OFFERING CIRCULAR

RESONA BANK, LIMITED

(incorporated with limited liability under the laws of Japan)

U.S.$300,000,000 4.983 per cent. Bonds due 2028

Issue Price: 100 per cent.

The U.S.$300,000,000 4.983 per cent. Bonds due 2028 (the "Bonds") of Resona Bank, Limited (the "Bank") will be issued in registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Bonds will bear interest from 22 January 2025 at the rate of 4.983 per cent. per annum payable semi-annually in arrear on 22 January and 22 July in each year, with the first interest payment to be made on 22 July 2025. Payments on the Bonds will be made in U.S. dollars without withholding of, or deduction for or on account of, Japanese taxes to the extent described in Condition 7 of the terms and conditions of the Bonds (the "Conditions" and each condition set out in the Conditions being a "Condition").

Unless previously redeemed or cancelled, the Bonds will be redeemed at 100 per cent. of their principal amount on 22 January 2028. In addition, if Japanese withholding taxes are imposed on payments in respect of the Bonds, the Bank may, at any time, redeem all of the Bonds at 100 per cent. of their principal amount (as set out herein).

Approval in-principle has been received for the listing of the Bonds on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Approval in-principle from, and admission of the Bonds to the official list of, the SGX-ST is not to be taken as an indication of the merits of the Bank or the Bonds.

Upon issue, the Bonds will be evidenced by a global certificate (the "Global Certificate") in registered form, which is expected to be deposited with, and registered in the name of, or a nominee for, a common depositary for each of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") on or about 22 January 2025 (the "Closing Date") for the accounts of their respective accountholders. The Joint Lead Managers (as defined in "Subscription and Sale") expect to deliver the Bonds through the facilities of Euroclear and Clearstream, Luxembourg on or about the Closing Date.

It is expected that the Bonds will be assigned a credit rating of A2 by Moody's Japan K.K. ("Moody's"). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Offering Circular does not constitute an offer of, or solicitation of an offer to buy or subscribe for, the Bonds in any jurisdiction in which such offer or solicitation is unlawful. In particular, the Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")). In addition, the Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "FIEA") and, subject to certain exceptions, may not be offered or sold within Japan or to, or for the account or benefit of, residents of Japan including corporations incorporated under the laws of Japan, unless otherwise provided under the FIEA. For a summary of certain restrictions on offers and sales of the Bonds, see "Subscription and Sale".

See "Investment Considerations" for a discussion of certain factors that should be considered in connection with an investment in the Bonds.

Joint Bookrunners and Joint Lead Managers

Daiwa Capital Markets Europe **Mizuho** **BofA Securities** **Nomura**

The date of this Offering Circular is 9 January 2025.

The Bank accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Bank (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Bank, having made all reasonable enquiries, confirms that this Offering Circular contains all information with respect to the Bank, the Group (as defined below) and the Bonds which is material in the context of the issue and offering of the Bonds, the statements contained herein relating to the Bank and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular with regard to the Bank and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Bank, the Group or the Bonds the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Bank to ascertain such facts and to verify the accuracy of all such information and statements.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to the "Group" are to the Bank and its consolidated subsidiaries and its affiliate accounted for using the equity method, taken as a whole.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not contained in this Offering Circular must not be relied upon as having been authorised by or on behalf of the Bank or the Joint Lead Managers. Neither the delivery of this Offering Circular nor any sale made in connection herewith at any time implies that the information contained herein is correct as of any time subsequent to the date hereof, nor does it imply that there has been no change in the affairs or the financial position of the Bank or the Group since the date hereof.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Bank or the Joint Lead Managers to subscribe for, or purchase, any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Bank and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Bonds and distribution of this Offering Circular, see "Subscription and Sale".

None of the Fiscal Agent, Paying Agent, Transfer Agent, Registrar (each as defined in "Summary Information—The Bonds") or, to the fullest extent permitted by law, the Joint Lead Managers, accept any responsibility whatsoever for the contents of this Offering Circular or for any other statement made or purported to be made by a Joint Lead Manager or on its behalf in connection with the Bank, the Group or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Fiscal Agent, the Paying Agent, the Transfer Agent and the Registrar accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular (in preliminary or final form) in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in jurisdictions including the United States, the United Kingdom, Japan, Singapore and Hong Kong and to persons connected therewith. See "Subscription and Sale".

The Bonds have not been and will not be registered under the FIEA and are subject to the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended) (the "Special Taxation Measures Act"). The Bonds may not be offered or sold in Japan or to, or for the benefit of, any person resident in Japan, or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a person resident in Japan, for Japanese securities law purposes (including any corporation or other entity organized under the laws of Japan) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and governmental guidelines of Japan. In addition, the Bonds are not, as part of the distribution by the Joint Lead Managers pursuant to the subscription agreement relating to the Bonds, at any time, to be directly or indirectly offered or sold to, or for the benefit of, any person other than a beneficial owner that is, (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special relationship with the Bank as described in Article 6, Paragraph 4 of the Special Taxation Measures Act (a "Specially-Related Party of the Bank") or (ii) a Japanese financial institution, designated in Article 6, Paragraph 11 of the Special Taxation Measures Act.

BY SUBSCRIBING FOR THE BONDS, AN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED THAT IT IS A PERSON WHO FALLS INTO THE CATEGORY OF (i) OR (ii) ABOVE.

The Bonds do not constitute "taxable linked securities" as prescribed by Article 6, Paragraph 4 of the Special Taxation Measures Act (being securities for which the amount of interest is to be calculated by reference to certain indexes (as prescribed by Article 3-2-2, Paragraph 8 of the Cabinet Order No. 43 of 1957, as amended relating to the Special Taxation Measures Act) relating to the Bank or a Specially-Related Party of the Bank).

Interest payments on the Bonds will generally be subject to Japanese withholding tax unless it is established that such Bonds are held by or for the account of a beneficial owner that is (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Party of the Bank, (ii) a Japanese designated financial institution described in Article 6, Paragraph 11 of the Special Taxation Measures Act which complies with the requirement for tax exemption under that paragraph or (iii) a Japanese public corporation, a Japanese financial institution or a Japanese financial instruments business operator described in Article 3-3, Paragraph 6 of the Special Taxation Measures Act which complies with the requirement for tax exemption under that paragraph.

Interest payments on the Bonds to an individual resident of Japan, to a Japanese corporation not described in the preceding paragraph, or to an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Party of the Bank will be subject to deduction in respect of Japanese income tax at a rate of 15.315 per cent. of the amount of such interest.

The Bonds have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Bonds may not be offered or sold within the United States or to U.S. persons (as defined in Regulation S). The Bonds are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. See "Subscription and Sale".

UK MiFIR product governance / Professional investors and ECPs only target market: Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA ("UK MiFIR"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

There are restrictions on the offer and sale of the Bonds in the United Kingdom. All applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by any person in relation to the Bonds in, from or otherwise involving the United Kingdom must be complied with. See "Subscription and Sale".

NOTICE TO CAPITAL MARKETS INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT

Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Joint Lead Managers, are "capital market intermediaries" ("CMIs") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission of Hong Kong (the "Code"). This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("OCs") for this offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Bank, a CMI or its group companies would be considered under the Code as having an association (an "Association") with the Bank, the CMI or the relevant group company. Prospective investors associated with the Bank or any CMI including its group companies should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm that, orders placed are bona fide, are not inflated, and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the Code), such prospective investor should indicate to the relevant Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the Code, including to the Bank, any OCs, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

STABILISATION

IN CONNECTION WITH THE ISSUE OF THE BONDS, DAIWA CAPITAL MARKETS EUROPE LIMITED (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION ACTION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER- ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

DISCLOSURE OF DEMAND AND ALLOCATION

Each prospective investor who places an order for the Bonds consents to the disclosure by the Joint Lead Managers to the Bank of the prospective investor's identity, the details of such order and the actual amount of Bonds subscribed, if any.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise stated, references in this Offering Circular to "U.S. dollar", "U.S.$" and "$" are to the lawful currency of the United States of America, references to "yen" and "¥" are to the lawful currency of Japan, and references to "S$" and "SGD" are to the lawful currency of Singapore.

In this Offering Circular, "billion" means thousand million, and, unless otherwise specified, in respect of the financial statements and amounts reproduced directly therefrom, where financial information is presented in millions of yen, amounts of less than one million have been rounded down to the nearest one million, and where financial information is presented in one hundred millions (one-tenth of a billion) of yen, amounts of less than one-tenth of a billion have been rounded down to the nearest one-tenth of a billion, except that, in certain cases, the rounding has been adjusted to make the total of individual figures equal to the total figure representing the aggregate of those individual figures. In cases where financial information other than those reproduced directly from the financial statements is presented in one hundred millions (one-tenth of a billion) of yen, amounts of less than one-tenth of a billion have been rounded down to the nearest one-tenth of a billion, and the total of individual figures may not equal to the total figure representing the aggregate of those individual figures. All other figures and percentages, including operating data, have been rounded up or down (in the case of percentages, to the nearest 0.1 per cent. or to the nearest 0.01 per cent., with five-hundredths or five-thousandths, respectively, of a per cent. being rounded upwards), unless otherwise specified; however, certain percentages in tables may have been rounded otherwise than to the nearest 0.1 per cent. or 0.01 per cent., as the case may be, to make the total of the relevant items equal to 100 per cent.

The Bank's fiscal year end is 31 March. The Bank's financial statements are prepared in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which differ in certain material respects from generally accepted accounting principles in certain other countries. Potential investors should consult their own professional advisers for an understanding of the difference between Japanese GAAP and IFRS Accounting Standards ("IFRS"), or generally accepted accounting principles in other jurisdictions and an understanding of how those differences might affect the financial information contained herein. See "Investment Considerations—Considerations Relating to the Group's Financial Statements—Differences in generally accepted accounting principles".

This Offering Circular contains the audited consolidated financial statements of the Group, prepared and presented in accordance with Japanese GAAP, as of and for the fiscal year ended 31 March 2024 (with comparative information as of and for the fiscal year ended 31 March 2023) and as of and for the fiscal year ended 31 March 2023 (with comparative information as of and for the fiscal year ended 31 March 2022), and the audit reports with respect thereto included herein at pages F-2 and F-60 (the "Audited Consolidated Financial Statements").

This Offering Circular also contains the unaudited semi-annual consolidated financial statements of the Group as of and for the six-month period ended 30 September 2024 (with comparative information as of 31 March 2024 and for the six-month period ended 30 September 2023) and the review report with respect thereto included herein at page Q-2 (the "Unaudited Semi-Annual Consolidated Financial Statements"). The Unaudited Semi-Annual Consolidated Financial Statements have not been audited by the Bank's independent auditor. In addition, compared to the Audited Consolidated Financial Statements, the Unaudited Semi-Annual Consolidated Financial Statements omit certain disclosures required under Japanese GAAP, including some of the notes. Accordingly, the Unaudited Semi-Annual Consolidated Financial Statements are not wholly comparable with the Audited Consolidated Financial Statements and should not be so compared. The Unaudited Semi-Annual Consolidated Financial Statements should not be relied upon by investors to provide the same quality of information as financial statements that have been subject to an audit. Potential investors are advised to exercise caution when using such information to evaluate the financial condition and results of operations of the Group, and should not place undue reliance upon such information.

In this Offering Circular unless otherwise stated or the context requires, the description of the Bank's business and financial information relating to the Bank contained herein are given on a consolidated basis. Certain information relating to the Bank is only available on a non-consolidated basis and is identified as such in this Offering Circular.

Fiscal Years

In certain diagrams contained in this Offering Circular, references to "FY" are to the fiscal years ended 31 March of the year immediately after the number indicated (i.e., "FY2023" refers to the fiscal year ended 31 March 2024).

Segment Data

The Group organises its business into three reportable segments: "consumer banking", "corporate banking" and "market trading".

In cases where funds are raised by the market trading segment and are utilised in the consumer banking or the corporate banking segments, certain profit and loss determined by internal accounting rule is allocated to each operating segment for the purpose of performance measurement. Disclosure of segment assets is omitted because the Group does not allocate assets to each segment.

In this Offering Circular, unless otherwise specifically stated, profit and loss information for each segment, including with respect to gross operating profit and credit cost is presented as follows:

- Consolidated results of the consumer banking unit and the corporate banking unit contain operating results of a credit guarantee company which is a subsidiary of Resona Holdings and not part of the Group.
- Gross operating profit of the corporate banking segment excludes gains on disposal of bad loans for trust accounts.
- Gross operating profit of the market trading segment contains some portion of gains/losses on equity securities.
- References to "Other" in respect of segments, includes all other departments, such as management office, which are not operating segments.
- Depreciation expense is included in general and administrative expenses.

Non-GAAP Financial Measures and Ratios

This Offering Circular includes presentation of certain financial measures including gross operating profit, non-consolidated gross operating profit, actual net operating profit, non-consolidated actual net operating profit, credit cost, net operating profit less credit cost, non-consolidated non-performing loans ("NPL"), non-consolidated operating expenses, and Core Capital (as defined in "Supervision and Regulation—Regulation Regarding Capital Adequacy—Capital Adequacy"), and ratios such as non-consolidated loans to deposits ratio, credit cost ratio, non-consolidated NPL ratio, non-consolidated net NPL ratio, non-consolidated cost income ratio, consolidated capital adequacy ratio, consolidated Core Capital ratio and common equity tier 1 ("CET1") ratio. It should be noted that such measures and ratios are not measures of operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

FORWARD-LOOKING STATEMENTS

Many of the statements included in this Offering Circular contain forward-looking statements and information identified by the use of terminology such as "may", "might", "will", "expect", "intend", "plan", "estimate", "anticipate", "project", "believe" or similar phrases. The Bank bases these statements on beliefs as well as assumptions made using information currently available to the Bank. As these statements reflect the Bank's current views concerning future events, these statements involve risks, uncertainties and assumptions. The Bank's or the Group's actual future performance could differ materially from these forward-looking statements. Important factors that could cause actual results to differ from the Bank's expectations include those risks identified in "Investment Considerations" and the factors discussed in "Recent Business" and "Business", as well as other matters not yet known to the Bank or not currently considered material to the Group by the Bank. The Bank does not undertake to review or revise this Offering Circular or any forward-looking statements contained in this Offering Circular to reflect future events or circumstances. The Bank cautions prospective investors in the offering not to place undue reliance on these forward-looking statements. All written and oral forward-looking statements attributable to the Bank or persons acting on the Bank's behalf are qualified in their entirety by these cautionary statements.

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SUMMARY INFORMATION

The following summary does not purport to be complete and is qualified in its entirety by, and is subject to, the more detailed information and financial statements and the notes thereto contained elsewhere in this Offering Circular. For a discussion of certain factors that should be considered by prospective investors in connection with an investment in the Bonds, see "Investment Considerations".

RESONA BANK, LIMITED

The Bank is a wholly owned subsidiary of Resona Holdings, Inc. ("Resona Holdings"), and together with the other consolidated subsidiaries and equity method affiliates of Resona Holdings, forms part of the Resona Group (the "Resona Group"). Resona Holdings is a financial services holding company which, through the Resona Group, including the Bank, offers a broad range of financial services, focused primarily on commercial and trust banking businesses in Japan.

The Group's operations are principally divided into the following three reporting segments:

- *Consumer banking*, being the business of providing services to individual customers, including consulting services regarding consumer loans, asset management and asset succession. For the six-month period ended 30 September 2024, the Group's gross operating profit in this segment amounted to ¥82,342 million.

- *Corporate banking*, being the business of providing services to corporate customers, including supporting their business growth by providing services regarding corporate loans, trust asset management, real estate business, corporate pensions and asset succession. For the six-month period ended 30 September 2024, the Group's gross operating profit in this segment amounted to ¥139,157 million.

- *Market trading*, being the business of trading in financial markets, transacting in short-term lending, borrowing, bond purchase and sale, and derivatives trading. For the six-month period ended 30 September 2024, the Group's gross operating loss in this segment amounted to ¥27,934 million.

As of 30 September 2024, the Bank had four consolidated subsidiaries and one affiliate accounted for by the equity method.

For the fiscal year ended 31 March 2024, the Group's total income, net income and net income attributable to owners of parent amounted to ¥555,794 million, ¥94,334 million and ¥95,192 million, respectively. For the six-month period ended 30 September 2024, the Group's total income, net income and net income attributable to owners of parent amounted to ¥307,980 million, ¥62,406 million and ¥61,515 million, respectively.

The Bank's registered office is located at 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, 540-8610, Japan.

THE OFFERING

Issuer	Resona Bank, Limited
Securities Offered.................................	U.S.$300,000,000 in aggregate principal amount of 4.983 per cent. Bonds due 2028.
Issue Price..	100 per cent.
Closing Date...	On or about 22 January 2025.
Interest..	The Bonds will bear interest from 22 January 2025 at the rate of 4.983 per cent. per annum payable semi-annually in arrear on 22 January and 22 July in each year, with the first interest payment to be made on 22 July 2025.
Delivery..	It is expected that the Global Certificate will be deposited with, and registered in the name of, or a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg on or about the Closing Date.
Form	The Bonds will be issued in registered form, evidenced by the Global Certificate. Definitive Certificates will only be available in certain limited circumstances. See "Summary of Provisions Relating to the Bonds While in Global Form".
Listing..	Approval in-principle has been received for the listing of the Bonds on the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for so long as the Bonds are listed on the SGX-ST.
Rating	It is expected that the Bonds will be assigned a credit rating of A2 by Moody's. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Use of Proceeds....................................	The net proceeds from the issue of the Bonds are estimated to amount to approximately U.S.$299 million, and are expected to be used for general corporate purposes.

THE BONDS

Form and Denomination	The Bonds will be issued in registered form, in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Interest Rate	4.983 per cent. per annum.
Status	The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Bank and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Bank under the Bonds shall, save for such exceptions as may be provided by applicable legislation and (subject to Condition 2) at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Negative Pledge....................................	So long as any of the Bonds remain outstanding, the Bank will not create or permit to subsist any mortgage, charge, pledge or other security interest for the benefit of the holders of any Relevant Debt (as defined in Condition 2) without in any such case at the same time, the Bonds are (x) equally and rateably secured so as to rank *pari passu* with such Relevant Debt or guarantee or indemnity or like obligation thereof or (y) provided with such other security as shall be approved by an Extraordinary Resolution (as defined in Condition 3.1). See Condition 2.
Redemption at Maturity.......................	Unless the Bonds have previously been redeemed or purchased and cancelled, or become due and repayable, the Bank will redeem the Bonds at 100 per cent. of their principal amount on 22 January 2028.
Redemption for Taxation Reasons.......	If the Bank has or will become obliged to pay any Additional Amounts (as defined in Condition 7.1) in accordance with Condition 7.1 as a result of any change in, or amendment to, the laws or regulations of Japan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 9 January 2025, and the Bank is unable to avoid such obligation by taking reasonable measures available to it, the Bank may, at any time, having given not less than 30 day's nor more than 60 days' prior irrevocable notice to the Bondholders in accordance with Condition 14, redeem all, but not some only, of the Bonds then outstanding at 100 per cent. of their principal amount. See Condition 5.2.
Cross Default	The Bonds are subject to a cross default in respect of indebtedness for money borrowed by the Bank in respect of amounts of at least U.S.$50,000,000 (or its equivalent in any other currency or currencies). See Condition 8.3.
Taxation...	All payments by the Bank in respect of the Bonds will be made without any deduction for withholding taxes of Japan, except to the extent described in Condition 7.1.
Governing Law....................................	English law.
Jurisdiction..	English courts.

International Securities Identification Number ("ISIN")	XS2967182119.
Common Code	296718211.
Legal Entity Identifier ("LEI") for the Bank	549300RHQA2HXUOC5Z25.
Fiscal Agent, Paying Agent, Transfer Agent and Registrar	MUFG Bank, Ltd., London Branch.

INVESTMENT CONSIDERATIONS

Prior to making an investment decision, prospective investors should carefully consider, along with the other information set forth in this Offering Circular, the following considerations:

Considerations Relating to the Group and its Business

Economic conditions inside and outside of Japan

The Group's results of operations are affected to a large degree by financial and economic conditions inside and outside of Japan, which are influenced by various factors such as fiscal and monetary policies and geopolitical events. There is a possibility of a further slowdown in the global economy triggered by deteriorating relations between the United States and China, the conflict in Ukraine and the Middle East, slowing economic growth in various countries and increasing geopolitical tensions in Asia and the Middle East. In addition, costs are rising across a wide range of sectors due to increases in resource prices. Furthermore, the cost of imports for companies may increase due to the fragmentation of supply chains and a slowdown in international trade, both of which were exacerbated during the COVID-19 pandemic. In addition, failures of certain large banks in recent times have in some cases resulted in decreased confidence in banks among depositors, other counterparties and investors, as well as significant disruption, volatility and reduced valuations of equity and other securities of banks in the capital markets.

Recent inflationary pressures and supply shortages are also significantly affecting Japanese and global economic conditions, at times leading to tight monetary policy and high levels of volatility in global financial markets. In Japan, notwithstanding recent tightening measures (in March 2024, the Bank of Japan ("BOJ") announced that it would end its yield curve control and negative interest rate policy and in July 2024, the BOJ further announced that it would raise the target for the uncollateralised call rate to around 0.25 per cent., as well as its plan to reduce the amount of monthly purchases of Japanese government bonds to ¥3 trillion by the first quarter of 2026), the BOJ has generally maintained an accommodative monetary policy, and the divergence in interest rates between Japan and other global economies contributed to a significant weakening of the yen against other major currencies. Further or persistent depreciation of the yen may have detrimental effects for the Japanese economy, including from more expensive imports and increased energy prices. Any further increase in interest rates by the BOJ or conversely, further depreciation of the yen to the extent the BOJ prolongs its accommodative stance, could in turn further impact economic conditions in Japan. The long-term impact of such issues as well as others (including Japan's continuing demographic challenges, such as an aging workforce and population decrease, and high levels of public debt and associated debt servicing payments) on Japan's economy, trade balance, interest rates and fiscal position (including as a result of Japan's recent fiscal and monetary policy), remains uncertain.

In such an environment, if conditions in the Japanese and global financial markets and economies deteriorate further, or if their recovery is delayed, loan assets may deteriorate and business operations may stagnate due to credit contraction in financial and capital markets, significant fluctuations in bond and stock markets and foreign exchange rates, declines in land and stock prices due to economic stagnation and deterioration, and increases in corporate and personal bankruptcies. The Group's funding, business performance, results of operations and financial condition may be adversely affected by these factors.

Changes in interest rates

The Group's profitability is dependent to a large extent upon net interest income, which is the difference between interest earned on loans, securities and other interest-earning assets, and interest paid on deposits, borrowings and other interest-bearing liabilities. As interest-earning assets and interest-bearing liabilities have different maturities and interest rate settings, the Group's profitability may be adversely affected by fluctuations in interest rates. In addition, if interest rates rise, demand for loans may decline, and the business performance and financial position of borrowers may deteriorate due to an increase in the interest burden on loans, and the increase in non-performing loans may adversely affect the Group's business performance, results of operations and financial condition.

Interest rates in Japan have been the subject of significant consideration and policy changes in recent times (see "—Economic conditions inside and outside of Japan") and such changes and their impact may be difficult to predict and may a have significant impact on the business of the Group for the reasons described above. If significant or unexpected changes in interest rates were to occur in the future due to such policy changes by central banks or due to other factors, the Group's business performance, results of operations and financial condition could be adversely affected.

Increase in competition

The competitive environment in Japan's financial services market is becoming increasingly challenging due to factors such as a mergers, reorganisations, and business alliances among financial institutions, the acceleration of efforts toward sustainability transformation such as carbon neutrality, declining and aging population and what is considered to be the end of an historically prolonged low-interest-rate environment.

The Group's major competitors include:

- *Japan's largest banking groups*: Mitsubishi UFJ Financial Group, Mizuho Financial Group and Sumitomo Mitsui Financial Group are considerably larger than the Bank in terms of assets, customer base, number of branches, number of employees, and various other aspects. In addition, these banking groups offer various other services, including investment banking operations and securities subsidiaries or affiliates.

- *Major investment banks*: The Bank competes with domestic and foreign investment banks in various business areas, including corporate advisory services.

- *Trust bank and other retail banking institutions*: These include the Sumitomo Mitsui Trust Bank group, the Aozora Bank group, SBI Shinsei Bank group, internet banks and regional banks.

- *Japan Post Bank, government-controlled and government-affiliated entities*: JAPAN POST BANK Co., Ltd. ("Japan Post Bank"), which has taken over the banking service from Japan Postal Services Corporation, remains Japan's single largest deposit-taking institution. Other government controlled or affiliated entities with which the Bank competes include the Development Bank of Japan.

- *Other financial services providers*: The Bank also competes directly or through its subsidiaries and affiliates, with securities companies, asset management companies, M&A advisory companies, loan servicing companies, consumer finance companies and other types of financial service providers.

The Group is in competition with a number of financial service companies, some of which are considered to have an advantage over the Group. In addition, with the progress of deregulation and digital transformation, companies from other industries that have not been seen in the past (such as telecommunications companies and retailers) are entering the banking and payments businesses, and competition is expected to intensify further. For example, in recent years, the emergence of Fintech companies as well as services created by platformers such as Amazon, Rakuten and Aeon present new competition, particularly in payment and e-money / cashless services.

As the Group seeks to undergo a digital transformation and strengthen its foothold on in internet services, it faces competition from a large number of banks and other financial institutions which have similar or more established online presence. In the area of online banking where physical branch networks and longstanding customer relationships are not as important, the Group may be increasingly required to compete on pricing and convenience.

As competition in the domestic financial services market is expected to intensify, there is no guarantee that the Group will be able to respond effectively to current or future competitors. There is a risk that a decline in fees and commissions, in particular in respect of the fees which the Group derives from its settlement-related, succession-related and assets under management-related businesses, due to intensifying competition will put downward pressure on earnings. The Group also faces competition from other banks in terms of interest rates on loans and deposits, and intensifying competition may lead to lower interest rates on loans and higher interest rates on deposits, which may put pressure on the Group's profitability. Any of these factors may materially adversely affect the Group's business, results of operations and financial condition.

Exposure to market and foreign exchange rate fluctuations

The Group invests in, manages and trades a variety of financial instruments, including domestic and overseas bonds, funds and derivatives. Such investments also include shareholdings in public companies, which can be considered "cross-shareholdings" as the Bank receives its own capital through public markets (through the Bank's parent holding company, Resona Holdings, Inc.). Income or gains/losses from these operations is affected by fluctuations in interest rates, exchange rates, bond prices, stock prices, volatility, and changes in the correlation between various assets. For example, a rise in interest rates would generally have a negative impact on the value of the Group's bond portfolio (and in particular, increases in Japanese yen interest-rates would have a negative impact on the Group's portfolio of Japanese government bonds, which make up a significant portion of the Group's bond portfolio). Furthermore, in the event of a downgrade in the credit rating of Japanese government bonds and other debt securities held by the Group, or a default, or the liquidity of these securities declining significantly where it is difficult to adjust positions, the Group's business performance may be adversely affected. Further, the Bank's holdings of shares in listed companies may be affected by market fluctuations and the business environment affecting the relevant companies; should the market price of shares held by the Bank decline significantly, the Bank may be required to record an impairment loss; further, given the increasing governmental and market pressure on banks to dispose of their "cross-shareholdings", if the Bank were to dispose of its holdings of shares at a time when the market prices of the relevant shares are low, then it may be required to record losses in respect thereof. In addition, if the market fluctuates beyond the Group's expectations due to changes in monetary policy or other factors, the Group may suffer losses beyond its expectations.

In addition, a certain proportion of assets and liabilities of the Group are denominated in foreign currencies (including the currencies of jurisdictions where no members of the Group are incorporated). Substantial foreign exchange rate fluctuations may adversely affect the Group's results of operations and financial condition. Further, the Group is exposed to settlement risk where a time lag exists upon settlement of its foreign currency transactions. In the event that settlement is difficult due to large-scale system failures and financial system uncertainties, among other factors, the Group's results of operations and financial condition may be adversely affected.

Liquidity risk

The Group requires liquidity in order to finance its operations. Like many other banks, the majority of the Bank's liabilities consist of deposits which are payable at immediate or short notice whereas its loans and investment assets tend to have much longer maturities. It is necessary for the Group to seek to manage its assets and liabilities to account for such differences, including in respect of market changes such as potential increases in Japanese yen interest rates, and it is possible that the Group may not be successful in predicting or managing such events effectively. Adverse market and economic conditions may limit or adversely affect the Group's access to liquidity required to operate its business. Under those conditions, the Group may temporarily or for an extended period of time be unable to obtain liquidity, or can only do so at a significantly higher interest rate. In addition, the Group may be required to sell its financial assets at unfavourable prices in order to raise funds.

Exposure to particular sectors or borrowers

Certain sectors of the Bank's loan portfolio account for a larger proportion of its loan portfolio than others, including (i) real estate business (including apartment and condominium loans as well as the real estate leasing business), (ii) manufacturing and (iii) wholesale and retail trade, which accounted for 22.47 per cent., 10.73 per cent. and 9.74 per cent., respectively, of the Bank's outstanding domestic loan portfolio on a consolidated basis as of 31 March 2024.

In particular, the relative importance of the real estate business sector to the Group remained high in the last 3 financial years, amounting to 23.89 per cent., 23.11 per cent., and 22.47 per cent., respectively, on a consolidated basis as of 31 March 2022, 2023 and 2024. Such concentration on the real estate business sector may result in a material adverse effect on the Group's operational result if the value of collateral is affected by natural disasters, if the volume of new construction declines due to an economic slowdown or in the event of any other negative developments in the real estate market.

Domestic or global economic conditions affecting these industries or large borrowers may have a particular impact on the Bank's credit costs and results of operations. In addition, any increased credit costs due to potential deterioration of customer performance as a result of policies, laws and regulations associated with the transition to a carbon-free society, or changes in the market, may have an adverse impact on the Bank's operational results.

Non-performing loans ("NPLs") and credit-related expenses

If any of the following factors occur, this may result in an increase in the balance of the Group's NPLs and credit related expenses and therefore its credit costs:

- domestic (in particular, the greater Tokyo metropolitan area and the Kansai region, in which the Group predominantly operates) and overseas economies deteriorate;
- economic conditions in the particular industries in which the borrowers operate deteriorate;
- the business results of borrowers fall below the Group's expectations, for reasons specific to the borrowers or the business results of borrowers deteriorate as a result of unforeseen contingencies;

- the creditworthiness of borrowers deteriorates beyond expectation due to the failure of borrowers to successfully implement restructuring plans, or such restructuring plans are forced to be suspended as a result of the withdrawal of support by financial institutions;

- the creditworthiness of borrowers may decline if the value of the underlying assets for the loan declines due to deterioration in domestic or overseas real estate market conditions that exceeds the Group's expectations;

- the creditworthiness of borrowers may decline if they do not implement appropriate or effective corporate governance processes and procedures;

- the creditworthiness of borrowers may decline if they have been slow to respond with regard to decarbonisation and human rights considerations; or

- the creditworthiness of borrowers deteriorates as a result of major societal events or crises, such as wars or the outbreak of a pandemic.

The Group's allowances for loan and other credit losses may be insufficient.

The Group maintains a reserve for loan losses based on historical default rates, the financial condition of the borrowers, the value of collateral held by the borrowers, and assumptions and forecasts regarding economic trends. In the event that the Group needs to change its assumptions and forecasts, such as if the economic environment deteriorates beyond the Group's expectations (see "—Economic conditions inside and outside of Japan"), or if the financial condition of its borrowers deteriorate beyond the Group's expectations, or if the value of collateral held by the Group declines, or as a consequence of other factors, the Group may be required to increase its allowance for loan losses.

Capital adequacy requirements

The Bank and Resona Holdings are required to maintain capital adequacy ratio at or above a minimum level specified in the applicable capital adequacy guidelines of the Financial Services Agency (the "FSA"). These guidelines provide for minimum target ratios of capital to risk-weighted assets on a consolidated basis for Japanese banks and bank holding companies and on a non-consolidated basis for Japanese banks. The phase-in of new regulations implementing Basel III (as to which see below) has increased the stringency of certain capital requirements applicable to the Bank, including the calculation of its capital adequacy ratios, and future regulation could further increase such standards. In particular, in December 2017, the Group of Central Bank Governors and Heads of Supervision endorsed the outstanding Basel III regulatory reforms, which include revised frameworks for calculating credit risk, risk-weighted assets and operational risk and introduction of the concept of the output floor. Such reforms are in the process of being implemented in Japan, and the Bank and Resona Holdings have applied such revised standards (beginning with a five-year phase-in period) from 31 March 2024.

Under the FSA's capital adequacy guidelines, banks which do not have branches or subsidiaries located overseas with full-time officers or employees ("Domestic Banks"), including the Bank, are required to maintain a minimum Core Capital ratio of 4.0 per cent. on a consolidated and non-consolidated basis. In addition, bank holding companies which do not hold banks which have branches or subsidiaries located overseas with full-time officers or employees as subsidiaries ("Domestic Bank Holding Companies"), including Resona Holdings, are required to maintain a minimum Core Capital ratio of 4.0 per cent. on a consolidated basis.

The Bank's consolidated Core Capital ratio as of 31 March 2024 and 30 September 2024 were 12.40 per cent. and 12.69 per cent., respectively. In addition, Resona Holdings' consolidated Core Capital ratio as of 31 March 2024 and 30 September 2024 was 12.85 per cent. and 13.13 per cent., respectively.

Furthermore, as the Bank and Resona Holdings have adopted the internal ratings-based approach to calculate their credit risk-weighted assets, in addition to the Core Capital ratio described above, the Bank and Resona Holdings are both required to maintain a CET1 ratio of 4.5 per cent. or more, on a consolidated basis for the Bank and Resona Holdings and on a non-consolidated basis for the Bank, under the FSA's capital adequacy guidelines. Resona Holdings' consolidated CET1 ratio (on a transitional arrangements basis) as of both 31 March 2024 and 30 September 2024 was 15.38 per cent. Resona Holdings' consolidated CET1 ratio (on a full enforcement basis) was 12.10 per cent. as of 31 March 2024 and 12.08 per cent. as of 30 September 2024.

Factors that may affect the Bank's or Group's capital adequacy ratio in the future include, but are not limited to, the following:

- Future changes in capital adequacy regulations;

- The Bank's or Resona Holdings' future financial results and performance and the future make-up of their assets and liabilities; and

- The Bank's and Resona Holdings' future strategic partnerships or mergers and acquisitions.

If the Bank's or Resona Holdings' Core Capital ratios or other regulatory ratios fall below specified levels, the FSA may require the Bank or Resona Holdings, as the case may be, to implement various corrective measures, including, depending on the level of deficiency, restrictions on the Bank's or Resona Holdings' capital distributions or suspension of all or part of the Bank's or Resona Holdings' business operations, which may affect the Bank's or Resona Holdings' ability to fulfil contractual obligations or may result in restrictions on the Bank's or Resona Holdings' businesses. The calculation of the Bank or Resona Holdings' regulatory ratios are also subject to systems and internal controls over financial reporting and involve various estimates and judgments by the Bank's management and that of Resona Holdings. Deficiencies in such systems, controls, estimates or judgments could lead to revisions in the Bank's regulatory ratios that the Bank or Resona Holdings have published or submitted to regulatory authorities, and could result in other regulatory actions, all of which could adversely affect the Bank's reputation, financial condition or results of operations.

For details of the Bank's or Resona Holdings' capital adequacy ratios and the related regulatory guidelines, see "Supervision and Regulation— Regulation Regarding Capital Adequacy".

The Group is subject to extensive regulation as a financial institution

The Group remains subject to extensive regulations and oversight as a financial institution. In particular, the Bank and its subsidiaries and affiliates are subject to capital adequacy rules, the Banking Act of Japan (Act No. 59 of 1981, as amended) (the "Banking Act") and a variety of other general banking regulations imposed by the financial authorities. In addition, the Group remains subject to regulations related to the scope of non- banking activities, which could constrain it from pursuing otherwise attractive business opportunities. Any failure to comply with relevant laws and regulations could result in sanctions, penalties or other adverse consequences, including harm to the Group's reputation. Future changes in laws and regulations or fiscal or other policies and their effects on the Group are unpredictable and beyond the Group's control.

The FSA and other regulatory authorities also have the authority to inspect the Group's operations generally and the Bank's classifications of loans and receivables. The FSA may encourage the Bank to apply stricter evaluation standards in the future, which could result in an increase in impaired loans and receivables and credit costs.

Adverse regulatory developments or changes in government policies, economic controls or accounting rules

The Group conducts its businesses in accordance with currently applicable laws and regulations. Changes in, or introduction of, applicable laws, regulations, policies, voluntary codes of practice and interpretations, accounting standards and the tax system in or outside of Japan, may affect the Group's business operations and capital adequacy ratio, which in turn may affect the Group's business, results of operations and financial condition.

The Group currently applies Japanese GAAP for its financial reporting. The Group is conducting investigations into the degree of impact and identifying issues in preparation for the application of IFRS at some point in the future. The Group has not determined the timing of application of IFRS. If at any point in the future the Group were to apply IFRS for its financial reporting, the Group's business, results of operations and financial condition may be adversely affected.

Downgrade of credit ratings

Certain of the Bank's credit ratings are subject to the country ceiling of Japan and may be affected if the sovereign credit rating for Japan is downgraded. The Bank is currently rated A2 by Moody's, A by S&P, AA- by R&I and AA by JCR. However, there can be no assurance that the Bank's credit ratings will not be downgraded in the future.

A downgrade in one or more of the Bank's credit ratings may increase funding costs or affect the Bank's ability to access the capital markets. For example, if the Bank's credit rating is downgraded by a rating agency, the Group may be forced to enter into transactions on the interbank market on less favourable terms for short-term funding or capital procurement, or the Group may not be able to enter into transactions at all. In addition, there is a possibility that certain trading activities, such as derivative transactions, may be restricted or may not be possible, and there is also a possibility that other contracts currently in place may be terminated.

Credit ratings are also subject to revision, suspension or withdrawal by the assigning rating agency at any time.

Any of these events could adversely affect the Group's financial and operational performance and adversely affect the Group's business, results of operations and financial condition.

Natural disasters, uncontrollable events and accidents

The Group's operations and premises are subject to the risk of natural disasters and other events that are outside the Group's control, such as earthquakes, tsunami, volcanic eruptions, fire, floods, landslides, extreme weather conditions, deliberate acts of sabotage, industrial accidents or pandemics of infectious diseases such as viruses which could damage, cause operational interruptions or otherwise adversely affect any of the Group's facilities and activities, as well as potentially causing injury or death to its personnel. In the event of a major natural disaster or other uncontrollable events or accidents, the Group's facilities and activities may experience significant damage, its operations may be halted, large losses and expenses to repair or replace the facility may be incurred, or other problems may arise. In addition, a natural calamity in the greater Tokyo metropolitan area and/or the Kansai region or the surrounding regions may cause significant damage to the Group's customers, adversely affecting their livelihood or businesses and in turn the Group's credit risks.

Fiduciary responsibility risk related to trust business

The Group provides certain trust-related products and services to customers, such as asset inheritance trusts, and company stock inheritance trusts. In acting in such trust business, the Bank is subject to certain specific responsibilities and fiduciary and other duties as a trustee, and if the Bank fails to meet those responsibilities or carry out those duties, it may be subject to legal claims for damages from beneficiaries or loss of trust from customers, which could have an adverse effect on its financial condition or results of operations.

Information technology, cyber-security and leakage of confidential information

The Group relies primarily on its internal information and technology systems to provide services to customers, administer customer data, execute transactions and manage the Group's operations. These information systems may be damaged, interrupted or halted by natural disasters, cyber-attacks, hacking and other criminal activities associated with cyber security, human error, misconduct, malfunction, power loss, sabotage, computer viruses and similar events, or the interruption or loss of support services from third parties such as telephone carriers and IT vendors. Any disruption, outage, delay or other difficulty experienced by any of its information or technology systems could result in a decrease in the number of accounts, delay in services provided to customers, or a decrease in consumer confidence in the Group's business, or otherwise adversely affect the Group's results of operations.

As holders of bank account and credit card information, financial institutions are increasingly being targeted by sophisticated criminals seeking to intrude into their networks to steal information or execute transactions with stolen identities. Loopholes are constantly being discovered in hardware and software systems which may be exploited for illegal access. With current technology, it is not possible to build an impermeable system that can prevent all unauthorised intrusions or abuse. Unauthorised access may also be gained through the vulnerability of a customer's computer system. If the Group or its customers become victim to such criminal activities, the Group may itself suffer financial losses or have to compensate customers for their financial losses, and may suffer damage to its reputation, which could have a material adverse effect on its financial condition or results of operations.

In recent years, there have been many publicly reported cases in Japan of leakages of personal information and records in the possession of corporations, including financial institutions. The Group cannot completely prevent unauthorised use of personal information that has been leaked due to human error or deliberate misconduct on the part of the Group's officers, employees, contractors, or vendors, or due to unauthorised access from inside or outside the Group. In the event that such circumstances occur, the Group may be held legally or civilly liable or may be subject to disciplinary action by regulatory authorities, as well as being subject of claims by third parties, which may materially adversely affect the Group's financial condition or results of operations. In addition, the occurrence of such an incident could adversely affect the reputation of the Group's business and brand, which may in turn harm customer and market confidence.

Legal and regulatory risks

The Group is exposed to potential losses resulting from fraud, misconduct and other unlawful behaviour, as well as from clerical oversight or flawed procedures. For example, in recent times there have been cases of real estate-related businesses introducing customers to financial institutions for the purpose of applying for loans to acquire real estate such as houses, apartments, and condominiums, using fraudulent methods such as falsifying documents and deposit balances. Persons inside and outside the organisation may engage in fraudulent activities including frauds or theft of funds targeting the Group or its customers. Such conduct could lead to investigations, administrative actions or litigation, and may require the Group to indemnify victims of such conduct for related losses. Any failure in the Group's risk management functions may result in losses and reputational damage, which could have an adverse effect on its financial condition or results of operations.

A violation of laws and regulations by the Group's officers and employees (including fraudulent acts or corruptive practice) may result in investigations and/or disciplinary actions or prosecution being taken against the Group and/or its officers and employees, sanctions or penalties against the Group, or additional expenses incurred by the Group. The Securities and Exchange Surveillance Committee of Japan also has the authority to inspect the Group at any time. Any failure of the Group to comply with applicable laws and regulations may result in a business improvement order. Any of these factors may have an adverse effect on the Group's reputation, business, results of operations and financial condition.

In addition, the Group faces the risk of litigation and legal and regulatory proceedings in connection with its operations. Any actual or alleged violation of laws and regulations by the Group or its employees, entering into inappropriate agreements with customers or any other activity causing the Group to become party to litigation could cause reputational damage to the Group as well as have an adverse effect on its results of operations.

Financial crime

In view of the recent increase in financial crimes in Japan, the Group's financial prevention systems may not be sufficiently robust. There is a possibility that a person who has a relationship with antisocial elements of society may open an account, and there is also a possibility that such a person may use the account for fraud, money laundering, tax avoidance, or other fraudulent activities. In the event that the Group is involved in a large-scale financial crime, the cost of countermeasures, compensation to its customers, and reputational damage may adversely affect the Group's business, results of operations and financial condition.

Risks associated with business and capital alliances

The Group from time to time enters into strategic alliances, mergers, partnerships and acquisitions. Such actions may require the Group to incur expenses to execute and maintain (for example during any integration process) and there is a possibility that they will not produce expected or positive results, and as a result, the Group may not be able to recover its expenses. There is also a possibility that the planned effects of alliances may not be realised due to changes in the domestic and overseas economic environment. In addition, the Group may face problems in securing core human resources for promoting alliances, and integrating and developing acquired businesses, which could lead to a lack of personnel for regular business operations and result in a decline in sales activities.

Third parties may cease to provide certain important services

The Group uses external vendors for a number of services that are critical to its operations. In the event that the services of such external vendors are suspended due to natural disasters such as earthquakes, epidemics of infectious diseases, system failures, or other circumstances, or if problems arise with such services, the Group may not be able to find an external vendor that can provide the same type of service under the same conditions in a timely manner. In such an event, the Group's operations could be suspended, which could have a significant adverse effect on the Group's business. In addition, changes in industry or other conditions may cause outside vendors to raise their fees for services, which could adversely affect the Group's business, results of operations or financial condition.

Reputational risks

Maintaining the Group's reputation is vital to its ability to attract and maintain customers, investors and employees. The Group's reputation could be damaged through various circumstances such as fraud or other misconduct or unlawful behaviour by directors, officers or employees, system failures, compliance failures, investigations, litigations or unfavourable outcomes of governmental inspections. Negative coverage, discussions or perception of the Group in the media, on the Internet or in the local community or by the Group's customers or investors, even if inaccurate or untrue, may have a materially adverse effect on the Group's reputation and the Group's business, results of operations and financial condition.

Human resources

The Group conducts businesses that require a high level of expertise, particularly in banking operations. The Group needs to secure human resources with a higher level of expertise and legal compliance compared to its existing levels to respond to digital transformation and provide customers with advanced solutions.

If the Group is unable to secure such human resources, if there is a simultaneous departure of personnel required to carry out the Group's operations, or if the Group is unable to allocate human resources optimally, the Group's business, results of operations and financial condition may be adversely affected.

Risks relating to loans or investments which are not environmentally or socially sustainable

In recent years, the financial industry has been accelerating its efforts to contribute to the achievement of a sustainable society through climate change initiatives, and stakeholders in various fields expect the Group to take into account various environmental and social issues not only in its business activities but also throughout its entire supply chain.

If the Group's sustainability initiatives are significantly inferior to those of other financial institutions or diverge significantly from the expectations of investors, customers and other stakeholders, the Group's business, results of operations and financial condition may be adversely affected due to lost business opportunities, deterioration in portfolio quality, decrease in procurement capacity, damage to reputation and other factors.

Risks related to climate change

Efforts to reduce greenhouse gases, which are considered to be the cause of climate change, and initiatives to achieve carbon neutrality by 2050 are accelerating, and in the financial industry the importance of addressing climate change risks is increasing among various environmental and social issues. The Group recognises that climate change is a threat to the environment, society, corporate activities, and the lives of individuals, and is one of the most important issues that could affect the Group's business, results of operations and financial condition. Climate change risks include the following transition risks and physical risks.

- *Transition risks*: the Group recognises the following risks arising from changes in policy, regulatory framework, technology and markets as a result of the transition to a decarbonised economy:

    - The risk that the credit portfolio will be affected by carbon taxes and other policies and factors related to the transition to a decarbonised society, which will affect the business and financial conditions of borrowers.

    - The risk of substitution of existing products and services due to advances in decarbonisation technologies and changes in consumer preferences, which could adversely affect the performance of the Group's investment and loan portfolio.

    - The risk that the Group will not be able to attract enough business from companies that are interested in developing new technologies, which will adversely affect the Group's business performance and damage the Group's reputation.

- *Physical risks*: the Group recognises the following risks that global warming will cause direct damage to its assets and indirect impacts due to disruptions in supply chains:

    - The risk that the Group's credit portfolio will be affected by physical damage caused by natural disasters and extreme weather events associated with climate change, such as an increase in the frequency and scale of windstorms and floods.

    - The risk of damage to social infrastructure or to the Group's business facilities or employees, which could have a material adverse effect on the business of the Group or its business partners.

    - The risk that global warming will increase the frequency of outbreaks of heat stroke, epidemic pandemics, and other events, which could have a material adverse effect on the business of the Group or its business partners.

The occurrence of any of these events could have an adverse effect on the business, results of operations and financial condition of the Group.

Furthermore, inadequate or perceived inadequate efforts to address climate change-related risks could lead to loss of business opportunities, deterioration in portfolio quality, decrease in procurement capacity, or damage to the Group's reputation, which could in turn adversely affect the Group's business, results of operations and financial condition.

Implementation of the Group's strategy

The Group aims to be the "No. 1 retail solution group" in Japan, focusing on supporting customers and local communities (see "Business—Strategy"). The successful implementation of the Group's strategies and the attainment of its aims and targets are subject to various internal and external factors, including further changes to the regulatory environment (in particular, in relation to the finance industry), general economic and market conditions in and outside Japan and developments in the competitive landscape, among other factors. There can be no assurance that the Group's strategies will be implemented successfully, that the implementation of such strategies will have its intended effect, that the assumptions underlying the strategies will not differ from actual figures, that targets (whether quantitative or qualitative, and whether in the long term or short term) set by the Group will be met in time or at all, or that such targets and aims will not be further revised in future by the Bank's management.

Internal controls over financial reporting

As the Bank is not a listed company, its independent auditor has not audited the effectiveness of the Bank's internal control over financial reporting (as it is not required to do so). The Group does, however, evaluate the effectiveness of its internal controls over financial reporting from time to time for internal purposes and for the purposes of the Resona Holdings' requirements as a listed company. If the Group's efforts to improve matters discovered in the process of evaluating the effectiveness of these controls are insufficient or if management assesses internal controls to be effective but auditors assess that there are material weaknesses that should be disclosed, the reliability of the Group's financial reporting may be adversely affected.

Pension plans and plan assets

Pension costs may increase if the fair value of pension plan assets declines or if there is a change in actuarial assumptions for the calculation of projected benefit obligations, such as a decline in the long-term expected rate of return on plan assets. In addition, retirement benefit obligations may increase as a result of amendments made to the plan. Changes in interest rates, accounting standards and other factors may also increase the amount of unfunded pension obligations and the resulting annual amortisation expense.

Impairment of assets

The Bank owns the land and/or the building of its headquarters and many of its branches. If there are any changes to accounting standards regarding impairment of fixed assets or losses that arise from the fixed assets held by the Bank, this may have an adverse effect on the Bank's financial condition and results of operations.

Deferred tax assets The Group recognises deferred tax assets based on projected taxable income in accordance with applicable accounting standards. The Group's results of operations and financial condition may be adversely affected in the event that a reversal of deferred tax assets becomes necessary in the future due to changes in the tax system, such as a reduction in the effective tax rate, or changes in the estimated amount of taxable income.

Considerations Relating to the Group's Financial Statements

Differences in generally accepted accounting principles

The Bank's consolidated and nonconsolidated financial statements are prepared and presented in accordance with Japanese GAAP, which differs in certain respects from IFRS and generally accepted accounting principles and financial reporting standards in other countries. The Group's financial statements may therefore differ from those prepared for companies outside Japan in those and other respects. This Offering Circular does not include a reconciliation of the Bank's or the Group's financial statements to IFRS or to any other generally accepted accounting principles or reporting standards in other countries. If at any point in the future the Bank were to apply IFRS or any other generally accepted accounting principles for its financial reporting, the reported financial results of the Bank and/or the Group may differ materially from prior years' financial results prepared under Japanese GAAP, which may make comparisons to prior years more difficult, unless comparative financial statements for prior years are prepared in accordance with IFRS or other generally accepted accounting principles and financial reporting standards.

Unaudited financial information

This Offering Circular contains the Unaudited Semi-Annual Consolidated Financial Statements (being the unaudited semi-annual consolidated financial statements of the Group as of and for the six-month period ended 30 September 2024 (with comparative information as of 31 March 2024 and for the six-month period ended 30 September 2023)) and the review report with respect thereto included herein at page Q-2. Such financial statements have not been audited by the Bank's independent auditor. In addition, compared to the Audited

Consolidated Financial Statements, such Unaudited Semi-Annual Consolidated Financial Statements omit certain disclosures required under Japanese GAAP, including some of the notes. Accordingly, the Unaudited Semi-Annual Consolidated Financial Statements included in this Offering Circular are not wholly comparable with the Audited Consolidated Financial Statements and should not be so compared. The Unaudited Semi-Annual Consolidated Financial Statements should not be relied upon by investors to provide the same quality of information as financial statements that have been subject to an audit. Potential investors are advised to exercise caution when using such information to evaluate the financial condition and results of operations of the Group, and should not place undue reliance upon such information.

Considerations Relating to the Bonds

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;

(iv) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Change in ratings

It is expected that the Bonds will be assigned a credit rating of A2 by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Bonds.

Trading market for the Bonds

Prior to the issue of the Bonds, there has been no trading market for the Bonds. Although approval in-principle has been received for the listing of the Bonds on the SGX-ST, there can be no assurance that an active trading market for the Bonds will develop. Furthermore, even if such a market does develop, it may not be liquid or sustained.

Market price of the Bonds

Trading prices of the Bonds will be influenced by, among other things, the results of operations, financial condition and capital condition of the Group, including the reporting of its financial results.

Exchange rate risks and exchange controls

The Bank will pay principal and interest on the Bonds in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the U.S. dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

The Bonds are a fixed interest rate instrument. An investment in the Bonds therefore involves the risk that if market interest rates subsequently increase, this will adversely affect the value of the Bonds, as their return compared to then current market interest rates will have declined.

The insolvency laws of Japan and other local insolvency laws may differ from those of other jurisdictions

Because the Bank is incorporated under the laws of Japan, any insolvency proceeding relating to the Bank would likely involve Japanese insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which an investor may be familiar.

Modification and waivers

The Agency Agreement (as defined in the Conditions) contains provisions for calling meetings of Bondholders (as defined in the Conditions) to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Changes in law after the issuance of the Bonds

The Conditions are based on English law in effect as of the date of issue of the Bonds. No assurance can be given as to the impact of any possible judicial decision or change to English law, administrative practice or mandatory provisions of Japanese law after the date of issue of the Bonds which may have an adverse effect on the Bondholders. Certain changes to Japanese tax law may give the Bank the option to redeem the Bonds before their maturity, which redemption could reduce the return on investment as compared to what could have been achieved had the Bonds been redeemed at maturity.

Integral Multiples of less than U.S.$200,000

As the Bonds have denominations consisting of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof, it is possible that the Bonds may be traded in amounts in excess of U.S.$200,000 that are not integral multiples of U.S.$200,000. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount of Bonds of less than U.S.$200,000 will not receive a definitive Certificate in respect of such holding (should definitive Certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to at least U.S.$200,000.

Early redemption for tax reasons

In the event that the Bank would be obliged to increase the amounts payable in respect of the Bonds due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Japan or any political subdivision thereof or any authority therein or thereof having power to tax, the Bank may redeem all outstanding Bonds in accordance with the Conditions.

Unsecured obligation and no restrictive covenants by the Bank

The Bank's obligations under the Bonds are unsecured and will not be protected by any collateral, lien, pledge or guarantee. The Bonds do not contain any financial covenants or other restrictions on the Bank's ability to securitise its assets, pay dividends on its shares of common stock, incur unsecured indebtedness or issue new securities, or repurchase its outstanding securities. In addition, there are only limited restrictions on the Bank's ability to pledge assets to secure other indebtedness or to sell or otherwise dispose of its assets. These or other actions by the Bank could adversely affect its ability to pay amounts due on the Bonds. Furthermore, claims of the creditors of the Bank's subsidiaries will generally have priority with respect to the assets of such subsidiaries over the claims of holders of the Bonds. Accordingly, the Bonds will be effectively subordinated to the obligations of the Bank's subsidiaries. In addition, the Bonds do not contain any covenants or other provisions that prevent a change in control or require the Bank to repurchase the Bonds in the event of a change in control.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Bonds are legal investments for it, (ii) Bonds can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

Forward-looking Statements

Statements in this Offering Circular with respect to the Group's plans, strategies, projected financial results and beliefs, as well as other statements that are not historical facts, are forward-looking statements involving risks and uncertainties. These statements are based on assumptions and beliefs derived from information currently available to the Group, and as such actual results may differ, in some cases significantly, from these forward-looking statements. The Group does not undertake to release the results of any revision of forward-looking statements which may be made to reflect future events or circumstances. Important factors that could cause actual results to differ materially from such statements include, but are not limited to economic conditions, interest rate environment, competitive landscape, market fluctuations, foreign exchange rate fluctuations, access to liquidity, exposure to particular sectors or borrowers, NPLs and credit-related expenses, level of allowances for loan and other credit losses, requirements relating to capital adequacy, regulatory developments, changes in governmental policies, economic controls or accounting rules, changes in credit ratings, natural disasters, uncontrollable events and accidents, issues relating to fiduciary responsibility, issues with information technology, cyber-security and confidential information, legal and regulatory risks, risks relating to financial crime, risks associated with business and capital alliances, issues with third-party service providers, reputational risks, risks relating to human resources, issues with any loans or investments which are not environmentally or socially sustainable, climate change matters, developments with regard to the implementation of the Group's strategy, issues with internal controls over financial reporting, sufficiency of pension plan assets, impairment of assets, and recoverability of deferred tax assets. The Bank cautions prospective investors in the offering not to place undue reliance on these forward-looking statements. All written and oral forward-looking statements attributable to the Group or persons acting on the Group's behalf are qualified in their entirety by these cautionary statements.

TERMS AND CONDITIONS OF THE BONDS

The following terms and conditions (the "Conditions") of the Bonds will, subject to completion and amendment, and, save for the paragraphs in italics, be endorsed on the Certificates (as defined herein):

The U.S.$300,000,000 4.983 per cent. Bonds due 2028 (the "Bonds", which expression includes any further bonds issued pursuant to Condition 12 (*Further Issues*) and forming a single series therewith) of Resona Bank, Limited (the "Bank") are constituted by a deed of covenant dated 22 January 2025 (as amended or supplemented from time to time, the "Deed of Covenant") entered into by the Bank and are the subject of a fiscal agency agreement dated 22 January 2025 (as amended or supplemented from time to time, the "Agency Agreement") between the Bank and MUFG Bank, Ltd., London Branch as fiscal agent (the "Fiscal Agent", which expression includes any successor fiscal agent appointed from time to time in connection with the Bonds), as paying agent (together with the Fiscal Agent, the "Paying Agent", which expression includes any successor or additional paying agents appointed from time to time in connection with the Bonds), as transfer agent (the "Transfer Agent", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Bonds) and as registrar (the "Registrar", which expression includes any successor or additional registrar appointed from time to time in connection with the Bonds). References herein to the "Agents" are to the Fiscal Agent, the Paying Agent, the Transfer Agent and the Registrar and any reference to an "Agent" is to any one of them. Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and subject to their detailed provisions. The Bondholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection upon reasonable request by Bondholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of the Fiscal Agent.

1. Form, Denomination, Title, Status, Registration and Transfers of Bonds

1.1 *Form and Denomination*

The Bonds are issued in registered form in the denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof and are not exchangeable for bonds in bearer form.

A bond certificate (each, a "Certificate") will be issued to each Bondholder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register (the "Register") of Holders of Bonds to be kept by the Registrar in accordance with Condition 1.4.1 (*The Register*).

1.2 *Title*

Title to the Bonds will pass only by transfer and registration of title in the Register. The Holder of any Bond will (except as otherwise declared by a court of competent jurisdiction or required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust, or any interest in it, or any writing on, or theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Holder.

In these Conditions, a "Bondholder" and (in relation to a Bond) a "Holder" mean the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first name thereof).

Upon issue, the Bonds will be evidenced by a global certificate (the "Global Certificate") deposited with and registered in the name of, or a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg.

The Conditions are modified by certain provisions contained in the Global Certificate. Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds evidenced by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of the Bonds.

1.3 *Status*

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 2 (*Negative Pledge*)) unsecured obligations of the Bank and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Bank under the Bonds shall, save for such exceptions as may be provided by applicable legislation and (subject to

Condition 2 (*Negative Pledge*)) at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

1.4 **Transfers of Bonds**

1.4.1 *The Register*: The Bank will cause to be kept at the Specified Office of the Registrar, and in accordance with the terms of the Agency Agreement, the Register on which shall be entered the names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers and redemptions in respect of the Bonds.

Each Bondholder shall be entitled to receive one Certificate in respect of the Bonds held by such Holder.

1.4.2 *Transfers*: A Bond may be transferred upon the surrender (at the Specified Office of any Agent) of the Certificate evidencing such Bond, together with the form of transfer endorsed on such Certificate, duly completed and executed and any other evidence as the relevant Agent or the Registrar (as the case may be) may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Bond may not be transferred which would result in the principal amount of Bonds held by a Holder and in respect of which a Certificate is to be issued being less than U.S.$200,000. No transfer of a Bond will be valid unless and until entered on the Register. Upon such transfer, a new Certificate will be issued to the transferee in respect of the Bond so transferred. Where not all of the Bonds evidenced by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor. All transfers of the Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of the Bonds scheduled to the Agency Agreement. The regulations may be changed by the Bank, with the prior written approval of the Registrar. A copy of the current regulations will be made available (free of charge) during normal business hours by the Registrar to any Bondholder upon prior written request.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems, as described in "Summary of Provisions Relating to the Bonds While in Global Form".

1.4.3 *Delivery of New Certificates*: Each new Certificate to be issued pursuant to Condition 1.4.2 (*Transfers*) shall be available for delivery within five Transfer Business Days (as defined below) of receipt of the duly completed and executed form of transfer, and surrender of the original Certificate for exchange and any other evidence as the relevant Agent may reasonably require. Delivery of the new Certificate(s) shall be made at the Specified Office of any of the Agents to whom delivery or surrender of such form of transfer and Certificate shall have been made, or if so requested in the form of transfer, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address so specified (at the Bank's expense) unless such Holder requests otherwise and pays in advance to the Registrar or the relevant Agent (as the case may be) the costs of such other method of delivery as agreed between such Holder and the relevant Agent and/or such insurance as it may specify. In these Conditions, "Transfer Business Day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the Specified Office of the relevant Agent.

1.4.4 *Formalities Free of Charge*: Registration of a transfer of Bonds and issuance of new Certificates shall be effected without charge by or on behalf of the Bank or the Agents, but subject to (i) payment of any tax or other duty of whatsoever nature that may be levied or imposed in relation to it (or the giving of such indemnity as the relevant Agent may require); (ii) the Registrar being satisfied in its absolute discretion with the documents of title and/or the identity of the person making the application; and (iii) the Bank and the relevant Agent being satisfied that the regulations concerning transfer of Bonds having been satisfied.

1.4.5 *No Registration of Transfer*: No Bondholder may require the transfer of a Bond to be registered (i) during the period commencing on (and including) any Record Date (as defined in Condition 6.7 (*Record Date*)) and ending on the immediately following due date for any payment of principal or interest in respect of the Bonds or (ii) after a notice of redemption has been given pursuant to Condition 5.2 (*Redemption for Taxation Reasons*).

2. **Negative Pledge**

So long as any of the Bonds remains outstanding (as defined in the Agency Agreement), the Bank will not create or permit to subsist any mortgage, charge, pledge or other security interest for the benefit of the holders of any Relevant Debt (as defined below) upon the whole or any part of the Bank's property or assets, present or future, to secure (i) payment of any sum due in respect of any Relevant Debt issued by the Bank or (ii) any payment under any guarantee of the Bank of any Relevant Debt or (iii) any payment under any indemnity or other like obligation in respect of any such Relevant Debt or such guarantee of Relevant Debt, without in any such case at the same time, the Bonds are (x) equally and rateably secured so as to rank *pari passu* with such Relevant Debt or guarantee or indemnity or like obligation thereof or (y) provided with such other security as shall be approved by an Extraordinary Resolution (as defined in Condition 3.1 (*Definitions*)).

Notwithstanding the foregoing, (i) any arrangement relating to the segregation, including but not limited to segregation by way of a self-settled trust (*jiko shintaku*), of any part of the property or assets of the Bank or the creation of any security interest, in each case, for the purpose of issuing covered bonds shall be permitted and shall not require the creation of any security in respect of the Bonds, provided that such arrangement is entered into in compliance with, and only to the extent required by or permitted under, any Japanese law and regulation relating to covered bonds (a "Covered Bond Regulation") and such segregated property or assets qualify as collateral for, or are to be applied in priority in meeting claims of, issues of covered bonds under the Covered Bond Regulation, and (ii) any arrangement relating to the segregation, including but not limited to segregation by way of a self-settled trust (*jiko shintaku*), of any part of the property or assets of the Bank for the purpose of issuing securities that are similar in substance to covered bonds as issued by non-Japanese financial institutions shall be permitted and shall not require the creation of security in respect of the Bonds.

For the purposes of this Condition 2 (*Negative Pledge*):

"Relevant Debt" means any present or future indebtedness in the form of, or represented or evidenced by, bonds, debentures, notes or other similar securities which:

(a) (A) are by their terms payable, or may be required to be paid, in, or by reference to, any currency other than Japanese Yen and (B) more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside Japan by or with the authorisation of the Bank;

(b) are not repayable (otherwise than at the option of or due to the default of the Bank) within three years from the date of their creation; and

(c) are quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other similar securities market outside Japan.

3. **Definitions and Construction of References**

3.1 ***Definitions***

In these Conditions (unless the context otherwise requires):

"Additional Amounts" has the meaning provided in Condition 7.1 (*Additional Amounts*);

"Authorised Officer" means any one of the directors or officers of the Bank or any other person whom the Bank shall have identified as being duly authorised to sign any document or certificate on behalf of the Bank;

"Bankruptcy Act" means the Bankruptcy Act of Japan (Act No. 75 of 2004, as amended); "Bondholder" and "Holder" have the meaning provided in Condition 1.2 (*Title*); "Cabinet Order" has the meaning provided in Condition 7.1 (*Additional Amounts*);

"Calculation Amount" has the meaning provided in Condition 4 (*Interest*); "Calculation Period" has the meaning provided in Condition 4 (*Interest*); "Certificate" has the meaning provided in Condition 1.1 (*Form and Denomination*);

"Civil Rehabilitation Act" means the Civil Rehabilitation Act of Japan (Act No. 225 of 1999, as amended);

"Claim for Exemption" has the meaning provided in Condition 7.2 (*Definitions Relating to Taxation*);

"Clearing Organisation" has the meaning provided in Condition 7.2 (*Definitions Relating to Taxation*);

"Companies Act" means the Companies Act of Japan (Act No. 86 of 2005, as amended);

"Consolidated Financial Statements" means, in relation to any Fiscal Period of the Bank, the unaudited consolidated financial statements of the Bank prepared in accordance with the Relevant GAAP or, if in respect of such Fiscal Period audited consolidated financial statements have been prepared, the audited consolidated financial statements of the Bank prepared as aforesaid;

"Corporate Reorganisation Act" means the Corporate Reorganisation Act of Japan (Act No. 154 of 2002, as amended);

"Day Count Fraction" has the meaning provided in Condition 4 (*Interest*);

"Designated Financial Institution" has the meaning provided in Condition 7.2 (*Definitions Relating to Taxation*);

"Due Date" has the meaning provided in Condition 7.1 (*Additional Amounts*);

"Exemption Information" has the meaning provided in Condition 7.2 (*Definitions Relating to Taxation*);

"Extraordinary Resolution" means a resolution passed at a meeting of the Bondholders duly convened (including the satisfaction of the quorum requirements set out in the Agency Agreement) and held in accordance with the provisions contained in the Agency Agreement by a majority consisting of not less than three-quarters of the votes cast thereon;

"FATCA withholding" has the meaning provided in Condition 7.1 (*Additional Amounts*);

"FIEA" means the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended);

"first currency" has the meaning provided in Condition 13 (*Currency Indemnity*);

"Fiscal Period" means, as the context may require, (i) a period commencing on 1 April and ending on 31 March of the immediately succeeding year; or (ii) three month periods each commencing on 1 April, 1 July, 1 October and 1 January; provided that, if the Bank shall change its financial year so as to end on a date other than 31 March, the provisions of items (i) and (ii) above shall be deemed to be amended *mutatis mutandis* and any such change shall be promptly notified by the Bank to the Bondholders;

"Interest Recipient Information" has the meaning provided in Condition 7.2 (*Definitions Relating to Taxation*);

"Interest Payment Date" has the meaning provided in Condition 4 (*Interest*); "Maturity Date" has the meaning provided in Condition 5.1 (*Final Maturity*);

"Japanese Tax Law" has the meaning provided in Condition 7.2 (*Definitions Relating to Taxation*);

"Japanese Taxes" has the meaning provided in Condition 7.1 (*Additional Amounts*);

"Participant" has the meaning provided in Condition 7.2 (*Definitions Relating to Taxation*);

"Payment Business Day" has the meaning provided in Condition 6.5 (*Payments on Payment Business Days*);

"Proceedings" has the meaning provided in Condition 16.2 (*Jurisdiction*); "Rate of Interest" has the meaning provided in Condition 4 (*Interest*);

"Register" has the meaning provided in Condition 1.1 (*Form and Denomination*); "Related Party" has the meaning provided in Condition 7.1 (*Additional Amounts*); "Relevant Debt" has the meaning provided in Condition 2 (*Negative Pledge*);

"Relevant GAAP" means the accounting principles which are adopted by the Bank for the preparation of the Consolidated Financial Statements under the FIEA, being one of those generally accepted in Japan or the United States or International Financial Reporting Standards (as issued by the International Accounting Standards Board (or any successor thereto) or, if applicable, as adopted or endorsed by the Accounting Standards Board of Japan (or any successor thereto));

"Relevant Taxation Acts" has the meaning provided in Condition 7.2 (*Definitions Relating to Taxation*);

"Representative Director" means a director of the Bank who is for the time being a representative director within the meaning of the Companies Act or, where applicable, a representative statutory executive officer of the Bank within the meaning of the Companies Act;

"second currency" has the meaning provided in Condition 13 (*Currency Indemnity*);

"Special Taxation Measures Act" has the meaning provided in Condition 7.1 (*Additional Amounts*);

"Specially-Related Party of the Bank" has the meaning provided in Condition 7.1 (*Additional Amounts*);

"Subsidiary" means a company, more than 50 per cent. of the outstanding shareholders' voting rights of which is at any given time owned by the Bank, by one or more other Subsidiaries or by the Bank and one or more other Subsidiaries, or any other company which is otherwise considered to be controlled by the Bank under the Relevant GAAP (and, for this purpose, "voting rights" means the voting power attached to stocks or shares for the election of directors, officers or trustees of such company, other than voting powers attached to stocks or shares outstanding having such power by reason of the happening of a contingency);

"Tax Redemption Date" has the meaning provided in Condition 5.2 (*Redemption for Taxation Reasons*);

"Tax Redemption Notice" has the meaning provided in Condition 5.2 (*Redemption for Taxation Reasons*);

"Transfer Business Day" has the meaning provided in Condition 1.4.3 (*Delivery of New Certificates*); and

"Written Application for Tax Exemption" has the meaning provided in Condition 7.2 (*Definitions Relating to Taxation*);

3.2 ***Construction of Certain References***

References to any statute or provision of any statute shall be deemed to include a reference to any statute or the provision of any statute which amends, extends, consolidates or replaces the same, or which has been amended, extended, consolidated or replaced by the same, and shall include any ordinances, regulations, instruments or other subordinate legislation made under the relevant statute.

The headings in these Conditions are for convenience only and shall be ignored in construing these Conditions.

4. **Interest**

The Bonds bear interest from and including 22 January 2025 at the rate of 4.983 per cent. per annum, (the "Rate of Interest"), payable semi-annually in arrear on 22 January and 22 July in each year, with the first interest payment to be made on 22 July 2025 (each, an "Interest Payment Date"), subject as provided in

Condition 6 (*Payments*). Interest in respect of any Bond shall be calculated per U.S.$1,000 in principal amount of the Bond (the "Calculation Amount").

So long as the Bonds are evidenced by the Global Certificate and such Bonds are held on behalf of a clearing system, the calculation of interest will be made in respect of the total aggregate amount of the Bonds evidenced by the Global Certificate.

Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (ii) the day which is seven days after the Fiscal Agent has notified the Bondholders that it has received all sums due in respect of all the Bonds up to but excluding such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be U.S.$24.92 in respect of each Calculation Amount. If interest is required to be paid in respect of a Bond on any other date, such amount payable per Calculation Amount shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, and rounding the resulting figure to the nearest cent (half a cent being rounded upwards), where:

"Calculation Period" means the relevant period for which interest is to be calculated from (and including) the first day in such period to (but excluding) the last day in such period; and

"Day Count Fraction" means, in respect of any period, the number of days in the relevant Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30.

5. Redemption, Purchase and Cancellation

5.1 *Final Maturity*

Unless the Bonds have previously been redeemed or purchased and cancelled, or become due and repayable, the Bank will redeem the Bonds at 100 per cent. of their principal amount on 22 January 2028 (the "Maturity Date"), subject as provided in Condition 6 (*Payments*). The Bonds may not be redeemed at the option of the Bank other than in accordance with Condition 5.2 (*Redemption for Taxation Reasons*).

5.2 *Redemption for Taxation Reasons*

The Bank may, but shall not be bound to, at any time, having given not less than 30 nor more than 60 days' prior notice (the "Tax Redemption Notice") to the Bondholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), redeem all, but not some only, of the

Bonds then outstanding at 100 per cent. of their principal amount on the date fixed for redemption in the Tax Redemption Notice (the "Tax Redemption Date", which shall be a date prior to the Maturity Date), if at any time:

(i) the Bank has or will become obliged to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of Japan (or any political subdivision or any taxing authority of Japan) having power to tax, or any change in the official position regarding the application or official interpretation of such laws, regulations or rulings (including a holding, judgment, or order by a court of competent jurisdiction), which change, amendment, application or interpretation becomes effective on or after 9 January 2025; and

(ii) such obligation cannot be avoided by the Bank taking reasonable measures available to it,

provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Bank would be obliged to pay such Additional Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice, the Bank shall deliver to the Fiscal Agent:

(a) a certificate signed by a Representative Director or an Authorised Officer, stating that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions to the right of the Bank to exercise such entitlement have been satisfied; and

(b) an opinion of independent legal advisers of recognised standing to confirming the position described in the certificate set out in sub-paragraph (a) above.

Upon the giving of the Tax Redemption Notice to the Bondholders, the Bank shall be bound to redeem the Bonds then outstanding at 100 per cent. of their principal amount on the Tax Redemption Date.

5.3 *Purchase*

Subject to the requirements (if any) of any stock exchange on which the Bonds may be listed at the relevant time, the Bank and/or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. Subject to applicable law, neither the Bank nor any such Subsidiary shall have any obligation to offer to purchase any Bonds held by any Holder as a result of its purchase or offer to purchase Bonds held by any other Holder in the open market or otherwise. Such Bonds may, at the option of the Bank or the relevant Subsidiary, be held or resold. The Bonds so purchased, while held by or on behalf of the Bank or any of its Subsidiaries, shall not entitle the Bondholder to vote at any meeting of Bondholders and shall be deemed not to be outstanding for the purpose of calculating the quorum at a meeting of Bondholders or for the purposes of these Conditions. Bonds that have been purchased by the Bank may, at the option of the Bank, be cancelled. Bonds that have been purchased by any Subsidiary may, at the option of such Subsidiary, be delivered to the Bank for cancellation.

5.4 *Cancellation*

All Bonds which are redeemed shall forthwith be cancelled and such Bonds may not be reissued or resold. All Certificates in respect of Bonds so cancelled and Certificates in respect of Bonds purchased and cancelled pursuant to Condition 5.3 (*Purchase*) shall be forwarded to the Fiscal Agent for cancellation.

6. Payments

6.1 *Payment of Principal*

Payments of principal shall be made by U.S. dollar cheque drawn on, or, upon application by a Holder of a Bond to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

6.2 ***Payments of Interest***

Payments of interest shall be made by U.S. dollar cheque drawn on, or upon application by a Holder of a Bond to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

6.3 ***Payments Subject to Fiscal Laws***

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Bondholders in respect of such payments.

6.4 ***Agents***

The initial Agents and their initial Specified Offices are listed at the end of these Conditions. The Bank reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or fiscal agent and additional or successor paying agents and transfer agents; provided, however, that the Bank shall at all times maintain a fiscal agent and a registrar. In acting under the Agency Agreement and in connection with the Bonds, the Agents act solely as agents of the Bank and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Bondholders in accordance with Condition 13 (*Notices*).

6.5 ***Payments on Payment Business Days***

Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by U.S. dollar cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Bond shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 6 (*Payments*) arriving after the due date for payment or being lost in the mail. In these Conditions, "Payment Business Day" means any day on which banks are open for general business (including dealings in foreign currencies) in New York City and Tokyo and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

6.6 ***Partial Payments***

If a Paying Agent makes a partial payment in respect of any Bond, the Bank shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

6.7 ***Record Date***

Each payment in respect of a Bond will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "Record Date"). Where payment in respect of a Bond is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

7. **Taxation**

7.1 ***Additional Amounts***

All payments of principal and interest in respect of the Bonds by or on behalf of the Bank shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied, collected, withheld or assessed by or on behalf of Japan or any authority therein or thereof having power to tax ("Japanese Taxes"), unless such withholding or deduction is required by law or by the relevant authority. In that event, the Bank shall pay to the Bondholder of each Bond such additional amounts (all such amounts being referred to herein as "Additional Amounts") as may be necessary so that the net amounts received by such Bondholder after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of such Bond in the absence of such withholding or deduction.

However, no such Additional Amounts shall be payable in relation to any such withholding or deduction in respect of any payment on a Bond under any of the following circumstances:

(i) the Bondholder or beneficial owner of the Bond is an individual non-resident of Japan or a non-Japanese corporation and is liable for such Japanese Taxes in respect of such Bond by reason of its (1) having some connection with Japan other than the mere holding of such Bond, or (2) being a person having a special relationship with the Bank as described in Article 6, Paragraph 4 of the Special Taxation Measures Act of Japan (Act No. 26 of 1957, as amended) (the "Special Taxation Measures Act") (a "Specially-Related Party of the Bank");

(ii) (1) the Bondholder or beneficial owner of the Bond would otherwise be exempt from any such withholding or deduction but fails to comply with any applicable requirement to provide certification, information, documents or other evidence concerning its nationality, residence, identity or connection with Japan, including any requirement to provide the Interest Recipient Information (as defined below) or to submit a Written Application for Tax Exemption (as defined below) to the Bank or the Paying Agent, as appropriate, or (2) the Interest Recipient Information pertaining to the Bondholder or beneficial owner is not duly communicated through the Participant (as defined below) and the relevant Clearing Organisation (as defined below) to the Paying Agent;

(iii) the Bondholder or beneficial owner of the Bond is for Japanese tax purposes treated as an individual resident of Japan or a Japanese corporation (except for (1) a Designated Financial Institution (as defined below) who complies with the requirement to provide the Interest Recipient Information or to submit a Written Application for Tax Exemption and (2) an individual resident of Japan or a Japanese corporation who duly notifies (directly or through the Participant or otherwise) the Paying Agent of its status as not being subject to Japanese Taxes to be withheld or deducted by the Bank, by reason of such individual resident of Japan or Japanese corporation receiving interest on the relevant Bond through a payment handling agent in Japan appointed by it);

(iv) the Bondholder presents the Certificate evidencing the Bond for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below), except to the extent that such Bondholder would have been entitled to such Additional Amounts on presenting the same for payment on any date during such 30-day period;

(v) the Bondholder is a fiduciary or partnership or is not the sole beneficial owner of the payment of the principal of, or any interest on, the Bond, and Japanese law requires the payment of the principal of, or any interest on the Bond to be included for tax purposes in the income of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner, in each case, that would not have been entitled to such Additional Amounts had it been the Bondholder; or

(vi) in any case that is a combination of any of (i) through (v) above.

As used herein, the "Relevant Date" means the date on which any payment in respect of a Bond first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Bondholders in accordance with Condition 14.

The obligation to pay Additional Amounts shall not apply to (i) any estate, inheritance, gift, excise, sales, transfer, personal property or any similar tax, duty, assessment, fee or other governmental charge or (ii) any tax, duty, assessment, fee or other governmental charge that is payable otherwise than by way of deduction or withholding from payments of principal of or interest on the Bonds; provided that, except as otherwise set forth in the Bonds and the Certificate, the Bank shall pay all stamp and other duties, if any, which may be imposed by Japan, the United States or any respective political subdivision or any taxing authority thereof or therein, as a consequence of the issuance of the Bonds.

Any reference in these Conditions to principal or interest in respect of the Bonds shall be deemed to include any Additional Amounts which may be payable under this Condition 7 (*Taxation*).

No additional amounts will be payable for or on account of any deduction or withholding from a payment on, or in respect of, any Bond where such deduction or withholding is imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, any regulation or agreement thereunder, any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions or any agreement with the U.S. Internal Revenue Service ("FATCA withholding"). Further, the Bank will have no obligation to otherwise indemnify an investor for any such FATCA withholding deducted or withheld by the Bank, the Agents or any other party that is not an agent of the Bank.

By subscribing for the Bonds as part of the distribution by the Joint Lead Managers under the Subscription Agreement (as defined in "Subscription and Sale"), a Bondholder shall be deemed to have represented that it is a beneficial owner who is, (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Party of the Bank or (ii) a Designated Financial Institution.

7.2 ***Definitions Relating to Taxation***

For the purposes of these Conditions:

(i) where a Bond is held through a participant of an international clearing organisation (a "Clearing Organisation") or a financial intermediary prescribed by the Special Taxation Measures Act and the relevant Cabinet Order (together with the Special Taxation Measures Act and the ministerial ordinance and other regulations thereunder, the "Japanese Tax Law") (each, a "Participant"), in order to receive payments free of withholding or deduction by the Bank, for, or on account of, Japanese Taxes, if the relevant beneficial owner of the Bond is (A) an individual non-resident of Japan or a non-Japanese corporation that in either case is not a Specially-Related Party of the Bank, or (B) a Designated Financial Institution falling under certain categories prescribed by Article 6, Paragraph 11 of the Special Taxation Measure Act , all in accordance with the Japanese Tax Law, such beneficial owner of the Bond must, at the time of entrusting a Participant with the custody of the relevant Bond, provide certain information prescribed by the Japanese Tax Law to enable the Participant to establish that such beneficial owner of the Bond is exempted from the requirement for Japanese Taxes to be withheld or deducted (the "Interest Recipient Information") and advise the Participant if the beneficial owner of the Bond ceases to be so exempted, including the case where the relevant beneficial owner of the Bond who is an individual non-resident of Japan or a non-Japanese corporation becomes a Specially-Related Party of the Bank; and

(ii) where a Bond is not held by a Participant, in order to receive payments free of withholding or deduction by the Bank, for, or on account of Japanese Taxes, if the relevant beneficial owner of the Bond is (A) an individual non-resident of Japan or a non-Japanese corporation that in either case is not a Specially-Related Party of the Bank, or (B) a Designated Financial Institution, all in accordance with the Japanese Tax Law, such beneficial owner of the Bond shall, prior to each time on which it receives interest, submit to the Bank or the relevant Paying Agent, as appropriate, a written application for tax exemption (*Hikazei Tekiyo Shinkokusho*) (a "Written Application for Tax Exemption") in the form obtainable from the Bank or the Paying Agent, as appropriate, stating, inter alia, the name and address (and, if applicable, the Japanese individual or corporation ID number) of such beneficial owner of the Bond, the title of the Bonds, the relevant interest payment date, the amount of interest payable and the fact that such beneficial owner of the Bond is qualified to submit the Written Application for Tax Exemption, together with documentary evidence regarding its identity and residence.

8. **Events of Default**

If any of the following events occur:

8.1 ***Non-payment of Interest***

The Bank fails to pay any amount of interest in respect of the Bonds on the due date for payment thereof and such default continues for a period of 30 days after the due date for such payment; or

8.2 ***Breach of Obligations***

The Bank defaults in the performance or observance of any covenant, condition or provision contained in the Bonds or the Deed of Covenant and on its part to be performed or observed (other than the covenant to pay the principal or interest in respect of any of the Bonds) and such default remains unremedied for 60 days after written notice thereof, addressed to the Bank by any Bondholder, has been delivered to the Bank or to the Specified Office of the Fiscal Agent; or

8.3 ***Cross Default on Indebtedness***

The obligation to repay any indebtedness for money borrowed by the Bank and having an aggregate outstanding principal amount for the time being outstanding of at least U.S.$50,000,000 (or its equivalent in any other currency or currencies as determined in accordance with this Condition 8 (*Events of Default*)) is accelerated by or on behalf of the holder or creditor in respect of such indebtedness prior to its stated maturity as a result of a default in respect of the terms thereof, or any such indebtedness due (on demand or otherwise) having an aggregate outstanding principal amount of at least U.S.$50,000,000 (or its equivalent in any other currency or currencies as determined in accordance with this Condition 8 (*Events of Default*)) is not paid when due (whether on demand (if applicable) or at the expiration of any grace period as originally provided (if applicable)); or

8.4 ***Decree of Insolvency/Winding-up/Dissolution***

A final decree or order is made or issued by a court of competent jurisdiction adjudicating the Bank bankrupt or insolvent, or approving a petition seeking with respect to the Bank a decree of commencement of bankruptcy, reorganisation, rehabilitation or special liquidation procedures or adjustment under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan, and such decree or order shall have continued undischarged or unstayed for a period of 60 days; or a final decree or order is made or issued by a court of competent jurisdiction for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Bank or of all or substantially all of its property, or for the winding-up, dissolution or liquidation of the Bank's affairs, and such decree or order shall have continued undischarged or unstayed for a period of 60 days; or

8.5 ***Institution of Insolvency Proceedings***

The Bank institutes proceedings seeking with respect to itself adjudication of bankruptcy or seeking with respect to itself a decree of commencement of bankruptcy, reorganisation, rehabilitation or special liquidation procedures or adjustment under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan, or consents to the institution of any such proceedings, or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or substantially all of its property, or makes a general assignment for the benefit of its creditors; or

8.6 ***Cessation of Business***

The Bank ceases, or through an official action of its Board of Directors threatens to cease to carry on the whole or substantially the whole of its business or shall dispose of the whole or a substantial part of its assets, except:

8.6.1 in connection with or in pursuance of a merger, consolidation, amalgamation, reorganisation or reconstruction (including the Bank becoming, or becoming a subsidiary of, a holding company) upon which the continuing corporation or the corporation formed thereby expressly and effectively assumes the obligations of the Bank under the Bonds, the Deed of Covenant and the Agency Agreement; or

8.6.2 in any case, where the terms have previously been approved by an Extraordinary Resolution,

then any Bond may, by written notice addressed by the Holder thereof to the Bank and delivered to the Bank or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

For the purposes of Condition 8.3 (*Cross Default on Indebtedness*), any indebtedness which is in a currency other than U.S. dollar may be translated into U.S. dollar at the spot rate for the sale of relevant currency against the purchase of U.S. dollar quoted by any leading bank selected by the Bank.

9. **Prescription**

Each Bond will become void unless presented for payment within the period of 10 years in the case of principal and 5 years in the case of interest from the Due Date for the payment thereof.

10. **Replacement of Certificates**

Should any Certificate be lost, stolen, destroyed, mutilated or defaced, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Bank or an Agent may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. **Meetings of Bondholders and Modification**

11.1 ***Meetings of Bondholders***

The Agency Agreement contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Bank, and shall be convened by it upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. of the aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented; provided, however, that certain proposals (including any proposal to modify the date of maturity of the Bonds, to change any date fixed for payment of principal or interest in respect of the Bonds, to reduce the amount of principal or interest payable on any date in respect of the Bonds, to alter the method of calculating the amount of any payment in respect of the Bonds on redemption or maturity or the date for any such payment, to change the currency of payments under the Bonds or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "Reserved Matter")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which two or more persons holding or representing not less than 75 per cent. or, at any adjourned meeting, not less than 50 per cent. of the aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of the Holders of not less than 75 per cent. of the aggregate principal amount of the Bonds outstanding who for the time being are entitled to receive notice of a meeting of Bondholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

11.2 *Modification*

The Bonds, these Conditions and the Deed of Covenant may be amended without the consent of the Bondholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Bank shall not agree, without the consent of the Bondholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Bondholders. Any such modification to these Conditions shall be binding on the Bondholders and shall be notified by the Bank to the Bondholders in accordance with these Conditions.

12. **Further Issues**

The Bank may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Bonds.

13. **Currency Indemnity**

If any sum due from the Bank in respect of the Bonds or any order or judgment given or made in relation thereto has to be converted from the currency (the "first currency") in which the same is payable under these Conditions or such order or judgment into another currency (the "second currency") for the purpose of (a) making or filing a claim or proof against the Bank, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Bonds, the Bank shall indemnify each Bondholder, on the written demand of such Bondholder addressed to the Bank and delivered to the Bank or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Bondholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation of the Bank and shall give rise to a separate and independent cause of action.

14. **Notices**

All notices to the Bondholders will be valid if mailed to them at their respective addresses in the Register and published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*). If publication in any of such newspapers is not (in the opinion of the Bank) practicable, notices will be given in such other newspaper or newspapers as the Bank shall determine. Such notices shall be deemed to have been given on the later of (i) the date of their publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required and (ii) the seventh day after being so mailed.

So long as the Bonds are evidenced by the Global Certificate and such Bonds are held on behalf of a clearing system, notices to Bondholders shall be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders in substitution for mailing and publication required by the Conditions.

15. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

16. **Governing Law and Submission to Jurisdiction**

16.1 *Governing Law*

The Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

16.2 ***Jurisdiction***

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds (including a dispute relating to the existence, validity or termination of the Bonds or any non-contractual obligation arising out of or in connection with the Bonds or the consequences of this nullity) and accordingly any legal action or proceedings arising out of or in connection with the Bonds (including a dispute relating to the existence, validity or termination of the Bonds or any non-contractual obligation arising out of or in connection with the Bonds or the consequences of this nullity) ("Proceedings") may be brought in such courts. The Bank irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in the courts of England whether on the ground of venue, on the ground that the Proceedings have been brought in an inconvenient forum or for any other reason. This submission is made for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

16.3 ***Agent for Service of Process***

The Bank has irrevocably appointed Cogency Global (UK) Limited, whose office is at present at 6 Lloyds Avenue, Unit 4CL, London EC3N 3AX, United Kingdom, as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Bank). If for any reason Cogency Global (UK) Limited ceases to be able to act as such or no longer has an address in England, the Bank irrevocably agrees to appoint a substitute process agent having an address in England to accept such service and shall promptly notify the Bondholders of such appointment. Nothing in this paragraph shall affect the right to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions and certain other information:

Registration and Exchange

The Bonds will be evidenced by a Global Certificate which will be registered in the name of the nominee MUFG Bank, Ltd., London Branch as the common depositary for Euroclear and Clearstream, Luxembourg.

The Global Certificate will become exchangeable in whole, but not in part, for definitive Certificates if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 occurs.

Whenever the Global Certificate is to be exchanged for definitive Certificates, such definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Certificate, Euroclear and/or Clearstream, Luxembourg, to the Registrar of such information as is required to complete and deliver such definitive Certificates (including, without limitation, the names and addresses of the persons in whose names the definitive Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Bonds scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Transfers

Transfers of interests in the Bonds in respect of which the Global Certificate is issued shall be effected through the records of Euroclear and Clearstream, Luxembourg or any other clearing system (an "Alternative Clearing System") and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg or any Alternative Clearing System, as the case may be, and their respective direct and indirect participants.

Payments

In relation to payments made in respect of the Global Certificate, so long as the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system, the definition for "Payment Business Day" in Condition 6.5 shall be amended and shall be any day which is a day on which banks are open for general business (including dealings in foreign currencies) in New York City and Tokyo.

Each payment made in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment where "Clearing System Business Day" means a day on which each clearing system for which the Global Certificate is being held is open for business.

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of a clearing system, the Bank will pay interest in respect of such Bonds in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation of interest will be made in respect of the total aggregate amount of the Bonds evidenced by the Global Certificate (rather than per Calculation Amount (as defined in the Conditions)).

Notices

Notwithstanding Condition 14, so long as the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System, notices to Holders of Bonds evidenced by the Global Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or (as the case may be) such Alternative Clearing System.

Meetings

So long as at least the Relevant Fraction (as defined below) of the aggregate principal amount of the outstanding Bonds is evidenced by the Global Certificate, a single voter appointed in relation thereto or being the Holder of the Bonds evidenced thereby shall be deemed to be two voters for the purpose of forming a quorum of meetings of Bondholders.

"Relevant Fraction" means:

(a) for all business other than voting on an Extraordinary Resolution, one tenth;

(b) for voting on any Extraordinary Resolution other than one relating to a Reserved Matter, not less than 50 per cent.; and

(c) for voting on any Extraordinary Resolution relating to a Reserved Matter, not less than 75 per cent.,

provided, however, that, in the case of a meeting which has resumed after adjournment for want of a quorum it means:

(i) for all business other than voting on an Extraordinary Resolution relating to a Reserved Matter, the fraction of the aggregate principal amount of the outstanding Bonds evidenced or held by the voters actually present at the meeting; and

(ii) for voting on any Extraordinary Resolution relating to a Reserved Matter, not less than 50 per cent.

Electronic Consent

While the Bonds evidenced by the Global Certificate is registered in the name of any nominee for, or a nominee for any common depositary for, Euroclear, Clearstream, Luxembourg or any Alternative Clearing System (as the case may be), then (a) approval of a resolution proposed by the Bank or the Fiscal Agent (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Bonds then outstanding (an "Electronic Consent" as defined in the Agency Agreement) shall, for all purposes (including in relation to Reserved Matters), take effect as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held, and shall be binding on all Bondholders whether or not they participated in such Electronic Consent; and (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, subject to certain requirements set out in the Agency Agreement, the Bank and the Fiscal Agent shall be entitled to rely on consent or instructions given in writing directly to the Bank and/or the Fiscal Agent, as the case may be, by accountholders in the relevant clearing system with entitlements to Bonds evidenced by this Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is held.

USE OF PROCEEDS

The net proceeds from the issue of the Bonds are estimated to amount to approximately U.S.$299 million, and are expected to be used for general corporate purposes.

RESONA BANK, LIMITED

The Bank is a wholly owned subsidiary of Resona Holdings, and together with the other consolidated subsidiaries and equity method affiliates of Resona Holdings, forms part of the Resona Group. Resona Holdings is a financial services holding company which, through the Resona Group, including the Bank, offers a broad range of financial services, focused primarily on commercial and trust banking businesses in Japan.

The Group's operations are principally divided into the following three reporting segments:

- *Consumer banking*, being the business of providing services to individual customers, including consulting services regarding consumer loans, asset management and asset succession. For the six-month period ended 30 September 2024, the Group's gross operating profit in this segment amounted to ¥82,342 million.

- *Corporate banking*, being the business of providing services to corporate customers, including supporting their business growth by providing services regarding corporate loans, trust asset management, real estate business, corporate pensions and asset succession. For the six-month period ended 30 September 2024, the Group's gross operating profit in this segment amounted to ¥139,157 million.

- *Market trading*, being the business of trading in financial markets, transacting in short-term lending, borrowing, bond purchase and sale, and derivatives trading. For the six-month period ended 30 September 2024, the Group's gross operating loss in this segment amounted to ¥27,934 million.

As of 30 September 2024, the Bank had four consolidated subsidiaries and one affiliate accounted for by the equity method.

The Bank's registered office is located at 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, 540-8610, Japan.

Selected Financial Information and Other Data

The following selected financial information and other data should be read in conjunction with the Group's audited consolidated financial statements and related notes included elsewhere in this Offering Circular and the section entitled "Recent Business". The consolidated statements of income data and cash flow data for the fiscal years ended 31 March 2024, 2023 and 2022 and the consolidated balance sheet data as of 31 March 2024, 2023 and 2022 have been extracted without material adjustment from the audited consolidated financial statements of the Group included elsewhere in this Offering Circular. The consolidated statement of income data and cash flow data for the six-month periods ended 30 September 2024 and 2023 and the consolidated balance sheet data as of 30 September 2024 have been extracted without material adjustment from the unaudited semi-annual consolidated financial statements of the Group included elsewhere in this Offering Circular. The consolidated balance sheet data as of 30 September 2023 has been omitted. For further information on the basis of preparation of the financial information, see "Presentation of Financial and Other Information".

	As of/Fiscal Year Ended 31 March		
	2022	2023	2024
	(Millions of yen, other than per cent. for ratios)		
Statements of Income			
Net interest income(1)	¥234,610	¥230,133	¥225,579
Net fees and commissions(2)	82,927	83,886	85,354
Net trading income(3)	3,142	3,093	712
Net other operating income (expenses)(4)	(30,104)	(22,870)	(2,138)
Net income	59,903	99,109	94,334
Net income attributable to owners of parent	60,031	98,031	95,192
Balance Sheets			
Loans and bills discounted	21,663,852	22,739,702	23,940,604
Reserve for loan losses	(127,172)	(111,732)	(123,372)
Deposits	33,383,399	34,183,512	35,192,616
Total assets	42,932,587	42,798,550	43,771,867
Total liabilities	41,422,013	41,253,765	42,050,696
Total net assets	1,510,573	1,544,784	1,721,171
Statements of Cash Flows			
Net cash provided by (used in) operating activities	2,190,307	(1,293,769)	(185,409)
Net cash provided by (used in) investing activities	(620,860)	(260,340)	(311,351)
Net cash provided by (used in) financing activities	(99,610)	(30,046)	(48,418)
Net increase (decrease) in cash and cash equivalents	1,469,843	(1,584,154)	(544,436)

	As of/Fiscal Year Ended 31 March		
	2022	2023	2024
	(Millions of yen, other than per cent. for ratios)		
Non-GAAP Data			
Gross operating profit[5]	311,416	315,837	334,879
Actual net operating profit[6]	89,544	100,805	114,786
Non-consolidated non-performing loans[7]	261,537	270,748	300,064
Credit cost[8]	45,624	8,814	18,502
Ratios			
Non-consolidated loans to deposits ratio[9]	64.8%	66.4%	68.0%
Credit cost ratio[10]	0.21%	0.04%	0.08%
Non-consolidated NPL ratio[11]	1.17%	1.15%	1.22%
Non-consolidated Net NPL ratio[12]	0.34%	0.38%	0.38%

Notes:
(1) Net interest income = Interest income – Interest expenses.
(2) Net fees and commissions = Fees and commissions income – Fees and commissions expenses.
(3) Net trading income = Trading income – Trading expenses.
(4) Net other operating expenses = Other operating income – Other operating expenses.
(5) Gross operating profit = Total income – Other income – Total expenses + General and administrative expenses + Other expenses.
(6) Actual net operating profit = Gross operating profit – General and administrative expenses.
(7) Non-consolidated non-performing loans are prepared based on the requirements of the Banking Act and the Financial Reconstruction Act as described in "Business—Loan Losses and Non-Performing Loans".
(8) Credit cost = Write-offs of loans + Provision to reserve for loan losses – Recoveries of written-off loans – Others.
Credit cost includes the operating results of a credit guarantee company which is a subsidiary of Resona Holdings and not a member of the Group.
(9) Non-consolidated loans to deposits ratio = Non-consolidated loans and bill discounted / Non-consolidated total deposits × 100.
(10) Credit cost ratio = Credit cost / Non-consolidated loans and bills discounted.
(11) Non -consolidated NPL ratio = Non-consolidated non-performing loans / Total Claims.
(12) Non-consolidated net NPL ratio = (Non-consolidated non-performing loans – Non-consolidated collateral – Non-consolidated guarantees – Non-consolidated loan loss reserves) / Total Claims.

	As of/Six-Month Period Ended 30 September	
	2023	2024
	(Millions of yen, other than per cent. for ratios)	
Statements of Income		
Net interest income[1]	¥109,242	¥126,349
Net fees and commissions[2]	40,899	44,611
Net trading income[3]	556	2,249
Net other operating income (expenses)[4]	(411)	1,919
Net income	44,856	62,406
Net income attributable to owners of parent	44,669	61,515
Balance Sheets		
Loans and bills discounted	—	24,628,082
Reserve for loan losses	—	(125,039)
Deposits	—	33,848,923
Total assets	—	41,908,109
Total liabilities	—	40,196,778
Total net assets	—	1,711,330
Statements of Cash Flows		
Net cash provided by (used in) operating activities	(2,649,916)	(2,441,999)
Net cash provided by (used in) investing activities	106,635	35,527
Net cash provided by (used in) financing activities	(24,232)	(33,569)
Net increase (decrease) in cash and cash equivalents	(2,563,956)	(2,432,622)
Non-GAAP Data		
Gross operating profit[5]	163,308	187,972
Actual net operating profit[6]	54,002	71,328
Non-consolidated non-performing loans[7]	—	276,515
Credit cost[8]	5,890	8,208
Ratios		
Non-consolidated loans to deposits ratio[9]	—	72.7%
Non-consolidated NPL ratio[10]	—	1.09%
Non-consolidated Net NPL ratio[11]	—	0.35%

Notes:
(1) Net interest income = Interest income – Interest expenses.
(2) Net fees and commissions = Fees and commissions income – Fees and commissions expenses.
(3) Net trading income = Trading income – Trading expenses.
(4) Net other operating expenses = Other operating income – Other operating expenses.
(5) Gross operating profit = Total income – Other income – Total expenses + General and administrative expenses + Other expenses.

(6) Actual net operating profit = Gross operating profit - General and administrative expenses.
(7) Non-consolidated non-performing loans are prepared based on the requirements of the Banking Act and the Financial Reconstruction Act as described in "Business—Loan Losses and Non-Performing Loans".
(8) Credit cost = Write-offs of loans + Provision to reserve for loan losses – Recoveries of written-off loans – Others.
Credit cost includes the operating results of a credit guarantee company which is a subsidiary of Resona Holdings and not a member of the Group.
(9) Non-consolidated loans to deposits ratio = Non-consolidated loans and bills discounted / Non-consolidated total deposits × 100.
(10) Non-consolidated NPL ratio = Non-consolidated non-performing loans / Total Claims.
(11) Non-consolidated net NPL ratio = (Non-consolidated non-performing loans – Non-consolidated collateral – Non-consolidated guarantees – Non-consolidated loan loss reserves) / Total Claims.

Reconciliation of Gross Operating Profit and Actual Net Operating Profit

	Fiscal Year Ended 31 March		
	2022	2023	2024
		(Millions of yen)	
Total income	¥493,390	¥511,749	¥555,794
Less: Other income	(63,889)	(62,810)	(62,422)
Less: Total expenses	(409,958)	(374,127)	(423,209)
Plus: General and administrative expenses	221,862	215,002	220,083
Plus: Other expenses	70,011	26,023	44,633
Gross operating profit	¥311,416	¥315,837	¥334,879
Less: Disposal of bad loans for trust accounts	(10)	(30)	(10)
Less: General and administrative expenses	(221,862)	(215,002)	(220,083)
Actual net operating profit	¥89,544	¥100,805	¥114,786

	Six-Month Period Ended 30 September	
	2023	2024
	(Millions of yen)	
Total income	¥259,127	¥307,980
Less: Other income	(23,029)	(33,608)
Less: Total expenses	(197,173)	(220,956)
Plus: General and administrative expenses	109,296	116,624
Plus: Other expenses	15,087	17,932
Gross operating profit	¥163,308	¥187,972
Less: Disposal of bad loans for trust accounts	(10)	(20)
Less: General and administrative expenses	(109,296)	(116,624)
Actual net operating profit	¥54,002	¥71,328

Reconciliation of Credit Cost

	Fiscal Year Ended 31 March		
	2022	2023	2024
		(Millions of yen)	
Write-offs of loans	¥12,074	¥12,093	¥12,156
Provision to reserve for loan losses	43,064	2,436	17,966
Less: Recoveries of written-off loans	(6,892)	(5,334)	(6,480)
Less: Others	(2,622)	(381)	(5,140)
Credit cost	¥45,624	¥8,814	¥18,502

	Six-Month Period Ended 30 September	
	2023	2024
	(Millions of yen)	
Write-offs of loans	¥4,581	¥7,282
Provision to reserve for loan losses	6,019	4,189
Less: Recoveries of written-off loans	(2,577)	(3,046)
Less: Others	(2,133)	(217)
Credit cost	¥5,890	¥8,208

Reconciliation of Non-consolidated loans to deposits ratio

	As of 31 March		
	2022	2023	2024
	(Millions of yen or per cent.)		
Non-consolidated loans and bills discounted	¥21,570,696	¥22,655,707	¥23,853,760
Non-consolidated total deposits	33,285,836	34,095,057	35,096,601
Non-consolidated loans to deposits ratio	64.8%	66.4%	68.0%

	As of 30 September 2024
	(Millions of yen or per cent.)
Non-consolidated loans and bills discounted	¥24,533,208
Non-consolidated total deposits	33,745,340
Non-consolidated loans to deposits ratio	72.7%

Reconciliation of Non-consolidated Non-performing Loans

	As of 31 March		
	2022	2023	2024
	(Millions of yen)		
Unrecoverable or valueless claims	¥14,064	¥17,037	¥15,326
Risk claims	186,571	164,234	194,566
Special attention loans	60,901	89,476	90,171
Of which:			
Loans past due 3 months or more	2,461	508	662
Restructured loans	58,439	88,968	89,508
Non-consolidated non-performing loans	¥261,537	¥270,748	¥300,064

	As of 30 September 2024
	(Millions of yen)
Unrecoverable or valueless claims	¥15,422
Risk claims	169,527
Special attention loans	91,564
Of which:	
Loans past due 3 months or more	1,099
Restructured loans	90,464
Non-consolidated non-performing loans	¥276,515

Reconciliation of Non-consolidated NPL ratio and Non-consolidated Net NPL ratio

	As of 31 March		
	2022	2023	2024
	(Millions of yen or per cent.)		
Non-consolidated non-performing loans (A)	¥261,537	¥270,748	¥300,064
Less:			
Non-consolidated collateral and guarantees	113,450	120,410	140,394
Non-consolidated loan loss reserves	71,444	60,282	65,700
Subtotal (B)	184,894	180,692	206,094
Total claims (C)	22,379,408	23,473,641	24,657,640
Non-consolidated NPL ratio ((A) / (C))	1.17%	1.15%	1.22%
Non-consolidated net NPL ratio (((A)-(B)) / (C))	0.34%	0.38%	0.38%

	As of 30 September 2024
	(Millions of yen or per cent.)
Non-consolidated non-performing loans (A)	¥276,515
Less:	
Non-consolidated collateral and guarantees	120,244
Non-consolidated loan loss reserves	66,931
Subtotal (B)	187,715

	As of 30 September 2024
	(Millions of yen or per cent.)
Total claims (C)	25,302,386
Non-consolidated NPL ratio ((A) / (C))	1.09%
Non-consolidated net NPL ratio (((A)-(B)) / (C))	0.35%

Certain Other Non-Consolidated Financial Information

Assets and Liabilities

The following tables set forth certain information regarding the Bank's assets and liabilities on a non-consolidated basis as of 30 September 2024:

	As of 30 September 2024
	(Millions of yen)
Non-consolidated assets and liabilities:	
Assets:	
Securities	¥5,265,118
Of which: Japanese Government Bonds	2,708,635
Other assets(1)	11,960,973
Of which: cash and due from banks	10,020,183
Liabilities:	
Negotiable certificates of deposit	¥591,990
Other liabilities(2)	5,744,092
Of which: borrowed money	2,281,522
Total net assets	¥1,677,877

Notes:

(1) Other assets = Total assets – Loans and bills discounted – Securities.

(2) Other liabilities = Total liabilities – Deposits – Negotiable certificates of deposit.

Non-consolidated Gross Operating Profit and Non-consolidated Actual Net Operating Profit

The following tables set out the gross operating profit and actual net operating profit of the Bank on a non-consolidated basis for the periods indicated:

	Fiscal Year Ended 31 March			Six-Month Period Ended 30 September	
	2022	2023	2024	2023	2024
	(Millions of yen)				
Non-consolidated gross operating profit					
Interest income	¥230,382	¥224,655	¥218,023	¥105,329	¥122,190
Fees and commissions	103,809	105,502	110,691	53,929	57,456
Trading income	3,142	3,093	712	556	2,249
Other operating income (expenses)	(30,595)	(23,389)	(2,586)	(635)	1,664
Non-consolidated gross operating profit	306,739	309,860	326,841	159,178	183,559
Non-consolidated actual net operating profit	94,279	103,518	114,733	54,015	70,382

Non-consolidated Operating Expenses

The following tables set forth the Bank's operating expenses and cost income ratio on a non-consolidated basis as of the dates indicated:

	Fiscal Year Ended 31 March			Six-Month Period Ended 30 September	
	2022	2023	2024	2023	2024
	(Millions of yen or per cent.)				
Non-consolidated operating expenses					
Personal expenses	¥87,933	¥86,945	¥89,570	¥44,429	¥46,446
Non-personal expenses	109,656	106,112	108,947	53,770	59,002
Taxes	14,859	13,254	13,579	6,953	7,708
Total non-consolidated operating expenses	¥212,449	¥206,311	¥212,097	¥105,152	¥113,157

	Fiscal Year Ended 31 March			Six-Month Period Ended 30 September	
	2022	**2023**	**2024**	**2023**	**2024**
	(Millions of yen or per cent.)				
Non-consolidated cost income ratio.............	69.3%	66.6%	64.9%	66.1%	61.6%

Notes:

(1) Non-consolidated operating expenses = Non-consolidated total expenses – Non-consolidated total expenses (temporarily processed).

(2) Non-consolidated cost income ratio = Non-consolidated operating expenses / Non-consolidated gross operating profit.

RECENT BUSINESS

The following discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with "Resona Bank, Limited—Selected Consolidated Financial Information and Other Data", the audited consolidated financial statements (including the notes thereto) in pages F-2 to F-115 and the unaudited semi-annual consolidated financial statements (including the notes thereto) in pages Q-2 to Q-40, appearing elsewhere in this Offering Circular.

Overview

The Bank is a wholly owned subsidiary of Resona Holdings, and together with the other consolidated subsidiaries and equity method affiliates of Resona Holdings, forms part of the Resona Group. Resona Holdings is a financial services holding company which, through the Resona Group, including the Bank, offers a broad range of financial services, focused primarily on commercial and trust banking businesses in Japan.

Significant Accounting Estimates

The item recorded in the Group's consolidated financial statements as "Reserve for loan losses" is based on accounting estimates and has a significant impact on the Group's consolidated financial statements.

In calculating reserve for loan losses, addressing various claims of the Bank including loans, the Bank assesses relevant obligors and classifies them by a determined credit rating. The Bank then examines the details of such claims individually, considering any relevant collateral or guarantees. On that basis, the Bank classifies the risk of each claim based on the degree of claim collection risk or risk of damage to the value of claims. Further details of the determination method for "Reserve for loan losses" is set out in Note 2 "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (10) Reserve for loan Losses" of the audited consolidated financial statements for the fiscal year ended 31 March 2024 included elsewhere in this Offering Circular.

The major assumptions made by the Bank in assessing "Reserve for loan losses" include the future business outlook of obligors and the future outlook in calculating the amounts of expected loan losses. The Bank sets the future business outlook of obligors by an assessment of each obligor's ability to generate profits and an assessment of expected losses, set using a loan loss ratio based on historical averages with necessary adjustments. These assumptions may be affected by changes in various circumstances, including future economic conditions. In the event such assumptions are not reflective due to changes in business performance of individual obligors, it is possible that there would be a material impact on the Group's consolidated financial statements.

See Note 3 "SIGNIFICANT ACCOUNTING ESTIMATES" of the audited consolidated financial statements for the fiscal year ended 31 March 2024 included elsewhere in this Offering Circular for further details.

New Accounting Pronouncements and Accounting Changes

From the fiscal year ending 31 March 2025, the Group will apply Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022), Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022) and Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022). For more information see Note 2 "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES" of the audited consolidated financial statements for the fiscal year ended 31 March 2024 included elsewhere in this Offering Circular.

Factors Affecting Results of Operations

The Bank engages in a broad range of financial businesses and services, and its results of operations and financial condition are exposed to changes in various external economic factors, including general economic conditions and interest rates.

General Economic Conditions

The global economy remained vulnerable to external events during the fiscal year ended 31 March 2024. The global economy faced a sharp rise in energy prices triggered by the conflict in Ukraine and the Middle East. This led to a rise in inflation globally, followed by considerable monetary tightening in major markets, which put downward pressure on economies during the fiscal year ended March 31, 2024. Uncertainty remains in the global and regional economic environment. For example, the full effect of monetary policy tightening is still yet to pass through to the real economy, with possible vulnerabilities in the commercial real estate sector and in the broader credit market. Meanwhile, global trade flows are still relatively stagnant, while the trade conflicts between the United States and Europe, on the one hand, and China, on the other, continue to pose risks. The situations in

Ukraine and the Middle East also continue to contribute to heightened geopolitical risks and uncertainties regarding the impact of the U.S. presidential election.

Japan's economy generally followed the global economic trends, showing a mixture of negative and positive trends, during the fiscal year ended 31 March 2024 which continued during the first half of the fiscal year ended 31 March 2025. Japan's real gross domestic product fluctuated reflected both positive factors, such as wage increases, and negative factors, such as inflationary pressures. The unemployment rate in Japan remained low with a slight decrease from 2.7 per cent. in March 2023 to 2.6 per cent. in March 2024. According to Teikoku Databank, a Japanese research institution, the number of companies that filed for legal bankruptcy in Japan between April 2023 and March 2024 was 8,881, a 30.6 per cent. increase from the same period of the previous year. The period from 1 April 2024 to 30 September 2024 saw the highest rate of wage increases in Japan since the early 1990s, and signs of recovery were seen in personal consumption which had decreased due to inflation and rising prices. The Japanese economy remains subject to instabilities resulting from recent domestic political developments including a change in leadership and significant electoral losses for the ruling Liberal Democratic Party. Geopolitical developments, increasing public debt, intensifying trade conflicts and global competition, declining domestic population, inflationary trends, downward pressure on private consumption, changes in the Bank of Japan's monetary policy, and various other factors that could adversely affect economic conditions in Japan.

Interest Rates

Interest rates remain at historically low levels in Japan, where the Bank of Japan adopted a "quantitative and qualitative monetary easing with negative interest rates" policy in February 2016. Until recently, the Bank of Japan maintained its quantitative and qualitative monetary easing policy with yield curve control applying a negative interest rate of minus 0.1 per cent. to the "Policy-Rate Balances", which are a part of current account amounts held by financial institutions at the Bank of Japan, and aiming to keep the yield on 10-year Japanese government bonds at around 0 per cent., and with exchange-traded fund, bond and commercial paper purchase programs. In October 2023, the Bank of Japan announced that it would purchase 10-year Japanese government bonds in amounts necessary to maintain the yield of such bonds at around 0 per cent. without setting an upper limit while regarding 1 per cent. as its reference upper bound. In March 2024, while keeping the price stability target at 2 per cent., the Bank of Japan modified its monetary policy to encourage the uncollateralised overnight call rate to remain at around 0 to 0.1 per cent., abolish Japanese government bond purchase operations for the purposes of maintaining the yield on 10-year Japanese government bonds below target upper limits while continuing with Japanese government bond purchases in similar volumes, and discontinue the exchange-traded fund purchase program while gradually reducing the amount of commercial paper and corporate bond purchases to nil in about one year. In July 2024, the Bank of Japan further modified its monetary policy to encourage the uncollateralised overnight call rate to remain at around 0.25 per cent. and decided on a plan to reduce the amount of its monthly outright purchases of Japanese government bonds by around ¥400 billion each calendar quarter in principle so that it will be around ¥3 trillion during the three months ending 31 March 2026.

Recent Developments

On 15 November 2024, the Bank entered into an investment agreement with J Growth Co., Ltd., a subsidiary of J Will Corporation Co., Ltd to jointly establish a fund that will make venture capital investments into later stage companies. In addition to providing capital, the fund will also provide support to investees in respect of business plans and management systems.

Consolidated Results for the Fiscal Year Ended 31 March 2024

Results

Interest Income

The Group's interest income for the fiscal year ended 31 March 2024 amounted to ¥301,483 million, an increase of ¥38,491 million, or 14.6 per cent., from the previous fiscal year. This increase primarily reflected an increase in interest and dividends on securities.

Trust Fees

The Group's trust fees for the fiscal year ended 31 March 2024 amounted to ¥25,371 million, an increase of ¥3,776 million, or 17.5 per cent., from the previous fiscal year. This increase primarily reflected impact of an increase in trust assets and an increase in trust account interest.

Fees and Commissions Income

The Group's fees and commissions income for the fiscal year ended 31 March 2024 amounted to ¥146,757 million, an increase of ¥3,828 million, or 2.7 per cent., from the previous fiscal year. This increase primarily reflected an increase in fees from deposit and lending operations.

Trading Income

The Group's trading income for the fiscal year ended 31 March 2024 amounted to ¥823 million, a decrease of ¥2,514 million, or 75.3 per cent., from the previous fiscal year. This decrease primarily reflected a decrease in income from trading-related financial derivatives.

Other Operating Income

The Group's other operating income for the fiscal year ended 31 March 2024 amounted to ¥18,935 million, an increase of ¥850 million, or 4.7 per cent., from the previous fiscal year. This increase primarily reflected increase in gains on foreign exchange transactions and income from derivatives other than for trading or hedging, which offset a decrease in gains on sales of Japanese government bonds and others.

Other Income

The Group's other income for the fiscal year ended 31 March 2024 amounted to ¥62,422 million, generally in line with ¥62,810 million in the previous fiscal year.

Total Income

As a result of the above factors, the Group's total income for the fiscal year ended 31 March 2024 amounted to ¥555,794 million, an increase of ¥44,044 million, or 8.6 per cent., from the previous fiscal year.

Interest Expenses

The Group's interest expenses for the fiscal year ended 31 March 2024 amounted to ¥75,904 million, an increase of ¥43,044 million, or 131.0 per cent., from the previous fiscal year. This increase primarily reflected increases in interest on deposits and interest on payables under securities lending transactions.

Fees and Commissions Expenses

The Group's fees and commissions expenses for the fiscal year ended 31 March 2024 amounted to ¥61,403 million, an increase of ¥2,361 million, or 4.0 per cent., from the previous fiscal year. This increase primarily reflected increases in foreign exchange fees and payment fees.

Trading Expenses

The Group's trading expenses for the fiscal year ended 31 March 2024 amounted to ¥111 million, a decrease of ¥132 million, or 54.2 per cent., from the previous fiscal year. This decrease primarily reflected a decrease in expenses relating to trading account.

Other Operating Expenses

The Group's other operating expenses for the fiscal year ended 31 March 2024 amounted to ¥21,073 million, a decrease of ¥19,882 million, or 48.5 per cent., from the previous fiscal year. This decrease primarily reflected decreases in losses on sales of Japanese government bonds and others.

General and Administrative Expenses

The Group's general and administrative expenses for the fiscal year ended 31 March 2024 amounted to ¥220,083 million, an increase of ¥5,080 million, or 2.4 per cent., from the previous fiscal year. This increase primarily reflected increases in advertising costs and salaries and allowances.

Other Expenses

The Group's other expenses for the fiscal year ended 31 March 2024 amounted to ¥44,633 million, an increase of ¥18,609 million, or 71.5 per cent., from the previous fiscal year. This increase primarily reflected an increase in provision to reserve for loan losses.

Total Expenses

As a result of the above factors, the Group's total expenses for the fiscal year ended 31 March 2024 amounted to ¥423,209 million, an increase of ¥49,081 million, or 13.1 per cent., from the previous fiscal year.

Total Income Taxes

The Group's total income taxes for the fiscal year ended 31 March 2024 amounted to ¥38,251 million, generally in line with ¥38,513 million in the previous fiscal year.

Net Income

As a result of the above factors, the Group's net income for the fiscal year ended 31 March 2024 amounted to ¥94,334 million, a decrease of ¥4,775 million, or 4.8 per cent., from the previous fiscal year.

Net Income Attributable to Owners of the Parent

As a result of the above factors, the Group's net income attributable to owners of the parent for the fiscal year ended 31 March 2024 amounted to ¥95,192 million, a decrease of ¥2,838 million, or 2.9 per cent., from the previous fiscal year.

Results by Business Segment

Consumer Banking

In the fiscal year ended 31 March 2024, gross operating profit in this segment amounted to ¥107,523 million, an increase of 1.6 per cent., compared to the previous fiscal year, while actual net operating profit for the fiscal year ended 31 March 2024 amounted to ¥7,895 million, a decrease of 18.7 per cent., compared to the previous fiscal year. This primarily reflected an increase in expenses.

Corporate Banking

In the fiscal year ended 31 March 2024, gross operating profit in this segment amounted to ¥221,521 million, an increase of 2.5 per cent., compared to the previous fiscal year, while actual net operating profit for the fiscal year ended 31 March 2024 amounted to ¥113,285 million, an increase of 4.7 per cent., compared to the previous fiscal year. This primarily reflected an increase in revenue of corporate solutions.

Market Trading

In the fiscal year ended 31 March 2024, gross operating profit in this segment amounted to ¥13,555 million, an increase of 247.0 per cent., compared to the previous fiscal year, while actual net operating profit for the fiscal year ended 31 March 2024 amounted to ¥7,711 million, compared to an actual net operating loss of ¥83 million in the previous fiscal year. This primarily reflected the completion of the processing of bond losses from the previous fiscal year.

Consolidated Results for the Six-Month Period Ended 30 September 2024

Results

Interest Income

The Group's interest income for the six-month period ended 30 September 2024 amounted to ¥174,034 million, an increase of ¥29,171 million, or 20.1 per cent., from the same period in the previous fiscal year. This increase primarily reflected increases in interest rates and domestic deposits.

Trust Fees

The Group's trust fees for the six-month period ended 30 September 2024 amounted to ¥12,843 million, a decrease of ¥179 million, or 1.4 per cent., from the same period in the previous fiscal year.

Fees and Commissions Income

The Group's fees and commissions income for the six-month period ended 30 September 2024 amounted to ¥73,214 million, an increase of ¥5,095 million, or 7.5 per cent., from the same period in the previous fiscal year. This increase primarily reflected an increase in fee income derived from the asset formation and solution-related businesses.

Trading Income

The Group's trading income for the six-month period ended 30 September 2024 amounted to ¥2,249 million, an increase of ¥1,633 million, or 265.0 per cent., from the same period in the previous fiscal year. This increase primarily reflected an increase in trading account transactions.

Other Operating Income

The Group's other operating income for the six-month period ended 30 September 2024 amounted to ¥12,030 million, an increase of ¥ 2,553 million, or 26.9 per cent., from the same period in the previous fiscal year. This increase primarily reflected sales of bonds as part of portfolio management.

Other Income

The Group's other income for the six-month period ended 30 September 2024 amounted to ¥33,608 million, an increase of ¥10,578 million, or 45.9 per cent., from the same period in the previous fiscal year. This increase primarily reflected an increase in gains on sale of shares.

Total Income

As a result of the above factors, the Group's total income for the six-month period ended 30 September 2024 amounted to ¥307,980 million, an increase of ¥48,852 million, or 18.9 per cent., from the same period in the previous fiscal year.

Interest Expenses

The Group's interest expenses for the six-month period ended 30 September 2024 amounted to ¥47,685 million, an increase of ¥12,064 million, or 33.9 per cent., from the same period in the previous fiscal year. This increase primarily reflected an increase in interest on deposits.

Fees and Commissions Expenses

The Group's fees and commissions expenses for the six-month period ended 30 September 2024 amounted to ¥28,603 million, an increase of ¥1,383 million, or 5.1 per cent., from the same period in the previous fiscal year. This increase primarily reflected an increase in payment fees.

Trading Expenses

The Group's incurred 0 million trading expenses in the six-month period ended 30 September 2024 compared to ¥60 million in the same period in the previous fiscal year. This primarily reflected a decrease in specific transaction costs.

Other Operating Expenses

The Group's other operating expenses for the six-month period ended 30 September 2024 amounted to ¥10,111 million, an increase of ¥224 million, or 2.3 per cent., from the same period in the previous fiscal year. This increase primarily reflected an increase in loss on sale of bonds.

General and Administrative Expenses

The Group's general and administrative expenses for the six-month period ended 30 September 2024 amounted to ¥116,624 million, an increase of ¥7,327 million, or 6.7 per cent., from the same period in the previous fiscal year. This increase primarily reflected investments in personnel, mechanisation and advertising.

Other Expenses

The Group's other expenses for the six-month period ended 30 September 2024 amounted to ¥17,932 million, an increase of ¥2,844 million, or 18.9 per cent., from the same period in the previous fiscal year. This increase primarily reflected impairment losses on fixed assets and increase in write-offs of loans.

Total Expenses

As a result of the above factors, the Group's total expenses for the six-month period ended 30 September 2024 amounted to ¥220,956 million, an increase of ¥23,783 million, or 12.1 per cent., from the same period in the previous fiscal year.

Total Income Taxes

The Group's total income taxes for the six-month period ended 30 September 2024 amounted to ¥24,617 million, an increase of ¥7,519 million, or 44.0 per cent., from the same period in the previous fiscal year. This increase primarily reflected an increase in profits.

Net Income

As a result of the above factors, the Group's net income for the six-month period ended 30 September 2024 amounted to ¥62,406 million, an increase of ¥17,549 million, or 39.1 per cent., from the same period in the previous fiscal year.

Net Income Attributable to Owners of the Parent

As a result of the above factors, the Group's net income attributable to owners of the parent for the six-month period ended 30 September 2024 amounted to ¥61,515 million, an increase of ¥ 16,846 million, or 37.7 per cent., from the same period in the previous fiscal year.

Results by Business Segment

Consumer Banking

In the six-month period ended 30 September 2024, gross operating profit in this segment amounted to ¥82,342 million, an increase of 47.3 per cent., compared to the same period in the previous fiscal year, while actual net operating profit for the six-month period ended 30 September 2024 amounted to ¥27,425 million, an increase of 300.8 per cent., compared to the same period in the previous fiscal year. This primarily reflected an increase in deposit income.

Corporate Banking

In the six-month period ended 30 September 2024, gross operating profit in this segment amounted to ¥139,157 million, an increase of 32.8 per cent., compared to the same period in the previous fiscal year, while actual net operating profit for the six-month period ended 30 September 2024 amounted to ¥81,742 million, an increase of 60.9 per cent., compared to the same period in the previous fiscal year. This primarily reflected an increase in deposit income.

Market Trading

In the six-month period ended 30 September 2024, gross operating loss in this segment amounted to ¥27,934 million, compared to a gross operating profit of ¥5,735 million in the same period in the previous fiscal year, while actual net operating loss for the six-month period ended 30 September 2024 amounted to ¥29,600 million, compared to an actual net operating profit of ¥2,822 million in the same period in the previous fiscal year. This primarily reflected an increase in deposit cost. The figure also contains the effect of revenue transfer due to changes in internal transfer rates, amounting to a loss of ¥49,551 million for the six-month period ended 30 September 2024.

Financial Condition

Consolidated Balance Sheet as of 31 March 2024

Total assets as of 31 March 2024 amounted to ¥43,771,867 million, an increase of 2.3 per cent., compared to ¥42,798,550 million as of 31 March 2023. This primarily reflected increases in loans and securities which offset a decrease in the Bank's deposits with the Bank of Japan.

Total liabilities as of 31 March 2024 amounted to ¥42,050,696 million, an increase of 1.9 per cent., compared to ¥41,253,765 million as of 31 March 2023. This primarily reflected increases in deposits and borrowings from trust accounts which offset a decrease in loans from the Bank of Japan.

Total net assets as of 31 March 2024 amounted to ¥1,721,171 million, an increase of 11.4 per cent., compared to ¥1,544,784 million as of 31 March 2023. This primarily reflected an increase in valuation difference on available-for-sale securities and retained earnings.

Consolidated Balance Sheet as of 30 September 2024

Total assets as of 30 September 2024 amounted to ¥41,908,109 million, a decrease of 4.3 per cent., compared to ¥43,771,867 million as of 31 March 2024. This primarily reflected a decrease in the Bank's deposits with the Bank of Japan.

Total liabilities as of 30 September 2024 amounted to ¥40,196,778 million, a decrease of 4.4 per cent., compared to ¥42,050,696 million as of 31 March 2024. This primarily reflected a decrease in deposits.

Total net assets as 30 September 2024 amounted to ¥1,711,330 million, a decrease of 0.6 per cent., compared to ¥1,721,171 million as of 31 March 2024. This primarily reflected a decrease in unrealised gains on other securities.

Liquidity and Capital Resources

Cash Flows for the Fiscal Year Ended 31 March 2024

Net cash used in operating activities was ¥185,409 million for the fiscal year ended 31 March 2024, compared to ¥1,293,769 million for the fiscal year ended 31 March 2023. The decrease for the fiscal year ended 31 March 2024 primarily reflected increases in loans and deposits and a decrease in loans payable, in particular being loans from the Bank of Japan.

Net cash used in investing activities was ¥311,351 million for the fiscal year ended 31 March 2024, compared to ¥260,340 million for the fiscal year ended 31 March 2023. The increase for the fiscal year ended 31 March 2024 primarily reflected purchases of securities which outweighed the proceeds from the sale and redemption of securities.

Net cash used in financing activities was ¥48,418 million for the fiscal year ended 31 March 2024, compared to ¥30,046 million for the fiscal year ended 31 March 2023. The increase for the fiscal year ended 31 March 2024 primarily reflected the payment of dividends.

As a result, the Group's cash and cash equivalents amounted to ¥12,310,190 million as of 31 March 2024, a decrease of 4.2 per cent., from ¥12,854,627 million as of 31 March 2023.

Cash Flows for the Six-Month Period Ended 30 September 2024

Net cash used in operating activities was ¥2,441,999 million for the six-month period ended 30 September 2024, compared to ¥2,649,916 million for the same period in the prior fiscal year. This primarily reflected decreases in deposits.

Net cash provided by investing activities was ¥35,527 million for the six-month period ended 30 September 2024, compared to ¥106,635 million for the same period in the prior fiscal year. This primarily reflected income from sales and redemption of securities, which outweighed the expenditure on the purchase of securities.

Net cash used in financing activities was ¥33,569 million for the six-month period ended 30 September 2024, compared to ¥24,232 million for the same period in the prior fiscal year. This primarily reflected the increase in payment of dividends.

As a result, the Group's cash and cash equivalents amounted to ¥9,877,568 million as of 30 September 2024, a decrease of 19.8 per cent., from ¥12,310,190 million as of 31 March 2024.

Capital Expenditure

The Group's capital expenditure is generally funded by internally generated funds. With regard to its capital expenditure plans, the Group has historically strategically invested in information technology in order to further its DX strategy and plans to continue such strategic investments, as well as to make investments to improve customer service through the integration of physical and digital channels and the use of data. The Group's total capital investment for the fiscal year ended 31 March 2024 was ¥23.9 billion. The Group does not break down capital investment on a per segment basis.

CAPITALISATION AND INDEBTEDNESS

The following table shows the consolidated capitalisation and indebtedness of the Group as of 30 September 2024, which has been extracted without material adjustment from the Group's unaudited semi-annual consolidated financial statements as of the same date, and as adjusted to give effect to the issue of the Bonds:

	As of 30 September 2024	
	Actual	**As adjusted**
	(Millions of yen)	
Long-term debt:		
Borrowed money	¥2,282,207	¥2,282,207
Bonds	36,000	36,000
The Bonds now being issued	—	42,819
Total long-term debt	2,318,207	2,361,026
Equity:		
Capital Stock:		
Authorised: 405,000,000,000 Shares		
Issued: 134,979,383,058 Shares	279,928	279,928
Capital surplus	428,554	428,554
Retained earnings	578,353	578,353
Net unrealised gains on available-for-sale securities	359,588	359,588
Net deferred gains on hedges	195	195
Revaluation reserve for land	38,239	38,239
Foreign currency translation adjustments	7,282	7,282
Remeasurements of defined benefit plans	7,091	7,091
Non-controlling interests	12,096	12,096
Total equity	1,711,330	1,711,330
Total capitalisation and indebtedness(3)	¥4,029,537	¥4,072,356

Notes:

(1) The above table should be read in conjunction with the unaudited semi-annual consolidated financial statements of the Group contained herein.

(2) For the purposes of this table, the yen equivalent of the Bonds has been translated at the rate of U.S.$1.00 = ¥142.73, the approximate rate of exchange prevailing as of 30 September 2024. This rate of exchange bears no relationship to the rate(s) at which amounts relating to the Bonds will be converted into yen for accounting purposes.

(3) Total capitalisation and indebtedness is a total of long-term debt and total equity.

(4) There has been no material change in the Group's consolidated capitalisation, indebtedness, contingent liabilities and guarantees since 30 September 2024.

THE JAPANESE BANKING AND TRUST BANKING INDUSTRY

The Banking Industry

Private banking institutions in Japan are normally classified into two categories:

- ordinary banks, of which there were four city banks (including the Bank) and 17 other banks as of 21 August 2024 and 62 regional banks as of 13 July 2023, not including foreign commercial banks with banking operations in Japan; and

- trust banks, of which there were 13 as of 21 August 2024, including Japanese subsidiaries of foreign financial institutions and subsidiaries of Japanese financial institutions.

Ordinary banks are classified as city banks, regional banks (including member banks of the Second Association of Regional Banks that were formerly counted among the mutual loan and savings banks) and other banks. City banks and regional banks are distinguished on the basis of the size, scope and geographic reach of their operations. Some of the ordinary banks falling in the category of "other banks" are called "new-type" banks, many of which specifically engage in the internet banking business.

City banks, of which there are 4, including the Bank, are generally considered to be the largest and most influential group of banks in Japan. Generally, these banks are based in large cities, such as Tokyo and Osaka, and operate domestically on a nationwide scale through networks of branch offices. City banks have strong links with large corporate clients, including the major industrial companies in Japan. In light of deregulation and other competitive factors, however, many of these banks have placed increasing emphasis on other markets, including small to medium-sized companies, retail banking, international operations and, more recently, investment banking and related services.

With some exceptions, regional banks tend to be much smaller in terms of total assets than city banks. Most of the regional banks are based in one of the prefectures in Japan and may extend its operations into neighbouring prefectures. Their clients are mostly regional enterprises and local public utilities, although the regional banks also lend to large corporations.

Trust banks engage in similar lending activities, but raising their funds mainly through selling beneficiary interests.

In addition to ordinary banks and trust banks, certain other private financial institutions in Japan, including credit associations and credit unions, engage in making loans to small businesses and individuals.

Another distinctive element of the Japanese banking system is the role of the postal savings system of Japan Post Bank. Postal saving deposits are gathered through the network of post offices located throughout Japan acting as agent for the bank and amounted to approximately ¥192 trillion (including accrued interest) as of 31 March 2024. Japan Post Bank offers a variety of types of deposits as well as investment products. In November 2015, Japan Post Bank was listed on the first section of the Tokyo Stock Exchange, which took place at the same time of the initial public offering of its parent Japan Post Holdings Co., Ltd., through which approximately 11 per cent. of the Japan Post Bank shares held by its parent was offered to the market. Furthermore, in March 2023, Japan Post Holdings Co., Ltd. conducted a public offering of Japan Post Bank shares, and its shareholding ratio in Japan Post Bank decreased from 89 per cent. to 61.5 per cent.

The Trust Banking Industry

The trust banking industry in Japan is principally regulated by the Trust Act of Japan (Act No. 108 of 2006), as amended (the "Trust Act"), the Act on Engagement in Trust Business Activities by Financial Institutions of Japan (Act No. 43 of 1943), as amended (the "Concurrent Operations Act"), and the Trust Business Act of Japan (Act No. 154 of 2004), as amended (the "Trust Business Act"). Predecessors of the current Trust Act and Trust Business Act were first enacted in 1922 to facilitate the development of a sound trust system in Japan at a time when Japan's trust industry was unregulated and the trust companies were poorly organised. These laws imposed regulations on the trust industry, defined the activities in which trust companies (later, trust banks) could engage, and limited the conduct of trust activities to chartered trust companies having a sound financial base and meeting certain other regulatory requirements. As part of an effort to mobilise national savings during World War II, the Concurrent Operations Act was passed, authorising banks to engage in trust activities, in addition to their banking activities, through the acquisition of, or merger with, existing trust companies. As a result, by the end of the war, most of Japan's trust companies had been merged into commercial banks and only seven trust companies remained.

The former Securities and Exchange Act, enacted in 1948, prohibited trust companies from underwriting and brokering securities, which activities had been important businesses for trust companies. Partially to lessen the negative impact of these new prohibitions on the profits of the trust companies, all remaining trust companies were subsequently chartered as banks under the Banking Act and were authorised to engage in trust activities pursuant to the Concurrent Operations Act. As a result, trust activities in Japan had been conducted only by trust banks, which were allowed under the Concurrent Operations Act to engage in trust banking activities as well as banking activities.

To support post-war reconstruction, Japan developed a system of specialised financial institutions. Following the introduction of loan trusts pursuant to the Loan Trust Act of Japan (Act No. 195 of 1952), as amended, trust banks developed into specialised institutions whose primary function was to use loan trusts and other consumer savings vehicles as sources of long-term financing for industrial concerns. As part of the government's policy of specialisation of financial institutions, those banks not engaged primarily in trust banking activities were required to terminate their trust activities.

Consequently, regional banks closed their trust departments and some of the city banks transferred their trust operations to newly established trust banks and, with the exception of one city bank, trust banks became the only entities engaged in trust activities.

Trust banks continued to function as part of Japan's system of specialised financial institutions until the early 1990s. Between the immediate post-war period and the 1990s, however, Japan's trust banks gradually broadened the scope of their business activities, spreading into new businesses such as stock transfer agency services, tax-qualified pension trusts, employee pension fund trusts, property formation trusts and public trusts.

As a result of the Financial System Reform Act, which came into effect in April 1993, trust banks are permitted to engage in certain securities activities through their subsidiaries and other financial institutions are permitted to engage in trust banking activities, either directly or through their subsidiaries.

Financial institutions, such as banks and securities firms, are permitted to engage in certain trust banking activities through the following methods:

- *Establishment of a trust bank subsidiary*. A subsidiary established by a financial institution is permitted to engage in trust banking activities. To establish a trust bank subsidiary, a financial institution must obtain authorisation from the Commissioner of the FSA (a) to establish a bank subsidiary under the Banking Act and (b) to permit the newly established bank subsidiary to engage in trust banking activities under the Concurrent Operations Act.

- *Direct engagement in the trust banking business by the financial institution itself*. Since February 2002, city banks and the Norinchukin Bank (the central bank for agricultural, forestry and fishery cooperatives) have been permitted to engage directly in trust banking activities, subject to prior authorisation by the Commissioner of the FSA under the Concurrent Operations Act.

- *Agency business*. Financial institutions may engage in certain trust banking activities as agents of trust banks. Prior to an amendment to the Trust Business Act that became effective on 30 December 2004, trust banks could not appoint agents to undertake trust banking activities without first obtaining authorisation from the Commissioner of the FSA. Following the amendment to the Trust Business Act, subject to a requirement that agent financial institutions register with the Commissioner of the FSA, financial institutions may execute, on behalf of trust banks, intermediate trust agreements and may sell or act as selling agents for, or may execute intermediate sales of, beneficiary interests in trusts on behalf of trust banks.

Continuing deregulation of the trust banking industry has gradually broadened the scope of the trust banking activities that financial institutions are permitted to undertake through the methods described above. The trust banking activities that are only permitted to be undertaken by trust banks, and not other financial institutions, are now considerably more limited and include:

- real estate brokerage;

- certain real estate trusts for the purpose of disposing of such real estate;

- testamentary trusts; and

- testamentary processing services.

On 26 November 2004, the Trust Business Act was substantially amended to further develop and facilitate new entries into the trust banking business and this amendment became effective on 30 December 2004. The effects of the amendment include, among others:

- abolition of the limitation on the kinds of assets that may be entrusted; and
- relaxation of the requirements for entities authorised to engage in certain trust activities.

As a result of the abolition of the limitation on the types of assets that may be entrusted, various kinds of assets, including intellectual property rights, may be entrusted as trust assets, which leads to new business opportunities in the trust banking industry in Japan. The amendment's relaxation of the requirements for entities authorised to engage in certain trust activities may lead to entities other than financial institutions entering into the trust business. The amendment also eased certain regulations on the trust agency business so that only registration with the Commissioner of the FSA is required by any entity, including a financial institution, in order to commence trust agency business activities. As the result of a related amendment to the Concurrent Operations Act, authorisation from the Commissioner of the FSA is no longer required in order to establish or abolish a trust agency.

On 30 September 2007, the Trust Act and amendments to the Trust Business Act came into effect. The Trust Act contained amendments which included, among others, the introduction of new types of trusts, such as business trusts, security trusts, declaration of trusts and limited liability trusts, and a realignment of provisions regarding the liability of trustees and the rights of beneficiaries. These amendments were generally designed to allow more flexible arrangements and to enhance the availability and usage of trust arrangements. The related amendments to the Trust Business Act were enacted principally to effect the introduction of such new types of trusts.

Trust bank subsidiaries of foreign banks have been doing business in Japan since 1985. There are no legal restrictions to prevent these entities from engaging in the same activities as other trust banks.

BUSINESS

Resona Holdings, Inc. and the Resona Group

The Bank is a wholly owned subsidiary of Resona Holdings, and together with the other consolidated subsidiaries and equity method affiliates of Resona Holdings, forms part of the Resona Group. Resona Holdings is a financial services holding company which, through the Resona Group, including the Bank, offers a broad range of financial services, focused primarily on commercial and trust banking businesses in Japan.

The Resona Group is the product of various mergers and business realignments as follows:

- Daiwa Bank Holdings, Inc. was established on 12 December 2001 as a holding company for three banks: The Daiwa Bank, Limited ("Daiwa Bank"), The Kinki Osaka Bank, Ltd. ("Kinki Osaka Bank") and Nara Bank, Ltd. ("Nara Bank").
- On 1 March 2002, the pension and corporate trust operations of Daiwa Bank were split off into a separate company, which began operations as The Daiwa Trust & Banking Company, Limited as a subsidiary of Daiwa Bank Holdings, Inc.
- On 1 March 2002, The Asahi Bank, Ltd. ("Asahi Bank") joined the Daiwa Bank Holdings, Inc. group through a share exchange and became a wholly owned subsidiary of Daiwa Bank Holdings, Inc.
- On 1 October 2002, Daiwa Bank Holdings, Inc. changed its name to Resona Holdings, Inc. and on 15 October 2002, The Daiwa Trust & Banking Company, Limited changed its name to Resona Trust & Banking Company, Limited ("Resona Trust & Banking").
- On 1 March 2003, (i) the branches of Asahi Bank operating in Saitama prefecture were split off to form Saitama Resona Bank; and (ii) Daiwa Bank and Asahi Bank (those branches remaining after the split) were merged to form the Bank.
- On 1 January 2006, the Bank and Nara Bank merged their operations, with the Bank being the surviving entity.
- On 1 April 2009, Resona Trust & Banking merged into the Bank.

As the holding company of the Resona Group, Resona Holdings is responsible for group strategies and management. The business of the Resona Group is carried out primarily through Resona Holdings' consolidated subsidiaries and affiliates, including the Bank. As of 30 June 2024, the Bank maintained 324 staffed branches in Japan.

The Group's gross operating profit and total assets represented 54 per cent. and 57 per cent. of the gross operating profit and total assets of the Resona Group as of and for the fiscal year ended 31 March 2024, respectively.

Infusion of Public Funds

On 30 June 2003, the Bank received ¥1.96 trillion of public funds from the Deposit Insurance Corporation of Japan (the "DIC"), a semi-governmental organisation responsible for the operation of the deposit insurance system in Japan, following a designation by the Prime Minister of Japan under the Deposit Insurance Law of Japan (Law No. 34 of 1971, as amended) that the Bank was in need of measures to enhance its capital.

On 7 August 2003, the new shares issued to the DIC by the Bank in connection with the infusion of public funds were exchanged for shares of Resona Holdings. Under this share exchange arrangement, Resona Holdings acquired the shares that the Bank previously issued to the DIC in exchange for its own new shares issued to the DIC. As a result of this share exchange, the Bank resumed its status as a wholly owned subsidiary of Resona Holdings.

As its financial condition improved, Resona Holdings steadily repaid the public funds, including through the repurchase and cancellation of preference stock, using retained earnings as well as funds raised through a number of issuances of capital stock and other forms of financing. In July 2014, the repayment of the public funds was completed in full.

Overview

The Bank's main activities are providing retail and commercial banking services in the Japanese market, particularly to individuals and small and medium enterprises ("SMEs"), including full-line trust banking services. The Bank's main products include products and services including deposits, lending, mergers and acquisitions ("M&A"), asset management, trust bank services and real estate. The Bank's key markets are the greater Tokyo metropolitan area and the Kansai region, where Japan's largest clusters of population, economic activity and industry are concentrated, in which the Bank maintains a wide customer base. The Bank believes that its product offering covers the variety of business activities and life events that impact its customers. As of 31 March 2024, the Bank had 324 staffed offices and 553 ATMs in Japan, most of which were located in the Tokyo and Osaka metropolitan areas. The Bank has no branches outside Japan as it operates principally in Japan. The Bank supports Japanese businesses in expanding their operations into China and other Asian countries through its alliances with local financial institutions in those areas as well as its consolidated overseas subsidiaries in Indonesia. The Bank also maintains representative offices in China, Vietnam and Thailand, which support its customers.

Strengths

The Group believes the following to be its principal strengths:

Strong Customer Base and Full-line Trust Capabilities

The Bank has a significant presence and market share in major cities (primarily Tokyo and Osaka) and other economic hubs in Japan, which represent major markets in terms of population, private sector businesses and taxable income, all of which generate demand for the Bank's products and services. In addition, the Bank offers a full set of trust bank products (often popular with customers considering business succession or other inheritance planning). Considering these two strengths together, the Bank is able to provide trust solutions to its retail and corporate banking customers on a "one-stop" basis, allowing for effective cross-selling of and large and established customer base for its trust products. This puts the Bank in a strong position to pursue businesses which generate fee income, in particular in relation to transaction settlement, business succession and asset management services. The Group also seeks to serve its customer base with the highest levels of service, including with respect to consulting services with specialised staff, which are integrated with digital channels.

Strong Loan and Deposit Balances, Fee Income and Capital Ratios

The Group has maintained strong loan and deposit balances and fee income, which are the basis of its ability to generate revenue as well as strong capital ratios which provide a stable and flexible base from which to pursue its strategy. The Group has consistently generated strong fee income in recent years, including in particular the fee income that Group considers to be "recurring" fee income (being fee income derived from its settlement related, succession related and assets under management related income) which amounted to ¥74.8 billion, ¥72.7 billion and ¥69.8 billion (on a non-consolidated basis) in the fiscal years ended 31 March 2024, 2023 and 2022, respectively. The Bank's capital adequacy ratio has remained strong in recent years, being 12.4 per cent., 11.9 per cent. and 11.1 per cent. as of 31 March 2024, 2023 and 2022 respectively, significantly above the minimum required level of 4.0 per cent.

In particular, the Group's loan portfolio is well diversified in respect of industries and its loan to deposit ratio is lower than its domestic peers. This allows the Group significant balance sheet flexibility and represents a significant business strength. In addition, just more than half of the Group's deposits are from retail customers, which are generally considered more "sticky" (meaning they are less likely to be moved by the depositors), as they are generally covered by regulatory deposit insurance schemes and are less likely to be of high value or in a foreign currency. This also represents a stability in funding and a meaningful business strength for the Group.

In particular, as Japan begins to recover from an historically deflationary period, the Group is in a strong position to capitalise on the above strengths by expanding net interest income as interest rates rise, and expand fee income as demand for trust and commercial banking services increases.

High Quality Loan Portfolio and Low Credit Costs

The Group has maintained low levels of non-performing loans ("NPLs"), in particular in comparison to its domestic peers, and as noted above has a portfolio that is well diversified in respect of industries. Accordingly the Group's credit costs have remained low.

Strong Pension Business

The Group has cultivated great strength and know-how in the areas of both corporate pension fund management and individual defined contribution pensions. As the Japanese economy enters a period of a potential shift from savings to investment, driven by concerns over an aging society, increased wages and anxiety over the sufficiency of public pensions systems, the Group is well positioned to utilise this strength and capitalise on these trends.

Strategy

Resona Holdings aims to be the "No. 1 retail solution group" in Japan, focussing on supporting customers and local communities. To further this aim, Resona Holdings has established its Medium-Term Management Plan (the "MMP") which will cover the period from the fiscal year ended 31 March 2024, to the end of the fiscal year ending 31 March 2026. This plan is considered to cover the "first 1,000 days of corporate transformation" and is based on two pillars of "Strengthening of Value Creation Capabilities" and " Development of Next-Generation Management Platforms" which seek to accelerate income and cost structure reforms, as well as adapt to societal trends such as sustainability transformation and digital transformation.

In addition, in accordance with the MMP, the Bank is pursuing the following strategies:

Business and Asset Succession

The Group aims to leverage its strengths in trust business and customer base to generate business related to the business succession demands of its customers. SMEs are an essential component of Japan's economy and society and accounted for approximately 99 per cent. of domestic corporations and accounted for approximately 56 per cent. of value created in the Japanese economy, with their employees constituting approximately 70 per cent. of the total Japanese workforce as of June 2021 (source: The Small and Medium Enterprise Agency of Japan "2024 White Paper on Small and Medium Enterprises in Japan"). As Japan's society continues to age and birth rates decline, as business owners and operators retire, arranging for the smooth succession of their businesses is of critical importance. In 2016, it was forecast that in 2025, approximately 64 per cent. of SME owners would be aged 70 or older. In 2024 the proportion of Japanese businesses that did not have a designated successor was 52.1 per cent (source: Teikoku Databank "Nationwide Survey on Trends in Succession Absence Rate (2024)").

In the aftermath of the COVID-19 pandemic, needs for succession-related solutions have diversified more than ever due mainly to the growing ratio of external individuals appointed as successors, a change in the conventional trend toward maintaining family-based ownership. The Group is capable of accommodating needs for such diverse solutions backed by its unique strength as a commercial bank equipped with full-line trust banking functions. Although a healthy succession sometimes requires a long period of time, the Group can act as a "running partner" for corporate and individual customers as its position as a commercial bank gives it the ability to maintain long-term relationships through its functions related to lending, settlement, business matching, asset formation support and real estate sales and purchases.

Integration of Face-to-Face and Digital Channels

The Bank is seeking to integrate its digital and face-to-face channels in order to provide an enhanced service for customers. It will seek to do so by expanding the number of users of its banking service app, and also expanding the services offered in the app. In respect of face-to-face channels, which involve interactions with customers through the Bank's branches, the Bank will seek to provide customers access to consultation services with experienced professionals. The Bank's aim is to build a digital platform that goes beyond traditional frameworks through collaboration with regional financial institutions in respect of the roll-out of the Bank's mobile applications and fund wrap services and capital and business alliances with non-financial sector companies in respect of digital transformation (see "— *Cashless and DX Solutions*").

Cashless and DX Solutions

The Japanese domestic cashless market has expanded rapidly in the wake of the COVID-19 pandemic and continues to grow. At the same time, the Group's corporate customers are facing a variety of emerging issues related to settlement, such as the need to digitise their operations on the back of pressing labour shortages as well as to maintain compliance with the revised Electronic Book Storage Act.

The Group offers a diverse range of solutions to meet needs for cashless and digitised payment to support day-to-day household finance and corporate transactions, including debit cards which are being used by a growing number of customers in their day-to-day transactions in Japan.

In April 2024, the Bank released "Resona PayResort+" a non-face-to-face settlement service for corporate customers. This is the first service created through an enhanced capital and business alliance with Digital Garage, Inc. ("DG"). The alliance was formed in November 2022 and the companies aim to partner in the payment business and next-generation Fintech business, as well as collaborate in the start-up investment and open innovation businesses. The Bank will seek to use the cutting-edge technologies and know-how afforded by DG, to enable its customers to utilise diverse settlement methods.

Operations

The Resona Group organises its business into three reportable segments: "consumer banking", "corporate banking" and "market trading". The following tables set out certain information with regard to those segments. See "Presentation of Financial and Other Information—Segment Data" for further information on how this information is prepared and derived:

	Fiscal Year Ended 31 March 2024				
	Consumer Banking(1)	Corporate Banking(1)(2)	Market Trading(3)	Other(4)	Total
			(Millions of yen)		
Gross operating profit	¥107,523	¥221,521	¥13,555	¥(1,616)	¥340,983
General and administrative expenses(5)	(99,628)	(108,225)	(5,844)	—	(213,697)
Actual net operating profit	7,895	113,285	7,711	(1,616)	127,275
Credit cost	1,635	(20,137)	—	—	(18,502)
Net operating profit less credit cost	¥9,530	¥93,148	¥7,711	¥(1,616)	¥108,773

Notes:
(1) Gross operating profit includes the operating results of a credit guarantee company which is a subsidiary of Resona Holdings and not a member of the Group, which amounted to losses of ¥10,237 million for the fiscal year ended 31 March 2024.
(2) Gross operating profit of the corporate banking segment excludes gains on disposal of bad loans for trust accounts amounting to gains of ¥10 million for the fiscal year ended 31 March 2024.
(3) Gross operating profit of the market trading segment contains some portion of gains/losses on equity securities.
(4) "Other" includes all other departments, such as management office, which are not operating segments.
(5) Depreciation expense is included in general and administrative expenses.

	Fiscal Year Ended 31 March 2023				
	Consumer Banking(1)	Corporate Banking(1)(2)	Market Trading(3)	Other(4)	Total
			(Millions of yen)		
Gross operating profit	¥105,789	¥216,082	¥3,906	¥(3,245)	¥322,533
General and administrative expenses(5)	(96,076)	(107,829)	(3,989)	—	(207,896)
Actual net operating profit	9,712	108,223	(83)	(3,245)	114,606
Credit cost	(490)	(8,323)	—	—	(8,814)
Net operating profit less credit cost	¥9,221	¥99,899	¥(83)	¥(3,245)	¥105,792

Notes:
(1) Gross operating profit includes the operating results of a credit guarantee company which is a subsidiary of Resona Holdings and not a member of the Group, which amounted to losses of ¥10,019 million for the fiscal year ended 31 March 2023.
(2) Gross operating profit of the corporate banking segment excludes gains on disposal of bad loans for trust accounts amounting to gains of ¥30 million for the fiscal year ended 31 March 2023.
(3) Gross operating profit of the market trading segment contains some portion of gains/losses on equity securities.
(4) "Other" includes all other departments, such as management office, which are not operating segments.
(5) Depreciation expense is included in general and administrative expenses.

	Six-Month Period Ended 30 September 2024				
	Consumer Banking(1)	Corporate Banking(1)(2)	Market Trading(3)	Other(4)	Total
			(Millions of yen)		
Gross operating profit	¥82,342	¥139,157	¥(27,934)	¥(4,673)	¥188,891
General and administrative expenses(5)	(54,916)	(57,395)	(1,665)	—	(113,977)
Actual net operating profit	27,425	81,742	(29,600)	(4,673)	74,893
Credit cost	1,338	(9,546)	—	—	(8,208)
Net operating profit less credit cost	¥28,763	¥72,196	¥(29,600)	¥(4,673)	¥66,685

Notes:
(1) Gross operating profit includes the operating results of a credit guarantee company which is a subsidiary of Resona Holdings and not a member of the Group, which amounted to losses of ¥4,991 million for the six-month period ended 30 September 2024.
(2) Gross operating profit of the corporate banking segment excludes gains on disposal of bad loans for trust accounts amounting to gains of ¥20 million for the six-month period ended 30 September 2024.
(3) Gross operating profit of the market trading segment contains some portion of gains/losses on equity securities. It also contains the effect of revenue transfer due to changes in internal transfer rates, amounting to a loss of ¥49,551 million for the six-month period ended 30 September 2024.
(4) "Other" includes all other departments, such as management office, which are not operating segments.
(5) Depreciation expense is included in general and administrative expenses.

Consumer Banking

The Consumer Banking segment conducts business with retail customers. The principal products and services offered by the Consumer Banking segment include, among others, deposit accounts, debit cards, investment trusts, foreign currency deposits, fund wrap products, mortgages, loans, credit cards, pensions, insurance and inheritance and succession-based products.

Corporate Banking

The Corporate Banking segment conducts business with corporate customers. The principal products and services offered by the Corporate Banking segment include, among others, loans, internet banking services, cashless payment services, foreign exchange and international businesses, pensions, trusts, real estate, funding and other business solutions including asset succession.

Market Trading

The Markets Trading segment seeks to generate revenues from market trading activities including undertaking transactions in short term lending, foreign exchange trading, bond purchase and sale and derivatives. The Markets Trading segments seeks to build well-diversified portfolios and secure stable revenue through investment and financing projects with a focus on highly liquid securities.

Funding

The Bank derives funding for its operations from a variety of sources, including primarily deposits from retail customers. The following table shows the composition of the Group's funding (total liabilities), on a consolidated basis, by average balance, related interest expenses and weighted average interest rates for the fiscal years ended 31 March 2023 and 2024.

	Fiscal Year Ended 31 March					
	2023			2024		
	Average balance	Interest expenses	Average rate	Average balance	Interest expenses	Average rate
	(Millions of yen, other than per cent. for Average rate)					
Liabilities:						
Deposits[1]	¥32,868,282	¥12,319	0.03%	¥34,015,095	¥29,073	0.08%
Negotiable certificates of deposit	648,155	35	0.00	626,679	26	0.00
Call money and bills sold	607,552	4,074	0.67	415,692	7,805	1.87
Payables under repurchase agreements	9,728	0	0.00	7,076	0	0.00
Payables under security lending transactions	1,083,170	10,512	0.97	1,540,163	28,976	1.88
Borrowed money	3,045,681	3,253	0.10	1,280,006	4,745	0.37
Bonds	36,000	882	2.45	36,000	883	2.45
Other	—	1,781	—	—	4,392	—
Total	—	¥32,859	—	—	¥75,904	—

Note:
(1) Includes demand deposits.

Deposits

The Bank relies primarily on deposits for its funding needs. The Bank offers a variety of banking accounts to its customers, including current deposits, savings deposits and time deposits. The principal sources of deposits are individual customers, the majority of whom are located in the Tokyo and Kansai Metropolitan areas. The following table shows a breakdown of the Group's deposits on a consolidated basis as of the dates indicated.

	As of 31 March		
	2022	2023	2024
	(Millions of yen)		
Deposits:			
Current deposits	¥4,450,895	¥4,717,787	¥4,710,493
Ordinary deposits	21,823,110	22,448,391	23,637,687
Savings deposits	137,523	135,640	132,602
Notice deposits	74,707	61,513	49,974
Time deposits	5,870,233	5,746,681	5,474,398
Other deposits	1,026,929	1,073,498	1,187,460

	As of 31 March		
	2022	2023	2024
	(Millions of yen)		
Total deposits	¥33,383,399	¥34,183,512	¥35,192,616

The following shows a breakdown of the Bank's deposits by type of customer on a non-consolidated basis as of the dates indicated:

	As of 31 March			As of 30 September
	2022	2023	2024	2024
	(Millions of yen)			
Non-consolidated Deposits:				
Domestic individual deposits	¥16,763,988	¥17,365,866	¥17,723,156	¥17,752,744
Domestic corporate deposits	13,241,099	13,262,389	13,860,562	13,459,064
Others	3,245,250	3,380,669	3,425,059	2,404,994
Non-consolidated total deposits	¥33,250,337	¥34,008,924	¥35,008,777	¥33,616,802

The following shows a breakdown of the composition of the Bank's domestic deposits on a non-consolidated basis as of 30 September 2024:

	As of 30 September 2024
	(Millions of yen)
Non-consolidated Domestic Deposits:	
Corporate deposits	
Liquid corporate deposits	¥11,096,949
Corporate time deposits	1,748,110
Other corporate deposits	614,005
Total corporate deposits	¥13,459,064
Individual deposits	
Liquid individual deposits	¥14,470,109
Individual time deposits	3,180,390
Other individual deposits	102,245
Total individual deposits	¥17,752,744

Other Sources of Funding

The Bank's additional sources of funding include negotiable certificates of deposit, call money and bills sold and other sources. The Bank has also issued subordinated bonds in the domestic market. As of 31 March 2024, the Bank had ¥36.0 billion in aggregate principal amount of subordinated bonds outstanding.

The Bank also has access to funding through loans by the Bank of Japan. Borrowings from the Bank of Japan require the Bank to pledge collateral consisting of Japanese government bonds and certain other qualifying collateral.

Assets

The following table shows the composition of the Group's assets on a consolidated basis, by average balance, related interest income and weighted average interest rates for the fiscal years ended 31 March 2023 and 2024.

	As of 31 March					
	2023			2024		
	Average balance	Interest income	Average rate	Average balance	Interest income	Average rate
	(Millions of yen, other than per cent. for Average rate)					
Assets:						
Due from banks	¥7,482,566	¥12,288	0.16%	¥5,593,532	¥13,380	0.23%
Call loans and bills bought	328,797	2,928	0.89	556,433	5,339	0.95

	As of 31 March					
	2023			2024		
	Average balance	Interest income	Average rate	Average balance	Interest income	Average rate
	(Millions of yen, other than per cent. for Average rate)					
Securities	4,132,645	41,975	1.01	4,562,999	60,453	1.32
Loans and bills discounted(1)	22,068,287	192,413	0.87	23,062,864	199,646	0.86
Other	—	13,388	—		22,665	—
Total assets	—	¥262,992	—	¥34,328,512	301,483	—

Note:

(1) Loans and bills discounted, for which it is difficult to estimate the redemption amount, amounted to ¥18,892 million and ¥18,792 million as of March 31, 2024 and 2023, respectively, and are excluded from the above table. The estimated uncollectable amount, which is deducted from loans directly, is excluded.

The following table shows certain information relating to the Group's securities portfolio as of the dates indicated.

	As of 31 March		
	2022	2023	2024
	(Millions of yen)		
Available-for-sale securities	¥2,667,503	¥2,661,181	¥2,922,182
Of which:			
Stocks	731,101	682,101	835,172
Bonds	1,351,579	1,141,197	1,115,100
Of which:			
Japanese government bonds	535,164	306,180	316,309
Local government and corporate bonds	816,415	835,017	798,791
Other	584,821	837,882	971,909
Of which:			
Foreign bonds	427,852	574,924	708,488
Investment trusts (domestic)	150,833	259,248	259,610
Net unrealized gains	446,563	392,851	557,777
Held-to-maturity securities	1,640,302	2,050,311	2,329,613
Of which:			
Japanese government bonds	1,616,323	2,013,318	2,262,733

	As of 30 September 2024	
	Amounts	Net unrealised gains
	(Millions of yen)	
Available-for-sale securities	¥2,686,395	¥492,942
Of which:		
Stocks	746,327	551,863
Bonds	1,079,444	(51,058)
Of which:		
Japanese government bonds	310,782	(36,777)
Local government and corporate bonds	768,662	(14,280)
Other	860,622	(7,862)
Of which:		
Foreign bonds	561,612	(10,242)
Investment trusts (domestic)	295,497	1,170
Net unrealized gains	492,942	—
Held-to-maturity securities	2,479,987	(128,392)
Of which:		
Japanese government bonds	2,397,852	(126,322)

The following table sets out the Group's average interest rate of loans and bills discounted, average interest rate of deposits, and the loan-to-deposit spread (being the average interest rate of loans and bills discounted less average interest rate of deposits) on a consolidated basis for the periods indicated:

	Fiscal Year Ended 31 March			Six-Month Period Ended 30 September
	2022	2023	2024	2024
Average interest rate of loans and bills discounted (per cent.)	0.87%	0.87%	0.86%	0.87%
Average interest rate of deposits (per cent.)	0.03%	0.03%	0.08%	0.11%
Loan-to-deposit spread (per cent.)	0.84%	0.84%	0.78%	0.76%

Loans and bills discounted

The Bank's principal investing activity is its lending business. The Bank makes loans and extends other types of credit principally to corporate and individual customers in Japan. The majority of the Bank's loans are provided to customers in Kansai and Tokyo Metropolitan areas.

The following shows a breakdown of the Bank's loans and bills discounted by type of customer on a non-consolidated basis as of the dates indicated:

	As of 31 March			As of 30 September
	2022	2023	2024	2024
		(Trillions of yen)		
Non-consolidated Loans and Bills Discounted:				
Mid-size and SMEs	¥9.1	¥9.3	¥9.7	¥9.7
Housing loans[1]	8.1	8.1	8.2	8.2
Large companies	2.6	2.8	3.5	3.7
Consumer loans	0.1	0.1	0.1	0.1
Public corporations and others	1.4	2.1	2.1	2.6
Total non-consolidated loans and bills discounted	¥21.5	¥22.6	¥23.8	¥24.5

Note:
(1) Housing loans are the sum of apartment loans and residential housing loans.

The following shows a breakdown of the Group's domestic loans and bills discounted by borrower industry on a consolidated basis as of the dates indicated:

	As of 31 March		
Borrower Industry	2022	2023	2024
		(Millions of yen)	
Domestic:			
Manufacturing	¥2,163,876	¥2,324,519	¥2,554,513
Agriculture, forestry	7,650	6,721	7,980
Fishing	886	1,266	1,520
Mining	10,631	10,580	10,022
Construction	463,515	485,110	529,224
Utilities	327,064	356,330	395,041
Information and communication	353,894	334,455	386,788
Transportation and postal services	530,664	559,401	607,914
Wholesale and retail	2,097,082	2,142,280	2,319,693
Financial and insurance	864,122	964,817	1,052,140
Real estate business	5,145,301	5,222,833	5,345,760
Of which apartments and condominium loans	1,637,565	1,591,704	1,550,712
Of which real estate leasing business	2,967,551	3,084,263	3,164,996
Leasing	273,833	298,276	500,796
Service industries	1,541,035	1,506,338	1,620,735
National and local governments	805,040	1,374,503	1,328,318
Others	6,955,927	7,015,743	7,145,814
Of which residential housing loans	6,504,065	6,580,693	6,691,362
Overseas:			
Governments	—	—	—
Financial Institutions	798	249	2,395
Others	122,525	136,273	131,942
Total loans and bills discounted	¥21,663,852	¥22,739,702	¥23,940,604

The following shows the average interest rate of the Bank's loans to certain types of by borrower on a non-consolidated basis for the periods indicated:

Borrower Type	Fiscal Year Ended 31 March 2022	2023	2024	Six-Month Period Ended 30 September 2024
Large companies	0.46%	0.44%	0.46%	0.59%
Mid-size companies	0.71	0.69	0.68	0.79
SMEs	0.72	0.70	0.75	0.86
Housing Loans	0.97	0.93	0.89	0.86

The following tables set forth the composition of the Group's assets maturity on a consolidated basis as of the dates indicated:

	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over 10 years
			(Millions of yen)			
As of 31 March 2024:						
Due from banks	¥12,171,222	—	—	—	—	—
Call loans and bills bought	104,688	—	—	—	—	—
Monetary claims bought	23,163	¥38,993	¥32,001	¥26,856	¥33,259	¥124,517
Securities:						
Held-to-maturity debt securities	351,287	18,139	303,146	408,103	269,759	976,442
Japanese government bonds	350,000	—	300,000	405,000	265,000	940,000
Available-for sale securities	215,277	381,069	327,672	275,729	70,513	883,746
Japanese government bonds	—	—	—	90,000	—	254,000
Japanese local government bonds	15,608	42,182	14,968	50,718	26,452	—
Japanese corporate bonds	172,486	257,112	110,430	21,451	13,850	86,187
Loans and bills discounted(1)	6,181,040	3,894,552	3,218,235	2,082,440	2,435,687	6,109,754
Foreign exchange assets	125,935	—	—	—	—	—
Total assets	¥19,172,616	¥4,332,755	¥3,881,055	¥2,793,130	¥2,809,220	¥8,094,461

	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over 10 years
			(Millions of yen)			
As of 31 March 2023:						
Due from banks	¥12,669,673	—	—	—	—	—
Call loans and bills bought	521,008	—	—	—	—	—
Monetary claims bought	25,162	¥41,484	¥33,800	¥28,131	¥34,886	¥110,905
Securities:						
Held-to-maturity debt securities	50,742	351,489	14,939	81,509	592,302	956,008
Japanese government bonds	50,000	350,000	—	80,000	590,000	940,000
Available-for sale securities	169,151	408,566	317,763	188,072	214,328	735,702
Japanese government bonds	—	—	—	—	90,000	234,000
Japanese local government bonds	16,960	37,310	33,374	23,228	53,522	—
Japanese corporate bonds	146,979	283,442	114,777	25,250	16,064	92,484
Loans and bills discounted(1)	5,910,081	3,595,711	3,078,503	1,931,806	2,106,104	6,098,704
Foreign exchange assets	176,512	—	—	—	—	—
Total assets	¥19,522,332	¥4,397,251	¥3,445,005	¥2,229,519	¥2,947,622	¥7,901,320

Note:

(1) Loans and bills discounted, for which it is difficult to estimate the redemption amount, amounted to ¥18,892 million and ¥18,792 million as of March 31, 2024 and 2023, respectively, and are excluded from the above table. The estimated uncollectable amount, which is deducted from loans directly, is excluded.

The following shows a breakdown of the composition of the Bank's domestic loans on a non-consolidated basis as of 30 September 2024:

	As of 30 September 2024
	(Millions of yen)
Non-consolidated Domestic Loans:	
Corporate loans	
Fixed rate corporate loans	¥45,779
Market rate corporate loans	98,700
Prime rate market loans	28,868

	As of 30 September 2024
	(Millions of yen)
Total corporate loans	¥173,349
Individual loans	
Fixed rate individual loans	¥4,161
Prime rate individual loans	65,911
Total individual loans	¥70,073

Loan Losses and Non-Performing Loans ("NPLs")

Japanese banks are required to classify customers and assess asset quality in accordance with the Banking Act and the Financial Reconstruction Act of Japan (Act No. 132 of 1998, as amended, the "Financial Reconstruction Act"). Such classification includes a self-assessment classification of obligors by the Bank under its own self-assessment system and a classification under disclosure categories prescribed by the Financial Reconstruction Act.

The Bank, in line with its business model, implements a self-assessment system, which reflects, among other things, past experience in credit loss, possible future credit losses, future profitability and business and economic conditions, to monitor the quality of its assets. The categories in which the Bank classifies its assets are as follows:

- "Bankrupt or De Facto Bankrupt Loans" are claims held against debtors with failed businesses recognised on grounds such as commencement of bankruptcy proceedings, commencement of reorganisation proceedings, or commencement of rehabilitation proceedings, and any other similar circumstance.

- "Doubtful Loans" are claims (other than Bankrupt or De Facto Bankrupt Loans) in respect of which the debtor does not yet have a failed business, but where such debtor's financial status and business performance are worsening, and for which it is highly likely that the payment of principal or interest in accordance with the terms of contract will not occur.

- "Loans in arrears by 3 months or more" are claims (other than Bankrupt or De Facto Bankrupt Loans or Doubtful Loans) for which payment of the principal or interest is overdue for three months or more from the day immediately after the contractual due date.

- "Restructured Loans" are claims (other than Bankrupt or De Facto Bankrupt Loans or Doubtful Loans or Loans in arrears by 3 months or more) where the parties have entered into an agreement to reduce interest rates, defer the payment of interest, defer the payment of principal, waive claims, or make other arrangements to benefit the debtor, for the purpose of facilitating a reorganisation of the debtor's management or to support debtor.

The following shows a breakdown of the Bank's loans and bills discounted by category as of the dates indicated:

Loan Category	As of 31 March 2022	2023	2024	As of 30 September 2024
	(Millions of yen)			
By Obligor Classification (consolidated):				
Bankrupt or De Facto Bankrupt Loans	¥19,359	¥20,233	¥21,127	¥21,816
Doubtful Loans	190,182	170,279	199,404	175,130
Loans in arrears by 3 months or more	2,461	508	662	1,099
Restructured Loans	70,488	99,079	98,278	100,445
Total exposures	¥282,491	¥290,100	¥319,472	298,491
By Disclosure Category Under the Financial Reconstruction Act (non-consolidated):				
Unrecoverable or valueless claims	14,068	17,062	15,326	15,449
Risk claims	186,742	164,387	194,701	169,603
Special attention loans	60,901	89,476	90,171	91,564
Non-performing loans	261,712	270,926	300,199	276,617
Normal clams	22,117,695	23,202,715	24,357,441	25,025,769
Non-consolidated total claims	¥22,379,408	¥23,473,641	¥24,657,640	¥25,302,386

Allowance for Loan Losses

The Bank has provided a reserve for loan losses in accordance with its internal standards for write-offs and reserves as follows:

For claims to insolvent borrowers who are undergoing bankruptcy, special liquidation ("Bankrupt Obligors") or who are in substantially the same deteriorating financial condition although not yet in formal bankruptcy proceedings ("Effectively Bankrupt Obligors"), the Bank provides a reserve at the full amount of claims after deducting any direct write-offs and excluding the collectable amounts from the disposal of collateral and the recoverable amounts from guarantees.

For claims to borrowers who are not currently in undergoing bankruptcy or insolvency but for which there is a high probability they will become insolvent ("Potentially Bankrupt Obligors") and certain identified claims subject to close observation, the discounted cash flow method (the "DCF Method") is applied to determine the amount of reserve to be provided for individually large balances which exceed a certain pre-established threshold amount. The DCF method, however, is applied only when future cash flows from collection of principal and interest can be reasonably estimated. Under the DCF method, a reserve is provided for the difference between the present value of future cash flows discounted by the original interest rate and the carrying value of the claim.

Borrowers who have problems with lending conditions or performance status, borrowers whose business conditions are poor or unstable, and borrowers who have problems with financial conditions are classified as "Watch Obligors", and if all or part of their claims require special management, those borrowers are classified as "Special Attention Obligors".

For claims to potentially bankrupt obligors other than those noted above and to the Special Attention Obligors, the Bank provides a reserve for expected loan losses for the next three years. For the claims to Watch Obligors other than the Special Attention Obligors and borrowers with good business performance without specific problems with financial conditions ("Normal Obligors"), a reserve is provided for expected loan losses for the next year. The expected loan loss ratios used as the basis of calculating expected loan losses are computed by using the loan loss ratios derived from the average of historical loan loss ratios for the period of one or three years, with necessary modifications such as future projection. If the loan loss ratios computed as the historical average over a longer period of time considering the business cycle and other factors are higher than the expected loan loss ratios, the expected loan loss ratios are adjusted to accord with those projections.

The expected loan loss ratios for Watch Obligors, Special Attention Obligors and Potentially Bankrupt Obligors are computed by considering the rate of increases in loan loss ratios for recent periods in order to address the uncertainty of loan losses in the future.

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

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

For collateralised or guaranteed claims to Bankrupt Obligors and Effectively Bankrupt Obligors, uncollectible amounts (being the carrying value less the amounts collectible from the disposal of collateral and execution of guarantees) are directly written-off. Such uncollectible amounts as of March 31, 2024 and 2023 were ¥65,639 million and ¥67,279 million, respectively.

Credit Cost

The Bank makes appropriate write-offs and allowance as a result of the self-assessment process which is effected in accordance with the criteria aforementioned. The following table shows an analysis of the Group's credit-related costs on a consolidated basis for each of the periods indicated:

	Fiscal Year Ended 31 March		
	2022	**2023**	**2024**
		(Millions of yen)	
Write-offs of loans	¥12,074	¥12,093	¥12,156
Provision to reserve for loan losses	43,064	2,436	17,966
Less: Recoveries of written-off loans	(6,892)	(5,334)	(6,480)

	Fiscal Year Ended 31 March		
	2022	2023	2024
	(Millions of yen)		
Less: Others	(2,622)	(381)	(5,140)
Credit cost	¥45,624	¥8,814	¥18,502

Regulatory Capital

The following table presents the Bank's regulatory capital, risk-weighted assets and capital adequacy ratio on a consolidated basis as of the dates indicated:

	As of 31 March		As of 30 September
	2023	2024	2024
	(Billions of yen, except for percentages)		
Consolidated			
Core Capital: Instruments and Reserves			
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	¥1,186.7	¥1,225.3	¥1,253.2
Of which: capital and capital surplus	708.4	708.4	708.4
Of which: retained earnings	502.4	550.4	578.3
Of which: treasury stock	—	—	—
Of which: national specific regulatory adjustments (earnings to be distributed)	24.1	33.5	33.5
Accumulated other comprehensive income included in Core Capital	(8.4)	6.2	14.3
Of which: foreign currency translation adjustments	(0.8)	(0.1)	7.2
Of which: remeasurements of defined benefit plans	(7.5)	6.3	7.0
Adjusted non-controlling (amount to be included in Core Capital)	2.1	2.5	2.6
Reserves included in Core Capital: instruments and reserves	29.4	17.4	22.4
Eligible Core Capital (grandfathered)	27.5	—	—
45 per cent. of the difference between land revaluation and book value immediately prior to revaluation, being the amount included in Core Capital	2.5	—	—
Non-controlling interests included in Core Capital subject to transitional arrangements	4.0	2.8	4.4
Core capital: instruments and reserves (A)	¥1,244.1	¥1,254.3	¥1,297.1
Core Capital: Regulatory Adjustments			
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	29.1	25.6	28.8
Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability)	—	—	0.0
Gain on sale related to securitisation transactions	3.5	3.3	3.2
Gains and losses due to changes in own credit risk on fair valued liabilities	1.1	1.4	1.3
Net defined-benefit asset	16.5	30.8	32.0
Core Capital: regulatory adjustments (B)	50.3	61.1	65.4
Regulatory Capital			
Regulatory capital (C) (= (A)-(B))	1,193.7	1,193.1	1,231.7
Risk-weighted Assets:			
Credit risk weighted assets	¥8,185.7	¥8,953.6	¥9,006.9
Amount equivalent to market risk × 12.5	70.4	205.6	222.3
Amount equivalent to operational risk × 12.5	635.7	458.4	476.1
Credit risk-weighted assets adjustment	1,151.9	—	—
Total amount of risk-weighted assets (D)	¥10,043.8	¥9,617.6	¥9,705.3
Consolidated capital adequacy ratio			
Consolidated capital adequacy ratio ((C) / (D))	11.88%	12.40%	12.69%

Resona Holdings' consolidated CET1 ratio (on a transitional arrangements basis) as of both 31 March 2024 and 30 September 2024 was 15.38 per cent. Resona Holdings' consolidated CET1 ratio (on a full enforcement basis) was 12.10 per cent. as of 31 March 2024 and 12.08 per cent. as of 30 September 2024.

Fee Income

The following table presents the Bank's fee income and its elements on a non-consolidated basis as of the dates indicated:

	Fiscal Year Ended 31 March			Three-Month Period Ended 30 June	Six-Month Period Ended 30 September
	2022	2023	2024	2024	2024
			(Millions of yen)		
Non-consolidated Fee Income					
Settlement-related[1]					
Domestic exchange, account transfer	¥21,454	¥22,057	¥22,411	¥5,691	¥11,434
Electronic banking service	7,781	8,075	8,198	2,088	4,144
Visa debit card	2,752	3,092	3,520	949	2,114
Cashless platform	282	389	493	129	261
Total settlement-related	32,272	33,614	34,624	8,858	17,954
Succession-related[2]					
Real estate (corporate), excluding equity	12,911	14,817	14,388	3,271	6,265
M&A	2,922	2,636	2,705	687	863
Asset and business succession related trust	3,489	3,781	4,069	587	1,768
Total succession-related	19,323	21,235	21,164	4,546	8,898
Assets Under Management[3]					
Securities trust	2,228	2,310	3,134	840	2,211
Fund wrap	3,829	3,915	3,887	1,435	2,037
Investment trust (sales commission / trust fees)	9,683	7,707	8,782	2,524	5,429
Insurance	2,475	4,012	3,207	735	1,175
Total assets under management-related	18,217	17,946	19,011	5,537	10,855
Corporate solutions	19,687	17,887	19,550	3,185	8,868
Pension trust	12,259	12,737	12,790	2,913	6,497
Others[4]	2,051	2,082	3,552	5,812	4,384
Total non-consolidated fee income	¥103,809	¥105,501	¥110.691	¥30,851	¥57,456

Notes:
(1) Settlement-related income is defined recorded by the Bank as income derived from its transaction settlement-related operations.
(2) Succession-related income is defined recorded by the Bank as income derived from its business succession-related operations.
(3) Assets Under Management-related income is defined recorded by the Bank as income derived its assets under management.
(4) Others includes loan-related fee and expense.

Competition

Competition in the Japanese financial services industry is intense. The Bank competes with Japan's mega banks and leading regional banks not only with respect to traditional banking but also non-interest income activities.

The Group's major competitors include:

- *Japan's largest banking groups*: Mitsubishi UFJ Financial Group, Mizuho Financial Group and Sumitomo Mitsui Financial Group are considerably larger than the Bank in terms of assets, customer base, number of branches, number of employees, and various other aspects. In addition, these banking groups offer various other services, including investment banking operations and securities subsidiaries or affiliates.

- *Major investment banks*: The Bank competes with domestic and foreign investment banks in various business areas, including corporate advisory services.

- *Trust bank and other retail banking institutions*: These include the Sumitomo Mitsui Trust Bank group, the Aozora Bank group, SBI Shinsei Bank group, internet banks and regional banks.

- *Japan Post Bank, government-controlled and government-affiliated entities*: Japan Post Bank, which has taken over the banking service from Japan Postal Services Corporation, remains Japan's single largest deposit-taking institution. Other government controlled or affiliated entities with which the Bank competes include the Development Bank of Japan.

- *Other financial services providers*: The Bank also competes directly or through its subsidiaries and affiliates, with securities companies, asset management companies, M&A advisory companies, loan servicing companies, consumer finance companies and other types of financial service providers.

The Bank is in competition with a number of financial service companies, some of which are considered to have an advantage over the Bank. In addition, with the progress of digitalisation and other factors, companies from other industries that have not been seen in the past are entering the market, and competition is expected to intensify further.

Risk Management

Resona Holdings has established a Bank Risk Management Policy that serves as the basic risk management policy of the Bank. Based on that policy and its own operational characteristics, the Bank also established its own risk management policy the "Basic Policy for Risk Management", which was approved by the Board of Directors of the Bank, including basic policies for credit risk management, market risk management and liquidity risk management. In accordance with the Basic Policy for Risk Management, the Bank manages risks and establishes detailed rules over risk management activities.

The Bank plans and conducts internal audits depending on the degree of intrinsic risks and the risk management systems of each division.

Credit risk management

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

Through the foregoing organisational structure, the Bank makes an effort to control and reduce credit risks. For instance, the Bank applies strict controls to credit concentration risk for a specific customer (or customer group) through measures such as establishing a credit limit (credit ceiling), where the risk may materially affect the Bank's operations. The Bank also addresses credit risks by managing its credit portfolio as a whole and setting credit limits.

Market risk management

Market risk management system

In accordance with the Basic Policy for Risk Management, the Bank has established the Risk Management Division (middle-office) and the Office Management Division (back-office), independent from Transaction Divisions (front-office), to create reciprocal checks and balances. The Asset and Liability Management ("ALM") Committee has been established to manage changes in conditions relating to funding, revenue, risk and cost, and to discuss and report on corresponding actions.

The Bank has established policies such as the "Market Risk Management Policy" to manage market risk and in accordance with the Basic Policies for Risk Management.

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

The Bank monitors and reports to Resona Group management about risk exposures and profit and loss conditions, including compliance with credit limits.

Quantitative information on market risk

The Bank conducts a VaR analysis of market risks based on the following purposes of holding financial instruments: trading, banking and securities held for the purpose of cross-shareholdings. For banking, credit valuation adjustment ("CVA") is included in this analysis. Risk exposures in respect of certain products, subsidiaries and affiliates are excluded from the market risk exposure of the Group, as the effect is considered to be immaterial.

Trading

The Group adopts a historical simulation method (for which the holding period is 10 business days, the confidence interval is 99 per cent. and the observation period is 250 business days) in order to measure VaR associated with securities held for trading and derivative instruments. The market risk exposures of the Group in its trading operations as of 31 March 2024 and 2023 were ¥349 million and ¥446 million, respectively.

Banking

In the banking operation, the Bank deals with financial instruments other than those held for trading and securities held for the purpose of cross-shareholdings, and any other assets and liabilities. The Group adopts a historical simulation method (for which the holding period is 20 business days and 125 business days, the confidence interval is 99 per cent. and the observation period is 1,250 business days) in order to measure VaR associated with its banking operations. The market risk exposures of the Group in its banking operations as of 31 March 2024 and 2023 were ¥48,527 million and ¥74,285 million, respectively.

Securities held for the purpose of cross-shareholdings

The Bank measures VaR or manages risks associated with securities held for the purpose of cross-shareholdings separately from its trading and banking operations. The Group adopts a historical simulation method (for which the holding period is 125 business days, the confidence interval is 99 per cent. and the observation period is 1,250 business days) in order to measure VaR associated with securities held for the purpose of cross-shareholdings, and measures risk exposure by considering impairment risks. The market risk exposures of the Group on the securities held for the purpose of cross-shareholdings as of 31 March 2024 and 2023 were ¥8,344 million and ¥9,963 million, respectively.

Verification system of VaR

The Bank performs back testing which reconciles VaR measured by its model for each measurement unit with actual market fluctuations in order to verify reliability and effectiveness of its risk measurement model.

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

Liquidity risk management

In accordance with its Basic Policy for Risk Management, the Bank has established the Cash Management Division and the Liquidity Risk Management Division, to create checks and balances. The ALM Committee and the Liquidity Risk Management Committee monitor and report to management.

The Bank establishes policies such as the "Liquidity Risk Management Policy" to manage liquidity risk in accordance with the Basic Policies for Risk Management.

For cash flow management, the Bank establishes liquidity risk phases (between normal and through 3 levels under emergency conditions) and carries out corresponding actions at each phase determined in advance.

The Bank monitors liquidity risks by defining key indicators for liquidity risk management based on the size and nature of businesses and relevant circumstances. The Bank establishes guidelines in respect of such key indicators as necessary.

In respect of market liquidity risks in which the Bank may suffer losses because it cannot make transactions in markets or is forced to make significantly unfavourable transactions due to negative market conditions, the Bank manages the risk by examining and reporting on market liquidity conditions, as well as establishing guidelines as necessary and conducting daily monitoring.

ESG and Sustainability Management

The Resona Group has established the Resona Group Sustainability Policy, through which the Resona Group intends to endeavour to tackle relevant social and environmental issues through its business activities in order to contribute to the realisation of a sustainable society. As a financial institution rooted in and supported by local communities, the Resona Group also intends to contribute to the realisation of the sustainability of its customers and local communities.

As part of these efforts, the Resona Group has also established the Resona Sustainability Challenge 2030, through which all member companies of the Resona Group will join the global efforts towards the achievement of the 2030 Sustainable Development Goals (SDGs).

The Resona Group Sustainability Promotion Committee has established a framework for the recognition of sustainability-related opportunities, the promotion of initiatives and the sharing of environmental awareness both inside and outside the Resona Group. For example, the Resona Group has set retail transition finance targets based on the recognition that reducing sustainability-related risks together with customers is an opportunity not only for the Resona Group's customers but also for the Resona Group. Progress on these targets is reported on a quarterly basis at the Resona Group Sustainability Promotion Committee.

The Resona Group is taking various steps as part of these measures, including proactively engaging with corporate customers that have yet to fully commit to environmental initiatives, clarifying lending policies in respect of borrowers whose business may have a significant negative impact on the environment, and providing sustainability linked loan products to customers.

Under definitions provided in the TCFD recommendations, as of 31 March 2024, 1.3 per cent. of the Bank's loans were to the energy and utility sectors.

Insurance

The Group maintains a range of insurance policies which the Bank believes are generally comparable to other companies with similar operations in Japan. The Group insures its premises for risks such as fire, theft and third party liability as necessary, but generally not for earthquakes. The Bank also maintains professional indemnity insurance for its directors and officers.

Legal Proceedings

The Group is not currently involved in any litigation or other legal proceedings that it believes, if determined adversely, would individually or in the aggregate have a material adverse effect on the Group's business, financial condition or results of operations.

MANAGEMENT AND EMPLOYEES

Management

Under the Companies Act, joint stock corporations in Japan may adopt a corporate governance structure comprised of a Board of Directors and an Audit and Supervisory Committee, commonly referred to as the audit and supervisory committee system, in lieu of the traditional structure comprised of a Board of Directors and an Audit & Supervisory Board, or the alternative structure comprised of a Board of Directors and three statutory committees. The members of the Audit and Supervisory Committee consist of three or more Directors. The Bank adopted the audit and supervisory committee system in June 2019.

Pursuant to the audit and supervisory committee system, the Board of Directors is comprised of Directors who are Audit and Supervisory Committee Members and Directors who are not. The Bank's Articles of Incorporation provide for one or more Directors who are not Audit and Supervisory Committee Members and three or more Directors who are Audit and Supervisory Committee Members. All Directors are elected by the Bank's shareholders at a general meeting of shareholders, with Directors who are Audit and Supervisory Committee Members elected separately from other Directors. The term of office of Directors who are not Audit and Supervisory Committee Members expires at the close of the ordinary general meeting of shareholders held with respect to the last fiscal year ended within one year after their election, and the term of office of Directors who are Audit and Supervisory Committee Members expires at the close of the ordinary general meeting of shareholders held with respect to the last fiscal year ended within two years after their election, but all Directors may serve any number of consecutive terms.

The Bank's Board of Directors have ultimate responsibility for the management and administration of the affairs of the Bank. The Board of Directors, however, may delegate by its resolution some or all of its decision-making authority in respect of the execution of operational matters (excluding certain matters specified in the Companies Act) to individual Directors. The Board of Directors elects one or more Representative Directors and one President from among its members who are not Audit and Supervisory Committee Members. Each of the Representative Directors has the authority to represent the Bank in the conduct of the Bank's affairs. The Board of Directors may also elect by its resolution one Chairman and Director, Deputy Chairman and Director, and Director and Vice President from among its members.

The Directors who are Audit and Supervisory Committee Members are not required to be certified public accountants. They may not serve concurrently as executive directors, managers or any other type of employee for the Bank or for any of the Bank's subsidiaries, or as accounting advisors or corporate executive officers for any of the Bank's subsidiaries. In addition, more than half of the Directors who are Audit and Supervisory Committee Members at any one time must be Outside Directors as defined under the Companies Act, who have not served as executive directors, corporate executive officers, managers or any other type of employee for the Bank or any of the Bank's subsidiaries for 10 years prior to their election and fulfil certain other requirements specified in the Companies Act.

The Audit and Supervisory Committee has a statutory duty to audit the administration of the Bank's affairs by its Directors, to examine the financial statements and business reports to be submitted to the shareholders by a Representative Director, to prepare an audit report each year, and to determine details of proposals concerning the appointment and dismissal of the independent auditor and the refusal to reappoint the independent auditor for submission to general meetings of shareholders. The Audit and Supervisory Committee also has the authority to determine opinions on appointment, dismissal or resignation of Directors who are not Audit and Supervisory Committee Members, in which case the Audit and Supervisory Committee may express its opinion at the general meeting of shareholders, and to determine opinions on compensation of Directors who are not Audit and Supervisory Committee Members, in which case the Audit and Supervisory Committee may express its opinion at the general meeting of shareholders. An Audit and Supervisory Committee Member may note his or her opinion in the audit report issued by the Audit and Supervisory Committee if such opinion differs from that expressed in the audit report.

In addition, the Bank must appoint by a resolution of a general meeting of shareholders an independent auditor, who has the statutory duties of auditing the financial statements to be submitted by a Representative Director to the general meetings of shareholders and reporting thereon to Audit and Supervisory Committee Members. Currently, the Bank's independent auditor is Deloitte Touche Tohmatsu LLC.

The Bank's Directors and Audit and Supervisory Committee Members as of the date of this Offering Circular are set out in the table below:

Name	Title within the Bank	Principal Outside Functions
Shoichi Iwanaga................	Representative Director and President	
Yutaka Takahashi.............	Director, Vice President and Executive Officer supervising regional management	
Kazutoshi Minami.............	Director and Senior Managing Executive Officer supervising regional management	
Shigeki Ishida	Director	
Hisahiko Oikawa...............	Director	
Keiichi Yamamoto	Director (part time)	
Shie Landberg[(1)]	Outside Director	Director of Google LLC
Hitomi Sugimoto...............	Director and Audit and Supervisory Committee Member	
Hiroyuki Tanaka................	Director and Audit and Supervisory Committee Member	
Takashi Yaekura[(1)].............	Outside Director and Outside Audit and Supervisory Committee Member	Professor of Faculty of Commerce, Waseda University
Toshiaki Yamaguchi[(1)].......	Outside Director and Outside Audit and Supervisory Committee Member	Lawyer
Masanori Ikeda[(1)]...............	Outside Director and Outside Audit and Supervisory Committee Member	Outside Statutory Auditor of The Zenitaka Corporation

Note:
(1) Outside Director under Article 2-15 of the Companies Act.

All the Directors of the Bank, other than the Outside Directors and Director (part time), are engaged in the business of the Bank on a full-time basis.

The business address for the Bank's Directors is 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, 540-8610, Japan.

The Bank's Articles of Incorporation provide that the Bank may enter into liability limitation contracts with any of its Directors (excluding the Executive Directors) to limit the maximum amount of damages arising in connection with their failure to execute their duties in good faith and without gross negligence to the total amount stipulated in Article 425, Paragraph 1, Item 1 and Item 2 of the Companies Act.

In accordance with Article 430-3, Paragraph 1 of the Companies Act, Resona Holdings has concluded a directors' liability insurance policy with an insurance company that includes all directors of the Bank as insured parties. In accordance with a resolution of the Board of Directors of Resona Holdings and the Bank, the insured does not bear the premiums. The policy provides coverage for damages that may arise from the insured being held liable for the performance of his/her duties or being subject to claims in pursuit of such liability. However, there are certain exclusions, such as the insured is not covered for damages arising from acts committed with knowledge of the existence of a violation of law. Additionally, there is a provision for minimum discharged amounts stating that damages which do not exceed minimum discharged amounts will not be covered by the policy.

As of 31 March 2024, no Director of the Bank had an interest in any transaction which was unusual in its nature or conditions or significant to the Bank's business. As of 31 March 2024, there were no outstanding loans granted by the Bank to the Bank's Directors, and no guarantees provided by the Bank for the benefit of any of the Directors of the Bank.

Remuneration

The aggregate remuneration of the Directors (excluding the Outside Directors) and the Outside Directors for the fiscal year ended 31 March 2024 paid by the Bank was ¥290 million and ¥49 million, respectively.

Performance-linked Stock Compensation Plan

Resona Holdings has introduced a performance-linked stock compensation plan (the "Scheme") for Directors having the authority for business execution and Executive Officers of Resona Holdings, the Bank and its other subsidiaries (the "Eligible Persons"). Resona Holdings grants performance-linked points to the Eligible Persons from April 2023 to March 2026 (the "Period") based on, amongst other factors, their title and business performance, and grant shares issued by Resona Holdings (the "Resona Holdings Shares") to them based on the number of points granted for each fiscal year in the Period, provided however, that 40 *per cent.* of the points granted are converted to points to be provided on resignation, and are managed until the Eligible Person's resignation. The Resona Holdings Shares that have been granted to the Eligible Person are managed separately pursuant to a contract between Resona Holdings and each Eligible Person until the resignation of the Eligible Person.

Employees

The following table sets out the number of full-time employees (excluding secondees, contract employees and temporary employees) and temporary employees of the Bank as of the dates indicated:

	As of 31 March		
	2022	**2023**	**2024**
Full time	8,774	8,206	8,127
Temporary[1]	4,043	3,803	3,687

Note:

(1) The number of temporary employees represents the average number of temporary employees for the period.

As of 31 March 2024, 8,325 of the Bank's employees belonged to RESONA BANK WORKERS' UNION. There are no issues regarding its relationship with employees.

Employee Stock Ownership Plan

Resona Holdings has introduced an employee stock ownership plan (the "Plan"), which is a trust (the "Trust") established based on a trust agreement with the Bank, which involves granting Resona Holdings Shares to employees belonging to the employee stock ownership association of Resona Holdings (the "Association") who satisfy certain conditions (the "Eligible Employees"). Under the Plan, the Association sets up a trust, under which the Eligible Employees are beneficiaries, and borrows funds from financial institutions for purchasing shares. Resona Holdings guarantees the obligation to the financial institutions. Within a period agreed in advance, the Trust agreed to acquire the Resona Holdings Shares which the Association is expected to acquire during the trust period. After that, the Trust agrees to sell the Resona Holdings Shares to the Association every month. If there is any trust income due to an increase in the price of the Resona Holdings Share price or for any other reason, the Eligible Employees as beneficiaries will receive money from the trust income based on the numbers of Resona Holdings Shares acquired by them. If any debts arise due to loss in respect of the Resona Holdings Shares, Resona Holdings will pay for the debt in lump-sum in fulfilment of its guarantee obligations to the financial institutions.

Stock Option Plans

The Bank does not have any stock option plans.

SUBSIDIARIES AND AFFILIATE

As of 30 September 2024, the Bank had four consolidated subsidiaries and one affiliate accounted for by the equity method. The following table sets out certain information as 30 September 2024 with respect to the Bank's consolidated subsidiaries and affiliate accounted for by the equity method:

Name	Location	Capital	Percentage of Voting Rights(1)	Principal Business
			(Per cent.)	
Consolidated Subsidiaries				
P.T. Bank Resona Perdania(3)	Jakarta, Indonesia	IDR405,000 million	48.4%	Banking business
P.T. Resona Indonesia Finance	Jakarta, Indonesia	IDR25,000 million	100.0 (99.9)	Finance leasing
Resona Merchant Bank Asia Limited ..	Singapore	SGD194,845 thousand	100.0	Financing business and consulting services
Resona Real Estate Asset Management, Limited........................	Tokyo, Japan	¥300 million	100.0	Real estate investment management
Affiliate accounted for by the equity method				
Custody Bank of Japan, Ltd.(4)	Tokyo, Japan	¥51,000 million	16.6	Trust and banking services related to securities processing

Notes:
(1) Figures in parentheses denote indirect holding.
(2) In the above table, "IDR" stands for Indonesian rupiah, and "SGD" stands for Singaporean dollar.
(3) Although the Bank holds less than 50 per cent. of the voting rights in this company, the Bank has substantial control over this company, and it is therefore accounted for as a subsidiary.
(4) Although the Bank holds less than 20 per cent. of the voting rights in this company, the Bank has substantial influence over this company, and it is therefore accounted for as an affiliate.

SUPERVISION AND REGULATION

The Bank, Resona Holdings and certain of Resona Holdings' subsidiaries are extensively regulated under Japanese banking laws and other financial regulations. Pursuant to the Banking Act, the Commissioner of the FSA has the authority in Japan, delegated by the Prime Minister, to supervise banks, bank holding companies and banks' principal shareholders (defined as shareholders of a bank having 20 per cent. (or 15 per cent. in certain cases) or more of the voting rights of a bank). In addition, the Bank of Japan ("BOJ") has supervisory authority over banks in Japan based primarily on its contractual agreements and transactions with Japanese banks. Only companies licensed by the Prime Minister are defined as banks under the Banking Act, and a license may only be granted to a joint-stock company, with paid-up capital of ¥2 billion or more. Approval by the Prime Minister is required to become or establish a bank holding company, and a bank holding company must be a joint-stock company.

The FSA also has the authority to supervise banks with respect to their trust business under the Concurrent Operations Act. Approval from the FSA is required under the Concurrent Operations Act for a bank to engage in the trust business.

Banks which are authorised to engage in certain limited categories of financial instruments business are required to be registered with the FSA under the FIEA. Those banks are subject to supervision by the FSA with respect to the authorised financial instruments business.

The Financial Services Agency

The Prime Minister has supervisory authority over banks in Japan, which is generally delegated to the FSA, except for matters prescribed by cabinet order. The Minister for Financial Services has the power to direct the FSA and to support the Prime Minister.

The FSA's authority over banks and bank holding companies under the Banking Act includes approving: becoming a principal shareholder of a bank; reductions in bank capital; changes of corporate name; the establishment or closure of overseas offices of a bank; establishing or acquiring certain subsidiaries; a merger, corporate split or business transfer; and dissolution or discontinuation of business by an existing bank.

The FSA may request the submission of reports or other materials from a bank or its bank holding company, and make inquiries to, or inspect books and documents or other objects of, the bank or the bank holding company, if necessary in order to secure the sound and appropriate operation of the business of a bank.

The FSA may order a bank or bank holding company to suspend all or part of the bank's business operations or to remove its directors if the bank or bank holding company violates acts or regulations or its articles of incorporation or commits acts contrary to public policy and, in the case of a bank in financial difficulty, may direct the bank to hold certain property in Japan for the protection of depositors and issue other orders as it may deem necessary.

Under the prompt corrective action system (the "PCA system"), the FSA may take corrective actions if necessary to ensure the sound and appropriate management of the business of a bank. These actions include (1) requiring a bank or bank holding company to formulate and implement business improvement plans, (2) requiring it to decrease its assets or take other specific actions, and (3) issuing an order suspending all or part of the bank's business operations (in the case of a bank) or disposing of shares of a bank subsidiary (in the case of a bank holding company). See "—Regulation Regarding Capital Adequacy".

A prompt warning system was introduced in 2002 to enable the FSA to take precautionary measures to maintain and promote the sound operations of a troubled bank even before that bank becomes subject to the PCA system. These measures require a bank that becomes subject to the system to reform profitability, credit risk management, stability and cash flow management.

Under the Concurrent Operations Act, the FSA may order a bank engaged in the trust business to suspend all or part of a bank's trust business or the Prime Minister may revoke an approval if such bank violates acts and regulations or commits acts contrary to public policy. The FSA may also take corrective actions, including issuing an order to suspend all or part of a bank's trust business, if necessary to ensure the sound and appropriate management of a trust business.

Under the FIEA, the FSA may order a registered financial institution to suspend its authorised financial instruments business or incidental business or may revoke a registration in certain prescribed cases, including cases where a registered financial institution violates acts and regulations or where it commits a wrongful or unjust act and the circumstances are especially serious. If any director of the institution is involved in such cases, the FSA may order the registered financial institution to remove such director. The FSA also has the power to order a registered financial institution to take corrective measures if necessary and appropriate for reasons of public policy and investor protection in connection with management of the institution's business.

The Bank of Japan

The BOJ is the central bank of Japan and serves as the principal instrument for the execution of Japan's monetary policy. The BOJ implements monetary policy mainly by adjusting its basic discount rate and basic loan rate, conducting open market operations and imposing deposit reserve requirements. All banks in Japan maintain deposits with the BOJ and rely substantially upon obtaining borrowings from, and rediscounting bills with, the BOJ. Moreover, most banks in Japan maintain current accounts under agreements with the BOJ pursuant to which the BOJ is entitled to supervise, examine and audit the banks. The BOJ's supervisory functions facilitate the execution of monetary policy, while the FSA's supervisory practices aim to maintain the sound operations of banks in Japan and promote the security of depositors.

Inspection of Banks

The Banking Act authorises the FSA to inspect banks and bank holding companies in Japan at any time with any frequency. Inspections are conducted by officials from the FSA. The FSA monitors the financial soundness of banks and the status and performance of their control systems for business activities by evaluating banks' systems of self-assessment, auditing their accounts and reviewing their compliance with acts and regulations. Bank inspection had been performed pursuant to the FSA's Financial Inspection Manual, which emphasised the need for bank self-assessment rather than assessment based on the advice of the government authority and risk management by each bank instead of a mere assessment of assets. In December 2017, the FSA published a report on its supervisory approaches and transformation, which was revised on June 2018. Based on the report, the FSA introduced its new supervisory approaches, which include expanding the scope of its supervisory approaches from a backward-looking, element-by-element compliance check to substantive, forward-looking and holistic analysis and judgment. In December 2019, the FSA announced that the FSA's Financial Inspection Manual was repealed.

The Securities and Exchanges Surveillance Committee examines banks' business activities in connection with their financial instruments, in accordance with the FIEA.

The BOJ also conducts examinations of banks. BOJ examinations are normally conducted once every few years, and involve such matters as examining asset quality, risk management and reliability of operations. Through these examinations, the BOJ seeks to identify problems at an early stage and give corrective guidance where necessary.

In addition, the Ministry of Finance conducts examinations of banks in relation to foreign exchange transactions under the Foreign Exchange and Foreign Trade Act of Japan (Act No. 228 of 1949, as amended). Such examinations generally are conducted once every few years.

Regulation Regarding Capital Adequacy

Capital Adequacy

The FSA's capital adequacy guidelines applicable to Japanese banks and bank holding companies supervised by the FSA, including the Bank and Resona Holdings, closely follow the Basel Committee on Banking Supervision ("BCBS") risk-adjusted approach and are intended to further strengthen the soundness and stability of Japanese banks. Under the risk-adjusted capital framework of the FSA's capital adequacy guidelines, balance sheet assets and off-balance sheet exposures are assessed according to broad categories of relative risk, based primarily on the credit risk of the counterparty, country transfer risk and the risk in relation to the category of transactions.

Prior to the amendments to the capital adequacy guidelines described below, the capital adequacy guidelines applicable to Japanese banks and bank holding companies were set in accordance with the Basel II framework (including the framework under the package of measures to strengthen the rules governing trading book capital, and to enhance certain elements of the Basel II framework, that was approved in July 2009, commonly referred to as Basel 2.5).

In December 2010, the BCBS issued the Basel III rules text (later revised in June 2011), which presents the details of global regulatory standards on bank capital adequacy and liquidity agreed to by the Governors and Heads of Supervision and endorsed by the G20 Leaders at the Seoul summit in November 2010. The rules text sets out higher and better-quality capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk-based requirements, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of two global liquidity standards. In March 2012, the FSA published revisions to its capital adequacy guidelines for banks which have branches or subsidiaries located overseas with full-time officers or employees ("Internationally Active Banks"), which have become applicable since 31 March 2013 and generally reflect rules in the Basel III text which have become applicable from 1 January 2013.

In addition to the revision of the capital adequacy guidelines for Internationally Active Banks, the FSA promulgated, in March 2013, certain amendments to its capital adequacy requirements applicable to Domestic Banks, with the aim of improving the quality of their capital. The amended requirements have been and will be phased in over a certain transitional period, beginning on 31 March 2014 (the "Applicable Date").

Under the previous framework for Domestic Banks, which was applicable prior to the Applicable Date, capital of Domestic Banks was classified into two tiers, referred to as core capital, or Tier 1, and supplementary capital, or Tier 2. Core capital generally consisted of total equity, less any recorded goodwill and consolidation adjustment accounts. Supplementary capital generally consisted of (i) general allowances for possible loan losses (subject to a limit of 0.625 per cent. of total risk-adjusted assets and off-balance sheet exposures), (ii) 45 per cent. of the gains on valuation of the unrealised appreciation in the value of land, (iii) outstanding subordinated perpetual debt, and (iv) outstanding subordinated term debt with an original maturity of over five years and limited-life preferred equity (up to a maximum of 50 per cent. of core capital). Supplementary capital may be counted up to an amount equivalent to core capital. While requiring to maintain a minimum capital ratio of 8 per cent. on both a consolidated and non-consolidated basis for Internationally Active Banks, the FSA required a target minimum standard capital adequacy ratio of 4 per cent. (at least half of which must consist of core capital, or Tier 1), on both a consolidated and non-consolidated basis, for Domestic Banks. The capital adequacy guidelines placed considerable emphasis on tangible common equity as the core element of the capital base, with appropriate recognition of other components of capital.

Under the amended framework for Domestic Banks, which became effective as of the Applicable Date, the FSA has abolished the pre-existing classifications (Tier 1 and Tier 2 capital), and only qualified "Core Capital" is treated as regulatory capital for Domestic Banks. Core Capital is defined as the sum of the amount of shareholders' equity concerning common stock and preferred stock that is mandatorily convertible into common stock, the amount of stock acquisition rights related to the foregoing shareholder's equity, accumulated other comprehensive income, certain adjusted non-controlling interests, certain general allowances for possible loan losses and certain eligible reserves (only in the case of banks adopting the IRB approach), minus the amount of adjustment items, including certain intangible assets, certain deferred tax assets, assets relating to retirement benefits, and certain minority investments in other financial institutions. Other preferred securities, subordinated debt, and subordinated loans that are recognised as Tier 1 or Tier 2 in the previous capital adequacy regulations are no longer included in the calculation of Core Capital (unless they are subject to the transitional arrangement). These amendments require Domestic Banks to maintain a minimum of 4 per cent. of their Core Capital on both a consolidated and non-consolidated basis. Furthermore, in addition to the minimum Core Capital ratio, the Domestic Banks adopting the IRB approach to calculate their credit risk-weighted assets are required to maintain a CET1 ratio of 4.5 per cent. or more.

In December 2017, the Group of Central Bank Governors and Heads of Supervision endorsed the outstanding Basel III regulatory reforms, which include revised frameworks for calculating credit risk, risk-weighted assets and operational risk and introduction of the concept of the output floor.

In March 2022, after several postponements due to the COVID-19 pandemic, the FSA announced the final implementation schedule for the finalised Basel III standards in Japan; (i) Domestic Banks which use internal models to calculate the amount of risk, including the Bank, and Internationally Active Banks applied the finalised Basel III standards to calculate their capital adequacy ratios from 31 March 2024, and (ii) Domestic Banks which do not use internal models to calculate the amount of risk will apply the finalised Basel III standards to calculate their capital adequacy ratios from 31 March 2025 (in both cases, excluding banks that have notified the FSA that they wish to apply the finalised Basel III standards earlier). In 2022 and 2023, the FSA published amendments to the regulatory guidelines applicable to banks and bank holding companies with respect to operational risk, credit risk, market risk and CVA risk under the finalised Basel III framework. The Bank and Resona Holdings began to apply the finalised Basel III standards in Japan for the calculation of their capital adequacy ratios from 31 March 2024 (beginning with a five-year phase-in period).

PCA system

If a Japanese bank, bank holding company or other financial institution fails to maintain the capital adequacy ratios, under the PCA system, the FSA may, depending upon the extent of capital deterioration of an institution, take corrective action, including requiring the institution to formulate and implement reform measures, decrease assets or take other specific actions or suspend all or part of its business operations.

Under the PCA system, if the Core Capital ratio of a Domestic Bank, such as the Bank, becomes less than 4 per cent. but not less than 2 per cent., the FSA may require such bank to submit and implement a capital reform plan. If the Core Capital ratio of a Domestic Bank becomes less than 2 per cent., but not less than 1 per cent., the FSA may:

- order such bank to submit and implement a plan for improving its capital;
- prohibit or restrict the payment of dividends to shareholders or bonuses to officers;
- reduce such bank's assets or restrict the increase of its assets;
- prohibit or restrict the acceptance of deposits under terms disadvantageous compared to ordinary terms;
- reduce the business of some offices;
- eliminate some offices other than the bank's head office;
- reduce the operations of the bank's subsidiaries;
- dispose the bank's subsidiary's shares or equity;
- reduce businesses, other than the banking business, or to prohibit the expansion of such businesses; or
- take any other measures as it deems necessary.

If the Core Capital ratio of a Domestic Bank becomes less than 1 per cent. but not less than 0 per cent., the FSA may order such bank to increase its capital ratio, to substantially reduce its business, to merge or to abolish its banking business. If the Core Capital ratio of a Domestic Bank becomes less than 0 per cent., the FSA may order the bank to suspend all or part of its business.

If the Core Capital ratio of a Domestic Bank Holding Company, such as Resona Holdings, becomes less than 4 per cent. but not less than 2 per cent., the FSA may require such bank holding company to submit and implement a capital reform plan of the bank holding company and its subsidiaries. If the Core Capital ratio of a Domestic Bank Holding Company becomes less than 2 per cent., but not less than 1 per cent., the FSA may:

- order such bank holding company to submit and implement a plan for improving the capital of the bank holding company and its subsidiaries;
- prohibit or restrict the payment of dividends to shareholders or bonuses to officers;
- reduce or restrict the increase of the assets of such bank holding company and its subsidiaries;
- dispose the shares or equity of the subsidiaries (excluding banks) of such bank holding company; or
- take any other measures as it deems necessary.

If the Core Capital ratio of a Domestic Bank Holding Company becomes less than 1 per cent. but not less than 0 per cent., the FSA may order such bank holding company to increase the capital ratio of the bank holding company and its subsidiaries, to merge or to dispose the shares of its subsidiaries (limited to banks). If the Core Capital ratio of a Domestic Bank Holding Company becomes less than 0 per cent., the FSA may order the bank holding company to dispose the shares of its subsidiaries (limited to banks).

Under the administrative guidelines issued by the FSA, a Domestic Bank or a Domestic Bank Holding Company subject to an order under the PCA system is required to improve its capital adequacy ratio within one year in general.

Margin Requirements for Non-centrally Cleared Derivatives

In September 2013, the BCBS and the International Organisation of Securities Commissions ("IOSCO") released the final framework for margin requirements for non-centrally cleared derivatives. This framework requires high-quality liquid assets to be posted as margin on non-centrally cleared derivative transactions, which could adversely affect the Bank's liquidity position. The requirements have been phased in from September 2016.

In March 2016, the FSA published the final margin requirements for non-centrally cleared derivatives, which were phased in from September 1, 2016.

On April 3, 2020, the BCBS and the IOSCO announced that, due to the impact of COVID-19, they have agreed to extend the deadline for completing the final two implementation phases of the initial margin ("IM") requirements for non-centrally cleared derivatives, by one year. Following the announcement, the FSA deferred the final two implementation phases of the IM requirements in Japan to 1 September 2021 and 1 September 2022, respectively.

Disclosure

The Financial Reconstruction Act of Japan (Act No. 132 of 1998, as amended), (the "Financial Reconstruction Act") requires banks to disclose loans and "other problem assets". Assets are classified into four categories—claims against bankrupt and practically bankrupt obligors, doubtful claims, substandard claims, and normal claims—the first three of which constitute NPLs. Generally, claims against bankrupt and practically bankrupt obligors correspond to the total of loans to borrowers in bankruptcy and the lower tier of non-accrual loans, to borrowers which are virtually bankrupt, under the Banking Act disclosure. Doubtful claims generally correspond to the higher tier portion of the non-accrual loans, to borrowers which are possibly bankrupt. Substandard claims under close observation generally correspond to the total of restructured loans and loans past due three months or more. Claims against bankrupt and practically bankrupt obligors under bankruptcy and virtual bankruptcy and doubtful claims also include non-loan assets, for example securities lending, foreign exchange, accrued interest, advanced payments and customers' liabilities for acceptances and guarantees.

Under the Banking Act, banks and bank holding companies are also required to disclose their non-performing and underperforming claims both on consolidated and non-consolidated basis as risk-monitored claims. Before the amendment of the ordinance for enforcement of the Banking Act which came into effect at the end of March 2022, risk-monitored claims were limited to loans and classified into four categories: loans to borrowers in bankruptcy, non-accrual loans, loans past due three months or more, and restructured loans. After the amendment of the ordinance for enforcement of the Banking Act, the scope and classification of risk-monitored loans became the same as the categories of NPLs under the Financial Reconstruction Act.

Banks and bank holding companies are required to prepare disclosure documents about their business and properties that include the amount of risk-monitored claims and keep them at business offices of the bank and make them available for public inspection. Banks and bank holding companies must disclose their financial statements on an annual basis. The financial statements consist of a balance sheet and income statement and explanatory documents regarding business and asset conditions, each prepared under the Banking Act, both on a non-consolidated and consolidated basis.

Certain Legal and Accounting Restrictions Applicable to Banks conducting trust businesses

Under the Concurrent Operations Act, banks and other financial institutions, as permitted by the Prime Minister, are able to conduct trust businesses.

The concurrent conduct of two separate types of business, the banking business and the trust business, regulated by two separate sets of acts the Trust Act and the "Trust Business Act" on one hand and the Concurrent Operations Act on the other—has certain legal and accounting consequences. These consequences include the following:

- under the Trust Act, assets accepted in trust by a bank must be segregated in the accounts of such bank from its other assets. Accordingly, such banks maintain two sets of records, the "banking account", which gives details of its banking business, and the "trust account", which gives details of its trust business;

- the bank's published audited financial statements reflect its banking account only; and

- trust account assets are not available to depositors or other creditors of the bank, including long-term lenders. The banks may guarantee the principal of loan trusts and certain types of money trusts. The resulting contingent liability in relation to such guarantee is disclosed in the notes to the financial statements of the bank relating to its banking account.

Self-assessment and Reserves

As described above, under the PCA system, the FSA may, depending upon the extent of capital deterioration of a financial institution, take certain corrective action such as requiring a financial institution to formulate and implement reform measures, requiring it to suspend all or part of its business operations, reducing its assets, restricting increases in the amount of its assets or requiring it to take other specific actions. The PCA system also requires financial institutions to establish self-assessment programs. Financial institutions, including the Bank, are required to analyse their assets giving due consideration to accounting principles and other applicable rules, and to classify their assets into various categories, taking into account the likelihood of repayment and the risk of impairment. These classifications will determine whether an addition to or reduction in allowances or charge-offs is necessary.

The Japan Institute of Certified Public Accountants issued guidelines for accounting practices for Japanese banks in 1997. Pursuant to these guidelines, based on the outcome of each financial institution's self-assessment, substantially all of a bank's loans and other claims on customers are to be analysed by classifying obligors into five categories:

- normal borrowers;
- caution borrowers;
- possible bankruptcy borrowers;
- virtual bankruptcy borrowers; and
- legal bankruptcy borrowers.

The allowances for possible loan losses are then calculated based on these obligor categories. In connection with the implementation of the PCA system, the Ministry of Finance issued guidelines for its examination of bank assets. These guidelines require banks to classify their assets not only by the five categories of obligor described above but also by four categories of asset quality. The Bank has adopted its own internal guidelines for self-assessment which conform to such guidelines currently in effect and comply with the requirements of the PCA system.

Based on the Accounting Standards for Banks issued by the Japanese Bankers Association, banks, for statutory purposes, establish three categories of reserves: a general reserve; a specific reserve; and a reserve for specific overseas loan losses.

The self-assessment rule for the credit quality of the assets of financial institutions, as well as the PCA system, permit the Bank to establish reserves for its loan portfolio based on its assessment of the probability of loss.

The FSA's Financial Inspection Manual provided guidelines for the inspection of financial institutions, including credit-risk management and the standards for charge-offs and reserves. The Financial Inspection Manual was repealed in December 2019, but FSA may exercise its authority under the Banking Act to suspend or terminate a bank's banking business based on an inspection.

The FSA issues nonbinding guidelines to clarify its interpretation and enforcement policies of the Banking Act and related regulations. It also discloses the results of its investigations of banks and other financial companies.

Single Customer Credit Limit

The Banking Act restricts the aggregate amount of loans, guarantees and capital investments to any single customer in order to avoid excessive concentration of credit risks and promote the fair and extensive use of bank credit. The aggregate amount of lending, which for this purpose includes equity investments, guarantees or other extensions of credit, by a bank (or a bank together with its subsidiaries), with some exceptions, may not exceed 25 per cent. (or 15 per cent. if the customer is a principal shareholder of the bank) of the Core Capital of the bank (or a bank together with its subsidiaries and affiliates) with respect to a single customer or a customer group, if the bank is a Domestic Bank.

Deposit Insurance System

The Deposit Insurance Act of Japan (Act No. 34 of 1971, as amended), as amended (the "Deposit Insurance Act"), was enacted to protect depositors when deposit-taking financial institutions fail to meet their obligations. The DIC implements the act and is supervised by the Prime Minister and the Minister of Finance. Subject to limited exceptions, the Prime Minister's authority is delegated to the Commissioner of the FSA.

The rate of insurance premiums which the DIC receives from member deposit-taking financial institutions changes annually. From April 2022, the DIC received annual insurance premiums from member deposit-taking financial institutions, amounting to 0.021 per cent. of the amount of deposits that bear no interest, are redeemable upon demand and are used by depositors primarily for payment, and 0.014 per cent. of the amount of deposits for other deposits. Premiums held by the DIC may be either deposited at deposit-taking financial institutions or used to purchase marketable securities. The insurance money may be paid out to depositors in case of a suspension of repayments of deposits, banking license revocation, dissolution or bankruptcy of a bank. Pay outs are generally limited to a maximum of ¥10 million of principal amount together with any interest accrued with respect to each depositor. Only non-interest-bearing deposits that are redeemable upon demand and used by depositors primarily for payment and settlement functions are protected in full.

City banks, regional banks (including member banks of the second association of regional banks), trust banks, credit associations, credit cooperatives and labour banks participate in the deposit insurance system on a compulsory basis.

Resolution of Failed Financial Institutions

The Deposit Insurance Act also provides a permanent system for resolving failed deposit-taking financial institutions.

General Framework of Resolution Procedure

The basic method of resolution for a failed deposit-taking financial institution under the Deposit Insurance Act is cessation of the business by paying insurance money to the depositors up to the principal amount of ¥10 million plus accrued interest per depositor—the so-called "pay-off"—or transfer of the business to another deposit-taking financial institution with financial aid provided within the cost of "pay-off". Under the Deposit Insurance Act, transfer of the business is regarded as the primary method. In order to effect a prompt transfer of the business, the following framework has been established:

- A Financial Reorganisation Administrator will be appointed by the Commissioner of the FSA and will take control of the management and assets of the failed deposit-taking financial institution. An administrator is expected to efficiently search for a deposit-taking financial institution that will succeed the business of such failed institution.

- In the case where no successor deposit-taking financial institution can be immediately found, a "bridge bank" will be established by the DIC for the purpose of temporarily maintaining the operations of the failed deposit-taking financial institution, and the bridge bank will seek to transfer the failed deposit-taking financial institution's assets to another financial institution or dissolve the failed financial institution; and

- In order to facilitate or encourage a deposit-taking financial institution to succeed a failed business, the DIC may provide financial aid to enhance the successor financial institution's capital after succession or to indemnify any loss incurred by such succession.

Addressing Potential Financial Crises

Where it is anticipated that the failure of a deposit-taking financial institution operating in Japan may cause an extremely grave problem in maintaining financial order in Japan or in another region where such deposit-taking financial institution is operating, the following exceptional measures may be taken after consultation with the Conference for Financial Crisis Countermeasures:

- The DIC may subscribe to the shares or other instruments issued by the relevant deposit-taking financial institution or the holding company thereof and require such institution to submit to the DIC a plan to regain sound management (Item 1 measures) (*dai ichigo sochi*);

- If such financial institution fails, financial aid exceeding the cost for pay-off may be available to such institution (Item 2 measures) (*dai nigo sochi*); and

- In the case where the failed institution is a bank and the problem above cannot be avoided by the measure mentioned in the second bullet above, the DIC may acquire all of the shares of such bank (Item 3 measures) (*dai sango sochi*).

- In order to fund the above-mentioned activities, the DIC may borrow from financial institutions or issue bonds which may be guaranteed by the government.

Establishment of Orderly Resolution Regime for Financial Institutions

New effective resolution regimes for financial institutions have been discussed internationally and an agreement was reached on this issue at the G-20 Summit held in November 2011. Reflecting this global trend, in June 2013, a bill to revise the Deposit Insurance Act, which includes establishment of a new orderly resolution regime of financial institutions, was enacted and became effective on 6 March 2014. Financial institutions including banks, securities companies and insurance companies and their holding companies will be subject to a new resolution regime that includes, among others, the following features.

Under the new resolution regime, where the Prime Minister recognises that the failure of a financial institution which falls into either of (a) or (b) below may cause significant disruption in the financial markets or other financial systems in Japan if measures described in (a) (specified Item 1 measures) (*tokutei dai ichigo sochi*) or measures described in (b) (specified Item 2 measures) (*tokutei dai nigo sochi*) are not taken, the Prime Minister may confirm that any of the following measures need to be applied to the financial institution after consulting with the Conference for Financial Crisis Countermeasures:

(a) if the financial institution is not a financial institution which is unable to fully perform its obligations with its assets, the DIC shall supervise the operation of business and management and disposal of assets of that financial institution, and may provide it with loans or guarantees necessary to avoid the risk of significant disruption in the financial systems in Japan, or subscribe for shares or subordinated bonds of, or lend subordinated loans to, the financial institution, taking into consideration the financial condition of the financial institution; and

(b) if the financial institution is or is likely to be unable to fully perform its obligations with its assets or has suspended or is likely to suspend repayment of its obligations, the DIC shall supervise the operation of business and management and disposal of assets of that financial institution, and may provide financial aid necessary to assist a merger, business transfer, corporate split or other reorganisation in respect to such failed financial institution.

If a measure set out in (b) above is determined to be taken with respect to a financial institution, the Prime Minister may order that the financial institution's operations of business and management and disposal of assets be placed under the control of the DIC. The business or liabilities of the financial institution subject to the supervision by the DIC as set forth above may also be transferred to a "bridge bank" established by the DIC for the purpose of the temporary maintenance and continuation of operations of, or repayment of the liabilities of, such financial institution, and the bridge bank will seek to transfer the financial institution's business or liabilities to another financial institution or dissolve the financial institution.

The expenses for implementation of the measures under this regime will be borne by the financial industry, with an exception under which it may be partially borne by the government of Japan.

FSA Approval Requirement Applicable to Principal Shareholders of Banks

Under the Banking Act, a person who intends to hold 20 per cent. (or 15 per cent., if such person's interest is accompanied by certain rights indicative of control or influence over the bank's affairs) or more of the bank's outstanding voting rights is required to obtain prior FSA approval. In evaluating whether to grant such approval, the FSA examines the proposal and qualifications of the applicant in order to determine whether:

- giving consideration to the source of funds, purpose of ownership and other matters regarding ownership by the applicant, the applicant would not adversely affect the sound and proper management of the bank;

- after assessing the asset condition (including, if the applicant is a business concern, the cash flow) of the applicant and its subsidiaries, the applicant would not adversely affect the sound and proper management of the bank; and

- in light of its personnel structure and other relevant matters, the applicant fully understands the public nature of the business operations of banks and has a satisfactory social reputation.

The FSA may request the submission of reports or other materials from, or may conduct an inspection of, any such principal shareholder of a bank if the FSA deems such action necessary in order to secure sound and appropriate operation of the bank. Under limited circumstances, the FSA may order such principal shareholder to take such measures as the FSA deems necessary.

In addition, the Banking Act requires any person who has become a holder of more than 5 per cent. of the total voting rights of a bank to file a report with the Commissioner of the FSA within five business days (in case of a non-Japanese person, within one month). A similar report must also be made if the percentage of such holding subsequently increases or decreases by 1 per cent. or more, or if there is any change in the information included in a previously filed report.

Restriction on Aggregate Shareholdings by a Bank

The Act on Limitation on Shareholding by Banks and Other Financial Institutions of Japan (Act No. 131 of 2001, as amended) requires Japanese banks and their qualified subsidiaries to limit the aggregate market value (excluding any unrealised gains) of their holdings of equity securities issued by listed companies to an amount equal to 100 per cent. of their consolidated Core Capital (if the bank is a Domestic Bank), with adjustments, in order to reduce exposure to stock price fluctuations. Treasury shares, shares issued by subsidiaries, shares not listed on any stock exchange or not registered with any OTC market, shares held as trust assets and shares acquired through debt-for-equity swaps in restructuring transactions are excluded from this limitation.

Special Measures Act Concerning Facilitation of Reorganisation by Financial Institutions, Etc.

Under the Special Measures Act Concerning Facilitation of Reorganisation by Financial Institutions, Etc. of Japan (Act No. 190 of 2002, as amended):

- for one year after the merger or transfer of the entire business of a financial institution, the maximum amount to be covered by deposit insurance will be ¥10 million multiplied by the number of parties to the merger or business transfer; and

- a financial institution will be entitled to enjoy the benefit of certain simplified procedures for the forms of reorganisation.

The Financial Instruments and Exchange Act

The FIEA regulates the securities industry and most aspects of securities transactions in Japan, including public offerings, private placements and secondary trading of securities, ongoing disclosure by securities issuers, tender offers for securities, organisation and operation of securities exchanges and self-regulatory organisations and registration of securities companies. The Prime Minister has the authority to regulate the securities industry and securities companies, which authority is generally delegated to the Commissioner of the FSA under the FIEA. The Securities and Exchange Surveillance Commission, an external agency of the FSA, is independent from the Agency's other bureaus and is vested with authority to conduct day-to-day monitoring of the securities markets and to investigate irregular activities that hinder fair trading of securities, including inspection of securities companies as well as banks in connection with their securities business. Furthermore, the Commissioner of the FSA delegates certain authority to the Director General of the Local Finance Bureau to inspect local securities companies and their branches. A violation of applicable acts and regulations may result in various administrative sanctions, including revocation of registration or authorisation, suspension of business or an order to discharge any director or executive officer who has failed to comply with applicable acts and regulations. Securities companies are also subject to the rules and regulations of the Japanese stock exchanges and the Japan Securities Dealers Association, a self-regulatory organisation of securities companies.

Deregulation of the Securities Business by a Bank

Article 65 of the former Securities and Exchange Act, before the deregulation described below, was intended to clearly separate the commercial banking business from the securities business in Japan, which was defined to include dealing, brokerage, underwriting and distribution of securities. Under this act, banks could not engage in any securities business except for approved activities. Due to gradual deregulation, the banks are currently permitted to:

- underwrite and deal in JGBs, Japanese local government bonds, Japanese government guaranteed bonds, commercial paper and certain bonds issued by SPCs;

- sell beneficiary certificates of investment trusts and securities issued by an investment company; and

- engage in listed or OTC securities derivatives transactions, as well as in the securities intermediary business, each subject to registration with the FSA.

Protection of Personal Information

The Act on the Protection of Personal Information of Japan (Act No. 57 of 2003, as amended) became fully effective in 2005. The act and related rules, regulations and guidelines impose various requirements on businesses that use databases containing personal information, such as appropriate custody of such information and restrictions on sharing of such information with third parties. The Personal Information Protection Commission may advise or order an institution to take proper action if it violates certain provisions of the act. Noncompliance with an order issued by the Personal Information Protection Commission to take necessary measures to comply with the act subjects an institution to criminal and/or administrative sanctions. An amendment to this act, which includes the establishment of the Personal Information Protection Commission and introduction of new regulations on handling of anonymous personal data, became effective on 30 May 2017.

Furthermore, under a promulgated amendment to the act, which entered into effect on 1 April 2022, business operators are, among other prohibitions, prohibited from disclosing individual-related information (*kojin-kanren-jouho*), including certain types of cookies, to any third parties who can identify such information as personal information, without confirming the prior consent of the person to be identified by such disclosure.

Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto

Owing to deregulatory measures in the banking and finance industry, more financial products, including highly structured and complicated products, may now be marketed to various customers. The Act on Sales, Etc. of Financial Products of Japan (Act No. 101 of 2000, as amended) was enacted to better protect customers from incurring unexpected losses as a result of purchasing these financial products. Under this act, sellers of financial products have a duty to their potential customers to explain the nature and magnitude of risk involved and other important matters regarding the financial products that they sell. If a seller fails to comply with the duty, the loss in value of the purchased investment product is refutably presumed to be the amount of the customer's loss. An amendment to this act, together with other related acts, that became effective in 2007 enlarged the scope of duty of financial services providers to inform customers of important matters related to the financial products that they offer.

On 12 June 2020, certain amendments to the Act on Sales, Etc. of Financial Products were promulgated, and became effective on 1 November 2021. Per these amendments, the name of the Act changed to the "Act on Provision of Financial Services". The amendments introduced a registration as a financial services intermediary business, registrants are able to provide intermediary services for each of banking, securities and insurance. The amendments to the Act do not require any provider of financial services intermediary business to belong to a specific financial institution, but impose certain regulations to protect customers, including limitations on the type of services that they may provide and prohibitions on the acceptance of assets of customers and lodging a security deposit.

In November 2023, the Act was amended. A part of the amendment took effect on 1 February 2024 and the Act was renamed as "Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto".

Act Preventing Transfer of Profits Generated from Crime

Under the Act Preventing Transfer of Profits Generated from Crime of Japan (Act No. 22 of 2007, as amended), which addresses money laundering and terrorism concerns, financial institutions and some other entities, such as credit card companies, are required to undertake customer identification, submit suspicious transaction reports and keep records of their transactions.

Acts Concerning Protection of Depositors and Relief for Victims of Certain Types of Fraud

The Act Concerning Protection of Depositors from Illegal Withdrawals Made by Forged or Stolen Cards of Japan (Act No. 94 of 2005, as amended) became effective in 2006. This act requires financial institutions to establish internal systems to prevent illegal withdrawals of deposits made using forged or stolen bank cards. The act also requires financial institutions to compensate depositors for any amount illegally withdrawn using forged or stolen bank cards, subject to conditions.

The Act Concerning Payment of Dividends for Relief of Damages from Funds in Account Used in Connection with Crimes of Japan (Act No. 74 of 2007, as amended) became effective in 2008. This act requires that financial institutions take appropriate measures against various crimes, including the closing of accounts used in connection with fraud and other crimes. The act also requires financial institutions to make, in accordance with specified procedures, payments from funds collected from the closed accounts to victims of certain crimes.

Economic Security Promotion Act

On 18 May 2022, the Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures (the "Economic Security Promotion Act") (*Keizai Shisaku wo Ittaiteki ni Kozuru koto ni yoru Anzen Hosho no Kakuho no Suishin ni kansuru Houritsu*) (Act No. 43 of 2022, as amended) was promulgated, and became fully effective in May 2024. One of the purposes of this law is to ensure the stable provision of Essential Infrastructure Services (electricity, gas, water, financial services, etc.) (*tokutei shakai kiban ekimu*). For such purpose, Specified Essential Infrastructure Service Providers (*tokutei shakai kiban jigyo sha*) are subject to prior filing and screening by the authorities when intending to introduce Specified Critical Facilities (*tokutei juyo setsubi*) or to entrust another enterprise to conduct critical maintenance, management and control of Specified Critical Facilities. The authorities may issue recommendations and orders based on the outcomes of such filings and screenings. On 16 November 2023, the Bank was designated as a Specified Essential Infrastructure Service Provider.

Capital Injection

In 2008, in response to the financial turmoil, amendments to the Act on Special Measures for Strengthening Financial Functions of Japan (Act No. 128 of 2004, as amended) and the Special Measures Act Concerning Facilitation of Reorganisation by Financial Institutions, Etc. and other related legislation were enacted by the Diet in order to authorise capital contributions to financial institutions by the Japanese government. The amendments extended to 31 March 2012 the deadline for financial institutions to apply to the government for capital contributions, which had expired on 31 March 2008, and included other revisions of the government requirements associated with capital contributions intended to facilitate the financing of SMEs and amendments which permit the government to make capital contributions to credit cooperatives, credit unions and other types of cooperative financial institutions. In June 2011, in response to the March 2011 Great East Japan Earthquake, amendments to the Act on Special Measures for Strengthening Financial Functions were enacted and the deadline described above was extended to 31 March 2017. The amendments also include special exceptions for financial institutions affected by the March 2011 Great East Japan Earthquake that need capital enhancement to facilitate extension of loans in their main business area. In 2016, in response to changes in the financial and capital markets, further amendments to the Act on Special Measures for Strengthening Financial Functions were enacted and the deadline described above was extended to 31 March 2022. Furthermore, in order to strengthen business bases of financial institutions by addressing the effects resulting from COVID-19 preventive measures against the coronavirus pandemic, the Act was amended in June 2020 to establish special exceptions for financial institutions that need to improve their capital adequacy due to the adverse effects of COVID-19 and to extend the period for application to 31 March 2026. None of the financial institutions within the Resona Holdings group have been subject to exceptions described above.

Banks' Shareholdings Purchase Corporation

In March 2009, in order to facilitate the disposition of shares of listed stocks held by banks while preventing adverse effects caused by sales of large amounts of shares in a short period of time, legislation restarting share purchases by the Banks' Shareholdings Purchase Corporation of listed shares from banks and certain other financial institutions under certain conditions was enacted and became effective.

Base Erosion and Profit Shifting ("BEPS")

In July 2013, the Organisation for Economic Co-operation and Development (the "OECD") published the Action Plan on Base Erosion and Profit Shifting ("BEPS") in order to prevent exploiting of gaps and mismatches in tax rules and artificial shifting of profits to low or no-tax locations. In October 2015, the OECD published the final package of measures for a comprehensive, coherent and coordinated reform of the international tax rules for 15 key areas. These measures are to be implemented either in domestic laws or in the network of bilateral tax treaties. Some of the deliverables published by the OECD have been partially reflected to Japanese tax regulations by the tax reforms adopted for the last several years and to certain several bilateral tax treaties to which Japan is a party by means such as the implementation of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting in Japan.

In October 2021, 136 countries agreed OECD/G20 Inclusive Framework on BEPS ("IF") that stipulates two-pillar solution. Pillar 2 is to ensure minimum level of taxation of at least 15 per cent. (global minimum taxation). In accordance with IF, the Income Inclusion Rule ("IIR") of Pillar 2 was introduced as part of Japan's tax reforms. The IIR stipulates that a constituent entity ("CE") of a multinational enterprise group ("MNE Group") that meets the consolidated revenue threshold is subject to an additional tax if the effective tax rate in the low-tax jurisdiction for any CE of the MNE Group is below the minimum tax rate of 15 per cent.

JAPANESE TAXATION

The following is a general description of certain Japanese tax aspects of the Bonds and does not purport to be a comprehensive description of the tax aspects of the Bonds. Prospective purchasers should note that, although the general tax information on Japanese taxation is described hereunder for convenience, the statements below are general in nature and not exhaustive.

Prospective purchasers are advised to consult their own legal, tax, accountancy or other professional advisers in order to ascertain their particular circumstances regarding taxation. The statements below are based on current tax laws and regulations in Japan and current income tax treaties executed by Japan all as in effect on the date hereof as well as current official interpretation of the Japanese tax authority thereof, all of which are subject to change or differing interpretations (possibly with retroactive effect). Neither such statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any beneficial owner of the Bonds or any person purchasing, selling or otherwise dealing in the Bonds or any tax implication arising from the purchase, sale or other dealings in respect of the Bonds.

The Bonds

The Bonds do not fall under the concept of so-called "taxable linked bonds" as described in Article 6, Paragraph 4 of the Special Taxation Measures Act, i.e., bonds of which the amount of interest is to be calculated by reference to certain indexes (as prescribed by the Cabinet Order under the Special Taxation Measures Act) relating to the Bank or the Specially-Related Party of the Bank (as defined below).

Capital Gains, Stamp Tax and Other Similar Taxes, Inheritance and Gift Taxes

Gains derived from the sale of bonds outside Japan by an individual non-resident of Japan or a non-Japanese corporation having no permanent establishment within Japan are, in general, not subject to Japanese income tax or corporate tax.

No stamp, issue, registration or similar taxes or duties will, under current Japanese law, be payable in Japan by holders of the Bonds in connection with the issue of the bonds, nor will such taxes be payable by holders of the Bonds in connection with their transfer if such transfer takes place outside Japan.

Japanese inheritance tax or gift tax at progressive rates may be payable by an individual, wherever resident, who has acquired bonds from another individual as legatee, heir or donee.

Representation by Investor upon Initial Distribution

BY SUBSCRIBING FOR THE BONDS, AN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED THAT IT IS A PERSON WHO FALLS INTO THE CATEGORY OF (i) OR (ii) BELOW.

The Bonds are not, as part of the distribution by the Joint Lead Managers pursuant to the subscription agreement relating to the Bonds, at any time, to be directly or indirectly offered or sold to, or for the benefit of, any person other than a beneficial owner that is (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation (a "Resident Bondholder"), nor (y) an individual non-resident of Japan or a non-Japanese corporation (a "Non-Resident Bondholder") that in either case is a Specially-Related Party of the Bank (as defined below) or (ii) a Designated Financial Institution (as defined below).

Interest Payments and Redemption Gain on the Bonds

The following description of Japanese taxation (limited to national taxes) applies exclusively to interest on the Bonds and the redemption gain, meaning any difference between the acquisition price of the bonds of the holder and the amount which the holder receives upon redemption of such bonds, (the "Redemption Gain"), where the Bonds are issued by the Bank outside Japan and payable outside Japan. In addition, the following description assumes that only global bonds are issued for the bonds, and no definitive bonds and coupons that are independently traded are issued, in which case different tax consequences may apply. It is not intended to be exhaustive and prospective purchasers are recommended to consult their tax advisers as to their exact tax position.

1. ***Non-Resident Bondholders***

If the recipient of interest on the Bonds or of the Redemption Gain with respect to the Bonds is a Non-Resident Bondholder for Japanese tax purposes, as described below, the Japanese tax consequences for such Non-Resident Bondholder are significantly different depending upon whether such Non-Resident Bondholder is a Specially-Related Party of the Bank (as defined below). Most importantly, if such Non-Resident Bondholder is a

Specially-Related Party of the Bank, income tax at the rate of 15.315 per cent. of the amount of such interest will be withheld by the Bank under Japanese tax law.

(1) *Interest*

(i) If the recipient of interest on the Bonds is a Non-Resident Bondholder having no permanent establishment within Japan or having a permanent establishment within Japan but where the receipt of the interest on the Bonds is not attributable to the business of such Non-Resident Bondholder carried on within Japan through such permanent establishment, no Japanese income tax or corporate tax is payable with respect to such interest whether by way of withholding, deduction or otherwise, if certain requirements are complied with, inter alia:

- if the relevant Bonds are held through a certain participant in an international clearing organisation such as the Euroclear or Clearstream, Luxembourg or a certain financial intermediary prescribed by the Special Taxation Measures Act and the relevant Cabinet Order (together with the Special Taxation Measures Act and the ministerial ordinance and other regulations thereunder, the "Law") (each, a "Participant"), the requirement that such recipient provide, at the time of entrusting a Participant with the custody of the relevant Bonds, certain information prescribed by the Law to enable the Participant to establish that the recipient is exempt from the requirement for Japanese tax to be withheld or deducted (the "Interest Recipient Information"), and advise the Participant if such Non-Resident Bondholder ceases to be so exempted (including the case where it became a Specially-Related Party of the Bank), and that the Bank prepare and file a certain confirmation prescribed by the Law (the "Interest Recipient Confirmation") with the competent local tax office in a timely manner based upon the Interest Recipient Information communicated through the Participant and the relevant international clearing organization; and
- if the relevant Bonds are not held by a Participant, the requirement that such recipient submit to the relevant paying agent a written application for tax exemption (*hikazei tekiyo shinkokusho*) (the "Written Application for Tax Exemption") together with certain documentary evidence, and that the Bank file the Written Application for Tax Exemption so received with the competent local tax office in a timely manner.

Failure to comply with such requirements described above (including the case where the Interest Recipient Information is not duly communicated as required under the Law) will result in the withholding by the Bank of income tax at the rate of 15.315 per cent. of the amount of such interest.

(ii) If the recipient of interest on the Bonds is a Non-Resident Bondholder having a permanent establishment within Japan and the receipt of interest is attributable to the business of such Non-Resident Bondholder carried on within Japan through such permanent establishment, such interest will not be subject to a 15.315 per cent. withholding tax by the Bank, if the requirements concerning the Interest Recipient Information and the Interest Recipient Confirmation or the Written Application for Tax Exemption as set out in paragraph (1) above are complied with. Failure to do so will result in the withholding by the Bank of income tax at the rate of 15.315 per cent. of the amount of such interest. The amount of such interest will be subject to regular income tax or corporate tax, as appropriate.

(iii) Notwithstanding paragraphs (i) and (ii) above, if a Non-Resident Bondholder mentioned above is a person who has a special relationship with the Bank (that is in general terms, a party who directly or indirectly controls, or is directly or indirectly controlled by, or is under direct or indirect common control with, the Bank) within the meaning prescribed by the Cabinet Order under Article 6, Paragraph 4 of the Special Taxation Measures Act (such person is referred to as a "Specially-Related Party of the Bank") as at the beginning of the fiscal year of the Bank in which the relevant interest payment date falls, the exemption from Japanese withholding tax on interest mentioned above will not apply, and income tax at the rate of 15.315 per cent. of the amount of such interest will be withheld by the Bank. If such Non-Resident Bondholder has a permanent establishment within Japan, regular income tax or corporate tax, as appropriate, collected otherwise than by way of withholding, could apply to such interest under Japanese tax law.

(iv) If a Non-Resident Bondholder (regardless of whether it is a Specially-Related Party of the Bank) is subject to Japanese withholding tax with respect to interest on the Bonds under Japanese tax law, a reduced rate of withholding tax or exemption from such withholding tax may be available under the relevant income tax treaty between Japan and the country of tax residence of such individual non-resident of Japan or non-Japanese corporation. As of the date of this Offering Circular, Japan has income tax treaties, conventions or agreements whereby the above-mentioned withholding tax rate is reduced, generally to 10 per cent. with, inter alia, Australia, Canada, Finland, France, Hong Kong, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Portugal and Singapore. Under the income tax treaties between Japan and Austria, Belgium, Denmark, Germany, Spain, Sweden, Switzerland, the United Kingdom or the United States of America, interest paid to qualified Austrian, Belgian, Danish, German, Spanish, Swedish, Swiss, United Kingdom or United States residents is generally exempt from Japanese withholding tax (for Belgium, only for a Belgian enterprise). Under the current income tax treaties between Japan and Australia, France, the Netherlands or New Zealand, certain limited categories of qualified Australian, French, Dutch or New Zealand residents receiving interest on the Bonds may, subject to compliance with certain procedural requirements under Japanese law, be fully exempt from Japanese withholding tax for interest on the Bonds (provided that no exemption will apply to pension funds in the case of Australia and New Zealand). In order to avail themselves of such reduced rate of, or exemption from, Japanese withholding tax under any applicable income tax treaty, Non-Resident Bondholders which are entitled, under any applicable income tax treaty, to a reduced rate of, or exemption from, Japanese withholding tax on payment of interest by the Bank are required to submit an Application Form for Income Tax Convention regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Interest (as well as any other required forms and documents) in advance through the Bank to the relevant tax authority before payment of interest.

(v) Under the Law, (a) if a Non-Resident Bondholder that is a beneficial owner of the Bonds becomes a Specially-Related Party of the Bank, or a Non-Resident Bondholder that is a Specially-Related Party of the Bank becomes a beneficial owner of the Bonds, and (b) if such Bonds are held through a Participant, then such Non-Resident Bondholder would be obligated to notify the Participant of such change in status by the immediately following interest payment date of the Bonds. As described in paragraph (iii) above, as the status of such Non-Resident Bondholder as a Specially-Related Party of the Bank for Japanese withholding tax purposes is determined based on the status as at the beginning of the fiscal year of the Bank in which the relevant interest payment date falls, such Non-Resident Bondholder should, by such notification, identify and advise the Participant of the specific interest payment date on which Japanese withholding tax starts to apply with respect to such Non-Resident Bondholder as being a Specially-Related Party of the Bank.

(2) *Redemption Gain*

(i) If the recipient of the Redemption Gain is a Non-Resident Bondholder having no permanent establishment within Japan or having a permanent establishment within Japan but where the receipt of such Redemption Gain is not attributable to the business of such Non-Resident Bondholder carried on within Japan through such permanent establishment, no income tax or corporate tax is payable by way of withholding or otherwise with respect to such Redemption Gain.

(ii) If the recipient of the Redemption Gain is a Non-Resident Bondholder having a permanent establishment within Japan and the receipt of such Redemption Gain is attributable to the business of such Non-Resident Bondholder carried on within Japan through such permanent establishment, such Redemption Gain will not be subject to any withholding tax but will be subject to regular income tax or corporate tax, as appropriate.

(iii) Notwithstanding paragraphs (i) and (ii) above, if a Non-Resident Bondholder mentioned above is a Specially-Related Party of the Bank as at the beginning of the fiscal year of the Bank in which such Non-Resident Bondholder acquired such bonds, the Redemption Gain will not be subject to withholding tax but will be subject to regular income tax or corporate tax, as appropriate, under Japanese tax law, regardless of whether such Non-Resident Bondholder has a permanent establishment within Japan; provided that exemption may be available under the relevant income tax treaty.

2. ***Resident Bondholders***

If the recipient of interest on the Bonds is a Resident Bondholder for Japanese tax purposes, as described below, regardless of whether such recipient is a Specially-Related Party of the Bank, in addition to any applicable local tax, income tax will be withheld at the rate of 15.315 per cent. of the amount of such interest, if such interest is paid to a Resident Bondholder (except for (i) a Designated Financial Institution which complies with the requirement for tax exemption under Article 6, Paragraph 11 of the Special Taxation Measures Act or (ii) a Public Corporation (as defined below) or a Specified Financial Institution (as defined below), to which such interest is paid through the Japanese Custodian (as defined below) in compliance with the requirement for tax exemption under Article 3-3, Paragraph 6 of the Special Taxation Measures Act).

In addition to the withholding tax consequences upon resident investors as explained in this section, resident investors should consult their own tax advisers regarding regular income tax or corporate tax consequences otherwise than by way of withholding, bearing in mind, especially for individual residents of Japan, the change to the taxation regime of bonds which took effect on 1 January 2016.

(1) *Interest*

(i) If a Resident Bondholder (other than a Specified Financial Institution (as defined below) or a Public Corporation (as defined below), who complies with the requirement as referred to in paragraph (ii) below) receives payments of interest on the Bonds through certain Japanese payment handling agents as defined in Article 2-2 Paragraph 2 of the Cabinet Order (each a "Japanese Payment Handling Agent"), income tax at the rate of 15.315 per cent. of the amount of such interest will be withheld by the Japanese Payment Handling Agent rather than by the Bank. As the Bank is not in a position to know in advance the recipient's status, the recipient of interest falling within this category should inform the Bank through the Paying Agent of its status in a timely manner. Failure to so inform may result in double withholding.

(ii) If the recipient of interest on the Bonds is a Japanese public corporation or a Japanese public-interest corporation designated by the relevant law (*koukyohojin tou*) (each, a "Public Corporation") or a Japanese bank, a Japanese insurance company, a Japanese financial instruments business operator or other Japanese financial institution falling under certain categories prescribed by the relevant Cabinet Order under Article 3-3, Paragraph 6 of the Special Taxation Measures Act (each, a "Specified Financial Institution") that keeps its Bonds deposited with, and receives the interest through, a Japanese Payment Handling Agent with custody of the Bonds (the "Japanese Custodian") and such recipient submits through such Japanese Custodian to the competent tax authority the report prescribed by the Law, no withholding tax is levied on such interest. However, since the Bank is not in a position to know in advance the recipient's such tax exemption status, the recipient of interest falling within this category should inform the Bank through the Paying Agent of its status in a timely manner. Failure to so notify the Bank may result in the withholding by the Bank of a 15.315 per cent. income tax.

(iii) If a Resident Bondholder (except for a Designated Financial Institution which complies with the requirements described in paragraph (iv) below) receives interest on the Bonds not through a Japanese Payment Handling Agent, income tax at the rate of 15.315 per cent. of the amount of such interest will be withheld by the Bank.

(iv) If a Japanese bank, a Japanese insurance company, a Japanese financial instruments business operator or other Japanese financial institution falling under certain categories prescribed by the Cabinet Order under Article 6, Paragraph 11 of the Special Taxation Measures Act (each, a "Designated Financial Institution") receives interest on the Bonds not through a Japanese Payment Handling Agent and the requirements concerning the Interest Recipient Information and the Interest Recipient Confirmation or the Written Application for Tax Exemption as referred to in paragraph 1(1) above are complied with, no withholding tax will be imposed.

(2) *Redemption Gain*

If the recipient of the Redemption Gain is a Resident Bondholder, such Redemption Gain will not be subject to any withholding tax.

Special Additional Tax for Reconstruction from the Great East Japan Earthquake

Due to the imposition of a special additional withholding tax of 0.315 per cent. (or 2.1 per cent. of 15 per cent.) to secure funds for reconstruction from the Great East Japan Earthquake, the withholding tax rate has been effectively increased to 15.315 per cent. during the period beginning on 1 January 2013 and ending on 31 December 2037.

SUBSCRIPTION AND SALE

Daiwa Capital Markets Europe Limited, Mizuho Securities Asia Limited, Merrill Lynch International and Nomura International plc (together, the "Joint Lead Managers") have entered into a subscription agreement with the Bank dated 9 January 2025 in respect of the Bonds (the "Subscription Agreement"), under which, subject to the satisfaction of certain conditions set out therein, the Joint Lead Managers have agreed severally but not jointly to subscribe for the Bonds at 100 per cent. of the principal amount of the Bonds, in the amounts described below:

Joint Lead Managers	Aggregate principal amount of the Bonds
Daiwa Capital Markets Europe Limited	U.S.$120,000,000
Mizuho Securities Asia Limited	75,000,000
Merrill Lynch International	75,000,000
Nomura International plc	30,000,000
Total	U.S.$300,000,000

The Bank has agreed to pay certain costs in connection with the issue and offering of the Bonds. The Joint Lead Managers are entitled to be released and discharged from their obligations under the Subscription Agreement or to terminate the Subscription Agreement in certain circumstances prior to payment to the Bank as set out therein. The Bank has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the issue and offering of the Bonds.

Selling Restrictions

United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. The Bonds have not been offered or sold and will not be offered or sold (i) as part of their distribution, at any time or (ii) otherwise, until 40 days after the later of the commencement of the offering of the Bonds and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and only in accordance with Rule 903 of Regulation S, and each Joint Lead Manager will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to whom it sells the Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering of the Bonds) may violate the registration requirements of the Securities Act.

Terms used in this paragraph have the meaning given to them by Regulation S.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Bank; and

(b) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Japan

The Bonds have not been and will not be registered under the FIEA and are subject to the Special Taxation Measures Act. Each Joint Lead Manager has represented and agreed that, (I) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any person resident in Japan for Japanese securities law purposes (including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of any person resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan; and, (II) it has not, directly or indirectly, offered or sold and will not directly or indirectly, offer or sell any

Bonds as part of its distribution pursuant to the Subscription Agreement at any time, to, or for the benefit of, any person other than a beneficial owner that is, (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Party of the Bank or (ii) a Japanese financial institution, designated in Article 6, Paragraph 11 of the Special Taxation Measures Act.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds, other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Important Notice to CMIs (including Private Banks)

This notice to CMIs (including Private Banks) is a summary of certain obligations the Code imposes on CMIs, which require the attention and cooperation of other CMIs (including Private Banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Bank, a CMI or its group companies would be considered under the Code as having an Association with the Bank, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, Private Banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Bank or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any UK MiFIR product governance language set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are *bona fide*, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information should be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including Private Banks as the case may be) in the order book and book messages.

CMIs (including Private Banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Bank. In addition, CMIs (including Private Banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, Private Banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private Banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the Code. Private Banks should be aware that placing an order on a "principal" basis may require the Joint Lead Managers to apply the "proprietary orders" requirements of the Code to such order and will require the Joint Lead Managers to apply the "rebates" requirements of the Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including Private Banks) that are subject to the Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). CMIs (including private banks) should contact the Joint Lead Managers to obtain details on what underlying investor information is required. Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the Code);
- Whether any underlying investor order is a duplicate order.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including Private Banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including Private Banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the Code, including to the Bank, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the Code, and may request other CMIs (including Private Banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including Private Banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Joint Lead Managers that it is not a Sanctions Restricted Person. A "Sanctions Restricted Person" means an individual or entity (a "Person"): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/sdnlist.pdf) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/fse/fselist.pdf) or (iii) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of the following (i) - (vi) to the extent that it will not result in violation of any sanctions by the CMIs: (i) their inclusion in the most current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found at: https://www.treasury.gov/ofac/downloads/

ssi/ssilist.pdf) (the "SSI List"), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the "EU Annexes"), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the United States Department of Commerce's Bureau of Industry and Security ("BIS") under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled "Addressing the Threat from Securities Investments that Finance Certain Companies of the People's Republic of China" (known as the Non-SDN Chinese Military- Industrial Complex Companies List), which amends the Executive Order 13959 of 12 November 2020 entitled "Addressing the threat from Securities Investments that Finance Chinese Military Companies"; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk's People's Republic or Luhansk People's Republic. "Sanctions Authority" means: (a) the United Nations; (b) the United States government; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) the People's Republic of China; (f) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (g) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the United States Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury.

General

Neither the Bank nor any of the Joint Lead Managers represents that the Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating such sales.

Other Relationships

Certain of the Joint Lead Managers and/or their affiliates may purchase or sell the Bonds and be allocated the Bonds for asset management and/or proprietary purposes but not with a view to distribution. The Joint Lead Managers and/or their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In connection with the offering of the Bonds, any of the Joint Lead Managers and/or their affiliates may purchase the Bonds for its or their own account and may for its or their own account enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps or other derivatives relating to the Bonds and/or other securities (or related derivative securities) and financial instruments (including bank loans) of the Bank or its subsidiaries or affiliates and/or components of such Bonds and/or other securities, at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). As a result, any of the Joint Lead Managers and/or their affiliates may hold long or short positions in the Bonds and/or derivatives relating thereto. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. No disclosure will be made of any such positions.

Certain of the Joint Lead Managers and/or their affiliates have in the past provided, are currently providing and may in the future provide, investment and commercial banking, underwriting, financial advisory, securities trading, investment research, hedging, financing, brokerage activities and other services to the Bank and its subsidiaries and affiliates for which they have received, expect to receive or may receive (as the case may be) customary compensation. Interests may evolve out of these transactions that could potentially conflict with the interests of a purchaser of the Bonds.

GENERAL INFORMATION

1. The Bonds have been accepted for clearance through Euroclear and through Clearstream, Luxembourg. The ISIN for the Bonds is XS2967182119 and the Common Code for the Bonds is 296718211. The LEI for the Bank is 549300RHQA2HXUOC5Z25.

2. Approval in-principle has been received for the listing of the Bonds on the SGX-ST. Under the rules of the SGX-ST, the bonds if traded on the SGX-ST, are required to be traded in a minimum board lot size of S$200,000 (or its equivalent in any other currency or currencies). Accordingly, the Bonds will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for so long as the Bonds are listed on the SGX-ST. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bank will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for definitive Certificates. In addition, in the event that the Global Certificate is exchanged for definitive Certificates, an announcement of such exchange shall be made by or on behalf of the Bank through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Certificates, including details of the paying agent in Singapore.

3. The Bank has obtained all necessary consents, approvals and authorisations in Japan, if any, in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by the Determination of the Representative Director of the Bank dated 20 September 2024.

4. Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Group and no material adverse change in the prospects of the Group since 31 March 2024.

5. Save as disclosed in this Offering Circular, neither the Bank nor any other member of the Group is, or has been involved in, any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware) which may have, or have had during the 12 months preceding the date of this Offering Circular, a significant effect on the financial position or the profitability of the Group nor is the Bank aware that any such proceedings are pending or threatened.

6. Copies of the Bank's latest audited consolidated financial statements in English, and the Bank's latest unaudited semi-annual consolidated financial statements in English, may be obtained, and copies of the Deed of Covenant and the Agency Agreement will be available for inspection, at the Specified Offices of each of the Agents during normal business hours, so long as any of the Bonds is outstanding.

7. The consolidated financial statements of the Group as of and for the fiscal years ended 31 March 2024 and 2023 (including comparative information in relation thereto), included in this Offering Circular, have been audited by Deloitte Touche Tohmatsu LLC, the Bank's independent auditor, as stated in its independent auditor's reports appearing herein.

8. The semi-annual consolidated financial statements of the Group as of and for the six-month period ended 30 September 2024 (including comparative information in relation thereto), included in this Offering Circular, have been reviewed by Deloitte Touche Tohmatsu LLC, the Bank's independent accountant, as stated in its independent accountant's review report appearing herein.

INDEX TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Year Ended 31 March 2024

Fiscal Year Ended 31 March 2023

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Resona Bank, Limited:

<Audit of Consolidated Financial Statements>

Opinion

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

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

Convenience Translation

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

Basis for Opinion

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

Key Audit Matter

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

<table>
<tr><th colspan="2">Determination of the reserve for loan losses</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter Was Addressed in the Audit</th></tr>
<tr><td>Resona Bank, Limited (hereinafter the "Bank") aims to contribute to local communities by thoroughly treating customers in local areas with excellent services under the group management philosophy. As loans to small-to-mid-size companies and individual mortgages comprise a significant proportion in the Bank's lending business, which is one of its core businesses, the Bank attempts to diversify its credit portfolio into smaller loans. The Bank also attempts to strengthen its credit risk management system by promoting initiatives for predictive management and risk diversification against deterioration of loan assets. As stated in Note 2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (10) Reserve for loan losses" in the consolidated financial statements (hereinafter the "Reserve for loan losses"), in order to prepare for the risk of bad loan losses from default or bankruptcy of borrowers, the Bank determines borrower classification in accordance with the Bank's internal standards for self-assessment of asset quality as well as the Bank's accounting rules for write-offs and reserves. The Bank then determines reserves for loan losses by estimating the expected loan losses based on historical loan loss ratios, the collectable amounts from the disposal of collateral, and the recoverable amounts from guarantees. As of March 31, 2024, reserves for loan losses of ¥123.3 billion were reported in the consolidated balance sheet.

The Bank recognizes the possibility that credit cost may increase due to changes in the environment surrounding its obligors, and accordingly, it describes "Future business outlook of borrowers in determining obligors' classification" as a major assumption of the reserve for loan losses in Note 3, "SIGNIFICANT ACCOUNTING ESTIMATES." The Bank sets the future business outlook of borrowers by assessing each obligor's ability to earn profits individually, mainly considering factors such as the obligor's business performance, fulfillment of obligation, the nature of the industry, and the obligor's business plan and progress thereof, as well as external and internal factors that may significantly affect the aforementioned factors. If significant changes in external factors, such as the depreciation of the yen and surges in resource prices, or internal factors, such as business restructuring and financial position, significantly affect credit risk of loans, in particular, the degree of estimation uncertainty and subjective judgment made by management of the Bank becomes higher.</td><td>We tested the effectiveness of internal controls over inspections and approvals for whether reserves for loan losses are appropriately determined in accordance with internal rules and guidance. We also performed analyses of the state of the borrowers' finances and revenue as well as analyses of actual losses that served as the basis for loss estimates. Furthermore, with involvement of the auditor of the parent company, we performed the following substantive procedures with respect to reserves for loan losses to evaluate the reasonableness of management judgment and estimates.

• In our audit procedures related to the Bank's self-assessment of asset quality, we specified obligors for whom external factors, such as the depreciation of the yen and surges in resource prices, and internal factors, such as business restructuring and financial position, in particular, were presumed to significantly affect credit risk of loans based on the risk assessment that considered both quantitative information, such as business performance and financial position of the obligors, and qualitative information.

• For the obligors specified, we examined the borrower classification by identifying the significant assumptions applied by management of the Bank to the obligors' future business outlook, and comparing such assumptions with available external information, such as external economic reports, to determine whether the assumptions were based on reasonable and supportable information and whether the effects of the aforementioned factors on the obligors' business activities were considered without bias.

• In addition, we inquired of relevant departments of the Bank about estimation uncertainty, inspected research documents related to the effects of external and internal factors and documents related to the determination of borrower classifications prepared by the parent company and the Bank and examined the assessment results of the reasonableness of the business plans of the obligors concerned, including comparative analyses of future business outlook and recent performance.</td></tr>
</table>

If the significant estimates related to the above, as well as assumptions used in the estimates do not appropriately reflect credit risk inherent in the loans, there is a potential risk that reserves for loan losses may not be appropriately calculated. Therefore, we have determined the reasonableness of these significant estimates and assumptions used in the estimates as a key audit matter.	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to Resona Bank, Limited and its subsidiaries were ¥301 million and ¥64 million, respectively.

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

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

Deloitte Touche Tohmatsu LLC

August 23, 2024

CONSOLIDATED BALANCE SHEET
Resona Bank, Limited and consolidated subsidiaries
March 31, 2024

	Millions of yen		Millions of U.S. dollars (Note 1)
	2024	**2023**	**2024**
Assets:			
Cash and due from banks (Notes 4, 12 and 29)	¥ 12,440,150	¥ 12,973,776	$ 82,156
Call loans and bills bought (Note 29)	104,688	521,008	691
Receivables under securities borrowing transactions (Note 29)	8,448	8,360	55
Monetary claims bought (Note 29)	279,652	275,343	1,846
Trading assets (Notes 5, 12, 29 and 30)	344,944	217,537	2,278
Securities (Notes 6, 7, 12 and 29)	5,339,241	4,795,624	35,261
Loans and bills discounted (Notes 7, 12, 13, 29 and 36)	23,940,604	22,739,702	158,107
Foreign exchange assets (Notes 7, 8 and 29)	125,935	176,512	831
Other assets (Notes 7, 9, 12, 29, and 30)	767,825	670,211	5,070
Tangible fixed assets (Notes 10, 20 and 28)	204,426	208,802	1,350
Intangible fixed assets (Notes 11 and 28)	36,905	41,947	243
Net defined benefit asset (Note 31)	44,405	23,861	293
Deferred tax assets (Note 27)	1,140	393	7
Customers' liabilities for acceptances and guarantees (Note 7 and 19)	256,870	257,198	1,696
Reserve for loan losses (Note 29)	(123,372)	(111,732)	(814)
Total Assets	¥ 43,771,867	¥ 42,798,550	$ 289,075
Liabilities and Net Assets:			
Liabilities:			
Deposits (Notes 12, 14 and 29)	¥ 35,192,616	¥ 34,183,512	$ 232,417
Negotiable certificates of deposit (Note 29)	550,110	731,250	3,633
Call money and bills sold (Note 29)	826,279	422,252	5,456
Payables under repurchase agreements (Notes 12 and 29)	–	5,000	–
Payables under securities lending transactions (Notes 12 and 29)	1,364,159	1,971,400	9,009
Trading liabilities (Notes 5, 29 and 30)	78,511	51,055	518
Borrowed money (Notes 12, 15 and 29)	1,863,397	2,234,716	12,306
Foreign exchange liabilities (Notes 8 and 29)	11,088	11,720	73
Bonds (Notes 16 and 29)	36,000	36,000	237
Due to trust account (Note 29)	1,314,105	990,487	8,678
Other liabilities (Notes 12, 15, 17, 29, 30 and 36)	427,442	286,265	2,822
Reserve for employees' bonuses	9,378	9,183	61
Net defined benefit liability (Note 31)	189	148	1
Other reserves (Note 18)	12,206	12,585	80
Deferred tax liabilities (Note 27)	90,750	32,893	599
Deferred tax liabilities for land revaluation (Note 20)	17,589	18,094	116
Acceptances and guarantees (Note 19)	256,870	257,198	1,696
Total Liabilities	42,050,696	41,253,765	277,708
Net Assets (Notes 21 and 33):			
Capital stock	279,928	279,928	1,848
Capital surplus	428,554	428,554	2,830
Retained earnings	550,407	502,445	3,634
Total stockholders' equity	1,258,889	1,210,927	8,313
Net unrealized gains on available-for-sale securities (Note 6)	405,864	292,233	2,680
Net deferred gains on hedges	3,252	1,374	21
Revaluation reserve for land (Note 20)	38,239	39,385	252
Foreign currency translation adjustments	(137)	(880)	(0)
Remeasurements of defined benefit plans (Note 31)	6,382	(7,552)	42
Total accumulated other comprehensive income	453,601	324,560	2,995
Noncontrolling interests	8,680	9,296	57
Total Net Assets	1,721,171	1,544,784	11,366
Total Liabilities and Net Assets	¥ 43,771,867	¥ 42,798,550	$ 289,075

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
Resona Bank, Limited and consolidated subsidiaries
For the fiscal year ended March 31, 2024

	Millions of yen		Millions of U.S. dollars (Note 1)
	2024	2023	2024
Income:			
Interest income (Notes 22 and 36)	¥ 301,483	¥ 262,992	$ 1,991
Trust fees (Note 34)	25,371	21,595	167
Fees and commissions (Note 34)	146,757	142,928	969
Trading income (Note 23)	823	3,337	5
Other operating income (Note 24)	18,935	18,085	125
Other income (Note 26)	62,422	62,810	412
Total Income	555,794	511,749	3,670
Expenses:			
Interest expenses (Notes 22 and 36)	75,904	32,859	501
Fees and commissions	61,403	59,041	405
Trading expenses	111	244	0
Other operating expenses (Note 24)	21,073	40,955	139
General and administrative expenses (Note 25)	220,083	215,002	1,453
Other expenses (Note 26)	44,633	26,023	294
Total Expenses	423,209	374,127	2,794
Income before income taxes	132,585	137,622	875
Income taxes (Note 27):			
Current	39,721	31,053	262
Deferred	(1,470)	7,460	(9)
Total income Taxes	38,251	38,513	252
Net income	94,334	99,109	622
Net income (losses) attributable to noncontrolling interests	(858)	1,078	(5)
Net income attributable to owners of parent	¥ 95,192	¥ 98,031	$ 628

	Yen		U.S. dollars (Note 1)
Per common share information:			
Net income per share (Basic) (Note 33)	¥ 0.70	¥ 0.72	$ 0.00
Cash dividends per share applicable to the fiscal year (Notes 21)	0.4279	0.2905	0.0028

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Resona Bank, Limited and consolidated subsidiaries
For the fiscal year ended March 31, 2024

	Millions of yen		Millions of U.S. dollars (Note 1)
	2024	2023	2024
Net income	¥ 94,334	¥ 99,109	$ 622
Other comprehensive income (Note 32):			
Net unrealized gains (losses) on available-for-sale securities	113,634	(39,776)	750
Net deferred gains (losses) on hedges	1,878	(2,483)	12
Foreign currency translation adjustments	1,043	3,215	6
Remeasurements of defined benefit plans	13,886	4,199	91
Share of other comprehensive income of affiliates accounted for using the equity method	26	(6)	0
Total other comprehensive income	130,470	(34,852)	861
Total comprehensive income (Note 32)	¥ 224,804	¥ 64,257	$ 1,484
Total comprehensive income attributable to (Note 32):			
Owners of parent	¥ 225,379	¥ 63,263	$ 1,488
Noncontrolling interests	(575)	993	(3)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Resona Bank, Limited and consolidated subsidiaries
For the fiscal year ended March 31, 2024

	Millions of yen											
	Stockholders' equity				Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Total stockholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumula-ted other comprehen-sive income	Non-controlling interests	Total net assets
Balance at April 1, 2022	¥ 279,928	¥ 428,554	¥ 434,460	¥ 1,142,942	¥ 332,010	¥ 3,858	¥ 39,385	¥ (4,169)	¥ (11,756)	¥ 359,327	¥ 8,303	¥ 1,510,573
Changes during the fiscal year												
Dividends paid			(30,046)	(30,046)								(30,046)
Net income attributable to owners of parent			98,031	98,031								98,031
Net changes except for stockholders' equity during the fiscal year					(39,776)	(2,483)	—	3,289	4,203	(34,767)	993	(33,774)
Total changes during the fiscal year	—	—	67,984	67,984	(39,776)	(2,483)	—	3,289	4,203	(34,767)	993	34,210
Balance at April 1, 2023	279,928	428,554	502,445	1,210,927	292,233	1,374	39,385	(880)	(7,552)	324,560	9,296	1,544,784
Changes during the fiscal year												
Dividends paid			(48,376)	(48,376)								(48,376)
Net income attributable to owners of parent			95,192	95,192								95,192
Reversal of revaluation reserve for land			1,146	1,146								1,146
Net changes except for stockholders' equity during the fiscal year					113,630	1,878	(1,146)	743	13,934	129,040	(616)	128,424
Total changes during the fiscal year	—	—	47,962	47,962	113,630	1,878	(1,146)	743	13,934	129,040	(616)	176,386
Balance at March 31, 2024	¥ 279,928	¥ 428,554	¥ 550,407	¥ 1,258,889	¥ 405,864	¥ 3,252	38,239	¥ (137)	¥ 6,382	¥ 453,601	¥ 8,680	¥ 1,721,171

	Millions of U.S. dollars (Note1)											
	Stockholders' equity				Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Total stockholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumula-ted other comprehen-sive income	Non-controlling interests	Total net assets
Balance at April 1, 2023	$ 1,848	$ 2,830	$ 3,318	$ 7,997	$ 1,929	$ 9	$ 260	$ (5)	$ (49)	$ 2,143	$ 61	$ 10,201
Changes during the fiscal year												
Dividends paid			(319)	(319)								(319)
Net income attributable to owners of parent			628	628								628
Reversal of revaluation reserve for land			7	7								7
Net changes except for stockholders' equity during the fiscal year					750	12	(7)	4	92	852	(4)	848
Total changes during the fiscal year	—	—	316	316	750	12	(7)	4	92	852	(4)	1,164
Balance at March 31, 2024	$ 1,848	$ 2,830	$ 3,634	$ 8,313	$ 2,680	$ 21	$ 252	$ (0)	$ 42	$ 2,995	$ 57	$ 11,366

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Resona Bank, Limited and consolidated subsidiaries
For the fiscal year ended March 31, 2024

	Millions of yen		Millions of U.S. dollars (Note 1)
	2024	2023	2024
Cash flows from operating activities:			
Income before income taxes	¥ 132,585	¥ 137,622	$ 875
Adjustments for:			
Depreciation and amortization	30,204	30,203	199
Impairment losses on fixed assets	1,887	753	12
Equity in earnings of investments in affiliates	(50)	(71)	(0)
Increase (decrease) in reserve for loan losses	11,639	(15,440)	76
Increase (decrease) in reserve for employees' bonuses	194	41	1
(Increase) decrease in net defined benefit asset	(20,543)	(5,897)	(135)
Increase (decrease) in net defined benefit liability	41	24	0
Interest income	(301,483)	(262,992)	(1,991)
Interest expenses	75,904	32,859	501
Net (gains) losses on securities	(28,953)	(9,998)	(191)
Net foreign exchange (gains) losses	(101,763)	(58,994)	(672)
Net (gains) losses on disposal of fixed assets	(1,196)	1,143	(7)
Net (increase) decrease in trading assets	(127,407)	13,074	(841)
Net increase (decrease) in trading liabilities	27,455	24,125	181
Net (increase) decrease in loans and bills discounted	(1,200,901)	(1,075,849)	(7,930)
Net increase (decrease) in deposits	1,009,104	800,112	6,664
Net increase (decrease) in negotiable certificates of deposit	(181,140)	(37,500)	(1,196)
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	(371,318)	(2,345,449)	(2,452)
Net (increase) decrease in due from banks (excluding those deposited at the Bank of Japan)	(10,810)	(55,128)	(71)
Net (increase) decrease in call loans, bills bought and monetary claims bought	412,010	(18,635)	2,720
Net (increase) decrease in Receivables under securities borrowing transactions	(87)	(8,360)	(0)
Net increase (decrease) in call money and other	399,026	193,613	2,635
Net increase (decrease) in Payables under securities lending transactions	(607,241)	1,368,942	(4,010)
Net (increase) decrease in foreign exchange assets	50,577	(43,298)	334
Net increase (decrease) in foreign exchange liabilities	(632)	(770)	(4)
Net increase (decrease) in due to trust account	323,617	(118,627)	2,137
Interest receipts	297,582	261,416	1,965
Interest payments	(72,941)	(28,660)	(481)
Other - net	98,635	(43,157)	651
Subtotal	(156,002)	(1,264,900)	(1,030)
Income taxes paid	(29,406)	(28,869)	(194)
Net cash provided by (used in) operating activities	(185,409)	(1,293,769)	(1,224)
Cash flows from investing activities:			
Purchases of securities	(2,100,467)	(3,355,078)	(13,871)
Proceeds from sales of securities	1,471,206	2,816,293	9,716
Proceeds from redemption of securities	329,013	293,814	2,172
Purchases of tangible fixed assets	(7,034)	(8,377)	(46)
Proceeds from sales of tangible fixed assets	2,620	6	17
Purchases of intangible fixed assets	(6,537)	(5,493)	(43)
Proceeds from sales of intangible fixed assets	6	—	0
Other - net	(158)	(1,506)	(1)
Net cash provided by (used in) investing activities	(311,351)	(260,340)	(2,056)
Cash flows from financing activities:			
Dividends paid	(48,376)	(30,046)	(319)
Dividends paid to noncontrolling interests of consolidated subsidiaries	(41)	—	(0)
Net cash provided by (used in) financing activities	(48,418)	(30,046)	(319)
Effect of exchange rate changes on cash and cash equivalents	743	1	4
Net increase (decrease) in cash and cash equivalents	(544,436)	(1,584,154)	(3,595)
Cash and cash equivalents at the beginning of the fiscal year	12,854,627	14,438,782	84,893
Cash and cash equivalents at the end of the fiscal year (Note 4)	¥ 12,310,190	¥ 12,854,627	$ 81,298

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Resona Bank, Limited and consolidated subsidiaries

Fiscal year ended March 31, 2024

1. BASIS OF PRESENTATION

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Certain reclassifications have been made in the 2023 consolidated financial statements to conform to the classifications used in 2024.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers outside Japan and have been made at the rate of ¥151.42 to U.S. $1.00, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 31, 2024. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Use of estimates

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

(2) Principles of consolidation

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

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

(a) Scope of consolidation

The number of consolidated subsidiaries as of March 31, 2024 and 2023 was three.

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

(b) Application of the equity method of accounting

The number of affiliates accounted for by the equity method as of March 31, 2024 and 2023 was one.

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

(c) Balance sheet dates of consolidated subsidiaries

The balance sheet date of the consolidated subsidiaries as of March 31, 2024 and 2023 were as follows:

(Number of consolidated subsidiaries)

	2024	2023
End of December	**3**	3

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

(d) Eliminations of intercompany balances and transactions

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

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

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

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

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

(3) Trading assets and trading liabilities

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

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

(4) Trading income and trading expenses

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

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

(5) Securities

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

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

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

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

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

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

(6) Derivatives and hedge accounting

Derivatives are classified and accounted for as follows:

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

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

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

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

(a) Hedges of interest rate risk

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

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

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

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

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

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

(b) Hedges of foreign currency risk

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

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

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

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

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

(7) Depreciation and amortization

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

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

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

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

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

(c) Leased assets

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

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

(d) Goodwill

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

(8) Long-lived assets

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

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

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

(9) Reserve for reimbursement of deposits

The Bank generally reimburses derecognized customer deposits if a legitimate claimant appears, and such reimbursement of deposit is accounted for as a charge against income.

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

(10) Reserve for loan losses

The Bank has provided a reserve for loan losses in accordance with its internal standards for write-offs and reserves as follows:

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

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

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

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

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

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

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

For collateralized or guaranteed claims to bankrupt obligors and effectively bankrupt obligors, uncollectible amounts (i.e., the carrying value less the amounts collectible from the disposal of collateral and execution of guarantees) are directly written-off. Such uncollectible amounts as of March 31, 2024 and 2023 were ¥65,639 million ($433 million) and ¥67,279 million, respectively.

(11) Reserve for employees' bonuses

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

(12) Employees' retirement benefits

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

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

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

(13) Other reserves

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

(14) Revenue recognition

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

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

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

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

(15) Translation of foreign currencies

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

The Bank translates assets and liabilities denominated in foreign currencies into Japanese yen primarily at the exchange rates at the consolidated balance sheet date, with the exception of investments in affiliates which are translated at historical exchange rates.

(16) Income taxes

The Bank is a wholly owned subsidiary of Resona Holdings, Inc. (the "Holdings"). The Bank applies the group tax sharing system, with the Holdings as the aggregate parent company.

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

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

(17) Cash and cash equivalents

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

(18) Per share information

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

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

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

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

(i) Changes in accounting policies

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

(ii) Changes in presentations

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

(iii) Changes in accounting estimates

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

(iv) Corrections of prior period error

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

(v) Provisions of relevant accounting standards are not clarified

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

(20) New accounting pronouncements

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

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

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

(i) Overview

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

(ii) Scheduled date of application

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

(iii) Effects of application

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

3. SIGNIFICANT ACCOUNTING ESTIMATES

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

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Reserve for loan losses	**¥ 123,372**	¥ 111,732	**$ 814**

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

(i) Determination method

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

Details of the determination method of "Reserve for loan losses" is described on "2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (10) Reserve for loan losses".

(ii) Major assumptions

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

These assumptions have a possibility of being affected by changes in various circumstances, including future economic conditions, etc.

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

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

4. CASH AND CASH EQUIVALENTS

The reconciliation between "Cash and cash equivalents" in the consolidated statement of cash flows and "Cash and due from banks" in the consolidated balance sheet as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Cash and due from banks	**¥ 12,440,150**	¥ 12,973,776	**$ 82,156**
Less: Due from banks except for the Bank of Japan	**(129,959)**	(119,148)	**(858)**
Cash and cash equivalents	**¥ 12,310,190**	¥ 12,854,627	**$ 81,298**

5. TRADING ASSETS AND TRADING LIABILITIES

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Trading assets:			
Trading securities	**¥ 246,532**	¥ 146,589	**$ 1,628**
Trading-related financial derivatives	**98,410**	70,948	**649**
Derivatives of securities related to trading transactions	**2**	—	**0**
Total	**¥ 344,944**	¥ 217,537	**$ 2,278**
Trading liabilities:			
Trading-related financial derivatives	**¥ 78,511**	¥ 51,044	**$ 518**
Derivatives of securities related to trading transactions	**¥ —**	11	**—**
Total	**¥ 78,511**	¥ 51,055	**$ 518**

6. SECURITIES

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Japanese government bonds	**¥ 2,579,043**	¥ 2,319,498	**$ 17,032**
Japanese local government bonds	**147,888**	162,493	**976**
Japanese corporate bonds	**702,640**	696,162	**4,640**
Japanese stocks	**878,192**	725,181	**5,799**
Other securities	**1,031,477**	892,288	**6,812**
Total	**¥ 5,339,241**	¥ 4,795,624	**$ 35,261**

As of March 31, 2024 and 2023, securities included equity investments in non-consolidated subsidiaries and affiliates, accounted for by the equity method or the cost method, of ¥20,068 million ($132 million) and ¥20,006 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥302 million ($1 million) and ¥303 million, respectively.

There were no securities loaned without collateral, securities borrowed without collateral, securities purchased under resale agreements or securities received under securities borrowing transactions collateralized with cash as of March 31, 2024 and 2023.

As of March 31, 2024 and 2023, securities accepted under cash-secured bond lending transactions and that have the right to be freely disposed of by selling or repledged amounts to ¥8,838 million ($58 million) and ¥8,835 million, respectively.

I. Securities related information

In addition to the “securities” disclosed in the consolidated balance sheet, the following tables contain information relating to trading securities and short-term bonds in “trading assets”.

(1) Held-to-maturity debt securities

The amounts on the consolidated balance sheet, estimated fair value and unrealized gains (losses) on held-to-maturity debt securities as of March 31, 2024 and 2023 were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2024			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**¥ 649,304**	**¥ 650,567**	**¥ 1,262**
Japanese local government bonds	**100**	**101**	**1**
Japanese corporate bonds	**6,514**	**6,553**	**39**
Subtotal	**655,919**	**657,223**	**1,303**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**1,613,429**	**1,507,492**	**(105,937)**
Japanese local government bonds	**300**	**294**	**(5)**
Japanese corporate bonds	**44,822**	**44,020**	**(801)**
Other	**15,142**	**13,923**	**(1,218)**
Subtotal	**1,673,693**	**1,565,730**	**(107,962)**
Total	**¥ 2,329,613**	**¥ 2,222,954**	**¥ (106,659)**

	Millions of yen		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2023			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥ 479,303	¥ 482,618	¥ 3,314
Japanese local government bonds	300	300	0
Japanese corporate bonds	5,500	5,523	23
Subtotal	485,103	488,442	3,338
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	1,534,014	1,469,710	(64,304)
Japanese corporate bonds	17,838	17,672	(166)
Other	13,354	12,168	(1,185)
Subtotal	1,565,207	1,499,551	(65,655)
Total	¥ 2,050,311	¥ 1,987,993	¥ (62,317)

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2024			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**$ 4,288**	**$ 4,296**	**$ 8**
Japanese local government bonds	**0**	**0**	**0**
Japanese corporate bonds	**43**	**43**	**0**
Subtotal	**4,331**	**4,340**	**8**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**10,655**	**9,955**	**(699)**
Japanese local government bonds	**1**	**1**	**(0)**
Japanese corporate bonds	**296**	**290**	**(5)**
Other	**100**	**91**	**(8)**
Subtotal	**11,053**	**10,340**	**(712)**
Total	**$ 15,385**	**$ 14,680**	**$ (704)**

(2) Available-for-sale securities

The amounts on the consolidated balance sheet, acquisition or amortized cost and unrealized gains (losses) on available-for-sale securities as of March 31, 2024 and 2023 were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2024			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**¥ 820,004**	**¥ 188,286**	**¥ 631,717**
Bonds:			
Japanese corporate bonds	**123,415**	**122,810**	**604**
Total bonds	**123,415**	**122,810**	**604**
Other	**182,786**	**176,184**	**6,602**
Subtotal	**¥ 1,126,205**	**¥ 487,281**	**¥ 638,924**
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	**¥ 15,168**	**¥ 17,625**	**¥ (2,456)**
Bonds:			
Japanese government bonds	**316,309**	**347,695**	**(31,386)**
Japanese local government bonds	**147,488**	**149,893**	**(2,405)**
Japanese corporate bonds	**527,887**	**538,704**	**(10,817)**
Total bonds	**991,685**	**1,036,293**	**(44,608)**
Other	**789,123**	**823,205**	**(34,081)**
Subtotal	**¥ 1,795,977**	**¥ 1,877,124**	**¥ (81,146)**
Total	**¥ 2,922,182**	**¥ 2,364,405**	**¥ 557,777**

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2023			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	¥ 665,231	¥ 201,664	¥ 463,566
Bonds:			
Japanese local government bonds	6,079	6,064	15
Japanese corporate bonds	195,465	194,658	806
Total bonds	201,545	200,722	822
Other	34,529	32,259	2,269
Subtotal	¥ 901,306	¥ 434,647	¥ 466,659
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	¥ 16,870	¥ 21,485	¥ (4,614)
Bonds:			
Japanese government bonds	306,180	328,639	(22,458)
Japanese local government bonds	156,113	158,290	(2,176)
Japanese corporate bonds	477,358	484,337	(6,979)
Total bonds	939,652	971,266	(31,614)
Other	803,352	840,929	(37,577)
Subtotal	¥ 1,759,875	¥ 1,833,682	¥ (73,807)
Total	¥ 2,661,181	¥ 2,268,329	¥ 392,851

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2024			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**$ 5,415**	**$ 1,243**	**$ 4,171**
Bonds:			
Japanese corporate bonds	**815**	**811**	**3**
Total bonds	**815**	**811**	**3**
Other	**1,207**	**1,163**	**43**
Subtotal	**$ 7,437**	**$ 3,218**	**$ 4,219**
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	**$ 100**	**$ 116**	**$ (16)**
Bonds:			
Japanese government bonds	**2,088**	**2,296**	**(207)**
Japanese local government bonds	**974**	**989**	**(15)**
Japanese corporate bonds	**3,486**	**3,557**	**(71)**
Total bonds	**6,549**	**6,843**	**(294)**
Other	**5,211**	**5,436**	**(225)**
Subtotal	**$ 11,860**	**$ 12,396**	**$ (535)**
Total	**$ 19,298**	**$ 15,614**	**$ 3,683**

(3) Securities sold during the fiscal year

There were no held-to-maturity debt securities sold during the fiscal years ended March 31, 2024 and 2023.

Proceeds from sales of available-for-sale securities, gains on sales and losses on sales for the fiscal years ended March 31, 2024 and 2023 were as follows:

	Millions of yen			Millions of U.S. dollars		
	Proceeds from sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
March 31, 2024						
Available-for-sale securities:						
Japanese stocks	**¥ 59,098**	**¥ 42,034**	**¥ 70**	**$ 390**	**$ 277**	**$ 0**
Bonds:						
Japanese government bonds	**618,093**	**684**	**960**	**4,081**	**4**	**6**
Japanese local government bonds	**20,620**	**52**	**24**	**136**	**0**	**0**
Japanese corporate bonds	**27,718**	**118**	**20**	**183**	**0**	**0**
Total bonds	**666,432**	**855**	**1,005**	**4,401**	**5**	**6**
Other	**763,557**	**9,110**	**20,598**	**5,042**	**60**	**136**
Total	**¥ 1,489,089**	**¥ 52,000**	**¥21,674**	**$ 9,834**	**$ 343**	**$ 143**

	Millions of yen		
	Proceeds from sales	Gains on sales	Losses on sales
March 31, 2023			
Available-for-sale securities:			
Japanese stocks	¥ 61,130	¥ 44,245	¥ 274
Bonds:			
Japanese government bonds	1,695,774	2,038	4,658
Japanese local government bonds	2,735	2	3
Japanese corporate bonds	18,126	11	—
Total bonds	1,716,636	2,052	4,661
Other	863,007	7,365	37,289
Total	¥ 2,640,774	¥ 53,663	¥ 42,226

(4) Change in classification of securities

For the fiscal years ended March 31, 2024 and 2023, the Bank did not reclassify any securities.

(5) Impairment of securities

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

For the fiscal years ended March 31, 2024 and 2023, impairment losses of ¥1,336 million ($8 million) and ¥604 million, respectively, were recorded with respect to securities with fair values except for trading securities (excluding non-marketable equity securities, etc. and investment in partnerships).

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

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

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

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

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

Reconciliation of net unrealized gains on available-for-sale securities to the amounts included in "net unrealized gains on available-for-sale securities", presented as a separate component of net assets in the consolidated balance sheet as of March 31, 2024 and 2023, were as follows:

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Net unrealized gains before taxes on available-for-sale securities	**¥ 557,985**	¥ 393,195	**$ 3,685**
Deferred tax liabilities	**(152,121)**	(100,966)	**(1,004)**
Net unrealized gains on available-for-sale securities (before adjustment)	**405,863**	292,228	**2,680**
The Bank's portion of unrealized gains (losses) on available-for-sale securities of equity method investees	**0**	4	**0**
Amounts recorded in the consolidated balance sheet	**¥ 405,864**	¥ 292,233	**$ 2,680**

7. LOANS AND BILLS DISCOUNTED

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Bills discounted	**¥ 40,053**	¥ 36,044	**$ 264**
Loans on notes	**241,716**	242,527	**1,596**
Loans on deeds	**21,078,943**	19,998,008	**139,208**
Overdrafts	**2,579,890**	2,463,121	**17,037**
Total	**¥ 23,940,604**	¥ 22,739,702	**$ 158,107**

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

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Bankrupt or De Facto Bankrupt Loans	**¥ 21,127**	¥ 20,233	**$ 139**
Doubtful Loans	**199,404**	170,279	**1,316**
Loans in arrears by 3 months or more	**662**	508	**4**
Restructured Loans	**98,278**	99,079	**649**
Total	**¥ 319,472**	¥ 290,100	**$ 2,109**

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

(a) "Bankrupt or De Facto Bankrupt Loans" are the claim held against debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claim equivalent.

(b) "Doubtful Loans" are the claims (excluding the loans classified as (a)) whose debtor is not yet in the status of failure in business although such debtor's financial status and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible.

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

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

Bills discounted are recorded as lending transactions in accordance with the Industry Committee Practical Guidelines No. 24. The Bank has a right to sell or repledge as collateral such discounted bills at its discretion. The total face value of bank acceptance bills, commercial bills, documentary bills and foreign currency bills bought, which were obtained at a discount, were ¥48,033 million ($317 million) and ¥47,312 million as of March 31, 2024 and 2023, respectively.

8. FOREIGN EXCHANGE

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Assets:			
Due from foreign banks	**¥ 81,347**	¥ 127,731	**$ 537**
Foreign bills of exchange bought	**7,980**	11,267	**52**
Foreign bills of exchange receivable	**36,607**	37,513	**241**
Total	**¥ 125,935**	¥ 176,512	**$ 831**
Liabilities:			
Due to foreign banks	**¥ 8,038**	¥ 9,564	**$ 53**
Foreign bills of exchange sold	**145**	208	**0**
Foreign bills of exchange payable	**2,904**	1,947	**19**
Total	**¥ 11,088**	¥ 11,720	**$ 73**

9. OTHER ASSETS

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Prepaid expenses	**¥ 8,256**	¥ 9,128	**$ 54**
Accrued income	**52,215**	46,335	**344**
Initial margins for futures transactions	**39,362**	38,416	**259**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**87,515**	62,781	**577**
Guarantee deposits	**12,554**	12,666	**82**
Cash collateral paid for financial instruments	**43,947**	32,100	**290**
Other receivable on sales of securities	**55,128**	31,289	**364**
Other	**468,847**	437,492	**3,096**
Total	**¥ 767,825**	¥ 670,211	**$ 5,070**

10. TANGIBLE FIXED ASSETS

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Land, buildings and leased assets	**¥ 410,683**	¥ 409,251	**$ 2,712**
Construction in progress	**1,356**	549	**8**
Subtotal	**412,039**	409,801	**2,721**
Accumulated depreciation	**(207,613)**	(200,998)	**(1,371)**
Total	**¥ 204,426**	¥ 208,802	**$ 1,350**

Under certain conditions such as exchanges of tangible fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to effectively defer the recognition of taxable profit arising from such transactions by reducing the cost of the assets acquired. Such deferred profit amounted to ¥28,680 million ($189 million) and ¥28,923 million as of March 31, 2024 and 2023, respectively.

11. INTANGIBLE FIXED ASSETS

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Software	**¥ 14,858**	¥ 14,212	**$ 98**
Leased assets	**19,983**	25,664	**131**
Other intangible fixed assets	**2,064**	2,070	**13**
Total	**¥ 36,905**	¥ 41,947	**$ 243**

12. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and debt collateralized as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Assets pledged as collateral:			
Cash and due from banks	**¥ 1,007**	¥ 1,540	**$ 6**
Trading assets	—	4,998	—
Securities	**3,120,482**	2,764,359	**20,608**
Loans and bills discounted	**449,281**	3,530,757	**2,967**
Other assets	**4,089**	3,988	**27**
Debt collateralized:			
Deposits	**¥ 74,423**	¥ 74,040	**$ 491**
Payables under repurchase agreements	—	5,000	—
Payables under securities lending transactions	**1,364,159**	1,971,400	**9,009**
Borrowed money	**1,833,450**	2,204,411	**12,108**
Other liabilities	**9,003**	7,847	**59**

In addition to the pledged assets shown above, the following assets were pledged as collateral for settlements of domestic exchanges or for futures transactions as of March 31, 2024 and 2023.

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Assets pledged as collateral:			
Securities	**¥ 191,253**	¥ 15,084	**$ 1,263**
Other assets	**350,555**	350,555	**2,315**

In addition to the above, following initial margins for futures transactions, cash collateral paid for financial instruments and guarantee deposits were included in other assets as of March 31, 2024 and 2023.

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Initial margins for futures transactions	**¥ 39,362**	¥ 38,416	**$ 259**
Cash collateral paid for financial instruments	**43,947**	32,100	**290**
Guarantee deposits	**12,554**	12,666	**82**

13. COMMITMENT LINE AGREEMENTS

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

Unused balances related to these agreements as of March 31, 2024 and 2023 amounted to ¥8,831,250 million ($58,322 million) and ¥8,480,755 million, respectively, including ¥8,130,707 million ($53,696 million) and ¥7,855,920 million, respectively, of agreements with original terms of one year or less or those that are unconditionally cancellable by the Group at any time without penalty.

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

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

14. DEPOSITS

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Current deposits	**¥ 4,710,493**	¥ 4,717,787	**$ 31,108**
Ordinary deposits	**23,637,687**	22,448,391	**156,106**
Savings deposits	**132,602**	135,640	**875**
Notice deposits	**49,974**	61,513	**330**
Time deposits	**5,474,398**	5,746,681	**36,153**
Other deposits	**1,187,460**	1,073,498	**7,842**
Total	**¥ 35,192,616**	¥ 34,183,512	**$ 232,417**

15. BORROWED MONEY AND LEASE OBLIGATIONS

(1) Borrowed money

Borrowed money included borrowings from the Bank of Japan and other financial institutions. The weighted average annual interest rates applicable to borrowed money were 0.22% for the fiscal years ended March 31, 2024 and 2023, respectively.

The following is a summary of maturities of borrowed money subsequent to March 31, 2024:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2025	**¥ 475,433**	**$ 3,139**
2026	**85,746**	**566**
2027	**79,402**	**524**
2028	**1,222,742**	**8,075**
2029	**72**	**0**
Total	**¥ 1,863,397**	**$ 12,306**

(2) Obligations under finance lease transactions

The weighted average annual interest rates applicable to the finance lease obligations were 0.20% and 0.04% for the fiscal years ended March 31, 2024 and 2023, respectively.

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

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2025	**¥ 15,112**	**$ 99**
2026	**10,677**	**70**
2027	**6,849**	**45**
2028	**5,303**	**35**
2029	**2,017**	**13**
2030 and thereafter	**494**	**3**
Total	**¥ 40,454**	**$ 267**

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

16. BONDS

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

	Rate	Maturity	Millions of yen	Millions of U.S. dollars
March 31, 2024				
The Bank:				
Subordinated bonds	**2.44% to 2.46%**	**December 22, 2026 to March 15, 2027**	**¥ 36,000**	**$ 237**
Total			**¥ 36,000**	**$ 237**

	Rate	Maturity	Millions of yen
March 31, 2023			
The Bank:			
Subordinated bonds	2.44% to 2.46%	December 22, 2026 to March 15, 2027	¥ 36,000
Total			¥ 36,000

Note: All of the outstanding bonds are unsecured.

The following is a summary of the maturities of bonds subsequent to March 31, 2024:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2025	¥ —	$ —
2026	—	—
2027	**36,000**	**237**
2028	—	—
2029	—	—
Total	**¥ 36,000**	**$ 237**

Note: The above amounts are stated at carrying amounts.

17. OTHER LIABILITIES

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Accrued income taxes	**¥ 26,075**	¥ 15,386	**$ 172**
Accrued consolidated taxes	**668**	542	**4**
Accrued expenses	**22,088**	18,470	**145**
Unearned income	**4,911**	5,648	**32**
Cash collateral received for financial instruments	**93,369**	43,192	**616**
Lease obligations	**40,454**	47,247	**267**
Other payable on purchases of securities	**30,178**	4	**199**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**80,782**	57,852	**533**
Other	**128,913**	97,921	**851**
Total	**¥ 427,442**	¥ 286,265	**$ 2,822**

18. OTHER RESERVES

(i) A reserve for reimbursement of deposits is provided for the estimated future losses resulting from reimbursements of deposits subsequent to the period of derecognition of the related liabilities, and amounted to ¥7,630 million ($50 million) and ¥8,593 million as of March 31, 2024 and 2023, respectively.

(ii) A reserve for Resona Club points is provided for the estimated future expense by usage of the points awarded to the Resona Club members and amounted to ¥1,891 million ($12 million) and ¥1,536 million as of March 31, 2024 and 2023, respectively.

(iii) A reserve for expense on burden charge under the credit guarantee system is provided for the estimated future losses to be charged by the credit guarantee corporation under the burden sharing system for credit losses on loans to certain small and medium-sized companies, and amounted to ¥1,847 million ($12 million) and ¥1,902 million as of March 31, 2024 and 2023, respectively.

19. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

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

In addition to the acceptances and guarantees described above, the Bank guarantees the principals on certain jointly managed trust products. The guaranteed principal amounts held in such trusts were ¥1,320,288 million ($8,719 million) and ¥998,570 million as of March 31, 2024 and 2023, respectively.

20. REVALUATION RESERVE FOR LAND

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

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

21. NET ASSETS

(1) Capital requirement

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

(i) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, an Audit and Supervisory Committee or a Nominating Committee, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Bank is organized as a company with an Audit and Supervisory Committee, meets all of the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to stockholders subject to a certain limitation and additional requirements. Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate.

The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

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

The Banking Act requires that an amount equal to 20% of dividends must be appropriated as a capital reserve (a component of capital surplus) or as a legal reserve (a component of retained earnings) depending on the net assets account charged upon the payment of such dividends until the total of the aggregate amount of the capital reserve and the legal reserve equals 100% of stated capital.

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

(iii) Treasury stock and treasury stock acquisition rights

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

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

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

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

(2) Capital stock - Changes during the fiscal year

The changes in the number and class of shares issued and treasury stock for the fiscal years ended March 31, 2024 and 2023 were as follows:

	(Shares in thousands)			
	As of April 1	Changes during the fiscal year Increase	Changes during the fiscal year Decrease	As of March 31
March 31, 2024				
Issued stock:				
Common stock	**134,979,383**	**—**	**—**	**134,979,383**
March 31, 2023				
Issued stock:				
Common stock	134,979,383	—	—	134,979,383

(3) Capital stock - Number of shares

Number of shares of common stock as of March 31, 2024 was as follows:

	Number of shares	
Class of stock	Authorized	Issued
Common stock	**405,000,000,000**	**134,979,383,058**

(4) Cash dividends per share

Fiscal year March 31, 2024

(a) Dividends paid during the fiscal year

Resolution	Type of stock	Total dividend	Dividend per share	Record date	Effective date
May 12, 2023 The Board of Directors	Common stock	(Millions of yen) **¥ 24,188** (Millions of U.S. dollars) **$ 159**	(Yen) **¥0.1792** (U.S. dollars) **$ 0.0011**	March 31, 2023	May 15, 2023
November 10, 2023 The Board of Directors	Common stock	(Millions of yen) **¥ 24,188** (Millions of U.S. dollars) **$ 159**	(Yen) **¥0.1792** (U.S. dollars) **$ 0.0011**	September 30, 2023	November 13, 2023

(b) Dividends of which the record date falls in the current fiscal year but the effective date falls in the following fiscal year

Resolution	Type of stock	Total dividend	Dividend per share	Source of dividends	Record date	Effective date
May 14, 2024 The Board of Directors	Common stock	(Millions of yen) **¥ 33,569** (Millions of U.S. dollars) **$ 221**	(Yen) **¥0.2487** (U.S. dollars) **$ 0.0016**	Retained earnings	March 31, 2024	May 15, 2024

Fiscal year March 31, 2023

(a) Dividends paid during the fiscal year

Resolution	Type of stock	Total dividend	Dividend per share	Record date	Effective date
May 12, 2022 The Board of Directors	Common stock	(Millions of yen) ¥ 15,023	(Yen) ¥0.1113	March 31, 2022	May 13, 2022
March 30, 2023 The Board of Directors	Common stock	(Millions of yen) ¥ 15,023	(Yen) ¥0.1113	December 31, 2022	March 31, 2023

(b) Dividends of which the record date falls in the current fiscal year but the effective date falls in the following fiscal year

Resolution	Type of stock	Total dividend	Dividend per share	Source of dividends	Record date	Effective date
May 12, 2023 The Board of Directors	Common stock	(Millions of yen) ¥ 24,188	(Yen) ¥0.1792	Retained earnings	March 31, 2023	May 15, 2023

22. INTEREST INCOME AND EXPENSES

Interest income and expenses for the fiscal years ended March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Interest income:			
Interest on loans and bills discounted	**¥ 199,646**	¥ 192,413	**$ 1,318**
Interest and dividends on securities	**60,453**	41,975	**399**
Interest on call loans and bills bought	**5,339**	2,928	**35**
Interest on receivables under securities borrowing transactions	**545**	305	**3**
Interest on due from banks	**13,380**	12,288	**88**
Other interest income	**22,118**	13,080	**146**
Total	**¥ 301,483**	¥ 262,992	**$ 1,991**
Interest expenses:			
Interest on deposits	**¥ 29,073**	¥ 12,319	**$ 192**
Interest on negotiable certificates of deposit	**26**	35	**0**
Interest on call money and bills sold	**7,805**	4,074	**51**
Interest on payables under repurchase agreements	**0**	0	**0**
Interest on payables under securities lending transactions	**28,976**	10,512	**191**
Interest on borrowed money	**4,745**	3,253	**31**
Interest on bonds	**883**	882	**5**
Other interest expenses	**4,392**	1,781	**29**
Total	**¥ 75,904**	¥ 32,859	**$ 501**

23. TRADING INCOME

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Trading income:			
Income from trading-related financial derivatives	**¥ 692**	¥ 3,183	**$ 4**
Income from securities and derivatives related to trading transactions	**19**	—	**0**
Other trading income	**111**	153	**0**
Total	**¥ 823**	¥ 3,337	**$ 5**

Trading income includes net valuation losses of ¥6 million ($0 million) and net valuation gains of ¥10 million for the fiscal years ended March 31, 2024 and 2023, respectively.

24. OTHER OPERATING INCOME AND EXPENSES

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Other operating income:			
Gains on foreign exchange transactions	**¥ 12,256**	¥ 10,040	**$ 80**
Gains on sales of Japanese government bonds and other	**3,899**	6,402	**25**
Income from derivatives other than for trading or hedging	**2,556**	597	**16**
Other	**223**	1,045	**1**
Total	**¥ 18,935**	¥ 18,085	**$ 125**
Other operating expenses:			
Losses on sales of Japanese government bonds and other	**¥ 21,073**	¥ 40,955	**$ 139**
Total	**¥ 21,073**	¥ 40,955	**$ 139**

25. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the fiscal years ended March 31, 2024 and 2023 included following:

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Salaries and allowances	**¥ 73,607**	¥ 72,230	**$ 486**
Depreciation expense	**30,204**	30,203	**199**

26. OTHER INCOME AND EXPENSES

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Other income:			
Gains on sales of stocks and other securities	**¥ 48,101**	¥ 47,260	**$ 317**
Gains on disposal of fixed assets	**1,922**	0	**12**
Recoveries of written-off loans	**6,480**	5,334	**42**
Other	**5,917**	10,215	**39**
Total	**¥ 62,422**	¥ 62,810	**$ 412**
Other expenses:			
Write-offs of loans	**¥ 12,156**	¥ 12,093	**$ 80**
Provision to reserve for loan losses	**17,966**	2,436	**118**
Losses on sales of stocks and other securities	**1,765**	2,517	**11**
Impairment losses on stocks and other securities	**208**	192	**1**
Losses on disposal of fixed assets	**725**	1,144	**4**
Impairment losses on fixed assets	**1,887**	753	**12**
Other	**9,922**	6,886	**65**
Total	**¥ 44,633**	¥ 26,023	**$ 294**

27. INCOME TAXES

The Bank is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.58% for the fiscal years ended March 31, 2024 and 2023.

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Deferred tax assets:			
Reserve for loan losses and write-offs of loans	**¥ 44,214**	¥ 42,578	**$ 291**
Write-downs of securities	**25,377**	26,607	**167**
Net defined benefit liability	**5,836**	14,891	**38**
Other	**39,170**	37,285	**258**
Gross deferred tax assets	**114,599**	121,362	**756**
Less: valuation allowance (*)	**(43,708)**	(45,216)	**(288)**
Total deferred tax assets	**¥ 70,890**	¥ 76,146	**$ 468**
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	**¥ (152,121)**	¥ (100,966)	**$ (1,004)**
Deferred gains on hedges	**(1,432)**	(605)	**(9)**
Gains on securities transferred to employees' retirement benefit trust	**(2,400)**	(2,644)	**(15)**
Other	**(4,545)**	(4,429)	**(30)**
Total deferred tax liabilities	**¥ (160,500)**	¥ (108,646)	**$ (1,059)**
Net deferred tax liabilities	**¥ (89,610)**	¥ (32,499)	**$ (591)**

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

Reconciliations between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the fiscal years ended March 31, 2024 and 2023 were as follows:

	2024	2023
Normal effective statutory tax rate	**30.58%**	30.58%
Change in valuation allowance	**(1.13)**	(2.04)
Lower tax rates applicable to income of subsidiaries	**0.18**	(0.03)
Dividends exempted for income tax purposes	**(0.89)**	(0.81)
Other	**0.11**	0.29
Actual effective tax rate	**28.85%**	27.98%

The Bank applies the group tax sharing system. Regarding the accounting treatment and disclosure of income taxes and local income taxes or tax effect accounting, the Company complies with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021).

28. LEASE TRANSACTIONS

(1) Lessee

(a) Finance lease transactions

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

(b) Operating lease transactions

As of March 31, 2024 and 2023, future minimum lease payments including interest expense under non-cancellable operating lease transactions were as follows:

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Due within one year	**¥ 2,134**	¥ 2,153	**$ 14**
Due after one year	**4,221**	5,483	**27**
Total	**¥ 6,355**	¥ 7,637	**$ 41**

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

I. Conditions of financial instruments

(1) Policies and objectives for using financial instruments

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

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

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

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

Certain consolidated subsidiaries and affiliates conduct foreign banking services under foreign regulations.

(2) Type of and risks associated with financial instruments

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

Loans to small-to-mid-size companies and individual mortgages comprise a significant portion of the Bank's credit portfolio. These loans are exposed to credit risks in which the Bank may suffer losses due to a decline or the disappearance of an asset's value as a result of deterioration of the financial position of obligors.

(b) Type of and risks associated with securities

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

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

(c) Type of and risks associated with derivative transactions

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

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

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

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

(i) Customers' risk hedging needs

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

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

- Sufficient explanation of the products and associated risks

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

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

- Customers' responsibility and capability to enter into a transaction

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

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

- Providing relevant fair value information

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

(ii) Hedging risks of financial assets and liabilities

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

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

For a portfolio hedge of interest rate risks, hedge effectiveness is assessed by grouping hedging instruments and hedged items according to their maturities to determine that certain critical conditions are satisfied, or confirming high correlation between the changes in interest rate factors underlying the hedging instruments and hedged items by means of regression analyses. For an individual hedge of interest rate risks, hedge effectiveness is assessed by confirming that the interest rate and other conditions of hedging instruments and hedged items match.

For a portfolio hedge of foreign currency risks, hedge effectiveness is assessed by confirming that the principal and interest amount of receivables and liabilities denominated in foreign currencies exceed the principal and interest amount of hedging instruments. For an individual hedge of foreign currency risks, hedge effectiveness is assessed by confirming that the interest rate and other conditions of hedging instruments and hedged items match, as same as an individual hedge of interest rate risks.

(iii) Trading activities

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

Risks associated with derivative transactions are credit risks and market risks. The Bank determines and monitors credit exposures by measuring credit risks based on the current exposure method periodically, adding the credit exposure together with the on-balance sheet transactions such as loans, and the Loan and Credit Division, independent from Market Divisions and Operation Divisions, establishing individual credit limits. The division reviews the transaction and credit limits applicable to each of the counterparties, on an on-going basis, in response to the changes in creditworthiness of the counterparties. Refer to following (3) (b) "Market risk management".

(d) Type of and risks associated with financial liabilities

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

(3) Risk management system related to financial instruments

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

The Bank plans and conducts internal audits depending on the degree of intrinsic risks and the risk management system of each division.

(a) Credit risk management

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

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

The Bank controls credit risks within certain amounts by measuring credit risks from the perspective of managing the whole credit portfolio and setting credit limits.

(b) Market risk management

(i) Market risk management system

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

The Bank establishes policies such as the "Market Risk Management Policy" to manage market risk appropriately and strictly in accordance with the Basic Policies for Risk Management.

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

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

(ii) Quantitative information on market risk

The Bank measures VaR of market risks based on the purpose of holding financial instruments: trading, banking and securities held for the purpose of cross-shareholdings. For banking, CVA (credit valuation adjustment) is included in the risk. Risk exposures of certain products, subsidiaries and affiliates are excluded from the market risk exposure of the Group, as the effect is confirmed to be immaterial.

(Trading)

The Group adopts a historical simulation method (holding period is 10 business days, confidence interval is 99%, observation period is 250 business days) in order to measure VaR associated with securities held for trading and derivative instruments. The market risk exposures of the Group in the trading operation as of March 31, 2024 and 2023 were ¥349 million ($2 million) and ¥446 million, respectively.

(Banking)

In the banking operation, the Bank deals with financial instruments other than those held for trading and securities held for the purpose of cross-shareholdings, and any other assets and liabilities. The Group adopts a historical simulation method (holding period is 20 business days and 125 business days, confidence interval is 99%, observation period is 1,250 business days) in order to measure VaR associated with the banking operation. The market risk exposures of the Group in the banking operation as of March 31, 2024 and 2023 were ¥48,527 million ($320 million) and ¥74,285 million, respectively.

(Securities held for the purpose of cross-shareholdings)

The Bank measures VaR or manages risks associated with securities held for the purpose of cross-shareholdings separately from the trading and the banking operation. The Group adopts a historical simulation method (holding period is 125 business days, confidence interval is 99%, observation period is 1,250 business days) in order to measure VaR associated with securities held for the purpose of cross-shareholdings, and measures risk exposure by considering impairment risks. The market risk exposures of the Group on the securities held for the purpose of cross-shareholdings as of March 31, 2024 and 2023 were ¥8,344 million ($55 million) and ¥9,963 million, respectively.

(Verification system of VaR)

The Bank performs a backtesting which reconciles VaR measured by the model for each measurement unit with actual market fluctuations in order to verify reliability and effectiveness of the risk measurement model.

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

(c) Liquidity risk management

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

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

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

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

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

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

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

II. Fair value of financial instruments

Amount on consolidated balance sheet, fair values and differences between them as of March 31, 2024 and 2023 were as follows. The below table does not include non-marketable equity securities, etc. and investment in partnerships (Refer to Note 1).

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

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

		Millions of yen				
March 31, 2024		**Amount on consolidated balance sheet**		**Fair value**		**Difference**
Monetary claims bought (*1)	¥	**279,528**	¥	**276,400**	¥	**(3,128)**
Trading assets:						
Trading securities		**246,532**		**246,532**		**—**
Securities:						
Held-to-maturity debt securities		**2,329,613**		**2,222,954**		**(106,659)**
Available-for-sale securities (*2)		**2,922,182**		**2,922,182**		**—**
Loans and bills discounted		**23,940,604**				
Reserve for loan losses (*1)		**(118,830)**				
		23,821,773		**23,822,148**		**375**
Total assets	¥	**29,599,630**	¥	**29,490,218**	¥	**(109,411)**
Deposits	¥	**35,192,616**	¥	**35,192,511**	¥	**(105)**
Negotiable certificates of deposit		**550,110**		**550,111**		**1**
Borrowed money		**1,863,397**		**1,863,397**		**—**
Bonds		**36,000**		**37,414**		**1,414**
Total liabilities	¥	**37,642,124**	¥	**37,643,435**	¥	**1,310**
Derivative transactions (*3)						
Hedge accounting not applied	¥	**19,616**	¥	**19,616**	¥	**—**
Hedge accounting applied (*4)		**7,043**		**7,043**		**—**
Total derivative transactions	¥	**26,659**	¥	**26,659**	¥	**—**

		Millions of yen				
March 31, 2023		Amount on consolidated balance sheet		Fair value		Difference
Monetary claims bought (*1)	¥	275,197	¥	274,625	¥	(571)
Trading assets:						
Trading securities		146,589		146,589		—
Securities:						
Held-to-maturity debt securities		2,050,311		1,987,993		(62,317)
Available-for-sale securities (*2)		2,661,181		2,661,181		—
Loans and bills discounted		22,739,702				
Reserve for loan losses (*1)		(107,424)				
		22,632,277		22,645,760		13,482
Total assets	¥	27,765,557	¥	27,716,150	¥	(49,406)
Deposits	¥	34,183,512	¥	34,183,473	¥	(39)
Negotiable certificates of deposit		731,250		731,250		0
Borrowed money		2,234,716		2,234,716		—
Bonds		36,000		38,162		2,162
Total liabilities	¥	37,185,478	¥	37,187,602	¥	2,123
Derivative transactions (*3)						
Hedge accounting not applied	¥	18,277	¥	18,277	¥	—
Hedge accounting applied (*4)		6,579		6,579		—
Total derivative transactions	¥	24,856	¥	24,856	¥	—

March 31, 2024	Millions of U.S. dollars Amount on consolidated balance sheet	Fair value	Difference
Monetary claims bought (*1)	$ 1,846	$ 1,825	$ (20)
Trading assets:			
Trading securities	1,628	1,628	—
Securities:			
Held-to-maturity debt securities	15,385	14,680	(704)
Available-for-sale securities (*2)	19,298	19,298	—
Loans and bills discounted	158,107		
Reserve for loan losses (*1)	(784)		
	157,322	157,324	2
Total assets	$ 195,480	$ 194,757	$ (722)
Deposits	$ 232,417	$ 232,416	$ (0)
Negotiable certificates of deposit	3,633	3,633	0
Borrowed money	12,306	12,306	—
Bonds	237	247	9
Total liabilities	$ 248,594	$ 248,602	$ 8
Derivative transactions (*3)			
Hedge accounting not applied	$ 129	$ 129	$ —
Hedge accounting applied (*4)	46	46	—
Total derivative transactions	$ 176	$ 176	$ —

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

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

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

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

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

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

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

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Unlisted stocks (*1) (*2)	**¥ 43,372**	¥ 43,418	**$ 286**
Investments in partnerships (*3)	**44,072**	40,713	**291**

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

(*2) Impairment losses of unlisted stocks were ¥36 million ($0 million) and ¥167 million for the fiscal years ended March 31, 2024 and 2023, respectively.

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

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

	Millions of yen					
	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
As of March 31, 2024						
Due from banks	**¥ 12,171,222**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Call loans and bills bought	**104,688**	**—**	**—**	**—**	**—**	**—**
Monetary claims bought	**23,163**	**38,993**	**32,001**	**26,856**	**33,259**	**124,517**
Securities:						
Held-to-maturity debt securities	**351,287**	**18,139**	**303,146**	**408,103**	**269,759**	**976,442**
Japanese government bonds.	**350,000**	**—**	**300,000**	**405,000**	**265,000**	**940,000**
Available-for-sale securities.	**215,277**	**381,069**	**327,672**	**275,729**	**70,513**	**883,746**
Japanese government bonds.	**—**	**—**	**—**	**90,000**	**—**	**254,000**
Japanese local government bonds.	**15,608**	**42,182**	**14,968**	**50,718**	**26,452**	**—**
Japanese corporate bonds.	**172,486**	**257,112**	**110,430**	**21,451**	**13,850**	**86,187**
Loans and bills discounted (*1).	**6,181,040**	**3,894,552**	**3,218,235**	**2,082,440**	**2,435,687**	**6,109,754**
Foreign exchange assets	**125,935**	**—**	**—**	**—**	**—**	**—**
Total assets.	**¥ 19,172,616**	**¥ 4,332,755**	**¥ 3,881,055**	**¥ 2,793,130**	**¥ 2,809,220**	**¥ 8,094,461**
Deposits (*2)	**¥ 33,850,158**	**¥ 939,911**	**¥ 402,547**	**¥ —**	**¥ —**	**¥ —**
Negotiable certificates of deposit	**452,610**	**97,500**	**—**	**—**	**—**	**—**
Call money and bills sold	**826,279**	**—**	**—**	**—**	**—**	**—**
Payables under repurchase agreements	**—**	**—**	**—**	**—**	**—**	**—**
Payables under securities lending transactions	**1,364,159**	**—**	**—**	**—**	**—**	**—**
Borrowed money	**475,433**	**165,149**	**1,222,814**	**—**	**—**	**—**
Foreign exchange liabilities	**11,088**	**—**	**—**	**—**	**—**	**—**
Bonds	—	**36,000**	**—**	**—**	**—**	**—**
Due to trust account	**1,314,105**	**—**	**—**	**—**	**—**	**—**
Total liabilities	**¥ 38,293,833**	**¥ 1,238,560**	**¥ 1,625,362**	**¥ —**	**¥ —**	**¥ —**

	Millions of yen					
	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
As of March 31, 2023						
Due from banks	¥ 12,669,673	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	521,008	—	—	—	—	—
Monetary claims bought	25,162	41,484	33,800	28,131	34,886	110,905
Securities:						
Held-to-maturity debt securities	50,742	351,489	14,939	81,509	592,302	956,008
Japanese government bonds.	50,000	350,000	—	80,000	590,000	940,000
Available-for-sale securities.	169,151	408,566	317,763	188,072	214,328	735,702
Japanese government bonds.	—	—	—	—	90,000	234,000
Japanese local government bonds.	16,960	37,310	33,374	23,228	53,522	—
Japanese corporate bonds.	146,979	283,442	114,777	25,250	16,064	92,484
Loans and bills discounted (*1).	5,910,081	3,595,711	3,078,503	1,931,806	2,106,104	6,098,704
Foreign exchange assets	176,512	—	—	—	—	—
Total assets.	¥ 19,522,332	¥ 4,397,251	¥ 3,445,005	¥ 2,229,519	¥ 2,947,622	¥ 7,901,320
Deposits (*2)	¥ 32,796,515	¥ 1,022,198	¥ 364,797	¥ —	¥ —	¥ —
Negotiable certificates of deposit	658,750	72,500	—	—	—	—
Call money and bills sold	422,252	—	—	—	—	—
Payables under repurchase agreements	5,000	—	—	—	—	—
Payables under securities lending transactions	1,971,400	—	—	—	—	—
Borrowed money	1,967,965	187,419	79,279	52	—	—
Foreign exchange liabilities	11,720	—	—	—	—	—
Bonds	—	—	36,000	—	—	—
Due to trust account	990,487	—	—	—	—	—
Total liabilities	¥ 38,824,092	¥ 1,282,118	¥ 480,076	¥ 52	¥ —	¥ —

	Millions of U.S. dollars					
	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
As of March 31, 2024						
Due from banks	**$ 80,380**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Call loans and bills bought	**691**	**—**	**—**	**—**	**—**	**—**
Monetary claims bought	**152**	**257**	**211**	**177**	**219**	**822**
Securities:						
Held-to-maturity debt securities	**2,319**	**119**	**2,002**	**2,695**	**1,781**	**6,448**
Japanese government bonds	**2,311**	**—**	**1,981**	**2,674**	**1,750**	**6,207**
Available-for-sale securities	**1,421**	**2,516**	**2,163**	**1,820**	**465**	**5,836**
Japanese government bonds.	**—**	**—**	**—**	**594**	**—**	**1,677**
Japanese local government bonds.	**103**	**278**	**98**	**334**	**174**	**—**
Japanese corporate bonds.	**1,139**	**1,698**	**729**	**141**	**91**	**569**
Loans and bills discounted (*1)	**40,820**	**25,720**	**21,253**	**13,752**	**16,085**	**40,349**
Foreign exchange assets	**831**	**—**	**—**	**—**	**—**	**—**
Total assets	**$ 126,618**	**$ 28,614**	**$ 25,631**	**$ 18,446**	**$ 18,552**	**$ 53,457**
Deposits (*2)	**$ 223,551**	**$ 6,207**	**$ 2,658**	**$ —**	**$ —**	**$ —**
Negotiable certificates of deposit	**2,989**	**643**	**—**	**—**	**—**	**—**
Call money and bills sold	**5,456**	**—**	**—**	**—**	**—**	**—**
Payables under repurchase agreements	**—**	**—**	**—**	**—**	**—**	**—**
Payables under securities lending transactions	**9,009**	**—**	**—**	**—**	**—**	**—**
Borrowed money	**3,139**	**1,090**	**8,075**	**—**	**—**	**—**
Foreign exchange liabilities	**73**	**—**	**—**	**—**	**—**	**—**
Bonds	**—**	**237**	**—**	**—**	**—**	**—**
Due to trust account	**8,678**	**—**	**—**	**—**	**—**	**—**
Total liabilities	**$ 252,898**	**$ 8,179**	**$ 10,734**	**$ —**	**$ —**	**$ —**

Notes: (*1) Loans and bills discounted, for which it is difficult to estimate the redemption amount, amounted to ¥18,892 million ($124 million) and ¥18,792 million as of March 31, 2024 and 2023, respectively, and are excluded from the above table. The estimated uncollectable amount, which is deducted from loans directly, is excluded.

(*2) Demand deposits are included and presented in “one year or less” in the above table.

III. Financial instruments categorized by fair value hierarchy

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

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

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

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

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

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

	Millions of yen			
	Level 1	Level 2	Level 3	Total
As of March 31, 2024				
Trading assets				
Trading securities				
Japanese government bonds	¥ **39**	¥ **—**	¥ **—**	¥ **39**
Japanese local government bonds	**—**	**—**	**—**	**—**
Other	**—**	**246,492**	**—**	**246,492**
Securities				
Available-for-sale securities				
Japanese stocks	**835,172**	**—**	**—**	**835,172**
Japanese government bonds	**316,309**	**—**	**—**	**316,309**
Japanese local government bonds	**—**	**147,488**	**—**	**147,488**
Japanese corporate bonds	**—**	**159,207**	**492,095**	**651,303**
Other	**202,418**	**761,708**	**31**	**964,158**
Total assets	¥ **1,353,939**	¥ **1,314,896**	¥ **492,127**	¥ **3,160,964**
Derivative transactions				
Interest rate-related products	**—**	**21,864**	**—**	**21,864**
Currency-related products	**—**	**4,792**	**—**	**4,792**
Stock-related products	**—**	**—**	**—**	**—**
Bond-related products	**2**	**—**	**—**	**2**
Total derivatives	¥ **2**	¥ **26,657**	¥ **—**	¥ **26,659**

	Millions of yen			
	Level 1	Level 2	Level 3	Total
As of March 31, 2023				
Trading assets				
Trading securities				
Japanese government bonds	¥ 70	¥ —	¥ —	¥ 70
Japanese local government bonds	—	515	—	515
Other	—	146,003	—	146,003
Securities				
Available-for-sale securities				
Japanese stocks	682,101	—	—	682,101
Japanese government bonds	306,180	—	—	306,180
Japanese local government bonds	—	162,193	—	162,193
Japanese corporate bonds	—	170,391	502,432	672,824
Other	191,529	641,779	—	833,309
Total assets.	¥ 1,179,882	¥ 1,120,882	¥ 502,432	¥ 2,803,197
Derivative transactions				
Interest rate-related products	—	20,685	—	20,685
Currency-related products	—	4,127	—	4,127
Stock-related products	—	—	—	—
Bond-related products	50	(6)	—	43
Total derivatives	¥ 50	¥ 24,806	¥ —	¥ 24,856

	Millions of U.S. dollars			
	Level 1	Level 2	Level 3	Total
As of March 31, 2024				
Trading assets				
Trading securities				
Japanese government bonds………...	$ 0	$ —	$ —	$ 0
Japanese local government bonds…..	—	—	—	—
Other……………………………………	—	1,627	—	1,627
Securities				
Available-for-sale securities				
Japanese stocks………………………	5,515	—	—	5,515
Japanese government bonds…………	2,088	—	—	2,088
Japanese local government bonds…..	—	974	—	974
Japanese corporate bonds……………	—	1,051	3,249	4,301
Other	1,336	5,030	0	6,367
Total assets	$ 8,941	$ 8,683	$ 3,250	$ 20,875
Derivative transactions				
Interest rate-related products………….	—	144	—	144
Currency-related products……………..	—	31	—	31
Stock-related products………………….	—	—	—	—
Bond-related products…………………	0	—	—	0
Total derivatives…………………………….	$ 0	$ 176	$ —	$ 176

Notes: Securities do not include investment trusts, of which the reference value is deemed to be the fair value in accordance with the Paragraph 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021). The investment trusts applying the Paragraph 24-9 amounted to ¥7,750 million ($51 million) and ¥4,573 million as of March 31, 2024 and 2023, respectively.

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

	Millions of yen			
	Level 1	Level 2	Level 3	Total
As of March 31, 2024				
Monetary claims bought	¥ —	¥ —	¥ 276,400	¥ 276,400
Securities				
Held-to-maturity debt securities				
Japanese government bonds...............	2,158,059	—	—	2,158,059
Japanese local government bonds	—	396	—	396
Japanese corporate bonds	—	50,574	—	50,574
Other...	—	13,923	—	13,923
Loans and bills discounted	—	—	23,822,148	23,822,148
Total assets..	¥ 2,158,059	¥ 64,894	¥ 24,098,548	¥ 26,321,502
Deposits	—	35,192,511	—	35,192,511
Negotiable certificates of deposit	—	550,111	—	550,111
Borrowed money	—	1,863,397	—	1,863,397
Bonds...	—	37,414	—	37,414
Total liabilities..	¥ —	¥ 37,643,435	¥ —	¥ 37,643,435

	Millions of yen			
	Level 1	Level 2	Level 3	Total
As of March 31, 2023				
Monetary claims bought	¥ —	¥ —	¥ 274,625	¥ 274,625
Securities				
Held-to-maturity debt securities				
Japanese government bonds	1,952,328	—	—	1,952,328
Japanese local government bonds	—	300	—	300
Japanese corporate bonds	—	23,196	—	23,196
Other	—	12,168	—	12,168
Loans and bills discounted	—	—	22,645,760	22,645,760
Total assets	¥ 1,952,328	¥ 35,665	¥ 22,920,386	¥ 24,908,379
Deposits	—	34,183,473	—	34,183,473
Negotiable certificates of deposit	—	731,250	—	731,250
Borrowed money	—	2,234,716	—	2,234,716
Bonds	—	38,162	—	38,162
Total liabilities	¥ —	¥ 37,187,602	¥ —	¥ 37,187,602

	Millions of U.S. dollars			
	Level 1	Level 2	Level 3	Total
As of March 31, 2024				
Monetary claims bought	**$ —**	**$ —**	**$ 1,825**	**$ 1,825**
Securities				
Held-to-maturity debt securities				
Japanese government bonds	**14,252**	**—**	**—**	**14,252**
Japanese local government bonds	**—**	**2**	**—**	**2**
Japanese corporate bonds	**—**	**333**	**—**	**333**
Other	**—**	**91**	**—**	**91**
Loans and bills discounted	**—**	**—**	**157,324**	**157,324**
Total assets	**$ 14,252**	**$ 428**	**$ 159,150**	**$ 173,831**
Deposits	**—**	**232,416**	**—**	**232,416**
Negotiable certificates of deposit	**—**	**3,633**	**—**	**3,633**
Borrowed money	**—**	**12,306**	**—**	**12,306**
Bonds	**—**	**247**	**—**	**247**
Total liabilities	**$ —**	**$ 248,602**	**$ —**	**$ 248,602**

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

Assets

Monetary claims bought

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

Trading assets

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

Securities

Securities for which unadjusted quoted market price in an active market is used are classified as Level 1, and mainly listed stocks and Japanese government bonds are included.

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

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

Fair values of private placement bonds are, in principle, determined by discounting the principal and interest amount with the interest rate used for new issuances for each category based on the internal rating, and are classified as Level 3 since discounted rates are unobservable.

Fair values of stock acquisition rights are determined by the option model and classified as Level 3 since its inputs, such as probability of listing, expected PER, and stock price volatility, cannot be observed.

Refer to Note “6. Securities” for the purpose of holding those securities.

Loans and bills discounted

Fair values of loans are mainly determined by discounting the principal and interest amount with the interest rate used for each category of loan, internal rating and loan period with reflecting the market interest rates to credit risks. For value of loans with floating interest rates, the carrying amounts approximate fair value, unless creditworthiness of borrowers has changed significantly since the loan was executed, etc. For fair values of loans to bankrupt obligors, effectively bankrupt obligors and potentially bankrupt obligors, reserve for loan losses is estimated by DCF based on the present value of future cash flows and recoverable amounts of collateral or guarantees. These are classified as Level 3.

Liabilities

Deposits and negotiable certificates of deposit

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

Borrowed money

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

Bonds

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

Derivative transactions

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

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

(1) Fair values measured by using unobservable inputs as of March 31, 2024 and 2023.

	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted average of inputs
March 31, 2024				
Securities				
Bonds				
Private placement bonds	Present value	Discount rate	**0.3% - 14.7%**	**0.8%**
Others				
Stock acquisition rights	Option model	Probability of listing	**10.0%**	**—**
		Expected PER	**19.0% - 22.0%**	**—**
		Stock price volatility	**69.8% -143.6%**	**—**
March 31, 2023				
Securities				
Bonds				
Private placement bonds	Present value	Discount rate	0.2% - 15.7%	0.7%

(2) Reconciliation from the beginning balance to ending balance and valuation gains (losses) recognized for the fiscal years ended March 31, 2024 and 2023.

	Millions of yen	
	Securities	
	Available-for-sales securities	
	Bonds	Other
March 31, 2024		
Balance at the beginning of the fiscal year	**¥ 502,432**	**¥ —**
Valuation gains (losses) recognized		
Recognized in net income (loss) (*1)	**(1,046)**	—
Recognized in comprehensive income (*2)	**(581)**	—
Net of purchase, sales, issue and settlement	**(8,707)**	**31**
Reclassify to Level 3	—	—
Reclassify from Level 3	—	—
Balance at the end of the fiscal year	**¥ 492,095**	**¥ 31**
Valuation gains (losses) on financial assets and liabilities held at the consolidated balance sheet date recognized in current net income (loss)	—	—

	Millions of yen
	Securities
	Available-for-sales securities
	Bonds
March 31, 2023	
Balance at the beginning of the fiscal year	¥ 490,631
Valuation gains (losses) recognized	
Recognized in net income (loss) (*1)	(568)
Recognized in comprehensive income (*2)	(469)
Net of purchase, sales, issue and settlement	12,839
Reclassify to Level 3	—
Reclassify from Level 3	—
Balance at the end of the fiscal year	¥ 502,432
Valuation gains (losses) on financial assets and liabilities held at the consolidated balance sheet date recognized in current net income (loss)	—

	Millions of U.S. dollars	
	Securities	
	Available-for-sales securities	
	Bonds	Other
March 31, 2024		
Balance at the beginning of the fiscal year	**$ 3,318**	**$ —**
Valuation gains (losses) recognized		
Recognized in net income (loss) (*1)	**(6)**	—
Recognized in comprehensive income (*2)	**(3)**	—
Net of purchase, sales, issue and settlement	**(57)**	**0**
Reclassify to Level 3	—	—
Reclassify from Level 3	—	—
Balance at the end of the fiscal year	**$ 3,249**	**$ 0**
Valuation gains (losses) on financial assets and liabilities held at the consolidated balance sheet date recognized in current net income (loss)	—	—

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

(3) Processes for fair value valuation

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

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

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

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

Significant unobservable inputs used for calculating fair value of stock acquisition rights are probability of listing, expected PER and stock price volatility. As the probability of listing increases (decreases), the present value increases (decreases). As the expected PER increases (decreases), the present value increases (decreases). As the stock price volatility increases (decreases), the present value increases (decreases).

30. DERIVATIVES

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

The notional principal or contract amounts, fair values and unrealized gains or losses on derivative transactions to which hedge accounting is not applied as of March 31, 2024 and 2023 were as follows:

(a) Interest rate-related transactions

			Millions of yen			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2024						
Over-the-counter	Swaps	Receive fixed/pay floating	**¥ 11,502,234**	**¥ 7,383,744**	**¥ (25,564)**	**¥ (25,564)**
		Receive floating/pay fixed	**10,533,382**	**7,098,846**	**39,898**	**39,898**
		Receive floating/pay floating	**2,376,336**	**1,899,055**	**1,553**	**1,553**
	Floors	Sold	**—**	**—**	**—**	**—**
		Bought	**515**	**—**	**1**	**1**
	Swaptions	Sold	**196,600**	**78,000**	**(605)**	**768**
		Bought	**46,000**	**—**	**(130)**	**(130)**
Total					**¥ 16,363**	**¥ 16,526**

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2023						
Over-the-counter	Swaps	Receive fixed/pay floating	¥ 6,349,317	¥ 5,037,139	¥ 3,888	¥ 3,888
		Receive floating/pay fixed	5,994,676	5,002,074	12,097	12,097
		Receive floating/pay floating	2,562,417	2,146,730	1,754	1,754
	Floors	Sold	—	—	—	—
		Bought	911	566	7	7
	Swaptions	Sold	69,000	25,000	865	(314)
		Bought	30,000	—	44	44
Total					¥ 16,926	¥ 17,476

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2024						
Over-the-counter	Swaps	Receive fixed/pay floating	**$ 75,962**	**$ 48,763**	**$ (168)**	**$ (168)**
		Receive floating/pay fixed	**69,564**	**46,881**	**263**	**263**
		Receive floating/pay floating	**15,693**	**12,541**	**10**	**10**
	Floors	Sold	**—**	**—**	**—**	**—**
		Bought	**3**	**—**	**0**	**0**
	Swaptions	Sold	**1,298**	**515**	**(3)**	**5**
		Bought	**303**	**—**	**(0)**	**(0)**
Total					**$ 108**	**$ 109**

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

(b) Currency-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2024						
Over-the-counter	Currency swaps		**¥ 171,364**	**¥ 126,893**	**¥ 3,205**	**¥ (898)**
	Forward contracts	Sold	**646,642**	**191,162**	**(30,204)**	**(30,204)**
		Bought	**822,769**	**321,218**	**48,650**	**48,650**
	Currency options	Sold	**478,447**	**283,390**	**25,691**	**(5,899)**
		Bought	**347,564**	**222,771**	**7,290**	**(5,714)**
Total					**¥ 3,250**	**¥ 5,933**
March 31, 2023						
Over-the-counter	Currency swaps		¥ 146,481	¥ 116,050	¥ 2,423	¥ (409)
	Forward contracts	Sold	798,720	134,116	(8,328)	(8,328)
		Bought	937,609	213,478	10,594	10,594
	Currency options	Sold	254,453	184,653	11,007	2,070
		Bought	211,648	132,972	7,625	(1,326)
Total					¥ 1,307	¥ 2,600

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2024						
Over-the-counter	Currency swaps		**$ 1,131**	**$ 838**	**$ 21**	**$ (5)**
	Forward contracts	Sold	**4,270**	**1,262**	**(199)**	**(199)**
		Bought	**5,433**	**2,121**	**321**	**321**
	Currency options	Sold	**3,159**	**1,871**	**169**	**(38)**
		Bought	**2,295**	**1,471**	**48**	**(37)**
Total					**$ 21**	**$ 39**

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

(c) Stock-related transactions

There were no stock-related transactions for the fiscal year ended March 31, 2024 and 2023, respectively

(d) Bond-related transactions

			Millions of yen: Notional or contract amount: Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2024						
Listed	Futures	Sold	**¥ —**	**¥ —**	**¥ —**	**¥ —**
		Bought	**1,506**	**—**	**2**	**2**
	Futures options	Sold	**—**	**—**	**—**	**—**
		Bought	**—**	**—**	**—**	**—**
Over-the-counter	Options	Sold	**—**	**—**	**—**	**—**
		Bought	**—**	**—**	**—**	**—**
Total					**¥ 2**	**¥ 2**
March 31, 2023						
Listed	Futures	Sold	¥ 15,215	¥ —	¥ 45	¥ 45
		Bought	—	—	—	—
	Futures options	Sold	—	—	—	—
		Bought	6,677	—	4	(54)
Over-the-counter	Options	Sold	5,320	—	21	(1)
		Bought	5,320	—	14	(6)
Total					¥ 43	¥ (16)

			Millions of U.S. dollars: Notional or contract amount: Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2024						
Listed	Futures	Sold	**$ —**	**$ —**	**$ —**	**$ —**
		Bought	**9**	**—**	**0**	**0**
	Futures options	Sold	**—**	**—**	**—**	**—**
		Bought	**—**	**—**	**—**	**—**
Over-the-counter	Options	Sold	**—**	**—**	**—**	**—**
		Bought	**—**	**—**	**—**	**—**
Total					**$ 0**	**$ 0**

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

(2) Derivative transactions to which hedge accounting is applied

The notional principal or contract amounts, fair values and unrealized gains or losses on derivative transactions to which hedge accounting is applied as of March 31, 2024 and 2023 were as follows:

(a) Interest rate-related transactions

Accounting method for hedge	Hedging instruments	Hedged items	Millions of yen: Notional or contract amount: Total	Over 1 year	Fair value
March 31, 2024					
Deferral hedge accounting	Swaps	Financial assets and liabilities with interests (e.g., loans and deposits)			
	Receive fixed/pay floating		**¥ 2,115,200**	**¥ 2,015,200**	**¥ (3,690)**
	Receive floating/pay fixed		**327,000**	**247,000**	**9,191**
Total					**¥ 5,501**
March 31, 2023					
Deferral hedge accounting	Swaps	Financial assets and liabilities with interests (e.g., loans and deposits)			
	Receive fixed/pay floating		¥ 1,250,000	¥ 850,000	¥ 3,390
	Receive floating/pay fixed		242,000	242,000	368
Total					¥ 3,759

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars: Notional or contract amount: Total	Over 1 year	Fair value
March 31, 2024					

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars Notional or contract amount Total	Over 1 year	Fair value
Deferral hedge accounting	Swaps	Financial assets and			
	Receive fixed/pay floating	liabilities with interests	**$ 13,969**	**$ 13,308**	**$ (24)**
	Receive floating/pay fixed	(e.g., loans and deposits)	**2,159**	**1,631**	**60**
Total					**$ 36**

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

(b) Currency-related transactions

Accounting method for hedge	Hedging instruments	Hedged items	Millions of yen Notional or contract amount Total	Over 1 year	Fair value
March 31, 2024					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**¥ 533,705**	**¥ 3,448**	**¥ 1,542**
March 31, 2023					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	¥ 369,261	¥ 17,202	¥ 2,820

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars Notional or contract amount Total	Over 1 year	Fair value
March 31, 2024					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**$ 3,524**	**$ 22**	**$ 10**

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

31. RETIREMENT BENEFIT PLANS

(1) Outline of the plans

The Bank has lump-sum retirement benefit plans, contributory funded defined benefit pension plans and defined contribution retirement plans. On occasion, the Bank may also provide programs that entitle employees to additional retirement benefits which are not subject to the actuarial calculation required by the accounting standards for retirement benefits. The Bank maintains certain plan assets in a segregated retirement benefit trust established at a third-party trustee to fund its lump-sum retirement benefit plans and defined benefit pension plans.

Certain consolidated subsidiaries have lump-sum retirement benefit plans as defined benefit plan.

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

(a) The changes in defined benefit obligation for the fiscal years ended March 31, 2024 and 2023

	Millions of yen 2024	2023	Millions of U.S. dollars 2024
Balance at the beginning of the fiscal year	**¥ 274,211**	¥ 292,172	**$ 1,810**
Current service cost	**5,892**	6,337	**38**
Interest cost	**2,643**	1,905	**17**
Actuarial (gains) losses	**(13,378)**	(10,081)	**(88)**
Benefits paid	**(15,945)**	(16,016)	**(105)**
Other	**54**	(106)	**0**
Balance at the end of the fiscal year	**¥ 253,477**	¥ 274,211	**$ 1,673**

(b) The changes in plan assets for the fiscal years ended March 31, 2024 and 2023

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Balance at the beginning of the fiscal year	**¥ 297,925**	¥ 310,012	**$ 1,967**
Expected return on plan assets	**3,627**	4,671	**23**
Actuarial gains (losses)	**3,337**	(8,829)	**22**
Contribution from the employer	**2,990**	2,610	**19**
Benefits paid	**(10,228)**	(10,569)	**(67)**
Others	**42**	30	**0**
Balance at the end of the fiscal year	**¥ 297,693**	¥ 297,925	**$ 1,966**

(c) Reconciliation between the liability and/or asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2024 and 2023

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Funded plans defined benefit obligation	**¥ 253,472**	¥ 274,206	**$ 1,673**
Plan assets	**(297,693)**	(297,925)	**(1,966)**
Subtotal	**(44,220)**	(23,718)	**(292)**
Unfunded defined benefit obligation	**5**	5	**0**
Net asset (liability) for defined benefit obligation	**¥ (44,215)**	¥ (23,713)	**$ (292)**
Net defined benefit liability	**189**	148	**1**
Net defined benefit asset	**(44,405)**	(23,861)	**(293)**
Net asset (liability) for defined benefit obligation	**¥ (44,215)**	¥ (23,713)	**$ (292)**

(d) The components of net periodic benefit costs for the fiscal years ended March 31, 2024 and 2023

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Service cost	**¥ 5,892**	¥ 6,337	**$ 38**
Interest cost	**2,643**	1,905	**17**
Expected return on plan assets	**(3,627)**	(4,671)	**(23)**
Recognized actuarial (gains) losses	**3,292**	4,800	**21**
Other (Supplemental benefits which are not subject to defined benefit obligation)	**472**	532	**3**
Net periodic benefit costs	**¥ 8,673**	¥ 8,905	**$ 57**

(e) The components of remeasurements of defined benefit plans for the fiscal years ended March 31, 2024 and 2023

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Actuarial gains (losses)	**¥ 20,008**	¥ 6,052	**$ 132**

(f) Accumulated other comprehensive income (before tax effect) on defined retirement benefit plans as of March 31, 2024 and 2023

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Unrecognized actuarial gains (losses)	**¥ 9,079**	¥ (10,928)	**$ 59**

(g) Plan assets as of March 31, 2024 and 2023

(i) Components of plan assets

	2024	2023
Bonds	**72%**	67%
Stocks	**9%**	5%
Cash and Deposits and other	**19%**	28%
Total	**100%**	100%

Note: Total plan assets include 22% and 26% for the fiscal years ended March 31, 2024 and 2023 of a segregated retirement benefit trust which is set up for corporate pension fund and lump-sum retirement benefit plans.

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

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

(h) Assumptions used for the fiscal years ended March 31, 2024 and 2023

	2024	2023
Discount rate (weighted average)	**1.38%**	0.95%
Expected rate of return on plan assets	**0.50 – 1.50%**	0.10 – 2.00%

(3) Defined contribution retirement plan

Contribution paid to the defined contribution plan of the Bank was ¥817 million ($5 million) and ¥815 million for the fiscal years ended March 31, 2024 and 2023, respectively.

32. COMPREHENSIVE INCOME

Reclassification adjustment and tax effect of other comprehensive income for the fiscal years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Net unrealized gains (losses) on available-for-sale securities			
Amount incurred during the fiscal year	**¥ 194,859**	¥ (45,381)	**$ 1,286**
Reclassification adjustment	**(30,069)**	(7,986)	**(198)**
Prior to deducting tax effect	**164,790**	(53,368)	**1,088**
Tax effect	**(51,155)**	13,591	**(337)**
Net unrealized gains (losses) on available-for-sale securities.	**¥ 113,634**	¥ (39,776)	**$ 750**
Net deferred gains (losses) on hedges			
Amount incurred during the fiscal year	**¥ 6,239**	¥ 1,384	**$ 41**
Reclassification adjustment	**(3,533)**	(4,962)	**(23)**
Prior to deducting tax effect	**2,706**	(3,578)	**17**
Tax effect	**(827)**	1,094	**(5)**
Net deferred gains (losses) on hedges	**¥ 1,878**	¥ (2,483)	**$ 12**
Foreign currency translation adjustments			
Amount incurred during the fiscal year	**¥ 1,043**	¥ 3,215	**$ 6**
Reclassification adjustment	**—**	—	**—**
Prior to deducting tax effect	**1,043**	3,215	**6**
Tax effect	**—**	—	**—**
Foreign currency translation adjustments	**¥ 1,043**	¥ 3,215	**$ 6**
Remeasurements of defined benefit plans			
Amount incurred during the fiscal year	**¥ 16,715**	¥ 1,251	**$ 110**
Reclassification adjustment	**3,292**	4,800	**21**
Prior to deducting tax effect	**20,008**	6,052	**132**
Tax effect	**(6,122)**	(1,853)	**(40)**
Remeasurements of defined benefit plans	**¥ 13,886**	¥ 4,199	**$ 91**
Share of other comprehensive income of affiliates accounted for using equity method			
Amount incurred during the fiscal year	**¥ 20**	¥ (10)	**$ 0**
Reclassification adjustment	**5**	3	**0**
Share of other comprehensive income of affiliates accounted for using equity method	**26**	(6)	**0**
Total other comprehensive income (loss)	**¥ 130,470**	¥ (34,852)	**$ 861**

33. PER SHARE INFORMATION

(1) Net income per share of common stock

Basic net income per share of common stock ("EPS") for the fiscal years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Basic EPS			
Net income attributable to owners of parent	**¥ 95,192**	¥ 98,031	**$ 628**
Amount not attributable to owners of common stock	**—**	—	**—**
Net income attributable to owners of parent for common stock	**¥ 95,192**	¥ 98,031	**$ 628**
Weighted average shares (shares in thousand)	**134,979,383**	134,979,383	**134,979,383**
Basic EPS	**0.70 yen**	0.72 yen	**US$ 0.004**

Note: Diluted EPS per share is not disclosed because there are no potentially dilutive common shares for the fiscal years ended March 31, 2024 and 2023.

(2) Net assets per share of common stock

Net assets per share of common stock as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Total net assets	**¥ 1,721,171**	¥ 1,544,784	**$ 11,366**
Deductions from total net assets:			
Noncontrolling interests	**8,680**	9,296	**57**
Net assets attributable to common stock at the end of the fiscal year	**¥ 1,712,491**	¥ 1,535,488	**$ 11,309**
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock (shares in thousand)	**134,979,383**	134,979,383	**134,979,383**
Net assets per share of common stock	**12.68 yen**	11.37 yen	**US$ 0.083**

34. REVENUE RECOGNITION

Disaggregation of revenue from contracts with customers for the fiscal years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Total income	**¥ 553,872**	¥ 511,749	**$ 3,657**
Of which Trust fee	**25,371**	21,595	**167**
Of which Fees and commissions	**146,757**	142,928	**969**
Deposit and lending operation	**45,263**	42,868	**298**
Currency exchange operation	**23,909**	23,480	**157**
Trust-related operation	**31,638**	31,970	**208**
Security-related operation	**13,182**	12,589	**87**
Agent service	**5,250**	6,088	**34**
Safe custody and safe-deposit box service	**1,662**	1,708	**10**
Warranty operation	**2,151**	2,120	**14**

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

35. SEGMENT INFORMATION

(1) Description of segments

(a) General information about segments

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

Principal operating activities of the segments are as follows:

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

(b) Overview of segment profit and loss

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

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

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

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

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

(2) Basis for measurement of segment profit and loss

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

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

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

(3) Information about profit and loss of each segment

Profit and loss of each segment for the fiscal years ended March 31, 2024 and 2023 were as follows:

	Millions of yen					
	Consumer banking (*1)	Corporate banking (*1) (*2)	Market trading (*3)	Subtotal	Other (*4)	Total
March 31, 2024						
Gross operating profit	**¥ 107,523**	**¥ 221,521**	**¥ 13,555**	**¥ 342,600**	**¥ (1,616)**	**¥ 340,983**
General and administrative expenses (*5)	**(99,628)**	**(108,225)**	**(5,844)**	**(213,697)**	**—**	**(213,697)**
Actual net operating profit	**7,895**	**113,285**	**7,711**	**128,892**	**(1,616)**	**127,275**
Credit cost	**1,635**	**(20,137)**	**—**	**(18,502)**	**—**	**(18,502)**
Net operating profit less credit cost	**¥ 9,530**	**¥ 93,148**	**¥ 7,711**	**¥ 110,390**	**¥ (1,616)**	**¥ 108,773**
March 31, 2023						
Gross operating profit	¥ 105,789	¥ 216,082	¥ 3,906	¥ 325,778	¥ (3,245)	¥ 322,533
General and administrative expenses (*5)	(96,076)	(107,829)	(3,989)	(207,896)	—	(207,896)
Actual net operating profit	9,712	108,223	(83)	117,851	(3,245)	114,606
Credit cost	(490)	(8,323)	—	(8,814)	—	(8,814)
Net operating profit less credit cost	¥ 9,221	¥ 99,899	¥ (83)	¥ 109,037	¥ (3,245)	¥ 105,792

	Millions of U.S. dollars					
	Consumer banking (*1)	Corporate banking (*1) (*2)	Market trading (*3)	Subtotal	Other (*4)	Total
March 31, 2024						
Gross operating profit	**$ 710**	**$ 1,462**	**$ 89**	**$ 2,262**	**$ (10)**	**$ 2,251**
General and administrative expenses (*5)	**(657)**	**(714)**	**(38)**	**(1,411)**	**—**	**(1,411)**
Actual net operating profit	**52**	**748**	**50**	**851**	**(10)**	**840**
Credit cost	**10**	**(132)**	**—**	**(122)**	**—**	**(122)**
Net operating profit less credit cost	**$ 62**	**$ 615**	**$ 50**	**$ 729**	**$ (10)**	**$ 718**

Notes: (*1) The consumer banking unit and the corporate banking unit contain operating results of the credit guarantee company, which is a subsidiary of the Holdings.

(*2) Gross operating profit of corporate banking unit excludes gain on disposal of bad loans for trust accounts amounting to ¥10 million ($0 million) of gain and ¥30 million of gain for the fiscal years ended March 31, 2024 and 2023, respectively.

(*3) Gross operating profit of the market trading unit contains some portion of gains/losses on equity securities.

(*4) “Other” includes all other departments, such as management office, which are not operating segments.

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

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

Reconciliation between the segment information and the consolidated financial statements for the fiscal years ended March 31, 2024 and 2023 was as follows:

	Millions of yen		Millions of U.S. dollars
	2024	2023	**2024**
Total amount of segments	**¥ 110,390**	¥ 109,037	**$ 729**
Net gains (losses) of “Other”	**(1,616)**	(3,245)	**(10)**
Net non-recurring gains (losses) other than credit cost (*1)	**36,996**	41,373	**244**
Net extraordinary gains (losses) (*2)	**(690)**	(1,895)	**(4)**
Net profit on credit guarantee companies	**(10,237)**	(10,019)	**(67)**
Net other reconciliation items	**(2,257)**	2,370	**(14)**
Income before income taxes	**¥ 132,585**	¥ 137,622	**$ 875**

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

(*2) Net extraordinary gains (losses) include impairment loss.

(5) Additional information

(a) Information on services for the fiscal years ended March 31, 2024 and 2023

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

(b) Geographic information for the fiscal years ended March 31, 2024 and 2023

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

(c) Information on major customers for the fiscal years ended March 31, 2024 and 2023

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

36. RELATED PARTY TRANSACTIONS

Major transactions and major balances for the fiscal years ended and as of March 31, 2024 and 2023 with related parties were as follows:

(1) Affiliates of the Bank and subsidiary of the parent

Fiscal Year March 31, 2024

Name	Location	Capital or Contribution (Millions of yen)	Nature of Business	Voting Rights Holding or Held (%)	Relation with the Party
Resona Guarantee Co., Ltd.	Urawa city, Saitama	**¥ 14,000**	Credit Guarantee	—	Entrustment of guarantee, deposit transaction and interlocking directors

Name	Description of the transactions	Transaction amount for the fiscal year		Account name	Balance at the end of the fiscal year	
		Millions of yen	Millions of U.S. dollar		Millions of yen	Millions of U.S. dollar
Resona Guarantee Co., Ltd.	Guarantee on residential mortgage loans (*)	**¥ 6,543,869**	**$ 43,216**	—	**¥ —**	**$ —**
	Guarantee fees (*)	**5,598**	**36**	Other liabilities	**459**	**3**
	Guarantee payment	**2,953**	**19**	—	**—**	**—**

Fiscal Year March 31, 2023

Name	Location	Capital or Contribution (Millions of yen)	Nature of Business	Voting Rights Holding or Held (%)	Relation with the Party
Resona Guarantee Co., Ltd.	Urawa city, Saitama	¥ 14,000	Credit Guarantee	—	Entrustment of guarantee, deposit transaction and interlocking directors

Name	Description of the transactions	Transaction amount for the fiscal year (Millions of Yen)	Account name	Balance at the end of the fiscal year (Millions of Yen)
Resona Guarantee Co., Ltd.	Guarantee on residential mortgage loans (*)	¥ 6,505,271	—	¥ —
	Guarantee fees (*)	5,780	Other liabilities	475
	Guarantee payment	3,029	—	—

Note: (*) Transaction amounts of guarantee on residential mortgage loans for the fiscal year are shown by the guaranteed amounts at the end of the fiscal year. Contractual terms and conditions of guarantees vary with underlying credit risks and are negotiated every year.

Information of the Parent

Resona Holdings, Inc., the Parent, is listed on Tokyo Stock Exchange.

37. SUBSEQUENT EVENTS

Not Applicable.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Resona Bank, Limited:

Opinion

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

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

Convenience Translation

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

Basis for Opinion

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

Key Audit Matter

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

Member of
Deloitte Touche Tohmatsu Limited

Determination of the reserve for loan losses	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
Resona Bank, Limited (hereinafter the "Bank") aims to contribute to local communities by thoroughly treating customers in local areas with excellent services under the group management philosophy. As loans to small-to-mid-size companies and individual mortgages comprise a significant proportion in the Bank's lending business, which is one of its core businesses, they attempt to diversify their credit portfolio into smaller loans. The Bank also attempts to strengthen its credit risk management system by promoting initiatives for predictive management and risk diversification against deterioration of loan assets. As stated in Note 2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (10) Reserve for loan losses" in the consolidated financial statements (hereinafter the "Reserve for loan losses"), in order to prepare for the risk of bad loan losses from default or bankruptcy of borrowers, the Bank determines borrower classification in accordance with the Bank's internal standards for self-assessment of asset quality as well as the Bank's accounting rules for write-offs and reserves. The Bank then determines reserves for loan losses by estimating the expected loan losses based on historical loan loss ratios, the collectable amounts from the disposal of collaterals, and the recoverable amounts from guarantees. As of March 31, 2023, reserves for loan losses of 111.7 billion yen were reported in the consolidated balance sheet. (1) Determination of borrower classification The Bank recognizes the possibility that credit cost may increase due to changes in the environment surrounding its obligors, and accordingly, it describes "Future business outlook of borrowers in determining obligors' classification" as a major assumption of the reserve for loan losses in Note 3, "SIGNIFICANT ACCOUNTING ESTIMATES." In determining the borrower classification, the Bank sets the future business outlook of borrowers by judging each obligor's earning ability individually based on factors such as the obligor's business performance, fulfillment of obligation, the nature of the industry, and the obligor's business plan and progress thereof, as well as the effects of external environmental factors, such as surges in resource prices and semiconductor supply shortages and others, that may significantly affect the aforementioned factors.	We tested the effectiveness of internal controls over inspections and approvals for whether reserves for loan losses are appropriately determined in accordance with internal rules and guidance. We also performed analyses of the state of the borrowers' finances and revenue as well as analyses of actual losses that served as the basis for loss estimates. Furthermore, with involvement of the auditor of the parent company, we performed the following substantive procedures with respect to reserves for loan losses to evaluate the reasonableness of management judgment and estimates. (1) Determination of borrower classification • In our audit procedures related to the Bank's self-assessment of asset quality, we specified obligors for whom external environmental factors, such as surges in resource prices and semiconductor supply shortages and others, in particular, were presumed to significantly affect credit risk of loans based on the risk assessment that considered both quantitative information, such as business performance and financial position of the obligors, and qualitative information. • For the obligors specified, we examined the borrower classification by identifying the significant assumptions applied by management of the Bank to the obligors' future business outlook, and comparing such assumptions with available external information, such as external economic reports, to determine whether the assumptions were based on reasonable and supportable information and whether the effects of external environmental factors on the obligors' business activities were considered without bias. • In addition, we inquired of relevant departments of the Bank about estimation uncertainty, inspected research documents related to the effects of external environmental factors and documents related to the determination of borrower classifications prepared by the parent company and the Bank and examined the assessment results of the reasonableness of the business plans of the obligors concerned, including comparative analyses of future business outlook and recent performance.

Prospects for future recovery in business performance of the obligors and the continuity of their businesses, which are considered in the determination of the obligors' earning ability, are affected by the changes in the internal and external business environments of the obligors. If external environmental factors significantly affect credit risk of loans, in particular, the degree of estimation uncertainty and subjective judgment made by management of the Bank becomes higher.

(2) Additional reserves in light of the impact of the novel coronavirus infection (hereinafter "COVID-19")

Based on the analysis of COVID-19 impact that was performed since the fiscal year ended March 31, 2021, the Bank has selected industries for which significant impact on credit risk of loans, etc. is expected (the "COVID-19 affected industries") and has recorded additional reserves to reflect credit risk inherent in the loans to borrowers who belong to the COVID-19 affected industries and are classified as "Watch obligors" for borrower classification (hereinafter the "Additional Reserve"). The Bank recorded the Additional Reserve of 5.9 billion yen in the consolidated balance sheet as of March 31, 2022.

As stated in Note 3, "SIGNIFICANT ACCOUNTING ESTIMATES, Additional information" in the consolidated financial statements, the Bank has determined that the differences in actual losses between the COVID-19 affected industries and other industries have been on a narrowing trend. Also, the Bank has determined that credit risk associated with such impact on borrowers in the COVID-19 affected industries has been reflected in the expected loan loss ratio for "Watch obligors" through the review of borrower classification based on the Bank's self-assessment of asset quality. Based on the above, the Bank did not record the Additional Reserve for the year ended March 31, 2023, but rather, as stated in the "Reserve for loan losses," integrated into its method of determining reserves for loan losses by estimating expected loan losses based on the average of historical loan loss ratios over a certain period of time and taking into account any necessary modifications, such as future projection.

The judgments related to the estimate of the Additional Reserve involve highly subjective judgments by management of the Bank.

(2) Additional reserves in light of the impact of COVID-19

- We inspected documents prepared by the Bank that analyze the differences in actual losses related to the loans and the state of both downgrades and upgrades in borrower classification between the COVID-19 affected industries and other industries to determine that the differences were calculated by accurately reflecting actual losses for "Watch obligors" as of March 31, 2023. We also examined the reasonableness of the Bank's judgment that the differences in actual losses between the COVID-19 affected industries and other industries have been on a narrowing trend.
- We inspected documents prepared by the Bank that calculates the expected loan loss ratio for "Watch obligors" to determine that both downgrades and upgrades in borrower classification based on the Bank's self-assessment of asset quality were accurately reflected in the expected loan loss ratio. We also examined the reasonableness of the Bank's judgment that, credit risk associated with such impact on borrowers in the COVID-19 affected industries has been reflected in the expected loan loss ratio for "Watch obligors."
- We assessed whether the accounting estimates related to the Additional Reserve were appropriately disclosed.

If the significant estimates related to (1) and (2) above as well as assumptions used in the estimates do not appropriately reflect credit risk inherent in the loans, there is a potential risk that reserves for loan losses may not be appropriately calculated. Therefore, we have determined the reasonableness of these significant judgment and assumptions used in the estimates as a key audit matter.	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu LLC

August 25, 2023

CONSOLIDATED BALANCE SHEET
Resona Bank, Limited and consolidated subsidiaries
March 31, 2023

	Millions of yen		Millions of U.S. dollars (Note 1)
	2023	2022	2023
Assets:			
Cash and due from banks (Notes 4, 12 and 29)	¥ 12,973,776	¥ 14,502,802	$ 97,152
Call loans and bills bought (Note 29)	521,008	534,216	3,901
Receivables under securities borrowing transactions (Note 29)	8,360	—	62
Monetary claims bought (Note 29)	275,343	243,500	2,061
Trading assets (Notes 5, 12, 29 and 30)	217,537	230,612	1,629
Securities (Notes 6, 7, 12 and 29)	4,795,624	4,388,629	35,911
Loans and bills discounted (Notes 7, 12, 13, 29 and 36)	22,739,702	21,663,852	170,283
Foreign exchange assets (Notes 8 and 29)	176,512	133,213	1,321
Other assets (Notes 7, 9, 12, 29, and 30)	670,211	829,483	5,018
Tangible fixed assets (Notes 10, 20 and 28)	208,802	208,481	1,563
Intangible fixed assets (Notes 11 and 28)	41,947	44,848	314
Net defined benefit asset (Note 31)	23,861	17,964	178
Deferred tax assets (Note 27)	393	412	2
Customers' liabilities for acceptances and guarantees (Note 7 and 19)	257,198	261,742	1,925
Reserve for loan losses (Note 29)	(111,732)	(127,172)	(836)
Total Assets	¥ 42,798,550	¥ 42,932,587	$ 320,492
Liabilities and Net Assets:			
Liabilities:			
Deposits (Notes 12, 14 and 29)	¥ 34,183,512	¥ 33,383,399	$ 255,979
Negotiable certificates of deposit (Note 29)	731,250	768,750	5,475
Call money and bills sold (Note 29)	422,252	228,639	3,161
Payables under repurchase agreements (Notes 12 and 29)	5,000	5,000	37
Payables under securities lending transactions (Notes 12 and 29)	1,971,400	602,458	14,762
Trading liabilities (Notes 5, 29 and 30)	51,055	26,929	382
Borrowed money (Notes 12, 15 and 29)	2,234,716	4,580,166	16,734
Foreign exchange liabilities (Notes 8 and 29)	11,720	12,490	87
Bonds (Notes 16 and 29)	36,000	36,000	269
Due to trust account (Note 29)	990,487	1,109,114	7,417
Other liabilities (Notes 12, 15, 17, 29, 30 and 36)	286,265	325,065	2,143
Reserve for employees' bonuses	9,183	9,142	68
Net defined benefit liability (Note 31)	148	123	1
Other reserves (Note 18)	12,585	16,593	94
Deferred tax liabilities (Note 27)	32,893	38,303	246
Deferred tax liabilities for land revaluation (Note 20)	18,094	18,094	135
Acceptances and guarantees (Note 19)	257,198	261,742	1,925
Total Liabilities	41,253,765	41,422,013	308,924
Net Assets (Notes 21, 33 and 37):			
Capital stock	279,928	279,928	2,096
Capital surplus	428,554	428,554	3,209
Retained earnings	502,445	434,460	3,762
Total stockholders' equity	1,210,927	1,142,942	9,067
Net unrealized gains on available-for-sale securities (Note 6)	292,233	332,010	2,188
Net deferred gains on hedges	1,374	3,858	10
Revaluation reserve for land (Note 20)	39,385	39,385	294
Foreign currency translation adjustments	(880)	(4,169)	(6)
Remeasurements of defined benefit plans (Note 31)	(7,552)	(11,756)	(56)
Total accumulated other comprehensive income	324,560	359,327	2,430
Noncontrolling interests	9,296	8,303	69
Total Net Assets	1,544,784	1,510,573	11,567
Total Liabilities and Net Assets	¥ 42,798,550	¥ 42,932,587	$ 320,492

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
Resona Bank, Limited and consolidated subsidiaries
For the fiscal year ended March 31, 2023

	Millions of yen		Millions of U.S. dollars (Note 1)
	2023	2022	2023
Income:			
Interest income (Notes 22 and 36)	¥ 262,992	¥ 243,036	$ 1,969
Trust fees (Note 34)	21,595	20,841	161
Fees and commissions (Note 34)	142,928	142,072	1,070
Trading income (Note 23)	3,337	3,459	24
Other operating income (Note 24)	18,085	20,090	135
Other income (Note 26)	62,810	63,889	470
Total Income	511,749	493,390	3,832
Expenses:			
Interest expenses (Notes 22 and 36)	32,859	8,426	246
Fees and commissions	59,041	59,145	442
Trading expenses	244	317	1
Other operating expenses (Note 24)	40,955	50,194	306
General and administrative expenses (Note 25)	215,002	221,862	1,610
Other expenses (Note 26)	26,023	70,011	194
Total Expenses	374,127	409,958	2,801
Income before income taxes	137,622	83,432	1,030
Income taxes (Note 27):			
Current	31,053	33,126	232
Deferred	7,460	(9,597)	55
Total income Taxes	38,513	23,529	288
Net income	99,109	59,903	742
Net income (losses) attributable to noncontrolling interests	1,078	(128)	8
Net income attributable to owners of parent	¥ 98,031	¥ 60,031	$ 734

	Yen		U.S. dollars (Note 1)
Per common share information:			
Net income per share (Basic) (Note 33)	¥ 0.72	¥ 0.44	$ 0.00
Cash dividends per share applicable to the fiscal year (Notes 21 and 37)	0.2905	0.2579	0.0021

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Resona Bank, Limited and consolidated subsidiaries
For the fiscal year ended March 31, 2023

	Millions of yen		Millions of U.S. dollars (Note 1)
	2023	2022	2023
Net income	¥ 99,109	¥ 59,903	$ 742
Other comprehensive income (Note 32):			
Net unrealized gains (losses) on available-for-sale securities	(39,776)	(46,061)	(297)
Net deferred losses on hedges	(2,483)	(7,699)	(18)
Foreign currency translation adjustments	3,215	2,629	24
Remeasurements of defined benefit plans	4,199	7,931	31
Share of other comprehensive income of affiliates accounted for using the equity method	(6)	(14)	(0)
Total other comprehensive income	(34,852)	(43,214)	(260)
Total comprehensive income (Note 32)	¥ 64,257	¥ 16,688	$ 481
Total comprehensive income attributable to (Note 32):			
Owners of parent	¥ 63,263	¥ 15,823	$ 473
Noncontrolling interests	993	864	7

See accompanying notes to the consolidated financial statements.

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

	Millions of yen											
	Stockholders' equity				Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Total stockholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumula-ted other comprehen-sive income	Non-controlling interests	Total net assets
Balance at April 1, 2021	¥ 279,928	¥ 428,554	¥ 414,614	¥ 1,123,096	¥ 378,075	¥ 11,557	¥ 39,661	¥ (5,851)	¥ (19,630)	¥ 403,811	¥ 7,475	¥ 1,534,383
Cumulative effect due to revision of accounting standards			(885)	(885)								(885)
Restated balance	279,928	428,554	413,728	1,122,210	378,075	11,557	39,661	(5,851)	(19,630)	403,811	7,475	1,533,497
Changes during the fiscal year												
Dividends paid			(39,575)	(39,575)								(39,575)
Net income attributable to owners of parent			60,031	60,031								60,031
Reversal of revaluation reserve for land			276	276								276
Net changes except for stockholders' equity during the fiscal year					(46,064)	(7,699)	(276)	1,682	7,873	(44,484)	828	(43,656)
Total changes during the fiscal year	—	—	20,732	20,732	(46,064)	(7,699)	(276)	1,682	7,873	(44,484)	828	(22,923)
Balance at April 1, 2022	279,928	428,554	434,460	1,142,942	332,010	3,858	39,385	(4,169)	(11,756)	359,327	8,303	1,510,573
Changes during the fiscal year												
Dividends paid			(30,046)	(30,046)								(30,046)
Net income attributable to owners of parent			98,031	98,031								98,031
Net changes except for stockholders' equity during the fiscal year					(39,776)	(2,483)	—	3,289	4,203	(34,767)	993	(33,774)
Total changes during the fiscal year	—	—	67,984	67,984	(39,776)	(2,483)	—	3,289	4,203	(34,767)	993	34,210
Balance at March 31, 2023	¥ 279,928	¥ 428,554	¥ 502,445	¥ 1,210,927	¥ 292,233	¥ 1,374	¥ 39,385	¥ (880)	¥ (7,552)	¥ 324,560	¥ 9,296	¥ 1,544,784

	Millions of U.S. dollars (Note1)											
	Stockholders' equity				Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Total stockholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumula-ted other comprehen-sive income	Non-controlling interests	Total net assets
Balance at April 1, 2022	$ 2,096	$ 3,209	$ 3,253	$ 8,558	$ 2,486	$ 28	$ 294	$ (31)	$ (88)	$ 2,690	$ 62	$ 11,311
Changes during the fiscal year												
Dividends paid			(224)	(224)								(224)
Net income attributable to owners of parent			734	734								734
Net changes except for stockholders' equity during the fiscal year					(297)	(18)	—	24	31	(260)	7	(252)
Total changes during the fiscal year	—	—	509	509	(297)	(18)	—	24	31	(260)	7	256
Balance at March 31, 2023	$ 2,096	$ 3,209	$ 3,762	$ 9,067	$ 2,188	$ 10	$ 294	$ (6)	$ (56)	$ 2,430	$ 69	$ 11,567

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Resona Bank, Limited and consolidated subsidiaries
For the fiscal year ended March 31, 2023

	Millions of yen		Millions of U.S. dollars (Note 1)
	2023	2022	2023
Cash flows from operating activities:			
Income before income taxes	¥ 137,622	¥ 83,432	$ 1,030
Adjustments for:			
Depreciation and amortization	30,203	29,091	226
Impairment losses on fixed assets	753	1,200	5
Equity in earnings of investments in affiliates	(71)	(96)	(0)
Increase (decrease) in reserve for loan losses	(15,440)	42,723	(115)
Increase (decrease) in reserve for employees' bonuses	41	212	0
(Increase) decrease in net defined benefit asset	(5,897)	791	(44)
Increase (decrease) in net defined benefit liability	24	(109)	0
Interest income	(262,992)	(243,036)	(1,969)
Interest expenses	32,859	8,426	246
Net (gains) losses on securities	(9,998)	4,423	(74)
Net foreign exchange (gains) losses	(58,994)	(87,900)	(441)
Net (gains) losses on disposal of fixed assets	1,143	(1,698)	8
Net (increase) decrease in trading assets	13,074	(3,992)	97
Net increase (decrease) in trading liabilities	24,125	(13,527)	180
Net (increase) decrease in loans and bills discounted	(1,075,849)	(417,236)	(8,056)
Net increase (decrease) in deposits	800,112	1,213,107	5,991
Net increase (decrease) in negotiable certificates of deposit	(37,500)	100,820	(280)
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	(2,345,449)	1,411,634	(17,563)
Net (increase) decrease in due from banks (excluding those deposited at the Bank of Japan)	(55,128)	22,657	(412)
Net (increase) decrease in call loans, bills bought and monetary claims bought	(18,635)	(146,429)	(139)
Net (increase) decrease in Receivables under securities borrowing transactions	(8,360)	—	(62)
Net increase (decrease) in call money and other	193,613	168,519	1,449
Net increase (decrease) in Payables under securities lending transactions	1,368,942	(28,787)	10,251
Net (increase) decrease in foreign exchange assets	(43,298)	(18,433)	(324)
Net increase (decrease) in foreign exchange liabilities	(770)	(2,352)	(5)
Net increase (decrease) in due to trust account	(118,627)	(195,231)	(888)
Interest receipts	261,416	244,624	1,957
Interest payments	(28,660)	(8,706)	(214)
Other - net	(43,157)	81,377	(323)
Subtotal	(1,264,900)	2,245,503	(9,472)
Income taxes paid	(28,869)	(55,195)	(216)
Net cash provided by (used in) operating activities	(1,293,769)	2,190,307	(9,688)
Cash flows from investing activities:			
Purchases of securities	(3,355,078)	(4,338,954)	(25,124)
Proceeds from sales of securities	2,816,293	3,034,396	21,089
Proceeds from redemption of securities	293,814	695,439	2,200
Purchases of tangible fixed assets	(8,377)	(6,688)	(62)
Proceeds from sales of tangible fixed assets	6	2,467	0
Purchases of intangible fixed assets	(5,493)	(6,905)	(41)
Proceeds from sales of intangible fixed assets	—	2	—
Other - net	(1,506)	(618)	(11)
Net cash provided by (used in) investing activities	(260,340)	(620,860)	(1,949)
Cash flows from financing activities:			
Redemption of subordinated bonds	—	(60,000)	—
Dividends paid	(30,046)	(39,575)	(224)
Dividends paid to noncontrolling interests of consolidated subsidiaries	—	(34)	—
Net cash provided by (used in) financing activities	(30,046)	(99,610)	(224)
Effect of exchange rate changes on cash and cash equivalents	1	7	0
Net increase (decrease) in cash and cash equivalents	(1,584,154)	1,469,843	(11,862)
Cash and cash equivalents at the beginning of the fiscal year	14,438,782	12,968,938	108,123
Cash and cash equivalents at the end of the fiscal year (Note 4)	¥ 12,854,627	¥ 14,438,782	$ 96,260

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Resona Bank, Limited and consolidated subsidiaries

Fiscal year ended March 31, 2023

1. BASIS OF PRESENTATION

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Use of estimates

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

(2) Principles of consolidation

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

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

(a) Scope of consolidation

The number of consolidated subsidiaries as of March 31, 2023 and 2022 was three.

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

(b) Application of the equity method of accounting

The number of affiliates accounted for by the equity method as of March 31, 2023 and 2022 was one.

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

(c) Balance sheet dates of consolidated subsidiaries

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

(Number of consolidated subsidiaries)

	2023	2022
End of December	**3**	3

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

(d) Eliminations of intercompany balances and transactions

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

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

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

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

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

(3) Trading assets and trading liabilities

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

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

(4) Trading income and trading expenses

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

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

(5) Securities

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

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

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

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

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

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

(6) Derivatives and hedge accounting

Derivatives are classified and accounted for as follows:

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

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

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

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

(a) Hedges of interest rate risk

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

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

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

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

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

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

(b) Hedges of foreign currency risk

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

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

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

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

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

(7) Depreciation and amortization

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

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

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

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

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

(c) Leased assets

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

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

(d) Goodwill

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

(8) Long-lived assets

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

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

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

(9) Reserve for reimbursement of deposits

The Bank generally reimburses derecognized customer deposits if a legitimate claimant appears, and such reimbursement of deposit is accounted for as a charge against income.

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

(10) Reserve for loan losses

The Bank has provided a reserve for loan losses in accordance with its internal standards for write-offs and reserves as follows:

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

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

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

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

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

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

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

For collateralized or guaranteed claims to bankrupt obligors and effectively bankrupt obligors, uncollectible amounts (i.e., the carrying value less the amounts collectible from the disposal of collateral and execution of guarantees) are directly written-off. Such uncollectible amounts as of March 31, 2023 and 2022 were ¥67,279 million ($503 million) and ¥70,573 million, respectively.

(11) Reserve for employees' bonuses

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

(12) Employees' retirement benefits

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

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

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

(13) Other reserves

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

(14) Revenue recognition

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

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

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

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

(15) Translation of foreign currencies

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

The Bank translates assets and liabilities denominated in foreign currencies into Japanese yen primarily at the exchange rates at the consolidated balance sheet date, with the exception of investments in affiliates which are translated at historical exchange rates.

(16) Income taxes

The Bank is a wholly owned subsidiary of Resona Holdings, Inc. (the "Holdings"). The Bank applies the group tax sharing system, with the Holdings as the aggregate parent company.

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

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

(17) Cash and cash equivalents

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

(18) Per share information

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

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

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

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

(i) Changes in accounting policies

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

(ii) Changes in presentations

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

(iii) Changes in accounting estimates

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

(iv) Corrections of prior period error

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

(v) Provisions of relevant accounting standards are not clarified

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

(20) Change in accounting policies

Implementation Guidance on Accounting Standard for Fair Value Measurement

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

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

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

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

(21) New accounting pronouncements

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

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

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

(i) Overview

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

(ii) Scheduled date of application

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

(iii) Effects of application

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

(22) Additional information

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

The Bank has transited from the consolidated taxation system to the group tax sharing system from the fiscal year ended March 31, 2023.

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

3. SIGNIFICANT ACCOUNTING ESTIMATES

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

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Reserve for loan losses	**¥ 111,732**	¥ 127,172	**$ 836**

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

(i) Determination method

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

Details of the determination method of "Reserve for loan losses" is described on "2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (10) Reserve for loan losses".

(ii) Major assumptions

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

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

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

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

Additional information

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

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

Considering these situation and others, the Bank didn't record the additional reserve for loan losses as of the fiscal year ended March 31, 2023. As described on "2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (10) Reserve for loan losses," the Bank integrates into the calculation method of determining reserves for loan losses by estimating expected loan losses based on the average of historical loan loss ratios over a certain period of time and taking into account any necessary modifications, such as future projection.

4. CASH AND CASH EQUIVALENTS

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Cash and due from banks	**¥ 12,973,776**	¥ 14,502,802	**$ 97,152**
Less: Due from banks except for the Bank of Japan	**(119,148)**	(64,020)	**(892)**
Cash and cash equivalents	**¥ 12,854,627**	¥ 14,438,782	**$ 96,260**

5. TRADING ASSETS AND TRADING LIABILITIES

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Trading assets:			
Trading securities	**¥ 146,589**	¥ 184,225	**$ 1,097**
Trading-related financial derivatives	**70,948**	46,386	**531**
Total	**¥ 217,537**	¥ 230,612	**$ 1,629**
Trading liabilities:			
Trading-related financial derivatives	**¥ 51,044**	¥ 26,929	**$ 382**
Derivatives of securities related to trading transactions	**¥ 11**	—	**0**
Total	**¥ 51,055**	¥ 26,929	**$ 382**

6. SECURITIES

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Japanese government bonds	**¥ 2,319,498**	¥ 2,151,487	**$ 17,369**
Japanese local government bonds	**162,493**	154,010	**1,216**
Japanese corporate bonds	**696,162**	674,142	**5,213**
Japanese stocks	**725,181**	774,448	**5,430**
Other securities	**892,288**	634,539	**6,681**
Total	**¥ 4,795,624**	¥ 4,388,629	**$ 35,911**

As of March 31, 2023 and 2022, securities included equity investments in non-consolidated subsidiaries and affiliates, accounted for by the equity method or the cost method, of ¥20,006 million ($149 million) and ¥19,959 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥303 million ($2 million) and ¥305 million, respectively.

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

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

I. Securities related information

In addition to the "securities" disclosed in the consolidated balance sheet, the following tables contain information relating to trading securities and short-term bonds in "trading assets".

(1) Held-to-maturity debt securities

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

	Millions of yen		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2023			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**¥ 479,303**	**¥ 482,618**	**¥ 3,314**
Japanese local government bonds	**300**	**300**	**0**
Japanese corporate bonds	**5,500**	**5,523**	**23**
Subtotal	**485,103**	**488,442**	**3,338**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**1,534,014**	**1,469,710**	**(64,304)**
Japanese corporate bonds	**17,838**	**17,672**	**(166)**
Other	**13,354**	**12,168**	**(1,185)**
Subtotal	**1,565,207**	**1,499,551**	**(65,655)**
Total	**¥ 2,050,311**	**¥ 1,987,993**	**¥ (62,317)**
March 31, 2022			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥ 449,077	¥ 454,861	¥ 5,783
Japanese corporate bonds	11,738	11,770	32
Subtotal	460,815	466,631	5,816
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	1,167,246	1,142,282	(24,963)
Other	12,241	11,573	(667)
Subtotal	1,179,487	1,153,856	(25,631)
Total	¥ 1,640,302	¥ 1,620,488	¥ (19,814)

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2023			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**$ 3,589**	**$ 3,614**	**$ 24**
Japanese local government bonds	**2**	**2**	**0**
Japanese corporate bonds	**41**	**41**	**0**
Subtotal	**3,632**	**3,657**	**24**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**11,487**	**11,005**	**(481)**
Japanese corporate bonds	**133**	**132**	**(1)**
Other	**100**	**91**	**(8)**
Subtotal	**11,720**	**11,229**	**(491)**
Total	**$ 15,353**	**$ 14,886**	**$ (466)**

(2) Available-for-sale securities

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

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2023			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**¥ 665,231**	**¥ 201,664**	**¥ 463,566**
Bonds:			
Japanese local government bonds	**6,079**	**6,064**	**15**
Japanese corporate bonds	**195,465**	**194,658**	**806**
Total bonds	**201,545**	**200,722**	**822**
Other	**34,529**	**32,259**	**2,269**
Subtotal	**¥ 901,306**	**¥ 434,647**	**¥ 466,659**
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	**¥ 16,870**	**¥ 21,485**	**¥ (4,614)**
Bonds:			
Japanese government bonds	**306,180**	**328,639**	**(22,458)**
Japanese local government bonds	**156,113**	**158,290**	**(2,176)**
Japanese corporate bonds	**477,358**	**484,337**	**(6,979)**
Total bonds	**939,652**	**971,266**	**(31,614)**
Other	**803,352**	**840,929**	**(37,577)**
Subtotal	**¥ 1,759,875**	**¥ 1,833,682**	**¥ (73,807)**
Total	**¥ 2,661,181**	**¥ 2,268,329**	**¥ 392,851**

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2022			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	¥ 710,149	¥ 212,216	¥ 497,932
Bonds:			
Japanese government bonds	39,630	39,599	30
Japanese local government bonds	500	500	0
Japanese corporate bonds	258,271	257,388	883
Total bonds	298,402	297,487	914
Other	54,740	49,230	5,510
Subtotal	¥ 1,063,291	¥ 558,933	¥ 504,358
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	¥ 20,952	¥ 27,987	¥ (7,034)
Bonds:			
Japanese government bonds	495,534	510,107	(14,572)
Japanese local government bonds	153,510	154,710	(1,199)
Japanese corporate bonds	404,132	407,519	(3,386)
Total bonds	1,053,177	1,072,337	(19,159)
Other	530,080	561,681	(31,600)
Subtotal	¥ 1,604,211	¥ 1,662,005	¥ (57,794)
Total	¥ 2,667,503	¥ 2,220,939	¥ 446,563

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2023			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**$ 4,981**	**$ 1,510**	**$ 3,471**
Bonds:			
Japanese local government bonds	**45**	**45**	**0**
Japanese corporate bonds	**1,463**	**1,457**	**6**
Total bonds	**1,509**	**1,503**	**6**
Other	**258**	**241**	**16**
Subtotal	**$ 6,749**	**$ 3,254**	**$ 3,494**
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	**$ 126**	**$ 160**	**$ (34)**
Bonds:			
Japanese government bonds	**2,292**	**2,460**	**(168)**
Japanese local government bonds	**1,169**	**1,185**	**(16)**
Japanese corporate bonds	**3,574**	**3,626**	**(52)**
Total bonds	**7,036**	**7,273**	**(236)**
Other	**6,015**	**6,297**	**(281)**
Subtotal	**$ 13,178**	**$ 13,731**	**$ (552)**
Total	**$ 19,927**	**$ 16,986**	**$ 2,941**

(3) Securities sold during the fiscal year

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

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

	Millions of yen			Millions of U.S. dollars		
	Proceeds from sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
March 31, 2023						
Available-for-sale securities:						
Japanese stocks	**¥ 61,130**	**¥ 44,245**	**¥ 274**	**$ 457**	**$ 331**	**$ 2**
Bonds:						
Japanese government bonds	**1,695,774**	**2,038**	**4,658**	**12,698**	**15**	**34**
Japanese local government bonds	**2,735**	**2**	**3**	**20**	**0**	**0**
Japanese corporate bonds	**18,126**	**11**	**—**	**135**	**0**	**—**
Total bonds	**1,716,636**	**2,052**	**4,661**	**12,854**	**15**	**34**
Other	**876,361**	**7,365**	**37,289**	**6,562**	**55**	**279**
Total	**¥ 2,654,128**	**¥ 53,663**	**¥ 42,226**	**$ 19,875**	**$ 401**	**$ 316**

	Millions of yen		
	Proceeds from sales	Gains on sales	Losses on sales
March 31, 2022			
Available-for-sale securities:			
Japanese stocks	¥ 62,020	¥ 44,635	¥ 3
Bonds:			
Japanese government bonds	1,849,131	1,392	2,739
Japanese corporate bonds	42,963	118	—
Total bonds	1,892,094	1,510	2,739
Other	1,255,219	5,535	44,199
Total	¥3,209,334	¥ 51,682	¥ 46,942

(4) Change in classification of securities

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

(5) Impairment of securities

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

For the fiscal years ended March 31, 2023 and 2022, impairment losses of ¥604 million ($4 million) and ¥229 million, respectively, were recorded with respect to securities with fair values except for trading securities (excluding non-marketable equity securities, etc. and investment in partnerships).

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

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

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

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

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

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Net unrealized gains before taxes on available-for-sale securities	**¥ 393,195**	¥ 446,563	**$ 2,944**
Deferred tax liabilities	**(100,966)**	(114,558)	**(756)**
Net unrealized gains on available-for-sale securities (before adjustment)	**292,228**	332,005	**2,188**
The Bank's portion of unrealized gains on available-for-sale securities of equity method investees	**4**	4	**0**
Amounts recorded in the consolidated balance sheet	**¥ 292,233**	¥ 332,010	**$ 2,188**

7. LOANS AND BILLS DISCOUNTED

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Bills discounted	**¥ 36,044**	¥ 37,315	**$ 269**
Loans on notes	**242,527**	239,473	**1,816**
Loans on deeds	**19,998,008**	19,036,316	**149,752**
Overdrafts	**2,463,121**	2,350,746	**18,444**
Total	**¥ 22,739,702**	¥ 21,663,852	**$ 170,283**

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

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Bankrupt or De Facto Bankrupt Loans	**¥ 20,233**	¥ 19,359	**$ 151**
Doubtful Loans	**170,279**	190,182	**1,275**
Loans in arrears by 3 months or more	**508**	2,461	**3**
Restructured Loans	**99,079**	70,488	**741**
Total	**¥ 290,100**	¥ 282,491	**$ 2,172**

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

(a) "Bankrupt or De Facto Bankrupt Loans" are the claim held against debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claim equivalent.

(b) "Doubtful Loans" are the claims (excluding the loans specified (a)) whose debtor is not yet in the status of failure in business although such debtor's financial status and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible.

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

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

Bills discounted are recorded as lending transactions in accordance with the Industry Committee Practical Guidelines No. 24. The Bank has a right to sell or repledge as collateral such discounted bills at its discretion. The total face value of bank acceptance bills, commercial bills, documentary bills and foreign currency bills bought, which were obtained at a discount, were ¥47,312 million ($354 million) and ¥44,231 million as of March 31, 2023 and 2022, respectively.

8. FOREIGN EXCHANGE

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Assets:			
Due from foreign banks	**¥ 127,731**	¥ 91,576	**$ 956**
Foreign bills of exchange bought	**11,267**	6,916	**84**
Foreign bills of exchange receivable	**37,513**	34,720	**280**
Total	**¥ 176,512**	¥ 133,213	**$ 1,321**
Liabilities:			
Due to foreign banks	**¥ 9,564**	¥ 10,546	**$ 71**
Foreign bills of exchange sold	**208**	96	**1**
Foreign bills of exchange payable	**1,947**	1,847	**14**
Total	**¥ 11,720**	¥ 12,490	**$ 87**

9. OTHER ASSETS

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Prepaid expenses	**¥ 9,128**	¥ 9,752	**$ 68**
Accrued income	**46,335**	42,833	**346**
Initial margins for futures transactions	**38,416**	37,793	**287**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**62,781**	69,509	**470**
Cash collateral paid for financial instruments	**32,100**	19,866	**240**
Guarantee deposits	**12,666**	14,289	**94**
Other receivable on sales of securities	**31,289**	206,712	**234**
Other	**437,492**	428,725	**3,276**
Total	**¥ 670,211**	¥ 829,483	**$ 5,018**

10. TANGIBLE FIXED ASSETS

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Land, buildings and leased assets	**¥ 409,251**	¥ 396,953	**$ 3,064**
Construction in progress	**549**	2,935	**4**
Subtotal	**409,801**	399,888	**3,068**
Accumulated depreciation	**(200,998)**	(191,406)	**(1,505)**
Total	**¥ 208,802**	¥ 208,481	**$ 1,563**

Under certain conditions such as exchanges of tangible fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to effectively defer the recognition of taxable profit arising from such transactions by reducing the cost of the assets acquired. Such deferred profit amounted to ¥28,923 million ($216 million) and ¥28,926 million as of March 31, 2023 and 2022, respectively.

11. INTANGIBLE FIXED ASSETS

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Software	**¥ 14,212**	¥ 14,220	**$ 106**
Leased assets	**25,664**	28,558	**192**
Other intangible fixed assets	**2,070**	2,070	**15**
Total	**¥ 41,947**	¥ 44,848	**$ 314**

12. ASSETS PLEDGED AS COLLATERAL

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Assets pledged as collateral:			
Cash and due from banks	**¥ 1,540**	¥ 892	**$ 11**
Trading assets	**4,998**	4,996	**37**
Securities	**2,764,359**	2,558,182	**20,700**
Loans and bills discounted	**3,530,757**	4,248,500	**26,439**
Other assets	**3,988**	4,084	**29**
Debt collateralized:			
Deposits	**¥ 74,040**	¥ 103,124	**$ 554**
Payables under repurchase agreements	**5,000**	5,000	**37**
Payables under securities lending transactions	**1,971,400**	602,458	**14,762**
Borrowed money	**2,204,411**	4,541,696	**16,507**
Other liabilities	**7,847**	8,711	**58**

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Assets pledged as collateral:			
Securities	**¥ 15,084**	¥ 13,228	**$ 112**
Other assets	**350,555**	350,571	**2,625**

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Initial margins for futures transactions	**¥ 38,416**	¥ 37,793	**$ 287**
Cash collateral paid for financial instruments	**32,100**	19,866	**240**
Guarantee deposits	**12,666**	14,289	**94**

13. COMMITMENT LINE AGREEMENTS

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

Unused balances related to these agreements as of March 31, 2023 and 2022 amounted to ¥8,480,755 million ($63,507 million) and ¥8,418,025 million, respectively, including ¥7,855,920 million ($58,828 million) and ¥7,802,992 million, respectively, of agreements with original terms of one year or less or those that are unconditionally cancellable by the Group at any time without penalty.

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

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

14. DEPOSITS

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Current deposits	**¥ 4,717,787**	¥ 4,450,895	**$ 35,328**
Ordinary deposits	**22,448,391**	21,823,110	**168,102**
Savings deposits	**135,640**	137,523	**1,015**
Notice deposits	**61,513**	74,707	**460**
Time deposits	**5,746,681**	5,870,233	**43,033**
Other deposits	**1,073,498**	1,026,929	**8,038**
Total	**¥ 34,183,512**	¥ 33,383,399	**$ 255,979**

15. BORROWED MONEY AND LEASE OBLIGATIONS

(1) Borrowed money

Borrowed money included borrowings from the Bank of Japan and other financial institutions. The weighted average annual interest rates applicable to borrowed money were 0.22% and 0.02% for the fiscal years ended March 31, 2023 and 2022, respectively.

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

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2024	**¥ 1,967,965**	**$ 14,736**
2025	**101,643**	**761**
2026	**85,776**	**642**
2027	**79,144**	**592**
2028	**135**	**1**
2029 and thereafter	**52**	**0**
Total	**¥ 2,234,716**	**$ 16,734**

(2) Obligations under finance lease transactions

The weighted average annual interest rates applicable to the finance lease obligations were 0.04% and 0.05% for the fiscal years ended March 31, 2023 and 2022, respectively.

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

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2024	**¥ 16,676**	**$ 124**
2025	**12,972**	**97**
2026	**8,603**	**64**
2027	**4,765**	**35**
2028	**3,408**	**25**
2029 and thereafter	**821**	**6**
Total	**¥ 47,247**	**$ 353**

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

16. BONDS

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

	Rate	Maturity	Millions of yen	Millions of U.S. dollars
March 31, 2023				
The Bank:				
Subordinated bonds	**2.44% to 2.46%**	**December 22, 2026 to March 15, 2027**	**¥ 36,000**	**$ 269**
Total			**¥ 36,000**	**$ 269**

	Rate	Maturity	Millions of yen
March 31, 2022			
The Bank:			
Subordinated bonds	2.44% to 2.46%	December 22, 2026 to March 15, 2027	¥ 36,000
Total			¥ 36,000

Note: All of the outstanding bonds are unsecured.

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

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2024	**¥ —**	**$ —**
2025	**—**	**—**
2026	**—**	**—**
2027	**36,000**	**269**
2028	**—**	**—**
Total	**¥ 36,000**	**$ 269**

Note: The above amounts are stated at carrying amounts.

17. OTHER LIABILITIES

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Accrued income taxes	**¥ 15,386**	¥ 4,895	**$ 115**
Accrued consolidated taxes	**542**	8,800	**4**
Accrued expenses	**18,470**	15,953	**138**
Unearned income	**5,648**	4,921	**42**
Lease obligations	**47,247**	50,380	**353**
Other payable on purchases of securities	**4**	51,010	**0**
Cash collateral received for financial instruments	**43,192**	36,992	**323**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**57,852**	58,112	**433**
Other	**97,921**	94,000	**733**
Total	**¥ 286,265**	¥ 325,065	**$ 2,143**

18. OTHER RESERVES

(i) A reserve for reimbursement of deposits is provided for the estimated future losses resulting from reimbursements of deposits subsequent to the period of derecognition of the related liabilities, and amounted to ¥8,593 million ($64 million) and ¥12,650 million as of March 31, 2023 and 2022, respectively.

(ii) A reserve for Resona Club points is provided for the estimated future expense by usage of the points awarded to the Resona Club members and amounted to ¥1,536 million ($11 million) and ¥1,609 million as of March 31, 2023 and 2022, respectively.

(iii) A reserve for expense on burden charge under the credit guarantee system is provided for the estimated future losses to be charged by the credit guarantee corporation under the burden sharing system for credit losses on loans to certain small and medium-sized companies, and amounted to ¥1,902 million ($14 million) and ¥1,817 million as of March 31, 2023 and 2022, respectively.

19. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

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

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

20. REVALUATION RESERVE FOR LAND

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

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

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

21. NET ASSETS

(1) Capital requirement

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

(i) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, an Audit and Supervisory Committee or a Nominating Committee, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Bank is organized as a company with an Audit and Supervisory Committee, meets all of the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to stockholders subject to a certain limitation and additional requirements. Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate.

The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

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

The Banking Act requires that an amount equal to 20% of dividends must be appropriated as a capital reserve (a component of capital surplus) or as a legal reserve (a component of retained earnings) depending on the net assets account charged upon the payment of such dividends until the total of the aggregate amount of the capital reserve and the legal reserve equals 100% of stated capital.

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

(iii) Treasury stock and treasury stock acquisition rights

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

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

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

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

(2) Capital stock - Changes during the fiscal year

The changes in the number and class of shares issued and treasury stock for the fiscal years ended March 31, 2023 and 2022 were as follows:

	(Shares in thousands)			
	As of April 1	Changes during the fiscal year: Increase	Changes during the fiscal year: Decrease	As of March 31
March 31, 2023				
Issued stock:				
Common stock	**134,979,383**	—	—	**134,979,383**
March 31, 2022				
Issued stock:				
Common stock	134,979,383	—	—	134,979,383

(3) Capital stock - Number of shares

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

	Number of shares	
Class of stock	Authorized	Issued
Common stock	**405,000,000,000**	**134,979,383,058**

(4) Cash dividends per share

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

	Cash dividends per share applicable to the fiscal year					
	Yen				U.S. dollars	
	2023		2022		**2023**	
Class of stock	Interim cash dividend (*1)	Year-end cash dividend (*2)	Interim cash dividend (*3)	Year-end cash dividend (*4)	Interim cash dividend (*1)	Year-end cash dividend (*2)
Common stock	**¥ 0.1113**	**¥ 0.1792**	¥ 0.1466	¥ 0.1113	**$ 0.0008**	**$ 0.0013**

	Cash dividends per share paid during the fiscal year					
	Yen				U.S. dollars	
	2023		2022		**2023**	
Class of stock	Year-end cash dividend (*4)	Interim cash dividend (*1)	Year-end cash dividend (*5)	Interim cash dividend (*3)	Year-end cash dividend (*4)	Interim cash dividend (*1)
Common stock	**¥ 0.1113**	**¥ 0.1113**	¥ 0.1466	¥ 0.1466	**$ 0.0008**	**$ 0.0008**

Notes: (*1) Interim cash dividends for the fiscal year ended March 31, 2023 were approved at the Board of Directors’ meeting held on March 30, 2023 and paid on March 31, 2023.

(*2) Year-end cash dividends for the fiscal year ended March 31, 2023 were approved at the Board of Directors’ meeting held on May 12, 2023 and paid on May 15, 2023.

(*3) Interim cash dividends for the fiscal year ended March 31, 2022 were approved at the Board of Directors’ meeting held on March 30, 2022 and paid on March 31, 2022.

(*4) Year-end cash dividends for the fiscal year ended March 31, 2022 were approved at the Board of Directors' meeting held on May 12, 2022 and paid on May 13, 2022.

(*5) Year-end cash dividends for the fiscal year ended March 31, 2021 were approved at the Board of Directors' meeting held on May 11, 2021 and paid on May 12, 2021.

22. INTEREST INCOME AND EXPENSES

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Interest income:			
Interest on loans and bills discounted	**¥ 192,413**	¥ 184,713	**$ 1,440**
Interest and dividends on securities	**41,975**	40,001	**314**
Interest on call loans and bills bought	**2,928**	342	**21**
Interest on receivables under securities borrowing transactions	**305**	—	**2**
Interest on due from banks	**12,288**	8,967	**92**
Other interest income	**13,080**	9,012	**97**
Total	**¥ 262,992**	¥ 243,036	**$ 1,969**
Interest expenses:			
Interest on deposits	**¥ 12,319**	¥ 3,918	**$ 92**
Interest on negotiable certificates of deposit	**35**	39	**0**
Interest on call money and bills sold	**4,074**	86	**30**
Interest on payables under repurchase agreements	**0**	0	**0**
Interest on payables under securities lending transactions	**10,512**	1,062	**78**
Interest on borrowed money	**3,253**	723	**24**
Interest on bonds	**882**	1,558	**6**
Other interest expenses	**1,781**	1,037	**13**
Total	**¥ 32,859**	¥ 8,426	**$ 246**

23. TRADING INCOME

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Trading income:			
Income from trading-related financial derivatives	**3,183**	3,434	**23**
Other trading income	**153**	25	**1**
Total	**¥ 3,337**	¥ 3,459	**$ 24**

24. OTHER OPERATING INCOME AND EXPENSES

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Other operating income:			
Gains on foreign exchange transactions	**¥ 10,040**	¥ 8,820	**$ 75**
Gains on sales of Japanese government bonds and other	**6,402**	3,214	**47**
Income from derivatives other than for trading or hedging	**597**	6,515	**4**
Other	**1,045**	1,539	**7**
Total	**¥ 18,085**	¥ 20,090	**$ 135**
Other operating expenses:			
Losses on sales of Japanese government bonds and other	**¥ 40,955**	¥ 50,194	**$ 306**
Total	**¥ 40,955**	¥ 50,194	**$ 306**

25. GENERAL AND ADMINISTRATIVE EXPENSES

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Salaries and allowances	**¥ 72,230**	¥ 73,029	**$ 540**
Depreciation expense	**30,203**	29,091	**226**

26. OTHER INCOME AND EXPENSES

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Other income:			
Gains on sales of stocks and other securities	**¥ 47,260**	¥ 48,467	**$ 353**
Gains on disposal of fixed assets	**0**	2,464	**0**
Recoveries of written-off loans	**5,334**	6,892	**39**
Other	**10,215**	6,065	**76**
Total	**¥ 62,810**	¥ 63,889	**$ 470**
Other expenses:			
Write-offs of loans	**¥ 12,093**	¥ 12,074	**$ 90**
Losses on sales of stocks and other securities	**2,517**	5,693	**18**
Provision to reserve for loan losses	**2,436**	43,064	**18**
Impairment losses on stocks and other securities	**192**	217	**1**
Losses on disposal of fixed assets	**1,144**	765	**8**
Impairment losses on fixed assets	**753**	1,200	**5**
Other	**6,886**	6,994	**51**
Total	**¥ 26,023**	¥ 70,011	**$ 194**

27. INCOME TAXES

The Bank is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.58% for the fiscal years ended March 31, 2023 and 2022.

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Deferred tax assets:			
Reserve for loan losses and write-offs of loans	**¥ 42,578**	¥ 48,216	**$ 318**
Write-downs of securities	**26,607**	29,666	**199**
Net defined benefit liability	**14,891**	17,885	**111**
Other	**37,285**	37,721	**279**
Gross deferred tax assets	**121,362**	133,489	**908**
Less: valuation allowance (*)	**(45,216)**	(48,027)	**(338)**
Total deferred tax assets	**¥ 76,146**	¥ 85,462	**$ 570**
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	**¥ (100,966)**	¥ (114,558)	**$ (756)**
Deferred gains on hedges	**(605)**	(1,699)	**(4)**
Gains on securities transferred to employees' retirement benefit trust	**(2,644)**	(2,806)	**(19)**
Other	**(4,429)**	(4,288)	**(33)**
Total deferred tax liabilities	**¥ (108,646)**	¥ (123,352)	**$ (813)**
Net deferred tax liabilities	**¥ (32,499)**	¥ (37,890)	**$ (243)**

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

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

	2023	2022
Normal effective statutory tax rate	**30.58%**	30.58%
Change in valuation allowance	**(2.04)**	(1.62)
Lower tax rates applicable to income of subsidiaries	**(0.03)**	0.04
Dividends exempted for income tax purposes	**(0.81)**	(1.25)
Other	**0.29**	0.46
Actual effective tax rate	**27.98%**	28.20%

28. LEASE TRANSACTIONS

(1) Lessee

(a) Finance lease transactions

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

(b) Operating lease transactions

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Due within one year	**¥ 2,153**	¥ 2,079	**$ 16**
Due after one year	**5,483**	6,535	**41**
Total	**¥ 7,637**	¥ 8,614	**$ 57**

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

I. Conditions of financial instruments

(1) Policies and objectives for using financial instruments

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

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

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

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

Certain consolidated subsidiaries and affiliates conduct foreign banking services under foreign regulations.

(2) Type of and risks associated with financial instruments

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

Loans to small-to-mid-size companies and individual mortgages comprise a significant portion of the Bank's credit portfolio. These loans are exposed to credit risks in which the Bank may suffer losses due to a decline or the disappearance of an asset's value as a result of deterioration of the financial position of obligors.

(b) Type of and risks associated with securities

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

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

(c) Type of and risks associated with derivative transactions

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

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

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

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

(i) Customers' risk hedging needs

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

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

- Sufficient explanation of the products and associated risks

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

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

- Customers' responsibility and capability to enter into a transaction

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

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

- Providing relevant fair value information

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

(ii) Hedging risks of financial assets and liabilities

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

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

For a portfolio hedge of interest rate risks, hedge effectiveness is assessed by grouping hedging instruments and hedged items according to their maturities to determine that certain critical conditions are satisfied, or confirming high correlation between the changes in interest rate factors underlying the hedging instruments and hedged items by means of regression analyses. For an individual hedge of interest rate risks, hedge effectiveness is assessed by confirming that the interest rate and other conditions of hedging instruments and hedged items match.

For a portfolio hedge of foreign currency risks, hedge effectiveness is assessed by confirming that the principal and interest amount of receivables and liabilities denominated in foreign currencies exceed the principal and interest amount of hedging instruments. For an individual hedge of foreign currency risks, hedge effectiveness is assessed by confirming that the interest rate and other conditions of hedging instruments and hedged items match, as same as an individual hedge of interest rate risks.

(iii) Trading activities

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

Risks associated with derivative transactions are credit risks and market risks. The Bank determines and monitors credit exposures by measuring credit risks based on the current exposure method periodically, adding the credit exposure together with the on-balance sheet transactions such as loans, and the Loan and Credit Division, independent from Market Divisions and Operation Divisions, establishing individual credit limits. The division reviews the transaction and credit limits applicable to each of the counterparties, on an on-going basis, in response to the changes in creditworthiness of the counterparties. Refer to following (3) (b) “Market risk management”.

(d) Type of and risks associated with financial liabilities

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

(3) Risk management system related to financial instruments

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

The Bank plans and conducts internal audits depending on the degree of intrinsic risks and the risk management system of each division.

(a) Credit risk management

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

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

The Bank controls credit risks within certain amounts by measuring credit risks from the perspective of managing the whole credit portfolio and setting credit limits.

(b) Market risk management

(i) Market risk management system

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

The Bank establishes policies such as the "Market Risk Management Policy" to manage market risk appropriately and strictly in accordance with the Basic Policies for Risk Management.

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

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

(ii) Quantitative information on market risk

The Bank measures VaR of market risks based on the purpose of holding financial instruments: trading, banking and securities held for the purpose of cross-shareholdings. For banking, CVA (credit valuation adjustment) is included in the risk. Risk exposures of certain products, subsidiaries and affiliates are excluded from the market risk exposure of the Group, as the effect is confirmed to be immaterial.

(Trading)

The Group adopts a historical simulation method (holding period is 10 business days, confidence interval is 99%, observation period is 250 business days) in order to measure VaR associated with securities held for trading and derivative instruments. The market risk exposures of the Group in the trading operation as of March 31, 2023 and 2022 were ¥446 million ($3 million) and ¥425 million, respectively.

(Banking)

In the banking operation, the Bank deals with financial instruments other than those held for trading and securities held for the purpose of cross-shareholdings, and any other assets and liabilities. The Group adopts a historical simulation method (holding period is 20 business days and 125 business days, confidence interval is 99%, observation period is 1,250 business days) in order to measure VaR associated with the banking operation. The market risk exposures of the Group in the banking operation as of March 31, 2023 and 2022 were ¥74,285 million ($556 million) and ¥30,450 million, respectively.

(Securities held for the purpose of cross-shareholdings)

The Bank measures VaR or manages risks associated with securities held for the purpose of cross-shareholdings separately from the trading and the banking operation. The Group adopts a historical simulation method (holding period is 125 business days, confidence interval is 99%, observation period is 1,250 business days) in order to measure VaR associated with securities held for the purpose of cross-shareholdings, and measures risk exposure by considering impairment risks. The market risk exposures of the Group on the securities held for the purpose of cross-shareholdings as of March 31, 2023 and 2022 were ¥ 9,963 million ($74 million) and ¥11,848 million, respectively.

(Verification system of VaR)

The Bank performs a backtesting which reconciles VaR measured by the model for each measurement unit with actual market fluctuations in order to verify reliability and effectiveness of the risk measurement model.

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

(c) Liquidity risk management

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

The Bank establishes policies such as the "Liquidity Risk Management Policy" to manage liquidity risk appropriately and strictly in accordance with the Basic Policies for Risk Management.

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

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

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

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

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

II. Fair value of financial instruments

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

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

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

	Millions of yen		
March 31, 2023	Amount on consolidated balance sheet	Fair value	Difference
Monetary claims bought (*1)	¥ **275,197**	¥ **274,625**	¥ **(571)**
Trading assets:			
Trading securities	**146,589**	**146,589**	**—**
Securities:			
Held-to-maturity debt securities	**2,050,311**	**1,987,993**	**(62,317)**
Available-for-sale securities.	**2,661,181**	**2,661,181**	**—**
Loans and bills discounted	**22,739,702**		
Reserve for loan losses (*1)	**(107,424)**		
	22,632,277	**22,645,760**	**13,482**
Total assets	¥ **27,765,557**	¥ **27,716,150**	¥ **(49,406)**
Deposits	¥ **34,183,512**	¥ **34,183,473**	¥ **(39)**
Negotiable certificates of deposit	**731,250**	**731,250**	**0**
Borrowed money	**2,234,716**	**2,234,716**	**—**
Bonds	**36,000**	**38,162**	**2,162**
Total liabilities	¥ **37,185,478**	¥ **37,187,602**	¥ **2,123**
Derivative transactions (*2):			
Hedge accounting not applied	¥ **18,277**	¥ **18,277**	¥ **—**
Hedge accounting applied (*3)	**6,579**	**6,579**	**—**
Total derivative transactions	¥ **24,856**	¥ **24,856**	¥ **—**

March 31, 2022	Millions of yen Amount on consolidated balance sheet	Fair value	Difference
Monetary claims bought (*1)	¥ 243,427	¥ 242,213	¥ (1,214)
Trading assets:			
Trading securities	184,225	184,225	—
Securities:			
Held-to-maturity debt securities	1,640,302	1,620,488	(19,814)
Available-for-sale securities.	2,667,503	2,667,503	—
Loans and bills discounted	21,663,852		
Reserve for loan losses (*1)	(123,019)		
	21,540,833	21,585,610	44,776
Total assets	¥ 26,276,292	¥ 26,300,040	¥ 23,748
Deposits	¥ 33,383,399	¥ 33,383,370	¥ (28)
Negotiable certificates of deposit	768,750	768,751	1
Borrowed money	4,580,166	4,580,166	—
Bonds	36,000	38,986	2,986
Total liabilities	¥ 38,768,315	¥ 38,771,274	¥ 2,958
Derivative transactions (*2):			
Hedge accounting not applied	¥ 24,663	¥ 24,663	¥ —
Hedge accounting applied (*3)	6,175	6,175	—
Total derivative transactions	¥ 30,839	¥ 30,839	¥ —

March 31, 2023	Millions of U.S. dollars Amount on consolidated balance sheet	Fair value	Difference
Monetary claims bought (*1)	**$ 2,060**	**$ 2,056**	**$ (4)**
Trading assets:			
Trading securities	**1,097**	**1,097**	**—**
Securities:			
Held-to-maturity debt securities	**15,353**	**14,886**	**(466)**
Available-for-sale securities.	**19,927**	**19,927**	**—**
Loans and bills discounted	**170,283**		
Reserve for loan losses (*1)	**(804)**		
	169,479	**169,580**	**100**
Total assets	**$ 207,919**	**$ 207,549**	**$ (369)**
Deposits	**$ 255,979**	**$ 255,979**	**$ (0)**
Negotiable certificates of deposit	**5,475**	**5,475**	**0**
Borrowed money	**16,734**	**16,734**	—
Bonds	**269**	**285**	**16**
Total liabilities	**$ 278,459**	**$ 278,475**	**$ 15**
Derivative transactions (*2):			
Hedge accounting not applied	**$ 136**	**$ 136**	**$** —
Hedge accounting applied (*3)	**49**	**49**	—
Total derivative transactions	**$ 186**	**$ 186**	**$** —

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

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

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

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

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

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

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Unlisted stocks (*1) (*2)	¥ 43,418	¥ 43,681	$ 325
Investments in partnerships (*3)	40,713	37,142	304

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

(*2) Impairment losses of unlisted stocks were ¥167 million ($1 million) and ¥180 million for the fiscal years ended March 31, 2023 and 2022, respectively.

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

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

	Millions of yen					
	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
As of March 31, 2023						
Due from banks	¥ 12,669,673	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	521,008	—	—	—	—	—
Monetary claims bought	25,162	41,484	33,800	28,131	34,886	110,905
Securities:						
Held-to-maturity debt securities	50,742	351,489	14,939	81,509	592,302	956,008
Japanese government bonds.	50,000	350,000	—	80,000	590,000	940,000
Available-for-sale securities.	169,151	408,566	317,763	188,072	214,328	735,702
Japanese government bonds.	—	—	—	—	90,000	234,000
Japanese local government bonds.	16,960	37,310	33,374	23,228	53,522	—
Japanese corporate bonds.	146,979	283,442	114,777	25,250	16,064	92,484
Loans and bills discounted (*1)	5,910,081	3,595,711	3,078,503	1,931,806	2,106,104	6,098,704
Foreign exchange assets	176,512	—	—	—	—	—
Total assets	¥ 19,522,332	¥ 4,397,251	¥ 3,445,005	¥ 2,229,519	¥ 2,947,622	¥ 7,901,320
Deposits (*2)	¥ 32,796,515	¥ 1,022,198	¥ 364,797	¥ —	¥ —	¥ —
Negotiable certificates of deposit	658,750	72,500	—	—	—	—
Call money and bills sold	422,252	—	—	—	—	—
Payables under repurchase agreements	5,000	—	—	—	—	—
Payables under securities lending transactions	1,971,400	—	—	—	—	—
Borrowed money	1,967,965	187,419	79,279	52	—	—
Foreign exchange liabilities	11,720	—	—	—	—	—
Bonds	—	—	36,000	—	—	—
Due to trust account	990,487	—	—	—	—	—
Total liabilities	¥ 38,824,092	¥ 1,282,118	¥ 480,076	¥ 52	¥ —	¥ —

	Millions of yen					
	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
As of March 31, 2022						
Due from banks	¥ 14,129,460	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	534,216	—	—	—	—	—
Monetary claims bought	24,966	39,041	30,785	25,211	30,216	92,070
Securities:						
Held-to-maturity debt securities	462	400,863	13,102	859	471,306	748,884
Japanese government bonds.	—	400,000	—	—	470,000	741,500
Available-for-sale securities.	177,706	424,661	217,839	120,493	284,400	731,260
Japanese government bonds.	—	100,000	—	40,000	155,000	249,000
Japanese local government bonds.	6,984	33,252	46,286	—	68,734	—
Japanese corporate bonds.	167,439	245,487	122,909	27,859	14,051	87,161
Loans and bills discounted (*1)	5,448,270	3,482,538	2,774,850	1,878,524	1,989,978	6,066,721
Foreign exchange assets	133,213	—	—	—	—	—
Total assets	¥ 20,448,296	¥ 4,347,105	¥ 3,036,577	¥ 2,025,088	¥ 2,775,901	¥ 7,638,937
Deposits (*2)	¥ 31,928,805	¥ 1,117,010	¥ 337,583	¥ —	¥ —	¥ —
Negotiable certificates of deposit	670,950	97,800	—	—	—	—
Call money and bills sold	228,639	—	—	—	—	—
Payables under repurchase agreements	5,000	—	—	—	—	—
Payables under securities lending transactions	602,458	—	—	—	—	—
Borrowed money	4,294,330	188,054	97,726	54	—	—
Foreign exchange liabilities	12,490	—	—	—	—	—
Bonds	—	—	36,000	—	—	—
Due to trust account	1,109,114	—	—	—	—	—
Total liabilities	¥ 38,851,789	¥ 1,402,865	¥ 471,309	¥ 54	¥ —	¥ —

	Millions of U.S. dollars					
	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
As of March 31, 2023						
Due from banks	**$ 94,875**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Call loans and bills bought	**3,901**	**—**	**—**	**—**	**—**	**—**
Monetary claims bought	**188**	**310**	**253**	**210**	**261**	**830**
Securities:						
Held-to-maturity debt securities	**379**	**2,632**	**111**	**610**	**4,435**	**7,158**
Japanese government bonds	**374**	**2,620**	**—**	**599**	**4,418**	**7,039**
Available-for-sale securities	**1,266**	**3,059**	**2,379**	**1,408**	**1,604**	**5,509**
Japanese government bonds.	**—**	**—**	**—**	**—**	**673**	**1,752**
Japanese local government bonds.	**127**	**279**	**249**	**173**	**400**	**—**
Japanese corporate bonds.	**1,100**	**2,122**	**859**	**189**	**120**	**692**
Loans and bills discounted (*1)	**44,257**	**26,926**	**23,053**	**14,466**	**15,771**	**45,669**
Foreign exchange assets	**1,321**	**—**	**—**	**—**	**—**	**—**
Total assets	**$ 146,190**	**$ 32,928**	**$ 25,797**	**$ 16,695**	**$ 22,072**	**$ 59,168**
Deposits (*2)	**$ 245,593**	**$ 7,654**	**$ 2,731**	**$ —**	**$ —**	**$ —**
Negotiable certificates of deposit	**4,932**	**542**	**—**	**—**	**—**	**—**
Call money and bills sold	**3,161**	**—**	**—**	**—**	**—**	**—**
Payables under repurchase agreements	**37**	**—**	**—**	**—**	**—**	**—**
Payables under securities lending transactions	**14,762**	**—**	**—**	**—**	**—**	**—**
Borrowed money	**14,736**	**1,403**	**593**	**0**	**—**	**—**
Foreign exchange liabilities	**87**	**—**	**—**	**—**	**—**	**—**
Bonds	**—**	**—**	**269**	**—**	**—**	**—**
Due to trust account	**7,417**	**—**	**—**	**—**	**—**	**—**
Total liabilities	**$ 290,730**	**$ 9,601**	**$ 3,594**	**$ 0**	**$ —**	**$ —**

Notes: (*1) Loans and bills discounted, for which it is difficult to estimate the redemption amount, amounted to ¥18,792 million ($140 million) and ¥22,968 million as of March 31, 2023 and 2022, respectively, and are excluded from the above table. The estimated uncollectable amount, which is deducted from loans directly, is excluded.

(*2) Demand deposits are included and presented in “one year or less” in the above table.

III. Financial instruments categorized by fair value hierarchy

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

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

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

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

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

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

	Millions of yen			
	Level 1	Level 2	Level 3	Total
As of March 31, 2023				
Trading assets				
Trading securities				
Japanese government bonds	**¥ 70**	**¥ —**	**¥ —**	**¥ 70**
Japanese local government bonds	**—**	**515**	**—**	**515**
Other	**—**	**146,003**	**—**	**146,003**
Securities				
Available-for-sale securities				
Japanese stocks	**682,101**	**—**	**—**	**682,101**
Japanese government bonds	**306,180**	**—**	**—**	**306,180**
Japanese local government bonds	**—**	**162,193**	**—**	**162,193**
Japanese corporate bonds	**—**	**170,391**	**502,432**	**672,824**
Other	**191,529**	**641,779**	**—**	**833,309**
Total assets	**¥ 1,179,882**	**¥ 1,120,882**	**¥ 502,432**	**¥ 2,803,197**
Derivatives transactions				
Interest rate-related products	**¥ —**	**¥ 20,685**	**¥ —**	**¥ 20,685**
Currency-related products	**—**	**4,127**	**—**	**4,127**
Stock-related products	**—**	**—**	**—**	**—**
Bond-related products	**50**	**(6)**	**—**	**43**
Total derivatives	**¥ 50**	**¥ 24,806**	**¥ —**	**¥ 24,856**

	Millions of yen			
	Level 1	Level 2	Level 3	Total
As of March 31, 2022				
Trading assets				
Trading securities				
Japanese government bonds	¥ 2,039	¥ —	¥ —	¥ 2,039
Japanese local government bonds	—	20	—	20
Other	—	182,165	—	182,165
Securities				
Available-for-sale securities				
Japanese stocks	731,101	—	—	731,101
Japanese government bonds	535,164	—	—	535,164
Japanese local government bonds	—	154,010	—	154,010
Japanese corporate bonds	—	171,773	490,631	662,404
Other	11,385	422,602	—	433,988
Total assets	¥ 1,279,691	¥ 930,573	¥ 490,631	¥ 2,700,895
Derivatives transactions				
Interest rate-related products	¥ (8)	¥ 24,729	¥ —	¥ 24,720
Currency-related products	—	6,115	—	6,115
Stock-related products	—	—	—	—
Bond-related products	—	3	—	3
Total derivatives	¥ (8)	¥ 30,848	¥ —	¥ 30,839

	Millions of U.S. dollars			
	Level 1	Level 2	Level 3	Total
As of March 31, 2023				
Trading assets				
Trading securities				
Japanese government bonds.	$ 0	$ —	$ —	$ 0
Japanese local government bonds	—	3	—	3
Other	—	1,093	—	1,093
Securities				
Available-for-sale securities.				
Japanese stocks	5,107	—	—	5,107
Japanese government bonds.	2,292	—	—	2,292
Japanese local government bonds	—	1,214	—	1,214
Japanese corporate bonds.	—	1,275	3,762	5,038
Other	1,434	4,805	—	6,240
Total assets	$ 8,835	$ 8,393	$ 3,762	$ 20,991
Derivatives transactions				
Interest rate-related products	$ —	$ 154	$ —	$ 154
Currency-related products	—	30	—	30
Stock-related products	—	—	—	—
Bond-related products	0	(0)	—	0
Total derivatives	$ 0	$ 185	$ —	$ 186

Notes: (*1) Investment trusts, etc. which applies the transitional measures set forth in Paragraph 26 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.31, July 4, 2019) are not included in above table and amounted to ¥150,833 million as of March 31, 2022.

(*2) Securities do not include investment trusts, of which the reference value is deemed to be the fair value in accordance with the Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021). The investment trusts applying the Paragraph 24-9 amounted to ¥4,573 million ($34 million) as of March 31, 2023.

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

	Millions of yen			
	Level 1	Level 2	Level 3	Total
As of March 31, 2023				
Monetary claims bought	¥ —	¥ —	¥ 274,625	¥ 274,625
Securities				
Held-to-maturity debt securities				
Japanese government bonds	1,952,328	—	—	1,952,328
Japanese local government bonds	—	300	—	300
Japanese corporate bonds	—	23,196	—	23,196
Other	—	12,168	—	12,168
Loans and bills discounted	—	—	22,645,760	22,645,760
Total assets	¥ 1,952,328	¥ 35,665	¥ 22,920,386	¥ 24,908,379
Deposits	¥ —	¥ 34,183,473	¥ —	¥ 34,183,473
Negotiable certificates of deposit	—	731,250	—	731,250
Borrowed money	—	2,234,716	—	2,234,716
Bonds	—	38,162	—	38,162
Total liabilities	¥ —	¥ 37,187,602	¥ —	¥ 37,187,602

	Millions of yen			
	Level 1	Level 2	Level 3	Total
As of March 31, 2022				
Monetary claims bought	¥ —	¥ —	¥ 242,286	¥ 242,286
Securities				
Held-to-maturity debt securities				
Japanese government bonds	1,597,143	—	—	1,597,143
Japanese corporate bonds	—	11,770	—	11,770
Other	—	11,573	—	11,573
Loans and bills discounted	—	—	21,585,610	21,585,610
Total assets	¥ 1,597,143	¥ 23,344	¥ 21,827,896	¥ 23,448,384
Deposits	¥ —	¥ 33,383,370	¥ —	¥ 33,383,370
Negotiable certificates of deposit	—	768,751	—	768,751
Borrowed money	—	4,580,166	—	4,580,166
Bonds	—	38,986	—	38,986
Total liabilities	¥ —	¥ 38,771,274	¥ —	¥ 38,771,274

	Millions of U.S. dollars			
	Level 1	Level 2	Level 3	Total
As of March 31, 2023				
Monetary claims bought	**$ —**	**$ —**	**$ 2,056**	**$ 2,056**
Securities				
Held-to-maturity debt securities				
Japanese government bonds	**14,619**	**—**	**—**	**14,619**
Japanese local government bonds	**—**	**2**	**—**	**2**
Japanese corporate bonds	**—**	**173**	**—**	**173**
Other	**—**	**91**	**—**	**91**
Loans and bills discounted	**—**	**—**	**169,580**	**169,580**
Total assets	**$ 14,619**	**$ 267**	**$ 171,636**	**$ 186,523**
Deposits	**$ —**	**$ 255,979**	**$ —**	**$ 255,979**
Negotiable certificates of deposit	**—**	**5,475**	**—**	**5,475**
Borrowed money	**—**	**16,734**	**—**	**16,734**
Bonds	**—**	**285**	**—**	**285**
Total liabilities	**$ —**	**$ 278,475**	**$ —**	**$ 278,475**

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

Assets

Monetary claims bought

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

Trading assets

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

Securities

Securities for which unadjusted quoted market price in an active market is used are classified as Level 1, and mainly listed stocks and Japanese government bonds are included.

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

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

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

Loans and bills discounted

Fair values of loans are mainly determined by discounting the principal and interest amount with the interest rate used for each category of loan, internal rating and loan period with reflecting the market interest rates to credit risks. For value of loans with floating interest rates, the carrying amounts approximate fair value, unless creditworthiness of borrowers has changed significantly since the loan was executed, etc. For fair values of loans to bankrupt obligors, effectively bankrupt obligors and potentially bankrupt obligors, reserve for loan losses is estimated by DCF based on the present value of future cash flows and recoverable amounts of collateral or guarantees. These are classified as Level 3.

Liabilities

Deposits and negotiable certificates of deposit

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

Borrowed money

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

Bonds

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

Derivative transactions

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

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

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

	Evaluation technique	Significant unobservable inputs	Range of inputs	Weighted average of inputs
March 31, 2023				
Securities				
Bonds				
Private placement bonds	Present value	Discount ratio	**0.2% - 15.7%**	**0.7%**
March 31, 2022				
Securities				
Bonds				
Private placement bonds	Present value	Discount ratio	0.2% - 16.2%	0.6%

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

		Millions of yen		Millions of U.S. dollars
		Securities Available-for-sales securities Bonds		Securities Available-for-sales securities Bonds
March 31, 2023				
Balance at the beginning of the fiscal year	**¥**	**490,631**	**$**	**3,674**
Net gains or losses, or comprehensive income				
Amounted to gains or losses (*1)		**(568)**		**(4)**
Amounted to comprehensive income (*2)		**(469)**		**(3)**
Net of purchase, sales, issue and settlement		**12,839**		**96**
Reclassify to Level 3		—		—
Reclassify from Level 3		—		—
Balance at the end of the fiscal year	**¥**	**502,432**	**$**	**3,762**
Valuation on gains or losses on financial assets and liabilities held on the consolidated balance sheet amount in net gains or losses		—		—

		Millions of yen
		Securities Available-for-sales securities Bonds
March 31, 2022		
Balance at the beginning of the fiscal year	¥	475,912
Net gains or losses, or comprehensive income		
Amounted to gains or losses (*1)		(106)
Amounted to comprehensive income (*2)		(3,353)
Net of purchase, sales, issue and settlement		18,178
Reclassify to Level 3		—
Reclassify from Level 3		—
Balance at the end of the fiscal year	¥	490,631
Valuation on gains or losses on financial assets and liabilities held on the consolidated balance sheet amount in net gains or losses		—

Notes: (*1) The amount included in other operating income and other operating expenses in the consolidated statement of income.

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

(3) Processes for fair value valuation

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

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

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

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

30. DERIVATIVES

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

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

(a) Interest rate-related transactions

			Millions of yen			
			Notional or contract amount			Unrealized gains
			Total	Maturity over 1 year	Fair value	(losses)
March 31, 2023						
Listed	Futures	Sold	**¥ —**	**¥ —**	**¥ —**	**¥ —**
		Bought	**—**	**—**	**—**	**—**
Over-the-counter	Swaps	Receive fixed/pay floating	**6,349,317**	**5,037,139**	**3,888**	**3,888**
		Receive floating/pay fixed	**5,994,676**	**5,002,074**	**12,097**	**12,097**
		Receive floating/pay floating	**2,562,417**	**2,146,730**	**1,754**	**1,754**
	Caps	Sold	**—**	**—**	**—**	**—**
		Bought	**—**	**—**	**—**	**—**
	Floors	Sold	**—**	**—**	**—**	**—**
		Bought	**911**	**566**	**7**	**7**
	Swaptions	Sold	**69,000**	**25,000**	**865**	**(314)**
		Bought	**30,000**	**—**	**44**	**44**
Total					**¥ 16,926**	**¥ 17,476**
March 31, 2022						
Listed	Futures	Sold	¥ 11,385	¥ 2,369	(8)	(8)
		Bought	—	—	—	—
Over-the-counter	Swaps	Receive fixed/pay floating	4,274,358	3,785,448	36,607	36,607
		Receive floating/pay fixed	4,297,703	3,668,022	(18,060)	(18,060)
		Receive floating/pay floating	5,138,894	2,379,088	(894)	(894)
	Caps	Sold	219	—	(0)	0
		Bought	—	—	—	—
	Floors	Sold	—	—	—	—
		Bought	1,769	1,255	18	18
	Swaptions	Sold	32,000	32,000	533	(129)
		Bought	—	—	—	—
Total					¥ 17,130	¥ 17,534

			Millions of U.S. dollars			
			Notional or contract amount			Unrealized gains
			Total	Maturity over 1 year	Fair value	(losses)
March 31, 2023						
Listed	Futures	Sold	**$ —**	**$ —**	**$ —**	**$ —**
		Bought	**—**	**—**	**—**	**—**
Over-the-counter	Swaps	Receive fixed/pay floating	**47,546**	**37,720**	**29**	**29**
		Receive floating/pay fixed	**44,890**	**37,457**	**90**	**90**
		Receive floating/pay floating	**19,188**	**16,075**	**13**	**13**
	Caps	Sold	**—**	**—**	**—**	**—**
		Bought	**—**	**—**	**—**	**—**
	Floors	Sold	**—**	**—**	**—**	**—**
		Bought	**6**	**4**	**0**	**0**
	Swaptions	Sold	**516**	**187**	**6**	**(2)**
		Bought	**224**	**—**	**0**	**0**
Total					**$ 126**	**$ 130**

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

(b) Currency-related transactions

			Millions of yen			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2023						
Over-the-counter	Currency swaps		**¥ 146,481**	**¥ 116,050**	**¥ 2,423**	**¥ (409)**
	Forward contracts	Sold	**798,720**	**134,116**	**(8,328)**	**(8,328)**
		Bought	**937,609**	**213,478**	**10,594**	**10,594**
	Currency options	Sold	**254,453**	**184,653**	**11,007**	**2,070**
		Bought	**211,648**	**132,972**	**7,625**	**(1,326)**
Total					**¥ 1,307**	**¥ 2,600**
March 31, 2022						
Over-the-counter	Currency swaps		¥ 107,910	¥ 77,196	¥ 1,563	¥ (436)
	Forward contracts	Sold	591,964	120,953	(24,106)	(24,106)
		Bought	612,753	120,747	31,721	31,721
	Currency options	Sold	57,039	34,766	3,055	(1,090)
		Bought	59,088	35,741	1,406	(458)
Total					¥ 7,529	¥ 5,630

			Millions of U.S. dollars			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2023						
Over-the-counter	Currency swaps		**$ 1,096**	**$ 869**	**$ 18**	**$ (3)**
	Forward contracts	Sold	**5,981**	**1,004**	**(62)**	**(62)**
		Bought	**7,021**	**1,598**	**79**	**79**
	Currency options	Sold	**1,905**	**1,382**	**82**	**15**
		Bought	**1,584**	**995**	**57**	**(9)**
Total					**$ 9**	**$ 19**

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

(c) Stock-related transactions

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

(d) Bond-related transactions

			Millions of yen			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2023						
Listed	Futures	Sold	**¥ 15,215**	**¥ —**	**¥ 45**	**¥ 45**
		Bought	**—**	**—**	**—**	**—**
	Futures options	Sold	**—**	**—**	**—**	**—**
		Bought	**¥ 6,677**	**—**	**4**	**(54)**
Over-the-counter	Options	Sold	**¥ 5,320**	**—**	**¥ 21**	**¥ (1)**
		Bought	**5,320**	**—**	**14**	**(6)**
Total					**¥ 43**	**¥ (16)**
March 31, 2022						
Over-the-counter	Options	Sold	¥ 9,665	¥ —	¥ 24	¥ (9)
		Bought	9,665	—	28	11
Total					¥ 3	¥ 2

			Millions of U.S. dollars			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2023						
Listed	Futures	Sold	**$ 113**	**$ —**	**$ 0**	**$ 0**
		Bought	**—**	**—**	**—**	**—**
	Futures options	Sold	**—**	**—**	**—**	**—**
		Bought	**50**	**—**	**0**	**(0)**
Over-the-counter	Options	Sold	**39**	**—**	**0**	**(0)**
		Bought	**39**	**—**	**0**	**(0)**
Total					**$ 0**	**$ (0)**

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

(2) Derivative transactions to which hedge accounting is applied

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

(a) Interest rate-related transactions

			Millions of yen		
Accounting method			Notional or contract amount		
for hedge	Hedging instruments	Hedged items	Total	Over 1 year	Fair value
March 31, 2023					
Deferral hedge accounting	Swaps				
	Receive fixed/pay floating	Financial assets and liabilities with interests (e.g., loans and deposits)	**¥ 1,250,000**	**¥ 850,000**	**¥ 3,390**
	Receive floating/pay fixed		**242,000**	**242,000**	**368**
	Receive floating/pay floating		**—**	**—**	**—**
Total					**¥ 3,759**
March 31, 2022					
Deferral hedge accounting	Swaps				
	Receive fixed/pay floating	Financial assets and liabilities with interests (e.g., loans and deposits)	¥ 1,000,000	¥ 850,000	¥ 7,268
	Receive floating/pay fixed		107,000	107,000	132
	Receive floating/pay floating		637,000	—	189
Total					¥ 7,590

			Millions of U.S. dollars		
Accounting method			Notional or contract amount		
for hedge	Hedging instruments	Hedged items	Total	Over 1 year	Fair value
March 31, 2023					
Deferral hedge accounting	Swaps				
	Receive fixed/pay floating	Financial assets and liabilities with interests (e.g., loans and deposits)	**$ 9,360**	**$ 6,365**	**$ 25**
	Receive floating/pay fixed		**1,812**	**1,812**	**2**
	Receive floating/pay floating		**—**	**—**	**—**
Total					**$ 28**

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

(b) Currency-related transactions

			Millions of yen		
Accounting method			Notional or contract amount		
for hedge	Hedging instruments	Hedged items	Total	Over 1 year	Fair value
March 31, 2023					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**¥ 369,261**	**¥ 17,202**	**¥ 2,820**
March 31, 2022					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	¥ 149,245	¥ 2,835	¥ (1,414)

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars: Notional or contract amount: Total	Over 1 year	Fair value
March 31, 2023					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**$ 2,765**	**$ 128**	**$ 21**

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

31. RETIREMENT BENEFIT PLANS

(1) Outline of the plans

The Bank has lump-sum retirement benefit plans, contributory funded defined benefit pension plans and defined contribution retirement plans. On occasion, the Bank may also provide programs that entitle employees to additional retirement benefits which are not subject to the actuarial calculation required by the accounting standards for retirement benefits. The Bank maintains certain plan assets in a segregated retirement benefit trust established at a third-party trustee to fund its lump-sum retirement benefit plans and defined benefit pension plans.

Certain consolidated subsidiaries have lump-sum retirement benefit plans as defined benefit plan.

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

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Balance at the beginning of the fiscal year	**¥ 292,172**	¥ 310,617	**$ 2,187**
Current service cost	**6,337**	6,962	**47**
Interest cost	**1,905**	1,407	**14**
Actuarial losses	**(10,081)**	(11,046)	**(75)**
Benefits paid	**(16,016)**	(15,802)	**(119)**
Other	**(106)**	32	**(0)**
Balance at the end of the fiscal year	**¥ 274,211**	¥ 292,172	**$ 2,053**

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Balance at the beginning of the fiscal year	**¥ 310,012**	¥ 329,141	**$ 2,321**
Expected return on plan assets	**4,671**	4,771	**34**
Actuarial losses (gains)	**(8,829)**	(5,511)	**(66)**
Contribution from the employer	**2,610**	2,671	**19**
Benefits paid	**(10,569)**	(10,720)	**(79)**
Partial refund from the segregated retirement benefit trust	**–**	(10,400)	**–**
Others	**30**	60	**0**
Balance at the end of the fiscal year	**¥ 297,925**	¥ 310,012	**$ 2,230**

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Funded plans defined benefit obligation	**¥ 274,206**	¥ 292,167	**$ 2,053**
Plan assets	**(297,925)**	(310,012)	**(2,230)**
Subtotal	**(23,718)**	(17,845)	**(177)**
Unfunded defined benefit obligation	**5**	5	**0**
Net asset or (liabilities) for defined benefit obligation	**¥ (23,713)**	¥ (17,840)	**$ (177)**
Net defined benefit liability	**148**	123	**1**
Net defined benefit asset	**(23,861)**	(17,964)	**(178)**
Net asset or (liabilities) for defined benefit obligation	**¥ (23,713)**	¥ (17,840)	**$ (177)**

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Service cost	**¥ 6,337**	¥ 6,962	**$ 47**
Interest cost	**1,905**	1,407	**14**
Expected return on plan assets	**(4,671)**	(4,771)	**(34)**
Recognized actuarial losses	**4,800**	5,876	**35**
Other (Supplemental benefits which are not subject to defined benefit obligation)	**532**	602	**3**
Net periodic benefit costs	**¥ 8,905**	¥ 10,077	**$ 66**

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Actuarial gains (losses)	**¥ 6,052**	¥ 11,411	**$ 45**

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Unrecognized actuarial losses	**¥ (10,928)**	¥ (16,980)	**$ (81)**

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

(i) Components of plan assets

	2023	2022
Bonds	**67%**	55%
Stocks	**5%**	4%
Cash and Deposits and other	**28%**	41%
Total	**100%**	100%

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

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

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

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

	2023	2022
Discount rate (weighted average)	**0.95%**	0.64%
Expected rate of return on plan assets	**0.10 – 2.00%**	0.10 – 2.00%

(3) Defined contribution retirement plan

Contribution paid to the defined contribution plan of the Bank was ¥815 million ($6 million) and ¥804 million for the fiscal years ended March 31, 2023 and 2022, respectively.

32. COMPREHENSIVE INCOME

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Net unrealized gains (losses) on available-for-sale securities			
Amount incurred during the fiscal year	**¥ (45,381)**	¥ (72,098)	**$ (339)**
Reclassification adjustment	**(7,986)**	7,670	**(59)**
Prior to deducting tax effect	**(53,368)**	(64,428)	**(399)**
Tax effect	**13,591**	18,366	**101**
Net unrealized gains (losses) on available-for-sale securities.	**¥ (39,776)**	¥ (46,061)	**$ (297)**
Net deferred gains (losses) on hedges			
Amount incurred during the fiscal year	**¥ 1,384**	¥ (5,209)	**$ 10**
Reclassification adjustment	**(4,962)**	(5,880)	**(37)**
Prior to deducting tax effect	**(3,578)**	(11,090)	**(26)**
Tax effect	**1,094**	3,391	**8**
Net deferred gains (losses) on hedges	**¥ (2,483)**	¥ (7,699)	**$ (18)**
Foreign currency translation adjustments			
Amount incurred during the fiscal year	**¥ 3,215**	¥ 2,629	**$ 24**
Reclassification adjustment	**—**	—	**—**
Prior to deducting tax effect	**3,215**	2,629	**24**
Tax effect	**—**	—	**—**
Foreign currency translation adjustments	**¥ 3,215**	¥ 2,629	**$ 24**
Remeasurements of defined benefit plans			
Amount incurred during the fiscal year	**¥ 1,251**	¥ 5,534	**$ 9**
Reclassification adjustment	**4,800**	5,876	**35**
Prior to deducting tax effect	**6,052**	11,411	**45**
Tax effect	**(1,853)**	(3,479)	**(13)**
Remeasurements of defined benefit plans	**¥ 4,199**	¥ 7,931	**$ 31**
Share of other comprehensive income of affiliates accounted for using equity method			
Amount incurred during the fiscal year	**¥ (10)**	¥ (15)	**$ (0)**
Reclassification adjustment	**3**	1	**0**
Share of other comprehensive income of affiliates accounted for using equity method	**(6)**	(14)	**(0)**
Total other comprehensive income (loss)	**¥ (34,852)**	¥ (43,214)	**$ (260)**

33. PER COMMON SHARE INFORMATION

(1) Net income per share of common stock

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Basic EPS			
Net income attributable to owners of parent	**¥ 98,031**	¥ 60,031	**$ 734**
Amount not attributable to owners of common stock	**—**	—	**—**
Net income attributable to owners of parent for common stock	**¥ 98,031**	¥ 60,031	**$ 734**
Weighted average shares (shares in thousand)	**134,979,383**	134,979,383	**134,979,383**
Basic EPS	**0.72 yen**	0.44 yen	**US$ 0.005**

Note: Diluted EPS per share is not disclosed because there are no potentially dilutive common shares for the fiscal years ended March 31, 2023 and 2022.

(2) Net assets per share of common stock

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Total net assets	**¥ 1,544,784**	¥ 1,510,573	**$ 11,567**
Deductions from total net assets:			
Noncontrolling interests	**9,296**	8,303	**69**
Net assets attributable to common stock at the end of the fiscal year	**¥ 1,535,488**	¥ 1,502,270	**$ 11,498**
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock (shares in thousand)	**134,979,383**	134,979,383	**134,979,383**
Net assets per share of common stock	**11.37 yen**	11.12 yen	**US$ 0.085**

34. REVENUE RECOGNITION

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Total income	**¥ 511,749**	¥ 490,925	**$ 3,832**
Of which Trust fee	**21,595**	20,841	**161**
Of which Fees and commissions	**142,928**	142,072	**1,070**
Deposit and lending operation	**42,868**	45,562	**321**
Currency exchange operation	**23,480**	24,517	**175**
Trust-related operation	**31,970**	29,090	**239**
Security-related operation	**12,589**	14,553	**94**
Agent service	**6,088**	4,480	**45**
Safe custody and safe-deposit box service	**1,708**	1,768	**12**
Warranty operation	**2,120**	2,352	**15**

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

35. SEGMENT INFORMATION

(1) Description of segments

(a) General information about segments

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

Principal operating activities of the segments are as follows:

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

(b) Overview of segment profit and loss

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

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

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

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

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

(2) Basis for measurement of segment profit and loss

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

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

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

(3) Information about profit and loss of each segment

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

	Millions of yen					
	Consumer banking (*1)	Corporate banking (*1) (*2)	Market trading (*3)	Subtotal	Other (*4)	Total
March 31, 2023						
Gross operating profit	**¥ 105,789**	**¥ 216,082**	**¥ 3,906**	**¥ 325,778**	**¥ (3,245)**	**¥ 322,533**
General and administrative expenses (*5)	**(96,076)**	**(107,829)**	**(3,989)**	**(207,896)**	**—**	**(207,896)**
Actual net operating profit	**9,712**	**108,223**	**(83)**	**117,851**	**(3,245)**	**114,606**
Credit cost	**(490)**	**(8,323)**	**—**	**(8,814)**	**—**	**(8,814)**

	Millions of yen					
	Consumer banking (*1)	Corporate banking (*1) (*2)	Market trading (*3)	Subtotal	Other (*4)	Total
Net operating profit less credit cost	**¥ 9,221**	**¥ 99,899**	**¥ (83)**	**¥ 109,037**	**¥ (3,245)**	**¥ 105,792**
March 31, 2022						
Gross operating profit	¥ 106,014	¥ 216,231	¥ (1,733)	¥ 320,512	¥ (3,922)	¥ 316,590
General and administrative expenses (*5)	(99,999)	(106,073)	(7,969)	(214,043)	—	(214,043)
Actual net operating profit	6,014	110,147	(9,702)	106,459	(3,922)	102,537
Credit cost	(1,833)	(43,790)	—	(45,624)	—	(45,624)
Net operating profit less credit cost	¥ 4,181	¥ 66,357	¥ (9,702)	¥ 60,835	¥ (3,922)	¥ 56,913

	Millions of U.S. dollars					
	Consumer banking (*1)	Corporate banking (*1) (*2)	Market trading (*3)	Subtotal	Other (*4)	Total
March 31, 2023						
Gross operating profit	**$ 792**	**$ 1,618**	**$ 29**	**$ 2,439**	**$ (24)**	**$ 2,415**
General and administrative expenses (*5)	**(719)**	**(807)**	**(29)**	**(1,556)**	**—**	**(1,556)**
Actual net operating profit	**72**	**810**	**(0)**	**882**	**(24)**	**858**
Credit cost	**(3)**	**(62)**	**—**	**(66)**	**—**	**(66)**
Net operating profit less credit cost	**$ 69**	**$ 748**	**$ (0)**	**$ 816**	**$ (24)**	**$ 792**

Notes: (*1) The consumer banking unit and the corporate banking unit contain operating results of the credit guarantee company, which is a subsidiary of the Holdings.
(*2) Gross operating profit of corporate banking unit excludes gain on disposal of bad loans for trust accounts amounting to ¥30 million ($0 million) of gain and ¥10 million of gain for the fiscal years ended March 31, 2023 and 2022, respectively.
(*3) Gross operating profit of the market trading unit contains some portion of gains/losses on equity securities.
(*4) "Other" includes all other departments, such as management office, which are not operating segments.
(*5) Depreciation expense is included in general and administrative expenses.

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

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

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Total amount of segments	**¥ 109,037**	¥ 60,835	**$ 816**
Net gains (losses) of "Other"	**(3,245)**	(3,922)	**(24)**
Net non-recurring gains (losses) other than credit cost (*1)	**41,373**	38,021	**309**
Net extraordinary gains (losses) (*2)	**(1,895)**	503	**(14)**
Net profit on credit guarantee companies	**(10,019)**	(11,609)	**(75)**
Net other reconciliation items	**2,370**	(396)	**17**
Income before income taxes	**¥ 137,622**	¥ 83,432	**$ 1,030**

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

(5) Additional information

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

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

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

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

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

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

36. RELATED PARTY TRANSACTIONS

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

(1) Affiliates of the Bank and subsidiary of the parent

Fiscal Year March 31, 2023

Name	Location	Capital or Contribution (Millions of yen)	Nature of Business	Voting Rights Holding or Held (%)	Relation with the Party
Resona Guarantee Co., Ltd.	Urawa city, Saitama	**¥ 14,000**	Credit Guarantee	—	Entrustment of guarantee, deposit transaction and interlocking directors

Name	Description of the transactions	Transaction amount for the fiscal year		Account name	Balance at the end of the fiscal year	
		Millions of yen	Millions of U.S. dollar		Millions of yen	Millions of U.S. dollar
Resona Guarantee Co., Ltd.	Guarantee on residential mortgage loans (*)	**¥ 6,505,271**	**$ 48,714**	—	**¥ —**	**$ —**
	Guarantee fees (*)	**5,780**	**43**	Other liabilities	**475**	**3**
	Guarantee payment	**3,029**	**22**	—	**—**	**—**

Fiscal Year March 31, 2022

Name	Location	Capital or Contribution (Millions of yen)	Nature of Business	Voting Rights Holding or Held (%)	Relation with the Party
Resona Guarantee Co., Ltd.	Urawa city, Saitama	¥ 14,000	Credit Guarantee	—	Entrustment of guarantee, deposit transaction and interlocking directors

Name	Description of the transactions	Transaction amount for the fiscal year (Millions of Yen)	Account name	Balance at the end of the fiscal year (Millions of Yen)
Resona Guarantee Co., Ltd.	Guarantee on residential mortgage loans (*)	¥ 6,462,581	—	¥ —
	Guarantee fees (*)	5,923	Other liabilities	488
	Guarantee payment	3,387	—	—

Note: (*) Transaction amounts of guarantee on residential mortgage loans for the fiscal year are shown by the guaranteed amounts at the end of the fiscal year. Contractual terms and conditions of guarantees vary with underlying credit risks and are negotiated every year.

Information of the Parent

Resona Holdings, Inc., the Parent, is listed on Tokyo Stock Exchange.

37. SUBSEQUENT EVENTS

Appropriation of retained earnings

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

	Millions of yen	Millions of U.S. dollars
Year-end cash dividends:		
Common stock, ¥0.1792 ($0.0013) per share	**¥ 24,188**	**$ 181**

INDEX TO THE UNAUDITED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of Resona Bank, Limited:

Accountant's Conclusion

We have reviewed the semi-annual consolidated financial statements of Resona Bank, Limited and its consolidated subsidiaries (the "Group"), which comprise the semi-annual consolidated balance sheet as of September 30, 2024, and the semi-annual consolidated statement of income, semi-annual consolidated statement of comprehensive income, semi-annual consolidated statement of changes in net assets and semi-annual consolidated statement of cash flows for the six-month period then ended, and the related notes, all expressed in Japanese yen.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying semi-annual consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024, and its consolidated financial performance and its consolidated cash flows for the six-month period then ended in accordance with accounting principles for semi-annual consolidated financial statements generally accepted in Japan.

Convenience Translation

Our review also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, based on our review, nothing has come to our attention that causes us to believe that such translation has not been made in accordance with the basis stated in Note 1 to the semi-annual consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Accountant's Conclusion

We conducted our review in accordance with review standards for semi-annual financial statements generally accepted in Japan. Our responsibility under those standards is further described in the Accountant's Responsibility for the Review of the Semi-annual Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as accountants. We believe that we have obtained the evidence to provide a basis for our review conclusion.

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

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

Member of
Deloitte Touche Tohmatsu Limited

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

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

Accountant's Responsibility for the Review of the Semi-annual Consolidated Financial Statements

Our objective is to issue an accountant's report that includes our conclusion.

As part of a review in accordance with review standards for semi-annual financial statements generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical and other review procedures for semi-annual financial statements. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.

- Conclude whether nothing has come to our attention, based on the evidence obtained, related to going concern that causes us to believe that the semi-annual consolidated financial statements are not fairly presented, in all material respects, in accordance with accounting principles for semi-annual consolidated financial statements generally accepted in Japan, if we conclude that 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 accountant's report to the related disclosures in the semi-annual consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our accountant's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether nothing has come to our attention that causes us to believe that the overall presentation and disclosures of the semi-annual consolidated financial statements are not in accordance with accounting principles for semi-annual consolidated financial statements generally accepted in Japan, as well as the overall presentation, structure and content of the semi-annual consolidated financial statements, including the disclosures, and whether nothing has come to our attention that causes us to believe that the semi-annual consolidated financial statements do not represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain evidence regarding the financial information of the entities or business activities within the Group as a basis to express a conclusion on the semi-annual consolidated financial statements. We are responsible for the direction, supervision and review of the review of the semi-annual consolidated financial statements. We remain solely responsible for our conclusion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the review and significant findings that we identify during our review.

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

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

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

Deloitte Touche Tohmatsu LLC

December 10, 2024

SEMI-ANNUAL CONSOLIDATED BALANCE SHEET
Resona Bank, Limited and consolidated subsidiaries
September 30, 2024 (Unaudited)

	Millions of yen		Millions of U.S. dollars (Note 1)
	September 30, 2024	March 31, 2024	September 30, 2024
Assets:			
Cash and due from banks (Notes 3, 7 and 17)	¥ 10,027,785	¥ 12,440,150	$ 70,212
Call loans and bills bought (Note 17)	72,493	104,688	507
Receivables under securities borrowing transactions (Note 17)	38,533	8,448	269
Monetary claims bought (Note 17)	267,609	279,652	1,873
Trading assets (Notes 7, 17 and 18)	303,318	344,944	2,123
Securities (Notes 4, 5, 7 and 17)	5,258,204	5,339,241	36,817
Loans and bills discounted (Notes 5, 7, 8 and 17)	24,628,082	23,940,604	172,441
Foreign exchange assets (Notes 5 and 17)	179,286	125,935	1,255
Other assets (Notes 5, 7, 17, and 18)	712,191	767,825	4,986
Tangible fixed assets (Notes 6, 12 and 16)	201,628	204,426	1,411
Intangible fixed assets (Note 16)	41,498	36,905	290
Net defined benefit asset	46,214	44,405	323
Deferred tax assets	1,112	1,140	7
Customers' liabilities for acceptances and guarantees (Notes 5 and 11)	255,188	256,870	1,786
Reserve for loan losses (Note 17)	(125,039)	(123,372)	(875)
Total assets	¥ 41,908,109	¥ 43,771,867	$ 293,433
Liabilities and Net assets:			
Liabilities:			
Deposits (Notes 7 and 17)	¥ 33,848,923	¥ 35,192,616	$ 237,004
Negotiable certificates of deposit (Note 17)	591,990	550,110	4,145
Call money and bills sold (Note 17)	218,732	826,279	1,531
Payables under securities lending transactions (Notes 7 and 17)	1,223,538	1,364,159	8,566
Trading liabilities (Notes 17 and 18)	101,222	78,511	708
Borrowed money (Notes 7 and 17)	2,282,207	1,863,397	15,979
Foreign exchange liabilities (Note 17)	14,478	11,088	101
Bonds (Notes 9 and 17)	36,000	36,000	252
Due to trust account (Note 17)	1,108,036	1,314,105	7,758
Other liabilities (Notes 7, 17 and 18)	406,569	427,442	2,846
Reserve for employees' bonuses	8,163	9,378	57
Net defined benefit liability	202	189	1
Other reserves (Note 10)	10,812	12,206	75
Deferred tax liabilities	73,461	90,750	514
Deferred tax liabilities for land revaluation (Note 12)	17,251	17,589	120
Acceptances and guarantees (Note 11)	255,188	256,870	1,786
Total liabilities	40,196,778	42,050,696	281,450
Net assets (Notes 13 and 19):			
Capital stock	279,928	279,928	1,960
Capital surplus	428,554	428,554	3,000
Retained earnings	578,353	550,407	4,049
Total stockholders' equity	1,286,836	1,258,889	9,010
Net unrealized gains on available-for-sale securities (Note 4)	359,588	405,864	2,517
Net deferred gains on hedges	195	3,252	1
Revaluation reserve for land (Note 12)	38,239	38,239	267
Foreign currency translation adjustments	7,282	(137)	50
Remeasurements of defined benefit plans	7,091	6,382	49
Total accumulated other comprehensive income	412,397	453,601	2,887
Noncontrolling interests	12,096	8,680	84
Total net assets	1,711,330	1,721,171	11,982
Total liabilities and net assets	¥ 41,908,109	¥ 43,771,867	$ 293,433

See accompanying notes to the consolidated financial statements.

SEMI-ANNUAL CONSOLIDATED STATEMENT OF INCOME
Resona Bank, Limited and consolidated subsidiaries
For the six-month period ended September 30, 2024 (Unaudited)

	Millions of yen		Millions of U.S. dollars (Note 1)
	September 30, 2024 (six months)	September 30, 2023 (six months)	September 30, 2024 (six months)
Income:			
Interest income	¥ 174,034	¥ 144,863	$ 1,218
Trust fees (Note 20)	12,843	13,023	89
Fees and commissions (Note 20)	73,214	68,119	512
Trading income	2,249	616	15
Other operating income	12,030	9,476	84
Other income (Note 15)	33,608	23,029	235
Total income	307,980	259,127	2,156
Expenses:			
Interest expenses	47,685	35,621	333
Fees and commissions	28,603	27,220	200
Trading expenses	−	60	−
Other operating expenses	10,111	9,887	70
General and administrative expenses (Note 14)	116,624	109,296	816
Other expenses (Note 15)	17,932	15,087	125
Total expenses	220,956	197,173	1,547
Income before income taxes	87,023	61,954	609
Income taxes:			
Current	22,714	17,246	159
Deferred	1,902	(148)	13
Total income taxes	24,617	17,097	172
Net income	62,406	44,856	436
Net income attributable to noncontrolling interests	890	187	6
Net income attributable to owners of parent	¥ 61,515	¥ 44,669	$ 430

	Yen		U.S. dollars (Note 1)
Per common share information:			
Net income per share (Basic) (Note 19)	¥ 0.45	¥ 0.33	$ 0.00
Cash dividends per share applicable to the six-month period (Note 13)	0.2487	0.1792	0.0017

See accompanying notes to the consolidated financial statements.

SEMI-ANNUAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Resona Bank, Limited and consolidated subsidiaries
For the six-month period ended September 30, 2024 (Unaudited)

	Millions of yen				Millions of U.S. dollars (Note 1)	
	September 30, 2024 (six months)		September 30, 2023 (six months)		September 30, 2024 (six months)	
Net income	¥	62,406	¥	44,856	$	436
Other comprehensive income:						
Net unrealized gains (losses) on available-for-sale securities		(46,272)		21,135		(323)
Net deferred gains (losses) on hedges		(3,057)		(3,312)		(21)
Foreign currency translation adjustments		9,950		5,886		69
Remeasurements of defined benefit plans		704		1,124		4
Share of other comprehensive income of affiliates accounted for using the equity method		(2)		(1)		(0)
Total other comprehensive income		(38,678)		24,832		(270)
Total comprehensive income	¥	23,727	¥	69,688	$	166
Total comprehensive income attributable to:						
Owners of parent	¥	20,311	¥	67,181	$	142
Noncontrolling interests		3,416		2,506		23

See accompanying notes to the consolidated financial statements.

SEMI-ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Resona Bank, Limited and consolidated subsidiaries
For the six-month period ended September 30, 2024 (Unaudited)

	Millions of yen											
	Stockholders' equity				Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Total stockholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumula-ted other comprehen-sive income	Non-controlling interests	Total net assets
Balance at April 1, 2024	¥ 279,928	¥ 428,554	¥ 550,407	¥ 1,258,889	¥ 405,864	¥ 3,252	¥ 38,239	¥ (137)	¥ 6,382	¥ 453,601	¥ 8,680	¥ 1,721,171
Changes during the period												
Dividends paid			(33,569)	(33,569)								(33,569)
Net income attributable to owners of parent			61,515	61,515								61,515
Net changes except for stockholders' equity during the period					(46,275)	(3,057)		7,419	709	(41,204)	3,416	(37,787)
Total changes during the period	―	―	27,946	27,946	(46,275)	(3,057)	―	7,419	709	(41,204)	3,416	(9,841)
Balance at September 30, 2024	¥ 279,928	¥ 428,554	¥ 578,353	¥ 1,286,836	¥ 359,588	¥ 195	¥ 38,239	¥ 7,282	¥ 7,091	¥ 412,397	¥ 12,096	¥ 1,711,330

	Millions of yen											
	Stockholders' equity				Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Total stockholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumula-ted other comprehen-sive income	Non-controlling interests	Total net assets
Balance at April 1, 2023	¥ 279,928	¥ 428,554	¥ 502,445	¥ 1,210,927	¥ 292,233	¥ 1,374	¥ 39,385	¥ (880)	¥ (7,552)	¥ 324,560	¥ 9,296	¥ 1,544,784
Changes during the period												
Dividends paid			(24,188)	(24,188)								(24,188)
Net income attributable to owners of parent			44,669	44,669								44,669
Reversal of revaluation reserve for land			507	507								507
Net changes except for stockholders' equity during the period					21,131	(3,312)	(507)	3,556	1,136	22,005	2,461	24,466
Total changes during the period	―	―	20,988	20,988	21,131	(3,312)	(507)	3,556	1,136	22,005	2,461	45,455
Balance at September 30 , 2023	¥ 279,928	¥ 428,554	¥ 523,433	¥ 1,231,916	¥ 313,365	¥ (1,938)	¥ 38,877	¥ 2,676	¥ (6,416)	¥ 346,565	¥ 11,758	¥ 1,590,239

	Millions of U.S. dollars (Note1)											
	Stockholders' equity				Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Total stockholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumula-ted other comprehen-sive income	Non-controlling interests	Total net assets
Balance at April 1, 2024	$ 1,960	$ 3,000	$ 3,853	$ 8,814	$ 2,841	$ 22	$ 267	$ (0)	$ 44	$ 3,176	$ 60	$ 12,051
Changes during the period												
Dividends paid			(235)	(235)								(235)
Net income attributable to owners of parent			430	430								430
Net changes except for stockholders' equity during the period					(324)	(21)		51	4	(288)	23	(264)
Total changes during the period	―	―	195	195	(324)	(21)	―	51	4	(288)	23	(68)
Balance at September 30, 2024	$ 1,960	$ 3,000	$ 4,049	$ 9,010	$ 2,517	$ 1	$ 267	$ 50	$ 49	$ 2,887	$ 84	$ 11,982

See accompanying notes to the consolidated financial statements.

SEMI-ANNUAL CONSOLIDATED STATEMENT OF CASH FLOWS
Resona Bank, Limited and consolidated subsidiaries
For the six-month period ended September 30, 2024 (Unaudited)

	Millions of yen		Millions of U.S. dollars (Note 1)
	September 30, 2024 (six months)	September 30, 2023 (six months)	September 30, 2024 (six months)
Cash flows from operating activities:			
Income before income taxes	¥ 87,023	¥ 61,954	$ 609
Adjustments for:			
Depreciation and amortization	15,012	14,888	105
Impairment losses on fixed assets	2,416	977	16
Equity in earnings of investments in affiliates	(331)	(51)	(2)
Increase (decrease) in reserve for loan losses	1,667	2,924	11
Increase (decrease) in reserve for employees' bonuses	(1,214)	(1,389)	(8)
(Increase) decrease in net defined benefit asset	(1,809)	(1,871)	(12)
Increase (decrease) in net defined benefit liability	12	19	0
Interest income	(174,034)	(144,863)	(1,218)
Interest expenses	47,685	35,621	333
Net (gains) losses on securities	(24,144)	(8,362)	(169)
Net foreign exchange (gains) losses	22,345	(89,395)	156
Net (gains) losses on disposal of fixed assets	437	292	3
Net (increase) decrease in trading assets	41,626	(54,084)	291
Net increase (decrease) in trading liabilities	22,711	40,326	159
Net (increase) decrease in loans and bills discounted	(687,478)	(180,428)	(4,813)
Net increase (decrease) in deposits	(1,343,692)	(118,379)	(9,408)
Net increase (decrease) in negotiable certificates of deposit	41,880	(117,630)	293
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	418,809	(1,389,899)	2,932
Net (increase) decrease in due from banks (excluding those deposited at the Bank of Japan)	(20,257)	(3,891)	(141)
Net (increase) decrease in call loans and bills bought and monetary claims bought	44,238	(3,571)	309
Net (increase) decrease in receivables under securities borrowing transactions	(30,084)	2,719	(210)
Net increase (decrease) in call money and other	(607,547)	(296,514)	(4,253)
Net increase (decrease) in payables under securities lending transactions	(140,620)	(987,291)	(984)
Net (increase) decrease in foreign exchange assets	(53,350)	36,325	(373)
Net increase (decrease) in foreign exchange liabilities	3,390	682	23
Net increase (decrease) in due to trust account	(206,068)	406,570	(1,442)
Interest receipts	177,289	143,235	1,241
Interest payments	(48,130)	(35,640)	(336)
Other - net	(5,477)	51,366	(38)
Subtotal	(2,417,697)	(2,635,359)	(16,928)
Income taxes paid	(24,301)	(14,556)	(170)
Net cash provided by (used in) operating activities	(2,441,999)	(2,649,916)	(17,098)
Cash flows from investing activities:			
Purchases of securities	(1,226,030)	(725,640)	(8,584)
Proceeds from sales of securities	861,181	661,626	6,029
Proceeds from redemption of securities	408,539	176,088	2,860
Purchases of tangible fixed assets	(3,289)	(2,211)	(23)
Proceeds from sales of tangible fixed assets	—	56	—
Purchases of intangible fixed assets	(4,434)	(3,260)	(31)
Other - net	(439)	(23)	(3)
Net cash provided by (used in) investing activities	35,527	106,635	248
Cash flows from financing activities:			
Dividends paid	(33,569)	(24,188)	(235)
Dividends paid to noncontrolling interests of consolidated subsidiaries	—	(43)	—
Net cash provided by (used in) financing activities	(33,569)	(24,232)	(235)
Effect of exchange rate changes on cash and cash equivalents	7,419	3,556	51
Net increase (decrease) in cash and cash equivalents	(2,432,622)	(2,563,956)	(17,032)
Cash and cash equivalents at the beginning of the period	12,310,190	12,854,627	86,193
Cash and cash equivalents at the end of the period (Note 3)	¥ 9,877,568	¥ 10,290,671	$ 69,160

See accompanying notes to the consolidated financial statements.

NOTES TO SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Resona Bank, Limited and consolidated subsidiaries

Six-month period ended September 30, 2024 (Unaudited)

1. BASIS OF PRESENTATION

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

In preparing these semi-annual consolidated financial statements, certain reclassifications and rearrangements have been made to the semi-annual consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Certain reclassifications have been made in the 2023 semi-annual consolidated financial statements and the 2024 annual consolidated financial statements to conform to the classifications used in the 2024 semi-annual consolidated financial statements.

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

The semi-annual consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers outside Japan and have been made at the rate of ¥142.82 to U.S. $1.00, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on September 30, 2024. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Use of estimates

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

(2) Principles of consolidation

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

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

(a) Scope of consolidation

The number of consolidated subsidiaries as of September 30, 2024 and 2023 was four and three, respectively.

Resona Real Estate Asset Management, Limited was newly established and included in the scope of consolidation from the six-month period ended September 30, 2024.

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

(b) Application of the equity method of accounting

The number of affiliates accounted for by the equity method as of September 30, 2024 and 2023 was one.

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

(c) Semi-annual balance sheet dates of consolidated subsidiaries

The semi-annual balance sheet date of the consolidated subsidiaries as of September 30, 2024 and 2023 were as follows:

(Number of consolidated subsidiaries)

	September 30, 2024	September 30, 2023
End of June	**3**	3
End of September	**1**	—

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

(d) Eliminations of intercompany balances and transactions

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

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

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

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

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

(3) Trading assets and trading liabilities

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

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

(4) Trading income and trading expenses

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

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

(5) Securities

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

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

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

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

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

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

(6) Derivatives and hedge accounting

Derivatives are classified and accounted for as follows:

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

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

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

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

(a) Hedges of interest rate risk

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

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

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

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

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

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

(b) Hedges of foreign currency risk

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

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

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

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

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

(7) Depreciation and amortization

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

Depreciation of tangible fixed assets (except for leased assets) is mainly computed using the straight-line method for buildings and using the declining-balance method for equipment over the estimated useful lives. The estimated annual depreciation expense is allocated and recorded proportionally based on the period. The estimated useful lives of major tangible fixed assets are as follows:

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

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

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

(c) Leased assets

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

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

(d) Goodwill

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

(8) Long-lived assets

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

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

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

(9) Reserve for reimbursement of deposits

The Bank generally reimburses derecognized customer deposits if a legitimate claimant appears, and such reimbursement of deposit is accounted for as a charge against income.

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

(10) Reserve for loan losses

The Bank has provided a reserve for loan losses in accordance with its internal standards for write-offs and reserves as follows:

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

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

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

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

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

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

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

For collateralized or guaranteed claims to bankrupt obligors and effectively bankrupt obligors, uncollectible amounts (i.e., the carrying value less the amounts collectible from the disposal of collateral and execution of guarantees) are directly written-off. Such uncollectible amounts as of September 30, 2024 and March 31, 2024 were ¥68,258 million ($477 million) and ¥65,639 million, respectively.

(11) Reserve for employees' bonuses

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

(12) Employees' retirement benefits

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

Regarding determination of retirement benefit obligations, the benefit formula basis is adopted as the method of attributing expected benefit to the respective periods until the six-month period end.

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

(13) Other reserves

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

(14) Revenue recognition

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

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

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

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

(15) Translation of foreign currencies

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

The Bank translates assets and liabilities denominated in foreign currencies into Japanese yen primarily at the exchange rates at the semi-annual consolidated balance sheet date, with the exception of investments in affiliates which are translated at historical exchange rates.

(16) Income taxes

The Bank is a wholly owned subsidiary of Resona Holdings, Inc. (the "Holdings"). The Bank applies the group tax sharing system, with the Holdings as the aggregate parent company.

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

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

(17) Cash and cash equivalents

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

(18) Per share information

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

Net assets per share of common stock is computed by dividing net assets attributable to common stock by the number of common stock outstanding at the end of the six-month period.

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

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

(i) Changes in accounting policies

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

(ii) Changes in presentations

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

(iii) Changes in accounting estimates

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

(iv) Corrections of prior period error

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

(v) Provisions of relevant accounting standards are not clarified

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

3. CASH AND CASH EQUIVALENTS

The reconciliation between “Cash and cash equivalents” in the semi-annual consolidated statement of cash flows and “Cash and due from banks” in the semi-annual consolidated balance sheet as of September 30, 2024 and 2023 were as follows:

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	September 30, 2023	**September 30, 2024**
Cash and due from banks	**¥ 10,027,785**	¥ 10,413,711	**$ 70,212**
Less: Due from banks except for the Bank of Japan	**(150,216)**	(123,040)	**(1,051)**
Cash and cash equivalents	**¥ 9,877,568**	¥ 10,290,671	**$ 69,160**

4. SECURITIES

As of September 30, 2024 and March 31, 2024, securities included equity investments in non-consolidated subsidiaries and affiliates, accounted for by the equity method or the cost method, of ¥20,387 million ($142 million) and ¥20,068 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥299 million ($2 million) and ¥302 million, respectively.

There were no securities loaned without collateral, securities borrowed without collateral, securities purchased under resale agreements or securities received under securities borrowing transactions collateralized with cash as of September 30, 2024 and March 31, 2024.

As of September 30, 2024 and March 31, 2024, securities accepted under cash-secured bond lending transactions and that have the right to be freely disposed of by selling or repledged amounts to ¥8,913 million ($62 million) and ¥8,838 million, respectively.

The amount of guarantee obligations for bonds offered through private placements (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) among the bonds included in "securities" are ¥463,996 million ($3,248 million) and ¥491,543 million as of September 30, 2024 and March 31, 2024, respectively.

I. Securities related information

In addition to the “securities” disclosed in the semi-annual consolidated balance sheet or the consolidated balance sheet, the following tables contain information relating to trading securities and short-term bonds in “trading assets”.

(1) Held-to-maturity debt securities

The amounts on the semi-annual consolidated balance sheet or the consolidated balance sheet, estimated fair value and unrealized gains (losses) on held-to-maturity debt securities as of September 30, 2024 and March 31, 2024 were as follows:

	Millions of yen		
	Amount on semi-annual consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
September 30, 2024			
Fair value exceeding amount on semi-annual consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**¥ 334,435**	**¥ 335,420**	**¥ 984**
Japanese corporate bonds	**10,751**	**10,826**	**75**
Subtotal	**345,186**	**346,246**	**1,059**
Fair value below amount on semi-annual consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**2,063,417**	**1,936,110**	**(127,307)**
Japanese local government bonds	**400**	**389**	**(10)**
Japanese corporate bonds	**56,701**	**55,233**	**(1,468)**
Other	**14,282**	**13,616**	**(665)**
Subtotal	**2,134,800**	**2,005,348**	**(129,452)**
Total	**¥ 2,479,987**	**¥ 2,351,594**	**¥ (128,392)**

	Millions of yen		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2024			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥ 649,304	¥ 650,567	¥ 1,262
Japanese local government bonds	100	101	1
Japanese corporate bonds	6,514	6,553	39
Subtotal	655,919	657,223	1,303
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	1,613,429	1,507,492	(105,937)
Japanese local government bonds	300	294	(5)
Japanese corporate bonds	44,822	44,020	(801)
Other	15,142	13,923	(1,218)
Subtotal	1,673,693	1,565,730	(107,962)
Total	¥ 2,329,613	¥ 2,222,954	¥ (106,659)

	Millions of U.S. dollars		
	Amount on semi-annual consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
September 30, 2024			
Fair value exceeding amount on semi-annual consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**$ 2,341**	**$ 2,348**	**$ 6**
Japanese corporate bonds	**75**	**75**	**0**
Subtotal	**2,416**	**2,424**	**7**
Fair value below amount on semi-annual consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**14,447**	**13,556**	**(891)**
Japanese local government bonds	**2**	**2**	**(0)**
Japanese corporate bonds	**397**	**386**	**(10)**
Other	**100**	**95**	**(4)**
Subtotal	**14,947**	**14,041**	**(906)**
Total	**$ 17,364**	**$ 16,465**	**$ (898)**

(2) Available-for-sale securities

The amounts on the semi-annual consolidated balance sheet or the consolidated balance sheet, acquisition or amortized cost and unrealized gains (losses) on available-for-sale securities as of September 30, 2024 and March 31, 2024 were as follows:

	Millions of yen		
	Amount on semi-annual consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
September 30, 2024			
Amount on semi-annual consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**¥ 729,331**	**¥ 172,895**	**¥ 556,435**
Bonds:			
Japanese local government bonds	**2,067**	**2,052**	**15**
Japanese corporate bonds	**89,659**	**89,061**	**598**
Total bonds	**91,726**	**91,113**	**613**
Other	**455,396**	**446,823**	**8,572**
Subtotal	**¥ 1,276,454**	**¥ 710,833**	**¥ 565,621**

	Millions of yen		
	Amount on semi-annual consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
September 30, 2024			
Amount on semi-annual consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	¥ **16,996**	¥ **21,568**	¥ **(4,572)**
Bonds:			
Japanese government bonds	**310,782**	**347,560**	**(36,777)**
Japanese local government bonds	**147,282**	**150,144**	**(2,861)**
Japanese corporate bonds	**529,652**	**541,684**	**(12,032)**
Total bonds	**987,717**	**1,039,389**	**(51,671)**
Other	**405,226**	**421,661**	**(16,434)**
Subtotal	¥ **1,409,941**	¥ **1,482,619**	¥ **(72,678)**
Total	¥ **2,686,395**	¥ **2,193,452**	¥ **492,942**

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2024			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	¥ 820,004	¥ 188,286	¥ 631,717
Bonds:			
Japanese corporate bonds	123,415	122,810	604
Total bonds	123,415	122,810	604
Other	182,786	176,184	6,602
Subtotal	¥ 1,126,205	¥ 487,281	¥ 638,924
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	¥ 15,168	¥ 17,625	¥ (2,456)
Bonds:			
Japanese government bonds	316,309	347,695	(31,386)
Japanese local government bonds	147,488	149,893	(2,405)
Japanese corporate bonds	527,887	538,704	(10,817)
Total bonds	991,685	1,036,293	(44,608)
Other	789,123	823,205	(34,081)
Subtotal	¥ 1,795,977	¥ 1,877,124	¥ (81,146)
Total	¥ 2,922,182	¥ 2,364,405	¥ 557,777

	Millions of U.S. dollars		
	Amount on semi-annual consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
September 30, 2024			
Amount on semi-annual consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	$ **5,106**	$ **1,210**	$ **3,896**
Bonds:			
Japanese local government bonds	**14**	**14**	**0**
Japanese corporate bonds	**627**	**623**	**4**
Total bonds	**642**	**637**	**4**
Other	**3,188**	**3,128**	**60**
Subtotal	$ **8,937**	$ **4,977**	$ **3,960**

	Millions of U.S. dollars		
	Amount on semi-annual consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
September 30, 2024			
Amount on semi-annual consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	**$ 119**	**$ 151**	**$ (32)**
Bonds:			
Japanese government bonds	**2,176**	**2,433**	**(257)**
Japanese local government bonds	**1,031**	**1,051**	**(20)**
Japanese corporate bonds	**3,708**	**3,792**	**(84)**
Total bonds	**6,915**	**7,277**	**(361)**
Other	**2,837**	**2,952**	**(115)**
Subtotal	**$ 9,872**	**$ 10,381**	**$ (508)**
Total	**$ 18,809**	**$ 15,358**	**$ 3,451**

(3) Impairment of securities

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

For the six-month period ended September 30, 2024 and the fiscal year ended March 31, 2024, impairment losses of ¥586 million ($4 million) and ¥1,336 million, respectively, were recorded with respect to securities with fair values except for trading securities (excluding non-marketable equity securities, etc. and investment in partnerships).

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

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

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

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

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

Reconciliation of net unrealized gains on available-for-sale securities to the amounts included in “net unrealized gains on available-for-sale securities”, presented as a separate component of net assets in the semi-annual consolidated balance sheet or consolidated balance sheet as of September 30, 2024 and March 31, 2024, were as follows:

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	March 31, 2024	**September 30, 2024**
Net unrealized gains before taxes on available-for-sale securities	**¥ 493,316**	¥ 557,985	**$ 3,454**
Deferred tax liabilities	**(133,725)**	(152,121)	**(936)**
Net unrealized gains on available-for-sale securities (before adjustment)	**359,590**	405,863	**2,517**
The Bank’s portion of unrealized gains (losses) on available-for-sale securities of equity method investees	**(2)**	0	**(0)**
Amounts recorded in the semi-annual consolidated balance sheet or consolidated balance sheet	**¥ 359,588**	¥ 405,864	**$ 2,517**

5. LOANS AND BILLS DISCOUNTED

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

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

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	March 31, 2024	**September 30, 2024**
Bankrupt or De Facto Bankrupt Loans	**¥ 21,816**	¥ 21,127	**$ 152**
Doubtful Loans	**175,130**	199,404	**1,226**
Loans in arrears by 3 months or more	**1,099**	662	**7**
Restructured Loans	**100,445**	98,278	**703**
Total	**¥ 298,491**	¥ 319,472	**$ 2,089**

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

(a) “Bankrupt or De Facto Bankrupt Loans” are the claims held against debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claim equivalent.

(b) “Doubtful Loans” are the claims (excluding the loans classified as (a)) whose debtor is not yet in the status of failure in business although such debtor's financial status and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible.

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

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

Bills discounted are recorded as lending transactions in accordance with the Industry Committee Practical Guidelines No. 24. The Bank has a right to sell or repledge as collateral such discounted bills at its discretion. The total face value of bank acceptance bills, commercial bills, documentary bills and foreign currency bills bought, which were obtained at a discount, were ¥32,585 million ($228 million) and ¥48,033 million as of September 30, 2024 and March 31, 2024, respectively.

6. TANGIBLE FIXED ASSETS

Tangible fixed assets as of September 30, 2024 and March 31, 2024 included following:

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	March 31, 2024	**September 30, 2024**
Accumulated depreciation	**213,311**	207,613	**1,493**

7. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and debt collateralized as of September 30, 2024 and March 31, 2024 were as follows:

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	March 31, 2024	**September 30, 2024**
Assets pledged as collateral:			
Cash and due from banks	**¥ 1,081**	¥ 1,007	**$ 7**
Securities	**2,694,197**	3,120,482	**18,864**
Loans and bills discounted	**1,205,317**	449,281	**8,439**
Other assets	**3,986**	4,089	**27**
Debt collateralized:			
Deposits	**¥ 70,300**	¥ 74,423	**$ 492**
Payables under securities lending transactions	**1,223,538**	1,364,159	**8,566**
Borrowed money	**2,273,742**	1,833,450	**15,920**
Other liabilities	**7,302**	9,003	**51**

In addition to the pledged assets shown above, the following assets were pledged as collateral for settlements of domestic exchanges or for initial margins for futures transactions as of September 30, 2024 and March 31, 2024.

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	March 31, 2024	**September 30, 2024**
Assets pledged as collateral:			
Securities	**¥ 799,058**	¥ 191,253	**$ 5,594**
Other assets	**350,555**	350,555	**2,454**

In addition to the above, following initial margins for futures transactions, cash collateral paid for financial instruments and guarantee deposits were included in other assets as of September 30, 2024 and March 31, 2024.

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	March 31, 2024	**September 30, 2024**
Initial margins for futures transactions	**¥ 39,527**	¥ 39,362	**$ 276**
Cash collateral paid for financial instruments	**59,257**	43,947	**414**
Guarantee deposits	**12,302**	12,554	**86**

8. COMMITMENT LINE AGREEMENTS

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

Unused balances related to these agreements as of September 30, 2024 and March 31, 2024 amounted to ¥8,988,458 million ($62,935 million) and ¥8,831,250 million, respectively, including ¥8,302,706 million ($58,134 million) and ¥8,130,707 million, respectively, of agreements with original terms of one year or less or those that are unconditionally cancellable by the Group at any time without penalty.

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

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

9. BONDS

Bonds as of September 30, 2024 and March 31, 2024 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	March 31, 2024	**September 30, 2024**
Subordinated bonds	**36,000**	36,000	**252**

10. OTHER RESERVES

(i) A reserve for reimbursement of deposits is provided for the estimated future losses resulting from reimbursements of deposits subsequent to the period of derecognition of the related liabilities, and amounted to ¥6,451 million ($45 million) and ¥7,630 million as of September 30, 2024 and March 31, 2024, respectively.

(ii) A reserve for Resona Club points is provided for the estimated future expense by usage of the points awarded to the Resona Club members and amounted to ¥2,126 million ($14 million) and ¥1,891 million as of September 30, 2024 and March 31, 2024, respectively.

(iii) A reserve for expense on burden charge under the credit guarantee system is provided for the estimated future losses to be charged by the credit guarantee corporation under the burden sharing system for credit losses on loans to certain small and medium-sized companies, and amounted to ¥1,769 million ($12 million) and ¥1,847 million as of September 30, 2024 and March 31, 2024, respectively.

11. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

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

In addition to the acceptances and guarantees described above, the Bank guarantees the principals on certain jointly managed trust products. The guaranteed principal amounts held in such trusts were ¥1,112,634 million ($7,790 million) and ¥1,320,288 million as of September 30, 2024 and March 31, 2024, respectively.

12. REVALUATION RESERVE FOR LAND

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

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

13. NET ASSETS

(1) Capital requirement

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

(i) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, an Audit and Supervisory Committee or a Nominating Committee, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Bank is organized as a company with an Audit and Supervisory Committee, meets all of the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to stockholders subject to a certain limitation and additional requirements. Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate.

The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

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

The Banking Act requires that an amount equal to 20% of dividends must be appropriated as a capital reserve (a component of capital surplus) or as a legal reserve (a component of retained earnings) depending on the net assets account charged upon the payment of such dividends until the total of the aggregate amount of the capital reserve and the legal reserve equals 100% of stated capital.

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

(iii) Treasury stock and treasury stock acquisition rights

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

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

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

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

(2) Capital stock - Changes during the six-month periods

The changes in the number and class of shares issued and treasury stock for the six-month periods ended September 30, 2024 and 2023 were as follows:

	(Shares in thousands)			
	As of April 1	Changes during the six-month period: Increase	Changes during the six-month period: Decrease	As of September 30
September 30, 2024				
Issued stock:				
Common stock	**134,979,383**	—	—	**134,979,383**
September 30, 2023				
Issued stock:				
Common stock	134,979,383	—	—	134,979,383

(3) Capital stock - Number of shares

Number of shares of common stock as of September 30, 2024 was as follows:

	Number of shares	
Class of stock	Authorized	Issued
Common stock……..	**405,000,000,000**	**134,979,383,058**

(4) Cash dividends per share

Six-month period ended September 30, 2024

(a) Dividends paid during the six-month period

Resolution	Type of stock	Total dividend	Dividend per share	Record date	Effective date
May 14, 2024 The Board of Directors	Common stock	(Millions of yen) **¥ 33,569** (Millions of U.S. dollars) **$ 235**	(Yen) **¥0.2487** (U.S. dollars) **$ 0.0017**	March 31, 2024	May 15, 2024

(b) Dividends of which the record date falls in the six-month period but the effective date falls in the following period

Resolution	Type of stock	Total dividend	Dividend per share	Source of dividends	Record date	Effective date
November 12, 2024 The Board of Directors	Common stock	(Millions of yen) **¥ 33,569** (Millions of U.S. dollars) **$ 235**	(Yen) **¥0.2487** (U.S. dollars) **$ 0.0017**	Retained earnings	September 30, 2024	November 13, 2024

Six-month period ended September 30, 2023

(a) Dividends paid during the six-month period

Resolution	Type of stock	Total dividend	Dividend per share	Record date	Effective date
May 12, 2023 The Board of Directors	Common stock	(Millions of yen) ¥ 24,188	(Yen) ¥0.1792	March 31, 2023	May 15, 2023

(b) Dividends of which the record date falls in the six-month period but the effective date falls in the following period

Resolution	Type of stock	Total dividend	Dividend per share	Source of dividends	Record date	Effective date
November 10, 2023 The Board of Directors	Common stock	(Millions of yen) ¥ 24,188	(Yen) ¥0.1792	Retained earnings	September 30, 2023	November 13, 2023

14. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the six-month periods ended September 30, 2024 and 2023 included following:

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	September 30, 2023	**September 30, 2024**
Salaries and allowances	**¥ 38,420**	¥ 36,537	**$ 269**
Depreciation expense	**15,012**	14,888	**105**

15. OTHER INCOME AND EXPENSES

Other income and expenses for the six-month periods ended September 30, 2024 and 2023 included following:

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	September 30, 2023	**September 30, 2024**
Other income:			
Gains on sales of stocks and other securities	**¥ 26,213**	¥ 17,388	**$ 183**
Recoveries of written-off loans	**3,046**	2,577	**21**
Gains on disposal of fixed assets	**—**	4	**—**

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	September 30, 2023	**September 30, 2024**
Other expenses:			
Write-offs of loans	**¥ 7,282**	¥ 4,581	**$ 50**
Provision to reserve for loan losses	**4,189**	6,019	**29**
Losses on sales of stocks and other securities	**154**	109	**1**
Impairment losses on stocks and other securities	**9**	220	**0**
Losses on disposal of fixed assets	**437**	297	**3**
Impairment losses on fixed assets	**2,416**	977	**16**

16. LEASE TRANSACTIONS

(1) Finance lease transactions

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

(2) Operating lease transactions

As of September 30, 2024 and March 31, 2024, future minimum lease payments including interest expense under non-cancellable operating lease transactions were as follows:

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	March 31, 2024	**September 30, 2024**
Due within one year	**¥ 2,227**	¥ 2,134	**$ 15**
Due after one year	**5,754**	4,221	**40**
Total	**¥ 7,982**	¥ 6,355	**$ 55**

17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

I. Fair value of financial instruments

Amount on semi-annual consolidated balance sheet or consolidated balance sheet, fair values and differences between them as of September 30, 2024 and March 31, 2024 were as follows. The below table does not include non-marketable equity securities, etc. and investment in partnerships (Refer to Note 1).

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

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

	Millions of yen		
September 30, 2024	Amount on semi-annual consolidated balance sheet	Fair value	Difference
Monetary claims bought (*1)	**¥ 267,520**	**¥ 261,102**	**¥ (6,418)**
Trading assets:			
Trading securities	**196,886**	**196,886**	**—**
Securities:			
Held-to-maturity debt securities	**2,479,987**	**2,351,594**	**(128,392)**
Available-for-sale securities (*2)	**2,686,395**	**2,686,395**	**—**
Loans and bills discounted	**24,628,082**		
Reserve for loan losses (*1)	**(120,397)**		
	24,507,684	**24,513,325**	**5,641**
Total assets	**¥ 30,138,474**	**¥ 30,009,304**	**¥ (129,169)**
Deposits	**¥ 33,848,923**	**¥ 33,845,307**	**¥ (3,616)**
Negotiable certificates of deposit	**591,990**	**592,105**	**115**
Borrowed money	**2,282,207**	**2,282,207**	**—**
Bonds	**36,000**	**37,022**	**1,022**
Total liabilities	**¥ 36,759,121**	**¥ 36,756,643**	**¥ (2,477)**

September 30, 2024	Millions of yen: Amount on semi-annual consolidated balance sheet	Fair value	Difference
Derivative transactions (*3)			
Hedge accounting not applied	**¥ 21,937**	**¥ 21,937**	**¥ —**
Hedge accounting applied	**131**	**131**	**—**
Total derivative transactions	**¥ 22,068**	**¥ 22,068**	**¥ —**

March 31, 2024	Millions of yen: Amount on consolidated balance sheet	Fair value	Difference
Monetary claims bought (*1)	¥ 279,528	¥ 276,400	¥ (3,128)
Trading assets:			
Trading securities	246,532	246,532	—
Securities:			
Held-to-maturity debt securities	2,329,613	2,222,954	(106,659)
Available-for-sale securities (*2)	2,922,182	2,922,182	—
Loans and bills discounted	23,940,604		
Reserve for loan losses (*1)	(118,830)		
	23,821,773	23,822,148	375
Total assets	¥ 29,599,630	¥ 29,490,218	¥ (109,411)
Deposits	¥ 35,192,616	¥ 35,192,511	¥ (105)
Negotiable certificates of deposit	550,110	550,111	1
Borrowed money	1,863,397	1,863,397	—
Bonds	36,000	37,414	1,414
Total liabilities	¥ 37,642,124	¥ 37,643,435	¥ 1,310
Derivative transactions (*3)			
Hedge accounting not applied	¥ 19,616	¥ 19,616	¥ —
Hedge accounting applied	7,043	7,043	—
Total derivative transactions	¥ 26,659	¥ 26,659	¥ —

September 30, 2024	Millions of U.S. dollars: Amount on semi-annual consolidated balance sheet	Fair value	Difference
Monetary claims bought (*1)	**$ 1,873**	**$ 1,828**	**$ (44)**
Trading assets:			
Trading securities	**1,378**	**1,378**	—
Securities:			
Held-to-maturity debt securities	**17,364**	**16,465**	**(898)**
Available-for-sale securities (*2)	**18,809**	**18,809**	—
Loans and bills discounted	**172,441**		
Reserve for loan losses (*1)	**(842)**		
	171,598	**171,637**	**39**
Total assets	**$ 211,024**	**$ 210,119**	**$ (904)**
Deposits	**$ 237,004**	**$ 236,978**	**$ (25)**
Negotiable certificates of deposit	**4,145**	**4,145**	**0**
Borrowed money	**15,979**	**15,979**	—
Bonds	**252**	**259**	**7**
Total liabilities	**$ 257,380**	**$ 257,363**	**$ (17)**
Derivative transactions (*3)			
Hedge accounting not applied	**$ 153**	**$ 153**	**$ —**
Hedge accounting applied	**0**	**0**	—
Total derivative transactions	**$ 154**	**$ 154**	**$ —**

Notes: (*1) General and individually assessed for loan losses and specific reserve for overseas loan losses corresponding to loans and bills discounted are deducted. Specific reserve for loan losses corresponding to monetary claims bought is excluded from the amount on semi-annual consolidated balance sheet or consolidated balance sheet directly due to immateriality.
(*2) Available-for-sale securities include investment trusts, of which the reference value is deemed to be the fair value in accordance with the Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).
(*3) Derivative financial instruments included in trading assets/liabilities and other assets/liabilities are presented in total. Assets (positive amount) and liabilities (negative amount) arising from derivative transactions are presented on a net basis.

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

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

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

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	March 31, 2024	**September 30, 2024**
Unlisted stocks (*1) (*2)	**¥ 43,678**	¥ 43,372	**$ 305**
Investments in partnerships (*3)	**48,143**	44,072	**337**

Notes:(*1) The fair values of unlisted stocks are not disclosed in accordance with the Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020).
(*2) Impairment losses of unlisted stocks were ¥2 million ($0 million) and ¥36 million for the six-month period ended September 30, 2024 and the fiscal year ended March 31, 2024, respectively.
(*3) The fair values of investments in partnerships are not disclosed in accordance with the Paragraph 24-16 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.31, June 17, 2021).

II. Financial instruments categorized by fair value hierarchy

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

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

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

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

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

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

	Millions of yen			
	Level 1	Level 2	Level 3	Total
As of September 30, 2024				
Trading assets				
Trading securities				
Japanese government bonds	**¥ 20,473**	**¥ —**	**¥ —**	**¥ 20,473**
Japanese local government bonds	**—**	**—**	**—**	**—**
Other	**—**	**176,412**	**—**	**176,412**
Securities				
Available-for-sale securities				
Japanese stocks	**746,327**	**—**	**—**	**746,327**
Japanese government bonds	**310,782**	**—**	**—**	**310,782**
Japanese local government bonds	**—**	**149,350**	**—**	**149,350**
Japanese corporate bonds	**—**	**153,631**	**465,680**	**619,312**
Other	**118,812**	**733,889**	**37**	**852,739**
Total assets	**¥ 1,196,396**	**¥ 1,213,283**	**¥ 465,717**	**¥ 2,875,398**

	Millions of yen			
	Level 1	Level 2	Level 3	Total
As of September 30, 2024				
Derivative transactions				
Interest rate-related products	**—**	**18,267**	**—**	**18,267**
Currency-related products	**—**	**3,799**	**—**	**3,799**
Stock-related products	**—**	**—**	**—**	**—**
Bond-related products	**2**	**—**	**—**	**2**
Total derivatives	**¥ 2**	**¥ 22,066**	**¥ —**	**¥ 22,068**

	Millions of yen			
	Level 1	Level 2	Level 3	Total
As of March 31, 2024				
Trading assets				
Trading securities				
Japanese government bonds	¥ 39	¥ —	¥ —	¥ 39
Japanese local government bonds	—	—	—	—
Other	—	246,492	—	246,492
Securities				
Available-for-sale securities				
Japanese stocks	835,172	—	—	835,172
Japanese government bonds	316,309	—	—	316,309
Japanese local government bonds	—	147,488	—	147,488
Japanese corporate bonds	—	159,207	492,095	651,303
Other	202,418	761,708	31	964,158
Total assets	¥ 1,353,939	¥ 1,314,896	¥ 492,127	¥ 3,160,964
Derivative transactions				
Interest rate-related products	—	21,864	—	21,864
Currency-related products	—	4,792	—	4,792
Stock-related products	—	—	—	—
Bond-related products	2	—	—	2
Total derivatives	¥ 2	¥ 26,657	¥ —	¥ 26,659

	Millions of U.S. dollars			
	Level 1	Level 2	Level 3	Total
As of September 30, 2024				
Trading assets				
Trading securities				
Japanese government bonds	**$ 143**	**$ —**	**$ —**	**$ 143**
Japanese local government bonds	**—**	**—**	**—**	**—**
Other	**—**	**1,235**	**—**	**1,235**
Securities				
Available-for-sale securities				
Japanese stocks	**5,225**	**—**	**—**	**5,225**
Japanese government bonds	**2,176**	**—**	**—**	**2,176**
Japanese local government bonds	**—**	**1,045**	**—**	**1,045**
Japanese corporate bonds	**—**	**1,075**	**3,260**	**4,336**
Other	**831**	**5,138**	**0**	**5,970**
Total assets	**$ 8,376**	**$ 8,495**	**$ 3,260**	**$ 20,133**
Derivative transactions				
Interest rate-related products	**—**	**127**	**—**	**127**
Currency-related products	**—**	**26**	**—**	**26**
Stock-related products	**—**	**—**	**—**	**—**
Bond-related products	**0**	**—**	**—**	**0**
Total derivatives	**$ 0**	**$ 154**	**$ —**	**$ 154**

Notes: Securities do not include investment trusts, of which the reference value is deemed to be the fair value in accordance with the Paragraph 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021). The investment trusts applying the Paragraph 24-9 amounted to ¥7,883 million ($55 million) and ¥7,750 million as of September 30, 2024 and March 31, 2024, respectively.

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

	Millions of yen			
	Level 1	Level 2	Level 3	Total
As of September 30, 2024				
Monetary claims bought	**¥ —**	**¥ —**	**¥ 261,102**	**¥ 261,102**
Securities				
Held-to-maturity debt securities				
Japanese government bonds	**2,271,530**	**—**	**—**	**2,271,530**
Japanese local government bonds	**—**	**389**	**—**	**389**
Japanese corporate bonds	**—**	**66,059**	**—**	**66,059**
Other	**—**	**13,616**	**—**	**13,616**
Loans and bills discounted	**—**	**—**	**24,513,325**	**24,513,325**
Total assets	**¥ 2,271,530**	**¥ 80,064**	**¥ 24,774,428**	**¥ 27,126,023**
Deposits	**—**	**33,845,307**	**—**	**33,845,307**
Negotiable certificates of deposit	**—**	**592,105**	**—**	**592,105**
Borrowed money	**—**	**2,282,207**	**—**	**2,282,207**
Bonds	**—**	**37,022**	**—**	**37,022**
Total liabilities	**¥ —**	**¥ 36,756,643**	**¥ —**	**¥ 36,756,643**
As of March 31, 2024				
Monetary claims bought	¥ —	¥ —	¥ 276,400	¥ 276,400
Securities				
Held-to-maturity debt securities				
Japanese government bonds	2,158,059	—	—	2,158,059
Japanese local government bonds	—	396	—	396
Japanese corporate bonds	—	50,574	—	50,574
Other	—	13,923	—	13,923
Loans and bills discounted	—	—	23,822,148	23,822,148
Total assets	¥ 2,158,059	¥ 64,894	¥ 24,098,548	¥ 26,321,502
Deposits	—	35,192,511	—	35,192,511
Negotiable certificates of deposit	—	550,111	—	550,111
Borrowed money	—	1,863,397	—	1,863,397
Bonds	—	37,414	—	37,414
Total liabilities	¥ —	¥ 37,643,435	¥ —	¥ 37,643,435

	Millions of U.S. dollars			
	Level 1	Level 2	Level 3	Total
As of September 30, 2024				
Monetary claims bought	**$ —**	**$ —**	**$ 1,828**	**$ 1,828**
Securities				
Held-to-maturity debt securities				
Japanese government bonds	**15,904**	**—**	**—**	**15,904**
Japanese local government bonds	**—**	**2**	**—**	**2**
Japanese corporate bonds	**—**	**462**	**—**	**462**
Other	**—**	**95**	**—**	**95**
Loans and bills discounted	**—**	**—**	**171,637**	**171,637**
Total assets	**$ 15,904**	**$ 560**	**$ 173,466**	**$ 189,931**
Deposits	**—**	**236,978**	**—**	**236,978**
Negotiable certificates of deposit	**—**	**4,145**	**—**	**4,145**
Borrowed money	**—**	**15,979**	**—**	**15,979**
Bonds	**—**	**259**	**—**	**259**
Total liabilities	**$ —**	**$ 257,363**	**$ —**	**$ 257,363**

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

Assets

Monetary claims bought

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

Trading assets

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

Securities

Securities for which unadjusted quoted market price in an active market is used are classified as Level 1, and mainly listed stocks and Japanese government bonds are included.

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

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

Fair values of private placement bonds are, in principle, determined by discounting the principal and interest amount with the interest rate used for new issuances for each category based on the internal rating, and are classified as Level 3 since discounted rates are unobservable.

Fair values of stock acquisition rights are determined by the option model and classified as Level 3 since its inputs, such as probability of listing, expected PER, and stock price volatility, cannot be observed.

Refer to Note "4. Securities" for the purpose of holding those securities.

Loans and bills discounted

Fair values of loans are mainly determined by discounting the principal and interest amount with the interest rate used for each category of loan, internal rating and loan period with reflecting the market interest rates to credit risks. For value of loans with floating interest rates, the carrying amounts approximate fair value, unless creditworthiness of borrowers has changed significantly since the loan was executed, etc. For fair values of loans to bankrupt obligors, effectively bankrupt obligors and potentially bankrupt obligors, reserve for loan losses is estimated by DCF based on the present value of future cash flows and recoverable amounts of collateral or guarantees. These are classified as Level 3.

Liabilities

Deposits and negotiable certificates of deposit

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

Borrowed money

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

Bonds

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

Derivative transactions

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

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

(1) Fair values measured by using unobservable inputs as of September 30, 2024 and March 31, 2024.

	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted average of inputs
September 30, 2024				
Securities				
Bonds				
Private placement bonds	Present value	Discount rate	**0.5% - 15.0%**	**1.0%**
Others				
Stock acquisition rights	Option model	Probability of listing	**10.0%**	—
		Expected PER	**19.0% - 22.0%**	—
		Stock price volatility	**57.6% -117.6%**	—
March 31, 2024				
Securities				
Bonds				
Private placement bonds	Present value	Discount rate	0.3% - 14.7%	0.8%
Others				
Stock acquisition rights	Option model	Probability of listing	10.0%	—
		Expected PER	19.0% - 22.0%	—
		Stock price volatility	69.8% -143.6%	—

(2) Reconciliation from the beginning balance to ending balance and valuation gains (losses) recognized for the six-month period ended September 30, 2024 and the fiscal year ended March 31, 2024.

	Millions of yen	
	Securities	
	Available-for-sales securities	
	Bonds	Other
September 30, 2024		
Balance at the beginning of the fiscal year	**¥ 492,095**	**¥ 31**
Valuation gains (losses) recognized		
Recognized in net income (loss) (*1)	**(406)**	—
Recognized in comprehensive income (*2)	**65**	**(5)**
Net of purchase, sales, issue and settlement	**(26,074)**	**11**
Reclassify to Level 3	—	—
Reclassify from Level 3	—	—
Balance at the end of the six-month period	**¥ 465,680**	**¥ 37**
Valuation gains (losses) on financial assets and liabilities held at the semi-annual consolidated balance sheet date recognized in current net income (loss)	—	—
Mach 31, 2024		
Balance at the beginning of the fiscal year	¥ 502,432	¥ —
Valuation gains (losses) recognized		
Recognized in net income (loss) (*1)	(1,046)	—
Recognized in comprehensive income (*2)	(581)	—
Net of purchase, sales, issue and settlement	(8,707)	31
Reclassify to Level 3	—	—
Reclassify from Level 3	—	—
Balance at the end of the fiscal year	¥ 492,095	¥ 31
Valuation gains (losses) on financial assets and liabilities held at the consolidated balance sheet date recognized in current net income (loss)	—	—

	Millions of U.S. dollars			
	Securities			
	Available-for-sales securities			
	Bonds		Other	
September 30, 2024				
Balance at the beginning of the fiscal year	**$**	**3,445**	**$**	**0**
Valuation gains (losses) recognized				
Recognized in net income (loss) (*1)		**(2)**		—
Recognized in comprehensive income (*2)		**0**		**(0)**
Net of purchase, sales, issue and settlement		**(182)**		**0**
Reclassify to Level 3		—		—
Reclassify from Level 3		—		—
Balance at the end of the six-month period	**$**	**3,260**	**$**	**0**
Valuation gains (losses) on financial assets and liabilities held at the semi-annual consolidated balance sheet date recognized in current net income (loss)		—		—

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

(3) Processes for fair value valuation

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

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

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

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

Significant unobservable inputs used for calculating fair value of stock acquisition rights are probability of listing, expected PER and stock price volatility. As the probability of listing increases (decreases), the present value increases (decreases). As the expected PER increases (decreases), the present value increases (decreases). As the stock price volatility increases (decreases), the present value increases (decreases).

18. DERIVATIVES

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

The notional principal or contract amounts, fair values, unrealized gains or losses and the calculation method of fair values on derivative transactions to which hedge accounting is not applied as of September 30, 2024 and March 31, 2024 were as follows. The contract amount, etc., does not directly represent the market risk associated with derivative transactions.

(a) Interest rate-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
September 30, 2024						
Over-the-counter	Swaps	Receive fixed/pay floating	**¥ 10,917,839**	**¥ 7,707,441**	**¥ (34,251)**	**¥ (34,251)**
		Receive floating/pay fixed	**11,450,231**	**7,641,747**	**46,741**	**46,741**
		Receive floating/pay floating	**2,403,530**	**1,891,609**	**2,697**	**2,697**
	Floors	Sold	**—**	**—**	**—**	**—**
		Bought	**490**	**—**	**0**	**0**
	Swaptions	Sold	**239,500**	**114,000**	**(798)**	**708**
		Bought	**19,000**	**—**	**(50)**	**(40)**
Total					**¥ 15,935**	**¥ 15,855**
March 31,2024						
Over-the-counter	Swaps	Receive fixed/pay floating	¥ 11,502,234	¥ 7,383,744	¥ (25,564)	¥ (25,564)
		Receive floating/pay fixed	10,533,382	7,098,846	39,898	39,898
		Receive floating/pay floating	2,376,336	1,899,055	1,553	1,553
	Floors	Sold	—	—	—	—
		Bought	515	—	1	1
	Swaptions	Sold	196,600	78,000	(605)	768
		Bought	46,000	—	(130)	(130)
Total					¥ 16,363	¥ 16,526

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
September 30, 2024						
Over-the-counter	Swaps	Receive fixed/pay floating	**$ 76,444**	**$ 53,966**	**$ (239)**	**$ (239)**
		Receive floating/pay fixed	**80,172**	**53,506**	**327**	**327**
		Receive floating/pay floating	**16,829**	**13,244**	**18**	**18**
	Floors	Sold	**—**	**—**	**—**	**—**
		Bought	**3**	**—**	**0**	**0**
	Swaptions	Sold	**1,676**	**798**	**(5)**	**4**
		Bought	**133**	**—**	**(0)**	**(0)**
Total					**$ 111**	**$ 111**

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

(b) Currency-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
September 30, 2024						
Over-the-counter	Currency swaps		**¥ 185,036**	**¥ 136,158**	**¥ 3,001**	**¥ (510)**
	Forward contracts	Sold	**713,411**	**184,398**	**(4,540)**	**(4,540)**
		Bought	**1,052,102**	**365,770**	**16,077**	**16,077**
	Currency options	Sold	**708,427**	**478,155**	**24,325**	**4,148**
		Bought	**522,416**	**318,382**	**15,786**	**(1,847)**
Total					**¥ 5,999**	**¥ 13,327**
March 31, 2024						
Over-the-counter	Currency swaps		¥ 171,364	¥ 126,893	¥ 3,205	¥ (898)
	Forward contracts	Sold	646,642	191,162	(30,204)	(30,204)
		Bought	822,769	321,218	48,650	48,650
	Currency options	Sold	478,447	283,390	25,691	(5,899)
		Bought	347,564	222,771	7,290	(5,714)
Total					¥ 3,250	¥ 5,933

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
September 30, 2024						
Over-the-counter	Currency swaps	....	**$ 1,295**	**$ 953**	**$ 21**	**$ (3)**
	Forward contracts	Sold	**4,995**	**1,291**	**(31)**	**(31)**
		Bought	**7,366**	**2,561**	**112**	**112**
	Currency options	Sold	**4,960**	**3,347**	**170**	**29**
		Bought	**3,657**	**2,229**	**110**	**(12)**
Total					**$ 42**	**$ 93**

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

(c) Stock-related transactions

There were no stock-related transactions for the six-month period ended September 30, 2024 and the fiscal year ended March 31, 2024, respectively

(d) Bond-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
September 30, 2024						
Listed	Futures	Sold	**¥ 1,590**	**¥ —**	**¥ (0)**	**¥ (0)**
		Bought	**5,204**	**—**	**2**	**2**
Total					**¥ 2**	**¥ 2**
March 31, 2024						
Listed	Futures	Sold	¥ —	¥ —	¥ —	¥ —
		Bought	1,506	—	2	2
Total					¥ 2	¥ 2

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
September 30, 2024						
Listed	Futures	Sold	**$ 11**	**$ —**	**$ (0)**	**$ (0)**
		Bought	**36**	**—**	**0**	**0**
Total					**$ 0**	**$ 0**

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

(2) Derivative transactions to which hedge accounting is applied

The notional principal or contract amounts, fair values, unrealized gains or losses and the calculation method of fair values on derivative transactions to which hedge accounting is applied as of September 30, 2024 and March 31, 2024 were as follows. The contract amount, etc., does not directly represent the market risk associated with derivative transactions.

(a) Interest rate-related transactions

			Millions of yen		
			Notional or contract amount		
Accounting method for hedge	Hedging instruments	Hedged items	Total	Over 1 year	Fair value
September 30, 2024					
Deferral hedge accounting	Swaps	Financial assets and liabilities with interests (e.g., loans and deposits)			
	Receive fixed/pay floating		**¥ 2,187,700**	**¥ 2,187,700**	**¥ (7,458)**
	Receive floating/pay fixed		**247,000**	**220,000**	**9,790**
Total					**¥ 2,331**

Accounting method for hedge	Hedging instruments	Hedged items	Millions of yen Notional or contract amount Total	Over 1 year	Fair value
March 31, 2024					
Deferral hedge accounting	Swaps	Financial assets and			
	Receive fixed/pay floating	liabilities with interests	¥ 2,115,200	¥ 2,015,200	¥ (3,690)
	Receive floating/pay fixed	(e.g., loans and deposits)	327,000	247,000	9,191
Total					¥ 5,501

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars Notional or contract amount Total	Over 1 year	Fair value
September 30, 2024					
Deferral hedge accounting	Swaps	Financial assets and			
	Receive fixed/pay floating	liabilities with interests	**$ 15,317**	**$ 15,317**	**$ (52)**
	Receive floating/pay fixed	(e.g., loans and deposits)	**1,729**	**1,540**	**68**
Total					**$ 16**

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

(b) Currency-related transactions

Accounting method for hedge	Hedging instruments	Hedged items	Millions of yen Notional or contract amount Total	Over 1 year	Fair value
September 30, 2024					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**¥ 388,742**	**¥ 20,061**	**¥ (2,200)**
March 31, 2024					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	¥ 533,705	¥ 3,448	¥ 1,542

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars Notional or contract amount Total	Over 1 year	Fair value
September 30, 2024					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**$ 2,721**	**$ 140**	**$ (15)**

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

19. PER SHARE INFORMATION

(1) Net income per share of common stock

Basic net income per share of common stock ("EPS") for the six-month periods ended September 30, 2024 and 2023 were as follows:

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	September 30, **2023**	**September 30, 2024**
Basic EPS			
Net income attributable to owners of parent......	**¥ 61,515**	¥ 44,669	**$ 430**
Amount not attributable to owners of common stock..	**—**	—	**—**
Net income attributable to owners of parent for common stock	**¥ 61,515**	¥ 44,669	**$ 430**
Weighted average shares (shares in thousand)	**134,979,383**	134,979,383	**134,979,383**
Basic EPS	**0.45 yen**	0.33 yen	**US$ 0.003**

Note: Diluted EPS per share is not disclosed because there are no potentially dilutive common shares for the six-month periods ended September 30, 2024 and 2023.

(2) Net assets per share of common stock

Net assets per share of common stock as of September 30, 2024 and March 31, 2024 and were as follows:

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	March 31, 2024	**September 30, 2024**
Total net assets...	**¥ 1,711,330**	¥ 1,721,171	**$ 11,982**
Deductions from total net assets:			
Noncontrolling interests....................................	**12,096**	8,680	**84**
Net assets attributable to common stock at the end of the six-month period or the end of the fiscal year......................................	**¥ 1,699,233**	¥ 1,712,491	**$ 11,897**
Number of shares of common stock at the end of the six-month period or the end of the fiscal year used for the calculation of net assets per share of common stock (shares in thousand)...	**134,979,383**	134,979,383	**134,979,383**
Net assets per share of common stock...............	**12.58 yen**	12.68 yen	**US$ 0.088**

20. REVENUE RECOGNITION

Disaggregation of revenue from contracts with customers for six-month periods ended September 30, 2024 and 2023 were as follows:

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	September 30, 2023	**September 30, 2024**
Total income..	**¥ 307,980**	¥ 259,127	**$ 2,156**
Of which Trust fee	**12,843**	13,023	**89**
Of which Fees and commissions.....................	**73,214**	68,119	**512**
Deposit and lending operation	**22,089**	20,594	**154**
Currency exchange operation......................	**12,302**	11,832	**86**
Trust-related operation................................	**14,984**	14,251	**104**
Security-related operation...........................	**7,120**	5,895	**49**
Agent service	**2,215**	2,429	**15**
Safe custody and safe-deposit box service..	**825**	861	**5**
Warranty operation	**947**	1,090	**6**

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

21. SEGMENT INFORMATION

(1) Description of segments

(a) General information about segments

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

Principal operating activities of the segments are as follows:

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

(b) Overview of segment profit and loss

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

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

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

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

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

(2) Basis for measurement of segment profit and loss

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

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

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

(3) Information about profit and loss of each segment

Profit and loss of each segment for the six-month periods ended September 30, 2024 and 2023 were as follows:

	Millions of yen					
	Consumer banking (*1)	Corporate banking (*1) (*2)	Market trading (*3)	Subtotal	Other (*4)	Total
September 30, 2024						
Gross operating profit	**¥ 82,342**	**¥ 139,157**	**¥ (27,934)**	**¥ 193,565**	**¥ (4,673)**	**¥ 188,891**
General and administrative expenses (*5)	**(54,916)**	**(57,395)**	**(1,665)**	**(113,977)**	**—**	**(113,977)**
Actual net operating profit	**27,425**	**81,742**	**(29,600)**	**79,567**	**(4,673)**	**74,893**
Credit cost	**1,338**	**(9,546)**	**—**	**(8,208)**	**—**	**(8,208)**
Net operating profit less credit cost	**¥ 28,763**	**¥ 72,196**	**¥ (29,600)**	**¥ 71,359**	**¥ (4,673)**	**¥ 66,685**
September 30, 2023						
Gross operating profit	¥ 55,892	¥ 104,801	¥ 5,735	¥ 166,430	¥ (999)	¥ 165,431
General and administrative expenses (*5)	(49,051)	(53,987)	(2,912)	(105,951)	—	(105,951)
Actual net operating profit	6,841	50,804	2,822	60,469	(999)	59,469
Credit cost	1,088	(6,979)	—	(5,890)	—	(5,890)
Net operating profit less credit cost	¥ 7,930	¥ 43,825	¥ 2,822	¥ 54,578	¥ (999)	¥ 53,578

	Millions of U.S. dollars					
	Consumer banking (*1)	Corporate banking (*1) (*2)	Market trading (*3)	Subtotal	Other (*4)	Total
September 30, 2024						
Gross operating profit	**$ 576**	**$ 974**	**$ (195)**	**$ 1,355**	**$ (32)**	**$ 1,322**
General and administrative expenses (*5)	**(384)**	**(401)**	**(11)**	**(798)**	**—**	**(798)**
Actual net operating profit	**192**	**572**	**(207)**	**557**	**(32)**	**524**
Credit cost	**9**	**(66)**	**—**	**(57)**	**—**	**(57)**
Net operating profit less credit cost	**$ 201**	**$ 505**	**$ (207)**	**$ 499**	**$ (32)**	**$ 466**

Notes: (*1) The consumer banking unit and the corporate banking unit contain operating results of the credit guarantee company, which is a subsidiary of the Holdings.

(*2) Gross operating profit of corporate banking unit excludes gain on disposal of bad loans for trust accounts amounting to ¥20 million ($0 million) and ¥10 million for the six-month periods ended September 30, 2024 and 2023, respectively.

(*3) Gross operating profit of the market trading unit contains some portion of gains/losses on equity securities. It also contains the effect of revenue transfer due to changes in internal transfer rates, amounting to ¥(49,551) million ($(346) million) for the six-month period ended September 30, 2024.

(*4) "Other" includes all other departments, such as management office, which are not operating segments.

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

(4) Reconciliation between the segment information and the semi-annual consolidated statements of income

Reconciliation between the segment information and the semi-annual consolidated statements of income for the six-month periods ended September 30, 2024 and 2023 was as follows:

	Millions of yen		Millions of U.S. dollars
	September 30, 2024	September 30, 2023	**September 30, 2024**
Total amount of segments	**¥ 71,359**	¥ 54,578	**$ 499**
Net gains (losses) of "Other"	**(4,673)**	(999)	**(32)**
Net non-recurring gains (losses) other than credit cost (*1)	**25,567**	14,326	**179**
Net extraordinary gains (losses) (*2)	**(2,853)**	(1,267)	**(19)**
Net profit on credit guarantee companies	**(4,991)**	(5,404)	**(34)**
Net other reconciliation items	**2,615**	720	**18**
Income before income taxes on the semi-annual consolidated statement of income	**¥ 87,023**	¥ 61,954	**$ 609**

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

(*2) Net extraordinary gains (losses) include impairment loss.

(5) Additional information

(a) Information on services for the six-month periods ended September 30, 2024 and 2023

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

(b) Geographic information for the six-month periods ended September 30, 2024 and 2023

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

(c) Information on major customers for the six-month periods ended September 30, 2024 and 2023

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

22. SUBSEQUENT EVENTS

Not Applicable.

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