing capitalization of intangible assets arising from development phases
(iv) Cancellation of fair value accounting model for tangible fixed assets and investment properties and incorporation of the cost accounting model
(v) Reclassification adjustments for the subsequent change in fair value of equity instruments which is disclosed as a component of other comprehensive income

(3) Trading assets and trading liabilities

Transactions whose purposes are to earn a profit by taking advantage of short-term fluctuations in the market or arbitrage opportunities in interest rates, currency exchange rates, share prices or other market indices on different markets (“transactions for trading purposes”) are included in “trading assets” or “trading liabilities,” as appropriate, on the consolidated balance sheet on a trade-date basis.

Securities and monetary claims, etc. held for trading purposes are stated at fair value as of the consolidated balance sheet date. Derivatives including swaps, futures and options, held for trading purposes are stated at the fair values, which are determined using the exit price as if the respective contracts were closed out at the consolidated balance sheet date.

(4) Trading income and trading expenses

Income and expenses on transactions for trading purposes are included in “trading income” or “trading expenses,” as appropriate, in the consolidated statement of income on a trade-date basis.

Trading income and trading expenses include interest received and paid during the fiscal year, net changes in fair value of securities and monetary claims, etc., and changes in the close-out value of derivatives during the fiscal year.

(5) Securities

Securities other than investments in non-consolidated subsidiaries and affiliates which are accounted for by the equity method are classified and accounted for, depending on management's intent, as follows:

(i) held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity, are stated at amortized cost determined by the moving-average method (the amortization/accumulation is calculated by the straight-line method).

(ii) investments in non-consolidated subsidiaries and affiliates which are not accounted for by the equity method are stated at cost determined by the moving-average method.

(iii) marketable available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable tax effects, reported in a separate component of net assets (the cost of those securities sold is determined mainly by the moving-average method).

(iv) non-marketable equity securities, etc. are stated at cost. The cost of these securities sold is determined by the moving-average method.

Investment securities other than trading securities are written down to estimated fair value when the decline in fair value is determined to be other-than-temporary based on the assessment of the severity and duration of the decline in value, the issuers' credit standing and certain other factors. Impairment losses are recognized by a charge against income.

(6) Derivatives and hedge accounting

Derivatives are classified and accounted for as follows:

(i) all derivatives other than those used for hedging purposes are recognized as either assets or liabilities and measured at fair value, with gains or losses recognized currently in the consolidated statement of income.

(ii) derivatives used for hedging purposes, if they meet certain hedging criteria, including high correlation and effectiveness between the hedging instruments and the hedged items, are recognized as either assets or liabilities and measured at fair value. Gains or losses on derivatives used for hedging purposes are generally deferred over the terms of the hedged items and are reclassified into income or expenses when gains and losses on the hedged items are recognized. Net deferred gains or losses on qualifying hedges are reported as a separate component of net assets. Fair value hedge accounting can be applied for certain hedged items, including available-for-sale securities.

A special accounting treatment is applicable to certain hedging relationships with interest rate swaps. Interest rate swaps which qualify for hedge accounting and meet specific matching criteria, requiring certain critical terms of the swaps and the hedged items to be substantially the same, are not remeasured at fair value and the interest differentials paid or received are recognized over the term of the swap agreements and netted with the interest income or expenses of the hedged transactions in the consolidated statement of income.

Generally, a specific hedging relationship is designated between a stand-alone derivative and a single asset or liability (or a group of identical assets or liabilities) as a condition for the application of hedge accounting. However, bank industry-specific hedge accounting may be applied as follows:

(a) Hedges of interest rate risk

In order to hedge an interest rate risk associated with financial assets and liabilities, consolidated domestic banking subsidiaries apply deferral hedge accounting as stipulated in the Industry Committee Practical Guidelines No. 24, "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry," issued by the Japanese Institute of Certified Public Accountants (the "JICPA") on March 17, 2022 (the "Industry Committee Practical Guidelines No. 24"), as well as individual hedge accounting in part.

The Industry Committee Practical Guidelines No. 24 permits banks to designate a group of derivatives as a hedge of a group of financial assets or financial liabilities, taking into consideration the nature of derivative activities in the banking industry. Under the Industry Committee Practical Guidelines No. 24, hedges to offset changes in fair value of fixed rate instruments (such as loans or deposits) ("fair value hedges") and changes in anticipated cash flows from variable rate instruments ("cash flow hedges") are applied by grouping hedging instruments and hedged items by their maturities.

For fair value hedges, a group of hedging instruments are designated as a hedge of a group of assets or liabilities which are grouped by their maturities in the same manner as the group of hedging instruments. The assessment of hedge effectiveness is generally based on the analysis of the changes in interest rate factors affecting the respective fair values of the groups of hedging instruments and hedged items rather than the assessment based on the accumulated changes in relevant fair values.

For cash flow hedges, the hedging instruments and hedged items are grouped based on their index repricing dates and/or maturities. A regression analysis is employed to test the correlations between interest rate indices underlying the hedging instruments and hedged items to determine the effectiveness of the hedge. A hedge is, however, assumed to be effective and the assessment can be omitted when the interest rate indices are the same for each of the hedging instruments and hedged items, and the repricing dates and intervals are substantially identical for the hedging instruments and hedged items.

For individual hedge, material terms for hedged items and hedging instruments are virtually the same, and this is used as a substitute for the assessment of effectiveness.

Certain assets and liabilities were accounted for using deferral hedge accounting or fair value hedge accounting, designating a stand-alone derivative as a hedge of a specific asset (group of assets) or specific liability (group of liabilities).

(b) Hedges of foreign currency risk

In order to hedge a foreign currency risk associated with financial assets and liabilities denominated in foreign currencies, consolidated domestic banking subsidiaries apply deferral hedge accounting as stipulated in the Industry Committee Practical Guidelines No. 25 "Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry" issued by the JICPA on October 8, 2020 (the "Industry Committee Practical Guidelines No. 25").

In accordance with the Industry Committee Practical Guidelines No. 25, consolidated domestic banking subsidiaries designate certain currency swaps and foreign exchange swaps as hedges for the exposure to changes in foreign exchange rates associated with receivables or payables denominated in foreign currencies when the foreign currency positions of the hedged receivables or payables including principal and the related accrued interest are expected to exceed the principal and related accrued interest on the hedging instruments over the terms of the hedging instruments. Hedges are assessed as effective when it is determined that the consolidated domestic banking subsidiaries continue to hold foreign currency positions of the hedging derivatives corresponding to the positions of the hedged items denominated in foreign currencies.

For hedges of available-for-sale securities (other than bonds) denominated in foreign currencies, consolidated domestic banking subsidiaries adopt deferral hedge accounting and fair value hedge accounting on a portfolio basis to hedge the foreign currency risk attributable to such securities. The hedging criteria include specific designation of hedged securities and the on- and off-balance sheet liabilities denominated in foreign currencies positions covering the costs of the hedged securities denominated in the same foreign currencies.

(c) Inter-company and intra-company derivative transactions

For inter-company and intra-company derivative transactions ("internal derivatives"), including currency and interest rate swaps, consolidated domestic banking subsidiaries currently recognize gains and losses on internal derivatives or defer them as assets or liabilities without elimination in accordance with the Industry Committee Practical Guidelines No. 24 and No. 25, which permit a bank to retain the gains and losses on internal derivatives without elimination in the financial statements if the bank establishes and follows the strict hedging criteria for external transactions, requiring mirror-image transactions to be entered into within three business days with external parties after the designation of the internal derivatives as hedging instruments.

(7) Depreciation and amortization

(a) Tangible fixed assets (except for leased assets)

Depreciation of tangible fixed assets (except for leased assets) is mainly computed using the straight-line method for buildings and using the declining-balance method for equipment over the estimated useful lives. The estimated useful lives of major tangible fixed assets are as follows:

Buildings:	3 - 50 years
Equipment:	2 - 20 years

(b) Intangible fixed assets (except for leased assets and goodwill)

Amortization of intangible fixed assets (except for leased assets and goodwill) is computed using the straight-line method. Costs of software developed and obtained for internal use are capitalized and amortized using the straight-line method over the estimated useful lives (mainly five years).

(c) Leased assets

Leased assets other than those under finance lease transactions that are deemed to transfer ownership of the leased property to the lessee are depreciated using the straight-line method over the lease term. Residual value of those leased assets is zero unless any guaranteed amount is prescribed in the lease agreement.

Depreciation of leased assets deemed to transfer ownership to the lessee is computed by the same method used for owned assets.

(d) Goodwill

Goodwill is amortized over an appropriate period to be affected not to exceed 20 years using the straight-line method. Goodwill that has no material impact is fully expensed as incurred.

(8) Deferred charges

Bond issuance costs and share issuance costs are charged to expense as incurred.

(9) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group (identified as a cash-generating unit) 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 or asset group exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or asset group (i.e., value in use) or the net selling price at disposition.

For the purpose of testing impairment, certain domestic banking subsidiaries recognize individual branch offices as cash-generating units for which they identify specific cash flows. Assets which do not have identifiable cash flows such as corporate headquarters, training centers, computer centers and welfare facilities are treated as corporate assets as a whole. Branch offices to be closed and facilities not used in operations are individually assessed for impairment.

Recoverable amounts are generally measured by net realizable value, which is principally determined at appraisal values less estimated disposal costs. For certain branch offices used in operations, recoverable amounts are measured by value in use, which is calculated based on the present value of future cash flows using a reasonable discount rate.

(10) Reserve for reimbursement of deposits

Consolidated domestic banking subsidiaries generally reimburse derecognized customer deposits if a legitimate claimant appears, and such reimbursement of deposit is accounted for as a charge against income.

The Company provides a reserve for future losses on estimated reimbursements in response to the legitimate claims subsequent to the period of derecognition of the related deposit liabilities.

(11) Reserve for loan losses

The principal consolidated subsidiaries have provided a reserve for loan losses in accordance with their internal standards for write-offs and reserves as follows:

For claims to insolvent borrowers who are undergoing bankruptcy, special liquidation or bankrupt obligors (“bankrupt obligors”) or who are in substantially the same deteriorating financial condition although not yet in formal bankruptcy proceedings (“effectively bankrupt obligors”), a reserve is provided at the full amount of claims after deducting any direct write-offs and excluding the collectable amounts from the disposal of collateral and the recoverable amounts from guarantees.

For claims to borrowers who are not currently in the condition of bankruptcy or insolvency but with a high probability of becoming insolvent (“potentially bankrupt obligors”) and certain identified claims subject to close watch, the discounted cash flow method (the “DCF method”) is applied to determine the amount of reserve for individually large balances which exceed a certain pre-established threshold amount. The DCF method, however, is applied only when future cash flows from collection of principal and interest can be reasonably estimated. Under the DCF method, a reserve is provided for the difference between the present value of future cash flows discounted by the original interest rate and the carrying value of the claim.

Borrowers who have problems with lending conditions or performance status, borrowers whose business conditions are sluggish or unstable, and borrowers who have problems with financial conditions are classified as “watch obligors”, and if all or part of their claims are requiring special management, those borrowers are classified as “special attention obligors”.

For the claims to the potentially bankrupt obligors other than noted above and to the special attention obligors, a reserve is provided for the expected loan losses for the next three years. For the claims to the watch obligors other than the special attention obligors and borrowers who keep good business performance and don’t have any specific problems with financial conditions (“normal obligors”), a reserve is provided for the expected loan losses for the next one year. The expected loan loss ratios used as the basis of calculating the expected loan losses are computed by using the loan loss ratios derived from the average of historical loan loss ratios for the period of one or three years, and necessary modifications, such as future projection, are added. If the loan loss ratios computed as the historical average over a longer period of time considering the business cycle, etc. are higher than the expected loan loss ratios, the expected loan loss ratios are adjusted by the differences.

The expected loan loss ratios for watch obligors, special attention obligors and potentially bankrupt obligors are computed by considering the rate of increasing the loan loss ratios for the recent period in order to properly factor in the uncertainty of loan losses in the future.

For claims to certain foreign borrowers with country risk exposure, a reserve is provided for the estimated losses determined by considering the political and economic situation of respective countries.

The operating divisions initially assess all claims based on the internal standards for self-assessment of asset quality. The Internal Audit Division, which is independent from the operating divisions, examines their assessments. The reserve for loan losses is provided based on the results of these assessments of the operating divisions and the examination of the Internal Audit Division.

For collateralized or guaranteed claims to bankrupt obligors and effectively bankrupt obligors, uncollectible amounts (i.e., the carrying value less the amounts collectible from the disposal of collateral and execution of guarantees) are directly written off. Such uncollectible amounts as of March 31, 2023 and 2022 were ¥142,483 million ($1,066 million) and ¥163,794 million, respectively.

Other consolidated subsidiaries mainly provide a general reserve against claims at the amount deemed necessary based on their historical loan-loss experience, and a reserve for specific claims individually determined to be uncollectible such as those to bankrupt obligors.

(12) Reserve for possible losses on investments

A reserve for possible losses on investments is provided for the estimated losses on certain non-marketable equity securities based on an assessment of the issuers' financial condition and uncertainty about future recoverability of the decline in fair values of the investments.

(13) Reserve for employees' bonuses

A reserve for employees' bonuses is provided for the payment of performance bonuses to employees at an estimated amount accrued as of the consolidated balance sheet dates.

(14) Employees' retirement benefits

Net defined benefit liability and/or asset are provided for the payment of retirement benefits to employees in the amount deemed necessary based on the projected benefit obligation and the fair value of plan assets as of the consolidated balance sheet date.

Regarding determination of retirement benefit obligations, the benefit formula basis is adopted as the method of attributing expected benefit to the respective periods until the current fiscal year end.

Prior service cost is charged to expense as incurred. Unrecognized actuarial gains and losses are amortized from the following year of incurrence by the straight-line method over a period (ten years) defined within the average remaining service period of eligible employees.

Certain consolidated subsidiaries estimated net defined benefit liability and retirement benefit costs using the simplified method whereby the retirement benefit obligations amount that would be payable if the eligible employees terminate the employment on the consolidated balance sheet date.

(15) Other reserves

Other reserves are provided to cover future expenses and losses that can be reasonably estimated.

(16) Revenue recognition

The Group applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. and recognizes revenue when it transfers control of promised goods or services to a customer in the amount expected to receive upon exchange of the goods or services.

Revenue from contracts with customers to which the accounting standards are applied is included in "trust fees" and "fees and commissions".

"Trust fees" is the revenue from managing and operating the trust assets entrusted by customers and recognized mainly over the period of the services.

"Fees and commissions" is the revenue mainly from providing the services, such as deposit and lending operation and currency exchange operation. Service revenue associated with the deposit and lending operation includes the revenue from bank transfer, internet banking service, syndicated loan and commitment line agreements. Revenue from the bank transfer and internet banking service is recognized mainly at the time of the service provided. Revenue from the syndicated loan and commitment line agreements is recognized either at the time of the service provided or over the period of the service. Service revenue associated with the currency exchange operation is mainly the revenue from domestic and international money transfer fees and recognized mainly at the time of the service provided.

(17) Translation of foreign currencies

Consolidated domestic banking subsidiaries translate assets and liabilities denominated in foreign currencies into Japanese yen primarily at the exchange rates at the consolidated balance sheet dates, with the exception of investments in affiliates which are translated at historical exchange rates.

The financial statements of foreign subsidiaries are translated into Japanese yen at the exchange rates as of the respective balance sheet dates, except for net assets accounts, which are translated at historical exchange rates. Differences arising from such translations are shown as “foreign currency translation adjustments” as a separate component of net assets.

Assets and liabilities denominated in foreign currency of domestic non-banking consolidated subsidiaries are translated into Japanese yen at the exchange rates at the respective balance sheet dates.

(18) Income taxes

The Company and certain domestic consolidated subsidiaries apply the group tax sharing system, with the Company as the aggregate parent company.

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

The Group assesses the realizability of deferred tax assets based on an assessment of the available evidence, including future taxable income, future reversal of existing temporary differences and tax planning strategies. A valuation allowance reduces the carrying amount of deferred tax assets to the extent that it is not probable that sufficient taxable income will be available to allow the benefit of part or all of the deferred tax assets to be realized. Such valuation allowance may be reversed to the extent that it becomes probable that sufficient taxable income will be available and warrant the realization of tax benefits.

(19) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows include cash and the balances due from the Bank of Japan.

(20) Per share information

Basic net income per share of common stock is computed by dividing net income attributable to common stock by the weighted-average number of shares of common stock outstanding during the fiscal year, retroactively adjusted for any stock splits.

Net assets per share of common stock is computed by dividing net assets attributable to common stock by the number of common stock outstanding at the end of the fiscal year.

(21) Accounting policy disclosure, accounting changes and error corrections

The Group applies “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24, March 31, 2020). Accounting treatments under the standard are as follows:

(i) Changes in accounting policies

When a new accounting policy is applied following revision of an accounting standard, a new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(ii) Changes in presentations

When the presentation of financial statements is changed, prior period financial statements are restated in accordance with the new presentation.

(iii) Changes in accounting estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(iv) Corrections of prior period error

When a material error in prior period financial statements is discovered, those statements are restated.

(v) Provisions of relevant accounting standards are not clarified

When provisions of relevant accounting standards are not clarified, adopted accounting policies and procedures are disclosed.

(22) Employee stock ownership plan (Stock Benefit Trust)

For the purpose to provide incentives to enhance the corporate value over the medium-to-long term, the Company executes transactions to provide its shares to the Employee Shareholding Association (“ESA”) through the Employee Stock Ownership Plan-type Stock Benefit Trust for the ESA (“ESOP trust”).

(i) Overview of the transaction

The Company establishes a trust with certain eligible employees participating in the ESA of the Company (the “Company ESA”) being beneficiaries. The designated trust account acquires, during a predetermined period for stock acquisition, the equivalent number of the Company’s shares that the Company ESA is expected to purchase thereafter. The trust account will then sell the shares on a fixed day on a monthly basis to the Company ESA.

If an increase in stock price or other related factors result in a profit for the trust at the end of the trust period, the excess amount will be distributed in cash to the employees and others who are beneficiaries of the trust in proportion to the number of shares they acquired during the trust period and other factors.

If a transfer loss arises due to a decline in the stock price and a liability remains in the trust, the Company is responsible for a lump-sum repayment of the liability in accordance with the indemnity clause stipulated in the non-recourse loan agreement.

(ii) The Company’s shares remaining in the trust

The acquisition and sales of the shares by the ESOP trust are accounted for as if the Company and the ESOP trust are a single entity since the Company guarantees the obligation of the ESOP trust. Therefore, the Company’s shares remaining in the trust are disclosed as treasury stocks in net assets on the consolidated balance sheet at carrying amount of the trust (excluding associated expenses). In addition, all assets and liabilities as well as income and expenses of the ESOP trust are reflected in the consolidated financial statements.

As of March 31, 2023 and 2022, the treasury stock in the ESOP trust were ¥6,163 million ($46 million) and ¥7,440 million, respectively, and the number of those shares were 11,345 thousand and 13,696 thousand, respectively.

(23) Share benefit trust for officers

The Company implemented a performance-based stock compensation program by using a share benefit trust for officers with authority of business execution of the Company and its consolidated subsidiaries, Resona Bank Ltd. (“Resona Bank”) and Saitama Resona Bank Ltd. (“Saitama Resona Bank”) (together, the “Company Group Officers”).

The Company applies “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No.30, March 26, 2015) for the accounting treatment of the Program.

(i) Overview of the transaction

The Company established a trust with the Company Group Officers who satisfy the requirements specified in the Share Benefit Plan being beneficiaries. The trust account acquires a certain number of the Company's shares within a predetermined period.

The Company Group Officers are awarded certain points depending upon their positions and performance achievement etc. in accordance with the Share Benefit Plan during the trust period. After determining the performance in the final fiscal year of the medium-term management plan, the Company Group Officers who satisfy the certain requirements specified in the Share Benefit Plan will receive the Company’s shares, etc. based on the awarded points.

The voting rights of the Company’s shares in the trust will not be exercised without exception during the trust period to ensure neutrality in management.

(ii) The Company’s shares remaining in the trust

The Company’s shares remaining in the trust are disclosed as treasury stock in net assets on the consolidated balance sheet at carrying amount of the trust (excluding associated expenses).

As of March 31, 2023 and 2022, the carrying amount of treasury stock were ¥1,403 million ($10 million) and ¥1,403 million, respectively, and the number of those shares were 3,789 thousand.

(24) Business combination

The Company applies “Accounting Standard for Business Combinations” (ASBJ Statement No.21, January16, 2019) and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10, January 16, 2019) for the accounting treatment of a business combination.

(25) Change in accounting policies

Implementation Guidance on Accounting Standard for Fair Value Measurement

The Group has applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year ended March 31, 2023.

In accordance with the transitional treatments set forth in Article 27-2 of the guidance, the Group applies the new accounting policy prescribed by the guidance prospectively.

The guidance stipulates treatments of calculation and notes of the fair value of investment trusts, as well as a treatment of note to the fair value of investments in partnerships, etc., for which the amount equivalent to the share in interest is recorded on the balance sheet at net. There is no impact of this change on the consolidated financial statements.

In addition, in the note of financial instruments categorized by fair value hierarchy presented in Note "29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES", the note of investment trusts is not presented for the fiscal year ended March 31, 2022 in accordance with transitional measures set force in Paragraph 27-3 of the guidance.

(26) New accounting pronouncements

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

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

Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(i) Overview

The accounting standards stipulate the classification of income taxes when taxed on other comprehensive income is subject to taxes and the treatment of tax effect on the sale of shares of subsidiaries, etc. when the group taxation regime is applied.

(ii) Scheduled date of application

The Group is going to apply the accounting standards from the beginning of the fiscal year ending March 31, 2025.

(iii) Effects of application

Effects of application of the accounting standards are currently being examined.

(27) Additional information

Treatments of accounting and disclosure when applying the group tax sharing system

The Company and certain domestic consolidated subsidiaries have transited from the consolidated taxation system to the group tax sharing system from the fiscal year ended March 31, 2023.

Accordingly, regarding the accounting treatment and disclosure of income taxes and local income taxes as well as tax effect accounting, the Company complies with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021). In accordance with Paragraph 32 (1) of the PITF No. 42, the Company has deemed that there is no impact from the change in accounting policy resulting from the application.

3. SIGNIFICANT ACCOUNTING ESTIMATES

Item whose amount is recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which would have a significant impact on the consolidated financial statements for the following fiscal year, is "Reserve for loan losses".

(1) Amount in the consolidated financial statements for the fiscal year

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Reserve for loan losses	**¥ 213,713**	¥ 233,691	**$ 1,600**

(2) Other information contributing to the understanding of the significant accounting estimates

(i) Determination method

In calculating Reserve for loan losses, regarding claims including loans, the Company, in principle, conducts credit rating of the obligors and determines their classification. Then the Company examines the purpose and other details of claims individually, and considers the status of collateral and guarantee, etc. On that basis, the Company assesses the classification of claims based on the degree of claim collection risk or risk of damage to the value of claims.

Details of the determination method of “Reserve for loan losses” is described on “2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (11) Reserve for loan losses”.

(ii) Major assumptions

The major assumptions of Reserve for loan losses are “Future business outlook of borrowers in determining obligors’ classification” and “Future outlook in calculating the amounts of expected loan losses”. The Company sets “Future business outlook of borrowers in determining obligors’ classification” by assessing each obligor's ability to earn profits individually. “Future outlook in calculating the amounts of expected loan losses” is set by using the loan loss ratio based on historical average with necessary adjustments.

These assumptions would have a possibility to be affected by changes in various circumstances, including future economic conditions, etc.

(iii) Effects on the consolidated financial statements for the following fiscal year

In case the assumptions used for initial estimates change due to the change in the business performance of individual borrowers, etc., there would be a possibility of material effect on the consolidated financial statements for the following fiscal year.

Additional information

Since the fiscal year ended March 31, 2021, based on an impact analysis of the spread of COVID-19, the Company has selected industries for which the significant impact on credit risk of loans, etc. is expected (the “COVID-19 affected industries”) and provided an additional reserve to reflect credit risks associated with the loans to borrowers who are classified as watch obligors and belong to the COVID-19 affected industries.

As of the fiscal year ended March 31, 2023, with the exception of a domestic banking subsidiary of the Group, the differences in actual losses between the COVID-19 affected industries and other industries have been on a narrowing trend as a whole group. And the credit risk associated with such impact on borrowers in the COVID-19 affected industries has been reflected in the expected loan loss ratio of the loans to “watch obligors” through reclassification of obligors based on the self-assessment.

Considering these situation and others, the Company didn’t record the additional reserve for loan losses as of the fiscal year ended March 31, 2023. As described on “2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (11) Reserve for loan losses,” the Company integrates into the calculation method of determining reserves for loan losses by estimating expected loan losses based on the average of historical loan loss ratios over a certain period of time and taking into account any necessary modifications, such as future projection.

4. CASH AND CASH EQUIVALENTS

The reconciliation between “Cash and cash equivalents” in the consolidated statement of cash flows and “Cash and due from banks” in the consolidated balance sheet as of March 31, 2023 and 2022 were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Cash and due from banks	**¥ 22,391,508**	¥ 27,999,340	**$ 167,676**
Less: Due from banks except for the Bank of Japan	**(133,950)**	(79,800)	**(1,003)**
Cash and cash equivalents	**¥ 22,257,558**	¥ 27,919,539	**$ 166,673**

5. TRADING ASSETS AND TRADING LIABILITIES

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Trading assets:			
Trading securities	**¥ 152,445**	¥ 192,027	**$ 1,141**
Trading-related financial derivatives	**69,497**	46,312	**520**

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Total	**¥ 221,942**	¥ 238,340	**$ 1,661**
Trading liabilities:			
Derivatives of trading securities	**¥ 57**	¥ 6	**$ 0**
Trading-related financial derivatives	**48,252**	26,197	**361**
Total	**¥ 48,310**	¥ 26,203	**$ 361**

6. SECURITIES

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Japanese government bonds	**¥ 2,884,061**	¥ 2,969,002	**$ 21,596**
Japanese local government bonds	**1,944,536**	1,527,327	**14,561**
Japanese corporate bonds	**1,399,904**	1,333,363	**10,483**
Japanese stocks	**925,819**	952,926	**6,932**
Other securities	**1,231,893**	949,927	**9,224**
Total	**¥ 8,386,214**	¥ 7,732,548	**$ 62,799**

As of March 31, 2023 and 2022, securities included equity investments in non-consolidated subsidiaries and affiliates, accounted for by the equity method or the cost method, of ¥26,050 million ($195 million) and ¥26,439 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥15,559 million ($116 million) and ¥15,010 million, respectively.

There were no securities loaned without collateral, securities borrowed without collateral, securities purchased under resale agreements or securities received under securities borrowing transactions collateralized with cash as of March 31, 2023 and 2022.

Securities accepted under cash-secured bond lending transactions and that have the right to be freely disposed of by selling or repledged amounts to ¥8,835 million ($66 million) as of March 31, 2023.

I. Securities related information

In addition to the “securities” disclosed in the consolidated balance sheet, the following tables contain information relating to negotiable certificates of deposit in “cash and due from banks,” trust beneficiary rights in “monetary claims bought,” and trading securities and short-term bonds in “trading assets”.

(1) Held-to-maturity debt securities

The amounts on the consolidated balance sheet, estimated fair value and unrealized gains (losses) on held-to-maturity debt securities as of March 31, 2023 and 2022 were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2023			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**¥ 501,644**	**¥ 505,813**	**¥ 4,168**
Japanese local government bonds	**341,816**	**343,890**	**2,073**
Japanese corporate bonds	**40,359**	**40,820**	**460**
Subtotal	**¥ 883,821**	**¥ 890,523**	**¥ 6,702**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**¥ 1,776,583**	**¥ 1,694,833**	**¥ (81,749)**
Japanese local government bonds	**954,342**	**943,965**	**(10,377)**
Japanese corporate bonds	**270,997**	**262,084**	**(8,912)**
Other	**13,354**	**12,168**	**(1,185)**
Subtotal	**¥ 3,015,276**	**¥ 2,913,050**	**¥ (102,225)**
Total	**¥ 3,899,097**	**¥ 3,803,574**	**¥ (95,523)**

	Millions of yen		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2022			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥ 455,842	¥ 462,081	¥ 6,239
Japanese local government bonds	335,507	338,030	2,522
Japanese corporate bonds	43,576	43,987	411
Subtotal	¥ 834,926	¥ 844,099	¥ 9,173
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥ 1,400,302	¥ 1,367,679	¥ (32,623)
Japanese local government bonds	515,700	511,958	(3,741)
Japanese corporate bonds	171,626	169,152	(2,473)
Other	12,241	11,573	(667)
Subtotal	¥ 2,099,870	¥ 2,060,364	¥ (39,506)
Total	¥ 2,934,797	¥ 2,904,464	¥ (30,333)

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2023			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**$ 3,756**	**$ 3,787**	**$ 31**
Japanese local government bonds	**2,559**	**2,575**	**15**
Japanese corporate bonds	**302**	**305**	**3**
Subtotal	**$ 6,618**	**$ 6,668**	**$ 50**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**$ 13,303**	**$ 12,691**	**$ (612)**
Japanese local government bonds	**7,146**	**7,068**	**(77)**
Japanese corporate bonds	**2,029**	**1,962**	**(66)**
Other	**100**	**91**	**(8)**
Subtotal	**$ 22,579**	**$ 21,814**	**$ (765)**
Total	**$ 29,197**	**$ 28,482**	**$ (715)**

(2) Available-for-sale securities

The amounts on the consolidated balance sheet, acquisition or amortized cost and unrealized gains (losses) on available-for-sale securities as of March 31, 2023 and 2022 were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2023			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**¥ 841,121**	**¥ 263,817**	**¥ 577,304**
Bonds:			
Japanese local government bonds	**27,191**	**27,164**	**26**
Japanese corporate bonds	**297,797**	**296,522**	**1,274**
Total bonds	**324,988**	**323,687**	**1,301**
Other	**128,431**	**123,239**	**5,191**
Subtotal	**¥ 1,294,540**	**¥ 710,744**	**¥ 583,796**
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	**¥ 26,090**	**¥ 32,504**	**¥ (6,414)**
Bonds:			
Japanese government bonds	**605,833**	**645,328**	**(39,495)**
Japanese local government bonds	**621,186**	**629,304**	**(8,118)**
Japanese corporate bonds	**790,750**	**802,013**	**(11,263)**
Total bonds	**2,017,769**	**2,076,647**	**(58,877)**
Other	**1,035,351**	**1,089,091**	**(53,739)**
Subtotal	**¥ 3,079,211**	**¥ 3,198,243**	**¥ (119,031)**
Total	**¥ 4,373,752**	**¥ 3,908,987**	**¥ 464,765**

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2022			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	¥ 861,276	¥ 273,277	¥ 587,998
Bonds:			
Japanese government bonds	99,648	99,562	85
Japanese local government bonds	44,868	44,832	35
Japanese corporate bonds	407,026	405,751	1,275
Total bonds	551,542	550,146	1,396
Other	114,469	103,044	11,425
Subtotal	¥ 1,527,288	¥ 926,468	¥ 600,820
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	¥ 32,349	¥ 42,401	¥ (10,051)
Bonds:			
Japanese government bonds	1,013,209	1,037,783	(24,573)
Japanese local government bonds	631,251	635,589	(4,338)
Japanese corporate bonds	711,134	716,788	(5,654)
Total bonds	2,355,595	2,390,161	(34,565)
Other	774,073	816,377	(42,304)
Subtotal	¥ 3,162,018	¥ 3,248,940	¥ (86,921)
Total	¥ 4,689,307	¥ 4,175,408	¥ 513,898

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2023			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**$ 6,298**	**$ 1,975**	**$ 4,323**
Bonds:			
Japanese local government bonds	**203**	**203**	**0**
Japanese corporate bonds	**2,230**	**2,220**	**9**
Total bonds	**2,433**	**2,423**	**9**
Other	**961**	**922**	**38**
Subtotal	**$ 9,694**	**$ 5,322**	**$ 4,371**
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	**$ 195**	**$ 243**	**$ (48)**
Bonds:			
Japanese government bonds	**4,536**	**4,832**	**(295)**
Japanese local government bonds	**4,651**	**4,712**	**(60)**
Japanese corporate bonds	**5,921**	**6,005**	**(84)**
Total bonds	**15,109**	**15,550**	**(440)**
Other	**7,753**	**8,155**	**(402)**
Subtotal	**$ 23,058**	**$ 23,949**	**$ (891)**
Total	**$ 32,752**	**$ 29,272**	**$ 3,480**

(3) Securities sold during the fiscal year

There were no held-to-maturity debt securities sold during the fiscal years ended March 31, 2023 and 2022.

Proceeds from sales of available-for-sale securities, gains on sales and losses on sales for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen			Millions of U.S. dollars		
	Proceeds from sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
March 31, 2023						
Available-for-sale securities:						
Japanese stocks	**¥ 75,093**	**¥ 52,587**	**¥ 315**	**$ 562**	**$ 393**	**$ 2**
Bonds:						
Japanese government bonds	**3,219,252**	**3,739**	**6,820**	**24,107**	**27**	**51**
Japanese local government bonds	**14,480**	**3**	**72**	**108**	**0**	**0**
Japanese corporate bonds	**30,041**	**120**	**31**	**224**	**0**	**0**
Total bonds	**3,263,773**	**3,862**	**6,923**	**24,440**	**28**	**51**
Other	**1,255,145**	**12,607**	**50,433**	**9,399**	**94**	**377**
Total	**¥ 4,594,012**	**¥ 69,058**	**¥ 57,672**	**$ 34,401**	**$ 517**	**$ 431**
March 31, 2022						
Available-for-sale securities:						
Japanese stocks	¥ 65,998	¥ 46,395	¥ 36			
Bonds:						
Japanese government bonds	3,584,220	3,749	6,043			
Japanese local government bonds	20,785	27	52			
Japanese corporate bonds	52,630	181	0			
Total bonds	3,657,635	3,958	6,096			
Other	1,760,998	12,389	59,066			
Total	¥ 5,484,632	¥ 62,743	¥ 65,199			

(4) Change in classification of securities

For the fiscal years ended March 31, 2023 and 2022, the Group did not reclassify any securities.

(5) Impairment of securities

An impairment of securities is recognized if the decline in fair values is substantial and the decline is determined to be other than temporary.

For the fiscal years ended March 31, 2023 and 2022, impairment losses of ¥1,348 million ($10 million) and ¥482 million, respectively, were recorded with respect to securities with fair values except for trading securities (excluding non-marketable equity securities, etc. and investment in partnerships).

To assess whether or not a decline in fair values is substantial, the Group considers not only the severity and duration of the decline in value but also the classification of the security issuer is used in the self-assessment of asset quality as follows:

(i) For issuers who are classified as bankrupt obligors, effectively bankrupt obligors and potentially bankrupt obligors: where the fair value is lower than the amortized cost or acquisition cost.

(ii) For issuers who are classified as watch obligors: where the fair value declines by 30% or more compared to the amortized cost or acquisition cost.

(iii) Other: where the fair value declines by 50% or more compared to the amortized cost or acquisition cost.

II. Net unrealized gains (losses) on available-for-sale securities

Reconciliation of net unrealized gains on available-for-sale securities to the amounts included in "net unrealized gains on available-for-sale securities", presented as a separate component of net assets in the consolidated balance sheet as of March 31, 2023 and 2022, were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Net unrealized gains before taxes on available-for-sale securities (*)	**¥ 460,267**	¥ 507,295	**$ 3,446**
Deferred tax liabilities	**(117,089)**	(128,675)	**(876)**
Net unrealized gains on available-for-sale securities (before adjustment)	**343,178**	378,620	**2,569**
Amounts attributable to noncontrolling interests	**(130)**	(109)	**(0)**
The Company's portion of unrealized gains (losses) on available-for-sale securities of equity method investees	**33**	51	**0**
Amounts recorded in the consolidated balance sheet	**¥ 343,081**	¥ 378,562	**$ 2,569**

Note: For the fiscal years ended March 31, 2023 and 2022, discontinued fair value hedge gains previously recognized as income of ¥5,789 million ($43 million) and ¥6,603 million, respectively, were excluded from net unrealized gains before taxes on available-for-sale securities.

7. LOANS AND BILLS DISCOUNTED

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Bills discounted	**¥ 69,453**	¥ 68,926	**$ 520**
Loans on notes	**422,068**	431,897	**3,160**
Loans on deeds	**37,515,482**	35,938,028	**280,930**
Overdrafts	**3,350,282**	3,159,053	**25,088**
Total	**¥ 41,357,286**	¥ 39,597,906	**$ 309,699**

Loans pursuant to the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows:

The loans include; Japanese corporate bonds in "securities" (limited to those redemption of the principal and the payment of interest are guaranteed in whole or in part, and that issued as private placement bonds pursuant to the provision of Article 2-3 of the Financial Instruments and Exchange Act), "loans and bills discounted", "foreign exchange assets", accrued interest and suspense payment in "other assets" and "customers' liabilities for acceptances and guarantees" on the consolidated balance sheet and the securities for loan (limited to those under a loan contract for use or a lease contract).

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Bankrupt or De Facto Bankrupt Loans	**¥ 64,824**	¥ 62,126	**$ 485**
Doubtful Loans	**353,423**	379,683	**2,646**
Loans in arrears by 3 months or more	**1,659**	3,943	**12**
Restructured Loans	**248,448**	226,582	**1,860**
Total	**¥ 668,356**	¥ 672,335	**$ 5,004**

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

(a) "Bankrupt or De Facto Bankrupt Loans" are 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 claim equivalent.

(b) "Doubtful Loans" are the claims (excluding the loans specified (a)) whose debtor is not yet in the status of failure in business although such debtor's financial status 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.

(c) "Loans in arrears by 3 months or more" are the loan (excluding the loans specified in (a) and (b)) for which the payment of the principal and interest is delinquent for three month or more from the day immediately after the contracted due date.

(d) "Restructured Loans" are loans (excluding the loans specified (a) (b) and (c)) that entered into an agreement to exempt or reduce interest rate, defer payment of interest, defer payment of principal, waiver claim, or other agreements advantageous to a debtor, for the purpose of facilitating reorganization of a debtor's management or support of the debtor.

Bills discounted are recorded as lending transactions in accordance with the Industry Committee Practical Guidelines No. 24. Certain consolidated banking subsidiaries have a right to sell or repledge as collateral such discounted bills at their discretion. The total face value of bank acceptance bills, commercial bills, documentary bills and foreign currency bills bought, which were obtained at a discount, were ¥83,637 million ($626 million) and ¥77,966 million as of March 31, 2023 and 2022, respectively.

For loan participations, in accordance with "Accounting Treatment and Representation of Loan Participation" (JICPA Accounting System Committee Report No. 3, November 28, 2014), the participated principal amounts accounted as loans for original debtors was ¥33,974 million ($254 million) and ¥33,023 million as of March 31, 2023 and 2022, respectively.

8. FOREIGN EXCHANGE

Foreign exchange assets and liabilities as of March 31, 2023 and 2022 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Assets:			
Due from foreign banks	**¥ 144,534**	¥ 113,729	**$ 1,082**
Foreign bills of exchange bought	**14,184**	9,039	**106**
Foreign bills of exchange receivable	**39,969**	37,090	**299**
Total	**¥ 198,688**	¥ 159,859	**$ 1,487**
Liabilities:			
Due to foreign banks	**¥ 1,522**	¥ 1,044	**$ 11**
Foreign bills of exchange sold	**681**	398	**5**
Foreign bills of exchange payable	**3,097**	2,442	**23**
Total	**¥ 5,301**	¥ 3,886	**$ 39**

9. OTHER ASSETS

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Prepaid expenses	**¥ 12,418**	¥ 13,132	**$ 92**
Accrued income	**62,823**	59,187	**470**
Initial margins for futures transactions	**97,070**	96,774	**726**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**86,103**	89,425	**644**
Guarantee deposits	**20,508**	22,501	**153**
Cash collateral paid for financial instruments	**91,893**	83,334	**688**
Other receivable on sales of securities	**46,429**	326,012	**347**
Other	**560,833**	531,244	**4,199**
Total	**¥ 978,079**	¥ 1,221,612	**$ 7,324**

10. TANGIBLE FIXED ASSETS

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Land, buildings and leased assets	**¥ 686,147**	¥ 676,778	**$ 5,138**
Construction in progress	**1,695**	4,205	**12**
Subtotal	**687,843**	680,983	**5,150**
Accumulated depreciation	**(335,400)**	(324,339)	**(2,511)**
Total	**¥ 352,442**	¥ 356,644	**$ 2,639**

Under certain conditions such as exchanges of tangible fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to effectively defer the recognition of taxable profit arising from such transactions by reducing the cost of the assets acquired. Such deferred profit amounted to ¥46,046 million ($344 million) and ¥46,072 million as of March 31, 2023 and 2022, respectively.

11. INTANGIBLE FIXED ASSETS

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Software	**¥ 20,240**	¥ 20,032	**$ 151**
Leased assets	**25,730**	28,720	**192**
Other intangible fixed assets	**5,959**	6,361	**44**
Total	**¥ 51,931**	¥ 55,114	**$ 388**

12. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and debt collateralized as of March 31, 2023 and 2022 were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Assets pledged as collateral:			
Cash and due from banks	**¥ 1,540**	¥ 892	**$ 11**
Trading assets	**4,998**	4,996	**37**
Securities	**4,957,507**	4,822,513	**37,123**
Loans and bills discounted	**4,461,317**	9,050,684	**33,408**
Lease receivables and investments in leases	**331**	1,138	**2**
Other assets	**13,809**	17,608	**103**
Debt collateralized:			
Deposits	**¥ 146,533**	¥ 184,072	**$ 1,097**
Payables under repurchase agreements	**5,000**	5,000	**37**
Payables under securities lending transactions	**2,285,798**	804,303	**17,116**
Borrowed money	**3,578,211**	9,086,011	**26,795**
Other liabilities	**14,065**	12,867	**105**

In addition to the pledged assets shown above, the following assets were pledged as collateral for settlements of domestic exchanges, or for futures transactions as of March 31, 2023 and 2022.

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Assets pledged as collateral:			
Cash and due from banks	**¥ 0**	¥ 0	**$ 0**
Securities	**18,069**	14,738	**135**
Other assets	**450,678**	450,729	**3,374**

In addition to the above, following initial margins for futures transactions, cash collateral paid for financial instruments and guarantee deposits were included in other assets as of March 31, 2023 and 2022.

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Initial margins for futures transactions	**¥ 97,070**	¥ 96,774	**$ 726**
Cash collateral paid for financial instruments	**91,893**	83,334	**688**
Guarantee deposits	**20,508**	22,501	**153**

13. COMMITMENT LINE AGREEMENTS

Overdraft agreements on current accounts and commitment line agreements for loans are agreements to extend loans up to the prearranged amount at a quoted rate during a specific future period upon customers' requests, unless any terms or conditions in the agreements are violated.

Unused balances related to these agreements as of March 31, 2023 and 2022 amounted to ¥11,091,654 million ($83,058 million) and ¥11,030,634 million, respectively, including ¥10,312,087 million ($77,220 million) and ¥10,261,011 million, respectively, of agreements with original terms of one year or less or those that are unconditionally cancellable by the Group at any time without penalty.

The unused balances do not necessarily affect future cash flows of the Group because most of these agreements are expected to expire without being exercised. In addition, most agreements contain provisions which stipulate that the Group may decline to extend loans or reduce the prearranged commitment amount when there are adverse changes in the financial conditions of the borrowers or for other reasons.

When extending loans to customers, the Group may request collateral or guarantees such as real estate and securities if deemed necessary. After originating loans, the Group periodically checks the financial condition of the borrowers based on its internal rules and, if necessary, takes measures to ensure the security of the loans.

14. DEPOSITS

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Current deposits	**¥ 5,469,652**	¥ 5,324,123	**$ 40,958**
Ordinary deposits	**42,047,931**	40,614,871	**314,871**
Savings deposits	**378,776**	379,990	**2,836**
Notice deposits	**76,239**	96,762	**570**
Time deposits	**12,598,248**	13,238,871	**94,340**
Other deposits	**1,327,829**	1,267,417	**9,943**
Total	**¥ 61,898,677**	¥ 60,922,036	**$ 463,521**

15. BORROWED MONEY AND LEASE OBLIGATIONS

(1) Borrowed money

Borrowed money includes borrowings from the Bank of Japan and other financial institutions. The weighted average annual interest rates applicable to borrowed money were 0.14% and 0.01% for the fiscal years ended March 31, 2023 and 2022, respectively.

The following is a summary of maturities of borrowed money subsequent to March 31, 2023:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2024	¥ **2,891,284**	$ **21,651**
2025	**163,619**	**1,225**
2026	**176,478**	**1,321**
2027	**363,650**	**2,723**
2028	**22,891**	**171**
2029 and thereafter	**52**	**0**
Total	¥ **3,617,976**	$ **27,092**

(2) Obligations under finance lease transactions

The weighted average annual interest rates applicable to the finance lease obligations were 0.10% and 0.12% for the fiscal year ended March 31, 2023 and 2022, respectively.

The following is a summary of maturities of the finance lease obligations subsequent to March 31, 2023:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2024	¥ **16,957**	$ **126**
2025	**13,149**	**98**
2026	**8,724**	**65**
2027	**4,810**	**36**
2028	**3,429**	**25**
2029 and thereafter	**887**	**6**
Total	¥ **47,959**	$ **359**

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

16. BONDS

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

	Rate	Maturity	Millions of yen	Millions of U.S. dollars
March 31, 2023				
The Company:				
No. 15 Straight bond	**0.25%**	**May 31, 2024**	¥ **10,000**	$ **74**
No. 19 Straight bond	**0.17%**	**July 21, 2023**	**30,000**	**224**
No. 20 Straight bond	**0.27%**	**July 23, 2025**	**10,000**	**74**
No. 21 Straight bond	**0.18%**	**December 14, 2023**	**25,000**	**187**
No. 22 Straight bond	**0.14%**	**July 19, 2024**	**30,000**	**224**
No. 24 Straight bond	**0.40%**	**September 2, 2027**	**35,000**	**262**
No. 25 Straight bond	**0.62%**	**March 1, 2028**	**20,000**	**149**
Resona Bank, Limited:				
Subordinated bonds	**2.44% to 2.46%**	**December 22, 2026 to March 15, 2027**	**36,000**	**269**
Total			¥ **196,000**	$ **1,467**

	Rate	Maturity	Millions of yen
March 31, 2022			
The Company:			
No. 14 Straight bond	0.15%	June 2, 2022	¥ 30,000
No. 15 Straight bond	0.25%	May 31, 2024	10,000
No. 17 Straight bond	0.18%	December 20, 2022	20,000
No. 19 Straight bond	0.17%	July 21, 2023	30,000
No. 20 Straight bond	0.27%	July 23, 2025	10,000
No. 21 Straight bond	0.18%	December 14, 2023	25,000
No. 22 Straight bond	0.14%	July 19, 2024	30,000
No. 23 Straight bond	0.06%	December 13, 2022	10,000
Resona Bank, Limited:			
Subordinated bonds	2.44% to 2.46%	December 22, 2026 to March 15, 2027	36,000
Total			¥ 201,000

Note: All of the outstanding bonds are unsecured.

The following is a summary of the maturities of bonds subsequent to March 31, 2023:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2024	¥ **55,000**	$ **411**
2025	**40,000**	**299**
2026	**10,000**	**74**
2027	**36,000**	**269**
2028	**55,000**	**411**
Total	¥ **196,000**	$ **1,467**

Note: The above amounts are stated at carrying amounts.

17. OTHER LIABILITIES

Other liabilities as of March 31, 2023 and 2022 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Accrued income taxes	¥ **29,669**	¥ 16,012	$ **222**
Accrued expenses	**19,505**	16,829	**146**
Unearned income	**31,763**	33,205	**237**
Cash collateral received for financial instruments	**40,335**	34,001	**302**
Lease obligations	**47,959**	51,448	**359**
Asset retirement obligations	**4,056**	4,576	**30**
Other payable on purchases of securities	**3,711**	51,047	**27**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**69,014**	69,876	**516**
Other	**430,885**	427,799	**3,226**
Total	¥ **676,901**	¥ 704,795	$ **5,068**

18. OTHER RESERVES

(i) A reserve for reimbursement of deposits is provided for the estimated future losses resulting from reimbursements of deposits subsequent to the period of derecognition of the related liabilities, and amounted to ¥14,829 million ($111 million) and ¥21,309 million as of March 31, 2023 and 2022, respectively.

(ii) A reserve for expense on burden charge under the credit guarantee system is provided for the estimated future losses to be charged by the credit guarantee corporation under the burden sharing system for credit losses on loans to certain small and medium-sized companies, and amounted to ¥5,281 million ($39 million) and ¥5,276 million as of March 31, 2023 and 2022, respectively.

(iii) A reserve for Resona Club points is provided for the estimated future expense by usage of the points awarded to the Resona Club members and amounted to ¥4,389 million ($32 million) and ¥4,513 million as of March 31, 2023 and 2022, respectively.

19. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "acceptances and guarantees." As a contra account, "customers' liabilities for acceptances and guarantees" are shown on the assets side of the consolidated balance sheet, representing the Group's right of indemnity from the applicants.

In addition to the acceptances and guarantees described above, a consolidated domestic banking subsidiary guarantees the principals on certain jointly managed trust products. The guaranteed principal amounts held in such trusts were ¥998,570 million ($7,477 million) and ¥1,117,131 million as of March 31, 2023 and 2022, respectively.

20. REVALUATION RESERVE FOR LAND

Effective March 31, 1998, certain domestic consolidated subsidiaries adopted a special one-time measure to revalue their land used in operations in accordance with the "Act Concerning Land Revaluation" (Act 34, announced on March 31, 1998). The land revaluation differences have been recorded in "revaluation reserve for land" as a separate component of net assets with the related income taxes included in "deferred tax liabilities for land revaluation".

In accordance with Article 3, Item 3 of the Act, the revaluation was based on the official notice prices stated in the "Act of Public Notice of Land Prices" (assessment date, January 1, 1998) as stipulated in Article 2, Item 1 of the "Ordinance for the Act Concerning Land Revaluation" (Government Ordinance No. 119, announced on March 31, 1998) after making reasonable adjustments for the location and quality of the sites.

The aggregate carrying value of the land after one-time revaluation exceeded its aggregate fair value that was determined in accordance with Article 10 of the Act by ¥2,079 million as of March 31, 2022. The carrying value did not exceed the aggregate fair value as of March 31, 2023.

21. NET ASSETS

(1) Capital requirement

The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(i) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, an Audit and Supervisory Committee or a Nominating Committee, 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. The Company meets all of the above criteria.

The Board of Directors of companies with a Nominating Committee, etc. can also declare dividends (except for dividends-in-kind) because such companies with corporate governance committees already, by nature, meet the above criteria under the Companies Act, even though such companies have an audit committee instead of the Board of Corporate Auditors. The Company is organized as a company with Nominating Committees.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to stockholders subject to a certain limitation and additional requirements. 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 stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(ii) Increase, decrease and transfer of stated capital, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a capital reserve (a component of capital surplus) or as a legal reserve (a component of retained earnings) depending on the net assets account charged upon the payment of such dividends until the total of the aggregate amount of the capital reserve and the legal reserve equals 25% of stated capital.

Under the Companies Act, the total amount of the capital reserve and the legal reserve may be available for dividends upon resolution of the stockholders after transferring the amount to retained earnings without limitation. The Companies Act also provides that stated capital, the capital reserve, the legal reserve, other capital surplus (capital surplus other than the capital reserve) and other retained earnings (retained earnings other than the legal reserve) can be transferred among the accounts under certain conditions upon resolution of the stockholders. In addition, a company can do so without resolution of the stockholders when it meets certain other conditions under Articles 447-3 and 448-3.

(iii) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to acquire treasury stock and dispose such treasury stock by resolution of the Board of Directors. The amount of treasury stock acquired cannot exceed the amount available for distribution to the stockholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of net assets.

The Companies Act also provides that companies can acquire both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of net assets or deducted directly from stock acquisition rights.

(iv) Accounting standards for treasury shares and appropriation of legal reserve

The ASBJ Statement No. 1, "Accounting Standards for Treasury Shares and Appropriation of Legal Reserve," and the ASBJ Guidance No. 2, "Guidance on Accounting Standards for Treasury Shares and Appropriation of Legal Reserve," clarify the accounting treatment for retirement of treasury stock, requiring the cost of retired treasury stock to be first deducted from other capital surplus (capital surplus other than the capital reserve). These standards also require that when the other capital surplus at the end of the fiscal year would become negative as a result of retirement of treasury stock, the negative balance of other capital surplus shall be zero and the negative balance shall be deducted from other retained earnings (retained earnings other than the legal reserve).

(2) Capital stock - Changes during the fiscal year

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

	(Shares in thousands)				
	As of April 1, 2022	Changes during the fiscal year Increase	Changes during the fiscal year Decrease	As of March 31, 2023	
Issued stock:					
Common stock	**2,400,980**	—	**23,314**	**2,377,665**	(*1)
Treasury stock:					
Common stock	**18,392**	**23,325**	**25,687**	**16,030**	(*2)

Notes: (*1) The decrease in common stock represents cancellation of common shares pursuant to Article 178 of the Companies Act.

(*2) The increase in common stock of treasury stock represents acquisition of 23,314 thousand shares resolved by the Board of Directors' meeting held on November 11, 2022 and acquisition of 11 thousand odd-lot shares.

The decrease in common stock of treasury stock represents cancellation of common stock of treasury stock 23,314 thousand shares pursuant to Article 178 of the Companies Act, cancellation of 0 thousand odd-lot shares, sales of 2,350 thousand shares owned by the ESOP trust to the ESA, and 22 thousand shares of exercised stock option.

Number of shares at the beginning of the fiscal year include 13,696 thousand shares owned by the ESOP and 3,789 thousand shares owned by the share benefit trust for officers. The number of shares at the end of the fiscal year include 11,345 thousand shares owned by the ESOP trust and 3,789 thousand shares owned by the share benefit trust for officers.

The changes in the number and class of shares issued and treasury stock for the fiscal year ended March 31, 2022 were as follows:

	(Shares in thousands)				
	As of April 1, 2021	Changes during the fiscal year Increase	Changes during the fiscal year Decrease	As of March 31, 2022	
Issued stock:					
Common stock	2,302,829	209,220	111,069	2,400,980	(*1)
Treasury stock:					
Common stock	5,837	125,078	112,523	18,392	(*2)

Notes: (*1) The increase in common stock represents newly issued common shares for the simplified share exchange with Kansai Mirai Financial Group, Inc. ("Kansai Mirai FG") effective on April 1, 2021. The decrease in common stock represents cancellation of common shares pursuant to Article 178 of the Companies Act.

(*2) The increase in common stock of treasury stock represents acquisition of 88,000 thousand shares and 23,062 thousand shares resolved by the Board of Directors' meeting held on May 11, 2021 and November 9, 2021, respectively, acquisition of 6 thousand shares for a fraction of less than 1 share resulted by the share exchange pursuant to Article 234, Paragraph 4 and 5 of the Companies Act, acquisition of 13,993 thousand shares by the ESOP trust and acquisition of 16 thousand odd-lot shares.

The decrease in common stock of treasury stock represents cancellation of common stock of treasury stock 111,069 thousand shares pursuant to Article 178 of the Companies Act, cancellation of 1 thousand odd-lot shares, sales of 1,347 thousand shares owned by the ESOP trust to the ESA, and 105 thousand shares of exercised stock option.

Number of shares at the beginning of the fiscal year include 1,050 thousand shares owned by the ESOP and 3,789 thousand shares owned by the share benefit trust for officers. The number of shares at the end of the fiscal year include 13,696 thousand shares owned by the ESOP trust and 3,789 thousand shares owned by the share benefit trust for officers.

(3) Capital stock – Number of shares

Number of shares of common stock as of March 31, 2023 was as follows:

	Number of shares	
Class of stock	Authorized	Issued
Common stock......................................	**6,000,000,000**	**2,377,665,966**

Notes: (*1) In addition to the above, the authorized numbers of shares for preferred stocks as of March 31, 2023 are as follows:

First Series of Class Seven preferred stock: 10,000,000 shares
Second Series of Class Seven preferred stock: 10,000,000 shares
Third Series of Class Seven preferred stock: 10,000,000 shares
Fourth Series of Class Seven preferred stock: 10,000,000 shares
First Series of Class Eight preferred stock: 10,000,000 shares
Second Series of Class Eight preferred stock: 10,000,000 shares
Third Series of Class Eight preferred stock: 10,000,000 shares
Fourth Series of Class Eight preferred stock: 10,000,000 shares

(*2) The total number of authorized shares for the First through Fourth Series of Class Seven preferred stocks shall not exceed 10,000,000 shares in the aggregate. The total number of authorized shares for the First through Fourth Series of Class Eight preferred stocks shall not exceed 10,000,000 shares in the aggregate.

(4) Cash dividends per share

Cash dividends per share applicable to the fiscal years ended March 31, 2023 and 2022 and cash dividends per share paid during the fiscal years ended March 31, 2023 and 2022 were as follows:

	Cash dividends per share applicable to the fiscal year					
	Yen				U.S. dollars	
	2023		2022		**2023**	
Source of dividends / Class of stock	Interim cash dividend (*1)	Year-end cash dividend (*2)	Interim cash dividend	Year-end cash dividend (*3)	Interim cash dividend (*1)	Year-end cash dividend (*2)
Dividends from retained earnings:						
Common stock...................................	**¥ 10.500**	**¥ 10.500**	¥ 10.500	¥ 10.500	**$ 0.078**	**$ 0.078**

	Cash dividends per share paid during the fiscal year					
	Yen				U.S. dollars	
	2023		2022		**2023**	
Source of dividends / Class of stock	Year-end cash dividend (*3)	Interim cash dividend (*1)	Year-end cash dividend (*4)	Interim cash dividend	Year-end cash dividend (*3)	Interim cash dividend (*1)
Dividends from retained earnings:						
Common stock	**¥ 10.500**	**¥ 10.500**	¥ 10.500	¥ 10.500	**$ 0.078**	**$ 0.078**

Notes: (*1) Interim cash dividends for the fiscal year ended March 31, 2023 were approved at the Board of Directors' meeting held on November 11, 2022.
(*2) Year-end cash dividends for the fiscal year ended March 31, 2023 were approved at the Board of Directors' meeting held on May 12, 2023.
(*3) Year-end cash dividends for the fiscal year ended March 31, 2022 were approved at the Board of Directors' meeting held on May 12, 2022.
(*4) Year-end cash dividends for the fiscal year ended March 31, 2021 were approved at the Board of Directors' meeting held on May 11, 2021.

In addition, Kansai Mirai FG became a wholly-owned subsidiary of the Company on April 1, 2021, cash dividends per share of Kansai Mirai FG is as follows:

	Cash dividends per share paid during the fiscal year	
	2022	
Source of dividends / Class of stock	Interim cash dividend	Year-end cash dividend (*)
Dividends from retained earnings:		
Common stock...................................	¥ —	¥ 10.000

Note: (*) Year-end cash dividends for the fiscal year ended March 31, 2021 were approved at the Board of Directors' meeting held on May 11, 2021.

22. INTEREST INCOME AND EXPENSES

Interest income and expenses for the fiscal years ended March 31, 2023 and 2022 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Interest income:			
Interest on loans and bills discounted	**¥ 357,808**	¥ 352,454	**$ 2,679**
Interest and dividends on securities	**60,140**	55,916	**450**
Interest on call loans and bills bought	**2,946**	498	**22**
Interest on receivables under securities borrowing transactions	**305**	–	**2**
Interest on due from banks	**21,392**	20,726	**160**
Other interest income	**16,520**	12,102	**123**
Total	**¥ 459,114**	¥ 441,698	**$ 3,438**
Interest expenses:			
Interest on deposits	**¥ 15,175**	¥ 7,422	**$ 113**
Interest on negotiable certificates of deposit	**48**	50	**0**
Interest on call money and bills sold	**3,712**	(276)	**27**
Interest on payables under repurchase agreements	**0**	0	**0**
Interest on payables under securities lending transactions	**14,330**	1,434	**107**
Interest on borrowed money	**3,280**	774	**24**
Interest on bonds	**1,202**	1,866	**9**
Other interest expenses	**2,004**	1,264	**15**
Total	**¥ 39,754**	¥ 12,537	**$ 297**

23. TRADING INCOME

Trading income for the fiscal years ended March 31, 2023 and 2022 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Trading income:			
Income from trading-related financial derivatives	**¥ 3,167**	¥ 3,460	**$ 23**
Other trading income	**154**	24	**1**
Total	**¥ 3,321**	¥ 3,485	**$ 24**

Income from trading securities included net valuation losses of ¥84 million ($0 million) and ¥85 million for the fiscal years ended March 31, 2023 and 2022, respectively.

24. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses for the fiscal years ended March 31, 2023 and 2022 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Other operating income:			
Gains on foreign exchange transactions	**¥ 13,403**	¥ 11,171	**$ 100**
Gains on sales of Japanese government bonds and other	**10,076**	9,004	**75**
Income from derivatives other than for trading or hedging	**503**	7,477	**3**
Other	**20,649**	20,139	**154**
Total	**¥ 44,632**	¥ 47,793	**$ 334**
Other operating expenses:			
Losses on sales of Japanese government bonds and other	**¥ 54,555**	¥ 57,612	**$ 408**
Losses on redemption of Japanese government bonds and other	**1,490**	10,722	**11**
Impairment losses on Japanese corporate bonds and other	**713**	347	**5**
Other	**18,853**	17,857	**141**
Total	**¥ 75,612**	¥ 86,539	**$ 566**

25. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the fiscal years ended March 31, 2023 and 2022 included following:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Salaries and allowances	**¥ 161,386**	¥ 165,819	**$ 1,208**

26. OTHER INCOME AND EXPENSES

Other income and expenses for the fiscal years ended March 31, 2023 and 2022 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Other income:			
Gains on sales of stocks and other securities	**¥ 58,173**	¥ 53,495	**$ 435**
Gains on disposal of fixed assets	**1,736**	3,733	**12**
Recoveries of written-off loans	**7,104**	10,452	**53**
Other	**14,623**	9,189	**109**
Total	**¥ 81,638**	¥ 76,871	**$ 611**
Other expenses:			
Write-offs of loans	**¥ 16,007**	¥ 17,991	**$ 119**
Provision to reserve for loan losses	**6,665**	48,721	**49**
Losses on sales of stocks and other securities	**3,116**	7,586	**23**
Impairment losses on stocks and other securities	**940**	337	**7**
Losses on disposal of fixed assets	**1,912**	1,984	**14**
Impairment losses on fixed assets	**2,467**	4,861	**18**
Other	**12,531**	14,449	**93**
Total	**¥ 43,642**	¥ 95,932	**$ 326**

27. INCOME TAXES

The Company and its consolidated domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.59% for the fiscal years ended March 31, 2023 and 2022.

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Deferred tax assets:			
Write-downs of securities	**¥ 526,284**	¥ 529,092	**$ 3,941**
Reserve for loan losses and write-offs of loans	**92,571**	104,560	**693**
Net defined benefit liability	**29,768**	34,220	**222**
Tax loss carryforwards (*2)	**19,324**	19,205	**144**
Other	**67,570**	68,865	**505**
Gross deferred tax assets	**735,518**	755,944	**5,507**
Less: Valuation allowance for tax loss carryforwards (*2)	**(19,323)**	(19,156)	**(144)**
Valuation allowance for total of deductible temporary differences	**(570,256)**	(575,336)	**(4,270)**
Valuation allowance total (*1)	**(589,580)**	(594,493)	**(4,415)**
Total deferred tax assets	**145,938**	161,450	**1,092**
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	**(120,446)**	(131,477)	**(901)**
Deferred gains on hedges	**(2,446)**	(2,058)	**(18)**
Gains on securities transferred to employees' retirement benefit trust	**(5,351)**	(5,617)	**(40)**
Dividends receivable	**(3,120)**	(3,148)	**(23)**
Other	**(14,300)**	(14,258)	**(107)**
Total deferred tax liabilities	**(145,665)**	(156,559)	**(1,090)**
Net deferred tax assets	**¥ 272**	¥ 4,890	**$ 2**

Notes: (*1) Valuation allowance total has not changed significantly.

(*2) Breakdown of tax loss carryforwards and related deferred tax assets by expiry date as of March 31, 2023 and 2022 are as follows.

Fiscal Year Ending March 31,2023	2024	2025	2026	2027	2028	2029 and thereafter	Total
Tax loss carryforwards (*)	**¥ 82**	**¥ 70**	**¥ 64**	**¥ 13,931**	**¥ 1,897**	**¥ 3,277**	**¥ 19,324**
Valuation allowance	**(82)**	**(70)**	**(64)**	**(13,931)**	**(1,897)**	**(3,277)**	**(19,323)**
Deferred tax assets..............	**¥ 0**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ 0**

Fiscal Year Ending March 31,2022	2023	2024	2025	2026	2027	2028 and thereafter	Total
Tax loss carryforwards (*)	¥ 185	¥ 87	¥ 86	¥ 64	¥ 13,933	¥ 4,847	¥ 19,205
Valuation allowance	(185)	(80)	(74)	(64)	(13,933)	(4,818)	(19,156)
Deferred tax assets..............	¥ 0	¥ 7	¥ 11	¥ —	¥ —	¥ 28	¥ 48

Fiscal Year Ending March 31,2023	2024	2025	2026	2027	2028	2029 and thereafter	Total
Tax loss carryforwards (*)	**$ 0**	**$ 0**	**$ 0**	**$ 104**	**$ 14**	**$ 24**	**$ 144**
Valuation allowance	**(0)**	**(0)**	**(0)**	**(104)**	**(14)**	**(24)**	**(144)**
Deferred tax assets..............	**$ 0**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 0**

(*) Tax loss carryforwards represent the amount multiplied by normal effective statutory tax rate.

Reconciliations between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the fiscal years ended March 31, 2023 and 2022 were as follows:

	2023	2022
Normal effective statutory tax rate	**30.59%**	30.59%
Change in valuation allowance	**(2.18)**	(0.95)
Lower tax rates applicable to income of subsidiaries	**(0.05)**	(0.01)
Dividends exempted for income tax purposes	**(0.69)**	(0.91)
Tax loss carryforwards expired	**0.08**	0.01
Other	**0.40**	0.54
Actual effective tax rate	**28.13%**	29.25%

28. LEASE TRANSACTIONS

(1) Lessee

(a) Finance lease transactions

The Group mainly leases electronic calculators, cash dispensers and software.

(b) Operating lease transactions

As of March 31, 2023 and 2022, future minimum lease payments including interest expense under non-cancellable operating lease transactions were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Due within one year	**¥ 3,493**	¥ 3,594	**$ 26**
Due after one year	**14,513**	17,794	**108**
Total	**¥ 18,007**	¥ 21,388	**$ 134**

(2) Lessor

(a) Finance lease transactions

(i) Investments in leases consist of the followings.

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Gross lease receivables............	**¥ 23,633**	¥ 23,118	**$ 176**
Unguaranteed residual values	**5,368**	4,634	**40**
Unearned interest income	**(2,383)**	(2,202)	**(17)**
Investments in leases............	**¥ 26,618**	¥ 25,550	**$ 199**

(ii) Maturities of gross lease receivables for lease receivables as of March 31, 2023

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2024	¥ **3,418**	$ **25**
2025	**2,309**	**17**
2026	**1,396**	**10**
2027	**782**	**5**
2028	**304**	**2**
2029 and thereafter	**49**	**0**
Total	¥ **8,260**	$ **61**

(iii) Maturities of gross lease receivables for investments in leases as of March 31, 2023

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2024	¥ **7,825**	$ **58**
2025	**5,857**	**43**
2026	**4,081**	**30**
2027	**2,699**	**20**
2028	**1,594**	**11**
2029 and thereafter	**1,575**	**11**
Total	¥ **23,633**	$ **176**

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

I. Conditions of financial instruments

(1) Policies and objectives for using financial instruments

The Group aims to render useful financial services to customers and provide various financial instruments corresponding to customer needs. In addition, the Group utilizes financial instruments for risk-taking and risk-control in order to improve its profitability and secure sound operations.

The Group responds to customers' funding needs by providing credit such as lending, loans, and undertaking private placement bonds and guarantees to individuals and corporate customers. It holds bonds such as Japanese government bonds as stable investments and securities such as stocks for maintaining strong relationships with customers. Recently the Group began providing interest rate-related and currency-related derivatives to meet sophisticated and diversified customer needs.

To provide these financial services, the Group raises funds by using financial instruments such as customer deposits, issuance of bonds and funding from the inter-bank market.

Asset and Liability Management (ALM) is in place to manage the interest rate gap between short-term and long-term and interest fluctuation risk resulting from its investment and funding activities, and to improve profitability management across business divisions. As part of ALM, the Group executes derivative transactions, which are designated to hedge the interest rate gap between short-term and long-term and interest fluctuation risks, as well as covering transactions related to customers' derivative contracts.

Certain consolidated subsidiaries and affiliates conduct domestic banking services such as credit guarantee, and foreign banking services under foreign regulations.

(2) Type of and risks associated with financial instruments

(a) Type of and risks associated with loans and bills discounted

The Group's primary geographical business areas are the metropolitan areas of Tokyo and Saitama, and the Kansai region, mainly Osaka. Loans to small-to-mid-size companies and individual mortgages comprise a significant portion of our credit portfolio. These loans are exposed to credit risks in which the Group may suffer losses due to a decline or the disappearance of an asset's value as a result of deterioration of the financial position of obligors.

(b) Type of and risks associated with securities

Securities, which each bank of the Group holds, are bonds, stocks, investment trusts, investment limited partnership, etc. The Group holds them to promote business in addition to generating investment income and capital appreciation, and smooth cash flow operation.

Securities are exposed to market risks in which the Group may suffer losses due to changes in values of assets and liabilities or revenues generated from them by variance of risk factors such as interest rate, stock market and foreign exchange market, and credit risks in which the Group may suffer losses due to a decline or the disappearance of asset's value as a result of deterioration of the financial position of obligors.

(c) Type of and risks associated with derivative transactions

The Group utilizes derivative instruments such as interest rate-related products, currency-related products, stock-related products and bond-related products.

- Interest rate-related products: futures, future options, forward rate agreements, swaps and options
- Currency-related products: forward exchange contracts, swaps and options
- Stock-related products: index futures, index options and over-the-counter options
- Bond-related products: futures, future options and over-the-counter options

Derivative transactions are essential to satisfy the sophisticated and diverse financial needs of customers and to control various risks to which each bank of the Group is exposed. The Group's basic policy is to execute derivative transactions in line with its business strategy and resources under the appropriate risk management system after accurately identifying risks associated with the transactions.

Each bank of the Group executes derivative transactions in order to respond to customers' risk hedging needs, hedging risks of financial assets and liabilities, and for trading purposes as follows.

(i) Customers' risk hedging needs

Customers are exposed to various risks and, accordingly, their needs to hedge these risks are essential and diverse. One of the primary purposes of derivative transactions for each bank of the Group is to provide customers with financial products which enable them to achieve their objectives of hedging and mitigating risks. Each bank of the Group develops a variety of derivatives and makes an effort to increase its ability to provide those financial products in order to offer sophisticated financial solutions to customers.

Derivative transactions may, however, result in significant losses to customers depending upon the design and nature of the products. Accordingly, in offering such products to customers, each bank of the Group follows approach which ensure that:

- Sufficient explanation of the products and associated risks

Customers are given sufficient explanation on the nature of products and their risks in writing. A description of the product, structure, hedge effectiveness (including explanation of which customers would not be able to gain expected economic effects and which the economic effects from the hedge transactions would be against customers' interests), market risk and credit risk associated with the product are required to be included in the explanation documents (proposal, written explanation of derivative risks).

Customers are given explanation in accurate and simplified terms instead of difficult technical terms. Customers are given cooperation to confirm completeness of the explanation and full understanding by using designated documents with check column.

- Customers' responsibility and capability to enter into a transaction

Customers are ready to take responsibility for the products fully, and are capable and willing to enter into the transactions based on their own judgment.

Customers are not engaged in transactions which are recognized as improper from the points of transaction amount, term, and level of risk of view, according to customers' knowledge, experience, assets, purpose of transaction, capacity to meet loss and internal management systems.

- Providing relevant fair value information

Customers are provided with relevant fair value information (i.e., unrealized gains and losses on customers' positions) to assist them in evaluating the products and transactions, periodically or whenever considered necessary.

(ii) Hedging risks of financial assets and liabilities

Each bank of the Group uses derivatives to manage interest rate and foreign currency risks associated with various financial assets and liabilities, such as loans and deposits. Each bank of the Group uses fair value hedges to protect the fair value of assets and liabilities against risks such as interest rate fluctuations, and cash flow hedges to ensure future cash flows from their variability on an individual and a portfolio basis. As for foreign currency risks, each bank of the Group uses foreign currency hedges to protect future fair value of assets and liabilities against risks such as foreign currency fluctuations.

Derivative transactions designated as hedges are strictly monitored by assessing hedge effectiveness periodically in accordance with the relevant hedge accounting guidelines.

For a portfolio hedge of interest rate risks, hedge effectiveness is assessed by grouping hedging instruments and hedged items according to their maturities to determine that certain critical conditions are satisfied, or confirming high correlation between the changes in interest rate factors underlying the hedging instruments and hedged items by means of regression analyses. For an individual hedge, hedge effectiveness is assessed individually. For a foreign currency hedge, hedge effectiveness is assessed by confirming that the principal and interest amount of receivables and liabilities denominated in foreign currencies exceed the principal and interest amount of hedging instruments.

(iii) Trading activities

Each bank of the Group engages in trading activities to earn profits by taking advantage of short-term fluctuations in market indices or market gaps, as well as to hedge against risks to which the Company is exposed and to cover the transactions between the Company and customers at the market, etc.

Risks associated with derivative transactions are credit risks and market risks. Each bank of the Group determines and monitors credit exposures by measuring credit risks based on the current exposure method periodically, adding the credit exposure together with the on-balance sheet transactions such as loans, and the Loan and Credit Division, independent from Market Divisions and Operation Divisions, establishing individual credit limits. The division reviews the transaction and credit limits applicable to each of the counterparties, on an on-going basis, in response to the changes in creditworthiness of the counterparties.

Refer to following (3) (b) “Market risk management.”

(d) Type of and risks associated with financial liabilities

Each bank of the Group raises funds through acceptance of customer deposits, funding in the market and issuing bonds. Liabilities are exposed to liquidity risk and may be difficult to fund depending upon the interest and exchange rate fluctuation, and change in the financial economic environment.

(e) Type of and risks associated with non-banking subsidiaries and affiliates accounted for by the equity method

Non-banking subsidiaries and affiliates accounted for by the equity method include Resona Guarantee Co., Ltd. which conducts a credit guarantee business and Resona Card Co., Ltd. which conducts a credit card administration and credit guarantee business. They are exposed to credit risk and market risk related to each business activity.

(3) Risk management system related to financial instruments

The Company has established the Group Risk Management Policy that serves as the basic risk management policy. Based on the policy and operational characteristics, each bank of the Group established its own risk management policy “Basic Policy for Risk Management,” approved by the Board of Directors of each bank of the Group, including basic policies for credit risk management, market risk management and liquidity risk management. In accordance with the Basic Policy for Risk Management, each bank of the Group manages risks and establishes detailed rules over risk management activities.

Each bank of the Group plans and conducts internal audits depending on the degree of intrinsic risks and the risk management system of each division.

(a) Credit risk management

In accordance with the Basic Policy for Risk Management, Credit Risk Management-related Departments, independent from sales promotion-related divisions, are responsible for determining and monitoring credit exposures at each bank of the Group. As an organization responsible for credit risk management, each bank of the Group sets up the Credit Committee and Credit Risk Management-related Departments, which include the Credit Risk Management Division, Credit Analysis Division and Administration of Problem Loans. The Credit Committee has been established to resolve, discuss and report significant credit matters as a whole. The Credit Risk Management Division is a division to propose policies and procedures over credit rating and a framework necessary for appropriate credit risk management such as credit analysis. The Credit Analysis Division is a division to review operational and financial conditions, qualitative factors, funding purposes, repayment plans, etc. of counterparties, and determines credit exposures by considering the nature of risks associated with the transaction appropriately. The Administration of Problem Loans is a division to understand the business condition of the counterparties with problems and engages in rehabilitation, resolution and correction of the business.

Under the foregoing organizational structure, each bank of the Group makes an effort to control and reduce credit risks. For instance, each bank of the Group applies strict controls for credit concentration risk to a specific customer (or customer group) though measures such as establishing a credit limit (credit ceiling), as the risk may materially affect the operation of each bank of the Group.

Each bank of the Group controls credit risks within certain amounts by measuring credit risks from the perspective of managing the whole credit portfolio and setting credit limits.

(b) Market risk management

(i) Market risk management system

In accordance with the Basic Policy for Risk Management, each bank of the Group established the Risk Management Division (middle-office) and the Office Management Division (back-office), independent from Transaction Divisions (front-office), to enable mutual checks and balances. The ALM Committee has been established to manage changes and conditions of funding, revenue, risk and cost, and to discuss and report corresponding actions to the circumstances.

Each bank of the Group establishes policies such as the "Market Risk Management Policy" to manage market risk appropriately and strictly in accordance with the Basic Policy for Risk Management.

As for market risks resulting from fair market valuation of transactions or changes in risk factors such as interest, market prices, and foreign currency exchange, each bank of the Group measures risk exposures by Value at Risk ("VaR"), establishes limits of risk exposure, limits of loss and limits of sensitivity by product, and monitors those observance conditions. In addition, each bank of the Group regularly measures potential loss amounts based on stress-scenario testing.

Each bank of the Group monitors and reports to management about risk exposures and profit/loss conditions, including observance of the conditions of the credit limits. It also leads checks and balances by the Risk Management Division (middle-office) to the Transaction Divisions (front-office).

(ii) Quantitative information on market risk

Each bank of the Group measures VaR of market risks based on the purpose of holding financial instruments: trading, banking and securities held for the purpose of cross-shareholdings. For banking, CVA (credit valuation adjustment for derivative transactions) is included in the risk. Market risk exposure of the Group is measured by simply aggregating VaR of Resona Bank, Saitama Resona Bank and Kansai Mirai FG.

Risk exposures of certain products and affiliated companies are excluded from the market risk exposure of the Group, as the effect is confirmed to be immaterial.

(Trading)
The Group adopts a historical simulation method (holding period is 10 business days, confidence interval is 99%, observation period is 250 business days) in order to measure VaR associated with securities held for trading and derivative instruments. The market risk exposures of the Group in the trading operation as of March 31, 2023 and 2022 were ¥488 million ($3 million) and ¥501 million, respectively.

(Banking)
In the banking operation, each bank of the Group deals with financial instruments other than those held for trading and securities held for the purpose of cross-shareholdings, and any other assets and liabilities. The Group adopts a historical simulation method or a delta method (holding period is 20 or 125 business days, confidence interval is 99%, observation period is 250 or 1,250 business days) in order to measure VaR associated with the banking operation. The market risk exposures of the Group in the banking operation as of March 31, 2023 and 2022 were ¥112,930 million ($845 million) and ¥54,684 million, respectively.

(Securities held for the purpose of cross-shareholdings)
Each bank of the Group measures VaR or manages risks associated with securities held for the purpose of cross-shareholdings separately from the trading and the banking operation. The Group adopts a historical simulation method or a delta method (holding period is 125 business days, confidence interval is 99%, observation period is 250 or 1,250 business days) in order to measure VaR associated with securities held for the purpose of cross-shareholdings, and measures risk exposure by considering impairment risks. The market risk exposures of the Group on the securities held for the purpose of cross-shareholdings as of March 31, 2023 and 2022 were ¥13,422 million ($100 million) and ¥16,678 million, respectively.

(Verification system of VaR)
Each bank of the Group performs a backtesting which reconciles VaR measured by the model for each measurement unit with actual market fluctuations in order to verify reliability and effectiveness of the risk measurement model.

VaR represents a risk exposure under a certain probability calculated statistically based on the historical market movements. In the case that the actual market fluctuates over the ranges anticipated by the historical market movements, fair market values may fluctuate over VaR.

(c) Liquidity risk management

In accordance with the Basic Policy for Risk Management, each bank of the Group has established the Cash Management Division and the Liquidity Risk Management Division, to enable mutual checks and balances. The ALM Committee and the Liquidity Risk Management Committee, etc. monitor and report to management timely and appropriately.

Each bank of the Group establishes policies such as the “Liquidity Risk Management Policy” to manage liquidity risk appropriately and strictly in accordance with the Basic Policies for Risk Management.

For cash flow management, each bank of the Group establishes liquidity risk phases (normal and 3 levels under emergency condition) and carries out corresponding actions at each phase determined in advance.

Each bank of the Group monitors liquidity risks by defining a key indicator for liquidity risk management based on its size and nature of the business and circumstances over a liquidity risk. Each bank of the Group establishes guidelines of a key indicator for liquidity risk management as necessary.

As for market liquidity risks in which each bank of the Group may suffer losses because it cannot make transactions on market or is forced to make significantly unfavorable transactions due to market turmoil, each bank of the Group manages the risk appropriately by examining and reporting conditions of market liquidity relating to the market transactions handled, as well as establishing guidelines as necessary and monitoring on a daily basis.

(4) Supplementary explanation relating to fair value of financial instruments and other

Certain assumptions are used for the calculation of the fair value of financial instruments. Accordingly, the result of the calculation may vary if different assumptions are used.

II. Fair value of financial instruments

Amount on consolidated balance sheet, fair values and differences between them as of March 31, 2023 and 2022 were as follows. The below table does not include non-marketable equity securities, etc. and investment in partnerships (Refer to (Note 1)).

Notes to the following accounts are omitted since these items are settled in short term and their fair values approximate carrying amounts.

Cash and due from banks, Call loans and bills bought, Receivables under securities borrowing transactions, Foreign exchange assets, Foreign exchange liabilities, Call money and bills sold, Payables under repurchase agreements, Payables under securities lending transactions and Due to trust accounts

	Millions of yen		
	Amount on consolidated balance sheet	Fair value	Difference
March 31, 2023			
Monetary claims bought (*1)	¥ **497,391**	¥ **496,820**	¥ **(571)**
Trading assets:			
Trading securities	**152,445**	**152,445**	—
Securities:			
Held-to-maturity debt securities	**3,899,097**	**3,803,574**	**(95,523)**
Available-for-sale securities (*2).	**4,373,731**	**4,373,731**	—
Loans and bills discounted	**41,357,286**		
Reserve for loan losses (*1)	**(205,707)**		
	41,151,579	**41,155,324**	**3,745**
Total assets	¥ **50,074,245**	¥ **49,981,895**	¥ **(92,349)**
Deposits	¥ **61,898,677**	¥ **61,898,785**	¥ **107**
Negotiable certificates of deposit	**898,140**	**898,140**	**0**
Borrowed money	**3,617,976**	**3,606,706**	**(11,270)**
Bonds	**196,000**	**198,107**	**2,170**
Total liabilities	¥ **66,610,794**	¥ **66,601,739**	¥ **(9,054)**
Derivative transactions (*3):			
Hedge accounting not applied	¥ **27,350**	¥ **27,350**	¥ —
Hedge accounting applied (*4)	**10,960**	**10,896**	**(63)**
Total derivative transactions	¥ **38,310**	¥ **38,247**	¥ **(63)**

	Millions of yen		
	Amount on consolidated balance sheet	Fair value	Difference
March 31, 2022			
Monetary claims bought (*1)	¥ 414,543	¥ 413,329	¥ (1,214)
Trading assets:			
Trading securities	192,027	192,027	—
Securities:			
Held-to-maturity debt securities	2,934,797	2,904,464	(30,333)
Available-for-sale securities.	4,689,254	4,689,254	—
Loans and bills discounted	39,597,906		
Reserve for loan losses (*1)	(225,898)		
	39,372,007	39,452,251	80,243
Total assets	¥ 47,602,631	¥ 47,651,327	¥ 48,696
Deposits	¥ 60,922,036	¥ 60,922,073	¥ 36
Negotiable certificates of deposit	975,640	975,641	1
Borrowed money	9,134,782	9,131,936	(2,845)
Bonds	201,000	203,945	2,945
Total liabilities	¥ 71,233,458	¥ 71,233,596	¥ 137
Derivative transactions (*2):			
Hedge accounting not applied	¥ 33,590	¥ 33,590	¥ —
Hedge accounting applied (*3)	6,053	5,862	(190)
Total derivative transactions	¥ 39,643	¥ 39,453	¥ (190)

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Fair value	Difference
March 31, 2023			
Monetary claims bought (*1)	**$ 3,724**	**$ 3,720**	**$ (4)**
Trading assets:			
Trading securities	**1,141**	**1,141**	—
Securities:			
Held-to-maturity debt securities	**29,197**	**28,482**	**(715)**
Available-for-sale securities (*2).	**32,752**	**32,752**	—
Loans and bills discounted	**309,699**		
Reserve for loan losses (*1)	**(1,540)**		
	308,159	**308,187**	**28**
Total assets	**$ 374,975**	**$ 374,284**	**$ (691)**
Deposits	**$ 463,521**	**$ 463,522**	**$ 0**
Negotiable certificates of deposit	**6,725**	**6,725**	**0**
Borrowed money	**27,092**	**27,008**	**(84)**
Bonds	**1,467**	**1,483**	**15**
Total liabilities	**$ 498,807**	**$ 498,739**	**$ (67)**
Derivative transactions (*3):			
Hedge accounting not applied	**$ 204**	**$ 204**	**$ —**
Hedge accounting applied (*4):	**82**	**81**	**(0)**
Total derivative transactions	**$ 286**	**$ 286**	**$ (0)**

Notes: (*1) General and individually assessed for loan losses and specific reserve for overseas loan losses corresponding to loans and bills discounted are deducted. Specific reserve for loan losses corresponding to monetary claims bought is excluded from the amount on consolidated balance sheet directly due to immateriality.

(*2) Available-for-sale securities include investment trusts, of which the reference value is deemed to be the fair value in accordance with the Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

(*3) Derivative financial instruments included in trading assets/liabilities and other assets/liabilities are presented in total. Assets (positive amount) and liabilities (negative amount) arising from derivative transactions are presented on a net basis.

(*4) Interest rate swaps, etc. designated as hedge instruments for fixing cash flows of loans and bills discounted, etc. (hedged items). Deferral hedge accounting is mainly applied to the derivative transactions. The Group applies "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (Practical Solution No. 40, March 17, 2022) to the hedge relationship.

(Note 1) Non-marketable equity securities, etc. and investment in partnerships

Carrying amounts of non-marketable equity securities, etc. and investment in partnerships on the consolidated balance sheet are as follows.

These are not included in “other securities” on above table “II. Fair value of financial instruments.”

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Unlisted stocks (*1) (*2)	**¥ 58,947**	¥ 59,635	**$ 441**
Investments in partnerships (*3)	**54,438**	48,861	**407**

Notes: (*1) The fair values of unlisted stocks are not disclosed in accordance with the Paragraph 5 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19, March 31, 2020)”.

(*2) Impairment losses of unlisted stocks were ¥304 million ($2 million) and ¥202 million for the fiscal years ended March 31, 2023 and 2022, respectively.

(*3) The fair values of investments in partnerships are not disclosed in accordance with the Paragraph 24-16 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.31, June 17, 2021).

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

	Millions of yen					
As of March 31, 2023	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Due from banks	**¥ 21,927,304**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Call loans and bills bought	**89,359**	**—**	**—**	**—**	**—**	**—**
Monetary claims bought	**194,291**	**48,553**	**39,888**	**33,363**	**41,681**	**138,786**
Securities:						
Held-to-maturity debt securities	**105,522**	**502,411**	**281,852**	**402,502**	**1,104,374**	**1,503,913**
Japanese government bonds.	**50,000**	**350,000**	—	**80,000**	**593,000**	**1,202,100**
Japanese local government bonds.	**50,035**	**150,228**	**266,933**	**320,992**	**509,072**	**3,748**
Japanese corporate bonds.	**5,486**	**2,182**	**1,565**	**1,509**	**2,302**	**298,065**
Available-for-sale securities.	**257,345**	**670,087**	**525,669**	**421,423**	**560,728**	**1,036,124**
Japanese government bonds.	—	—	—	—	**256,000**	**383,400**
Japanese local government bonds.	**22,187**	**135,833**	**131,684**	**165,691**	**197,155**	**1,123**
Japanese corporate bonds.	**223,558**	**431,860**	**198,627**	**49,116**	**23,640**	**171,074**
Loans and bills discounted (*1)	**9,619,835**	**6,255,115**	**5,266,275**	**3,665,294**	**4,153,339**	**12,269,311**
Foreign exchange assets	**198,688**	—	—	—	**—**	—
Lease receivables and investments in leases (*2)	**11,313**	**13,981**	**6,558**	**1,559**	**1,054**	**75**
Total assets	**¥ 32,403,659**	**¥ 7,490,418**	**¥ 6,120,245**	**¥ 4,524,143**	**¥ 5,861,179**	**¥ 14,948,213**
Deposits (*3)	**¥ 59,192,100**	**¥ 2,106,167**	**¥ 600,409**	**¥ —**	**¥ —**	**¥ —**
Negotiable certificates of deposit	**825,640**	**72,500**	**—**	**—**	**—**	**—**
Call money and bills sold	**1,174,692**	**—**	**—**	**—**	**—**	**—**
Payables under repurchase agreement	**5,000**	**—**	**—**	**—**	**—**	**—**
Payables under securities lending transactions	**2,285,798**	**—**	**—**	**—**	**—**	**—**
Borrowed money	**2,891,284**	**340,097**	**386,542**	**52**	**—**	**—**
Foreign exchange liabilities	**5,301**	**—**	**—**	**—**	**—**	**—**
Bonds	**55,000**	**50,000**	**91,000**	**—**	**—**	**—**
Due to trust account	**990,487**	**—**	**—**	**—**	**—**	**—**
Total liabilities	**¥ 67,425,304**	**¥ 2,568,765**	**¥ 1,077,952**	**¥ 52**	**¥ —**	**¥ —**

As of March 31, 2022	Millions of yen					
	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Due from banks	¥ 27,469,532	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	127,949	—	—	—	—	—
Monetary claims bought	196,029	39,041	30,785	25,211	30,216	92,123
Securities:						
Held-to-maturity debt securities	58,973	506,308	206,160	224,900	753,799	1,177,803
Japanese government bonds.	—	400,000	—	—	473,000	977,600
Japanese local government bonds.	50,005	100,145	192,873	224,000	279,492	3,801
Japanese corporate bonds.	8,968	6,163	1,045	899	1,306	196,401
Available-for-sale securities.	323,258	653,030	702,670	318,796	740,238	1,014,438
Japanese government bonds.	—	100,000	250,000	40,000	336,000	404,500
Japanese local government bonds.	45,203	73,616	172,886	104,345	278,093	2,081
Japanese corporate bonds.	274,376	387,104	213,788	65,760	28,121	152,230
Loans and bills discounted (*1).	8,579,577	6,109,338	4,959,021	3,564,861	4,047,853	12,214,517
Foreign exchange assets	159,859	—	—	—	—	—
Lease receivables and investments in leases (*2)	11,256	14,451	6,152	1,237	1,208	121
Total assets.	¥ 36,926,437	¥ 7,322,171	¥ 5,904,789	¥ 4,135,006	¥ 5,573,316	¥ 14,499,004
Deposits (*3)	¥ 58,116,063	¥ 2,292,139	¥ 513,833	¥ —	¥ —	¥ —
Negotiable certificates of deposit	877,840	97,800	—	—	—	—
Call money and bills sold	1,323,622	—	—	—	—	—
Payables under repurchase agreement	5,000	—	—	—	—	—
Payables under securities lending transactions	804,303	—	—	—	—	—
Borrowed money	8,638,648	303,931	192,141	60	—	—
Foreign exchange liabilities	3,886	—	—	—	—	—
Bonds	60,000	95,000	46,000	—	—	—
Due to trust account	1,109,114	—	—	—	—	—
Total liabilities	¥ 70,938,479	¥ 2,788,871	¥ 751,974	¥ 60	¥ —	¥ —

As of March 31, 2023	Millions of U.S. dollars					
	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Due from banks	**$ 164,200**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Call loans and bills bought	**669**	—	—	—	—	—
Monetary claims bought	**1,454**	**363**	**298**	**249**	**312**	**1,039**
Securities:						
Held-to-maturity debt securities	**790**	**3,762**	**2,110**	**3,014**	**8,269**	**11,261**
Japanese government bonds.	**374**	**2,620**	—	**599**	**4,440**	**9,001**
Japanese local government bonds.	**374**	**1,124**	**1,998**	**2,403**	**3,812**	**28**
Japanese corporate bonds.	**41**	**16**	**11**	**11**	**17**	**2,232**
Available-for-sale securities	**1,927**	**5,017**	**3,936**	**3,155**	**4,198**	**7,758**
Japanese government bonds.	—	—	—	—	**1,917**	**2,871**
Japanese local government bonds.	**166**	**1,017**	**986**	**1,240**	**1,476**	**8**
Japanese corporate bonds.	**1,674**	**3,233**	**1,487**	**367**	**177**	**1,281**
Loans and bills discounted (*1).	**72,037**	**46,840**	**39,435**	**27,447**	**31,101**	**91,877**
Foreign exchange assets	**1,487**	—	—	—	—	—
Lease receivables and investments in leases (*2)	**84**	**104**	**49**	**11**	**7**	**0**
Total assets.	**$ 242,651**	**$ 56,089**	**$ 45,830**	**$ 33,878**	**$ 43,890**	**$ 111,938**
Deposits (*3)	**$ 443,253**	**$ 15,771**	**$ 4,496**	**$ —**	**$ —**	**$ —**
Negotiable certificates of deposit	**6,182**	**542**	—	—	—	—
Call money and bills sold	**8,796**	—	—	—	—	—
Payables under repurchase agreements	**37**	—	—	—	—	—
Payables under securities lending transactions	**17,116**	—	—	—	—	—
Borrowed money	**21,651**	**2,546**	**2,894**	**0**	—	—
Foreign exchange liabilities	**39**	—	—	—	—	—
Bonds	**411**	**374**	**681**	—	—	—
Due to trust account	**7,417**	—	—	—	—	—
Total liabilities	**$ 504,907**	**$ 19,235**	**$ 8,072**	**$ 0**	**$ —**	**$ —**

Notes: (*1) Loans and bills discounted, for which it is difficult to estimate the redemption amount, amounted to ¥128,115 million ($959 million) and ¥122,736 million as of March 31, 2023, and 2022, respectively, are excluded from the above table. The estimated uncollectable amount deducted from loans directly is excluded.

(*2) Lease receivables and investments in leases, for which it is difficult to estimate the redemption amount, amounted to ¥445 million ($3 million) and ¥213 million as of March 31, 2023 and 2022, respectively, are excluded from the above table. The estimated uncollectable amount deducted from receivables directly is excluded.
(*3) Demand deposits are included and presented in “one year or less” in the above table.

III. Financial instruments categorized by fair value hierarchy

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

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

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

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

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

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

As of March 31, 2023	Millions of yen			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ —	¥ 20	¥ 20
Trading assets				
Trading securities				
Japanese government bonds	343	—	—	343
Japanese local government bonds	—	6,098	—	6,098
Other	—	146,003	—	146,003
Securities				
Available-for-sale securities				
Japanese stocks	867,211	—	—	867,211
Japanese government bonds	605,833	—	—	605,833
Japanese local government bonds	—	648,377	—	648,377
Japanese corporate bonds	—	391,842	696,705	1,088,547
Other	339,393	819,109	—	1,158,503
Total assets	¥ 1,812,781	¥ 2,011,430	¥ 696,726	¥ 4,520,939
Derivative transactions				
Interest rate-related products	—	33,422	—	33,422
Currency-related products	—	4,891	—	4,891
Stock-related products	—	—	—	—
Bond-related products	3	(6)	—	(3)
Total derivatives	¥ 3	¥ 38,307	¥ —	¥ 38,310

As of March 31, 2022	Millions of yen			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ —	¥ 53	¥ 53
Trading assets				
Trading securities				
Japanese government bonds	2,398	—	—	2,398
Japanese local government bonds	—	6,463	—	6,463
Other	—	183,165	—	183,165
Securities				
Available-for-sale securities				
Japanese stocks	893,626	—	—	893,626
Japanese government bonds	1,112,857	—	—	1,112,857
Japanese local government bonds	—	676,119	—	676,119
Japanese corporate bonds	—	445,180	672,980	1,118,160
Other	63,678	480,033	7	543,719
Total assets	¥ 2,072,561	¥ 1,790,962	¥ 673,041	¥ 4,536,565
Derivative transactions				
Interest rate-related products	(8)	33,920	—	33,911
Currency-related products	—	5,734	—	5,734
Stock-related products	—	—	—	—
Bond-related products	(6)	3	—	(2)
Total derivatives	¥ (15)	¥ 39,658	¥ —	¥ 39,643

As of March 31, 2023	Millions of U.S. dollars Level 1	Level 2	Level 3	Total
Monetary claims bought	**$ —**	**$ —**	**$ 0**	**$ 0**
Trading assets				
Trading securities				
Japanese government bonds	**2**	**—**	**—**	**2**
Japanese local government bonds	**—**	**45**	**—**	**45**
Other	**—**	**1,093**	**—**	**1,093**
Securities				
Available-for-sale securities				
Japanese stocks	**6,494**	**—**	**—**	**6,494**
Japanese government bonds	**4,536**	**—**	**—**	**4,536**
Japanese local government bonds	**—**	**4,855**	**—**	**4,855**
Japanese corporate bonds	**—**	**2,934**	**5,217**	**8,151**
Other	**2,541**	**6,133**	**—**	**8,675**
Total assets	**$ 13,574**	**$ 15,062**	**$ 5,217**	**$ 33,854**
Derivative transactions				
Interest rate-related products	**—**	**250**	**—**	**250**
Currency-related products	**—**	**36**	**—**	**36**
Stock-related products	**—**	**—**	**—**	**—**
Bond-related products	**0**	**(0)**	**—**	**(0)**
Total derivatives	**$ 0**	**$ 286**	**$ —**	**$ 286**

Notes: (*1) Investment trusts, etc. which applies the transitional measures set forth in Paragraph 26 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.31, July 4, 2019) are not included in above table and amounted to ¥344,769 million as of March 31, 2022.
(*2) Securities do not include investment trusts, of which the reference value is deemed to be the fair value in accordance with the Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021). The investment trusts applying the Paragraph 24-9 amounted to ¥5,258 million ($39 million) as of March 31, 2023.

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

As of March 31, 2023	Millions of yen Level 1	Level 2	Level 3	Total
Monetary claims bought	**¥ —**	**¥ —**	**¥ 496,799**	**¥ 496,799**
Securities				
Held-to-maturity debt securities				
Japanese government bonds	**2,200,646**	**—**	**—**	**2,200,646**
Japanese local government bonds	**—**	**1,287,855**	**—**	**1,287,855**
Japanese corporate bonds	**—**	**297,380**	**5,523**	**302,904**
Other	**—**	**12,168**	**—**	**12,168**
Loans and bills discounted	**—**	**—**	**41,155,324**	**41,155,324**
Total assets	**¥ 2,200,646**	**¥ 1,597,404**	**¥ 41,657,647**	**¥ 45,455,698**
Deposits	**—**	**61,898,785**	**—**	**61,898,785**
Negotiable certificates of deposit	**—**	**898,140**	**—**	**898,140**
Borrowed money	**—**	**3,606,706**	**—**	**3,606,706**
Bonds	**—**	**198,107**	**—**	**198,107**
Total liabilities	**¥ —**	**¥ 66,601,739**	**¥ —**	**¥ 66,601,739**

As of March 31, 2022	Millions of yen Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ —	¥ 413,349	¥ 413,349
Securities				
Held-to-maturity debt securities				
Japanese government bonds.	1,829,761	—	—	1,829,761
Japanese local government bonds	—	849,988	—	849,988
Japanese corporate bonds	—	199,058	14,082	213,140
Other	—	11,573	—	11,573
Loans and bills discounted	—	—	39,452,251	39,452,251
Total assets	¥ 1,829,761	¥ 1,060,620	¥ 39,879,683	¥ 42,770,064
Deposits	—	60,922,073	—	60,922,073
Negotiable certificates of deposit	—	975,641	—	975,641
Borrowed money	—	9,131,936	—	9,131,936
Bonds	—	203,945	—	203,945
Total liabilities	¥ —	¥ 71,233,596	¥ —	¥ 71,233,596

As of March 31, 2023	Millions of U.S dollars Level 1	Level 2	Level 3	Total
Monetary claims bought	$ —	$ —	$ 3,720	$ 3,720
Securities				
Held-to-maturity debt securities				
Japanese government bonds	16,479	—	—	16,479
Japanese local government bonds	—	9,643	—	9,643
Japanese corporate bonds	—	2,226	41	2,268
Other	—	91	—	91
Loans and bills discounted	—	—	308,187	308,187
Total assets	$ 16,479	$ 11,961	$ 311,948	$ 340,390
Deposits	—	463,522	—	463,522
Negotiable certificates of deposit	—	6,725	—	6,725
Borrowed money	—	27,008	—	27,008
Bonds	—	1,483	—	1,483
Total liabilities	$ —	$ 498,739	$ —	$ 498,739

(Note 1) Valuation techniques and inputs used in the fair value measurement

Assets

Monetary claims bought

Fair values for deed of beneficiary certificate of loan trust are based on the values provided by third parties (brokers) or calculated by a similar method used for loans and bills discounted, and are classified as Level 3. Regarding loans and bills discounted other than noted above, since contractual terms of these items are short by its nature, the carrying amounts are deemed to approximate fair value, and are classified as Level 3.

Trading assets

Trading assets of which used unadjusted quoted market price in an active market are classified as Level 1, and mainly Japanese government bonds are included. Trading assets for which the quoted market price in a non-active market is used are classified as Level 2, and Japanese local government bonds and short-term Japanese corporate bonds are included.

Securities

Securities for which unadjusted quoted market price in an active market is used are classified as Level 1, and mainly listed stocks and Japanese government bonds are included.
Securities for which the quoted market price in a non-active market is used are classified as Level 2, and Japanese local government bonds and Japanese corporate bonds are included.

Investment trusts for which quoted market price does not exist and its reference value is deemed as fair value as far as there is no material restriction with respect to cancellation or repurchase requests that would require compensation for the risk from market participants, are classified as Level 2

Fair values of private placement bonds are, in principle, determined by discounting the principal and interest amount with the interest rate used for new issuances for each category based on the internal rating, and are classified as Level 3 since discounted rates are unobservable. Refer to Note "6. Securities" for the purpose of holding those securities.

Loans and bills discounted

Fair values of loans are mainly determined by discounting the principal and interest amount with the interest rate used for each category of loan, internal rating and loan period with reflecting the market interest rates to credit risks. For value of loans with floating interest rates, the carrying amounts approximate fair value, unless creditworthiness of borrowers has changed significantly since the loan was executed, etc.

For fair values of loans to bankrupt obligors, effectively bankrupt obligors and potentially bankrupt obligors, reserve for loan losses is estimated by DCF based on the present value of future cash flows and recoverable amounts of collateral or guarantees. These are classified as Level 3.

Liabilities

Deposits and negotiable certificates of deposit

For demand deposits, the Group deems the payment amounts required on the consolidated balance sheet date (i.e., carrying amounts) to be fair values. Fair values of time deposits and negotiable certificates of deposit are calculated by classifying them based on their terms and discounting the future cash flows. Discount rates used in such calculations are the market interest rates. For fair values of deposits with maturity within one year, the carrying amounts are considered to approximate fair value due to the short maturity. These are classified as Level 2.

Borrowed money

For borrowed money with floating interest rates reflecting the market interest rates in a short-term period, the carrying amounts are considered to approximate fair value when the creditworthiness of the Company and its consolidated subsidiaries have not changed significantly since the borrowing was made. For borrowed money with fixed interest rates, fair values are determined by discounting the principal and interest amount with the market interest rates adjusted with a premium of either the Company or its consolidated subsidiaries. For borrowed money with maturity within one year, the carrying amounts are considered to approximate fair value due to the short maturity. These are classified as Level 2.

Bonds

Fair values of corporate bonds issued by the Company and its consolidated subsidiaries are calculated by quoted market price and are classified as Level 2.

Derivative transactions

Derivative transactions for which unadjusted quoted market price in an active market is used are classified as Level 1, and mainly bond futures and interest futures are included. However, since most derivative transactions are over-the-counter and there is no quoted market price, the fair value are determined based on the category of transactions and remaining term of maturity by present value method and Black-Scholes model. Major inputs used in the methods are interest rate, currency exchange rate and volatility. The fair value is adjusted based on credit risks for the business partners and the Company itself. Derivative transactions those either unobservable inputs are not used for or the effect is immaterial are classified as Level 2, and plain vanilla swap and forward exchange contracts are included.

(Note 2) Fair values classified as Level 3 of which the financial assets and liabilities measured at the fair values in the consolidated balance sheet

(1) Fair values measured by using unobservable inputs as of March 31, 2023 and 2022.

	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted average of Inputs
March 31, 2023				
Securities				
Bonds				
Private placement bonds	Present value	Discount rate	**0.1% - 26.0%**	**0.7%**
March 31, 2022				
Securities				
Bonds				
Private placement bonds	Present value	Discount rate	0.1% - 25.9%	0.6%
Other	Present value	Discount rate	2.3% - 8.9%	4.8%

(2) Adjustment from the begging balance to ending balance and valuation gains or losses recognized for the fiscal year ended March 31, 2023 and 2022.

	Millions of yen		Millions of U.S. dollars	
		Securities		Securities
	Monetary claims bought	Available-for-sales securities Bonds	Monetary claims bought	Available-for-sales securities Bonds
March 31, 2023				
Balance at the beginning of the fiscal year	**¥ 53**	**¥ 672,980**	**$ 0**	**$ 5,039**
Net gains or losses, or comprehensive income				
Amounted to gains or losses (*1)	—	**(594)**	—	**(4)**
Amounted to comprehensive income (*2)	**(0)**	**(727)**	**(0)**	**(5)**
Net of purchase, sales, issue and settlement	**(32)**	**25,046**	**(0)**	**187**
Reclassify to Level 3	—	—	—	—
Reclassify from Level 3	—	—	—	—
Balance at the end of the fiscal year	**¥ 20**	**¥ 696,705**	**$ 0**	**$ 5,217**
Valuation on gains or losses on financial assets and liabilities held on the consolidated balance sheet amount in net gains or losses	—	—	—	—

	Millions of yen		
		Securities	
	Monetary claims bought	Available-for-sales securities	
		Bonds	Other
March 31, 2022			
Balance at the beginning of the fiscal year	¥ 128	¥ 643,535	¥ 6
Net gains or losses, or comprehensive income			
Amounted to gains or losses (*1)	―	(194)	―
Amounted to comprehensive income (*2)	(2)	(4,698)	1
Net of purchase, sales, issue and settlement	(73)	34,336	―
Reclassify to Level 3	―	―	―
Reclassify from Level 3	―	―	―
Balance at the end of the fiscal year	¥ 53	¥ 672,980	¥ 7
Valuation on gains or losses on financial assets and liabilities held on the consolidated balance sheet amount in net gains or losses	―	―	―

Notes: (*1) The amount included in other operating income and other operating expenses in the consolidated statement of income.
(*2) The amount included in other comprehensive income and other unrealized (gains) or losses on available-for-sales securities in the consolidated statement of comprehensive income.

(3) Processes for fair value valuation

The Group established the basic policy and procedures for fair value calculation in middle-office and each related division calculates the fair value. The calculated values are verified by the independent evaluation division in the appropriateness of valuation techniques, inputs, and fair value hierarchy.

In calculating the fair value, the Group uses a valuation model that can most appropriately reflect the nature, characteristics and risks of each asset. In case it uses market price obtained from third parties, the Group verifies the appropriateness of the price by confirmation of the valuation techniques and inputs used and comparison with the fair value of similar financial product.

(4) Effect on fair value in case of changing the significant unobservable inputs

Significant unobservable input used for calculating fair value of private placement bonds is discount rate. The discount rate is the factor for discounting the future cash flow, and mainly consists with risk premium, which is the amount of compensation required by market participants for the uncertainty of cash flows of financial instruments resulting from credit risk. In general, as the discount rate increases (decreases), the present value decreases (increases).

30. DERIVATIVES

(1) Derivative transactions to which hedge accounting is not applied

The notional principal or contract amounts, fair values and unrealized gains or losses on derivative transactions to which hedge accounting is not applied as of March 31, 2023 and 2022 were as follows**:**

(a) Interest rate-related transactions

			Millions of yen			
			Notional or contract amount			Unrealized
				Maturity		gains
			Total	over 1 year	Fair value	(losses)
March 31, 2023						
Listed	Interest-rate future	Sold	¥ —	¥ —	¥ —	¥ —
		Bought	—	—	—	—
Over-the-counter	Swaps	Receive fixed/pay floating	**6,432,289**	**5,087,665**	**5,402**	**5,402**
		Receive floating/pay fixed	**6,087,440**	**5,050,314**	**18,580**	**18,580**
		Receive floating/pay floating	**2,869,217**	**2,433,530**	**1,712**	**1,712**
	Caps	Sold	**738**	**707**	**5**	**3**
		Bought	**1,074**	**1,074**	**7**	**2**
	Floors	Sold	**5,311**	**5,311**	**(14)**	**14**
		Bought	**6,222**	**5,877**	**36**	**36**
	Swaptions	Sold	**119,846**	**75,846**	**3,753**	**(1,873)**
		Bought	**78,854**	**48,854**	**2,512**	**2,512**
Consolidated related party	Swaps	Receive fixed/pay floating	—	—	—	—
Total					**¥ 24,506**	**¥ 26,389**

			Millions of yen			
			Notional or contract amount			Unrealized
				Maturity		gains
			Total	over 1 year	Fair value	(losses)
March 31, 2022						
Listed	Interest-rate future	Sold	¥ 11,385	¥ 2,369	¥ (8)	¥ (8)
		Bought	—	—	—	—
Over-the-counter	Swaps	Receive fixed/pay floating	4,796,056	4,279,899	45,551	45,551
		Receive floating/pay fixed	4,843,290	4,175,016	(17,907)	(17,907)
		Receive floating/pay floating	5,499,952	2,629,088	(1,283)	(1,283)
	Caps	Sold	1,403	1,089	3	12
		Bought	1,076	1,076	6	(1)
	Floors	Sold	3,839	3,839	(68)	68
		Bought	5,609	5,095	(7)	(7)
	Swaptions	Sold	69,771	69,771	2,098	(591)
		Bought	35,827	35,827	1,328	1,328
Consolidated related party	Swaps	Receive fixed/pay floating	2,000	2,000	4	4
Total					¥ 25,650	¥ 27,166

			Millions of U.S. dollars			
			Notional or contract amount			Unrealized
				Maturity		gains
			Total	over 1 year	Fair value	(losses)
March 31, 2023						
Listed	Interest-rate future	Sold	$ —	$ —	$ —	$ —
		Bought	—	—	—	—
Over-the-counter	Swaps	Receive fixed/pay floating	**48,167**	**38,098**	**40**	**40**
		Receive floating/pay fixed	**45,585**	**37,818**	**139**	**139**
		Receive floating/pay floating	**21,485**	**18,223**	**12**	**12**
	Caps	Sold	**5**	**5**	**0**	**0**
		Bought	**8**	**8**	**0**	**0**
	Floors	Sold	**39**	**39**	**(0)**	**0**
		Bought	**46**	**44**	**0**	**0**
	Swaptions	Sold	**897**	**567**	**28**	**(14)**
		Bought	**590**	**365**	**18**	**18**
Consolidated related party	Swaps	Receive fixed/pay floating	—	—	—	—
Total					**$ 183**	**$ 197**

Note: The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statement of income.

(b) Currency-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2023						
Over-the-counter	Currency swaps		**¥ 255,370**	**¥ 201,306**	**¥ 2,700**	**¥ (131)**
	Forward contracts	Sold	**780,442**	**147,242**	**(7,181)**	**(7,181)**
		Bought	**918,975**	**213,695**	**10,649**	**10,649**
	Currency options	Sold	**268,761**	**193,720**	**11,474**	**2,470**
		Bought	**225,955**	**142,039**	**8,153**	**(874)**
Total					**¥ 2,847**	**¥ 4,931**
March 31, 2022						
Over-the-counter	Currency swaps		¥ 314,799	¥ 213,073	¥ 1,916	¥ (83)
	Forward contracts	Sold	617,882	121,965	(25,069)	(25,069)
		Bought	636,420	120,972	32,728	32,728
	Currency options	Sold	89,173	51,988	3,879	(816)
		Bought	91,222	52,964	2,247	(409)
Total					¥ 7,942	¥ 6,349

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2023						
Over-the-counter	Currency swaps		**$ 1,912**	**$ 1,507**	**$ 20**	**$ (0)**
	Forward contracts	Sold	**5,844**	**1,102**	**(53)**	**(53)**
		Bought	**6,881**	**1,600**	**79**	**79**
	Currency options	Sold	**2,012**	**1,450**	**85**	**18**
		Bought	**1,692**	**1,063**	**61**	**(6)**
Total					**$ 21**	**$ 36**

Note: The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statement of income.

(c) Stock-related transactions

There were no stock-related transactions for the fiscal year ended March 31, 2023 and 2022, respectively.

(d) Bond-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2023						
Listed	Futures	Sold	**¥ 18,871**	**¥ —**	**¥ (0)**	**¥ (0)**
		Bought	—	—	—	—
	Future options	Sold	—	—	—	—
		Bought	**6,677**	—	**4**	**(54)**
Over-the-counter	Options	Sold	**5,320**	—	**21**	**(1)**
		Bought	**5,320**	—	**14**	**(6)**
Total					**¥ (3)**	**¥ (63)**
March 31, 2022						
Listed	Futures	Sold	¥ 2,996	¥ —	¥ 2	¥ 2
		Bought	2,254	—	(8)	(8)
Over-the-counter	Options	Sold	9,665	—	24	(9)
		Bought	9,665	—	28	11
Total					¥ (2)	¥ (4)

			Millions of U.S. dollars			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2023						
Listed	Futures	Sold	**$ 141**	**$ —**	**$ (0)**	**$ (0)**
		Bought	—	—	—	—
	Future options	Sold	—	—	—	—
		Bought	**50**	—	**0**	**(0)**
Over-the-counter	Options	Sold	**39**	—	**0**	**(0)**
		Bought	**39**	—	**0**	**(0)**
Total					**$ (0)**	**$ (0)**

Note: The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statement of income.

(2) Derivative transactions to which hedge accounting is applied

The notional principal or contract amounts, fair values and unrealized gains or losses on derivative transactions to which hedge accounting is applied as of March 31, 2023 and 2022, were as follows:

(a) Interest rate-related transactions

Accounting method for hedge	Hedging instruments	Hedged items	Millions of yen Notional or contract amount Total	Over 1 year	Fair value
March 31, 2023					
Deferral hedge accounting	Swaps	Financial assets and liabilities with interests (e.g., loans and deposits)			
	Receive fixed/pay floating		**¥ 1,930,100**	**¥ 1,530,100**	**¥ 7,291**
	Receive floating/pay fixed		**800,621**	**749,531**	**1,625**
	Receive floating/ pay floating		—	—	—
Special treatment of interest rate swaps	Swaps	Financial assets and liabilities with interests (e.g., loans and borrowed money)			
	Receive floating/pay fixed		**29,164**	**20,534**	**(63)**
	Receive floating/ pay floating		—	—	—
Total					**¥ 8,852**
March 31, 2022					
Deferral hedge accounting	Swaps	Financial assets and liabilities with interests (e.g., loans and deposits)			
	Receive fixed/pay floating		¥ 1,180,000	¥ 1,030,000	¥ 8,479
	Receive floating/pay fixed		610,924	590,492	(357)
	Receive floating/ pay floating		727,421	—	139
Special treatment of interest rate swaps	Swaps	Financial assets and liabilities with interests (e.g., loans and borrowed money)			
	Receive floating/pay fixed		38,602	33,081	(188)
	Receive floating/ pay floating		4,090	—	(1)
Total					¥ 8,070

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars Notional or contract amount Total	Over 1 year	Fair value
March 31, 2023					
Deferral hedge accounting	Swaps	Financial assets and liabilities with interests (e.g., loans and deposits)			
	Receive fixed/pay floating		**$ 14,453**	**$ 11,457**	**$ 54**
	Receive floating/pay fixed		**5,995**	**5,612**	**12**
	Receive floating/ pay floating		—	—	—
Special treatment of interest rate swaps	Swaps	Financial assets and liabilities with interests (e.g., loans and borrowed money)			
	Receive floating/pay fixed		**218**	**153**	**(0)**
	Receive floating/ pay floating		—	—	—
Total					**$ 66**

Note: Deferral hedge accounting is applied mainly in accordance with the Industry Committee Practical Guidelines No. 24.

(b) Currency-related transactions

Accounting method for hedge	Hedging instruments	Hedged items	Millions of yen Notional or contract amount Total	Over 1 year	Fair value
March 31, 2023					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**¥ 388,412**	**¥ 34,166**	**¥ 2,043**
March 31, 2022					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	¥ 164,993	¥ 14,920	¥ (2,208)

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars Notional or contract amount Total	Over 1 year	Fair value
March 31, 2023					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**$ 2,908**	**$ 255**	**$ 15**

Note: Deferral hedge accounting is applied mainly in accordance with the Industry Committee Practical Guidelines No. 25.

31. RETIREMENT BENEFIT PLANS

(1) Outline of the plans

Certain consolidated domestic subsidiaries have lump-sum retirement benefit plans, contributory funded defined benefit pension plans and defined contribution retirement plans. Upon an employees' retirement, supplemental benefits which are not subject to the actuarial calculation required by accounting standards may be provided. Some of the consolidated subsidiaries maintain certain plan assets in a segregated retirement benefit trust established at a third-party trustee to fund their retirement benefit plans.

The Company does not have a retirement benefit plan.

Certain consolidated subsidiaries estimated net defined benefit liability and retirement benefit costs using the simplified method whereby the retirement benefit obligations amount that would be payable if the eligible employees terminate the employment on the consolidated balance sheet date.

(2) Defined benefit plan (including the plan using the simplified method)

(a) The changes in defined benefit obligation for the fiscal years ended March 31, 2023 and 2022

	Millions of yen **2023**	 2022	Millions of U.S. dollars **2023**
Balance at the beginning of the fiscal year	**¥ 411,084**	¥ 434,063	**$ 3,078**
Current service cost	**10,893**	11,514	**81**
Interest cost	**2,561**	1,834	**19**
Actuarial losses	**(13,529)**	(13,092)	**(101)**
Benefits paid	**(22,911)**	(23,934)	**(171)**
Prior service cost	—	684	—
Other	**(116)**	14	**(0)**
Balance at the end of the fiscal year	**¥ 387,980**	¥ 411,084	**$ 2,905**

Note: Retirement benefit expenses for the consolidated subsidiaries which adopt the simplified method are all included in current service cost.

(b) The changes in plan assets for the fiscal years ended March 31, 2023 and 2022

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Balance at the beginning of the year	**¥ 442,272**	¥ 462,674	**$ 3,311**
Expected return on plan assets	**6,793**	6,800	**50**
Actuarial gains (or losses)	**(8,367)**	(5,855)	**(62)**
Contribution from the employer	**4,931**	5,105	**36**
Benefit paid	**(13,894)**	(14,113)	**(104)**
Partial refund from the segregated retirement benefit trust of the consolidated subsidiary	**(3,114)**	(12,400)	**(23)**
Other	**30**	60	**0**
Balance at the end of the fiscal year	**¥ 428,651**	¥ 442,272	**$ 3,209**

(c) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2023 and 2022

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Funded plans benefit obligation	**¥ 386,085**	¥ 409,275	**$ 2,891**
Plan assets	**(428,651)**	(442,272)	**(3,209)**
Subtotal	**(42,566)**	(32,997)	**(318)**
Unfunded defined benefit obligation	**1,929**	1,843	**14**
Net liability for defined benefit obligation	**¥ (40,636)**	¥ (31,153)	**$ (304)**
Net defined benefit liability	**9,515**	12,392	**71**
Net defined benefit asset	**(50,152)**	(43,546)	**(375)**
Net liability for defined benefit obligation	**¥ (40,636)**	¥ (31,153)	**$ (304)**

(d) The components of net periodic benefit costs for the fiscal years ended March 31, 2023 and 2022

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Service cost	**¥ 10,893**	¥ 11,514	**$ 81**
Interest cost	**2,561**	1,834	**19**
Expected return on plan assets	**(6,793)**	(6,800)	**(50)**
Recognized actuarial gains	**7,302**	9,557	**54**
Recognized prior service cost	**—**	684	**—**
Other (Supplemental benefits which are not subject to defined benefit obligation)	**1,032**	1,273	**7**
Net periodic benefit costs	**¥ 14,995**	¥ 18,064	**$ 112**

(e) The components of remeasurements of defined benefit plans for the fiscal years ended March 31, 2023 and 2022

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Actuarial gains (or losses)	**¥ 12,464**	¥ 16,794	**$ 93**

(f) Accumulated other comprehensive income (before tax effect) on defined retirement benefit plans as of March 31, 2023 and 2022

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Unrecognized actuarial losses	**¥ (16,955)**	¥ (29,420)	**$ (126)**

(g) Plan assets as of March 31, 2023 and 2022

(i) Components of plan assets

	2023	2022
Bonds	**62%**	52%
Stocks	**11%**	9%
Cash and Deposits and other	**27%**	39%
Total	**100%**	100%

Note: Total plan assets include 27% and 26% for the fiscal years ended March 31, 2023 and 2022, respectively, of a segregated retirement benefit trust which is set up for corporate pension fund and lump-sum retirement benefit plans.

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

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

(h) Assumptions used for the fiscal years ended March 31, 2023 and 2022

	2023	2022
Discount rate (weighted average)	**0.68 - 0.95%**	0.44 - 0.64%
Expected rate of return on plan assets	**0.00 - 2.40%**	0.00 - 2.40%

(3) Defined contribution retirement plan

Contribution paid to the defined contribution plan of certain consolidated domestic subsidiaries were ¥1,840 million ($13 million) and ¥1,830 million for the fiscal years ended March 31, 2023 and 2022, respectively.

32. STOCK OPTIONS

(1) Terms, volume and activity of the stock options

(a) Details of the stock options outstanding

As of March 31, 2023

Upon the share exchange between the Company and Kansai Mirai FG took effect on April 1, 2021, the Company granted the stock option of the Company to the stock option holders of Kansai Mirai FG (the "holders"). The number of grants is the same as the total number of the stock option of Kansai Mirai FG owned by the holders. The stock option owned by the holders had been granted by Kansai Mirai FG on April 1, 2018 in exchange for the stock option granted by Minato Bank.

Stock option type	Resona Holdings, Inc. Series 1 Stock Subscription Right (*)
Types and number of grantees	4 directors of Minato Bank 6 executive officers of Minato Bank
Number of options granted	70,224 shares of common stock
Date of grant	April 1, 2021
Vesting conditions	N/A
Relevant service period	N/A
Exercise period	From April 1, 2021 to July 20, 2042

Stock option type	Resona Holdings, Inc. Series 2 Stock Subscription Right
Types and number of grantees	5 directors of Minato Bank (of which 1 outside director) 9 executive officers of Minato Bank
Number of options granted	77,280 shares of common stock
Date of grant	April 1, 2021
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato Bank
Relevant service period	From June 27, 2013 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March. 31, 2014.
Exercise period	From April 1, 2021 to July 19, 2043

Stock option type	Resona Holdings, Inc. Series 3 Stock Subscription Right
Types and number of grantees	5 directors of Minato Bank (of which 1 outside director) 15 executive officers of Minato Bank

Number of options granted	80,976 shares of common stock
Date of grant	April 1, 2021
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato Bank.
Relevant service period	From June 27, 2014 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March 31, 2015.
Exercise period	From April 1, 2021 to July 18, 2044

Stock option type	Resona Holdings, Inc. Series 4 Stock Subscription Right
Types and number of grantees	7 directors of Minato Bank (of which 2 outside directors) 16 executive officers of Minato Bank
Number of options granted	63,168 shares of common stock
Date of grant	April 1, 2021
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato Bank.
Relevant service period	From June 26, 2015 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March 31, 2016.
Exercise period	From April 1, 2021 to July 17, 2045

Stock option type	Resona Holdings, Inc. Series 5 Stock Subscription Right
Types and number of grantees	7 directors of Minato Bank (of which 2 outside directors) 15 executive officers of Minato Bank
Number of options granted	116,928 shares of common stock
Date of grant	April 1, 2021
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato Bank.
Relevant service period	From June 29, 2016 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March 31, 2017.
Exercise period	From April 1, 2021 to July 21, 2046

Stock option type	Resona Holdings, Inc. Series 6 Stock Subscription Right
Types and number of grantees	8 directors of Minato Bank (of which 2 outside directors) 18 executive officers of Minato Bank
Number of options granted	99,456 shares of common stock
Date of grant	April 1, 2021
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato Bank.
Relevant service period	From June 29, 2017 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March 31, 2018.
Exercise period	From April 1, 2021 to July 21, 2047

As of March 31, 2022

Upon the share exchange between the Company and Kansai Mirai FG took effect on April 1, 2021, the Company granted the stock option of the Company to the stock option holders of Kansai Mirai FG (the "holders"). The number of grants is the same as the total number of the stock option of Kansai Mirai FG owned by the holders. The stock option owned by the holders had been granted by Kansai Mirai FG on April 1, 2018 in exchange for the stock option granted by Minato Bank.

Stock option type	Resona Holdings, Inc. Series 1 Stock Subscription Right
Types and number of grantees	4 directors of Minato Bank 6 executive officers of Minato Bank
Number of options granted	70,224 shares of common stock
Date of grant	April 1, 2021
Vesting conditions	N/A
Relevant service period	N/A
Exercise period	From April 1, 2021 to July 20, 2042

Stock option type	Resona Holdings, Inc. Series 2 Stock Subscription Right
Types and number of grantees	5 directors of Minato Bank (of which 1 outside director)

	9 executive officers of Minato Bank
Number of options granted	77,280 shares of common stock
Date of grant	April 1, 2021
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato Bank
Relevant service period	From June 27, 2013 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March. 31, 2014.
Exercise period	From April 1, 2021 to July 19, 2043

Stock option type	Resona Holdings, Inc. Series 3 Stock Subscription Right
Types and number of grantees	5 directors of Minato Bank (of which 1 outside director) 15 executive officers of Minato Bank
Number of options granted	80,976 shares of common stock
Date of grant	April 1, 2021
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato Bank.
Relevant service period	From June 27, 2014 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March 31, 2015.
Exercise period	From April 1, 2021 to July 18, 2044

Stock option type	Resona Holdings, Inc. Series 4 Stock Subscription Right
Types and number of grantees	7 directors of Minato Bank (of which 2 outside directors) 16 executive officers of Minato Bank
Number of options granted	63,168 shares of common stock
Date of grant	April 1, 2021
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato Bank.
Relevant service period	From June 26, 2015 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March 31, 2016.
Exercise period	From April 1, 2021 to July 17, 2045

Stock option type	Resona Holdings, Inc. Series 5 Stock Subscription Right
Types and number of grantees	7 directors of Minato Bank (of which 2 outside directors) 15 executive officers of Minato Bank
Number of options granted	116,928 shares of common stock
Date of grant	April 1, 2021
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato Bank.
Relevant service period	From June 29, 2016 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March 31, 2017.
Exercise period	From April 1, 2021 to July 21, 2046

Stock option type	Resona Holdings, Inc. Series 6 Stock Subscription Right
Types and number of grantees	8 directors of Minato Bank (of which 2 outside directors) 18 executive officers of Minato Bank
Number of options granted	99,456 shares of common stock
Date of grant	April 1, 2021
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato Bank.
Relevant service period	From June 29, 2017 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March 31, 2018.
Exercise period	From April 1, 2021 to July 21, 2047

(b) Volume and activity of the stock options

Below information covers the stock options existed for the fiscal year ended March 31, 2023 and 2022, the number of the stock options are converted into the number of shares

(i) Number of stock options (shares)

	Series 1 stock subscription right	Series 2 stock subscription right	Series 3 stock subscription right	Series 4 stock subscription right	Series 5 stock subscription right	Series 6 stock subscription right
March 31, 2023						
Non-vested:						
March 31, 2022 – outstanding	—	—	4,032	13,104	28,224	30,576
Granted	—	—	—	—	—	—
Vested	—	—	—	2,352	3,696	2,688
March 31, 2023 – outstanding	**—**	**—**	**4,032**	**10,752**	**24,528**	**27,888**
Vested:						
March 31, 2022 – outstanding	44,016	53,088	56,112	42,672	78,288	52,080
Vested	—	—	—	2,352	3,696	2,688
Exercised	22,512	—	—	—	—	—
March 31, 2023 – outstanding	**21,504**	**53,088**	**56,112**	**45,024**	**81,984**	**54,768**

	Series 1 stock subscription right	Series 2 stock subscription right	Series 3 stock subscription right	Series 4 stock subscription right	Series 5 stock subscription right	Series 6 stock subscription right
March 31, 2022						
Non-vested:						
March 31, 2021 – outstanding	—	—	—	—	—	—
Granted	70,224	77,280	80,976	63,168	116,928	99,456
Vested	70,224	77,280	76,944	50,064	88,704	68,880
March 31, 2022 – outstanding	—	—	4,032	13,104	28,224	30,576
Vested:						
March 31, 2021 – outstanding	—	—	—	—	—	—
Vested	70,224	77,280	76,944	50,064	88,704	68,880
Exercised	26,208	24,192	20,832	7,392	10,416	16,800
March 31, 2022 – outstanding	44,016	53,088	56,112	42,672	78,288	52,080

(ii) Unit price information

March 31, 2023	Series 1 stock subscription right	Series 2 stock subscription right	Series 3 stock subscription right	Series 4 stock subscription right	Series 5 stock subscription right	Series 6 stock subscription right
Exercise price	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**
Average stock price at the time of exercise	**616**	—	—	—	—	—
Fair value at the date of the grant	**392**	**494**	**538**	**919**	**455**	**592**

March 31, 2022	Series 1 stock subscription right	Series 2 stock subscription right	Series 3 stock subscription right	Series 4 stock subscription right	Series 5 stock subscription right	Series 6 stock subscription right
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average stock price at the time of exercise	456	461	461	447	475	455
Fair value at the date of the grant	392	494	538	919	455	592

March 31, 2023	Series 1 stock subscription right	Series 2 stock subscription right	Series 3 stock subscription right	Series 4 stock subscription right	Series 5 stock subscription right	Series 6 stock subscription right
Exercise price	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**
Average stock price at the time of exercise	**4.61**	—	—	—	—	—
Fair value at the date of the grant	**2.93**	**3.69**	**4.02**	**6.88**	**3.40**	**4.43**

33. COMPREHENSIVE INCOME

Reclassification adjustment and tax effect of other comprehensive income for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Net unrealized gains (losses) on available-for-sale Securities			
Amount incurred during the fiscal year	**¥ (42,682)**	¥ (112,492)	**$ (319)**
Reclassification adjustment	**(4,384)**	18,511	**(32)**
Prior to deducting tax effect	**(47,067)**	(93,981)	**(352)**
Tax effect	**11,625**	27,325	**87**
Net unrealized gains (losses) on available-for-sale securities	**¥ (35,442)**	¥ (66,656)	**$ (265)**
Net deferred gains (losses) on hedges			
Amount incurred during the fiscal year	**¥ 6,655**	¥ (2,850)	**$ 49**
Reclassification adjustment	**(5,312)**	(5,782)	**(39)**
Prior to deducting tax effect	**1,343**	(8,632)	**10**
Tax effect	**(402)**	2,643	**(3)**
Net deferred gains (losses) on hedges	**¥ 940**	¥ (5,988)	**$ 7**
Foreign currency translation adjustments			
Amount incurred during the fiscal year	**¥ 3,215**	¥ 2,629	**$ 24**
Reclassification adjustment	**—**	—	**—**
Prior to deducting tax effect	**3,215**	2,629	**24**
Tax effect	**—**	—	**—**
Foreign currency translation adjustments	**¥ 3,215**	¥ 2,629	**$ 24**
Remeasurements of defined benefit plans			
Amount incurred during the fiscal year	**¥ 5,162**	¥ 7,237	**$ 38**
Reclassification adjustment	**7,302**	9,557	**54**
Prior to deducting tax effect	**12,464**	16,794	**93**
Tax effect	**(3,809)**	(5,118)	**(28)**
Remeasurements of defined benefit plans	**¥ 8,654**	¥ 11,675	**$ 64**
Share of other comprehensive income of affiliates accounted for using equity method			
Amount incurred during the fiscal year	**¥ (23)**	¥ 5	**$ (0)**
Reclassification adjustment	**7**	4	**0**
Share of other comprehensive income of affiliates accounted for using equity method	**(16)**	9	**(0)**
Total other comprehensive income	**¥ (22,647)**	¥ (58,330)	**$ (169)**

34. PER SHARE INFORMATION

(1) Net income per share of common stock

Basic and diluted net income per share of common stock ("EPS") and their calculation basis for the fiscal years ended March 31, 2023 and 2022 was as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Basic EPS			
Net income attributable to owners of parent	**¥ 160,400**	¥ 109,974	**$ 1,201**
Amount not attributable to owners of common stock	**—**	—	**—**
Net income attributable to owners of parent for common stock	**¥ 160,400**	¥ 109,974	**$ 1,201**
Weighted average shares (shares in thousand)	**2,376,370**	2,421,048	**2,376,370**
Basic EPS	**67.49 yen**	45.42 yen	**US$ 0.50**

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Diluted EPS			
Adjustments of net income attributable to owners of parent for common stock	¥ **—**	¥ —	$ **—**
Increase in share of common stock (shares in thousand)	**400**	465	**400**
Diluted EPS	**67.48 yen**	45.41 yen	**US$ 0.50**

Note: Average number of common shares during the period is after deductions of 1) the number of shares of treasury stock and 2) the number of shares held by the ESOP trust (12,490 thousand shares and 2,129 thousand shares as of March 31, 2023 and 2022, respectively), and 3) the number of shares held by the share benefit trust for officers (3,789 thousand shares as of March 31, 2023 and 2022).

(2) Net assets per share of common stock

Net assets per share of common stock and their calculation basis as of March 31, 2023 and 2022 were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Total net assets	¥ **2,534,052**	¥ 2,459,023	$ **18,975**
Deductions from total net assets:	**18,169**	16,835	**136**
Stock acquisition rights	**215**	224	**1**
Which noncontrolling interests	**17,953**	16,610	**134**
Net assets attributable to common stock at the end of the fiscal year	¥ **2,515,883**	¥ 2,442,188	$ **18,839**
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock (shares in thousand)	**2,361,635**	2,382,588	**2,361,635**
Net assets per share of common stock	**1,065.31 yen**	1,025.01yen	**US$ 7.97**

Note: The number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock is after deductions of 1) the number of shares of treasury stock and 2) the number of shares held by the ESOP trust (11,345 thousand shares and 13,696 thousand shares as of March 31, 2023 and 2022, respectively), and 3) the number of shares held by the share benefit trust for officers (3,789 thousand shares as of March 31, 2023 and 2022).

35. REVENUE RECOGNITION

Disaggregation of Revenue from contracts with customers for the fiscal year ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	
Total income	¥ **867,974**	¥ 844,700	$ **6,499**
Of which Trust fee	**21,609**	20,834	**161**
Of which Fees and commissions	**259,395**	257,749	**1,942**
Deposit and lending operation	**71,499**	75,082	**535**
Currency exchange operation	**37,198**	38,753	**278**
Trust-related operation	**38,320**	35,139	**286**
Security-related operation	**26,012**	32,208	**194**
Agent service	**15,818**	11,208	**118**
Safe custody and safe-deposit box service	**2,977**	3,093	**22**
Warranty operation	**11,222**	12,229	**84**

Note: Trust fee generated from the Consumer banking unit and the Corporate banking unit, and fees and commissions generated from the Consumer banking unit, Corporate banking unit and the Kansai Mirai FG. The revenue which in accordance with “Accounting Standard for Financial Instruments” (ASBJ Statement No.10) included in the table. The principal businesses are presented for disaggregation of fees and commissions.

36. SEGMENT INFORMATION

(1) Description of segments

(a) General information about segments

Segments are components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the chief operating decision maker, the Board of Directors in the case of the Company, to make decisions about resources to be allocated to the segment and assess its performance.

Under the management accounting by group business line, group business line is classified into Consumer banking, Corporate banking and Market trading. The Group assesses them as reportable segments. Kansai Mirai FG unit, which conducts banking business such as deposit and lending operation in Kansai region, has been additionally presented as a reportable segment.

Principal operating activities of the segments are as follows:

Segment	Principal operating activity
Consumer banking	Mainly for individual customers, provide consulting services regarding consumer loan, asset management and asset succession
Corporate banking	Mainly for corporate customers, support their business growth by providing services regarding corporate loan, trust asset management, real estate business, corporate pension and asset succession
Market trading	In financial markets, transact in short term lending, borrowing, bond purchase and sale, and derivatives trading

(b) Overview of segment profit and loss

(i) Gross operating profit
Gross operating profit includes “net interest income” representing net interest income on deposits, loans and securities and “fees and commissions” representing various net commission fees. It is equal to the amount of “income” except “other income,” such as gain on sales of securities, less “expenses” except “general and administrative expenses” and “other expenses,” such as provision to reserve for loan losses, in the consolidated statement of income.

(ii) General and administrative expenses
General and administrative expenses are personnel and other operating expenses for the banking business. They are equal to the amount of “general and administrative expenses” less a part of “retirement benefit expenses” in the consolidated statement of income.

(iii) Actual net operating profit
Actual net operating profit is equal to the amount of gross operating profit (excluding disposal of bad loans for trust accounts) less general and administrative expenses and add equity in earnings of investments in affiliates. It represents the primary operating profit from the banking business.

(iv) Credit cost
Credit cost is the amount of credit-related expenses included in “other expenses,” such as provision to reserve for loan losses and write-off of loans, less credit-related gains included in “other income,” such as gain on recovery of written-off loans, in the consolidated statement of income.

(v) Net operating profit less credit cost
Net operating profit less credit cost is equal to the amount of actual net operating profit less credit cost. It represents segment net income of the Group.

(2) Basis for measurement of segment profit and loss

Accounting policies and methods used to determine profit and loss of the segments are the same as those applied to the consolidated financial statements, described in Note “2. Summary of significant accounting policies”.

In cases where funds are raised by the market trading segment and are utilized in the consumer banking or the corporate banking segments, certain profit and loss determined by internal accounting rule is allocated to each operating segment for performance measurement purpose.

Disclosure of segment assets is omitted because the Group does not allocate assets to each segment.

(3) Information about profit and loss of each segment

Profit and loss of each segment for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen						
	Consumer banking (*1)(*2)	Corporate banking (*1)(*2)(*3) (*4)	Market trading (*1)(*5)	Kansai Mirai FG (*5)	Subtotal	Other (*1)(*6)	Total
March 31, 2023							
Gross operating profit	**¥ 188,752**	**¥ 288,773**	**¥ (1,636)**	**¥ 135,958**	**¥ 611,848**	**¥ (9,229)**	**¥ 602,618**
General and administrative expenses (*7)	**(150,410)**	**(152,443)**	**(4,834)**	**(101,759)**	**(409,447)**	**4,736**	**(404,711)**
Actual net operating profit	**38,342**	**136,371**	**(6,470)**	**34,199**	**202,443**	**(4,144)**	**198,298**
Credit cost	**(2,118)**	**(11,198)**	—	**(3,364)**	**(16,681)**	**731**	**(15,950)**
Net operating profit less credit cost	**¥ 36,223**	**¥ 125,173**	**¥ (6,470)**	**¥ 30,835**	**¥ 185,761**	**¥ (3,413)**	**¥ 182,348**
March 31, 2022							
Gross operating profit	¥ 179,658	¥ 282,978	¥ 2,004	¥ 146,682	¥ 611,324	¥ (8,331)	¥ 602,992
General and administrative expenses (*7)	(154,644)	(149,514)	(9,976)	(105,173)	(419,309)	2,929	(416,379)
Actual net operating profit	25,013	133,550	(7,971)	41,508	192,101	(4,979)	187,121
Credit cost	(3,013)	(51,897)	—	(8,547)	(63,458)	4,730	(58,728)
Net operating profit less credit cost	¥ 21,999	¥ 81,653	¥ (7,971)	¥ 32,961	¥ 128,643	¥ (249)	¥ 128,393

	Millions of U.S. dollars						
	Consumer banking (*1)(*2)	Corporate banking (*1)(*2)(*3) (*4)	Market trading (*1)(*5)	Kansai Mirai FG (*5)	Subtotal	Other (*1)(*6)	Total
March 31, 2023							
Gross operating profit	**$ 1,413**	**$ 2,162**	**$ (12)**	**$ 1,018**	**$ 4,581**	**$ (69)**	**$ 4,512**
General and administrative expenses (*7)	**(1,126)**	**(1,141)**	**(36)**	**(762)**	**(3,066)**	**35**	**(3,030)**
Actual net operating profit	**287**	**1,021**	**(48)**	**256**	**1,515**	**(31)**	**1,484**
Credit cost	**(15)**	**(83)**	—	**(25)**	**(124)**	**5**	**(119)**
Net operating profit less credit cost	**$ 271**	**$ 937**	**$ (48)**	**$ 230**	**$ 1,391**	**$ (25)**	**$ 1,365**

Notes: (*1) The Consumer banking unit, the Corporate banking unit, the Market trading unit and Other not contain operating results of the Kansai Mirai FG.

(*2) The Consumer banking unit and the Corporate banking unit contain operating results of the credit guarantee subsidiaries and other consolidated subsidiaries.

(*3) Gross operating profit of the Corporate banking unit excludes gain on disposal of bad loans for trust accounts amounting to ¥30 million ($0 million) but includes share of profits in affiliates accounted for using equity method amounting to ¥71 million ($0 million) for the fiscal year ended March 31, 2023.

(*4) Gross operating profit of the Corporate banking unit excludes gain on disposal of bad loans for trust accounts amounting to ¥10 million but includes share of profits in affiliates accounted for using equity method amounting to ¥96 million for the fiscal year ended March 31, 2022.

(*5) Gross operating profit of the Market trading unit and the Kansai Mirai FG unit contains some portion of gains (losses) on equity securities.

(*6) “Other” includes all other departments, such as management office, which are not operating segments. In addition, Actual net operating profit includes Equity in earnings of investments in affiliates of ¥348 million ($2 million) and ¥422 million for the fiscal years ended March 31, 2023 and 2022, respectively.

(*7) Depreciation expense is included in general and administrative expenses.

(4) Reconciliation between the segment information and the consolidated financial statements

Reconciliation between the segment information and the consolidated financial statements for the fiscal years ended March 31, 2023 and 2022 was as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Total amount of segments	**¥ 185,761**	¥ 128,643	**$ 1,391**
Net losses of "Other"	**(3,413)**	(249)	**(25)**
Net non-recurring gains (losses) other than credit cost (*1)	**45,342**	30,382	**339**
Net extraordinary gains (losses) (*2)	**(2,643)**	(3,112)	**(19)**
Income before income taxes	**¥ 225,047**	¥ 155,662	**$ 1,685**

Notes: (*1) Non-recurring gains (losses) other than credit cost include some portion of gains/losses on securities and retirement benefit expenses.
(*2) Net extraordinary gains (losses) include impairment losses.

(5) Additional information

(a) Information on services for the fiscal years ended March 31, 2023 and 2022

Information on services has been omitted because the Group classifies operating segments by service.

(b) Geographic information for the fiscal years ended March 31, 2023 and 2022

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

(c) Information on major customers for the fiscal years ended March 31, 2023 and 2022

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

37. RELATED PARTY TRANSACTIONS

Major transactions and balances with related parties for the fiscal year ended March 31, 2023 and 2022 were as follows:

Companies owned more than 50% interest by the Group's directors, corporate auditors, executive officers and their relatives

Fiscal Year March 31, 2023

Name	Location	Capital or Contribution (Millions of yen)	Nature of Business	Voting Rights Holding or Held (%)	Relation with the Party
Den Enterprise (*1)(*2)	Kusatsu city, Shiga	¥ 10	Real estate leasing	—	Loan transaction

Name	Description of the transactions	Transaction amount for the fiscal year		Account name	Balance at the end of the fiscal year	
		Millions of yen	Millions of U.S. dollar		Millions of yen	Millions of U.S. dollar
Den Enterprise (*1)(*2)	Lending money (*3)	**¥ —**	**$ —**	Loans and bills discounted	**¥ 63**	**$ 0**

Fiscal Year March 31, 2022

Name	Location	Capital or Contribution (Millions of yen)	Nature of Business	Voting Rights Holding or Held (%)	Relation with the Party
Den Enterprise (*1)(*2)	Kusatsu city, Shiga	¥ 10	Real estate leasing	—	Loan transaction

Name	Description of the transactions	Transaction amount for the fiscal year	Account name	Balance at the end of the fiscal year
		Millions of yen		Millions of yen
Den Enterprise (*1)(*2)	Lending money (*3)	¥ —	Loans and bills discounted	¥ 67

Notes: (*1) Regarding terms and conditions of the transactions and determining policies of those are same as for general customers.
(*2) Relative of executive officer of the Company, Narunobu Ohta, owns majority of the voting rights of the company.
(*3) Real estate is pledged as a collateral for loans and bills discounted.

38. SUBSEQUENT EVENTS

I. Appropriation of retained earnings

On May 12, 2023, the Board of Directors approved payment of cash dividends to stockholders of record on March 31, 2023 as follows:

	Millions of yen	Millions of U.S. dollars
Year-end cash dividends of which dividends source were retained earnings:		
Common stock, ¥10.50 ($0.078) per share (*)	**¥ 24,956**	**$ 186.88**
Total	**¥ 24,956**	**$ 186.88**

Note: (*)Year-end cash dividends for the fiscal year ended March 31, 2023 included ¥119 million ($0 million) of dividends paid to the ESOP Trust and ¥39 million ($0 million) of dividends paid to the share benefit trust for officers.

II. Plan to acquire shares of treasury stock

At a meeting of the Board of Directors held on May 12, 2023, the Company resolved matters pertaining to the acquisition of treasury stock in accordance with Article 156, Paragraph 1 of the Companies Act pursuant to the provision of Article 50 of the Company's Articles of Incorporation made under Article 459, Paragraph 1, Item 1 of the Companies Act. The Company also decided on matters pertaining to the cancellation of treasury stock in accordance with Article 178 of the Companies Act, as follows.

(1) Reason for the acquisition of treasury stock

The Company intends to acquire its own shares to enhance return to shareholders, improve capital efficiency, and enable implementation of a flexible capital policy.

(2) Details of the matters concerning the acquisition

(i) Class of shares to be acquired:	Common stock of the Company
(ii) Total number of shares to be acquired:	Up to 25,000,000 shares *1.05% of the total number of common shares issued (excluding treasury stock)
(iii) Total acquisition cost:	Up to ¥10,000 million ($74 million)
(iv) Period of acquisition:	From May 15, 2023 to June 30, 2023
(v) Method of acquisition:	Market purchases on the Tokyo Stock Exchange pursuant to the discretionary purchase agreement

(3) Cancellation of treasury stock

(i) Class of shares to be cancelled:	Common stock of the Company
(ii) Total number of shares to be cancelled:	Total number of shares acquired in above (2) Details of the matters concerning the acquisition
(iii) Date of cancellation:	July 31, 2023

III. Cancellation of treasury stock

On July 31, 2023, the Company implemented to cancel its treasury stock as resolved at a meeting of the Board of Directors held on May 12, 2023, in accordance with Article 178 of the Companies Act, as follows.

(i) Class of shares cancelled:	Common stock of the Company
(ii) Total number of shares cancelled:	15,351,300 shares *0.64% of the total number of common shares issued before the cancellation

IV. Acquisition of treasury stock due to additional contribution to the Share Benefit Trust for Officers

Regarding additional contribution to the Share Benefit Trust for Officers which include executive officers of the Company (excluding non-residents of Japan) and representative directors, directors with authority of business execution, and executive officers (excluding outside directors and non-residents of Japan) of the consolidated subsidiaries, Resona Bank, Saitama Resona Bank, Kansai Mirai FG, Kansai Mirai Bank and Minato Bank (together with executive officers of the Company, the "Company Group Officers"), the Company resolved followings at the Board of Directors' meeting held on July 31, 2023.

(1) Details of the acquisition of Company's shares

(i) Type of shares to be acquired	Common shares of the Company
(ii) Amount of funds additionally entrusted to acquire the shares	¥1,011 million ($7 million)
(iii) Date of additional trust	August 4, 2023
(iv) Maximum number of shares to be additionally acquired	1,466,500 shares
(v) Method of acquiring shares	From the stock market
(vi) Period of additionally acquiring shares	From August 4, 2023 to November 2, 2023 (planned)

Note: The Company will acquire additional shares of the Company using ¥1,011 million ($7 million) in cash related to the additional trust and ¥214 million ($1 million) in cash belonging to the trust assets.

(2) Outline of the Share Benefit Trust for Officers

(i) Name	Share benefit trust for officers (BBT-RS)
(ii) Entrustor	The Company
(iii) Trustee	Resona Bank
	Resona Bank entered into a specific comprehensive trust agreement with Custody Bank of Japan, Ltd., which became a re-trustee.
(iv) Beneficiaries	The Company Group Officers who satisfy the requirements specified in the Share Benefit Plan being beneficiaries
(v) Trust administrator	A third party who has no interest in the Company
(vi) Type of trust	Trust of money other than money trust
	(third-party benefit trust)
(vii) Date of execution of the trust agreement	August 7, 2020
(viii) Date of revision of the trust agreement	August 4, 2023
(ix) Trust period	From August 7, 2020 until the termination of the trust
	(specific termination date is not set, and the trust will be terminated in cases where the termination is agreed among the entrustor, the trustee and the trust administrator, or other termination causes specified in the contract are occurred.)