

ANNUAL REPORT 2024

Year Ended March 31, 2024



Corporate Data

(As of March 31, 2024)

Head Office

1-2, Nanukamachi 3-chome, Yamagata
990-8642, Japan
Phone:+81 23 623 1221
URL:https://www.yamagatabank.co.jp/

Date of Establishment

April 14, 1896

Paid-in Capital

¥12,008million

Stock Exchange Listing

Tokyo Stock Exchange

Credit Rating

A (JCR) (As of May 31, 2024)

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Toward a sustainable society — Sustainability initiatives —

Based on the management philosophy “to grow and develop with our regional community,” Yamagata Bank aims to contribute to the achievement of sustainable local community through our business activities and we have launched sustainability initiatives, such as nurturing regional industries and preserving the environment.

Sustainability Policy

Pursuant to our company credo “to grow and develop with our regional community” and as a company responsible for promoting regional growth, the Yamagata Bank Group will seriously address the challenges our community issues and thereby contribute to the realization of a sustainable regional community.

5 Materialities (Core Focus Areas)

-  Sustainable Growth of Regional Economy / Nurturing Regional Industries
-  Environmental Protection and Climate Change Response
-  Achieving a Fulfilling Regional Community
-  Improved employee engagement
-  Strengthening Corporate Governance






Sustainable Growth of Regional Economy / Nurturing Regional Industries

- Expansion of SDGs/ESG menu
 -  
 -  
 - 
- Donations using corporate hometown tax payment
 -  
 - 
- Digital transformation support services for businesses
 -  
 - 
- Expansion of business area for regional industry development
 -  
 - 






Environmental Protection and Climate Change Response

- Forest x Decarbonization Challenge 2023 “Award for Excellence”
 -  
 - 
- Forest Conservation Activities “Gurutto Hanagasa no Mori”
 -  
 - 

Achieving a Fulfilling Regional Community

- Promoting Sports with the “Lyers”
 - 
- Donations to Yamagata City Community Cycle
 -  
 -  

Improved employee engagement

- Improving employee job satisfaction and promoting diversity
 -  
- Raising health awareness and strengthening mental health care
 -  
 - 

Strengthening Corporate Governance

- Anti-Money Laundering and Countering the Financing of Terrorism
 -  
 - 
- Initiatives to improve corporate value
 -  
 - 

Message from Management

Yamagata Prefecture, the location of Yamagata Bank's main business area, is about 300 kilometers north of Tokyo and belongs to the Tohoku region of Japan. Yamagata City, where our head office is located, is near Sendai, the largest city in the Tohoku region, and they have active economic ties. Yamagata Prefecture has a population of approximately 1.04 million people and is home to agriculture, including rice and cherries, as well as a thriving manufacturing industry that produces a wide range of products from traditional crafts to electronics.

The domestic economy is showing signs of a gradual recovery as the impact of the spread of COVID-19 subsides and the movement of people across a wide area, including overseas, becomes more active. The burden on households has increased due to the prolonged rise in prices, but at the same time there is a gradual movement toward increasing wages. In response to this, the Bank of Japan revised its negative interest rate policy in March of this year, raising interest rates for the first time in 17 years. Things are moving away from the deflationary situation that has lasted for about 30 years.

In the midst of this, the regional economy of Yamagata Prefecture is also continuing to recover overall, with production activity in the core manufacturing industry stabilizing, mainly in electronic parts and pharmaceuticals, etc. We are working to provide a wide range of management advice to our client companies, going beyond just financing support, such as building sustainable business models that respond to economic and social changes and addressing labor shortages. In local communities in Japan, where population decline due to a decreasing birthrate and aging population is progressing ahead of the rest of the world, we believe that it is our mission as a regional financial institution to support the creation of sustainable local communities.

In April of this year, we launched its 21st long-term business plan, "Pro-Act" (FY2024 to FY2026). This long-term business plan is positioned as Phase 2 toward

realizing our long-term vision in 2030. Based on the changes we undertook in the previous long-term business plan, we will further enhance our organizational expertise and improve our corporate value by taking proactive action of every employee and officer.

In addition, in order to resolve the issues faced by our customers in regions that are becoming ever more diverse and complex, we will strengthen our efforts in the development of professional human resources who can demonstrate high-level consulting capabilities and expertise, while also continuing to work on strengthening our business management system, by such means as taking measures to prevent money laundering and terrorist financing as well as strengthening cybersecurity.

Our Group will further deepen its sustainability efforts and meet the expectations of our stakeholders, while contributing to the realization of a sustainable local community. We would like to ask all of you for your continued support and patronage.



Eiji Sato
President

A handwritten signature in black ink that reads "E. Sato". The signature is written in a cursive, flowing style.

Management Policies

21st Long-term Business Plan: "Pro-Act" (April 2024 – March 2027)

We have formulated its 21st Long-term Business Plan, "Pro-Act," for a three-year period (April 2024 to March 2027). This long-term toward the realization of our long-term vision in 2030, which is to become "A hybrid company offering financial / business participation customers and maximizes the potential of our region." Based on the changes we undertook in the previous long-term business plan, we expertise and improve our corporate value by taking proactive action of every employee and officer.

Business Resources Supporting The Yamagata Bank (end of March, 2024)



Financial Capital

Trusted Reliability and Safety

•Capital adequacy ratio
(Basel III Domestic Standards, consolidated) **10.37%**

•Credit Rating
(Japan Credit Rating Agency, Ltd.) **A**
※End of May, 2024



Human Resources

Financial expertise and broad ranged problem-solving skill Organizational system corresponding to diversity

•Number of employees **1,119**

•Utilizing specialist qualifications
1st grade of Certified Financial Planner, Securities analysts, Real estate appraisers, Small and medium enterprise management consultants, Real estate transaction agent, Certified public accountants, Information Technology Strategist, etc.

•Awarded "Platinum Kurumin" certification
First time ever to be awarded in Japan: April 2015

•Awarded "Platinum Kurumin Plus" certification
First financial institution in Tohoku region and Yamagata Prefecture :May 2023

•Health and productivity superior corporation (Large corporation division): Certified, **7**consecutive years



Knowledge Resources

Group management system capable of providing comprehensive financial information services

•Group companies **8**companies

•History and tradition founded **128**years ago



Social Resources

Abundant network of branches and high market share

•Number of branch offices **84**branches
(Number of branches with counter: 52 / Number of branch-in-branch offices: 32)

•Number of ATM devices **253**units

•Unmanned service areas **126**locations

Business Model

Management Philosophy

Grow and develop together with the regional community, satisfy all of our customers, and give our employees stability and opportunities.

20 Long-Term

A hybrid company offering financial / value together with our customers and

Phase_3

21st Long-term Business Plan

Pro

Values we want

Trust

Maximizing the "value" of our group and becoming "the entity that customers can rely on most"

Gro

Practicing management" "Yamagata that of in the future"

Priority Strategy ①

Customer-oriented sales structure

Priority Strategy ③

Improving core business profits and managing our business amid rising interest rates

Priority Strategy ④

Human capital management/ professional human resources

Phase_2

20th Long-Term Business Plan April 2021 to March 2024

TRANS

Transforming into a wide-area sales system

Developing new consulting

Phase_1

External environment



Depopulation, and decreasing birthrate and aging population



Anxieties and concerns of prefectural residents



Decrease in the number of companies



Advancement of digitalization

Our vision for the future:

Grow and develop together with the local community to realize a sustainable local community.

business plan is positioned as Phase 2 that creates value together with our will further enhance our organizational

Sustainability Policy

Pursuant to our management philosophy “to grow and develop with our regional community” and as a company responsible for promoting regional growth, the Yamagata Bank Group will seriously address the challenges our community issues and thereby contribute to the realization of a sustainable regional community.

30

Vision

business participation that creates maximizes the potential of our region.

2027 > 2030



to cherish

with

"sustainability and creating a we can be proud

Well-being

Fostering a "corporate culture that enjoys challenges" and enhancing the "wellbeing" of all of our officers and employees

Priority Strategy 2

Strengthening our consulting business and expanding our business area

Priority Strategy 5

DX strategy

Priority Strategy 6

Reconstructing our securities portfolio

2024 > 2026



Responding to COVID-19 and Challenging the Hybrid Company

and business fields

Securities investment and utilization of risk appetite framework

2021 > 2023

Providing Value to Our Stakeholders

Our Regional Community

- Working for sustainable development; regional renewal.
- Revitalization of regional economy; nurturing industry.
- Commitment to environmental protection.

Our Customers

- Creating value together with our customers by helping to resolve their issues.
- Supporting stable asset building and asset succession for our customers.

Our Shareholders

- Improving our medium to long term corporate value.

Our Employees and Officers

- Positive work environment.
- Supporting broad employee training efforts.
- Supporting various working styles and diversity.

Business objectives (FY2030 target)

Profitability	Current net income (non-consolidated)	7.5 billion yen
Efficiency	ROE (consolidated)	5%
Soundness	Capital adequacy ratio (non-consolidated)	9% or more

Our Commitment to Achieving ESG Management and SDGs

We incorporate ESG (Environment, Social, Governance) perspectives into our management with the aim of improving corporate value over the medium to long term. As a community-based banking group, we will contribute to the achievement of the SDGs through our comprehensive financial information services.



More mobility of human resources



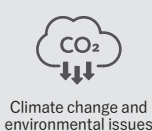
Growth of the prefectural economy



Changes in interest rate policy



Deregulation due to revision of Banking Act



Climate change and environmental issues



Dramatically changing global situation

Consolidated Five-Year Financial Highlights

Yen: In millions except per share data and percentages

U.S. dollars: In thousands except per share data and percentages

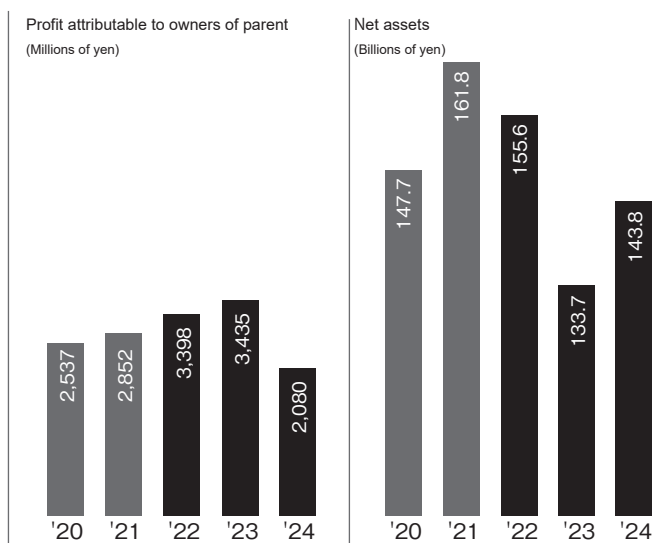
Years ended March 31

For the fiscal year:	2024	2023	2022	2021	2020	2024
	(Millions of yen)					(Thousands of U.S. dollars)
Ordinary income	¥ 55,097	¥ 51,184	¥ 44,026	¥ 41,225	¥ 44,041	\$ 363,892
Ordinary expenses	51,334	45,646	38,536	36,386	39,406	339,041
Profit before income taxes	3,432	4,996	5,367	4,264	4,468	22,673
Profit attributable to owners of parent	2,080	3,435	3,398	2,852	2,537	13,740
At the fiscal year-end						
Assets	¥ 3,146,366	¥ 3,144,460	¥ 3,538,352	¥ 3,128,968	¥ 2,653,119	\$ 20,780,438
Loans and bills discounted	1,941,891	1,793,470	1,709,107	1,739,782	1,713,248	12,825,382
Securities	893,825	977,273	1,087,504	901,513	758,083	5,903,343
Liabilities	3,002,560	3,010,730	3,382,723	2,967,155	2,505,412	19,830,662
Deposits	2,774,302	2,746,286	2,707,646	2,579,349	2,267,133	18,323,112
Net assets	143,805	133,729	155,628	161,812	147,706	949,776
Amounts per share						
Cash dividends	¥ 35.00	¥ 35.00	¥ 35.00	¥ 30.00	¥ 30.00	\$ 0.23
Profit attributable to owners of parent	65.03	107.40	104.86	87.50	77.86	0.43
Diluted profit attributable to owners of parent	—	—	—	—	—	—
Net assets	4,489.44	4,174.44	4,861.13	4,957.12	4,526.62	29.65
Ratios:						
Capital adequacy ratio (Domestic standard)	10.37%	10.73%	10.39%	10.79%	11.02%	

Notes 1 : U.S. dollars represent transactions, for the convenience of readers, at ¥151.41=U.S.\$1.00 the rate prevailing on March 31, 2024.

2 : Diluted profit attributable to owners of parent is not listed because there are no potentially dilutive shares.

The graph contains consolidated data.



Independent Auditor's Report

The Board of Directors
The Yamagata Bank, Ltd.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The Yamagata Bank, Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

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

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 ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Classification of material debtors for which there are concerns about business performance	
Description of Key Audit Matter	Auditor's Response
The Yamagata Bank, Ltd. and its consolidated subsidiaries (the Group) are engaged in the banking business with a business base mainly in Yamagata Prefecture, and the lending business is the Group's core business activity. The loans included in the consolidated balance sheet at the end of the fiscal year ended March 31, 2024 totaled 1,941,891 million yen (61.7% of total assets).	In considering the appropriateness of the classification of debtors, we mainly performed the following audit procedures:

<p>The collectability of loans recorded by the Group is subject to uncertainties due to economic trends in Japan and overseas, particularly regional economic trends, changes in the financial and economic environment (e.g., fluctuations in interest rates and stock prices), deterioration in the business performance and financial position of debtors depending on the success or failure of their business, and changes in the value of collateral such as real estate. Additionally, while Japan's government reclassified Covid-19 as a "Class 5" disease and there has been greater progress toward the normalization of economic activity, factors such as addressing the prolonged rise in prices and labor shortages may significantly impact the performance of debtors.</p> <p>As such, the Group calculates the expected amount of loans that will not be collected based on the classification of debtors, the status of credit protection, and the historical loan loss ratio, and records this amount as an allowance for loan losses.</p> <p>The allowance for loan losses included in the consolidated balance sheet at the end of the fiscal year ended March 31, 2024 was 8,624 million yen as described in g. "Allowance for Loan Losses" of Note 3 "Summary of Significant Accounting Policies" in Notes to Consolidated Financial Statements, and details for calculating method of the allowance for loan losses are described in the same section of Notes to Consolidated Financial Statements.</p> <p>The allowance for loan losses is calculated in accordance with the Group's predetermined standards for self-assessment and for write-offs and allowances. The calculation process includes the classification of debtors which is determined by evaluating the business performance, financial position and repayment status of debtors and the future outlook thereof.</p> <p>As described in t. "Significant Accounting Estimates" of Note 3 "Summary of Significant Accounting Policies" to the consolidated financial statements, the key assumption underlying the calculation of the allowance for loan losses is "the future outlook for individual</p>	<ul style="list-style-type: none"> • We evaluated the Group's internal controls for ensuring the accuracy of the classification of debtors, credit rating data underlying such classification, and the financial information of debtors upon which classifications and credit ratings are based, and compliance with regulations and the like as it relates to the foregoing. • In order to consider the appropriateness of the classification of individual debtors, we selected a sample of debtors for consideration, taking into account the debtors' business type, operating area, degree of deterioration in business performance or financial position, and repayment status. We also considered the monetary impact of the changes in debtor classification on the amount recorded in the allowance for loan losses. Additionally, to identify risk scenarios where credit risk is expected to increase due to factors such as the external environment, and to select debtors who may face a deterioration in future business performance, we utilized self-assessment anomaly detection tools (i.e., tools used in audits of self-assessments to support the selection of audit samples, which help identify the credit risks by visualizing them from the perspective of industry, branch office, region, and other factors, based on the debtor's credit and financial information, as well as identify discrepancies between the debtor classification of each debtor based on the debtor classification estimation model using machine learning for each debtor and the debtor classification determined by the Group). In performing analysis, we visualized the distribution of the type of business, operating area, and debtor classification and a combination of multiple financial indicators of each debtor (e.g., a combination of capital amounts and debt capacity ratio) to identify measures such as certain level of bias, and taking into account these results, we selected an additional sample of debtors whose credit risk is assumed to be high. • We performed the following audit procedures to consider the appropriateness
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<p>debtor performance etc. in determining debtor classification.”</p> <p>In addition, when debtors for which there are concerns about business performance prepare business improvement plans, the Group evaluates the reasonableness and feasibility of the business improvement plans and considers these plans to be an important factor related to future outlook in the classification of debtors.</p> <p>The future outlook for business performance, which include evaluations of the reasonableness and feasibility of business improvement plans of debtors for which there are concerns about business performance, involve significant uncertainty and are highly dependent on management's judgment since such future outlook are affected by changes in the business environment surrounding debtors, such as the prolonged rise in prices and the success or failure of debtors' business strategies. Currently, there is rising uncertainty about the future outlook for business performance for certain debtors due to the continuing effects of the prolonged rise in prices and labor shortages. In addition, if the allowance for loan losses significantly increases or decreases due to the classification of material debtors, it may have a significant impact on the Group's financial position and operating results.</p> <p>Accordingly, we have determined that the classification of material debtors for which there are concerns about business performance is a key audit matter.</p>	<p>of the classification of debtors for the debtors selected for consideration:</p> <ul style="list-style-type: none"> -We evaluated data regarding sampled debtors' recent repayment status, financial position, and business performance by inspecting a set of materials related to self-assessment conducted by the Group, such as debtor-related explanatory materials including a description of the business, borrowing and repayment status, research materials that provide details of actual financial position, financial statements, and the trial balance. In addition, we made inquiries of the divisions responsible for loans as necessary to confirm our understanding. -We considered the appropriateness of the Group's evaluations of the reasonableness and feasibility of business improvement plans taking into account the impact of the prolonged rise in prices on the future outlook for major items such as sales, cost of sales, and selling, general and administrative expenses in business improvement plans prepared by debtors. Our procedures also consisted of conducting trend analysis based on past results, evaluating whether the debtor had historically achieved its previous business improvement plans, analyzing the latest monitoring conducted by the Group, and making comparisons with available external information such as that related to the industry to which the debtors belong.
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Other Information

The other information comprises the information included in the Annual Report that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these 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 and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing 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. 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not 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 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 in accordance with accounting principles generally accepted in Japan.

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

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

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of The Yamagata Bank, Ltd. and its subsidiaries provided by us and other EY member firms are 57 million yen for the year ended March 31, 2024, and there are no fees for other services for the year ended March 31, 2024.

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.

Ernst & Young ShinNihon LLC
Tokyo, Japan

September 25, 2024

佐藤 森夫

Morio Sato
Designated Engagement Partner
Certified Public Accountant

大村 真敏

Masatoshi Omura
Designated Engagement Partner
Certified Public Accountant

Review of Operations

The Conditions of Consolidated Accounts

The general situation in this term (from April 1, 2023 to March 31, 2024)

Deposits and negotiable certificates of deposit

Deposits and negotiable deposits increased by 13.3 billion yen during the current fiscal year, due to an increase in personal and corporate deposits, despite a decrease in financial institution deposits and public deposits, resulting in a balance of 2,839.5 billion yen at the end of the current fiscal year.

Deposited financial assets

Financial assets held increased by 31.4 billion yen during the current fiscal year as a whole, due to an increase in insurance and investment trusts, and the balance at the end of the current fiscal year was 335 billion yen.

Loans and bills discounted

Loans increased by 148.4 billion yen during the current fiscal year, resulting in a balance of 1,941.8 billion yen at the end of the current fiscal year. Loans to businesses and loans to central and local governments increased.

Securities

Securities decreased by 83.4 billion yen during the current fiscal year, due to a decrease in other securities and local government bonds, and the balance at the end of the current fiscal year was 893.8 billion yen.

Profit and loss

Ordinary income increased by 3,912 million yen year-on-year to 55,097 million yen, mainly due to an increase in interest income such as interest on loans and gains on sales of stocks, etc. Ordinary expenses increased by 5,687 million yen year-on-year to 51,334 million yen, mainly due to an increase in other ordinary expenses such as losses on sales of bonds. As a result, ordinary profit decreased by 1,774 million yen year-on-year to 3,762 million yen, and profit attributable to owners of parent decreased by 1,355 million yen year-on-year to 2,080 million yen.

Results by business segment

In the banking business, ordinary income for the current fiscal year was 48,646 million yen, which was 4,067 million yen more than that for the previous fiscal year; segment profit for the fiscal year was 3,419 million yen, which was 1,565 million yen less than that for the previous fiscal year.

In the leasing business, ordinary income for the fiscal year was 5,882 million yen, which was 96 million yen less than that for the previous year; segment profit for the fiscal year was 229 million yen, which was 15 million yen less than that for the previous fiscal year.

In the credit guarantee business, ordinary income for the fiscal year was 877 million yen, which was 76 million yen less than that for the previous fiscal year; segment profit for the fiscal year was 711 million yen, which was 73 million yen less than that for the previous fiscal year.

In other business sectors, ordinary income for the fiscal year was 1,666 million yen, which was 42 million yen

more than that for the previous fiscal year; segment profit for the fiscal year was 308 million yen, which was 45 million yen more than that for the previous fiscal year.

Cash flows

The cash flows from operating activities resulted in outflows of 145.3 billion yen (a decrease in outflows of 323.9 billion yen from the previous fiscal year), mainly due to an increase in loans and bills discounted.

The cash flows from investing activities resulted in inflows of 94.1 billion yen (an increase in inflows of 18.7 billion yen from the previous fiscal year), mainly due to proceeds from the sales and redemption of securities exceeding the purchase of securities.

The cash flows from financing activities resulted in outflows of 1.1 billion yen (a decrease in outflows of 0.0 billion yen from the previous fiscal year), due to dividends paid, etc.

As a result, cash and cash equivalents decreased by 52.2 billion yen during the fiscal year to 188.5 billion yen.

Financial Statements

Consolidated Balance Sheet

As of March 31, 2024 and 2023

	2024 (Millions of yen)	2023 (Millions of yen)	2024 (Thousands of U.S.dollars)(Note2)
Assets			
Cash and due from banks (Note 18)	¥ 197,119	¥ 249,798	\$ 1,301,895
Call loans and bills bought	8,930	20,793	58,979
Monetary claims bought	4,700	5,449	31,043
Money held in trust	16,359	9,534	108,047
Securities (Note 4, 5, 6, 10 and 21)	893,825	977,273	5,903,343
Loans and bills discounted (Note 5 and 6)	1,941,891	1,793,470	12,825,382
Foreign exchanges	983	899	6,492
Other assets (Note 5 and 6)	47,457	46,761	313,435
Property, plant and equipment (Note 9)	17,055	16,758	112,641
Buildings, net (Note 8)	7,032	6,696	46,445
Land (Note 7)	7,862	7,871	51,927
Construction in progress	361	488	2,385
Other, net (Note 8)	1,799	1,701	11,883
Intangible assets	3,375	3,849	22,292
Software	3,174	3,646	20,967
Other	200	202	1,324
Assets for retirement benefits (Note 25)	5,895	3,412	38,934
Deferred tax assets (Note 26)	4,875	10,613	32,201
Customer's liabilities for acceptances and guarantees	12,522	14,488	82,708
Allowance for loan losses	(8,624)	(8,643)	(56,959)
Assets	<u>¥ 3,146,366</u>	<u>¥ 3,144,460</u>	<u>\$ 20,780,438</u>
Liabilities and Net Assets			
Liabilities			
Deposits (Note 6)	¥ 2,774,302	¥ 2,746,286	\$ 18,323,112
Negotiable certificates of deposit	65,219	79,889	430,744
Call money and bills sold	14,838	13,353	98,000
Payables under securities lending transactions (Note 6)	—	20,431	—
Borrowed money (Note 6)	119,633	119,858	790,131
Foreign exchanges	123	46	813
Other liabilities	14,121	14,658	93,269
Provision for bonuses for directors	18	22	122
Liabilities for retirement benefits (Note 25)	51	51	340
Provision for retirement benefits for directors	16	12	112
Provision for share-based payments of board incentive plan	130	97	865
Provision for reimbursement of deposits	86	82	568
Provision for contingent loss	283	236	1,875
Provision for loss on interest repayment	56	56	373
Deferred tax liabilities (Note 26)	48	49	319
Deferred tax liabilities for land revaluation (Note 7)	1,106	1,107	7,305
Acceptance and guarantees	12,522	14,488	82,708
Liabilities	<u>¥ 3,002,560</u>	<u>¥ 3,010,730</u>	<u>\$ 19,830,662</u>
Net Assets			
Shareholders' equity (Note 16 and 31)			
Share capital	¥ 12,008	¥ 12,008	\$ 79,311
Capital surplus	10,215	10,215	67,471
Retained earnings	129,520	128,946	855,430
Treasury shares	(882)	(881)	(5,829)
Shareholders' equity	<u>150,862</u>	<u>150,288</u>	<u>996,384</u>
Valuation difference on available-for-sale securities (Note 23)	(10,567)	(18,150)	(69,790)
Deferred gains or losses on hedges	(374)	(598)	(2,472)
Revaluation reserve for land (Note 7)	1,354	972	8,942
Retirement benefits liability adjustments	2,352	1,041	15,538
Accumulated other comprehensive income	<u>(7,234)</u>	<u>(16,734)</u>	<u>(47,781)</u>
Non-controlling interests	177	175	1,174
Net assets	<u>¥ 143,805</u>	<u>¥ 133,729</u>	<u>\$ 949,776</u>
Liabilities and net assets	<u>¥ 3,146,366</u>	<u>¥ 3,144,460</u>	<u>\$ 20,780,438</u>

Consolidated Statements of Income and Comprehensive Income

For the years ended March 31, 2024 and 2023

Consolidated Statements of Income

	2024 (Millions of yen)	2023 (Millions of yen)	2024 (Thousands of U.S.dollars)(Note2)
Ordinary income	¥ 55,097	¥ 51,184	\$ 363,892
Interest income	33,444	31,492	220,888
Interest on loans and bills discounted	18,770	17,000	123,973
Interest and dividends on securities	14,420	14,086	95,243
Interest on call loans and bills bought	183	171	1,215
Interest on deposits with banks	11	162	75
Other interest income	57	71	379
Fees and commissions	8,092	7,678	53,446
Other ordinary income	7,205	9,931	47,592
Other income	6,354	2,082	41,965
Reversal of allowance for loan losses	—	133	—
Recoveries of written off receivables	14	17	98
Other (Note 11)	6,339	1,932	41,867
Ordinary expenses	51,334	45,646	339,041
Interest expenses	5,391	3,718	35,610
Interest on deposits	2,537	2,116	16,761
Interest on negotiable certificates of deposit	5	6	33
Interest on call money and bills sold	958	232	6,332
Interest on payables under securities lending transactions	607	512	4,010
Interest on borrowings and rediscounts	975	462	6,442
Other interest expenses	307	388	2,030
Fees and commissions payments	2,498	2,451	16,498
Other ordinary expenses	21,466	16,674	141,777
General and administrative expenses (Note 12)	20,555	20,785	135,760
Other expenses	1,422	2,016	9,394
Provision of allowance for loan losses	148	—	984
Other (Note 13)	1,273	2,016	8,410
Ordinary profit	3,762	5,537	24,851
Extraordinary income	—	1	—
Gain on disposal of non-current assets	—	1	—
Extraordinary losses	329	542	2,177
Loss on disposal of non-current assets	304	443	2,013
Impairment loss (Note 14)	24	98	164
Profit before income taxes	3,432	4,996	22,673
Income taxes -current	520	1,083	3,438
Income taxes -deferred (Note 26)	830	472	5,481
Income taxes	1,350	1,555	8,920
Profit	2,082	3,440	13,753
Profit attributable to non-controlling interests	2	5	13
Profit attributable to owners of parent	¥ 2,080	¥ 3,435	\$ 13,740

Consolidated Statements of Comprehensive Income

Profit	¥ 2,082	¥ 3,440	\$ 13,753
Other comprehensive income (Note 15)	9,118	(24,153)	60,225
Valuation difference on available-for-sale securities	7,583	(24,465)	50,085
Deferred gains or losses on hedges	224	575	1,480
Retirement benefits liability adjustments	1,311	(263)	8,659
Comprehensive income	11,201	(20,713)	73,979
Comprehensive income attributable to owners of parent	11,199	(20,718)	73,966
Comprehensive income attributable to non-controlling interests	2	5	13

Consolidated Statements of Changes in Equity

For the year ended March 31, 2024	Shareholders' equity				(Millions of yen)
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance as of April 1, 2023	¥ 12,008	¥ 10,215	¥ 128,946	¥ (881)	¥ 150,288
Changes during period					
Dividends of surplus			(1,124)		(1,124)
Profit attributable to owners of parent			2,080		2,080
Acquisition of treasury shares				(1)	(1)
Reversal of revaluation reserve for land			(381)		(381)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	574	(1)	573
Balance as of March 31, 2024	¥ 12,008	¥ 10,215	¥ 129,520	¥ (882)	¥ 150,862

For the year ended March 31, 2024	Shareholders' equity				(Thousands of U.S.Dollar)
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2023	\$ 79,311	\$ 67,471	\$ 851,635	\$ (5,822)	\$ 992,595
Changes during period					
Dividends of surplus			(7,426)		(7,426)
Profit attributable to owners of parent			13,740		13,740
Acquisition of treasury shares				(6)	(6)
Reversal of revaluation reserve for land			(2,518)		(2,518)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,795	(6)	3,788
Balance as of March 31, 2024	\$ 79,311	\$ 67,471	\$ 855,430	\$ (5,829)	\$ 996,384

For the year ended March 31, 2023	Shareholders' equity				(Millions of yen)
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance as of April 1, 2022	¥ 12,008	¥ 10,215	¥ 126,679	¥ (901)	¥ 148,002
Changes during period					
Dividends of surplus			(1,204)		(1,204)
Profit attributable to owners of parent			3,435		3,435
Acquisition of treasury shares				(1)	(1)
Disposal of treasury shares				20	20
Reversal of revaluation reserve for land			36		36
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,267	19	2,286
Balance as of March 31, 2023	¥ 12,008	¥ 10,215	¥ 128,946	¥ (881)	¥ 150,288

For the year ended March 31, 2024	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2023	¥ (18,150)	¥ (598)	¥ 972	¥ 1,041	¥ (16,734)	¥ 175	¥ 133,729
Changes during period							
Dividends of surplus							(1,124)
Profit attributable to owners of parent							2,080
Acquisition of treasury shares							(1)
Reversal of revaluation reserve for land							(381)
Net changes in items other than shareholders' equity	7,583	224	381	1,311	9,500	2	9,502
Total changes during period	7,583	224	381	1,311	9,500	2	10,075
Balance as of March 31, 2024	¥ (10,567)	¥ (374)	¥ 1,354	¥ 2,352	¥ (7,234)	¥ 177	¥ 143,805

For the year ended March 31, 2024	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2023	\$ (119,876)	\$ (3,953)	\$ 6,424	\$ 6,879	\$ (110,525)	\$ 1,160	\$ 883,230
Changes during period							
Dividends of surplus							(7,426)
Profit attributable to owners of parent							13,740
Acquisition of treasury shares							(6)
Reversal of revaluation reserve for land							(2,518)
Net changes in items other than shareholders' equity	50,085	1,480	2,518	8,659	62,744	13	62,757
Total changes during period	50,085	1,480	2,518	8,659	62,744	13	66,545
Balance as of March 31, 2024	\$ (69,790)	\$ (2,472)	\$ 8,942	\$ 15,538	\$ (47,781)	\$ 1,174	\$ 949,776

For the year ended March 31, 2023	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2022	¥ 6,315	¥ (1,174)	¥ 1,009	¥ 1,305	¥ 7,455	¥ 170	¥ 155,628
Changes during period							
Dividends of surplus							(1,204)
Profit attributable to owners of parent							3,435
Acquisition of treasury shares							(1)
Disposal of treasury shares							20
Reversal of revaluation reserve for land							36
Net changes in items other than shareholders' equity	(24,465)	575	(36)	(263)	(24,190)	5	(24,185)
Total changes during period	(24,465)	575	(36)	(263)	(24,190)	5	(21,898)
Balance as of March 31, 2023	¥ (18,150)	¥ (598)	¥ 972	¥ 1,041	¥ (16,734)	¥ 175	¥ 133,729

Consolidated Statements of Cash Flows

For the years ended March 31, 2024 and 2023

	2024	2023	2024
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)(Note 2)
Cash flows from operating activities			
Profit before income taxes	¥ 3,432	¥ 4,996	\$ 22,673
Depreciation	1,921	1,881	12,692
Impairment loss	24	98	164
Increase (decrease) in allowance for loan losses	(19)	(327)	(129)
Increase (decrease) in provision for bonuses for directors	(4)	—	(26)
Decrease (increase) in assets for retirement benefits	(2,482)	(215)	(16,395)
Increase (decrease) in liabilities for retirement benefits	(0)	(5)	(2)
Increase (decrease) in provision for retirement benefits for directors	4	(3)	29
Increase (decrease) in provision for share-based payments of board incentive plan	33	12	218
Increase (decrease) in provision for reimbursement of deposits	3	(26)	23
Increase (decrease) in provision for contingent loss	47	(23)	314
Interest income	(33,444)	(31,492)	(220,888)
Interest expenses	5,391	3,718	35,610
Loss (gain) related to securities	6,015	5,926	39,731
Loss (gain) on money held in trust	(194)	(140)	(1,287)
Foreign exchange loss (gain) , net	(14,000)	(14,409)	(92,468)
Loss (gain) on disposal of non-current assets	304	442	2,013
Net decrease (increase) in loans and bills discounted	(148,420)	(84,363)	(980,254)
Net increase (decrease) in deposits	28,015	38,640	185,033
Net increase (decrease) in negotiable certificates of deposit	(14,669)	(16,519)	(96,888)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(224)	(267,009)	(1,483)
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	400	1,585	2,643
Net decrease (increase) in call loans	12,612	(12,604)	83,297
Net increase (decrease) in call money	1,485	(105,721)	9,808
Net increase (decrease) in payables under securities lending transactions	(20,431)	(19,116)	(134,943)
Net decrease (increase) in foreign exchanges-assets	(83)	(33)	(551)
Net increase (decrease) in foreign exchanges-liabilities	77	14	509
Interest received	32,393	30,499	213,945
Interest paid	(5,226)	(3,221)	(34,516)
Other	273	(1,660)	1,804
Subtotal	(146,765)	(469,077)	(969,322)
Income taxes paid	(550)	(639)	(3,635)
Income taxes refunded	1,963	403	12,968
Net cash provided by (used in) operating activities	(145,352)	(469,312)	(959,989)
Cash flows from investing activities			
Purchase of securities	(264,041)	(679,392)	(1,743,885)
Proceeds from sales of securities	324,325	722,594	2,142,036
Proceeds from redemption of securities	43,082	40,461	284,541
Increase in money held in trust	(7,165)	(6,065)	(47,325)
Decrease in money held in trust	239	69	1,582
Purchase of property, plant and equipment	(1,141)	(976)	(7,536)
Proceeds from sales of property, plant and equipment	—	15	—
Payments for retirement of property, plant and equipment	(289)	(359)	(1,912)
Expenditure for acquisition of intangible assets	(710)	(795)	(4,690)
Payments for asset retirement obligations	(103)	(124)	(686)
Net cash provided by (used in) investing activities	94,195	75,427	622,122
Cash flows from financing activities			
Dividends paid	(1,124)	(1,204)	(7,426)
Purchase of treasury shares	(1)	(1)	(6)
Net cash provided by (used in) financing activities	(1,125)	(1,206)	(7,433)
Effect of exchange rate change on cash and cash equivalents	4	2	26
Net increase (decrease) in cash and cash equivalents	(52,278)	(395,088)	(345,274)
Cash and cash equivalents at beginning of year	240,852	635,940	1,590,727
Cash and cash equivalents at end of year (Note 18)	¥ 188,574	¥ 240,852	\$ 1,245,453

Notes to Consolidated Financial Statements

March 31, 2024

1. Basis of Presentation

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

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

As permitted by the Financial Instruments and Exchange Act, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

2. U.S. Dollar Amounts

The Bank maintains its records and prepares its financial statements in yen. Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of 151.41=U.S.\$1.00, the rate of exchange in effect on March 31, 2024, has been used in translation. The translation should not be construed as a representation that yen could be converted into U.S. dollars at the above or any other rate.

3. Summary of Significant Accounting Policies

a. Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its 8 subsidiaries, except for 4 subsidiaries which are not consolidated due to their immateriality.

All significant intercompany receivables and payables and transactions have been eliminated in consolidation.

Goodwill represents the difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition. Immaterial goodwill is charged to income when incurred.

b. Securities

Securities are classified into three categories: trading, held-to-maturity bonds, or available-for-sale securities. Trading account securities, which are purchased for trading purposes, are carried at market value and held-to-maturity bonds are carried at amortized cost. Marketable securities classified as securities available-for-sale are carried at market value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Available-for-sale securities whose fair value is deemed to be extremely difficult to determine are carried at cost. The cost of securities sold is determined by the moving average method.

c. Derivative financial instruments

Derivatives are stated at fair market value.

d. Property, plant and equipment

The Bank recognizes depreciation by the straight-line method applicable to each specific category of assets. The useful lives of buildings and equipment are summarized as follows:

Buildings : 2 to 50 years Equipment : 2 to 15 years

Depreciation of property, plant and equipment of the consolidated subsidiaries is mainly computed using the straight-line method over the estimated useful lives of respective assets.

e. Intangible assets

Intangible assets are depreciated by the straight-line method. The

Bank's software, which is used in-house, is depreciated based on the estimated period of use (mainly five years) at the Bank and at consolidated subsidiaries.

f. Leased assets

Leased assets on finance lease transactions that do not transfer ownership are depreciated over the useful life of assets, equal to the lease term, by the straight-line method with zero residual value or, where lease agreements stipulate guarantee of residual value, the guaranteed residual value. The Bank leases certain vehicles, computer equipment and other assets.

g. Allowance for loan losses

The Bank's allowance for loan losses is treated as follows in accordance with the self-assessment standards and write-off/provision standards that have been set in advance. For loans specified as performing loans or sub-performing loans pursuant to the "Practical Guidelines for Self-Assessment of Assets by Financial Institutions such as Banks and for Auditing of the Write-off of Doubtful Accounts and Allowances for Doubtful Accounts" (Japan Institute of Certified Public Accountants, Bank Audit Special Committee Report No. 4, April 14, 2022), the estimated losses among performing loans over the next year and the estimated losses for sub-performing loans over the next three years is calculated and recorded based for the most part on the loan loss ratio over the past 5 calculation periods. In addition, the estimated losses may be calculated after making revisions, as necessary, such as to future prospects, etc. For loans that may be deemed to be in danger of bankruptcy, deduct from the amount of the loan the estimated marketable value of collateral and the estimated recoverable amount by way of guarantees, and for those debtors for whom the remaining balance exceeds a stipulated amount, the amount shall be recorded which remains after subtracting the recoverable portion reasonably estimated based on cash flow, and for other debtors, the estimated losses over the next three years shall be calculated and recorded, based on the past loan loss ratio. For loans that may be deemed to be in danger of bankruptcy or deemed a defacto bankrupt loan, the balance is recorded after deducting from the loan amount, the estimated disposal price of the collateral and the recoverable amount from guarantees.

All loans are assessed by a front department based on asset self-assessment standards, and the asset audit department, which is independent of that department, audits the assessment results.

Regarding the allowance for loan losses of consolidated subsidiaries, for general loans, the amount deemed necessary in consideration of the past loan loss ratio is recorded, and for specific loans for which there is a concern regarding possible sub-performance, these are individually considered for their potential recoverability, and the estimated non-recoverable amount for each is recorded respectively.

h. Provision for bonuses for directors

Provision for bonuses for directors is provided in the amount accrued during the year, which is calculated based on the estimated amount of future bonus payments to directors.

i. Provision for retirement benefits for directors

Provision for retirement benefits for directors is provided in the amount accrued during the year, which is calculated based on the estimated amount of future retirement payments to directors.

j. Provision for share-based payments of board incentive plan (BIP)

Provision for share-based payments of board incentive plan is provided for the expected stock payments due to points assigned to directors based on the stock incentive plan, in order to prepare for the delivery of the Bank's stock through the board incentive BIP trust.

k. Provision for reimbursement of deposits

Provision for reimbursement of deposits which have been derecognized as liabilities is provided for the possible losses on the future claims of reimbursements based on historical reimbursement experience.

l. Provision for contingent loss

Provision for contingent loss is provided for future estimated payments to the Credit Guarantee Corporations.

m. Provision for loss on interest repayment

Provision for loss on interest repayment is provided for the possible losses on the future claims of returning interests.

n. Employees' retirement benefits

For the calculation of employees' retirement benefit obligation, the estimated amount of employees' retirement benefits is attributed to each period by the straight-line method.

Prior service cost is amortized as incurred, by the straight-line method over a period (5 years) which falls within the average remaining years of service of the active participants in the plans.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized, by the straight-line method over a period (5 years) which falls within the average remaining years of service of the active participants in the plans.

Also, certain consolidated subsidiaries calculate the net defined benefit liability and retirement benefit cost using the simplified method which assumes the retirement benefit obligation to be equal to the necessary payments of the voluntary retirement for all employees at the fiscal year-end.

o. Foreign currency translation

Foreign-currency-denominated assets and liabilities are translated into yen equivalents at the exchange rates prevailing at the balance sheet date.

p. Standard for recording revenues and expenses

1. Standard for recording revenues and expenses related to financial lease transactions

The method used is that sales and cost of sales are recorded at the time of receipt of lease payments.

2. Recognition standard for stock dividends included in interest and dividends on securities

Regarding the recognition standard for stock dividends from other appropriations of retained earnings (only when the dividend property is cash), it is recorded in the fiscal year that includes the effective date of the resolution regarding dividends passed by the general meeting of shareholders, board of directors, or other body with decision-making authority of the issuing company.

3. Standard for recording revenues from contracts with customers

The primary performance obligation of the Bank's and its consolidated subsidiaries' principal business with respect to revenue arising from contracts with customers is the provision of services related to financial services, with revenue recognized primarily at the time the promised services are delivered to the customer, in the amount expected to be received in exchange for such services.

q. Hedge accounting

1. Interest rate risk hedges

The Bank uses deferral hedges described in "Accounting and auditing for the application of financial instrument accounting standards in banking" (Operational Guidelines No. 24 of the Industry-Specific Committee of the Japan Institute of Certified Public Accountants, March 17, 2022. Hereinafter, the "Operational Guidelines No. 24 of the Industry-Specific Committee.") to hedge interest rate risks generated by the Bank's financial assets and liabilities. The effectiveness of hedges to offset market fluctuations is assessed for each hedged item (for example, deposits and loans) and its hedging instrument (such as interest rate swaps). Concerning hedges to fix cash flows, the Bank identifies hedged items by grouping them based on interest rate indexes and on interest rate revision periods in accordance with Report No. 24 of the Industry Audit Committee, and specifies interest rate swaps as hedging instruments. The Bank specifies hedges in such a way that the major conditions of hedged

items and hedging instruments are almost the same, so we believe that our hedges are highly effective.

Exceptional treatment for interest rate swaps is applied for some assets and liabilities.

2. Exchange rate fluctuation risk hedges

The method of accounting used for the hedging of foreign currency fluctuation risk arising from the bank's foreign currency-denominated financial assets and liabilities is to treat it as a deferred hedge as specified in the "Accounting and audit handling of accounting for foreign currency-denominated transactions in the banking industry" (Operational Guidelines No. 25 of the Industry-Specific Committee of the Japan Institute of Certified Public Accountants October 8, 2020. Hereinafter, the "Operational Guidelines No. 25 of the Industry-Specific Committee.") We assess the effectiveness of the hedge by regarding currency swaps and foreign exchange swaps, which are conducted to reduce or eliminate exchange rate fluctuation risks generated by monetary claims and liabilities in foreign currencies, etc., as hedging instruments and by checking whether or not we have appropriate foreign currency positions for the hedging instruments to meet the hedged items (monetary claims and liabilities in foreign currencies, etc.). In addition, in order to hedge the exchange fluctuation risk of foreign currency-denominated securities (other than bonds), we identify in advance the foreign-currency denominated securities to be hedged and fair value hedge is applied for the entirety, subject to certain conditions including the spot-forward spreads (in foreign currency basis) exceeding the acquisition cost being recognized as liabilities for the relevant foreign-currency denominated securities.

r. Cash and cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents consist of cash and due from the Bank of Japan.

s. Principles and procedures of accounting treatment adopted when the provisions of the relevant accounting standards, etc. are not clear.

Cancellation of investment trusts

Gains and losses associated with the cancellation / redemption of investment trusts are aggregated for the entire investment trust, and in the case of an overall profit including any distributions of profit made during the period, it is recorded as "interest and dividends on securities" of "interest income, " and in case of an overall loss, it is recorded as "other ordinary expense."

t. Significant Accounting Estimates

The following sets forth the items for which an amount is recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the next fiscal year.

allowance for loan losses

1. Amount recorded in the consolidated financial statements for the current fiscal year.

	current fiscal year (March 31, 2024)
allowance for loan losses	¥ 8,624 million (\$ 56,959 thousand)

Information to better understand the content of significant accounting estimates that relate to certain identified items.

1) Calculation method

The key calculation method for determining the allowance for loan losses is described in "g. Allowance for loan losses" of "3. Summary of Significant Accounting Policies". We consider that the past loan loss ratio is sufficient for purposes of estimating future losses, and so we calculated the estimated future losses based on the relevant loan loss ratio and recorded the allowance for loan losses.

2) Key assumptions

The key assumptions are "future outlook for business performance, etc. of individual debtors in determining debtor classification." When determining debtor classification, we evaluate the debt servicing capacity of individual debtors and assume future outlook for business performance, etc., also taking into account that consumer prices have remained high. If a debtor has prepared a business improvement plan, etc., we assume the future outlook for business performance, etc., taking into consideration the evaluation of the business improvement plan, etc.

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

If the assumptions used in the initial estimate change due to changes in the business environment surrounding the debtor, such as the consumer prices remaining high levels, or the success or failure of the business

strategy of the individual debtor, this may have a significant impact on the amount of the allowance for loan losses for the next consolidated fiscal year.

u. Additional information

The Bank has implemented a BIP trust for directors using the trust framework to grant Bank stock as director compensation, with the aim of motivating directors to more strongly commit to the medium - to long - term contribution to the Bank's corporate value and improvement of the Bank's business performance.

1. Summary of the transaction

Pursuant to the Stock Grant Rules of the Bank, points are allotted to each director based upon level of achievement of business performance goals each fiscal year and based upon individual position, and the Bank stocks and the money equivalent to the converted value of the Bank stocks based on the points are granted and delivered through the trust at the time of leaving the Bank.

2. Bank stocks held by the trust

- (1) The Bank's stocks held by the trust are recorded as treasury share as part of shareholder's equity at the trust's book value.
- (2) The book value of the Bank stocks held by the trust was ¥191 million (\$1,264 thousand) and ¥191 million at March 31, 2024 and 2023, respectively.
- (3) The number of Bank stocks held by the trust was 134 thousand shares and 134 thousand shares at March 31, 2024 and 2023, respectively.

4. Stocks or Contributed Capital of Non-Consolidated Subsidiaries and Affiliated Companies

Stocks or contributed capital of non-consolidated subsidiaries and affiliated companies totaled ¥1,515 million (\$10,007 thousand) and ¥1,498 million at March 31, 2024 and 2023, respectively.

5. Loans and Bills Discounted

(i) Claims pursuant to the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. Claims include corporate bonds (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part, and where the corporate bond was issued by private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)) within the "securities" in the consolidated balance sheets, loans, foreign exchange, "other assets" including those recorded in accounts for accrued interest, suspense payments and collateral for acceptances and guarantees; and if there are securities recorded in the notes that are being loaned, such securities (limited to those under a lease or rental agreement).

	2024	2023	2024
	(Millions of yen)		(Thousands of U.S. dollars)
Total bankruptcy reorganization claims and similar claims	¥ 4,087	¥ 2,947	\$ 26,993
Total doubtful claims	10,260	11,538	67,768
Total claims that are delinquent for over three months	4	-	31
Total restructured claims	6,678	8,013	44,111
Total Amount	21,031	22,499	138,905

Bankrupted claims and similar claims are claims against debtors who have fallen into bankruptcy due to initiation of bankruptcy proceedings, reorganization proceedings, petition for commencement of rehabilitation proceedings, etc., and other similar claims.

Doubtful claims are claims for which the debtor has not yet entered into bankruptcy, but the financial condition and business performance of the debtor have deteriorated and it is highly probable that the principal cannot be collected and interest cannot be received in accordance with the contract, and which do not fall under claims in bankruptcy, reorganization or similar cases.

Claims that are delinquent for over three months are loans with principal or interest unpaid for over three months from the day after the agreed-upon payment date, and do not fall under the category of bankrupt, reorganization or similar claims or doubtful claims.

Restructured claims are loans for which concessions favorable to the debtor were provided with the intent of supporting the debtor's restructuring, such as by reducing or waiving interest, postponing principal or interest payments, claim forgiveness, or providing other

concessions to the debtor, and exclude claims in bankruptcy or reorganization or similar claims, doubtful claims, and claims delinquent for over three months.

The above claim amounts are before deduction based on allowance for loan losses.

(ii) Bills discounted are accounted for as financial transactions in accordance with "Operational Guidelines No.24 of the Industry-Specific Committee". The Bank has rights to sell or pledge accepted banker's acceptance bills, commercial bills discounted, documentary bills and foreign exchange bought without restrictions. The face value of banker's acceptance bills, commercial bills, documentary bills acquired at a discount and foreign exchange bought at a discount was ¥3,639 million (\$24,036 thousand) and ¥2,975 million as of March 31, 2024 and 2023, respectively.

(iii) Overdraft facility and committed loan facility are agreements under which the Bank and the consolidated subsidiaries are bound to extend credits up to a prearranged amount, at the request of the customer, unless the customer is in breach of contract. The unutilized balance of such contracts amounted to ¥532,398 million (\$3,516,268 thousand) and ¥518,860 million as of March 31, 2024 and 2023, respectively, of which the balance of contracts that have a term of one year or less are unconditionally cancelable at any time was ¥509,296 million (\$3,363,694 thousand) and ¥490,082 million as of March 31, 2024 and 2023, respectively. Since many of these contracts are scheduled to expire without the rights having been exercised, any unutilized balance in itself does not necessarily affect the future cash flows of the Bank or its consolidated subsidiaries. A provision is included in many of these contracts which entitles the Bank and the consolidated subsidiaries to refuse the execution of such loans, or to reduce the maximum amount loaned under such contracts when there is a change in the debtor's financial situation, or when it is necessary to secure a claim, or when other similar factors arise. In addition, the Bank and its consolidated subsidiaries obtain, if needed, real estate or securities as collateral at the time when the contracts are entered into and subsequently monitor the debtor's financial condition periodically based on, and in accordance with, the procedures established. If deemed necessary, specific measures such as amendments to the contracts are undertaken in order to control the credit risk.

6. Assets Pledged

Pledged assets and liabilities related to pledged assets as of March 31, 2024 and 2023 are summarized as follows:

	2024	2023	2024
	(Millions of yen)		(Thousands of U.S. dollars)
Pledged assets:Securities	¥ 243,954	¥ 270,825	\$ 1,611,217
Liabilities related to the above pledged assets			
Deposits	¥ 15,647	¥ 15,787	\$ 103,345
Payable under securities lending transactions	¥ -	¥ 20,431	\$ -
Borrowed money	¥ 116,200	¥ 115,980	\$ 767,458

In addition, securities totaling ¥4,101 million (\$27,090 thousand) and ¥5,321 million were pledged as collateral for settlement of exchange and futures transactions at March 31, 2024 and 2023, respectively.

Deposits included in other assets as of March 31, 2024 and 2023 were ¥159 million (\$1,053 thousand) and ¥183 million, respectively.

Initial margins of central counterparty included in other assets was ¥20,000 million (\$132,091 thousand) and ¥20,000 million at March 31, 2024 and 2023, respectively.

7. Land Revaluation

Pursuant to the "Law Concerning the Land Revaluation" (the "Law"), land used for the Bank's business operations was revalued on March 31, 2002. The excess of the revalued aggregate market value over the total book value (carrying amount) before revaluation was included in net assets at an amount net of the related tax effect at March 31, 2002. The corresponding income taxes were included in liabilities at March 31, 2002 as deferred tax liability on revalued land.

The Land revaluation was determined based on two methods, the official prices published by the Commissioner of the National Tax Authority in accordance with Article 2, Paragraph 4 of the "Enforcement Ordinance Concerning Land Revaluation," with certain necessary adjustments, and appraisal by a real estate appraiser.

The difference between the total fair value of land for business operation purposes, which was revalued in accordance with Article 10 of the Law, and the total book

value of the land after the revaluation was ¥1,925 million (\$12,714 thousand) and ¥2,060 million at March 31, 2024 and 2023, respectively.

8. Accumulated Depreciation

Accumulated depreciation totaled ¥21,146 million (\$139,661 thousand) and ¥24,230 million at March 31, 2024 and 2023, respectively.

9. Recorded Reduction in Value of Property, plant and equipment

The recorded reduction in value of property, plant and equipment was ¥1,785 million (\$11,793 thousand) and ¥1,785 million at March 31, 2024 and 2023, respectively. During the current fiscal year there were no new property, plant and equipment for which the book value was reduced in value.

10. Guarantee Obligations in Respect of the Corporate Bonds

Among the corporate bonds included in the "securities", the guarantee obligations in respect of the corporate bonds pursuant to private offering securities (Article 2, paragraph 3 of the Financial Instruments and Exchange Act) were ¥20,863 million (\$137,794 thousand) and ¥21,048 million at March 31, 2024 and 2023, respectively.

11. Other Income

Other income includes gain on sales of equity securities etc. of ¥5,524 million (\$36,489 thousand) and ¥1,337 million at March 31, 2024 and 2023, respectively.

12. General and Administrative Expenses

General and Administrative Expenses include salary and benefits of ¥9,115 million (\$60,204 thousand) and ¥9,081 million, Periodic pension costs of -¥329 million (-\$2,177 thousand) and -¥318 million, and outsourcing costs of ¥2,008 million (\$13,268 thousand) and ¥2,314 million at March 31, 2024 and 2023, respectively.

13. Other Expenses

Other expenses include loss on sales of equity securities etc. of ¥266 million (\$1,759 thousand) and ¥1,450 million at March 31, 2024 and 2023, respectively.

14. Impairment Loss

For the following branch businesses, etc., where the investment amount cannot be expected to be recovered due to a decrease in cash flow due to a decrease in operating income, a decline in land prices, and a decision to consolidate branches etc., the carrying value is reduced to the recoverable amount, and the reduction is recorded as an extraordinary loss in the form of an impairment loss.

Current fiscal year (from April 1, 2023 to March 31, 2024)
(Millions of yen)

Classification	Main Use, etc.	Type	Place	Impairment loss
Working assets	1 branch office	Land	Yamagata Prefecture	¥ 10 (of which land 10)
Working assets	1 branch office	Land	Fukushima Prefecture	¥ 14 (of which land 14)
Total				¥ 24

Current fiscal year (from April 1, 2023 to March 31, 2024)
(Thousands of U.S. dollars)

Classification	Main Use, etc.	Type	Place	Impairment loss
Working assets	1 branch office	Land	Yamagata Prefecture	\$ 67 (of which land 67)
Working assets	1 branch office	Land	Fukushima Prefecture	\$ 96 (of which land 96)
Total				\$ 164

Preceding fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

Classification	Main Use, etc.	Type	Place	Impairment loss
Working assets	2 branch offices	Land	Yamagata Prefecture	¥ 89 (of which land 89)
Idle Assets	3 idle assets	Land, Buildings and Movable Property	Yamagata Prefecture	¥ 9 (of which land 8)
Total				¥ 98

As for the branch offices, since the business performance of business office groups operating jointly is continuously monitored on a group unit basis (however, for each shop business not operating jointly as part of a group, on a branch office-by-branch office basis), each group or shop constitutes the smallest grouping unit, and for idle assets, each asset constitutes the smallest grouping unit. Headquarters, back office centers, company housing, dormitories, etc. are categorized as shared assets since they do not independently generate cash flows. The recoverable amount of the asset group is measured based on its net sale price. The net sale price considers the importance of assets, and its calculation is mainly based on "Real Estate Appraisal Standards" and "the price calculated by the method established and announced by the Commissioner of the National Tax Agency to calculate the price of land, which is the basis for calculating the taxable value of land for the land value tax as stipulated in Article 16 of the Land Value Tax Act."

15. Other Comprehensive Income

Reclassification adjustments and tax effects allocated to other comprehensive income for the years ended March 31, 2024 and 2023 are summarized as follows:

2024 2023 2024
(Millions of yen) (Thousands of U.S. dollars)

Valuation difference on available -for- sale securities:

Amount arising during the year	¥ 5,797	¥ (40,810)	\$ 38,293
Reclassification adjustments	6,016	5,585	39,736
Amount before tax effect	11,814	(35,224)	78,030
Tax effect	(4,231)	10,758	(27,944)
Valuation difference on available -for- sale securities:	7,583	(24,465)	50,085

Deferred gains or losses on hedges:

Amount arising during the year	(198)	(427)	(1,312)
Reclassification adjustments	521	1,255	3,442
Amount before tax effect	322	828	2,130
Tax effect	(98)	(252)	(649)
Deferred gains or losses on hedges	224	575	1,480

Retirement benefits liability adjustments:

Amount arising during the year	2,117	(158)	13,987
Reclassification adjustments	(231)	(220)	(1,526)
Amount before tax effect	1,886	(379)	12,460
Tax effect	(575)	115	(3,800)
Retirement benefits liability adjustments	1,311	(263)	8,659

Total other comprehensive income ¥ 9,118 ¥ (24,153) \$ 60,225

16. Stocks Issued

The number of stocks issued and changes during the year ended March 31, 2024 and 2023 are summarized as follows:

	Thousands of stocks		Thousands of stocks	
	2024		2023	
	Treasury share	Common stock issued	Treasury share	Common stock issued
Beginning of the year	506	32,500	520	32,500
Increase during the year	0 ^{*2}	—	1 ^{*4}	—
Decrease during the year	—	—	14 ^{*5}	—
End of the year	507 ^{*1}	32,500	506 ^{*3}	32,500

- *1 As of the end of the current fiscal year, the treasury shares include 134 thousand shares of the Bank's stock held by the executive compensation BIP trust.
- *2 The increase of 0 thousand shares of common stock in treasury share is due to the purchase of shares constituting less than one unit.
- *3 As of the end of the current fiscal year, the treasury shares include 134 thousand shares of the Bank's stock held by the executive compensation BIP trust.
- *4 The increase of 1 thousand shares of common stock in treasury share is due to the purchase of shares constituting less than one unit.
- *5 The decrease of 14 thousand shares of common stock in treasury share is due to the delivery of the Bank's stock to the executive compensation BIP trust.

17. Dividends

Dividends for the years ended March 31, 2024 and 2023 are summarized as follows:

		2024			
		November 10, 2023		May 12, 2023	
		Resolution by the board of directors		Resolution by the board of directors	
Total dividends	¥ 562 million	\$ 3,713 thousand	¥ 562 million	\$ 3,713 thousand	
Dividend per share	¥ 17.50	\$ 0.116	¥ 17.50	\$ 0.116	
Record date	September 30, 2023	September 30, 2023	March 31, 2023	March 31, 2023	
Effective date	December 5, 2023	December 5, 2023	June 5, 2023	June 5, 2023	

- The total amount of dividends determined by the Board of Directors on May 12, 2023, includes a dividend of ¥2 million (\$15 thousand) for the bank's shares held by the executive compensation BIP trust.
- The total amount of dividends determined by the Board of Directors on November 10, 2023, includes a dividend of ¥2 million (\$15 thousand) yen for the bank's shares held by the executive compensation BIP trust.

		2023			
		November 10, 2022		May 13, 2022	
		Resolution by the board of directors		Resolution by the board of directors	
Total dividends	¥ 562 million		¥ 642 million		
Dividend per share	¥ 17.50		¥ 20.00		
Record date	September 30, 2022		March 31, 2022		
Effective date	December 5, 2022		June 6, 2022		

Dividends for which the Record date belonged to the year ended March 31, 2024 and 2023 but to be effective in the following year are summarized as follows:

		2024		2023	
		May 14, 2024		May 12, 2023	
		Resolution by the board of directors		Resolution by the board of directors	
Total dividends	¥ 562 million	\$ 3,713 thousand	¥ 562 million		
Dividend per share	¥ 17.50	\$ 0.116	¥ 17.50		
Record date	March 31, 2024	March 31, 2024	March 31, 2023		
Effective date	June 3, 2024	June 3, 2024	June 5, 2023		

Total dividends above include ¥2 millions (\$15 thousand) and ¥2 millions for the stocks held by the board incentive BIP trust in 2024 and 2023, respectively.

Dividends are recorded in the fiscal year in which the proposed appropriation of retained earnings is approved by the Board of Directors and by the general meeting of shareholders. There is a limit on dividends under Article 18 of the Banking Act. An amount equal to 20% of the aggregated amount of dividends shall be set aside as a legal reserve or legal capital surplus, regardless of Article 445-4 of the Companies Act of Japan.

18. Cash Flows

Cash and cash equivalents stated in the consolidated statement of cash flows consisted of the following:

	2024	2023	2024
	(Millions of yen)		(Thousands of U.S. dollars)
Cash and due from banks	¥ 197,119	¥249,798	\$ 1,301,895
Current deposits	(123)	(592)	(813)
Ordinary deposits	(258)	(104)	(1,708)
Time deposits	(8,000)	(8,000)	(52,839)
Deposits with Japan Post Bank	(153)	(239)	(1,011)
Others	(10)	(8)	(69)
Cash and cash equivalents	<u>¥ 188,574</u>	<u>¥240,852</u>	<u>\$ 1,245,453</u>

19. Leases

(As lessee)

Finance Lease transaction

Finance lease transactions that do not transfer ownership.

① Description of lease asset

Property, plant and equipment

Primarily, certain vehicles and electronic computers.

② Method of depreciation of lease assets

As stated in the "f. Leased assets" of "3. Summary of Significant Accounting Policies".

(As lessor)

Investments in leased assets at March 31, 2024 and 2023 are summarized as follows:

	2024	2023	2024
	(Millions of yen)		(Thousands of U.S. dollars)
Gross lease receivables	¥ 12,583	¥ 12,341	\$ 83,111
Estimated residual values	898	1,116	5,931
Unearned interest income	(1,161)	(1,655)	(7,671)
Investments in leased assets	<u>¥ 12,320</u>	<u>¥ 11,802</u>	<u>\$ 81,372</u>

Maturities of lease receivables at March 31, 2024 are as follows:

Years ending March 31	(Millions of yen)		(Thousands of U.S. dollars)	
2025	¥	3,860	\$	25,497
2026		3,117		20,589
2027		2,277		15,040
2028		1,487		9,824
2029		829		5,479
2030 and thereafter		1,011		6,679

Maturities of lease receivables at March 31, 2023 are as follows:

Years ending March 31	(Millions of yen)	
2024		4,005
2025		3,128
2026		2,355
2027		1,517
2028		749
2029 and thereafter		586

20. Financial Instruments

1. Matters relating to the state of financial instruments

(1) Policy for financial instruments

The Bank provides financial services mainly connected with the banking business including deposits, loans, buying and selling trading securities and security investments. In the banking business, which is the main business of the Bank, funds are raised by means such as accepting deposits and borrowing money from the call money market, and are invested by providing loans and buying securities. Financial assets and liabilities are susceptible to interest rate fluctuations, so the Bank bears market risk, which is the risk of loss caused by changes in financial market conditions (for example, interest rate risk and price fluctuation risk), and the risk of failing to raise sufficient funds.

The Bank performs comprehensive asset and liability management (ALM) to appropriately control the balance of profit and risk in a way that suits fund raising and investment policy as well as taking into consideration the state of assets and liabilities and the trends of the financial and capital markets. The Bank uses derivatives as part of such management.

(2) Nature and risk of financial instruments

The Bank's financial assets consist mainly of loans to domestic companies and individuals, and the Bank is exposed to the credit risks arising from customers defaulting on their loans. Securities mainly consist of stocks, bonds and investment trusts, some of which are held until the maturity date, others are held for purposes such as investment and business promotion. Those securities are exposed to credit risk of the relevant issuer, the risks of fluctuations in interest rates and market prices.

Deposits, call money, etc., those are financial liabilities are exposed to interest rate fluctuation risks caused by differences in interest rates and the periods between financial liabilities and financial assets. Financial liabilities are also exposed to the funding risk of loss due to inability to raise funds, because of reasons such as unexpected outflow of funds, and by raising funds at interest rates much higher than the normal rate because of unavoidable reasons; and the market liquidity risk of loss caused by the inability to raise the required funds because of disruption such as a credit crunch in the entire market and by trading at prices greatly disadvantageous compared with the normal price.

(3) Risk management for financial instruments

i. Credit risk management

The Bank measures the risk amount through credit judgments, credit ratings and self-assessments, attaching importance to the public good, safety, growth potential and profitability, and controls the risk on the principle of elimination of concentration on specific customers, in accordance with credit policy (lending standards), which states the basic ideas about lending, the code of conduct and other matters, and with the credit risk management rules, which specify credit risk management methods.

The Bank's credit review division and sales promotion division are separated to ensure independence of each other and stringent credit risk management.

The Bank conducts rigorous self-assessment, which includes audits by the audit division, in order to secure the soundness of the assets. Based on the results, the Bank appropriately writes off bad debts and sets aside reserves.

The Bank has a credit rating system for business loans to understand the true state of companies from both quantitative and qualitative aspects.

To reduce and offset credit risk, the Bank receives collateral and guarantees for lending transactions and offsets loans against deposits. The Bank's basic approach to security is stated in the credit policy, and security assessments, management policies and procedures are set out in the operation manual.

Measurement method and procedures for credit risk amount are stipulated in the operation manual and the risk is measured monthly based on the debtor's credit rating and other factors. The results are reported to the ALM Council (Executive Committee).

ii. Market risk management

a. Interest rate risk management

The Bank's interest rate fluctuation risk is managed by ALM. Risk management methodology and procedures are stated in detail in the rules and manuals related to ALM. Present conditions are checked, state of execution is checked and future actions are discussed by the ALM Council, based on the

outcome of the deliberations of the ALM Committee.

Risks are monitored using methodology such as basis point value (BPV) and value at risk (VaR), and mainly with gap analyses and interest rate sensitivity analyses, and the results are reported monthly to the ALM Council. As part of ALM, derivatives such as interest rate swap transactions are conducted to hedge interest rate risks.

b. Price fluctuation risk management

Trading and management of investment instruments such as securities are performed in accordance with the investment policy and risk management policy as determined by the board of directors on a semi-annual basis. The middle section of the Financial Markets Division and the Risk Management Division measure market risk for securities investments quantitatively and comprehensively using VaR, etc. The results are reported to the relevant directors, the ALM Council, etc., with the frequency set for each financial instrument to check the state of compliance with the rule.

c. Quantitative information concerning market risk

The principal financial instruments that are subject to interest rate risk and price fluctuation risk, which are the main risk variables affecting the Bank, are loans and bills discounted, securities, deposits and derivative transactions.

The variance-covariance method (holding period: 90 days*, confidence interval: 99%, observation period: 250 business days) was used for the calculation of VaR, the market risk volume. The volume of overall market risk (estimated loss) as of March 31, 2024 (consolidated accounts settlement date) and 2023 was ¥53,876 million (\$355,832 thousand) and ¥51,014 million, respectively.

The Bank believes that the measurement model estimates market risk with sufficient accuracy because the Bank examines the model by means such as performing backtesting to compare the VaR calculated using the model with the actual profit and loss.

However, VaR measures market risk volume with a certain probability that is calculated statistically based on historical market movements, and therefore VaR may fail to represent risk in the case of exceptionally drastic change in market conditions.

* Holding period for shares purchased for business relationships, which are included in the securities: 125 days.

iii. Liquidity risk management

Sections managing liquidity risks at the Bank are clearly stated in the liquidity risk management rules that stipulate the liquidity risk management procedures, system and so on. The Bank has a management system to secure sufficient liquidity in case of unexpected events by setting liquidity standards for various cases including times of normality, times of concern, and times of emergency.

(4) Supplementary explanation of fair values of financial instruments

Fair value of financial instruments includes market price as well as reasonably determined value where market price is unavailable. The reasonably determined value could differ depending on different conditions and assumptions because calculation of such value is conducted based on certain conditions and assumptions.

2. Fair value of financial instruments

The amount recorded on the consolidated balance sheet, fair value and the difference are as follows. Equity securities that do not have a market price and investments in partnerships are not included in the following table (see (Note 1)). Cash deposits, call loans and bills bought, call money and bills sold, and cash received as collateral under securities lending transactions are settled within a short period of time and their fair value approximates their carrying value; therefore, notes to these items are omitted.

<March 31, 2024> (Millions of yen)

	Carrying amount	Fair value	Difference
(1) Securities			
Held-to-maturity bonds	¥ 20,863	¥ 20,877	¥ 14
Available-for-sale securities (*1)	854,906	854,906	—
(2) Loans and bills discounted	1,941,891		
Allowance for loan losses (*2)	(8,128)		
	1,933,762	1,936,629	2,866
Total assets	2,809,533	2,812,413	2,880
(1) Deposits	2,774,302	2,774,316	14
(2) Negotiable certificates of deposit	65,219	65,219	—
(3) Borrowed money	119,633	119,393	(240)
Total liabilities	2,959,155	2,958,929	(225)
Derivative transactions (*3)			
To which hedge accounting is not applied	(1,230)	(1,230)	—
To which hedge accounting is applied (*4)	(538)	(538)	—
Total derivatives	¥ (1,769)	¥ (1,769)	¥ —

<March 31, 2024> (Thousands of U.S. dollars)

	Carrying amount	Fair value	Difference
(1) Securities			
Held-to-maturity bonds	\$ 137,794	\$ 137,888	\$ 94
Available-for-sale securities (*1)	5,646,304	5,646,304	—
(2) Loans and bills discounted	12,825,382		
Allowance for loan losses (*2)	(53,683)		
	12,771,698	12,790,629	18,931
Total assets	18,555,796	18,574,822	19,025
(1) Deposits	18,323,112	18,323,207	94
(2) Negotiable certificates of deposit	430,744	430,744	—
(3) Borrowed money	790,131	788,545	(1,586)
Total liabilities	19,543,989	19,542,497	(1,491)
Derivative transactions (*3)			
To which hedge accounting is not applied	(8,126)	(8,126)	—
To which hedge accounting is applied (*4)	(3,557)	(3,557)	—
Total derivatives	\$ (11,683)	\$ (11,683)	\$ —

(*1) Available-for sale securities include investment trusts which were treated such that their net asset value (NAV) is deemed to be their fair value in accordance with the paragraph 24-9 of the "Implementation Guidance on the Accounting Standard for Fair Value".

(*2) General allowance and specific allowance for loans and bills discounted are deducted.

(*3) Derivative transactions recorded in other assets and other liabilities are presented on a net basis.

(*4) Interest rate swaps, etc., designated as hedging instruments to offset market fluctuations of loans and bills discounted, etc., which are hedged, are recorded as deferred hedges. "Treatment of Hedge Accounting for Financial Instruments Referring to LIBOR" (Practical Issues Task Force No. 40, March 17, 2022) is applied to these hedging relationships.

<March 31, 2023> (Millions of yen)

	Carrying amount	Fair value	Difference
(1) Securities			
Held-to-maturity bonds	¥ 21,048	¥ 21,151	¥ 103
Available-for-sale securities (*1)	940,530	940,530	—
(2) Loans and bills discounted	1,793,470		
Allowance for loan losses (*2)	(8,038)		
	1,785,432	1,792,083	6,650
Total assets	2,747,011	2,753,765	6,754
(1) Deposits	2,746,286	2,746,292	6
(2) Negotiable certificates of deposit	79,889	79,889	0
(3) Borrowed money	119,858	119,065	(793)
Total liabilities	2,946,034	2,945,247	(787)
Derivative transactions (*3)			
To which hedge accounting is not applied	184	184	—
To which hedge accounting is applied (*4)	(900)	(900)	—
Total derivatives	¥ (715)	¥ (715)	¥ —

Note 1 The amount recorded on the consolidated financial statement for equity securities that do not have a market price or investments in partnerships are as follows, and these were not included among "available-for-sale securities" in the fair value information of financial instruments.

Category	Carrying amount		
	2024 (Millions of yen)	2023 (Millions of yen)	2024 (Thousands of U.S. dollars)
Unlisted stocks (*1)(*2)	¥ 2,250	¥ 2,265	\$ 14,862
Investments in partnerships (*3)	15,804	13,429	104,383

(*1) Unlisted stocks are not subject to fair value disclosure based on paragraph 5 of "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 March 31, 2020).

(*2) Impairment accounting was applied to unlisted stocks of ¥5 million in the previous fiscal year. Impairment accounting was nil in the current fiscal year.

(*3) Investments in partnerships are not subject to fair value disclosure based on paragraph 24 - 16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021)

Note 2 Scheduled redemption amounts of financial assets and securities with maturities
<March 31, 2024>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Securities	¥ 58,450	¥ 156,732	¥ 136,108	¥ 113,617	¥ 90,990	¥ 219,148
Held-to-maturity bonds	3,438	7,798	7,274	2,352	—	—
Corporate bonds	3,438	7,798	7,274	2,352	—	—
Available-for-sale securities with a maturity date	55,012	148,934	128,834	111,265	90,990	219,148
Government bonds	—	22,000	3,000	—	11,000	74,500
Local government bonds	20,081	43,525	41,898	44,744	7,218	10,661
Corporate bonds	8,346	26,152	27,557	17,800	200	21,473
Other	26,584	57,256	56,378	48,720	72,571	112,514
Loans and bills discounted(*)	431,944	319,657	388,083	170,186	181,383	436,571
Total	¥ 490,394	¥ 476,390	¥ 524,192	¥ 283,804	¥ 272,373	¥ 655,720

*Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to "Legally bankrupt" debtors, loans to "Virtually bankrupt" debtors, and loans to "Possibly bankrupt" debtors, amounting to ¥14,063 million (\$92,885 thousand) is not included in the above table.

<March 31, 2024>

(Thousands of U.S. dollars)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Securities	\$ 386,041	\$ 1,035,151	\$ 898,941	\$ 750,396	\$ 600,953	\$ 1,447,386
Held-to-maturity bonds	22,706	51,503	48,046	15,537	—	—
Corporate bonds	22,706	51,503	48,046	15,537	—	—
Available-for-sale securities with a maturity date	363,335	983,647	850,895	734,859	600,953	1,447,386
Government bonds	—	145,300	19,813	—	72,650	492,041
Local government bonds	132,628	287,465	276,719	295,516	47,674	70,411
Corporate bonds	55,127	172,727	182,004	117,561	1,320	141,823
Other	175,578	378,153	372,357	321,781	479,307	743,109
Loans and bills discounted(*)	2,852,811	2,111,206	2,563,132	1,124,010	1,197,962	2,883,372
Total	\$ 3,238,852	\$ 3,146,357	\$ 3,462,074	\$ 1,874,407	\$ 1,798,916	\$ 4,330,759

<March 31, 2023>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Securities	¥ 61,749	¥ 118,635	¥ 118,690	¥ 113,902	¥ 211,597	¥ 224,193
Held-to-maturity bonds	2,065	5,616	9,256	4,110	—	—
Corporate bonds	2,065	5,616	9,256	4,110	—	—
Available-for-sale securities with a maturity date	59,683	113,019	109,433	109,792	211,597	224,193
Government bonds	22,083	17,102	—	—	—	52,559
Local government bonds	98	12,103	13,673	61,493	64,936	29,602
Corporate bonds	11,583	17,861	38,057	4,677	13,480	22,074
Other	25,918	65,952	57,702	43,621	133,181	119,957
Loans and bills discounted(*)	427,642	291,067	304,737	165,539	156,356	432,628
Total	¥ 489,392	¥ 409,703	¥ 423,428	¥ 279,441	¥ 367,954	¥ 656,822

*Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to "Legally bankrupt" debtors, loans to "Virtually bankrupt" debtors, and loans to "Possibly bankrupt" debtors, amounting to ¥15,497 million is not included in the above table.

Note 3 Scheduled repayment amounts of bonds, borrowed money and other interest bearing liabilities

<March 31, 2024>

(Millions of yen)

(Thousands of U.S. dollars)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits(*)	¥ 2,643,853	¥ 116,834	¥ 13,614	¥ —	¥ —	¥ —	\$ 17,461,548	\$ 771,643	\$ 89,920	\$ —	\$ —	\$ —
Negotiable certificates of deposit	65,219	—	—	—	—	—	430,744	—	—	—	—	—
Borrowed money	17,332	1,615	100,619	66	—	—	114,475	10,670	664,547	438	—	—
Total	¥ 2,726,404	¥ 118,450	¥ 114,233	¥ 66	¥ —	¥ —	\$ 18,006,768	\$ 782,314	\$ 754,467	\$ 438	\$ —	\$ —

*Demand deposits are included in "Due in 1 year or less".

<March 31, 2023>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits(*)	¥ 2,613,786	¥ 122,125	¥ 10,374	¥ —	¥ —	¥ —
Negotiable certificates of deposit	79,789	100	—	—	—	—
Borrowed money	17,469	1,596	100,743	48	—	—
Total	¥ 2,711,045	¥ 123,821	¥ 111,118	¥ 48	¥ —	¥ —

*Demand deposits are included in "Due in 1 year or less".

3. Breakdown of the fair value of financial instruments by level

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

Level 1 fair value: Of those inputs to the measurement of fair value that are observable, fair value that is determined based on quoted market prices of the assets or liabilities that are being assessed for fair value, in which the fair value of concern is formed in an active market.

Level 2 fair value: Of those inputs to the measurement of fair value that are observable, fair value that is determined using inputs relating to the measurement of fair value other than the level 1 inputs.

Level 3 fair value: Fair value that is measured using inputs for determining fair value that are not observable.

When multiple inputs that have a significant impact on the measurement of fair value are used, among the various levels to which each of such inputs are classified, the fair value is classified at the level with the lowest priority in the measurement of fair value.

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

Current Fiscal Year (March 31, 2024) (Millions of Yen) (Thousands of U.S. dollars)

Classification	Fair Value				Fair Value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities								
Available-for-sale securities(*)								
Government bonds, municipal bonds, etc.	¥ 104,656	¥ 166,878	¥ —	¥ 271,534	\$ 691,212	\$ 1,102,161	\$ —	\$ 1,793,374
Corporate Bonds	—	99,500	—	99,500	—	657,159	—	657,159
Stocks	30,436	—	—	30,436	201,023	—	—	201,023
Investment trusts	37,990	311,774	—	349,765	250,912	2,059,140	—	2,310,052
Other	3,021	82,743	8,173	93,937	19,954	546,486	53,980	620,421
Total Assets	176,105	660,896	8,173	845,175	1,163,102	4,364,947	53,980	5,582,030
Derivative Related								
Interest Related	—	538	—	538	—	3,557	—	3,557
Currency Related	—	1,190	—	1,190	—	7,862	—	7,862
Credit Derivative	—	—	39	39	—	—	263	263
Total Liabilities	¥ —	¥ 1,729	¥ 39	¥ 1,769	\$ —	\$ 11,420	\$ 263	\$ 11,683

Preceding Fiscal Year (March 31, 2023) (Millions of Yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities				
Available-for-sale securities(**)				
Government bonds, municipal bonds, etc.	¥ 91,744	¥ 181,907	¥ —	¥ 273,652
Corporate Bonds	—	107,734	—	107,734
Stocks	26,950	—	—	26,950
Investment trusts	57,641	347,203	—	404,845
Other	26,949	80,012	11,754	118,716
Derivative Related				
Currency Related	—	194	—	194
Total Assets	203,286	717,053	11,754	932,094
Derivative Related				
Interest Related	—	861	—	861
Credit Derivative	—	—	49	49
Total Liabilities	¥ —	¥ 861	¥ 49	¥ 910

*Available-for-sale securities do not include investment trusts which were treated such that their net asset value is deemed to be the fair value pursuant to paragraph 24-9 of the "Implementation Guidance on the Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021). The consolidated balance sheet amount for investment trusts applying the treatment pursuant to paragraph 24-9 is ¥ 9,731 million (\$64,273 thousand) and ¥8,631 million at March 31, 2024 and 2023, respectively.

Reconciliation between the opening balance and closing balance of investment trusts applying the treatment of paragraph 24-9.

	2024 (Millions of Yen)	2023 (Millions of Yen)	2024 (Thousands of U.S. dollars)
Opening balance	¥ 8,631	¥ 7,369	\$ 57,008
Income (loss) or other comprehensive income for the current period			
Reported income (loss) (a)	184	114	1,216
Reported in other comprehensive income (b)	70	849	462
Net amount of purchases, sales and redemptions	845	297	5,585
Amount determined by applying the net asset value (NAV) of investment trusts as their fair value.	—	—	—
Amount determined by not applying the net asset value (NAV) of investment trusts as their fair value.	—	—	—
Closing balance	9,731	8,631	64,273
The unrealized gains/losses on investment trusts held as of the date of the consolidated balance sheet, which were recognized as income (loss) in the current period.	¥ —	¥ —	\$ —

(a) It is included in "other ordinary expenses" in the consolidated statements of income

(b) It is included under "valuation difference on available-for-sale securities" in the "other comprehensive income" in the consolidated statements of comprehensive income.

(2) Financial instruments other than financial instruments recorded on the consolidated balance sheet at fair value

Current Fiscal Year (March 31, 2024) (Millions of Yen) (Thousands of U.S. dollars)

Classification	Fair Value				Fair Value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities								
Held-to-maturity bonds								
Corporate Bonds	¥ —	¥ —	¥ 20,877	¥ 20,877	\$ —	\$ —	\$ 137,888	\$ 137,888
Loans and bills discounted	—	32,146	1,904,483	1,936,629	—	212,311	12,578,317	12,790,629
Total Assets	—	32,146	1,925,360	1,957,506	—	212,311	12,716,206	12,928,518
Deposits	—	2,774,316	—	2,774,316	—	18,323,207	—	18,323,207
Negotiable certificates of deposit	—	65,219	—	65,219	—	430,744	—	430,744
Borrowed Money	—	116,026	3,367	119,393	—	766,305	22,239	788,545
Total Liabilities	¥ —	¥ 2,955,562	¥ 3,367	¥ 2,958,929	\$ —	\$ 19,520,258	\$ 22,239	\$ 19,542,497

Preceding Fiscal Year (March 31, 2023)

(Millions of Yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity bonds				
Corporate Bonds	¥ —	¥ —	¥ 21,151	¥ 21,151
Loans and bills discounted	—	24,661	1,767,422	1,792,083
Total Assets	—	24,661	1,788,573	1,813,234
Deposits	—	2,746,292	—	2,746,292
Negotiable certificates of deposit	—	79,889	—	79,889
Borrowed Money	—	115,156	3,908	119,065
Total Liabilities	¥ —	¥ 2,941,338	¥ 3,908	¥ 2,945,247

(Note 1) Explanation of valuation methods used in the measurement of fair value and of inputs related to the measurement of fair value

Assets

(1) Securities

Securities for which unadjusted quoted market prices in active markets are available are classified as Level 1 fair value. This includes mainly listed stocks and government bonds. If the market is not active, in such case even if published quoted market prices are used, the market value is classified as Level 2 fair value. This includes mainly municipal bonds and corporate bonds. In addition, investment trusts with no quoted market price are fair-valued using the net asset value (NAV) and classified as Level 2 fair value, if there are no significant restrictions that would require compensation for the risk from market participants with respect to cancellation or repurchase requests.

Self-guaranteed private placement bonds are classified mainly into Level 3 based on internal ratings, etc. The total face value of the bonds and interest are discounted by the interest rate assumed when similar new private placement bonds are underwritten, for each classification based on internal ratings and term. For certain bonds included among the Other, the fair value is based on prices quoted by correspondent financial institutions, etc. However, if significant unobservable inputs are used, they are classified as Level 3 fair value.

Notes concerning securities regarding the purpose in holding it are described in "Securities."

(2) Loans and bills discounted

The fair value of loans and bills discounted is calculated mainly by discounting the total principal and interest by the interest rate assumed to be applied to similar new loans, by category based on the type of loan, internal rating, and term (remaining term or interest rate renewal term), and the fair value is classified as Level 3. For those with short remaining terms (one year or less), the carrying value is used as fair value because fair value approximates the carrying value. For claims against bankrupt debtors, substantially bankrupt debtors, and potentially bankrupt debtors, the estimated loan losses are calculated based on the present value of estimated future cash flows or the amount expected to be collected through collateral and guarantees, etc. Since the fair value approximates the amount recorded on the consolidated balance sheets as of the balance sheet date less the amount of allowance for loan losses, it is therefore classified as Level 3.

For loans and bills discounted that does not have a repayment date due to characteristics such as loan drawdown amount capped to the scope of pledged assets, the carrying value is used as the fair value because the fair value is assumed to approximate the carrying value based on the expected repayment period and interest rate terms, etc., and are classified as Level 3.

Liabilities

(1) Deposits, and Negotiable Certificates of Deposit

For deposits payable on demand, the amount that would be payable if payment were demanded on the consolidated balance sheet closing date (carrying value) is considered to be the fair value. The fair value of time deposits is calculated based on the present value of future cash flows discounted, as classified according to specified periods of time. The discount rate used is the rate used when accepting new deposits. For those with a short residual period (one year or less), the carrying value is used as fair value because fair value approximates the carrying value. These are classified as Level 2 fair value.

(2) Borrowed Money

The fair value of borrowing money is calculated by discounting the total principal and interest by the interest rate assumed for a similar new borrowing, by category based on the type of borrowing, internal rating, and term (remaining term or interest rate renewal term). For those with a short residual period (one year or less), the carrying value is used as fair value because fair value approximates the carrying value. These are mainly classified as Level 2 fair value.

In addition, fair value of the interest rate swaps is reflected in the borrowed money subject to exceptional treatment for interest rate swaps.

(3) Derivative Transactions

Derivative transactions include interest rate related transactions (interest rate swaps, etc.) and currency related transactions (forward exchange contracts, currency options, currency swaps, etc.), etc. Exchange-traded transactions are valued at the closing price on the exchange, and over-the-counter transactions are valued based on discounted present value or based on option pricing models, etc. since no published quoted market price exists. The inputs used with the valuation techniques used to determine the value of OTC transactions are mainly interest rates, exchange rates, and volatility. Adjustment (CVA) for credit risk of counterparties in OTC transactions is not taken into account because the impact on fair value, etc. is minimal. Exchange-traded transactions are primarily classified as Level 1. OTC transactions are classified as Level 2 fair value if they do not use unobservable inputs or if their effects are not material, and these include interest rate swap transactions, foreign exchange forward contracts, etc. If significant unobservable inputs are used, they are classified as Level 3 fair value and these include credit derivative transactions.

(Note 2) Information about the fair value of Level 3 financial instruments recorded on the consolidated balance sheet at fair value.

(1) Quantitative information about significant unobservable inputs.

Current fiscal year (March 31, 2024)

Preceding Fiscal Year (March 31, 2023)

Classification	Valuation methods	Important unobservable inputs	Range of inputs	Weighted average of inputs	Valuation methods	Important unobservable inputs	Range of inputs	Weighted average of inputs
Derivative transactions								
Credit derivative	Discounted present value method	Credit event occurrence rate	0.46% - 6.58%	1.98%	Discounted present value method	Credit event occurrence rate	0.61% - 2.25%	1.09%

(2) Reconciliation between opening balances and closing balances, valuation gains (losses) recognized as profit/loss for the period.

Current fiscal year (March 31, 2024)

(Millions of Yen)

	Opening balance	Profit (loss) or other comprehensive income for the current period		Net amount of purchases, sales, issuances and settlements	Change to level 3 fair value	Change from level 3 fair value	Closing balance	Within the recognized profit/loss for the current period, the amount of unrealized gains (losses) on financial assets and financial liabilities held as of date of the consolidated balance sheet. (*1)
		Recorded as profit/loss (*1)	Recorded as other comprehensive income (*2)					
Securities								
Available-for-sale securities								
Other	¥ 11,754	¥ —	¥ 20	¥ (3,601)	¥ —	¥ —	¥ 8,173	¥ —
Derivative transactions								
Credit/derivative	¥ (49)	¥ 9	¥ —	¥ —	¥ —	¥ —	¥ (39)	¥ (39)

Current fiscal year (March 31, 2024)

(Thousands of U.S. dollars)

	Opening balance	Profit (loss) or other comprehensive income for the current period		Net amount of purchases, sales, issuances and settlements	Transfer to level 3 fair value	Transfer from level 3 fair value	Closing balance	Within the recognized profit/loss for the current period, the amount of unrealized gains (losses) on financial assets and financial liabilities held as of date of the consolidated balance sheet. (*1)
		Recorded as profit/loss (*1)	Recorded as other comprehensive income (*2)					
Securities								
Available-for-sale securities								
Other	\$ 77,630	\$ —	\$ 137	\$ (23,787)	\$ —	\$ —	\$ 53,980	\$ —
Derivative transactions								
Credit/derivative	\$ (327)	\$ 63	\$ —	\$ —	\$ —	\$ —	\$ (263)	\$ (263)

Preceding fiscal year (March 31, 2023)

(Millions of Yen)

	Opening balance	Profit (loss) or other comprehensive income for the current period		Net amount of purchases, sales, issuances and settlements	Change to level 3 fair value	Change from level 3 fair value	Closing balance	Within the recognized profit/loss for the current period, the amount of unrealized gains (losses) on financial assets and financial liabilities held as of date of the consolidated balance sheet. (*1)
		Recorded as profit/loss (*1)	Recorded as other comprehensive income (*2)					
Securities								
Available-for-sale securities								
Other	¥ 9,036	¥ —	¥ (30)	¥ 2,747	¥ —	¥ —	¥ 11,754	¥ —
Derivative transactions								
Credit/derivative	¥ (29)	¥ (19)	¥ —	¥ —	¥ —	¥ —	¥ (49)	¥ (49)

(*1) Included in "Other ordinary expenses" in the consolidated statements of income.

(*2) Included in "Valuation difference on available-for-sale securities" in "Other comprehensive income" in the consolidated statements of comprehensive income.

(3) Explanation of fair value measurement process

The Bank's risk management and market divisions have established policies and procedures regarding the measurement of fair value, and each division measures fair value in accordance with these policies and procedures. The measured fair value is verified by the risk management and markets divisions to ensure the validity of the valuation techniques and inputs used to measure fair value and the suitability of the classification of the level of fair value.

The fair value is calculated using a valuation model that most appropriately reflects the nature, characteristics and risks of each investment. In cases where quoted market prices obtained from third parties are used, the Bank verifies the validity of the prices by confirming the valuation techniques and inputs used, comparing them with the market prices of similar financial instruments, and other appropriate methods.

(4) Explanation of the effect on fair value of any changes in significant unobservable inputs.

A significant unobservable input used in the fair value measurement of credit derivatives is the credit event rate. The credit event incidence rate is an estimate of the likelihood that a credit event will occur under a credit default swap contract and that the Bank will receive compensation for the loss. A significant increase (decrease) in the rate of credit event occurrence can result in a significant increase (decrease) in fair value.

21. Securities

Trading account securities, marketable securities classified as held-to-maturity bonds and other securities at March 31, 2024 and 2023 are summarized as follows:

(*1) In addition to "Securities" on the consolidated balance sheet, "Trust beneficiary interests" among "Monetary claims bought" are also summarized.

1. Trading account securities
Not applicable

2. Held-to-maturity bonds (As of March 31, 2024)

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Carrying value	Fair value	Difference	Carrying Value	Fair value	Difference
Fair value exceeding carrying value	Government bonds	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
	Local government bonds	—	—	—	—	—	—
	Short-term corporate bonds	—	—	—	—	—	—
	Corporate bonds	11,621	11,707	86	76,751	77,320	568
	Other	—	—	—	—	—	—
	Subtotal	11,621	11,707	86	76,751	77,320	568
Fair value not exceeding carrying value	Government bonds	—	—	—	—	—	—
	Local government bonds	—	—	—	—	—	—
	Short-term corporate bonds	—	—	—	—	—	—
	Corporate bonds	9,242	9,170	(71)	61,042	60,568	(473)
	Other	—	—	—	—	—	—
	Subtotal	9,242	9,170	(71)	61,042	60,568	(473)
Total		¥ 20,863	¥ 20,877	¥ 14	\$ 137,794	\$ 137,888	\$ 94

Held-to-maturity bonds (As of March 31, 2023)

(Millions of yen)

	Type	Carrying value	Fair value	Difference
Fair value exceeding carrying value	Government bonds	¥ —	¥ —	¥ —
	Local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	16,488	16,620	132
	Other	—	—	—
	Subtotal	16,488	16,620	132
Fair value not exceeding carrying value	Government bonds	—	—	—
	Local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	4,559	4,530	(28)
	Other	—	—	—
	Subtotal	4,559	4,530	(28)
	Total	¥ 21,048	¥ 21,151	¥ 103

3. Available-for-sale securities (As of March 31, 2024)

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Carrying value	Cost	Difference	Carrying value	Cost	Difference
Carrying value exceeding cost	Stocks	¥ 29,034	¥ 12,044	¥ 16,989	\$ 191,762	\$ 79,552	\$ 112,210
	Bonds	24,068	23,624	444	158,960	156,028	2,932
	Government bonds	—	—	—	—	—	—
	Local government bonds	18,847	18,417	430	124,478	121,637	2,840
	Short-term corporate bonds	—	—	—	—	—	—
	Corporate bonds	5,220	5,207	13	34,482	34,390	91
	Other	132,141	126,495	5,646	872,741	835,450	37,290
	Foreign bonds	24,448	24,267	180	161,470	160,276	1,193
	Other	107,693	102,228	5,465	711,271	675,174	36,097
		Subtotal	185,244	162,164	23,079	1,223,464	1,071,031
Carrying value not exceeding cost	Stocks	1,402	1,579	(177)	9,260	10,432	(1,171)
	Bonds	346,967	358,439	(11,472)	2,291,572	2,367,341	(75,768)
	Government bonds	104,656	112,407	(7,750)	691,212	742,403	(51,190)
	Local government bonds	148,031	149,711	(1,679)	977,683	988,778	(11,095)
	Short-term corporate bonds	—	—	—	—	—	—
	Corporate bonds	94,279	96,320	(2,041)	622,676	636,158	(13,482)
	Other	322,080	348,114	(26,033)	2,127,208	2,299,151	(171,943)
	Foreign bonds	71,044	74,442	(3,397)	469,219	491,659	(22,440)
	Other	251,036	273,672	(22,636)	1,657,989	1,807,492	(149,502)
		Subtotal	670,449	708,133	(37,683)	4,428,042	4,676,925
	Total	¥ 855,694	¥ 870,298	¥(14,603)	\$ 5,651,507	\$5,747,956	\$ (96,449)

Available-for-sale securities (As of March 31, 2023)

(Millions of yen)

	Type	Carrying value	Cost	Difference
Carrying value exceeding cost	Stocks	¥ 24,467	¥ 11,874	¥ 12,593
	Bonds	137,527	136,588	938
	Government bonds	39,185	39,079	106
	Local government bonds	67,926	67,193	732
	Short-term corporate bonds	—	—	—
	Corporate bonds	30,415	30,315	99
	Other	111,859	106,224	5,634
	Foreign bonds	18,867	18,732	134
	Other	92,992	87,492	5,500
		Subtotal	273,854	254,687
Carrying value not exceeding cost	Stocks	2,483	2,854	(371)
	Bonds	243,859	250,275	(6,416)
	Government bonds	52,559	56,719	(4,160)
	Local government bonds	113,981	114,934	(953)
	Short-term corporate bonds	—	—	—
	Corporate bonds	77,319	78,622	(1,302)
	Other	421,153	459,865	(38,712)
	Foreign bonds	101,252	109,009	(7,756)
	Other	319,901	350,856	(30,955)
	Subtotal	667,496	712,995	(45,499)
	Total	¥ 941,351	¥ 967,683	¥(26,332)

4. Held-to-maturity bonds sold during the year
Not applicable

5. Available-for-sale securities sold during the year ended March 31, 2024

(Millions of yen)

(Thousands of U.S. dollars)

	Proceeds from Sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
Stocks	¥ 6,691	¥ 3,090	¥ 62	\$ 44,193	\$ 20,413	\$ 409
Bonds	51,347	8	113	339,127	52	752
Government bonds	51,347	8	113	339,127	52	752
Local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Other	266,287	8,393	12,824	1,758,715	55,433	84,697
Total	¥ 324,325	¥ 11,491	¥ 13,000	\$ 2,142,036	\$ 75,899	\$ 85,859

Available-for-sale securities sold during the year ended March 31, 2023

(Millions of yen)

	Proceeds from Sales	Gains on sales	Losses on sales
Stocks	¥ 11,888	¥ 815	¥ 846
Bonds	137,953	614	1,758
Government bonds	137,953	614	1,758
Local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	—	—	—
Other	572,753	10,439	11,396
Total	¥ 722,594	¥ 11,868	¥ 14,002

6. Securities with Changed Purpose of Holding

During the current fiscal year, the purpose of holding was changed from held to maturity for ¥150 million (\$990 thousand) of bonds due to a significant deterioration in the creditworthiness of the bond issuer, and they are now classified as available-for-sale securities. The impact of this change on the consolidated financial statements for the current fiscal year is insignificant.

7. Securities which have readily determinable fair value are written down to fair value, and the difference between cost and fair value is recorded as loss for the fiscal year if fair value has significantly deteriorated compared with cost and fair value is unlikely to recover up to the acquisition cost.

For securities other than trading securities (excluding non-marketable equity securities and investments in partnerships) for which the fair value has fallen significantly below the acquisition cost and the fair value is not expected to recover to the acquisition cost, the fair value is recorded on the consolidated balance sheet amount and the valuation difference is recorded as a loss for the fiscal year (hereinafter "impairment loss").

The amount of impairment loss for the previous fiscal year was ¥5 million (including ¥5 million for stocks). The amount of impairment loss for the current fiscal year was ¥30 million (\$198 thousand) (including ¥30 million for corporate bonds).

The criteria for determining that the fair value of an individual security has "significantly declined" is when the market value as of the end of the current fiscal year has declined by 50% or more compared to the acquisition cost, or when the fair value has declined by 30% or more but less than 50% and there is no possibility of recovery in fair value, taking into consideration the business conditions of the issuer and changes in fair value over a certain period in the past.

22. Money Held in Trust

Other moneys held in trust (other than if held for operational purposes or held to maturity) during the year ended March 31, 2024

(Millions of yen)

(Thousands of U.S. dollars)

	Carrying value	Fair value	Difference	Carrying value exceeding cost	Carrying value not exceeding cost	Carrying value	Fair value	Difference	Carrying value exceeding cost	Carrying value not exceeding cost
Other moneys held in trust	¥ 16,359	¥16,204	¥ 154	¥ 154	—	\$ 108,047	\$ 107,025	\$ 1,022	\$ 1,022	—

Note Among these "Carrying value exceeding cost" and "carrying value not exceeding cost" are each a breakdown of "the difference."

For the preceding accounting year (as of March 31, 2023)

(Millions of yen)

	Carrying value	Fair value	Difference	Carrying value exceeding cost	Carrying value not exceeding cost
Other moneys held in trust	¥ 9,534	¥ 9,534	—	—	—

23. Valuation difference on available-for-sale securities

The components of valuation difference on available-for-sale securities recorded on the consolidated financial statements at March 31, 2024 and 2023 are as follows:

	2024 (Millions of yen)	2023 (Millions of yen)	2024 (Thousands of U.S. dollars)
Valuation Gains (losses)	¥ (14,342)	¥ (26,157)	\$ (94,729)
Available-for-sale securities	(14,497)	(26,157)	(95,752)
Other money held in trust	154	—	1,022
Deferred tax assets	3,775	8,007	24,938
Valuation difference on available-for-sale securities (before adjustment based on equivalent amount of shareholdings)	(10,567)	(18,150)	(69,790)
(△)Amount equivalent to non-controlling interests equity	—	—	—
Valuation difference on available-for-sale securities owned by companies accounted for using the equity method, the amount equivalent to owners of parent	—	—	—
Valuation difference on available-for-sale securities	¥ (10,567)	¥ (18,150)	\$ (69,790)

24. Fair Value Information on Derivatives

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

Derivative transactions to which hedge accounting is not applied are set forth in the table below. Contract amounts themselves do not reflect the market risks of the derivative transactions.

Currency-related transactions

<March 31, 2024>

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)
Over-the-Counter transactions	Forward exchange contracts								
	Sold	¥ 62,030	¥ –	¥ (1,191)	¥ (1,191)	\$ 409,682	\$ –	\$ (7,867)	\$ (7,867)
	Bought	4,545	–	0	0	30,022	–	2	2
	Currency options								
	Sold	¥ –	¥ –	¥ –	¥ –	\$ –	\$ –	\$ –	\$ –
	Bought	–	–	–	–	–	–	–	–
	Total	–	–	¥ (1,190)	¥ (1,190)	–	–	\$ (7,865)	\$ (7,865)

<March 31, 2023>

(Millions of yen)

	Type	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)
Over-the-Counter transactions	Forward exchange contracts				
	Sold	¥ 46,739	¥ –	¥ 232	¥ 232
	Bought	4,014	–	1	1
	Currency options				
	Sold	¥ –	¥ –	¥ –	¥ –
	Bought	–	–	–	–
	Total	–	–	¥ 233	¥ 233

(Note) The above transactions were evaluated for fair value, and the valuation gains (losses) were recorded in the consolidated statements of income.

Credit derivatives transactions

<March 31, 2024>

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)
Over-the-counter transactions	Credit default swaps								
	Sold	¥ –	¥ –	¥ –	¥ –	\$ –	\$ –	\$ –	\$ –
	Bought	5,245	4,353	(39)	(39)	34,641	28,749	(263)	(263)
	Total	–	–	¥ (39)	¥ (39)	–	–	\$ (263)	\$ (263)

<March 31, 2023>

(Millions of yen)

	Type	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)
Over-the-counter transactions	Credit default swaps				
	Sold	¥ –	¥ –	¥ –	¥ –
	Bought	3,880	3,880	(49)	(49)
	Total	–	–	¥ (49)	¥ (49)

(Note)
1. The above transactions were evaluated for fair value, and the valuation gains (losses) were recorded in the consolidated statements of income.
2. "Sold" represents a credit risk assumption transaction and "bought" represents a credit risk delivery transaction.

(2) Derivative transactions to which hedge accounting is applied

Derivative transactions to which hedge accounting is applied are set forth in the table below. Contract amounts themselves below do not represent the market risks of the derivative transactions.

Interest rate-related transactions

<March 31, 2024>

(Millions of yen)

(Thousands of U.S. dollars)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amount maturing beyond one year	Fair value	Contract amounts	Contract amount maturing beyond one year	Fair value
Normal method	Interest rate swaps receive-floating/pay-fixed	Loans, deposits	¥ 18,163	¥ 18,088	¥ (538)	\$ 119,965	\$ 119,464	\$ (3,557)
			100,000	100,000	(Note) 2	660,458	660,458	(Note) 2
Exceptional treatment	Interest rate swaps receive-fixed/pay-floating	Borrowed money						
	Total	–	–	–	¥ (538)	–	–	\$ (3,557)

(Note) 1. Deferred hedging is mainly used in accordance with the Industry Audit Committee Practice Guideline No. 24.

2. Since interest rate swaps subject to exceptional method are treated as single entities with the borrowed money being a hedged item, their market value is included in the market value of the borrowed money for "Financial Instruments."

<March 31, 2023>

(Millions of yen)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amount maturing beyond one year	Fair value
Normal method	Interest rate swaps receive-floating/pay-fixed	Loans, deposits	¥ 21,909	¥ 21,909	¥ (861)
Exceptional treatment	Interest rate swaps receive-floating/pay-fixed		—	—	
Total		—	—	—	¥ (861)

(Note) Deferred hedging is mainly used in accordance with the Industry Audit Committee Practice Guideline No. 24.

Currency-relate transactions

<March 31, 2024>

Not applicable

<March 31, 2023>

(Millions of yen)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amount maturing beyond one year	Fair value
Normal method	Currency swaps	Foreign securities in foreign currency	¥ 9,367	¥ —	¥ (38)
Total		—	—	—	¥ (38)

(Note) Deferred hedging is used, primarily based on Operational Guidelines No. 25 of the Industry-Specific Committee.

25. Retirement Benefit Plans

The Bank and the consolidated subsidiaries have defined-benefit corporation pension funds and lump-sum retirement benefits. Certain consolidated subsidiaries use a simplified method for calculating retirement benefit expenses and liabilities. The following table sets forth the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheet for the Bank's and the consolidated subsidiaries' defined retirement benefit plans:

(1) The changes in the retirement benefit obligation during the year ended March 31, 2024 and 2023 are as follows:

	2024 (Millions of yen)	2023 (Millions of yen)	2024 (Thousands of U.S. dollars)
Retirement benefit obligation at the beginning of the year	¥ 13,059	¥ 13,848	\$ 86,255
Service cost	377	421	2,491
Interest cost	65	41	429
Actuarial gain/loss	(523)	(248)	(3,454)
Retirement benefits paid	(998)	(1,003)	(6,595)
Prior service cost	—	—	—
Other	—	—	—
Retirement benefit obligation at the end of the year	¥ 11,980	¥ 13,059	\$ 79,127

(2) The changes in plan assets during the year ended March 31, 2024 and 2023 are as follows:

	2024 (Millions of yen)	2023 (Millions of yen)	2024 (Thousands of U.S. dollars)
Plan assets at the beginning of the year	¥ 16,420	¥ 16,988	\$ 108,451
Expected return on plan assets	492	509	3,253
Actuarial gain/loss	1,594	(407)	10,532
Contributions by employers	261	271	1,725
Contributions by employees	49	51	325
Retirement benefits paid	(994)	(993)	(6,567)
Other	—	—	—
Plan assets at the end of the year	¥ 17,824	¥ 16,420	\$ 117,720

(3) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2024 and 2023 for the bank's and the consolidated subsidiaries' defined benefit plans:

	2024 (Millions of yen)	2023 (Millions of yen)	2024 (Thousands of U.S. dollars)
Funded retirement benefit obligation	¥ 11,928	¥ 13,008	\$ 78,786
Plan assets at fair value	(17,824)	(16,420)	(117,720)
	(5,895)	(3,412)	(38,934)
Unfunded retirement benefit obligation	51	51	340
Net liabilities for retirement benefits in the consolidated balance sheet	(5,843)	(3,360)	(38,593)
Liabilities for retirement benefits	51	51	340
Assets for retirement benefits	(5,895)	(3,412)	(38,934)
Net liabilities for retirement benefits in consolidated balance sheet	¥ (5,843)	¥ (3,360)	\$ (38,593)

(4) The components of retirement benefit expense for the year ended March 31, 2024 and 2023 are as follows:

	2024 (Millions of yen)	2023 (Millions of yen)	2024 (Thousands of U.S. dollars)
Service cost	¥ 328	¥ 370	\$ 2,172
Interest cost	65	41	429
Expected return on plan assets	(492)	(509)	(3,253)
Amortization of actuarial gain/loss cost	(231)	(220)	(1,526)
Amortization of prior service cost	—	—	—
Other	—	—	—
Retirement benefit expense	¥ (329)	¥ (318)	\$ (2,177)

Notes

- Concerning the consolidated subsidiaries that use a simplified method, all of the retirement benefit cost is included in the service cost.
- Service cost does not include the amounts contributed by employees with respect to corporate pension fund plans.

(5) The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2024 and 2023 are as follows:

	2024	2023	2024
	(Millions of yen)		(Thousands of U.S. dollars)
Prior service cost	¥ —	¥ —	\$ —
Actuarial gain and loss	1,886	(379)	12,460
Other	—	—	—
Total	<u>¥ 1,886</u>	<u>¥ (379)</u>	<u>\$ 12,460</u>

(6) Unrecognized prior service cost and unrecognized actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2024 and 2023 are as follows:

	2024	2023	2024
	(Millions of yen)		(Thousands of U.S. dollars)
Unrecognized prior service cost ...	¥ —	¥ —	\$ —
Unrecognized actuarial gain/loss ...	3,385	1,498	22,358
Other	—	—	—
Total	<u>¥ 3,385</u>	<u>¥ 1,498</u>	<u>\$ 22,358</u>

(7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2024 and 2023 is as follows:

	2024	2023
Bonds	15%	13%
Stocks	43%	35%
General account	29%	31%
Other	13%	21%
Total	<u>100%</u>	<u>100%</u>

Note

The expected long-term return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term return on assets held in each category.

(8) The assumptions used in accounting for the above plans are as follows:

	2024	2023
1) Discount rate:	0.9%	0.5%
2) Expected rate of long-term return on assets: ...	3.0%	3.0%

26. Income Taxes

The major components of deferred tax assets and liabilities at March 31, 2024 and 2023 are summarized as follows:

	2024	2023	2024
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Allowance for loan losses	¥ 2,285	¥ 2,384	\$ 15,093
Devaluation on securities	392	359	2,591
Depreciation	392	541	2,594
Valuation difference on available-for-sale securities	4,475	8,007	29,560
Deferred gains or losses on hedges	164	262	1,085
Other	1,902	2,024	12,567
Subtotal: deferred tax assets	<u>9,613</u>	<u>13,579</u>	<u>63,491</u>
Valuation allowance (Note1)	<u>(2,859)</u>	<u>(1,845)</u>	<u>(18,888)</u>
Total: deferred tax assets	<u>6,753</u>	<u>11,734</u>	<u>44,602</u>
Deferred tax liabilities:			
Net defined benefits assets	(1,797)	(1,040)	(11,874)
Other	(128)	(129)	(845)
Total: deferred tax liabilities	<u>(1,926)</u>	<u>(1,170)</u>	<u>(12,720)</u>
Net deferred tax assets (liabilities)	<u>¥ 4,827</u>	<u>¥ 10,563</u>	<u>\$ 31,882</u>

Note

- In the current fiscal year, the valuation allowance amount increased by ¥1,014 million (\$6,703 thousand), mainly due to an ¥699 million (\$4,621 thousand) increase in the valuation allowance on available-for-sale securities and ¥175 million (\$1,161 thousand) increase in the valuation allowance for loan losses.
- Net deferred tax assets (liabilities) as of March 31, 2024 and 2023 were included in the following accounts in the consolidated balance sheets.

	2024	2023	2024
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets	¥ 4,875	¥ 10,613	\$ 32,201
Deferred tax liabilities	(48)	(49)	(319)

For the fiscal year ended March 31, 2024 and 2023, the reconciliation of the statutory tax rate of the Bank to the effective income tax rate was as follows:

	2024	2023
Statutory tax rate	30.50%	—
Valuation allowance	9.41%	—
Non-deductible expenses	0.77%	—
Non-taxable income	(4.10%)	—
Per capita inhabitants' tax rate	1.10%	—
Reversal of revaluation reserve for land	(0.05%)	—
Difference in tax rates with consolidated subsidiaries	1.28%	—
Others	0.43%	—
Effective tax rate	39.34%	—

For the previous fiscal year, since the difference between the statutory effective tax rate and the effective corporate income tax rate after applying tax effect accounting is less than 5/100 of the statutory effective tax rate, its disclosure was omitted.

27. Asset Retirement Obligations

Among asset retirement obligations, recorded amounts on the consolidated financial statements

A. Summary description of the asset retirement obligations

Obligation to restore to original condition, under leasing agreements for land for operating facilities and for ATMs outside of the bank facilities, obligation to remove toxic substances used at a portion of the operating facilities and the administrative center, due to legal requirements, etc.

B. Calculation Method of Amount of Asset Retirement Obligations

The asset retirement obligation amounts are calculated by estimating the period of use to be from 6 years to 30 years from time of acquisition, using a discount rate of 0.0% to 2.0% based on the government bond yields as a reference.

C. Gains/Losses in total asset retirement obligation

	2024	2023	2024
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at beginning of year	¥ 262	¥ 354	\$ 1,733
Increase in amount due to acquisition of property, plant and equipment	0	32	6
Adjustment due to the passage of time	0	0	4
Increase due to change in estimate	—	—	—
Reduction due to performance of asset retirement obligations	103	124	686
Balance at the end of the year	<u>¥ 160</u>	<u>¥ 262</u>	<u>\$ 1,058</u>

28. Revenue Recognition

1. Disaggregation of revenues arising from contracts with customers.
As described in "29. Segment Information".

2. Information that provides a basis for understanding the revenue arising from contracts with customers

The principal performance obligations of the Bank and its consolidated subsidiaries in their principal businesses relating to revenues from contracts with customers are the provision of services related to financial services, including deposit and loan services, foreign exchange services, securities-related services, agency services, mutual fund services, and safe-deposit box/custodian services.

Revenue is recognized primarily when promised services have been rendered and the performance obligation has been fulfilled. For performance obligations rendered during the service period of annual fees for credit card members of consolidated subsidiaries, the revenue is recognized over the period the services are provided.

The amount of revenue recorded is calculated based on the amount expected to be received in exchange for services. For loyalty-point programs operated by other companies in which consolidated subsidiaries participate, the amount expected to be used in the future is recognized as the amount to be collected for third parties and deducted from credit merchant fees.

3. Information to understand the revenue amounts for the current fiscal year and subsequent fiscal years.

Information is omitted due to low materiality.

29. Segment Information

1. Outline of reportable segments

Reportable segments are components for which separate financial information is available and that are subject to periodic examination by the board of directors to determine the allocation of management resources and assess performances.

The Bank and its consolidated subsidiaries consist of the Bank and 8 consolidated subsidiaries that are engaged in the financial services business that includes mainly banking services as well as leasing services.

Therefore, the reportable segments of the Bank and its consolidated subsidiaries comprise 'Banking', 'Leasing', and 'Credit guarantee' which are distinguished by the type of the business.

'Banking' includes deposit taking, lending, investment in securities and exchange services.

'Leasing' represents the lease business of Yamagin Lease Co., Ltd., one of the consolidated subsidiaries.

'Credit guarantee' is a credit guarantee business operated by Yamagin Guarantee Service Co., Ltd., one of the consolidated subsidiaries.

2. Calculation method of ordinary income, profit (loss), assets, liabilities and other items by reportable segment

The accounting policies in Note 3, "Summary of Significant Accounting Policies", are adopted for the reportable segments.

Reportable segment profit corresponds to ordinary profit.

Ordinary income arising from intersegment transactions is based on arm's length prices.

3. Information by reportable segment regarding amount of ordinary income, profit or loss, assets, liabilities and other items as well as revenue breakdown information.

Year ended March 31, 2024

(Millions of yen)

	Reportable segment				Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Credit guarantee	Total				
Revenues from service transactions								
Deposit/Loan Services	¥ 1,151	¥ —	¥ —	¥ 1,151	¥ —	¥ 1,151	¥ —	¥ 1,151
Exchanging Services	1,276	—	—	1,276	—	1,276	—	1,276
Securities Related Services	27	—	—	27	—	27	—	27
Agency Services	1,001	—	—	1,001	—	1,001	—	1,001
Investment Trust Businesses	758	—	—	758	—	758	—	758
Safe-deposit box/custodian services	45	—	—	45	—	45	—	45
Other	2,244	—	2	2,247	1,039	3,286	—	3,286
Other service revenues	—	—	—	—	247	247	—	247
Ordinary income from contracts with customers	6,505	—	2	6,508	1,287	7,795	—	7,795
Ordinary income other than the above	41,227	5,779	205	47,213	109	47,322	(20)	47,301
Ordinary revenues from external customers	47,733	5,779	208	53,721	1,396	55,117	(20)	55,097
Inter-segment ordinary income	913	102	668	1,684	270	1,954	(1,954)	—
Total	48,646	5,882	877	55,406	1,666	57,072	(1,975)	55,097
Segment profit	3,419	229	711	4,361	308	4,669	(906)	3,762
Segment assets	3,132,686	15,810	5,514	3,154,012	6,915	3,160,928	(14,562)	3,146,366
Segment liabilities	2,998,929	12,128	2,237	3,013,295	4,510	3,017,806	(15,246)	3,002,560
Other items								
Depreciation	1,901	13	0	1,915	6	1,921	—	1,921
Interest income	34,232	0	3	34,236	42	34,278	(833)	33,444
Interest expenses	5,374	52	—	5,426	16	5,443	(51)	5,391
Increase in property, plant and equipment and intangible assets	1,707	136	6	1,850	0	1,851	—	1,851

Year ended March 31, 2024

(Thousands of U.S. dollars)

	Reportable segment				Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Credit guarantee	Total				
Revenues from service transactions								
Deposit/Loan Services	\$ 7,607	\$ —	\$ —	\$ 7,607	\$ —	\$ 7,607	\$ —	\$ 7,607
Exchanging Services	8,428	—	—	8,428	—	8,428	—	8,428
Securities Related Services	179	—	—	179	—	179	—	179
Agency Services	6,614	—	—	6,614	—	6,614	—	6,614
Investment Trust Businesses	5,011	—	—	5,011	—	5,011	—	5,011
Safe-deposit box/custodian services	301	—	—	301	—	301	—	301
Other	14,823	—	17	14,840	6,865	21,705	—	21,705
Other service revenues	—	—	—	—	1,636	1,636	—	1,636
Ordinary income from contracts with customers	42,965	—	17	42,983	8,501	51,484	—	51,484
Ordinary income other than the above	272,292	38,172	1,359	311,824	721	312,545	(137)	312,408
Ordinary revenues from external customers	315,258	38,172	1,377	354,807	9,222	364,030	(137)	363,892
Inter-segment ordinary income	6,030	679	4,416	11,126	1,784	12,910	(12,910)	—
Total	321,288	38,851	5,793	365,933	11,007	376,941	(13,048)	363,892
Segment profit	22,585	1,518	4,701	28,805	2,034	30,839	(5,988)	24,851
Segment assets	20,690,093	104,424	36,422	20,830,940	45,675	20,876,615	(96,176)	20,780,438
Segment liabilities	19,806,678	80,106	14,778	19,901,564	29,792	19,931,357	(100,694)	19,830,662
Other items								
Depreciation	12,555	89	3	12,648	43	12,692	—	12,692
Interest income	226,092	3	20	226,115	279	226,395	(5,507)	220,888
Interest expenses	35,493	348	—	35,841	111	35,952	(342)	35,610
Increase in property, plant and equipment and intangible assets	11,276	904	43	12,224	2	12,227	—	12,227

Notes

- Ordinary income is substituted for sales of companies in other industries. "Adjustments" are elimination of intersegment transactions.
- "Other" represents business segments that are not the reportable segments and comprises business support service, data processing, credit card business, regional trading company, venture capital business, etc.
- "Adjustments" are as follows:
 - Adjusted amount of ordinary income from external customers of negative 20 million yen is the adjusted amount of the allowance for loan losses provision for "leasing business" and "other".
 - The 906 million yen reduction adjustment for segment profit, the 14,562 million yen reduction adjustment for segment assets, the 15,246 million yen reduction adjustment for segment liabilities, the 833 million yen reduction adjustment for interest income, and the 51 million yen reduction adjustment for interest expenses are eliminations of intersegment transactions.
- "Segment profit (loss)" corresponds to ordinary income (net) of Consolidated Statements of Income.

Year ended March 31, 2023

(Millions of yen)

	Reportable segment				Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Credit guarantee	Total				
Revenues from service transactions								
Deposit/Loan Services	¥ 1,010	¥ —	¥ —	¥ 1,010	¥ —	¥ 1,010	¥ —	¥ 1,010
Exchanging Services	1,318	—	—	1,318	—	1,318	—	1,318
Securities Related Services	17	—	—	17	—	17	—	17
Agency Services	1,041	—	—	1,041	—	1,041	—	1,041
Investment Trust Businesses	607	—	—	607	—	607	—	607
Safe-deposit box/custodian services	46	—	—	46	—	46	—	46
Other	2,000	—	2	2,002	1,019	3,022	—	3,022
Other service revenues	—	—	—	—	252	252	—	252
Ordinary income from contracts with customers	6,041	—	2	6,044	1,271	7,316	—	7,316
Ordinary income other than the above	37,802	5,879	273	43,954	89	44,043	(175)	43,868
Ordinary revenues from external customers	43,844	5,879	276	49,999	1,360	51,359	(175)	51,184
Inter-segment ordinary income	734	99	677	1,511	263	1,775	(1,775)	—
Total	44,578	5,978	953	51,511	1,624	53,135	(1,951)	51,184
Segment profit	4,984	245	785	6,015	262	6,278	(741)	5,537
Segment assets	3,131,438	15,395	5,699	3,152,533	6,642	3,159,176	(14,716)	3,144,460
Segment liabilities	3,006,485	11,706	2,383	3,020,575	4,331	3,024,906	(14,175)	3,010,730
Other items								
Depreciation	1,868	6	0	1,874	7	1,881	—	1,881
Interest income	32,083	0	8	32,092	44	32,136	(644)	31,492
Interest expenses	3,697	49	—	3,746	18	3,765	(46)	3,718
Increase in property, plant and equipment and intangible assets	1,671	72	—	1,743	27	1,771	—	1,771

Notes

1. Ordinary income is substituted for sales of companies in other industries. "Adjustments" are elimination of intersegment transactions.
2. "Other" represents business segments that are not the reportable segments and comprises business support service, data processing, credit card business, regional trading company, venture capital business, etc.
3. "Adjustments" are as follows:
 - (1) Adjusted amount of ordinary income from external customers of negative 175 million yen is the adjusted amount of the allowance for loan losses provision for "banking business" and "other".
 - (2) The 741 million yen reduction adjustment for segment profit, the 14,716 million yen reduction adjustment for segment assets, the 14,175 million yen reduction adjustment for segment liabilities, the 644 million yen reduction adjustment for interest income, and the 46 million yen reduction adjustment for interest expenses are eliminations of intersegment transactions.
4. "Segment profit (loss)" corresponds to ordinary income (net) of Consolidated Statements of Income.

4. Related information
Information by service

Year ended March 31, 2024

(Millions of yen)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	¥ 19,365	¥ 21,154	¥ 5,752	¥ 8,824	¥ 55,097

Year ended March 31, 2024

(Thousands of U.S. dollars)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	\$ 127,903	\$ 139,715	\$ 37,992	\$ 58,281	\$ 363,892

Year ended March 31, 2023

(Millions of yen)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	¥ 17,479	¥ 19,316	¥ 5,849	¥ 8,538	¥ 51,184

Information about geographical areas is omitted because the Bank and its consolidated subsidiaries conduct banking and other related activities in Japan without having foreign subsidiaries or foreign branches.

Information about major customers is not presented because there are no customers having over a 10% share of ordinary income.

5. Information concerning the impairment loss of fixed assets by reportable segment

Year ended March 31, 2024

(Millions of yen)

	Reportable segment				Other	Total
	Banking	Leasing	Credit guarantee	Total		
Impairment loss	¥ 24	¥ —	¥ —	¥ 24	¥ —	¥ 24

Year ended March 31, 2024

(Thousands of U.S. dollars)

	Reportable segment				Other	Total
	Banking	Leasing	Credit guarantee	Total		
Impairment loss	\$ 164	\$ —	\$ —	\$ 164	\$ —	\$ 164

Year ended March 31, 2023

(Millions of yen)

	Reportable segment				Other	Total
	Banking	Leasing	Credit guarantee	Total		
Impairment loss	¥ 98	¥ —	¥ —	¥ 98	¥ —	¥ 98

30. Related Parties Information

Transactions with Related Parties

Transactions of the Corporation Submitting Consolidated Financial Statements with Related Parties

Directors and Major Stockholders (only in the case of individuals) etc. of the Corporation Submitting Consolidated Financial Statements

Year ended March 31, 2024

(Millions of yen)

Category	Name of company, etc. or individual's full name	Location	Capital or investment contribution	Description of business or job	Percentage of ownership of voting rights, etc. owned (or owned by) (%)	Relation to affiliated parties	Description of transaction	Amount of transaction	Account name	Balance at end of financial period
Companies, etc. in which Directors and their close relatives own a majority of the voting rights	HappyProduct Inc. (note 2)	Yamagata City, Yamagata Prefecture	70	Pig iron and cast iron manufacturing	—	Credit customer	Loan of funds	1,870	Loans and bills discounted	1,870
	HappyJapan Inc. (note 3)	Yamagata City, Yamagata Prefecture	73	Manufacture of general machinery and equipment	Owned directly 0.88	Credit customer	Loan of funds	1,038	Loans and bills discounted	1,038
	Otokoyama Shuzou Co., Ltd. (Note 4)	Yamagata City, Yamagata Prefecture	35	Sake Manufacturer	Owned directly, 0.02	Credit customer	Loan of funds	103	Loans and bills discounted	121
Directors and close relatives	Junichi Matsuda	—	—	Director of the Bank; Attorney	—	Credit customer	Loan of funds	22	Loans and bills discounted	40

Year ended March 31, 2024

(Thousands of U.S. dollars)

Category	Name of company, etc. or individual's full name	Location	Capital or investment contribution	Description of business or job	Percentage of ownership of voting rights, etc. owned (or owned by) (%)	Relation to affiliated parties	Description of transaction	Amount of transaction	Account name	Balance at end of financial period
Companies, etc. in which Directors and their close relatives own a majority of the voting rights	HappyProduct Inc. (note 2)	Yamagata City, Yamagata Prefecture	462	Pig iron and cast iron manufacturing	—	Credit customer	Loan of funds	12,350	Loans and bills discounted	12,350
	HappyJapan Inc. (note 3)	Yamagata City, Yamagata Prefecture	482	Manufacture of general machinery and equipment	Owned directly 0.88	Credit customer	Loan of funds	6,860	Loans and bills discounted	6,860
	Otokoyama Shuzou Co., Ltd. (Note 4)	Yamagata City, Yamagata Prefecture	231	Sake Manufacturer	Owned directly, 0.02	Credit customer	Loan of funds	683	Loans and bills discounted	805
Directors and close relatives	Junichi Matsuda	—	—	Director of the Bank; Attorney	—	Credit customer	Loan of funds	151	Loans and bills discounted	264

Notes

1. The terms and conditions of the transactions and the policies governing decision making for the terms and conditions of such transactions are the same as for other customers.

Transaction amounts are average balances.

2. At HappyProduct Inc., Mr. Keitaro Harada, a director, and his close relatives hold the majority of voting rights.

3. At HappyJapan Inc., Mr. Keitaro Harada, a director, and his close relatives hold the majority of voting rights.

4. A majority of the voting rights of Otokoyama Shuzou Co., Ltd. are owned by Director Gisuke Ohara and his close relatives.

Category	Name of company, etc. or individual's full name	Location	Capital or investment contribution	Description of business or job	Percentage of ownership of voting rights, etc. owned (or owned by) (%)	Relation to affiliated parties	Description of transaction	Amount of transaction	Account name	Balance at end of financial period
Companies, etc. in which Directors and their close relatives own a majority of the voting rights	HappyProduct Inc. (note 2)	Yamagata City, Yamagata Prefecture	70	Pig iron and cast iron manufacturing	—	Credit customer	Loan of funds	1,870	Loans and bills discounted	1,870
	HappyJapan Inc. (note 3)	Yamagata City, Yamagata Prefecture	73	Manufacture of general machinery and equipment	Owned directly 0.88	Credit customer	Loan of funds	1,038	Loans and bills discounted	1,038
	Otokoyama Shuzou Co., Ltd. (Note 4)	Yamagata City, Yamagata Prefecture	35	Sake Manufacturer	Owned directly, 0.02	Credit customer	Loan of funds	93	Loans and bills discounted	105
Directors and close relatives	Junichi Matsuda	—	—	Director of the Bank; Attorney	—	Credit customer	Loan of funds	49	Loans and bills discounted	47

Notes

- The terms and conditions of the transactions and the policies governing decision making for the terms and conditions of such transactions are the same as for other customers. Transaction amounts are average balances.
- At HappyProduct Inc., Mr. Keitaro Harada, a director, and his close relatives hold the majority of voting rights.
- At HappyJapan Inc., Mr. Keitaro Harada, a director, and his close relatives hold the majority of voting rights.
- A majority of the voting rights of Otokoyama Shuzou Co., Ltd. are owned by Director Gisuke Ohara and his close relatives.

31. Amounts Per Share

Amounts per share of net assets, net income and diluted net income, as presented below, are based on the number of stocks outstanding at each balance sheet date and the weighted average number of stocks of common stock outstanding during each year.

	2024	2023	2024
	(Yen)		(U.S. dollars)
Net assets	¥ 4,489.44	¥ 4,174.44	\$ 29.65
Net income	¥ 65.03	¥ 107.40	\$ 0.43

Notes

- The shares of the Bank held by the BIP Trust Officer Compensation are recorded as treasury share in the consolidated financial statements. The Bank's shares held by the trust are included in the number of treasury shares deducted from the total number of issued shares as of the end of the period for purposes of the calculation of net assets per share, and the number of treasury shares deducted in connection with the calculation of net assets per share at the end of the period was 134 thousand shares (134 thousand shares at the end of the previous fiscal year). In addition, the shares are included in the number of treasury shares deducted for the calculation of the average number of shares during the period, for purposes of the calculation of net income per share, and the average of the treasury shares deducted in calculating the net income per share during the period was 134 thousand (139 thousand shares in the previous fiscal year).
- The basics of the calculation of the current net income per share is as follows.

The basis for the calculation of net income per share for the year ended March 31, 2024 and 2023 is summarized as follows:

	2024	2023	2024
	(Millions of yen)		(Thousands of U.S. dollars)
Profit attributable to owners of parent	¥ 2,080	¥ 3,435	\$ 13,740
Amount not attributable to common shareholders	—	—	—
Profit attributable to owners of parent related to common stock	2,080	3,435	13,740
Weighted average number of common stocks outstanding	31,992 thousand	31,989 thousand	31,992 thousand

Net income per share after adjustment for potentially dilutive shares for the previous fiscal year and the current fiscal year is not stated because there are no potentially dilutive shares.

32. Significant Subsequent Events

There are no applicable matters.

Non-Consolidated Balance Sheet

As of March 31, 2024 and 2023

	2024 (Millions of yen)	2023 (Millions of yen)	2024 (Thousands of U.S. dollars)
Assets			
Cash and due from banks	¥ 197,113	¥ 249,789	\$ 1,301,850
Call loans	8,930	20,793	58,979
Monetary claims bought	4,480	5,179	29,589
Money held in trust	16,359	9,534	108,047
Securities	894,804	978,271	5,909,812
Loans and bills discounted	1,950,655	1,801,193	12,883,266
Foreign exchanges	983	899	6,492
Other assets	26,465	26,338	174,794
Property, plant and equipment	16,743	16,448	110,586
Buildings, net	7,025	6,688	46,398
Land	7,862	7,871	51,927
Leased assets, net	18	22	121
Construction in progress	361	488	2,385
Other, net	1,476	1,377	9,753
Intangible assets	3,272	3,820	21,614
Software	3,075	3,621	20,310
Other	197	199	1,304
Prepaid pension costs	2,509	1,913	16,576
Deferred tax assets	5,634	10,805	37,212
Customers' liabilities for acceptances and guarantees	11,795	13,574	77,901
Allowance for loan losses	(7,777)	(7,841)	(51,366)
Assets	¥ 3,131,970	¥ 3,130,721	\$ 20,685,357
Liabilities and Net Assets			
Liabilities			
Deposits	¥ 2,776,390	¥ 2,748,306	\$ 18,336,903
Negotiable certificates of deposit	69,259	83,939	457,427
Call money	14,838	13,353	98,000
Payables under securities lending transactions	—	20,431	—
Borrowed money	116,276	115,965	767,960
Foreign exchanges	123	46	813
Other liabilities	8,620	9,321	56,936
Provision for bonuses for directors	18	22	122
Provision for share payments of board incentive plan	130	97	865
Provision for reimbursement of deposits	86	82	568
Provision for contingent loss	283	236	1,875
Deferred tax liabilities for land revaluation	1,106	1,107	7,305
Acceptance and guarantees	11,795	13,574	77,901
Liabilities	¥ 2,998,929	¥ 3,006,485	\$ 19,806,678
Net Assets			
Share capital	¥ 12,008	¥ 12,008	\$ 79,311
Capital surplus	4,932	4,932	32,577
Retained earnings	126,602	125,974	836,158
Treasury shares	(882)	(881)	(5,829)
Shareholders' equity	142,661	142,033	942,218
Valuation difference on available-for-sale securities	(10,600)	(18,171)	(70,009)
Deferred gains or losses on hedges	(374)	(598)	(2,472)
Revaluation reserve for land	1,354	972	8,942
Total valuation and translation adjustments	(9,620)	(17,797)	(63,539)
Net assets	133,040	124,236	878,679
Liabilities and net assets	¥ 3,131,970	¥ 3,130,721	\$ 20,685,357

Non-Consolidated Statements of Income

For the years ended March 31, 2024 and 2023

	2024 (Millions of yen)	2023 (Millions of yen)	2024 (Thousands of U.S. dollars)
Ordinary Income	¥ 48,646	¥ 44,578	\$ 321,288
Interest Income	34,232	32,083	226,092
Interest on loans and bills discounted	18,784	17,007	124,066
Interest and dividends on securities	15,201	14,682	100,397
Interest on call loans	183	171	1,215
Interest on deposits with banks	11	162	75
Other interest income	51	59	337
Fees and commissions	6,931	6,542	45,777
Fees and commissions on domestic and foreign exchanges.....	1,276	1,318	8,428
Other fees and commissions.....	5,655	5,223	37,349
Other ordinary income	1,191	3,817	7,869
Gain on trading account securities transactions	2	0	18
Gain on sales of bonds	1,188	3,817	7,851
Other Income	6,290	2,135	41,548
Reversal of allowance for loan losses.....	—	230	—
Recoveries of written off receivables	3	3	20
Gain on sales of equity securities	5,524	1,337	36,489
Gain on money held in trust	446	197	2,945
Other	316	366	2,093
Ordinary Expenses	45,226	39,594	298,703
Interest Expenses	5,374	3,697	35,493
Interest on deposits	2,537	2,116	16,761
Interest on negotiable certificates of deposit	5	6	33
Interest on call money	958	232	6,332
Interest on payables under securities lending transactions	607	512	4,010
Interest on borrowings and rediscounts	959	442	6,336
Interest expenses on interest rate swaps	305	386	2,018
Fees and commissions payments	3,230	3,186	21,338
Fees and commissions on domestic and foreign exchanges.....	155	158	1,027
Other fees and commissions	3,075	3,028	20,311
Other ordinary expenses	16,170	11,266	106,800
Loss on foreign exchange transactions	3,486	1,094	23,027
Loss on sales of bonds	12,433	9,619	82,115
Loss on devaluation of bonds	30	—	198
Expenses on derivatives other than for trading or hedging	220	552	1,459
General and administrative expenses	19,213	19,465	126,899
Other expenses	1,237	1,978	8,171
Provision of allowance for loan losses	12	—	80
Loss on sales of equity securities	266	1,450	1,759
Loss on devaluation of equity securities	—	10	—
Loss on money held in trust	251	56	1,658
Other	707	460	4,673
Ordinary profit	3,419	4,984	22,585
Extraordinary income.....	—	1	—
Gain on disposal of non-current assets	—	1	—
Extraordinary losses	329	542	2,177
Loss on disposal of non-current assets	304	443	2,013
Impairment loss	24	98	164
Profit before income taxes	3,089	4,443	20,408
Income taxes -current	109	684	720
Income taxes -deferred	846	470	5,590
Income taxes	955	1,154	6,310
Profit	¥ 2,134	¥ 3,288	\$ 14,097
Amounts per share:	2024	2023	2024
	(yen)	(yen)	(U.S. dollars)
Profit	66.72	102.81	0.44
Net assets	4,158.51	3,883.20	27.46

Corporate Data

Directors, Audit and Supervisory Committee Members & Executive Officers

(As of June 21, 2024)

Chairman and Representative Director

Kichishige Hasegawa

President and Representative Director

Eiji Sato

Senior Managing Director and Representative Director

Shinichiro Miura

Director and Managing Executive Officer

Yutaka Touyama

Outside Directors

Yumiko Inoue
Keitaro Harada

Director, Full-time Audit and Supervisory Committee Member

Takuro Taruishi

Outside Directors, Audit and Supervisory Committee Members

Yasumasa Gomi
Masanori Oshino
Meiko Okamoto

Managing Executive Officers

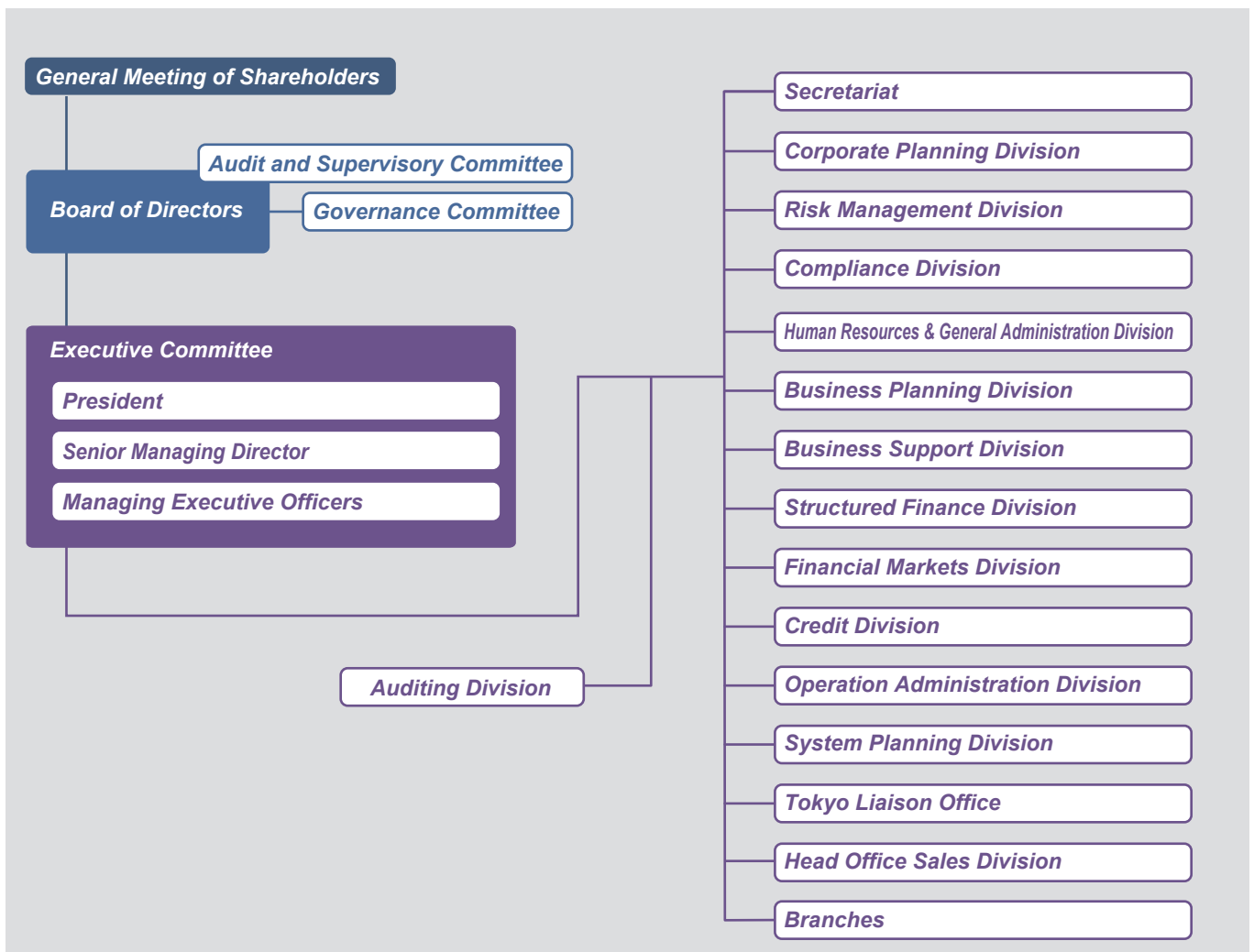
Izumi Hasegawa
Tsutomu Komagome
Tomokazu Kan
Hiroyuki Sasa
Mitsuru Imokawa

Executive Officers

Toshiyuki Komatsu
Haruyoshi Shikama
Osamu Azegami
Takuji Ishizawa
Toshiyuki Ariumi
Takayuki Goto
Satoshi Kikuchi

Organization

(As of June 21, 2024)



Directory

Headquarters:

(Registered Address)

1-2, Nanukamachi 3-chome, Yamagata 990-8642, Japan

(Operating Address / October 2021~)

2-31, Hatagomachi 2-chome, Yamagata 990-8642, Japan

Phone: +81 23 623 1221

Financial Markets Division:

1-2, Nanukamachi 3-chome, Yamagata 990-8642, Japan

Phone: +81 23 634 7547

Fax: +81 23 625 7185

S.W.I.F.T.: YAMBJPJT

Foreign Exchange Offices:

Head Office

1-2, Nanukamachi 3-chome, Yamagata 990-8642, Japan

Phone: +81 23 623 1221

Yonezawa Branch

1-5, Monto-machi 3-chome, Yonezawa 992-0039, Japan

Phone: +81 238 22 2010

Nagai Branch

11-14, Sakae-machi, Nagai 993-0084, Japan

Phone: +81 238 88 2105

Sagaechuo Branch

2-33, Chuo 1-chome, Sagae 991-0021, Japan

Phone: +81 237 86 1141

Tendo Branch

9-1, Higashihoncho 1-chome, Tendo 994-0026, Japan

Phone: +81 23 653 3355

Shinjo Branch

2-16, Hon-cho, Shinjo 996-0027, Japan

Phone: +81 233 22 2461

Tsuruoka Branch

1-13, Hon-cho 2-chome, Tsuruoka 997-0034, Japan

Phone: +81 235 22 5530

Sakata Branch

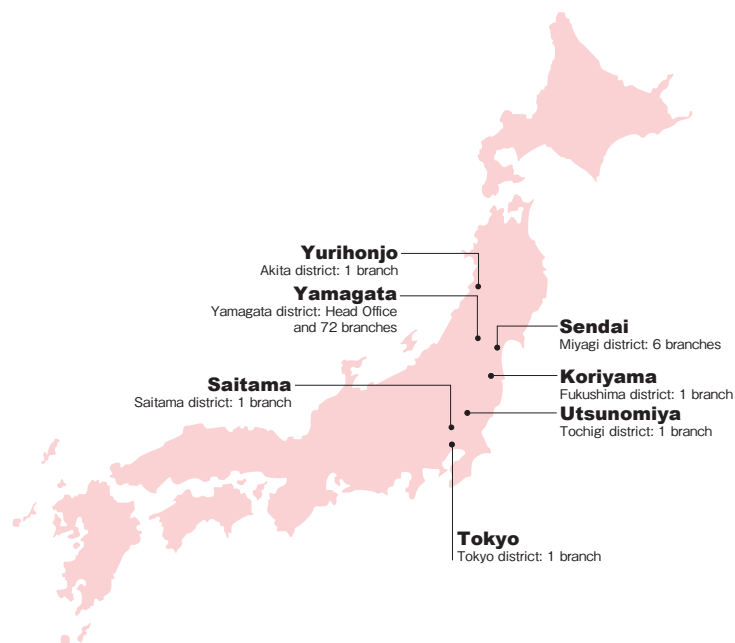
10-1, Hon-cho 3-chome, Sakata 998-0043, Japan

Phone: +81 234 22 7222

Tokyo Branch

4th Floor Kyobashi RK Bldg. 5-15, Kyobashi 2-chome, Chuo-Ku, Tokyo 104-0031, Japan

Phone: +81 3 3567 1861



(Total: Head Office and 83 branches)

(As of March 31, 2024)

Bank Data: (As of March 31, 2024)

Date of Incorporation: 1896

Authorized Stocks: 59,670,000

Issued Stocks: 32,500,000

Number of Shareholders: 8,708

Number of Employees: 1,119



Cherries

Cherries are a special product of Yamagata Prefecture.
Stylized cherries are used as the symbol of The Yamagata Bank, Ltd.



THE YAMAGATA BANK, LTD.
Yamagata, Japan