

# SIHD

## ANNUAL REPORT 2024

Year Ended March 31, 2024



**SENSHU IKEDA HOLDINGS, INC.**

**THE SENSHU IKEDA  
BANK, LTD.**

**SENSHU IKEDA TOKAI TOKYO  
SECURITIES CO., LTD.**



S I H D

# Sustained contribution to the regional communities

## Management Principle

Strive to become a financial group that “endear ourselves to the regional community by providing services tailored to customers’ needs, while valuing “broad networks of relationships” and “an enterprising spirit.”

## Management Policy

1. Create a “most trusted by customers” financial group which respects personal relationships and promotes honest and approachable banking.
2. Create a financial group with a commanding regional presence by researching and predicting trends to provide advanced, high-quality services.
3. Pursue transparent operations and live up to the trust of the shareholders, while maintaining a competitive edge through strong financial standing, high profitability and management efficiency.
4. Promote “coexistence with the region” by utilizing industrial, academic and management networks for business matching.
5. Focus on gaining the trust of the communities through compliance with laws and regulations and corporate activities that are considerate of the environment.
6. Provide a workplace for employees of the financial group which encourages employees to exercise talents and develop skills, with an emphasis on proactive self improvement, thereby contributing to the development of upstanding citizens.

## Vision ‘25

We contribute to build a future society where everyone can be active, by offering absolute solutions to our regional customers and developing our potential ability.

## Basic Policy

1. Offer the most suitable solutions exactly from customers’ point of view through the various issues of customers.
2. Create a workplace where employees can be active in diverse fields by meeting customers’ trust.
3. Contribute to realize a sustainable development of the regional communities and reliable and fulfilling life of regional customers through our business activities.

## CONTENTS

Top Message .....	2	Structure for preventing Money laundering and the financing of terrorism .....	44
Messages from Outside Directors .....	9	Risk Management Structure .....	46
Messages from Retired Outside Directors .....	11	Approach to Facilitation of Financing .....	50
The Fifth Medium-Term Business Plan Plus (FY2024 to FY2025) .....	13	Corporate Information .....	52
Initiatives to Enhance Corporate Value .....	18	Business Description of the Group .....	54
Human Capital Management .....	21	Organization and Board of Directors .....	55
Special Feature 1: Toward the Creation of New Value Establishing the Digital Bank 01Bank Preparatory Company, Inc. ....	25	Consolidated Financial Information of Senshu Ikeda Holdings .....	58
Response to Climate Change .....	27	Non-consolidated Financial Information of The Senshu Ikeda Bank (Unaudited) .....	98
Corporate Governance .....	32		
Compliance Structure .....	42		



## Top Message

Photos taken at Esaka Branch

Based on the notion of helping make customer dreams come true, Run & Love, the Group's promotional mascots express various forms of those dreams.

## What's your dream?

みんなの夢はなんだろう

Atsushi Ukawa  
Representative Director, President and CEO

**We aim to become a regional financial group that sincerely addresses the challenges of our customers with a view to further improving our presence in the region.**

## Further deepening thorough solutions

Since May 2023, when COVID-19 was reclassified from a Class 2 to a Class 5 disease, Japanese economy has been on the road to recovery. On the other hand, challenges such as labor shortages and rising resource prices persist, and building a positive cycle of prices and wages is an immediate key challenges for Japan.

In the midst of such an environment, consolidated results for the fiscal year ended March 31, 2024 saw ordinary income decline by 4.5% compared to the previous period to ¥85,219 million and net income increase by 14.4% to ¥10,874 million. Consolidated results forecasts for the fiscal year ending March 31, 2025 project ordinary income to rise by 3.2% compared to the previous period to ¥88.0 billion and net income to gain by 1.1% to ¥11.0 billion.

Negative interest rates were lifted in March 2024, and with this change to a world with positive interest rates, I have observed a shift in the market's perspective towards financial institutions. As we are leaving the era when long-term and short-term interest rates trended at low levels and have entered a phase of rising upward, attention toward regional bank stocks has begun to be paid to for the first time in a long while. Regional banks, too, are taking various measures in the midst of deregulation, and among them, initiatives with greater awareness of the community and initiatives that transcend the community have been increasing, which are generating new business opportunities.

For the Group as well, by promoting current operating measures based on the results of structural reforms that have been carried out to date, I think we can create new prospects for the future. Actually, regarding the matter of further deepening thorough solutions, we are targeting 12,000 solutions by fiscal 2025, but at our current pace, that number looks achievable one year ahead of schedule. Moving forward, by pursuing our key strategies and improving our presence, we will work to achieve KPIs, including a consolidated net income of ¥11.0 billion or higher and a long-term ROE of 8%, as put forth in Vision '25, whose last year is fiscal 2025.

## Core business profit improving, but profitability is an issue

Looking back over the six years since I became president, while we solved the credit risk problem at the time of my appointment, we faced significant unrealized losses in foreign bond investment. Moreover, our profit margin had shrunk due to negative interest rates and the core business profit was in the red.



We therefore carried out branch reforms and cost reforms in order to reduce fixed costs. First of all, under our Fourth Medium-Term Business Plan, we worked to strengthen our business constitution for reforming the earnings structure. After confirming the results of structural reforms on our balance sheet and income statement, we decisively carried out operating reforms under the Fifth Medium-Term Business Plan. Under a thorough solutions business, we worked to make a major transition from traditional sales approach to establish a customer-focused business operations. To this end, the Group's sales style has changed completely from before the reforms. In addition, we shifted our securities investment strategy to focus primarily on yen-denominated bonds, reduced the volume and brought the core business profits of our customer-facing business to the fore. As a result, core business profit improved substantially over these six years and we've come to record a profit at the ¥10.0 billion level.

However, it must be noted that we do have financial issues. In recent years, management with an awareness of capital costs and the stock price has gained emphasis, and the Group, I'm forced to say, is still at an inadequate level in terms of profitability. According to a CAMELS analysis provided by another company, while the RATA ratio (risk assets/total assets) for listed regional banks averages around 45%, our Group's ratio is only around 25%. This indicates that from the perspective of our total assets, we're not taking on much risk. As a result of risk being low, the preventive reserve ratio (general allowance for doubtful accounts/total assets) is also low. Consequently, our ratio of loans to SMEs, the growth rate of loans to SMEs, and, further, loan yields are all low compared to the regional bank average, resulting in lower gross business profit compared to other regional banks. This shows that our Group is not taking considerable risk compared to other banks and for this reason, our profitability is low.

Low income from marketable securities is also an issue. The Bank's balance of bond holdings remains at a low level and we no longer hold any foreign-denominated bonds. This is the result of processing unrealized losses according to internal rules. While monitoring interest rates in Japan and abroad, the Group aims to increase profit through new measures while working on well-calibrated risk-taking.

## Promoting direct communication with employees to advance a shift in awareness

Throughout these six years, we have worked to strengthen our business constitution and reduce costs while at the same time working to fundamentally change awareness with regard to sales operations. In this effort, targets for each sales area were being planned not by headquarters but by area employees themselves and efforts were being made to uncover customer needs for solution proposals. Depending on the point of view, it may have been easier to work to meet targets given out by headquarters. But we have repeatedly emphasized to our sales branches that, “with the removal of headquarters’ targets, you should not think that things will be easier. Instead, you should think as hard as you can what types of solutions you can provide to customers. Additionally, your planning should involve analyzing the area’s market to create business opportunities.” Without this mindset, they may just set minimal goals like, “let’s aim for around 103% this fiscal year.” What is important is the willingness to grow performance significantly, to carefully examine the market and, based on this, to create business opportunities. This is what has been required of employees since the operational reforms. For the employees who have been thinking and acting on their own without being told to do so by headquarters from even before this, the current sales system is a welcome change.

In the past, when there was a scheme to honor sales branch achievements, jobs settled in a half-year period, I think, were the main focus. By contrast, now, I hear employees talking about customers accepting major proposals from a long-term perspective. It will take some time before all employees engage in sales activities from such a perspective. For employees on the frontlines, I will work to continue to convey my ideas and deepen their understanding.

## Further raising our existence value in the region through the Fifth Medium-Term Business Plan Plus

In May, the Group announced the Fifth Medium-Term Business Plan Plus regarding initiatives in fiscal 2024 and beyond. The reason why we chose to name “Plus” rather than “Sixth Medium-Term Business Plan” is that we have formulated Vision ‘25 in 2020 as a long-term outlook—how the Group wanted itself to be. Vision ‘25 was created from the perspective of where we would like to be in 2025, the year of the World Expo, looking 10 years into the future. If we were to formulate a three-year plan as the Sixth Medium-Term Business Plan at this point, it would surpass Vision ‘25. For this reason, as the Fifth Medium-Term Business Plan Plus, we have decided to pursue the value of thorough solutions and to further strengthen it over the next two years.

In fiscal 2024 and beyond, we will continue to pursue Vision ‘25 under the policy of serving our regional customers through thorough solutions. Therefore, we are extending the Fifth Medium-Term Business Plan through fiscal 2025. However, in this extension, we have revised our key strategies based on environmental changes and backcasting from medium- to long-term perspectives.

Since Vision ‘25, we have been raising our potential for conducting the thorough solutions business. And, through the Fifth Medium-Term Business Plan, employees have been instilled with the value of sympathizing with the dreams of customers and serving them to fulfill those dreams. The next step is to further raise our presence in the Fifth Medium-Term Business Plan Plus. We will not forcibly do so; rather we will raise our presence through a sales style that is taking root, and this will be further strengthened over these two years.

To this end, we must solve the issues identified by the CAMELS analysis. Risk should not be taken indiscriminately; instead, a well-calibrated approach to risk-taking is necessary. For example, in corporate lending, even if a company's credit rating is low, if it is judged that growth is inevitable by evaluating the CEO, business model, employee motivation, etc. it becomes possible to take on that exposure. We intend to clarify the framework for this sort of risk-taking. I think the Fifth Medium-Term Business Plan Plus will be a period for making considerations for future prospects, creating a system to take well-calibrated risks while raising frontline capabilities.

## **Strengthening solutions along the Midosuji Line and in the Greater Minami area**

In the background of our aim to enhance our presence through thorough solutions, the Group has very advantageous locations. For example, the Osaka/Kansai market, our foundation, has area potential with growth opportunities from Expo 2025 Osaka, Kansai, Japan and other events, enhanced services and products, industry-academic-government alliances, and furthermore diverse human resources and strategic partners. In particular, the World Expo to be held next year is on the theme of “Designing Future Society for Our Lives” and it is expected that new technologies will arise in the medical and biotechnological fields. These elements comprise our own “balance sheet of potentials.” In the midst of this, we emphasize what we call the “Midosuji Line,” a sales line running north to south through central Osaka. Establishing our Head Office Sales Division, Osaka Central Sales Division, Senri-Minoh Sales Division, and Esaka Branch along this line, we have created a special zone-like structure.

Further, the Osaka Chamber of Commerce and Industry is engaged in the local revitalization of the Minami and Namba areas of Osaka, which are located on the Midosuji Line, under the name of “Greater Minami.” I myself serve as the deputy chair of the Greater Minami Committee. Here in Namba, the Bank has established “GUTSU GUTSU,” a base for providing information. This is a place where values simmer, mix together and intermingle, and we aim to create new value by making use of it for diverse purposes, such as a place for communicating information, a place for interacting, and a place for learning. Currently, the rapid growth in inbound demand is an issue for Minami, but even if travelers arrive from overseas at Kansai International Airport, most head through Osaka bound for Kyoto. Namba and further south is a sales area of the Group. Even though the remains of famous places with historical value and famous products are present in abundance in Minami, they are not being promoted adequately. Going forward, by promoting Greater Minami we intend to enliven the local community.

## **Boldly addressing everything from the customer's perspective**

I tell our employees that what is important for raising our presence through thorough solutions is, first of all, the willingness to listen. This allows us to acquire more detailed customer attributes information. This is difficult to do with our previous “product-out” sales approach focused solely on product explanations. The products needed by customers vary based on their needs, dreams and the circumstances behind them. Therefore, it is important to gather more detailed information about each customer's attribute.

The next important thing is a willingness to explore. Just like inquiry-based learning is required at school, a thought process is important in which you freely use your imagination based on various data and come up with a strategy.

Since data is important, I believe that “solution sales,” which comes about when a lot of data is collected, is more of a group match than an individual play.

Finally, what is most important is to be helpful. For the Group, this is the most important keyword. Being helpful in solving customer issues and realizing their dreams—we will pursue this rigorously. We will collect a lot of information and undertake well-calibrated risk-taking. This is the ability to make good judgements. At the same time, we will further enhance our risk monitoring and auditing divisions to ensure independent, three-line management.

Since the start of 2024, I have conveyed a message to employees of revealing one’s own issues and boldly engaging in them. This means valuing the real in everything and stopping saying something was done superficially. Issues should be sincerely accepted as issues, and we hope to be an organization in which the executive management, each team, and all employees express their willingness to act boldly and support each other with respect to this policy.

## Focusing on building a system to promote new challenges

We hope that our stakeholders will also focus on the new actions of the Group. First, in February 2024, we established a company to prepare for the establishment of the digital bank, 01Bank. This initiative is making active use of external human resources. I named Mr. Ito, the Chief Executive Officer of Fincross DIGITAL Co., Ltd. to serve as the President of 01 Bank. He also served as the Representative Director of The Bank of Yokohama, Ltd. and is the same age as me. President Ito’s abilities will be essential to maintaining and improving the quality of 01Bank, and, at the same time, the members of the Digital Bank Preparatory Office will absorb the skills of President Ito and grow in the spirit of the “balance sheet of potentials.”

We also established Senshu Ikeda Area Support Co., Ltd. in March 2024. It is starting out with AI on-demand transportation as its main business. With regional populations on the decline, this is part of our contribution to society by supporting areas where bus routes are being eliminated or have the potential to be discontinued. However, in order to ensure sustainably, we will post a profit that does not fall into the red. The name “Area Support” conveys our intention to engage in solutions to community problems within the flow of deregulation. The company will initially focus on AI on-demand transportation, but will also find other areas where it can be helpful and propose them.

In addition, we have lately been promoting the advertising business and have been considering utilizing the show windows of our sales branches. We want to provide the sense of security that comes from a bank being involved in the advertising business. We may be able to apply, to a certain extent, the screening function the bank uses for companies to screen advertising. The fact that other banks are involved in the advertising business is because it is thought there are affinities with banking. Since the bank’s sales branches have visibility, we judge that this business will be expanded to a certain extent.

Carbon neutral-related initiatives are also well underway. We established the SX Strategy Office in April 2022 and, since then, have been implementing new measures in succession. We have set a goal for sustainable finance of ¥1 trillion by fiscal 2030 and have a new line of products to achieve this goal. Additionally, in fiscal 2023 we were



selected for a portfolio carbon analysis project being conducted by the Ministry of the Environment and have considered a transition strategy to achieve net zero. Scope 3 is currently being emphasized, so it is necessary to make business partners aware of this. The roles required of financial institutions are substantial.

With new movements accelerating, the job of top management is to build systems—I feel this acutely once again. Even in the case of the system called the Sales Division, which was launched after I took office as president, the efforts so far of the executives and employees who belong to it go beyond my imagination. To increase the potential latent in the organization, creating systems is indispensable. Conversely speaking, I learned that if you content yourself with inaction, you will miss out on growth opportunities. Regarding new challenges, we will take them on as appropriate while putting emphasis on small starts and speediness.

## Implementing concrete initiatives for medium-to-long-term numerical goals

During the next two years, it is necessary to think about building a strategy and long-term vision for the next 10, 15, 20 years with the involvement of sales branches. If the current birthrates continue, Japan's population, it is said, will be less than 100 million by 2050. With this the case, it is necessary to draw up a detailed vision for what type of business model to develop.

When considering the long-term outlook for the Group, it is necessary to think about initiatives that go beyond the region. Through the digital bank, 01Bank, whose establishment is currently being prepared, we are starting a challenge to acquire solutions that go beyond the region. So how shall we conduct a sales strategy for the real bank, Senshu Ikeda Bank? This is an issue we will also need to consider. With the population decreasing nationwide at an accelerating pace, which business model should the Group adopt to improve its presence? This will be clarified in the Sixth Medium-Term Business Plan.

At present, we have set the target of consolidated ROE of 8% as a long-term target but to achieve this, we will need to secure around ¥20.0 billion in consolidated net income. In the past, there was a time when we posted net income of ¥15.0 billion or more, mainly profit acquired by the market division, but currently, we have been able to record ¥10.0 billion or more largely through our customer-facing business. By raising the level in this way and through a recovery in the market division's profitability, we intend to get close to consolidated net income of ¥20.0 billion and ROE of 8%. If interest rates begin to rise beyond their current level, we envision that it will speed up the achievement of the ¥20.0 billion level.

In addition, we have reset the shareholder return ratio to 40% or higher. In the past, as results deteriorated, we reduced our ¥15.0 dividend to ¥7.5, but we have since finally restored it to ¥12.5. Looking ahead, there are a variety of potential measures: increase the dividend, buy back shares, or do both in some combination, but first, we will firmly engage in acquiring profit.

## Aiming to become an attractive organization “where people gather for people, and people gather for work”

With efforts directed at new growth accelerating, our biggest issue is how to acquire human resources. We therefore established the shared value of becoming an organization “where people gather for people, and people gather for



work.” This means that people gather in places where there are appealing people and where people are doing appealing work. In other words, we are changing the way we work so that external human resources think, “I want to work where this person works” and “I want to try doing that kind of job.”

Financial institutions had not typically hired people mid-career, but now banks are actively hiring people with career experience. We can secure human resources only if we take an active stance in mid-career hiring and set forth a management that is appealing to people with career experience. At the same time, the most important thing that I want for a branch manager class is for their subordinates to feel that they have a great experience working for this branch manager. I demand branch manager class be committed to providing workplaces of the sort where their subordinates can think that working for this branch manager leads to their career development, and also the branch manager class needs to be ready to provide opportunities for their subordinates to play an active role in the company. Strengthening the human resources foundation is not a job that can be done in a day, but I believe in the underlying strength of our employees, who have struggled together and fought together with us during the six years of structural reforms as we aim to be an organization “where people gather for people, and people gather for work.”

As I mentioned at the beginning, the Group has made a major transformation in its business and is on a new growth track. Led by the management team, we are sharing various issues with all employees, pooling their wisdom, and working hard together to steadily solve them one by one. Going forward, by establishing a corporate culture that encourages us to take on new challenges, we are striving to become a regional financial group that our stakeholders are convinced that the Senshu Ikeda Holdings Group has truly changed. We sincerely appreciate your continuing support for the Group.

## Atsushi Ukawa

Representative Director, President and CEO



## Messages from Outside Directors

(in Japanese alphabetical order)

# Sensitively responding to changes in the times is important for further growth.

### Business operations of Senshu Ikeda Holdings

Almost a year has passed since COVID-19 has subsided and society has returned to normalcy, but I feel that the state of society has changed from what it was before the pandemic. The same is true with regard to the job of a financial institution. The importance of support for businesses that received so-called “zero-zero financing”, and, with regard to housing loans, the impact of changes in values with respect to homes among individual customers—changes that were inconceivable before the pandemic, I think the Bank must address with greater sensitivity. While our thorough solutions are steadily producing results, it will be important to take further measures in line with changes in society. As an outside director, I will make recommendations on this matter.

Going forward, it will be necessary to identify customer issues in depth through sales activities that are more closely aligned with the community. To meet the expectations of shareholders and investors, it has become increasingly important to take on the challenge of new endeavors. On this point, I have high expectations for the potential of the digital bank which is now being prepared for launch.

### Current status of corporate governance

When I was first named outside director in 2020, a lot of time was spent on the Board of Directors listening to presentations and the atmosphere was such that you responded when asked to comment. Whereas recently, the points of discussion for each proposal are organized beforehand and an environment has been created that makes it easy to discuss and debate. Points of discussion are clear for each member, time is used effectively, and meaningful discussions take place.

In addition to receiving detailed explanations before attending Board of Directors meetings, I believe it is also meaningful to participate in the discussions of the Management Committee, prior to being brought to the Board of Directors, to gain a deeper understanding of proposals before attending the Board of Directors meeting. At the same time, as an issue, during the pandemic, contact with

the frontlines of business execution was inevitably curtailed, so going forward I want to increase opportunities for exchanging opinions.

### Sustainability management

In terms of regional issues, I think the mission that should be fulfilled by regional financial institutions in the midst of an aging society is to pool its wisdom. With revisions to the Banking Act, the methods available for engagement have increased, and on this point, I intend to work to make recommendations as an outside director.

As senior citizens increase, support is also needed for young people. How to support young people trying to be entrepreneurs in the community is also a major mission of a regional financial institution. The Bank is already conducting initiatives, offering subsidy programs for R&D and new business, for example, but I intend to further discuss the nature of its support.

Along with this is the matter of diversity, equity and inclusion (DE&I). In my conversations with female managers, I came away convinced that there are many talented personnel in the Group. With regard to utilizing these human resources, I think it important that the organization as a whole further raise its awareness. In recent years, awareness of DE&I among the younger generation is high, so in terms of recruiting as well we are in an age in which measures must be taken ahead of competitors.



Atsuko Ogasawara  
Outside Director

## Along with short-term goals, the Bank must disclose its goals for how it wishes to be from a long-term perspective.

### Business operations of Senshu Ikeda Holdings

Having served as an outside director for about a year, in attending Board of Directors meetings, I feel that the Bank is not just pursuing profit as a listed company; it is practicing a balanced form of business management that includes human capital management, sustainability management, and coordination with local communities. On top of that, all the numerical goals of the Fifth Medium-Term Business Plan have been met, and I have high expectations for the Bank's future development.

At the same time, an issue for management is that whereas it has clearly stated its short-term goals, a long-term perspective is somewhat missing in my opinion. Under the Fifth Medium-Term Business Plan Plus, on this point, it sets forth ROE of 8% and a shareholder payout ratio of 40% or higher. These are steps in the right direction, but I think in the future it is inevitable that a commitment will be required as to when these goals will be achieved.

### Current status of corporate governance

On the effectiveness of the Board of Directors, I feel strongly that challenges are being met, starting with the management team. As a part of this, a questionnaire on the status of operations for evaluating the effectiveness of the Board of Directors was given to board members, and a PDCA cycle was faithfully implemented with respect to the

responses. These initiatives can be commended. In addition, for important items, the chairman asks for opinions of everyone in attendance, which suggests its commitment to respecting the opinions of board members, including outside directors.

At the same time, with respect to compliance, questionnaires are regularly administered, including to part-time and other non-full-time employees, and in response to issues that arise from out of this process, specific measures are taken no matter what the issue, including holding study sessions on internal administration. The Bank can be commended for its stance of not overlooking issues.

### Sustainability management

When I heard that the Bank was going to start a regional AI on-demand transportation project, based on my many years of experience in urban transportation programs, I gave my opinion to the board regarding concerns about profitability and risks. In response, I was given a detailed explanation by President Ukawa. He said that they understood the risks and saw this as a part of their mission to contribute to local communities, which completely convinced me.

Also, I understood that it was a measure for the future, acting as an effective way to deepen collaboration with local governments through a transportation program. Based on the good relationships built up thus far with local communities, I expect the transportation program to further raise the presence of the Group, and I plan to closely monitor the program's progress.

Speaking of an issue related to sustainability, diversity, equity and inclusion, the Bank needs to accelerate initiatives for promoting the participation of women. When the goal for female managers was debated by the board, I heard the opinion of Director Ogasawara who thought a loftier goal needed to be set, and I personally came away with a new awareness of the issue. Going forward, what is important is not initiatives based on a target figure but to work to reform the awareness of the Group as a whole and to quickly create a corporate culture where women's advancement is the norm.

Yoshihiro Nakagawa  
Outside Director





## Messages from Retired Outside Directors

# The management team should continue to invest in human resources to steadily execute its growth strategy.

### Business operations of Senshu Ikeda Holdings

During the time I served as an outside director, there were many serious difficulties, from processing unrealized losses to profit declines under the negative interest rate regime to the COVID-19 pandemic. When I look at the Bank's financial results for 2023, I am honestly impressed how it was able to overcome these numerous difficulties and restore as much as it has. Having said this, the recovery in results is still only part way through. It can't be said that building up high RORA assets and enhancing service transactions have been adequate.

Furthermore, I want to point out the need to further promote a digital strategy. The days of developing multiple branches and increasing earnings are over. Deepening customer service and raising productivity through a DX strategy can be said to be indispensable. On this point, currently, nearly all the revenue of the Senshu Ikeda Holdings Group is earned by Senshu Ikeda Bank, whereas in the future the Group as a whole should aim for growth while pursuing revenue diversity, including a digital bank.

### Current status of corporate governance

When I was first named an outside director, it was hard to say that corporate governance was functioning adequately, but now one can say that governance functions have improved markedly, starting with the effectiveness of the Board of Directors. Regarding the agenda items of Board of Directors meetings, prior explanations are appropriately conducted and there is a system in place that allows questions to be asked as necessary. For important matters, time is set aside for discussion, and there are opportunities for outside directors to express their opinions. A corporate culture has been cultivated that seriously tackles issues no matter what they may be, and corporate governance, too, is taken up resolutely by the president and the rest of the management team.

To my knowledge compliance is appropriately addressed as an organization. One concern is addressing money laundering. Of course, even though worksites handle the

matter in accordance with the rules, it is not perfect when seen from international standards; issues remain. On this point, risk management based on three lines of defense should once again be rigorously instituted.

### Recommendations for Senshu Ikeda Holdings

Compared to when I was first appointed outside director, the management situation has improved markedly. This is certain. However, I feel that profit levels are still quite low. I want the Bank to steadily promote its medium-term business plan and continue working hard to raise profitability. What I think upon my retirement is that the management team should continue to resolutely invest in human resources. Branch manager-class education in particular is important because it is largely related to the organization's growth. Training sales branch leaders is an essential condition for the sustained growth of the organization as a whole. In addition, training digital specialists is also essential in this digital age. At the same time, I would like all employees to trust the management team and focus on initiatives in line with their policies. The management team should focus on developing human resources and employees should dedicate themselves to their work in line with management policy. By doing so I believe that Senshu Ikeda Group will grow significantly.

Takao Koyama  
Outside Director



## Regarding execution of business strategy, initiatives need to be carried out promptly.

### Business operations of Senshu Ikeda Holdings

Looking at the Group's financial results for the fiscal year ended March 31, 2024, it met all the KPIs listed in its medium-term business plan and the daily efforts of executives and employees should be commended. Based on this, I would like to make some candid remarks. Regarding the goals set forth in the Fifth Medium-Term Business Plan Plus, the Bank should take a more aggressive stance. For example, raising ROE to 8% is stated as a long-term goal, but to be honest, the timeframe must be said to be conservative. The Bank needs to be ready to accelerate growth with greater speed and accumulate profits. Otherwise, I fear it will not be able to beat the difficult competition going forward.

My wish would be for the Group to achieve a consolidated net income of ¥20.0 billion in around five years and meet the ROE target of 8% or higher. I believe that this is a corporate group capable of doing so. In addition, regarding the digital bank that is being prepared for launch, by successfully meeting this challenge, the Senshu Ikeda Holdings Group will be able to grow by leaps and bounds as a regional bank that transcends regional banks.

### Current status of corporate governance

Regarding the effectiveness of the Board of Directors, as is clearly shown by the high scores on the questionnaire

Minoru Furukawa  
Outside Director



given to directors, I think it is functioning adequately. Actually, in attending meetings, for important items, there is a flow that goes from debating the matter multiple times as an item up for discussion to resolution, so it can be said that governance is working. Also, not just the Board of Directors, but at Group strategy meetings, opportunities are established for discussing matters and efforts are made to deliberate on important items while including outside directors.

Also, regarding compliance, the Bank has systems like the Compliance Committee and a whistleblowing system. Having these systems alone is not enough; there needs to be training to deepen understanding of compliance within the organization. In particular branch manager-class employees must be aware of the importance of compliance and pursuing increased awareness at the branch as a whole will no doubt help to eradicate scandals.

### Recommendations for Senshu Ikeda Holdings

In the approximately eight years I have served as an outside director, executives and employees alike have overcome a difficult period and restored results to where they are now. These efforts should be commended. In addition, along with Director Koyama I think I have contributed in a small way to the improvement in results. I am happy to be retiring during a period when the outlook is for growth.

What I would request is for executives and employees together to think and take action on what should be done now while closely considering the Bank's existence value in ten or twenty years. Also, as an aspiration, the Bank should aim to be the No. 1 regional bank. Why No. 1? Because employees want their salaries to be No. 1. To make salaries No. 1, profitability must also be No. 1. I want the Bank to be a regional financial group where the management team and employees closely collaborate to further raise profitability and share the results with all stakeholders. It may seem an outrageous dream, but the Senshu Ikeda Holding Group has that level of potential. I want you to continue taking on challenges with big aspirations.

# The Fifth Medium-Term Business Plan Plus (FY2024 to FY2025)

## Positioning of the Fifth Medium-Term Business Plan Plus and Consolidated Net Income of Senshu Ikeda Holdings

- We will continue to pursue Vision '25 under the policy of serving our regional customers through thorough solutions. Therefore, [we are extending the Fifth Medium-Term Business Plan through FY2025](#).
- We will strengthen strategic investments for the future (human capital investment, Digital Bank, etc.).
- Assuming the continuation of an accommodative financial environment (factoring in deposit rate increases after the end of negative interest rates and short-term interest rate rises), we plan to increase [the consolidated net income of Senshu Ikeda Holdings to 11.0 billion yen or more](#) in FY2025, up from the previous target of 10.0 billion yen or more, while implementing the aforementioned strategic investments.

## Initiatives to Enhance Corporate Value

- We set a long-term target of 8% ROE, aiming for a PBR of 1.0.
- We have raised our commitment to shareholder returns from 30% or higher to 40% or higher.

## Human Resources Strategy (Human Capital Management)

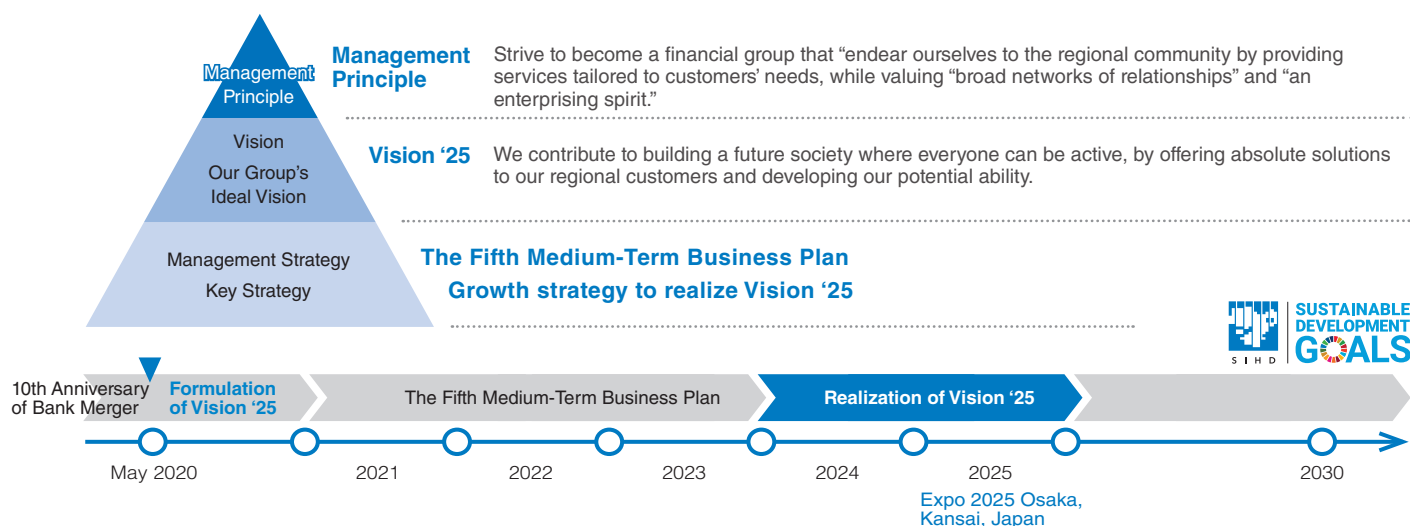
- In April 2024, we established the Basic Policy on Human Capital Management. We aim to enhance corporate value by expanding diverse human resources in our balance sheet of potentials.

## Digital Bank (Strategic Investment)

- To further support small and medium-sized businesses, we established O1Bank Preparatory Company, Inc. with the mission of “supporting businesses with data.”

## Vision '25 and the Fifth Medium-Term Business Plan (FY2021 to FY2023)

- In May 2020, the 10th anniversary of our bank merger, the Group formulated [Vision '25](#) as [our ideal vision](#) leading up to the transformative year of the Expo 2025 to be held in Osaka, Kansai, Japan.
- Under the policy of serving our regional customers through thorough solutions, we developed [the Fifth Medium-Term Business Plan \(FY2021 to FY2023\)](#) to realize our growth strategy in line with Vision '25.





## Review of the Fifth Medium-Term Business Plan (Numerical Figures)

We achieved our targets for numerical figures for the final year, FY2023. The number of cases of solution consulting, which we used as a KPI, also increased steadily.

		FY2021 results	FY2022 results	FY2023 results	FY2023 targets
The holding company, consolidated	Net income* <sup>1</sup>	¥11.4 billion	¥9.5 billion	¥10.8 billion	¥10.6 billion
	ROE	4.6%	4.0%	4.6%	Mid-4%-level
	Capital adequacy ratio	9.9%	12.8%	12.7%	Mid-12%-level
The Bank, non-consolidated	Core banking profit	¥11.3 billion	¥16.8 billion	¥13.9 billion	¥13.1 billion
	Core business profit* <sup>2</sup>	¥6.4 billion	¥10.1 billion	¥9.6 billion	¥9.4 billion
	Core OHR	79.0%	70.6%	74.4%	75%-level
KPI	Number of cases of solution consulting	7,194 cases	8,238 cases	11,132 cases	10,000 cases

\*1 Net income attributable to owners of the parent

\*2 Core business profit (profit from customer-oriented service operations) = Loan balance × Difference between loan and deposit interest rates + Fees and commissions – General and administrative expenses

## Review of the Fifth Medium-Term Business Plan (Key Strategy)

To further improve ROE, we recognize the need to strengthen our efforts in accumulating highly profitable assets, expanding fees and commissions through thorough solution business, enhancing our human resources strategy (human capital investment) for sustainable growth, and reinforcing our digital strategy.

### Results

#### Establish and provide thorough solutions

- Steady increase in the number of cases of solution consulting and core business profit
- Established a loan servicer and a new AI on-demand transportation company to promote group strategy

#### Thorough customer-oriented policy

- Three years after abolishing the scheme to honor achievements, independent planning by each sales location is well-established.

#### Capital and dividend strategy

- Increased dividend per share from 7.5 yen to 12.5 yen (ensuring shareholder returns of 30% or higher)
- Achieved the target for reducing cross-shareholdings (less than 20%)

#### Sustainable management

- Received a B rating in CDP's "Climate Change Report 2023"

### Challenges

#### Initiatives for further ROE improvement

##### Allocation to highly profitable assets

##### Positive risk-taking based on robust risk management

While profit targets were achieved, ROE remains low. Improvement in RORA is necessary.

#### Human resources strategy (human capital investment)

##### Investment in human capital, improving engagement

Need for management that identifies and maximizes the knowledge, skills, and other abilities and aptitudes of human resources

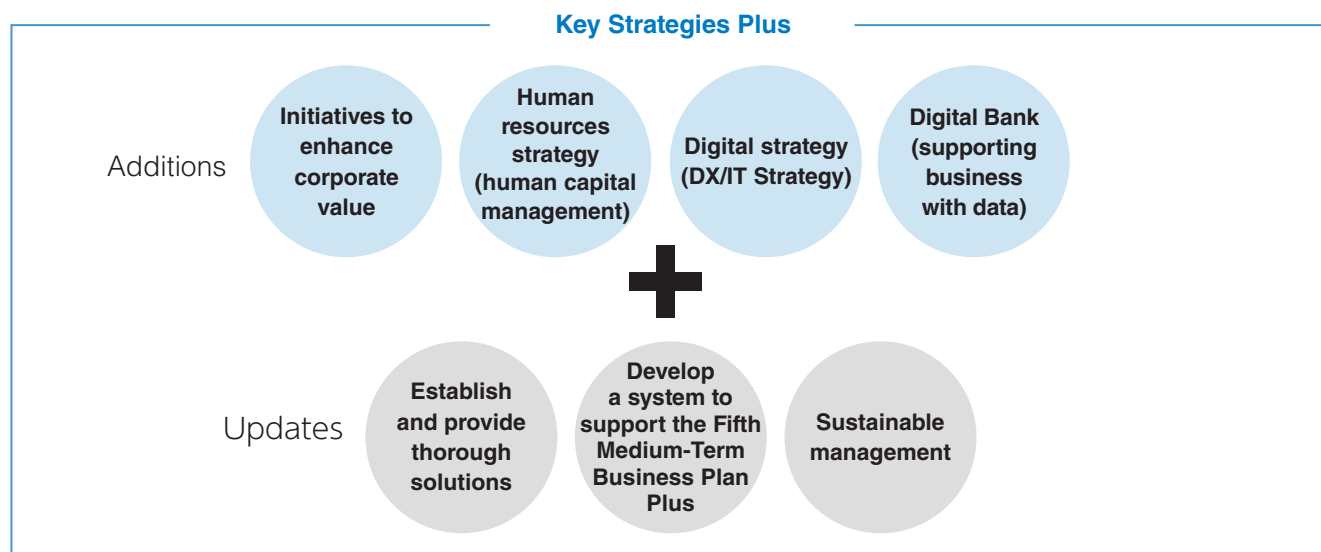
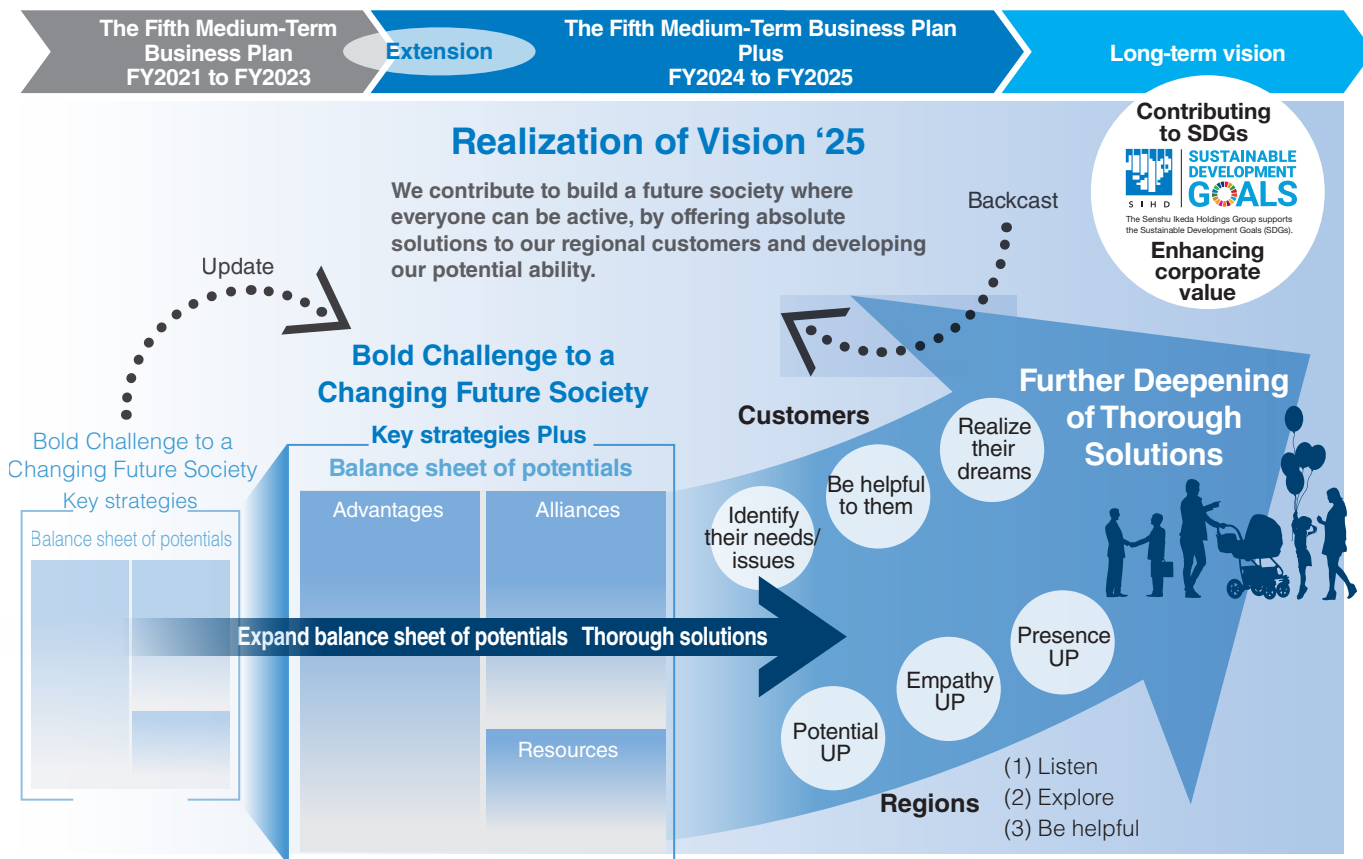
#### Digital strategy (DX/IT Strategy)

##### Promoting DX

Need for further improvement in customer convenience, enhancing the productivity of employees and organization using digital tools; shortage of DX talent

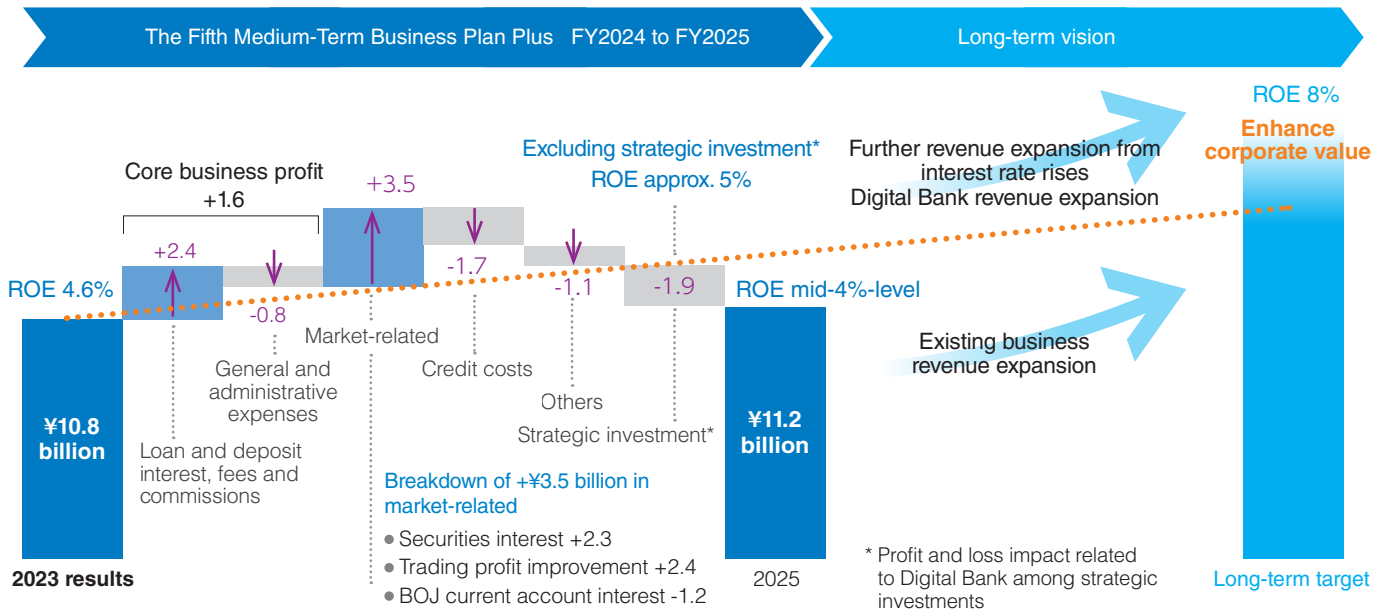
## The Fifth Medium-Term Business Plan Plus (FY2024 to FY2025): Positioning

- From FY2024 onward, we will continue to aim for the realization of Vision '25 under the policy of serving our regional customers through **thorough solutions**. Therefore, **we have extended the Fifth Medium-Term Business Plan through FY2025**.
- In this extension, **we have revised our key strategies** based on environmental changes and backcasting from medium to long-term perspectives.



## The Fifth Medium-Term Business Plan Plus (FY2024 to FY2025): Consolidated Net Income of Senshu Ikeda Holdings, Inc.

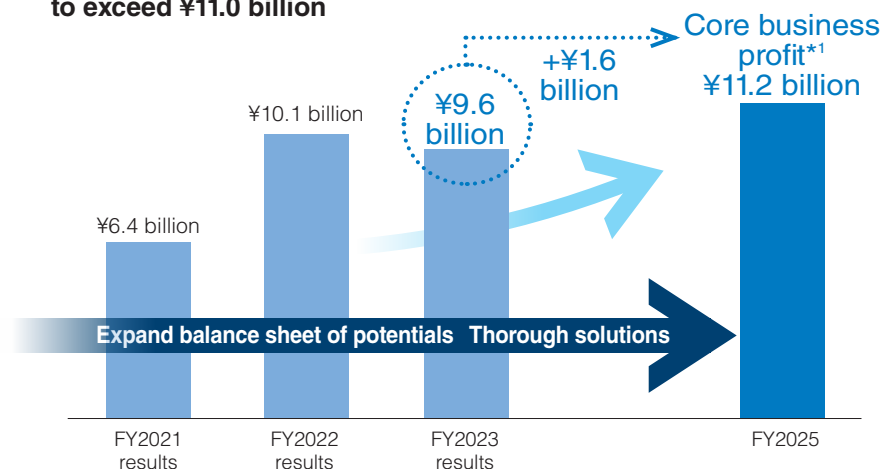
- We expect steady growth in profits excluding core business profit and strategic investments (upfront costs related to Digital Bank).
- In addition to expanding revenue from existing businesses, we aim for long-term corporate value enhancement with an ROE of 8% through revenue expansion from Digital Bank and other initiatives.



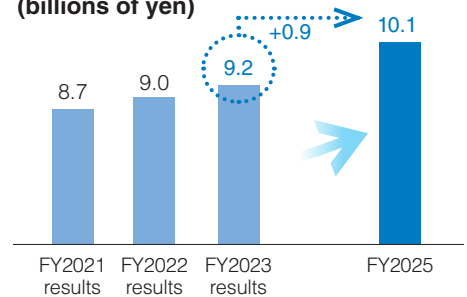
## The Fifth Medium-Term Business Plan Plus (FY2024 to FY2025): Core Business Profit

- We aim to establish thorough solutions and increase core business profit, which is the result of our solution business, targeting over ¥11.0 billion in FY2025.
- We will strive to increase fees and commissions by strengthening solutions such as M&A, business succession, and structured finance.

### Establish thorough solutions: Core business profit to exceed ¥11.0 billion

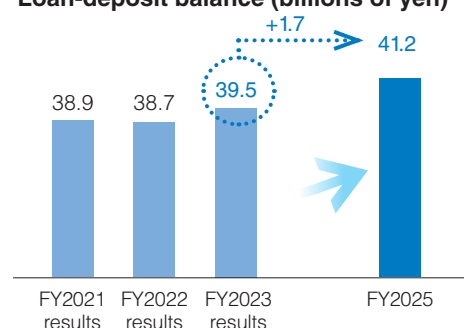


### Fees and commissions from corporate and individual customers\*2 (billions of yen)

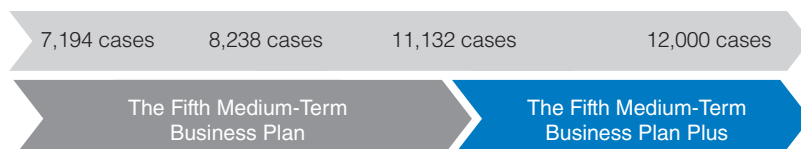


\*2 Excluding fees from market-based loans initiated in FY2022

### Loan-deposit balance (billions of yen)



### Number of cases of solution consulting



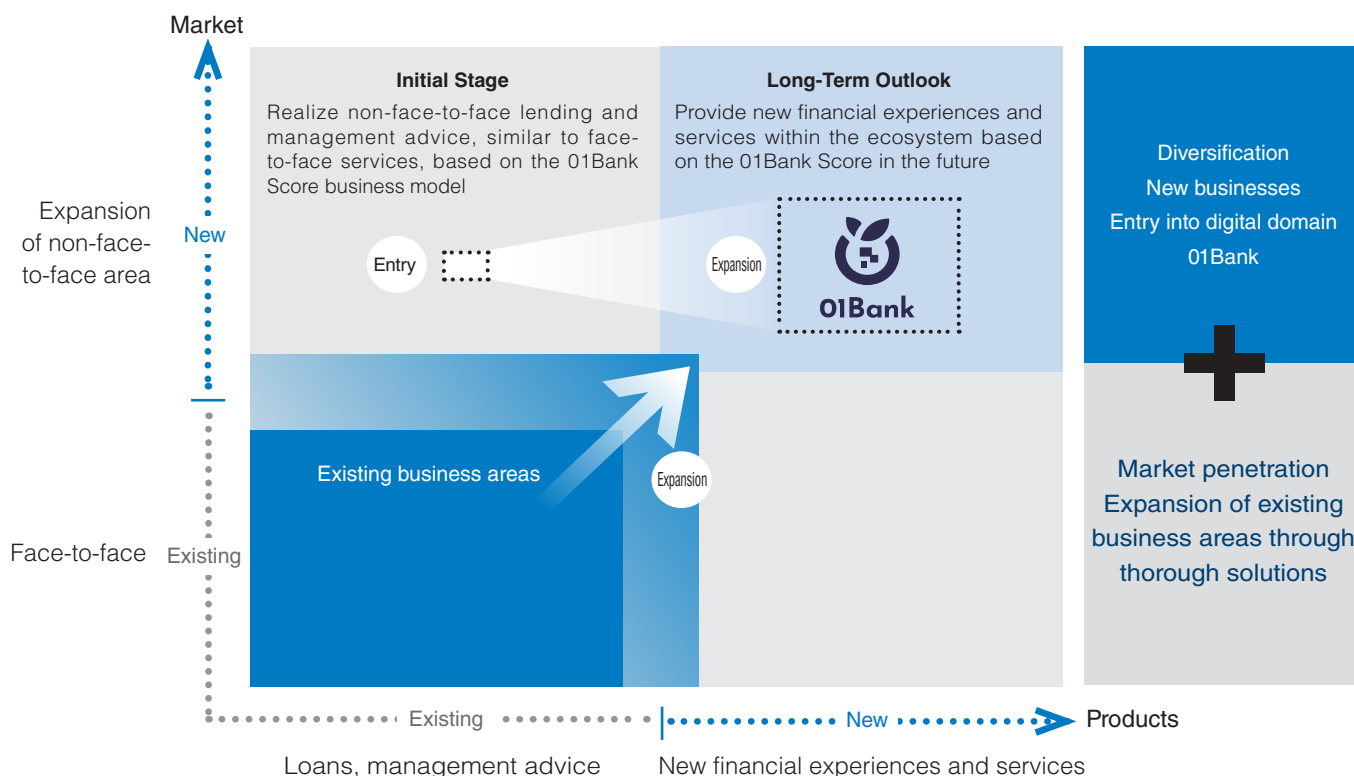
\*1 Core business profit (profit from customer-oriented service operations) = Loan balance × Difference between loan and deposit interest rates + Fees and commissions – General and administrative expenses



## The Fifth Medium-Term Business Plan Plus (FY2024 to FY2025): Long-Term Growth Strategy

In addition to expanding existing business areas through thorough solutions, we aim for sustainable growth of the Group by expanding into new business areas through digital banking.

### Expansion of Existing Business Areas and New Business Areas



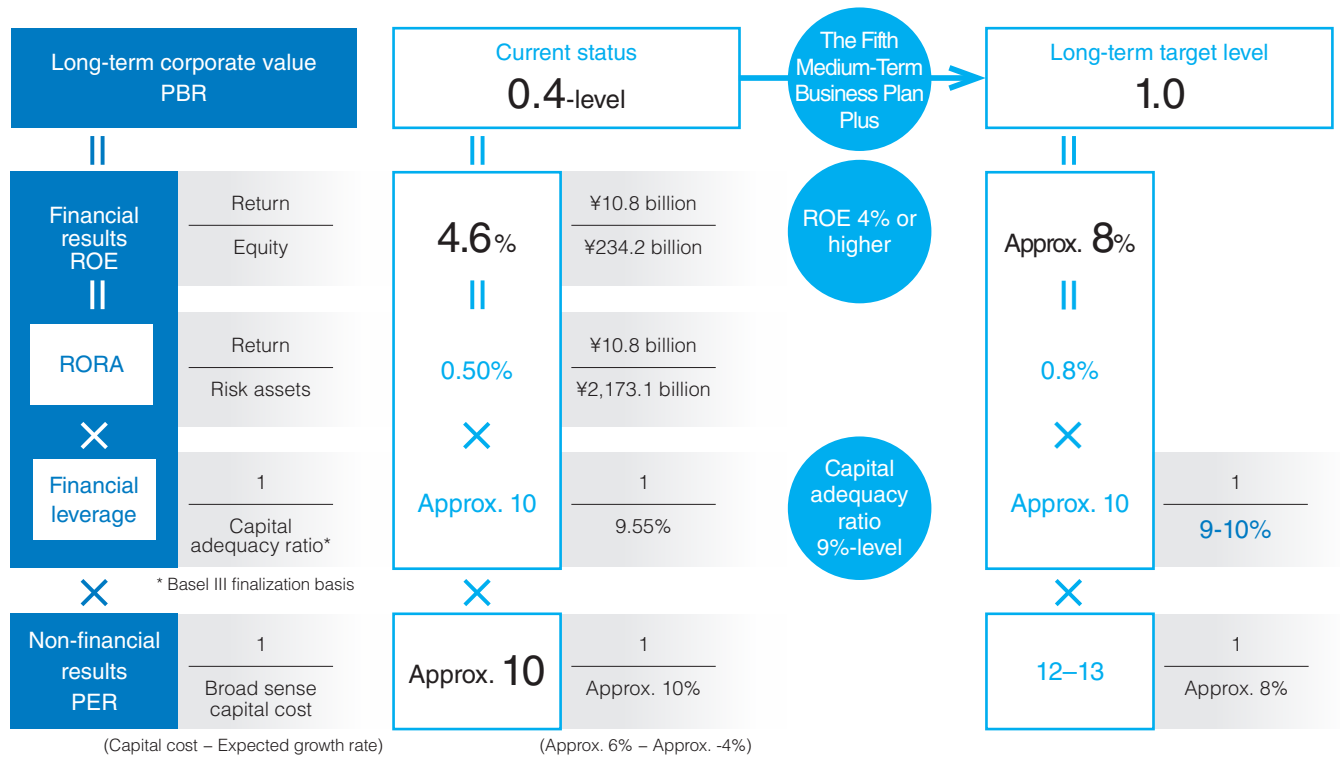
### Details of Key Numerical Figures in the Fifth Medium-Term Business Plan Plus

		FY2024	FY2025		
		The Fifth Medium-Term Business Plan Plus	Target level →	The Fifth Medium-Term Business Plan Plus	Long-term target level
The holding company, consolidated	Net income	¥11.0 billion	¥10.0 billion or more	¥11.2 billion	¥20.0 billion
	ROE	4.5%	—	4.4%	8%
	Capital adequacy ratio (Basel III finalization basis)	Mid-11%-level (Mid-9% level)	—	Low-10%-level (Low-9%-level)	9-10%
The Bank, non-consolidated	Core banking profit	¥13.3 billion	¥15.0 billion or more	¥16.1 billion	
	Core business profit	¥9.2 billion	¥11.0 billion or more	¥11.2 billion	
	Core OHR	75%-level	—	72%-level	
KPIs	Number of cases of solution consulting	11,400 cases	12,000 cases	12,000 cases	
	PBS balance (Personal B/S balance)	—	—	¥6.2 trillion	FY2030 ¥7 trillion

## Initiatives to Enhance Corporate Value

### Initiatives to Enhance Corporate Value — Long-Term Target Levels

- Current PBR is approximately 0.4, ROE is in the mid-4%-level.
- In the Fifth Medium-Term Business Plan Plus, we plan for ROE of 4% or higher and a capital adequacy ratio (Basel III finalization basis) in the 9%-level.
- In the long term, we aim for a PBR of 1.0 (ROE of 8%, capital adequacy ratio of around 9–10%) through initiatives to enhance corporate value.

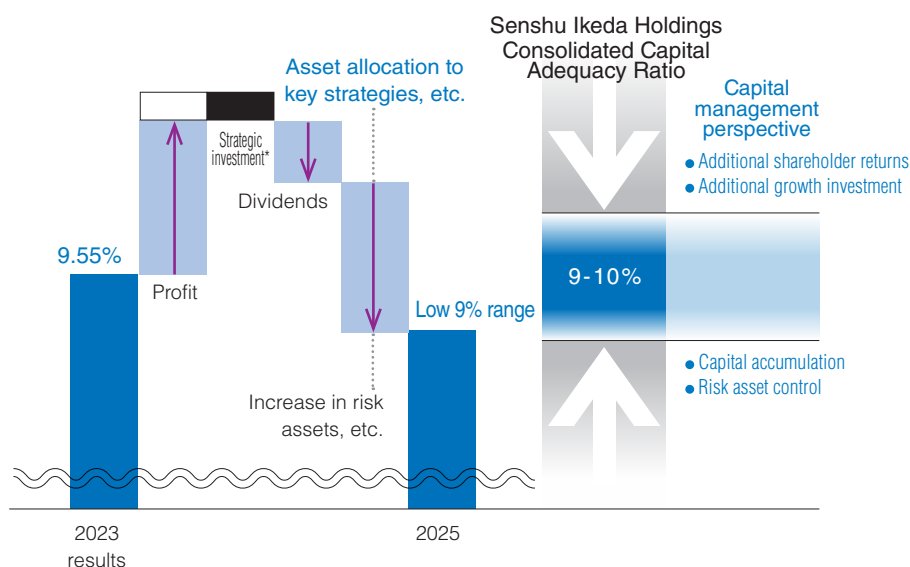


## Initiatives to Enhance Corporate Value — Financial Capital Dividend Strategy / Control of Capital Adequacy Ratio and Shareholder Returns

- We will control Senshu Ikeda Holdings' consolidated capital adequacy ratio (Basel III finalization basis) to keep it within the range of 9–10%.
- We will increase the shareholder return ratio from the previous 30% or higher to 40% or higher.

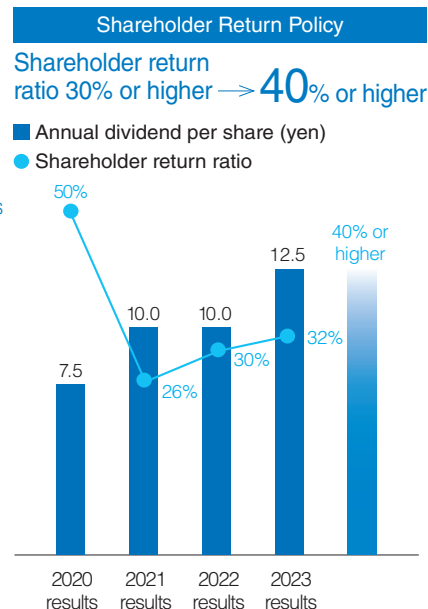
**We aim for balanced management of enhanced capital adequacy, growth investment, and shareholder returns.**

### Senshu Ikeda Holdings Consolidated Capital Adequacy Ratio (Basel III finalization basis) and Capital Allocation



\* Impact on earnings from strategic investments (wage increases, DX-related expenses, Digital Bank)

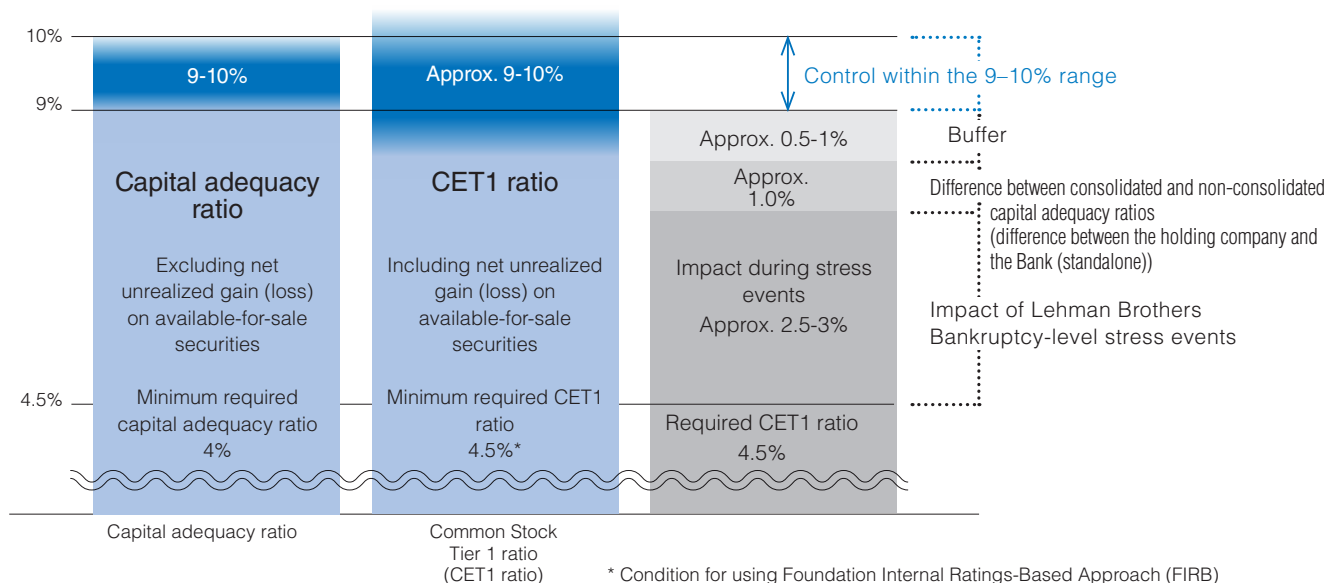
### Regarding Shareholder Returns



## Initiatives to Enhance Corporate Value — Financial Capital Dividend Strategy / Appropriate Capital Adequacy Ratio Level

- The target for maintaining soundness is a Senshu Ikeda Holdings consolidated capital adequacy ratio (Basel III finalization basis) of 9% or higher.
- We will ensure a regulatory level CET1 ratio of 4.5% even after the occurrence of stress events.

### Senshu Ikeda Holdings Consolidated Capital Adequacy Ratio Level



\* Condition for using Foundation Internal Ratings-Based Approach (FIRB)



## Initiatives to Enhance Corporate Value — Financial Capital Dividend Strategy / Reduction of Cross-Shareholdings

**(1) Basic Policy on Cross-Shareholdings**

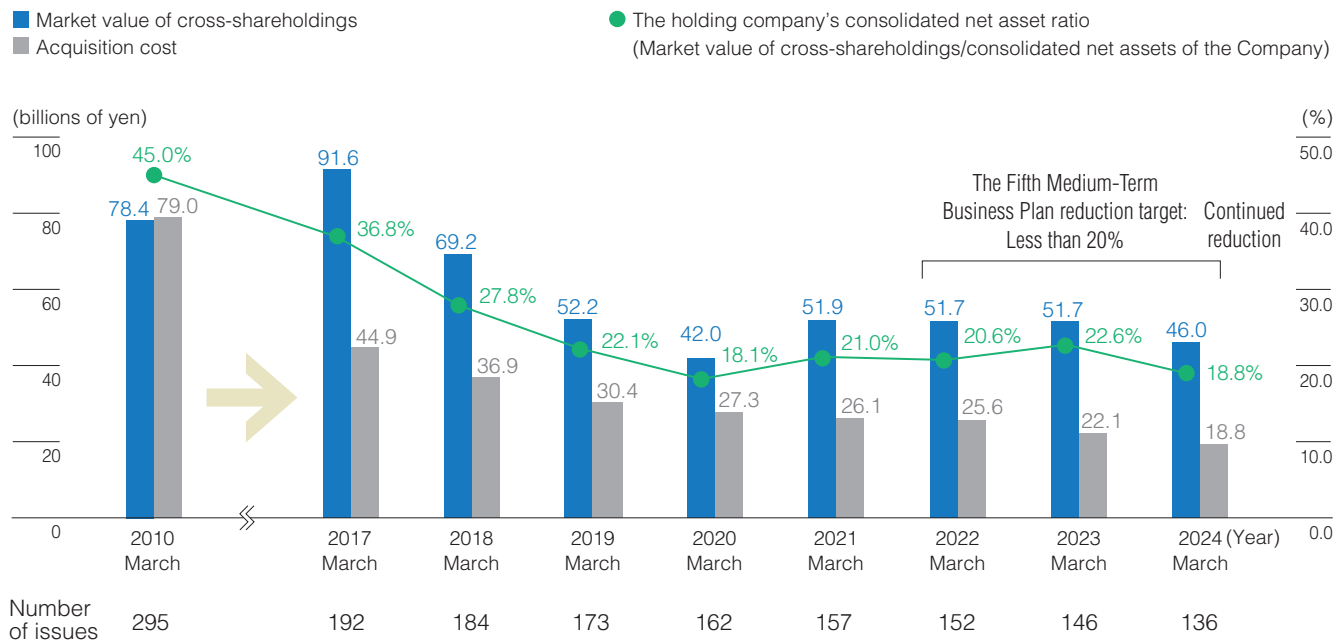
Following the bank merger in 2010, we have reduced our cross-shareholdings in order to reduce our shareholding risk.

We will continue to reduce our cross-shareholdings going forward. The reduction of cross-shareholdings will proceed based on a comprehensive review of shareholding risk, capital efficiency, and other factors, and on the assumption that we will have sufficient dialogue with business partners.

However, we may hold a limited number of shares if deemed necessary to contribute to the medium- to long-term improvement of the corporate value of the Group and portfolio companies, or for the creation and revitalization of local communities.

**(2) Policy on Reducing Cross-Shareholdings**

We have set a reduction target to bring the ratio of cross-shareholdings (including deemed shareholdings) to consolidated net assets to less than 20% by the end of FY2023, during the period of the Fifth Medium-Term Business Plan. During this medium-term plan period, we sold cross-shareholdings worth approximately ¥15 billion at market value and achieved our target with the ratio reaching 18.8% at the end of FY2023. We will continue to sell and reduce cross-shareholdings going forward, striving to maintain this ratio below 20%.

**The balance of cross-shareholdings and the holding company's consolidated net asset ratio**

# Human Capital Management



Gender equality



Decent work and economic growth



Good health and well-being

In order to maximize the value of our human resources and raise corporate value over the medium- to long-term, we regard human resources as “capital” and consider “human capital management” as one of the top priorities for management.

## Formulation of the Basic Policy on Human Capital Management

- In April 2021, the Company established its Basic Policy on Human Resource Development and has made human resource development an important theme in its human resource management. In April 2024, we established the Basic Policy on Human Capital Management, which clarifies our policies on five closely related elements of human resource management (recruitment, development, assignment, evaluation, and compensation), and we are working to further advance our human resource management.

The purpose of human capital management

The human capital management of the Senshu Ikeda Holdings Group (hereinafter “the Group”) is based on the concept that all of the human resources that make up the Group are “capital.” Its aim is to continuously enhance the Group’s corporate value and realize its management principle by identifying and maximizing the knowledge, skills, and other abilities and aptitudes possessed by the Group’s human resources.

### Shared Values (Slogan)

We established a slogan to explicitly state our basic values in human capital management and to instill a consistent Group culture regarding what kind of human resources we seek and what we expect of them.

Slogan  
[ Where people gather for people,  
 and people gather for work ]

Basic values

The basic values of the Group with regard to human resources are defined as follows.

“Where people gather for people, and people gather for work”

- (1) Where people gather for people  
The people who work in our Group never stop growing and striving toward their goals, and we will attract those who find such people appealing and who want to work hard alongside them.
- (2) Where people gather for work  
The Group aims to solve customer challenges, an approach which creates much challenging work, and we will attract those who find such work motivating.

### The Five Elements of Our Human Resource Management Policy

The elements we are cognizant of in our human resource management fall into the following five categories.

#### Five elements of human resource management

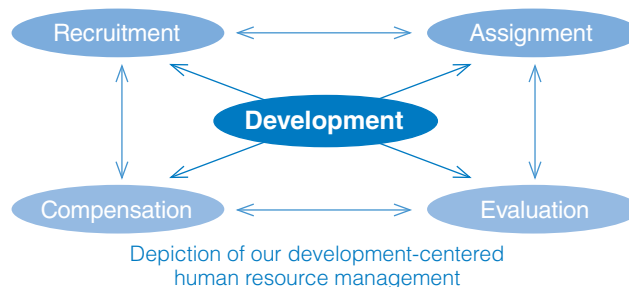
Recruitment Assignment **Development** Evaluation Compensation

→Develop policies for each element and formulate an overall basic policy.

### Key Points for Policy Consideration

Our stance is to attract people who see the appeal of the kind of people and work found in the Group and to develop human resources who can contribute to our communities and the Bank. Accordingly, we regard “development” (i.e., supporting growth) as the most central of these five elements and engage in human resources management that closely links development to the remaining four elements.

→Formulate policies that take into account the perspective of human resource development (growth support) not just for “development” but for each of the elements.



#### Recruitment

- Our purpose in recruitment is to bring new vitality and creativity to the organization through the interaction between newly recruited and existing human resources, keeping in mind not only the hiring of new graduates but also the hiring of experienced workers and former employees returning after an extended absence.
- Our selection process must meet three requirements. The first is to respect basic human rights and fairly evaluate abilities and aptitudes. The second is that ability and aptitude include future potential. The third is, from the perspective of “where people gather for people, and people gather for work,” to aim for a relationship in which the Company and people mutually choose and are chosen by each other, and to strive to enhance dialogue with candidates and the provision of information to them.

Purpose of recruitment	The Group's purpose in recruitment is to welcome new talent and bring new vitality and creativity to the organization through the resulting interaction between newly recruited and existing human resources.
Recruitment selection process	The Group engages in a recruitment selection process that is in line with the conditions below. (1) Respect a candidate's basic human rights and fairly evaluate their abilities and aptitudes. (2) The abilities and aptitudes in the preceding item are not limited to those that have already been demonstrated but also include those that can be expected to be demonstrated in the future. (3) Aim for a relationship in which the Group and the candidate mutually choose and are chosen by each other, and in the selection process place importance on dialogue with the candidate and strive to enhance the provision of information to them.

### Development

- The purpose of the Group's human resource development is not only to quantitatively increase corporate value but also to foster a sound corporate culture, including a sense of discipline.
- Our image of the ideal employee is based on The Senshu Ikeda Bank's existing Basic Policy on Human Resource Development.
- We support the independent growth of our staff by engaging in sufficient dialogue with our human resources and providing them with various career development opportunities in accordance with their individual characteristics.

Purpose of human resource development	The Group's human resource development is intended to support the growth of human resources by providing an environment and opportunities for increasing their capabilities, thereby enhancing corporate value while fostering a sound corporate culture.		
The ideal employee	The Group aims to develop human resources who possess the following attributes at a high level.		
	Broad vision	Vigorous spirit of challenge	High sense of discipline
	Steadfast desire to improve	High level of expertise	Rich sensitivity
Pursuit of diversity	The Group engages in sufficient dialogue with its human resources to provide diverse career development opportunities according to individual characteristics.		

### Assignment

- In the assignment of human resources, we aim to realize a vibrant organization through the interaction of diverse human resources by optimally linking duties and human resources, and by creating opportunities for diverse human resources to meet.
- In order to realize the placement of the right personnel in the right positions where they can demonstrate their abilities in the optimal environment, we assign human re-

sources based on the abilities and aptitudes required to perform their duties.

- We review duties and flexibly reassign personnel in response to changes in management strategy. As part of this process, we assess the abilities and aptitudes of our human resources and provide reskilling opportunities as needed.

Purpose of human resource assignment	In the assignment of human resources, the Group aims to promote interaction between personnel and realize a vibrant organization by bringing together the optimal combination of individual human resources and duties, and by creating opportunities for diverse human resources to meet.
The right person in the right place	In assigning human resources, the Group follows the items outlined below. (1) We link duties to human resources based on the abilities and aptitudes required for their execution. (2) The abilities and aptitudes in the preceding item are not limited to those that have already been demonstrated but also include those that can be expected to be demonstrated in the future.
Responding to change	The Group reviews duties and flexibly reassigns human resources in response to changes in management strategy. In the reassignment process, we assess the abilities and aptitudes of our human resources and provide reskilling opportunities as necessary.

### Evaluation

- Our purpose in evaluation is to provide an objective basis for calculating compensation as well as to encourage the growth of our human resources in order to achieve organizational goals by visualizing the degree of ability demonstrated and the level of performance achieved.
- We base our evaluation of our human resources on the degree to which they have demonstrated their abilities and the level of performance they have achieved, explicitly stating the general principles behind evaluations and bonus assessments, which are to evaluate without bias, and to do so not only from a quantitative but also from a qualitative perspective.
- In addition, we place emphasis on ensuring that our evaluations are credible to our human resources by providing them with appropriate feedback.

Purpose of evaluation	The Group's purpose in evaluation is to provide an objective basis for calculating compensation as well as to encourage the growth of human resources in order to achieve organizational goals by visualizing the degree to which personnel have demonstrated ability and the level of performance they have achieved.
Fair evaluation	In evaluating human resources, the Group follows the items outlined below. (1) Judge the degree to which the personnel has demonstrated ability and the level of performance they have achieved without bias in light of the evaluation criteria. (2) The performance described in the previous item should not be limited to quantitative performance but should also be evaluated from a qualitative perspective.
Ensuring evaluation credibility	The Group strives to ensure that evaluations are credible to our human resources by providing appropriate feedback to personnel.

## Compensation

- The purpose of the Group's compensation is to provide fair pay for labor and to guide the actions of our human resources toward improving our corporate value.
- Regarding the conditions of our compensation system, extrinsic compensation is designed to be commensurate with the work of our human resources based on their competitiveness in the labor market. At the same time, we strive to enhance their intrinsic compensation.
- These forms of compensation are regarded as investments to achieve the outcome of increasing our future corporate value.

Purpose of payment of compensation	The purpose of the Group's compensation is to provide fair pay for labor and to guide the actions of our human resources toward improving our corporate value.
Compensation system conditions	<p>The Group's compensation system follows the conditions outlined below.</p> <p>(1) Wages, benefits, and other forms of extrinsic compensation are designed to be commensurate with the work of our human resources based on their competitiveness in the labor market.</p> <p>(2) We also strive to enhance the intrinsic compensation our human resources receive through job satisfaction and a comfortable working environment.</p> <p>(3) The forms of compensation described in the previous two items are regarded as investments to achieve the outcome of increasing our future corporate value.</p>

## Future Initiatives

### 1. Become a truly attractive company and stably secure human resources

Continuous investment in human capital in accordance with the Basic Policy on Human Capital Management (promotion of human capital management)

⇒ Establishment of a roadmap for human capital management and implementation of individual measures

#### (1) Promotion of diversity, equity, and inclusion (DE&I)

- Initiatives to achieve new KPIs (percentage of women in managerial positions, percentage of women in executive positions, number of days men take childcare leave, etc.)
- Promotion of diverse work styles (expansion of telework, development of hot desking and communications infrastructure, etc.)

#### (2) Improvement of engagement

- Revision of the personnel system to resolve issues in the current system, such as increasing motivation and reviewing senior compensation
- Introduction of a bonus system with a clearer evaluation system
- Analysis of engagement survey results and consideration of options
- Ongoing health and productivity management initiatives

### 2. Establishment of a system that allows for a detailed understanding of our human resources portfolio and prompt adjustment of excesses and deficiencies

Establishment of an ideal human resources portfolio and human resource assignment and development to create it

#### (1) Formulation of a new ideal human resources portfolio that incorporates changes in the environment and new measures

- Formulation and management of a workforce plan for the entire Group, including part-time and senior staff
- Strengthening mid-career recruitment, including digital specialists, and retention measures for senior staff (55-65 years old)
- Maintenance of a human resource development system (including reskilling) to secure necessary human resources

#### (2) Establishment of a system that allows for the prompt adjustment of excesses and deficiencies in our human resources portfolio

- Planned human resource development and personnel assignment that is cognizant of the development of future management talent
- Formulation of a human resources portfolio to ensure solution sales
- Establishment of a foundation for managing our human resources portfolio using a talent management system

	FY2023		FY2025
SIHD Group personnel	3,275		3,165
Solution personnel*1	154	↗	220
Digital personnel*2	143	↗	360
Strengthen mid-career recruitment	10	↗	20

Personnel: Operating personnel

\*1 Personnel who are highly skilled in their field of expertise and bring solutions to their completion on their own. These personnel can understand the diverse issues and needs of customers and provide advice to resolve them on their own (1st-grade CSPFP certification holders).

\*2 Total of digital core personnel and digital base personnel.

Digital core personnel: Personnel who provide organizational and operational transformation through digital means. These personnel are capable of strategy-based initiative planning and promotion.

Digital base personnel: Personnel who can make effective use of digital technology to improve on and solve issues and increase work productivity. These personnel possess basic knowledge and experience in digital utilization and can promote and take the lead in digital utilization.



## Diversity, Equity, and Inclusion

Amid drastic changes in the social structure and economic environment, including a shrinking workforce and the advance of globalization, the Senshu Ikeda Holdings Group is committed to achieving diversity, equity, and inclusion in order to be a corporate entity where diverse human resources can continue to play an active role in the future. We will enhance our corporate value by creating a

workplace that offers job satisfaction and that our employees can be proud of. We will do this through such means as promoting participation and advancement of women, aiding in balancing work and childcare, and promoting diverse work styles. In turn, we will provide higher-quality financial services to our customers.

## Initiatives to Achieve Diversity, Equity, and Inclusion (The Senshu Ikeda Bank)

### Fostering a climate of mutual understanding

#### Unconscious bias training

In order to foster a climate of mutual understanding, we have provided training to executives, including board members, to eliminate unconscious bias.

### Positive action in the promotion of participation and advancement of women

#### Action plan

We have revised the following numerical targets in order to promote the participation and advancement of women and will work to achieve them by FY2030.

#### DE&I KPIs

Designated indicators	FY2023	FY2026	FY2030
Percentage of women in managerial positions* <sup>1</sup>	14.1%	25% or higher	35% or higher
Percentage of women in executive positions* <sup>2</sup>	25.6%	35% or higher	45% or higher
Number of childcare leave days taken by men (average)* <sup>3,5</sup>	6.4 business days	12 business days or more	24 business days or more
Guideline for number of childcare leave days to be taken by men	10 business days or more	10 business days or more	20 business days or more
Percentage of those who took guideline number of days of childcare leave or more* <sup>4,5</sup>	34.6%	80% or higher	80% or higher

\*1 "Managerial positions" refer to the managerial positions in the Act on the Promotion of Women's Active Engagement in Professional Life. Specifically, the term refers to those in the position of "section chief" or higher.

\*2 "Executive positions" refer to persons who are responsible for organizational management as the person in charge of the work for which he or she has been commissioned. Specifically, in addition to managerial positions, the term refers to those in the position of "deputy section chief" or "assistant to the section manager" who have subordinates.

\*3 Calculated by dividing the total number of days of childcare leave taken by male employees who returned to work during the fiscal year by the number of employees who took childcare leave.

\*4 The number of male employees who took the guideline number of days of childcare leave or more in \*3 was used as the numerator and was divided by the same number of employees who took childcare leave as in \*3.

\*5 This indicator is premised on a target of achieving a 100% male childcare leave take-up rate.

#### Women's participation and advancement KPIs

		FY2023 (March 2024)	FY2026 (March 2027)	FY2030 (March 2031)
1. Active promotion of women to the position of deputy manager (management supervisor)	Women in managerial positions	60	→	192
2. Increasing the number of women in section chief positions	Women section chiefs	67	120	120
* Operations managers concurrently serving as deputy managers were removed from the latter position and women were newly appointed as operations managers.	Of whom are operations managers	64	100	100

## Special Feature 1: Toward the Creation of New Value Establishing the Digital Bank 01Bank Preparatory Company, Inc.



### Supporting the growth of businesses by collaborating with platforms that provide the infrastructure for services **01Bank** and systems used by customers in their business

In preparation for the launch of the digital bank 01Bank (Zero One Bank) for corporate customers, Senshu Ikeda Holdings established a subsidiary, the 01Bank Preparatory Company, Inc. on February 1, 2024. Under the mission of “Supporting businesses with data,” the Company is launching a new business model by which non-financial information is used to gain an understanding of customers’ growth potential and make financing decisions.

From left to right,  
Makoto Nagao, Executive Vice President, ForeVision, Inc.  
President Ukawa  
Kana Bogaki, Co-Founder and Director, Makuake, Inc.  
Toshihide Tamura, Representative Director, ZAICO, Inc.  
President Ito  
Kangsoo Kim, Director, Matsuo Institute, Inc.



#### Message from the new president

### Supporting businesses with data

Masaki Ito, President & CEO,  
01Bank Preparatory Company, Inc.

#### Career history and background leading to appointment as president

I joined the Bank of Yokohama, Ltd., where I gained a wide range of experience, primarily in corporate planning departments. I then spent four years playing a role in management as the bank’s representative director before serving as president of the Hamagin Research Institute, Ltd. for five years. I went on to accept a position as president of Fincross DIGITAL Co., Ltd., which was jointly established by eight regional banks, including Senshu Ikeda Bank, with the aim of opening up a new future for regional banks, with the power of digital technology. President Ukawa has been a close friend of mine since then, so when Senshu Ikeda Holdings decided to establish a new digital bank, I was invited to serve as its president.

#### 01Bank’s business model

01Bank was established in response to customers’ requests for their businesses to be evaluated on the basis of their true value that cannot be gleaned from financial statements alone. Until now, banks have relied on financial statements and other documents to evaluate their customers’ past business performance. This information has then served an important role in the making of financing decisions. However, amid a rapidly changing

business environment, there is a growing demand for evaluations to be based on the actual status of current business activities, rather than financial track record alone. Against this backdrop, 01Bank will make effective use of data from cloud services that our customers use in their business activities in order to come to a swift and accurate understanding and evaluation of their current business activities. In doing so, we make an assessment of business potential and utilize this information to make financing decisions. In other words, we aim to provide advanced financial services that can take the current business activities of our customers as reflected by data and utilize them as “value.”



#### Growth strategy after receiving approval from the authorities

Customer needs and the business environment surrounding banks are projected to change rapidly and discontinuously in the future. Attractive products cannot simply be deployed and be done with. Instead, it will be important to continue to respond swiftly and appropriately to these changes. We are determined to do so as we grow and develop together with our stakeholders.

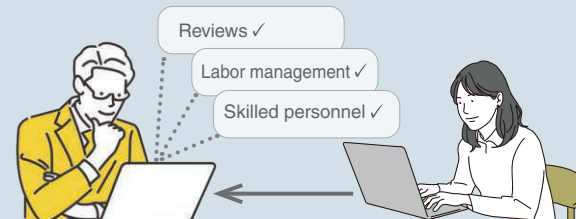
## The difference with conventional bank financing

The issues with conventional bank financing ..... ➡ What is the new financing offered by 01Bank?



### Financing decisions based on financial statements

Although conventional banks may scrutinize a loan applicant's business plan, their loan decisions are ultimately made based on the availability of collateral and the financial information contained in financial statements. In other words, evaluations are based on past performance, and it is difficult to take into account the growth potential of a customer's products and services, such as society's expectations and reactions to them, and the soundness of non-financial management. Furthermore, such close examinations of the data are time-consuming, delaying the start of financing.



### Using non-financial information to evaluate future potential

01Bank works with diverse platforms\* that have close ties with SMEs to quantify and assign scores to customers' non-financial information not included in financial statements. Financing decisions are based on a multifaceted evaluation of the customer's future growth potential. In addition, financing can be attained quickly, as the process is completed through online lending, without the need for an in-person visit from a bank employee.

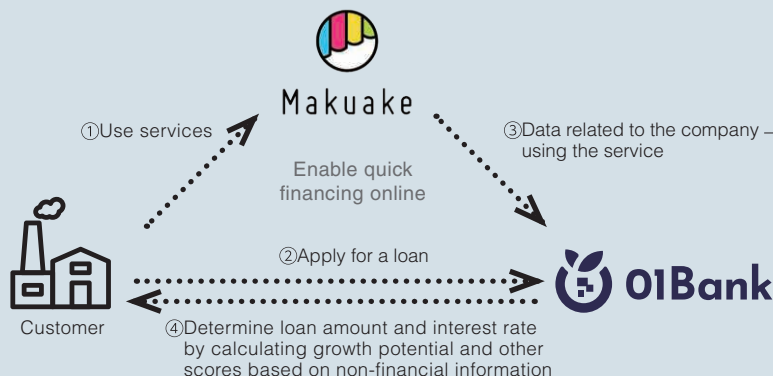
\*Providers of services and system infrastructure used by customers in their daily business activities

## 01Bank's business scheme (in case of data collaboration with Makuake\*)

As a first step, 01Bank will start collaborating with the support purchase service Makuake and the inventory management service ZAICO. For example, if a customer who has successfully completed a new product development project on Makuake wishes to raise funds for further development,

sharing the non-financial information held by Makuake with the 01Bank may provide more metrics by which to judge the customer's growth potential and other factors, thereby improving loan terms.

\* Makuake, Inc. / Support purchase platform



### Examples of data provided by Makuake

- Amount of support purchased
- Number of support purchasers
- Number of activity reports after project completion
- Average number of comments per activity report
- Number of positive comments during project period
- Number of negative comments during project period
- Number of positive comments after project period
- Number of negative comments after project period

## Negotiations for collaboration underway with over 100 platforms

01Bank plans to be collaborating with around 10 platforms by the time it opens for business. We are also negotiating with a number of other platforms for collaboration, and by combining multiple data sets, we will support the growth of SMEs through more accurate evaluations of loan applications.

### Partner platforms (planned)



A meeting between Senshu Ikeda's President Ukawa and members of 01Bank Preparatory Company, Inc.

## Response to Climate Change

Senshu Ikeda Holdings endorsed the purpose of the Task Force on Climate-related Financial Disclosures (TCFD) in November 2021 and is working to actively disclose information on its response to climate change.



### Governance

#### Governance structure

Having set climate change as an important management task, the Company is promoting concrete initiatives under the supervision of its Board of Directors.

The Sustainability Committee deliberates on items related to sustainability, including climate change issues. The content of the discussions is regularly reported to the Board of Directors, and a system is in place to ensure appropriate supervision.

In addition, we submit and report key initiatives for climate change response to the Board of Directors after discussions by the Management Committee.



#### Sustainability Committee

Committee chair: President and CEO

Participants: Directors in charge of relevant themes

Meeting frequency: Every quarter, in principle

Purpose: To discuss and report on items related to sustainability, including climate change

#### Main content

Apr. 2023	<ul style="list-style-type: none"> <li>• Status of sustainable finance initiatives</li> <li>• Formulation of a roadmap toward carbon neutrality</li> <li>• 1st round of internal measures for SDGs actions</li> </ul>
May	<ul style="list-style-type: none"> <li>• Disclosure related to climate change responses</li> <li>• Disclosure of sustainability information in securities reports</li> <li>• Responding to CDP questionnaire</li> </ul>
July	<ul style="list-style-type: none"> <li>• Status of company-wide initiatives related to sustainability</li> <li>• Calculation of financed emissions</li> <li>• Measures to improve literacy aimed at supporting the decarbonization of business partners</li> </ul>
October	<ul style="list-style-type: none"> <li>• Enhancement of climate change responses</li> <li>• Addressing the disclosure of sustainability information</li> <li>• Addressing efforts for biodiversity conservation</li> </ul>
Jan. 2024	<ul style="list-style-type: none"> <li>• Sustainability initiatives in the Fifth Medium-Term Business Plan Plus</li> <li>• Addressing ESG risks</li> <li>• Second round of internal measures for SDG actions</li> </ul>

#### Promoting climate change responses

##### Our Sustainability Declaration

We have set climate change as one of our important management issues (materiality).

##### Fifth Medium-Term Business Plan Plus

Having set sustainable management as one of our key strategies, we are promoting concrete initiatives to address climate change.

### Strategy

The impact of climate change is highly uncertain, and the period to be analyzed should be long. In our climate change analysis, we used two scenarios to understand the risks and opportunities that climate change poses to our business: one in which the average temperature rises by 1.5°C or less compared to before the Industrial Revolution

and one in which the average temperature rises by 4°C compared to before the Industrial Revolution. Regarding the timeline of evaluation, we analyzed the impact over the short-term (less than 5 years), the medium-term (about 15 years), and the long-term (about 30 years).

### Risks and Opportunities

Major risks and their impact on the Company			Time frame
Risks	Transition risks	<ul style="list-style-type: none"> <li>• Deterioration of the business environment of business partners due to a consumer-oriented shift to low-carbon products and services, and damage to loans assets for these partners</li> <li>• Deterioration of the Company's reputation due to insufficient climate change response</li> </ul>	Short- to long-term
	Physical risks	<ul style="list-style-type: none"> <li>• Deterioration of the business environment of business partners due to policy changes and tightening of regulations, and damage to loans assets for these partners</li> </ul>	Medium- to long-term
<ul style="list-style-type: none"> <li>• Damage to real estate collateral due to disasters</li> <li>• Impact on business partners' business and employment due to disasters and decline in productivity</li> <li>• Impact of damage to the Company's base</li> </ul>			Medium- to long-term
<ul style="list-style-type: none"> <li>• Increased demand among companies for capital spending in order to respond to a low-carbon society</li> <li>• Increased business opportunities and demand for funds for product and service-related businesses and renewable energy businesses that support decarbonization</li> <li>• Reduction of business costs due to reduction of energy consumption</li> </ul>			Short- to long-term



### Carbon-related Assets

The percentage of carbon-related assets\* within the Company's loans and other assets based on the updated 2021 TCFD Annex is 27.4%.

\* Carbon-related assets are defined as assets tied to the "electric power," "oil, gas and consumable fuel," "transportation," "materials and building products," and "agriculture, food, and forest products" sectors.

### Scenario Analysis

#### Transition risks

- Based on analysis by various specialized institutions such as TCFD and SASB (Sustainability Accounting Standards Board), we investigated the magnitude of potential risk by sector and investigated the sectors with the greatest impact, taking into account the Company's exposure. As a result of this investigation, "electric power" and "oil, gas and consumable fuel (including oil retail and wholesale)" were selected as priority sectors. The priority sectors may be added to or changed based on future professional analysis and market trends.
- For the two selected sectors, we identified the risks and opportunities for businesses in these sectors and analyzed the impact on future business, based on the 1.5°C and the 4°C scenarios.
- In analyzing transition risks, we made forecasts of changes in the financial situation and business performance of borrowers by 2050 and analyzed changes in credit-related costs using forecast data and carbon tax forecast data related to resource demand and composition by power source in power generation found in the Net Zero Emissions by 2050 Scenario (NZE scenario), etc. of the International Energy Agency (IEA) World Energy Outlook report.
- The analysis results regarding transition risks are as follows.

Scenario: The IEA's NZE scenario, etc.

Analysis targets: "electric power" and "oil, gas and consumable fuel (including oil retail and wholesale)"

Analysis period: Until 2050

Amount of risk: Increase in credit-related costs: up to approximately ¥2.5 billion

### Physical risks

Regarding physical risks, we analyzed the impact of the amount of collateral value damage caused by damage to real estate collateral of business loan partners and the impact of deterioration in business performance due to business stagnation, etc. on increases in credit-related costs using a hazard map, while referring to the RCP8.5 scenario (4°C scenario), etc. of the Intergovernmental Panel on Climate Change (IPCC).

The analysis results regarding physical risks are as follows.

Data and scenario: Use a hazard map of the loanee's head office location and collateral property location with reference to the 4°C scenario, etc.

Analysis content: Analysis of the impact of deterioration of business performance and damage to collateral, etc. in the event of a large-scale flood caused by climate change

Analysis period: Until 2050

Amount of risk: Increase in credit-related costs: up to approximately ¥3.5 billion

From the above analysis, we have confirmed that the impact of climate change risk on our strategy is limited, as the increase in credit-related costs estimated by the above analysis can be reduced through medium- and long-term efforts. As this calculation is based on certain assumptions, we will continue to work on improving and refining scenario analyses.

### Reflection in Strategy

The Senshu Ikeda Bank, a subsidiary, has established a "sustainable investment and loan policy." The Bank carefully considered whether or not to make investments or loans that may have a negative impact on ESG (environment, society, governance), and strive to reduce and avoid this impact. In addition, the Bank established an investment and loan policy for specific sectors as follows.

### Investment and Loan Policy for Specific Sectors

#### Weapons

We will not invest in or lend to companies involved in the development and manufacturing of inhumane weapons such as cluster munitions.

#### Coal-fired Power Generation

As a general rule, we will not make investments or loans that use the construction of new coal-fired power plants as funds. However, in the case of new power plant construction that contributes to the next generation and to higher efficiency, taking into account international guidelines, etc., we will carefully consider partaking by each individual project.

#### Deforestation

We will carefully consider whether or not to make loans that use funds from development involving deforestation based on impact on the environment and involvement in illegal logging or illegal labor.

Monitoring in FY2023 revealed no investments or loans in violation of the above investment and loan policy for specific sectors.



**CDP Climate Change Questionnaire** Senshu Ikeda Holdings received a B rating in the 2023 Climate Change Questionnaire by CDP, an international environmental non-profit organization.

## Risk Management

The Group is running its operation based on the risk capital management system that controls all risks within certain proportion of capital base, under the integrated risk management structure.

We recognize that the transition risks and physical risks of climate change may have a significant impact on business operations, strategies and financial plans through the performance of our business partners. Based on the results of scenario analysis, we respond to the impact on the business operations of our business partners within the framework of credit risk management and report on the risks related to climate change to our Risk Management Committee.

The risks of climate change require consideration of the timeline and its uncertainties, but regarding the risks to the

Group, which are driven by climate change, we will monitor the situation and consider an appropriate response while using the existing management framework.

As mentioned above, we have set a sustainable investment and loan policy and an investment and loan policy for specific sectors, and we carefully consider the negative impact of climate change when deciding whether or not to make a loan. Moreover, by exchanging opinions with business partners based on understanding risks in significant sectors using scenario analysis, we plan to promote support for climate change response, such as sustainable finance and initiatives to reduce CO<sub>2</sub>. We believe that such a response will lead to a reduction of risks for the Group.

## Indicators and Targets

The Group has established the following medium- and long-term goals regarding climate change issues.

### Cumulative amount of sustainable finance\*1 to be executed

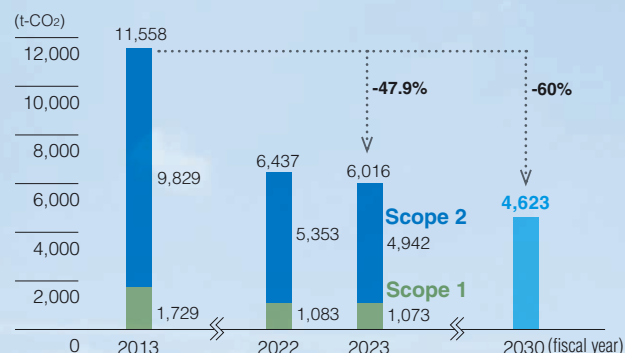
FY2022 to FY2030 target: **¥1 trillion**

31st March 2024: **¥211.8 billion** (\*2)

\*1 Loans that use funds to solve problems in the environmental and social fields, and loans that support and promote initiatives towards SDGs

\*2 The balance of investments and loans that are part of the BOJ's Funds-Supplying Operations to Support Financing for Climate Change Responses is ¥26.7 billion (as of March 31, 2024)

Changes in CO<sub>2</sub> emissions (after adjustment)



### CO<sub>2</sub> emissions reduction (Compared to FY2013)

Medium-term target (FY2022 to FY2030): **60% reduction** March 31, 2024: **47.9% reduction**

Long-term target (up to 2050): **achieve carbon neutrality**

### Regarding CO<sub>2</sub> emissions

The Group has made the following calculation, based on the TCFD recommendations, etc.

#### Scope 1

(Unit: t-CO<sub>2</sub>)

What is measured		FY2023
Direct energy consumption	Gasoline, natural gas	1,073

#### Scope 2

(Unit: t-CO<sub>2</sub>)

What is measured		FY2023
Indirect energy consumption	Electricity	4,942

(Unit: t-CO<sub>2</sub>)  
FY2023

#### Scope 1 and 2 combined

6,016

#### Scope 3

(Unit: t-CO<sub>2</sub>)

What is measured		FY2023
1. Products and services purchased*1	Copier paper, etc.	2,284
2. Capital goods	Tangible fixed assets	15,010
3. Fuel- and energy-related activities not included in Scope 1 and 2	Emissions from upstream processes of fuel, electricity, etc.	1,485
4. Upstream transport and delivery *1	Postal expenses, etc.	335
5. Waste generated in operations*1	General waste material	119
6. Energy consumption associated with employee travel	Business travel	477
7. Employee commuting	Commuting to work	882
15. Investments*1,2	Loans to domestic businesses	5,350,326

### Breakdown of Scope 3 (loans to domestic businesses)

Sector	Emissions (t-CO <sub>2</sub> )	Sector	Emissions (t-CO <sub>2</sub> )	Sector	Emissions (t-CO <sub>2</sub> )	Sector	Emissions (t-CO <sub>2</sub> )
Oil and gas	54,060	Marine transportation	53,748	Chemicals	441,763	Agriculture	147
Coal	—	Rail transportation	12,902	Construction materials	184,846	Processed foods and meats	207,177
Power utilities	63,450	Trucking services	321,410	Capital goods	2,069,666	Paper manufacturing and forestry products	103,007
Air cargo	—	Automobiles and parts	30,109	Real estate management and development	116,718	Other	1,214,073
Passenger air transportation	—	Metals and mining	477,242	Beverages	—	Total	5,350,326

\*1 Calculated for Senshu Ikeda Bank alone

\*2 Calculated using emissions data disclosed by business partners and estimated GHG emissions based on the average carbon intensity for the sector.  
The balance of loans outstanding of calculation target is ¥1.8 trillion, which is equivalent to 78% of the ¥2.3 trillion in business loans outstanding at Senshu Ikeda Bank.

We will continue making efforts to expand and refine the scope of Scope 3 emissions to be monitored.

### Participation in the Ministry of the Environment's Portfolio Carbon Analysis Support Project for Financial Institutions

Having been selected to participate in the Japanese Ministry of the Environment's FY2023 Portfolio Carbon Analysis Support Project for Financial Institutions, Senshu Ikeda Holdings carried out a portfolio carbon analysis by calculating and analyzing its financed emissions (i.e., the GHG emissions of its portfolio companies) and examined transition strategies (decarbonization plans and engagement strategies) for financial institutions to achieve net zero emissions.

Participation in this support program gave us the knowledge and know-how necessary to support our business partners in identifying, calculating and reducing their GHG emissions. We will leverage the skills and information we have gained to support our business partners.

### A roadmap for carbon neutrality

The Group has drafted a roadmap to achieve carbon neutrality by FY2050.

	2025	Achieve 60% reduction compared to FY2013	2030	Achieve carbon neutrality	2050	The state of the Group in 2050
<b>Scope 1 Gas and gasoline</b>			Rationalization of sales activities			Number of sales representatives and sales vehicles cut in half
			Switch to eco-cars		Replacing all vehicles with EVs	Sales vehicle fleet 100% EVs
			Rationalization of store operations and energy conservation			Number of sales offices cut by about 30% Data centers transferred to the cloud
<b>Scope 2 Electricity</b>			Verification of stores transitioned to ZEB		Transition to ZEB stores	Conversion to ZEB with relocation and renewal of sales offices
			Introduction of renewable energy sources			Expansion of power procurement from renewable energy plans
			Verification of PPA implementation		PPA introduction and expansion	Introduction and expansion of power procurement under PPA
			Switch to LEDs and energy-saving air conditioning		Switch to further energy-saving equipment	Improved energy-saving technologies for lighting, air conditioning, etc.
Offsets			Verification and trial use of the J-Credit Scheme		Utilization of J-Credit Scheme	Annual real emissions offset by J-Credits

### Enhancing support for business partners

#### Decarbonization management seminar “On the economic benefits of decarbonization management for SMEs”

Organizations that have supported numerous SMEs in their decarbonization management presented specific examples of the benefits of decarbonization, as well as the subsidies and tax schemes that are available to them.

#### Handling of the Ministry of the Environment's Interest Subsidy Program to Promote the Financing of Regional Decarbonization

With the goal of supporting businesses in their efforts to reduce their CO<sub>2</sub> emissions, we participate in the Ministry of the Environment's Interest Subsidy Program to Promote the Financing of Regional Decarbonization as a designated financial institution.

### Promoting sustainable finance

The Group promotes sustainable finance in the form of investments and loans that contribute to solving environmental and social issues and support and promote efforts to achieve the SDGs.

#### Examples of sustainable finance

- Sustainability linked loans
- Green loans
- Positive Impact Finance
- Senshu Ikeda SDGs Management Support Loans
- The Senshu Ikeda Bank SDGs *Kizuna Fukamaru* (deepening relations) private placement bonds



## Biodiversity and Natural Capital Initiatives

### Natural capital in the Group's operating area

#### Osaka Bay and the Osaka Plain are encircled by an arc of mountains

- Diverse natural environment  
(ocean, mountains, rivers, farmland, etc.)
- A wide range of industries are concentrated in the area
- Urban and natural environments are adjacent to each other

#### Participation in the Keidanren Initiative for Biodiversity Conservation

The Senshu Ikeda Bank endorses the Keidanren Declaration for Biodiversity and Guideline and is participating in the Keidanren Initiative for Biodiversity Conservation.

The Kunming-Montreal Global Biodiversity Framework was adopted in December 2022, and the National Biodiversity Strategy and Action Plan of Japan 2023-2030 was approved by the Japanese Cabinet in March 2023.

In light of these developments, KEIDANREN and the Keidanren Nature Conservation Council revised the Keidanren Declaration for Biodiversity and Guideline for the first time in five years, publishing them in December 2023, with the aim of expanding its base and strengthening member companies' efforts to conserve biodiversity.

Through its participation in the Keidanren Initiative for Biodiversity Conservation and other means, the Group is committed to the preservation of biodiversity and the protection of the natural environment.

### Cooperation with Sennan City's city marketing project "Beach Waiting for Sea Turtles"

In March 2024, The Senshu Ikeda Bank cooperated with the city marketing project "Beach Waiting for Sea Turtles" promoted by Sennan City, participating as a regional development consultant.

Southern Beach in Sennan Long Park has been visited by sea turtles to lay their eggs four times in the past. Although no egg-laying has been confirmed since 2014, this event has been held since 2022 with the aim of bringing sea turtles back to the beach.

We will continue to work to help local governments achieve their dreams and propose projects that make the most of the unique characteristics of local communities.





## Corporate Governance

The Company is a holding company with subsidiaries such as the Senshu Ikeda Bank, which upholds the Management Principle of striving to become a financial group that “endear ourselves to the regional community” by providing services tailored to customers’ needs, while valuing “broad networks of relationships” and “an enterprising spirit.” In order to ensure sustainable growth and the medium- to long-term enhancement of corporate value, the Company is engaged in initiatives to develop its corporate governance in line with the following basic principles.

- (1) We respect the rights of our shareholders and strive to ensure their equality.
- (2) We consider the interests of stakeholders and strive to ensure appropriate cooperation.
- (3) We disclose corporate information in an appropriate manner and strive to ensure the transparency of such information.
- (4) The Board of Directors and the Audit & Supervisory Board strive to enhance the effectiveness of their supervision and audits of the execution of duties in line with their fiduciary responsibilities for our shareholders.
- (5) We strive to engage in constructive dialogue with our shareholders in order to contribute to sustainable growth and the medium- to long-term enhancement of corporate value.

### Outline of Corporate Governance Structure and Reasons for Adopting the Structure

The Company has adopted a corporate governance structure for sustainable enhancement of its corporate value through reinforcing supervision of management by electing the outside directors and cooperating with the Audit & Supervisory Board.

Specifically, directors who are familiar with banking business – involving complex and sophisticated management decisions – supervise business execution of representative directors, while audit & supervisory board members audit business execution of directors through attendance to important meetings and inspection of critical documents. The Company reinforces its corporate governance structure through outside directors and outside audit & supervisory board members (hereinafter “outside officers”) who possess well-seasoned characters and insights presenting meetings including the Board of Directors and expressing their opinions actively.

The Company has concluded a liability limitation agreement with outside officers to the effect that their liability for damages set forth in Article 423, Paragraph 1, of the Companies Act shall be the amount prescribed by Article 425, Paragraph 1 of said Act, in accordance with the relevant provisions of the Articles of Incorporation of the Company, as long as they perform their duties in good faith and without gross negligence.

### Corporate governance functions within the Company

#### ● Board of Directors

The Board of Directors is comprised of 9 directors including 5 internal directors and 4 outside directors. The Board of Directors is held once a month in principle, attended also by audit & supervisory board members, to make decisions on critical business execution including basic management policies and management plans, and to supervise the business execution of directors and executive officers under the rules of the Board of Directors.

#### ● Personnel Committee

The Personnel Committee is comprised of 5 directors including 1 internal director and 4 outside directors. As a voluntary advisory body to the Board of Directors, the Committee accepts the involvement and advice of independent outside directors on important matters related to the personnel affairs of officers, including the selection of candidates for directors.

#### ● Remuneration Committee

The Remuneration Committee is comprised of 6 directors including 2 internal directors and 4 outside directors. The Remuneration Committee, as a voluntary advisory body to the Board of Directors, accepts the involvement and advice of independent outside directors on important matters related to the remuneration of directors, etc.

#### ● Audit & Supervisory Board

The Audit & Supervisory Board is comprised of 4 audit & supervisory board members including 2 internal audit & supervisory board members and 2 outside audit & supervisory board members. Each audit & supervisory board member audits the business execution of directors through attendance at important meetings including the Board of Directors and the Management Committee, inspection of critical documents and other means, according to the auditing guidelines and audit plan decided by the Audit & Supervisory Board. Outside audit & supervisory board members are qualified with a high degree of integrity along with superior insight and capability, as well as expertise and hands-on experience in their respective areas of specialty, getting involved from diverse points of view.

#### ● Management Committee

The Management Committee is comprised of internal directors and executive officers with titles, as well as officers commissioned with responsibilities (excluding persons concurrently serving as president of a Group company). The Committee is held once a week in principle, attended also by internal audit & supervisory board members, to make decisions on critical matters concerning the business execution as well as to discuss agenda items for the Board of Directors based on the authorities delegated by the Board of Directors. The Management Committee accepts appropriate involvement of and advice from outside officers who attend the Committee as needed and express their opinions.

(List of members, etc. of each body)

Name	Position	Board of Directors	Personnel Committee	Remuneration Committee	Audit & Supervisory Board	Management Committee
Takayuki Ota	Representative Director and Chairman	○		○		○
Atsushi Ukawa	Representative Director, President and CEO	◎	◎	○		◎
Toshiyuki Wada	Director & Senior Managing Executive Officer	○				○
Hirohito Sakaguchi	Director & Senior Managing Executive Officer	○				○
Osamu Tsukagoshi	Director & Senior Managing Executive Officer	○				○
Minoru Furukawa	Director (Outside)	○	○	◎		●
Takao Koyama	Director (Outside)	○	○	○		●
Atsuko Ogasawara	Director (Outside)	○	○	○		●
Yoshihiro Nakagawa	Director (Outside)	○	○	○		●
Satoshi Kitagawa	Audit & Supervisory Board Member	○			◎	●
Hiroo Maeno	Audit & Supervisory Board Member	○			○	●
Seiji Morinobu	Audit & Supervisory Board Member (Outside)	○			○	●
Kohei Nakanishi	Audit & Supervisory Board Member (Outside)	○			○	●
Takayoshi Fujiwara	Managing Executive Officer					○
Tsutomu Irie	Managing Executive Officer					○
Kyoko Matsushita	Managing Executive Officer					○
Tomoyuki Shinohara	Managing Executive Officer					○

\* ◎: Chairman ○: Member ●: Observer

## Status of Audits

### ● Audits by Audit & Supervisory Board Members

Auditing guidelines and audit plan  
(Basic Policy)

- i. As an independent body mandated by shareholders, the Audit & Supervisory Board recognizes its responsibility to prevent corporate misconduct and establish a high-quality corporate governance system that will ensure the sound and sustainable growth of the Group and earn the trust of society by auditing the business execution of directors in accordance with the

Company's "Guidelines for Audits by Audit & Supervisory Board Members" and the "Guidelines for Implementing Audits of Internal Control System."

- ii. By establishing close mutual cooperation with audit & supervisory board members of Group companies, internal audit divisions, and accounting auditors, the Audit & Supervisory Board strives for efficient and highly effective audits.

(Priority audit items during the fiscal year under review)

- i. Status of efforts to reinforce Group governance
  - a. Status of progress of the Fifth Medium-Term Business Plan
  - b. Status of efforts to strengthen Group strategies
  - c. Status of efforts to reform organizational culture, improve productivity and establish a Group personnel structure
  - d. Status of efforts to reinforce governance to prevent the recurrence of fraud and misconduct
  - e. Status of efforts to ensure compliance with laws and regulations (such as the Criminal Proceeds Act [to prevent money laundering and the financing of terrorism], the Foreign Exchange Law, and the Banking Act, etc.)
- ii. Strengthen mutual cooperation with audit & supervisory board members, etc. of Group companies
  - a. Status of establishment and operation of internal control system
  - b. Status of Group company audits
- iii. Status of response to the advancement of the Corporate Governance Code, etc.
  - a. Status of management of Personnel Committee and Remuneration Committee
  - b. Status of management of important meetings, etc.
  - c. Status of cross-shareholdings
- iv. Enhancement of three-way audits
  - a. Sharing of information and exchanging of opinions focused on measures to prevent the recurrence of fraud and misconduct

### Organization and personnel

The Audit & Supervisory Board is comprised of 4 audit & supervisory board members including 2 internal and 2 outside members. The Company has allocated several staff members who support the duties of audit & supervisory board members.

The status of each audit & supervisory board member is as follows.

Position	Name	Experience, etc.
Audit & Supervisory Board Member (Full-time)	Satoshi Kitagawa	Mr. Satoshi Kitagawa assumed the position of Executive Officer of The Senshu Ikeda Bank, Ltd., a Group company, after having served as General Manager of the Loan Division. He assumed the position of Audit & Supervisory Board Member of the bank in June 2013 and subsequently held the position of Audit & Supervisory Board Member at Group companies. He has a track record of serving as Audit & Supervisory Board Member for many years.
Audit & Supervisory Board Member (Full-time)	Hiroo Maeno	Mr. Hiroo Maeno has long experience in the Corporate Planning Headquarters of The Senshu Ikeda Bank, Ltd., a Group company. After having served in the Loan Division, the Risk Management, and several other Headquarters, he assumed the position of Director of the Company. He successively held the positions of Director in charge of the Risk Management Headquarters, General Manager of the Personnel Division, and Director in charge of Corporate Planning and General Affairs Division after his appointment as Director. He has been involved in the management area for many years and has a wide range of knowledge and experience, as well as considerable expertise in finance and accounting gained through engaging in finance and accounting operations.
Audit & Supervisory Board Member (Outside)	Seiji Morinobu	Mr. Seiji Morinobu has a wide range of experience and insights as both an attorney and an outside director at other companies.
Audit & Supervisory Board Member (Outside)	Kohei Nakanishi	Mr. Kohei Nakanishi has a wide range of knowledge and expertise regarding international finance as well as experience on corporate management and insight into corporate governance through his experience as a director at banks and an outside director at other companies.

#### Status of Activities of Audit & Supervisory Board meetings

##### i. Status of Audit & Supervisory Board meetings held and attendance at the meetings

Item	Content	
Number of meetings held	20	
Meeting frequency	In principle, once a month	
Attendance	Satoshi Kitagawa	100% (20/20)
	Hiroo Maeno	100% (20/20)
	Seiji Morinobu	100% (20/20)
	Kohei Nakanishi	100% (20/20)

##### ii. Major resolutions and matters reported by the Audit & Supervisory Board during the fiscal year under review

Resolutions	<ul style="list-style-type: none"> <li>- Audit plan and auditing guidelines</li> <li>- Budget for auditing expenses</li> <li>- Consent to the amount of remuneration for accounting auditors</li> <li>- Resolution on the reappointment of accounting auditors</li> <li>- Prior approval for the engagement of non-assurance services by the accounting auditors</li> <li>- Consent to the election of audit &amp; supervisory board members</li> <li>- Adequacy of financial statements and dividends</li> <li>- Audit of financial statements and preparation of audit reports</li> <li>- Audit of the annual shareholders' meeting convocation notice and financial statements</li> </ul>
Items reported and discussed	<ul style="list-style-type: none"> <li>- Exchanges of opinions with directors, etc.</li> <li>- Audit activity reports from full-time audit &amp; supervisory board members</li> <li>Results of auditing visits</li> <li>Results of reports from each division of the headquarters</li> <li>Results of exchanges of opinions with directors, etc.</li> <li>Results of the regular exchange of opinions with accounting auditors</li> <li>Audit plan by the Internal Audit Division</li> <li>- Reports on Management Committee proposals</li> <li>- Reports on the accounting auditors' audit plans and auditing results</li> <li>- Description of KAM statements in the accounting auditors' audit reports</li> </ul>

#### Status of Activities of Audit & Supervisory Board Members

In accordance with the auditing duties decided upon at the Audit & Supervisory Board, full-time audit & supervisory board members execute audits objectively and rationally through their attendance at important meetings, inspection of critical documents, auditing visits, and reports from each division of the headquarters.

In addition, auditing effectiveness is enhanced through the exchange of opinions with the internal audit division and each Group company, as well as with accounting auditors. Part-time outside audit & supervisory board members enhance the effectiveness of audits by their participation in Board of Directors' meetings, as well as by exchanging opinions with directors and accounting auditors at Audit & Supervisory Board meetings, and receiving audit activity reports from full-time audit & supervisory board members.

Audit & supervisory board members and accounting auditors perform their audit duties efficiently and effectively by establishing close mutual cooperation through exchanging opinions about various auditing issues at regular meetings to exchange information. In addition, efficient and effective audit duties are also performed by working together with the audit & supervisory board members of subsidiaries, as well as through close mutual cooperation between audit & supervisory board members and the internal audit division such as audit & supervisory board members'

attendance at internal audits and the exchange of opinions.

#### ● Internal Audits

##### Organization, Personnel and Procedures

The Company has established the Internal Audit Division, which conducts internal audits based on the basic rules of intra-group audits, set out to provide objectives and guidelines of internal audits. The Company's Internal Audit Division comprises 16 members of whom 14 serve concurrently in the Internal Audit Division of the banking subsidiary (as of March 31, 2024).

The Company develops an effective internal audit structure that has independence and expertise in order to ensure the soundness and adequacy of operation. The Company also inspects and evaluates the adequacy and effectiveness of the risk management and internal control practices, and makes recommendations as appropriate to the senior management of the Company on ways to improve and rectify questionable areas. Thus the Company's internal audit guidelines facilitate effective achievement of management objectives including the improvement of the Group's internal management structure and the enhancement of its enterprise value.

The Internal Audit Division conducts internal audits on each division of the Company based on the internal audit plan approved by the Board of Directors each year in accordance with the internal auditing guidelines. The Internal Audit Division also conducts internal audits on each Group company, as necessary, on its own or by cooperating and coordinating with internal audit divisions of the subsidiaries, etc. and provides specific instructions and advice on the improvement of operations. In addition, the Internal Audit Divisions maintains a reporting line that reports directly not only to the Representative Director, but also to the Board of Directors, as well as to the Audit & Supervisory Board and its members. Furthermore, the officer in charge of internal audits regularly reports the results of the audits to the Board of Directors.

In the fiscal year under review, the Company has designated 14 priority audit items based on external and internal factors.

Category		Priority audit items
External factors	Social demands	Establishment and entrenchment of customer-oriented business operations
		Business continuity structure
	Response to legal and regulatory requirements	AML/CFT management structures
		Verification of adequacy of financial reporting (J-SOX evaluation, audit of representation letter)
		Response to the advanced calculation methods of operational risk (Basel III finalization)
Internal factors	Risk management	Verification of the status of compliance with inspections by authorities
		Cooperation of banks and securities companies
		Cyber security
		Verification of adequacy of asset self-assessment and allowance for depreciation
		Adequacy of capital adequacy ratio calculation (including operational risk calculation process and the implementation plan for the internal ratings-based approach)
		Minimum notification requirements (Foundation Internal Ratings-Based Approach)
		Verification of internal rating system
		Conduct audit of Senshu Ikeda Servicer Co., Ltd.
		Status of compliance with IRRBB regulatory requirements

Interconnection with internal auditing, audits by audit & supervisory board members, and accounting auditing, as well as the relationship between these audits and internal control

The Internal Audit Division and members of the Audit & Supervisory Board receive explanations from accounting auditors regarding the audit plan, priority audit items, and Key Audit Matters, and exchange opinions periodically and as necessary.

The Internal Audit Division strives for interconnection with the accounting auditor, sharing information as appropriate on the development and evaluation of internal control over financial reporting and the status of internal audit activities.

#### ● Accounting Audits

Name of the auditing firm

Ernst & Young ShinNihon LLC

Successive period of audit services provided

Fourteen years and 6 months (audit contract dating from October 2009 at the time of the Company's founding)

The Bank of Ikeda (currently The Senshu Ikeda Bank) concluded an audit contract with Ernst & Young ShinNihon LLC (then Showa Audit Corporation) in 1976. The Senshu Ikeda Bank, established through a merger between the Bank of Ikeda (currently The Senshu Ikeda Bank) and the Senshu Bank, subsequently continued the audit contract with Ernst & Young ShinNihon LLC.



Certified public accountants who conducted the latest accounting audit

Mr. Hideya Nanba and Ms. Mayumi Ikai

Starting with appointments and replacements for the fiscal years commenced since April 1, 2016, the lead audit engagement partner is not permitted to re-engage in audits after engagement of five consecutive fiscal years, and other audit engagement partners are not permitted to re-engage in audits for five consecutive fiscal years after engagement of seven consecutive fiscal years, which is a rotation rule more stringent than as regulated in laws and regulations.

Composition of assistants for the accounting audit

Assistants for the accounting audit of the Company are 6 certified public accountants and 11 others.

Policy and reasons for selecting the auditing firm

In accordance with the Practical Guidelines for Cooperation with Accounting Auditors, released by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board of the Company regularly checks if the accounting auditors conform to auditing standards, quality control standards, the practical guidelines for auditing, and internal regulations of the auditing firm, to which they should conform as professional specialists, and keeps itself updated on accounting standards, through inquiries and dialogues. The Company has selected the aforementioned certified public accountants and others as a team responsible for the accounting audit, after comprehensively examining their track record of auditing and execution of duties for the previous fiscal year, which led the Company to determine that the appropriateness and reliability of accounting audits can be ensured.

The Audit & Supervisory Board shall dismiss an accounting auditor, subject to unanimous consent of the audit & supervisory board members, if it determines that the accounting auditor satisfies one or more of the conditions described in the provisions of Article 340, Paragraph 1 of the Companies Act.

If the Audit & Supervisory Board comprehensively examines the status of the execution of duties by the accounting auditors and determines that the appropriateness and reliability of accounting audits cannot be ensured, the Audit & Supervisory Board shall determine the contents of a proposal for a general meeting of shareholders on dismissal or non-reappointment of the accounting auditors.

Content of the Audit & Supervisory Board's evaluation of the auditing firm

In accordance with the Practical Guidelines for Audit & Supervisory Board Members, etc. in developing the Standards for Evaluating and Selecting Accounting Auditors, released by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board has established the Standards for Evaluating and Selecting Accounting Auditors, based on which the Audit & Supervisory Board conducts evaluation.

As a result of the evaluation, it was found that the accounting auditors satisfy none of the conditions described in the provisions of Article 340, Paragraph 1 of the Companies Act. The Company, therefore, reappointed the accounting auditors, taking into account the results of the evaluation on the accounting auditors by the Audit & Supervisory Board.

#### Audit fee details

Details of remuneration paid to auditing certified public accountants, etc.

Millions of yen		
2024	Remuneration for audit and certification services	Non-audit services fees
Parent	18	3
Consolidated Subsidiaries	97	1
Total	116	4

The non-audit services provided in the current consolidated fiscal year were advisory services regarding compliance with the revision of the internal control reporting system and verification services related to separate management in the securities business.

Millions of yen		
2023	Remuneration for audit and certification services	Non-audit services fees
Parent	18	-
Consolidated Subsidiaries	96	1
Total	114	1

The non-audit services provided in the previous consolidated fiscal year were advisory services regarding compliance with capital adequacy ratio regulations and verification services related to separate management in the securities business.

Thousands of U.S. dollars		
2024	Remuneration for audit and certification services	Non-audit services fees
Parent	118	19
Consolidated Subsidiaries	640	6
Total	766	26

Details of remuneration for the same network as auditing certified public accountants, etc. (Excluding the above)

Millions of yen		
2024	Remuneration for audit and certification services	Non-audit services fees
Parent	-	-
Consolidated Subsidiaries	-	0
Total	-	0

Non-audit services for consolidated subsidiaries are FATCA-related services provided by EY Tax Corporation.

Millions of yen		
2023	Remuneration for audit and certification services	Non-audit services fees
Parent	-	-
Consolidated Subsidiaries	-	2
Total	-	2

Non-audit services for consolidated subsidiaries are FATCA-related services provided by Ernst & Young TAX Co.

Thousands of U.S. dollars		
2024	Remuneration for audit and certification services	Non-audit services fees
Parent	-	-
Consolidated Subsidiaries	-	0
Total	-	0

Other important audit and certification services  
Not applicable

Policy for determining audit fees  
Not applicable

Reasons why the Audit & Supervisory Board agreed to the compensation etc. of the Accounting Auditor  
The Audit & Supervisory Board, based on the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, a public interest incorporated foundation, has reviewed and considered the analysis and evaluation of the previous period's audit results, the audit time and personnel allocation plans in the audit plan, the status of the accounting auditor's performance of duties, and the appropriateness of the estimated remuneration, and has given its consent to the amount of remuneration for the accounting auditor in accordance with Article 399, Paragraph 1 of the Companies Act.

### Status of Outside Directors and Audit & Supervisory Board Members

The Company has 4 outside directors (After approval of the proposal at the annual shareholders' meeting).

Outside Director Atsuko Ogasawara holds 8,700 shares of common stock of the Company and has ordinary banking transactions with The Senshu Ikeda Bank.

As an outside director of the Company, she performs her duties of supervising the business execution based on her wide range of experience and achievements in the business world, including serving in key positions at a press firm. She concurrently serves as a non-executive director (non-full-time) at The Senshu Ikeda Bank.

Outside Director Yoshihiro Nakagawa holds 2,500 shares of common stock of the Company and has ordinary banking transactions with The Senshu Ikeda Bank. He also concurrently serves as a representative director and chairman of Hankyu Hanshin Hotels Co., Ltd. which has regular banking transactions with The Senshu Ikeda Bank.

Based on his extensive experience and track record as a manager of a listed company, Outside Director Yoshihiro Nakagawa supervises business execution and fulfills his role as an outside director of the Company. He also concurrently serves as a non-executive director (non-full-time) at The Senshu Ikeda Bank.

Outside Director Keiko Kaneko has no business transactions with The Senshu Ikeda Bank.

Based on her extensive experience and track record in key positions at a listed company, Outside Director Keiko Kaneko is expected to supervise and provide advice on business execution as an outside director of the Company. She will also concurrently serve as a non-executive director (non-full-time) at The Senshu Ikeda Bank.

Outside Director Hidehito Hisakawa has no business transactions with The Senshu Ikeda Bank.

Based on his wide range of experience and superior insights into corporate management as a Representative Director of a listed company, Outside Director Hidehito

Hisakawa is expected to supervise business execution and fulfill his role as an outside director of the Company. He will also concurrently serve as a non-executive director (non-full-time) at The Senshu Ikeda Bank.

The Company has 2 outside audit & supervisory board members

Outside Audit & Supervisory Board Member Seiji Morinobu has ordinary banking transactions with The Senshu Ikeda Bank. He also concurrently serves as an officer at KITAKEI CO., LTD. The Senshu Ikeda Bank has ordinary banking transactions with KITAKEI CO., LTD.

He performs his duties as an outside audit & supervisory board member in auditing the legality of the management execution from an objective and neutral position, based on his experience as an outside director, wide range of experience and superior insight as an attorney, and sufficiently high social credibility.

Outside Audit & Supervisory Board Member Kohei Nakanishi holds 13,900 shares of common stock of the Company and has ordinary banking transactions with The Senshu Ikeda Bank. He previously served as an officer at Japan Bank for International Cooperation ("JBIC"). Although The Senshu Ikeda Bank has concluded a memorandum of understanding with JBIC for supporting Japanese firms with expanding overseas, no consideration arises from transactions under the memorandum.

He performs his duties as an outside audit & supervisory board member independently from an objective and neutral position, based on his wide range of experience and knowledge regarding international finance as well as experience in corporate management and insight into corporate governance through serving as director of a bank and outside director of corporations, and sufficiently high social credibility.

The Company has set forth the following standards for the independence of outside directors and outside audit & supervisory board members (hereinafter "outside officers") in order to objectively determine their independence and elects outside officers on the basis of these standards. All 6 outside officers, namely outside directors Atsuko Ogasawara, Yoshihiro Nakagawa, Keiko Kaneko, and Hisahito Hisakawa and outside audit & supervisory board members Seiji Morinobu and Kohei Nakanishi, satisfy the standards for the independence. They have been designated as independent officers and registered with the Tokyo Stock Exchange as such, as they satisfy the requirements of independence stipulated by the relevant stock exchange and pose no potential conflict of interests with general shareholders.

#### <Standard for judging the independence>

At the Senshu Ikeda Group, as a general rule, Outside Directors/Audit & Supervisory Board Members shall be those who do not fall under any of the following requirements, at present or recently.<sup>1</sup>

1. A person who deems the Group to be a major<sup>2</sup> business partner, or in the case of a company, an executing person thereof.
2. A person who the Group deems to be a major business partner, or in the case of a company, an executing person thereof.
3. A business consultant, an accounting specialist or a legal specialist who has received a large sum<sup>3</sup> of money and other properties other than Officers' remuneration from the Group (or a quasi-executing person who has belonged to the payee's group).

4. A person who the Company deems to be a major shareholder<sup>4</sup> of the Company, or in the case of a company, an executing person thereof.
5. A payee of a large sum of donation from the Group, or a quasi-executing person of the payee's group, in the case where the receiver of the monies, etc., is an entity.
6. A former executing person of any of the Group companies in the past.<sup>5</sup>
7. A relative<sup>6</sup> of a person (excluding those who are not significant) mentioned below:
  - A. A person who is mentioned in the aforesaid items 1 through 6.
  - B. Directors, Audit & Supervisory Board Members, Executive Officers and important employees of any of the Group companies.

Notes:

1. Definition of "recently": Refers to cases that might be regarded as almost "at present," for example, including the case where said person fell under any infringement requirement item since the content of a proposal for the selection as Outside Director or Outside Audit & Supervisory Board Member was determined.
2. Definition of "major": Refers to 2% or more of the consolidated net sales per annum (Consolidated ordinary income in case of the Company) for the nearest fiscal year, as a benchmark for judgment.
3. Definition of "a large sum": Refers to a three-year average amount of ¥10 million or more per annum for the past three years.
4. Definition of "major shareholder": Refers to a shareholder who held 10% or more of the total voting rights at the end of the nearest fiscal year.
5. Definition of "past": Refers to "within 10 years up to the present."
6. Definition of "relative": Refers to "within the second degree of kinship of a person."

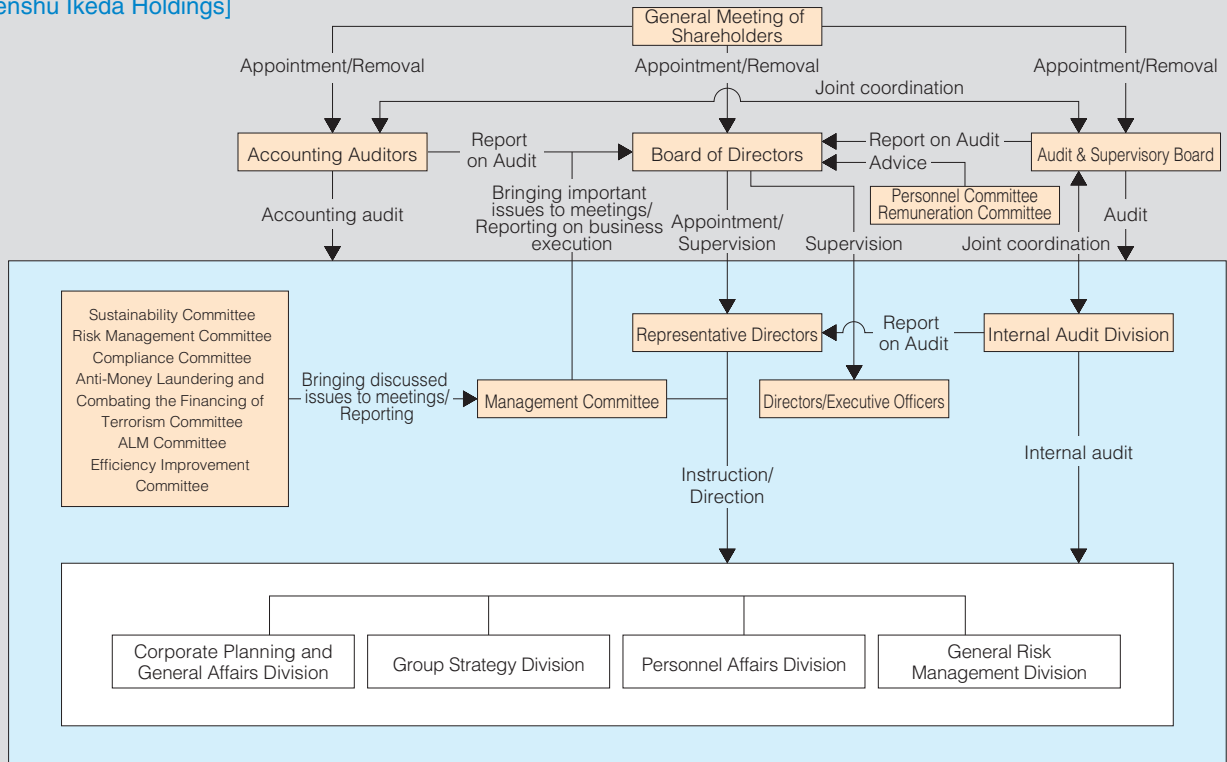
**Supervision or Audit by Outside Directors or Outside Audit & Supervisory Board Members, Interconnection with Internal Auditing, Audits by Audit & Supervisory Board Members, and Accounting Auditing, and Relationship with the Internal Control Division**

Outside directors receive reports about the status of audits by audit & supervisory board members, internal audits and accounting audits, as well as the status of internal control from the internal control division through Board of Directors. On the other hand, outside audit & supervisory board members receive reports from full-time audit & supervisory board members about the status of audits by audit & supervisory board members, internal audits and accounting audits, as well as the status of internal control from the internal control division. Both outside directors and outside audit & supervisory board members give recommendations and advice in return for these reports.

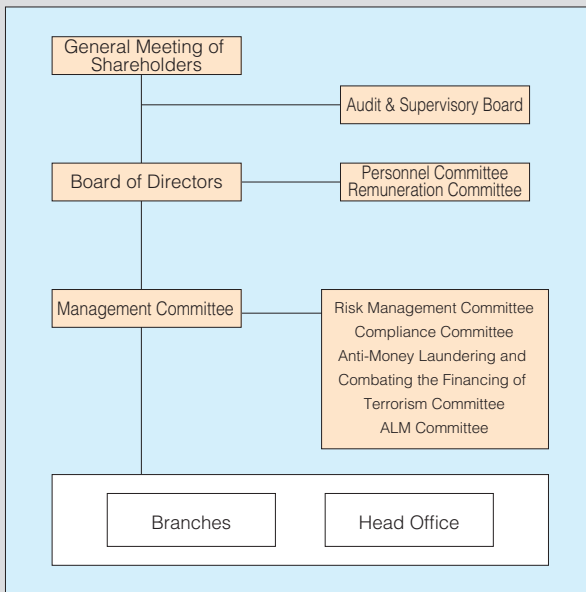
## Corporate governance structure of the Group

(As of the end of June, 2024)

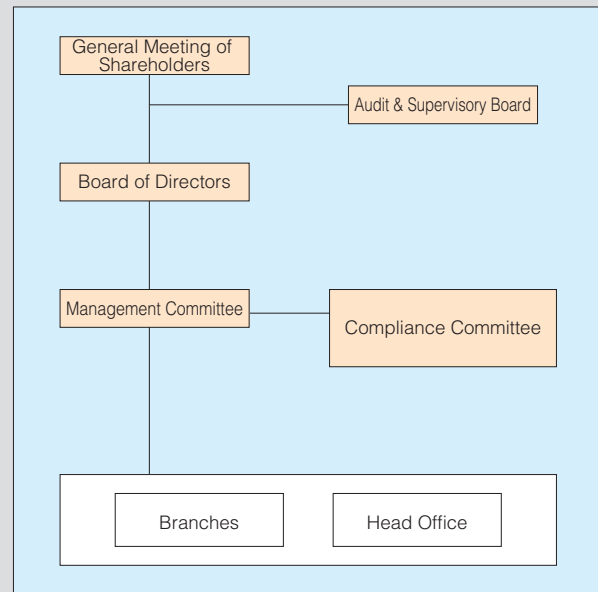
### [Senshu Ikeda Holdings]



### [The Senshu Ikeda Bank]



### [Senshu Ikeda Tokai Tokyo Securities]





## Basic approach to the internal control system and its status of development

The Company and the Group companies are developing a structure necessary to ensure the adequacy of operation based on the following concepts; create a "most trusted by customers" financial group which respects personal relationships and promotes honest and approachable banking.

### (1) Structure to ensure that directors and employees of the Company and the Group companies execute business in compliance with laws and regulations as well as with the Articles of Incorporation

The Company and the Group companies focus on compliance with laws and regulations (hereinafter "compliance") as one of the most critical management tasks. The Company and the Group also set out the code of ethics along with the code of conduct to ensure that directors and employees behave in compliance with laws and regulations as well as social norms. The Company and the Group companies also put in place a system to promote compliance by appointing directors who are responsible for compliance, and discuss overall compliance policies and specific measures at the Compliance Committee. In addition, the General Risk Management Division coordinates compliance arrangement across the Company and the Group companies, while conducting education and training for directors and employees by developing a compliance program and compliance manual, and arranging compliance seminars.

#### <The Group Compliance Hotline>

The Group Compliance Hotline, a whistleblowing system, has been set up and managed to allow directors and employees of the Company and the Group companies to directly provide information about questionable conduct in light of laws and regulations. The hotline system is structured to guarantee that the informants who provide such compliance-related information are protected from being treated in a disadvantageous manner.

#### <Preventing money laundering and the funding of terrorism>

The Company and the Group companies appoint a director responsible for the prevention of money laundering and the funding of terrorism. The Anti-Money Laundering and Combating the Financing of Terrorism Committee discusses overall policies and specific measures. The General Risk Management Division coordinates measures across the Company and the Group companies, while conducting education and training for directors and employees by developing programs and manuals addressing the prevention of money laundering and the funding of terrorism, as well as arranging seminars for the prevention of money laundering and the funding of terrorism.

#### <Excluding anti-social forces>

The Company and the Group companies have taken an uncompromising stance against anti-social forces and organizations that threaten the order and safety of the community. We resolutely and unyieldingly exclude such forces.

#### <Preventing insider trading>

Basic rules that directors and employees must abide by are set out for the prevention of insider trading.

#### <Customer protection and other customer management>

Moreover, the Company and the Group companies provide effective customer management including customer protection, with the purpose to reassure our customers of their security and to promote their convenience in an effort to implement a thorough 'customer first policy.'

### (2) Structure for the preservation and management of information concerning the directors' business execution

The Company and the Group companies have prepared and kept documents such as minutes of important meetings including the Board of Directors and the Management Committee, as records of directors' execution of duties.

The Company and the Group companies have also prepared and kept documents and attachment sanctioned by directors as appropriate.

### (3) Arrangements including rules to manage the risk of potential losses of the Company and the Group companies

With the purpose of ensuring the soundness of management and stable corporate earnings, the Company and the Group companies have set out basic rules of risk management. The Company and the Group companies have classified risks into credit risk, market risk, funding liquidity risk and operational risk, and defined the department responsible for the management of each category of risk, while establishing the Risk Management Committee to monitor the status of management of each such category.

Meanwhile, the Company and the Group have set out rules of risk management, with the purpose to minimize the financial loss along with loss of confidence resulting from the crisis event, and to ensure business continuity through prompt restoration of normal operational functions.

### (4) Structure to ensure efficient business execution by directors of the Company and the Group companies

The Board of Directors sets out the management objectives of the Company and the Group companies with the purpose of enabling the directors and employees of the Company and the Group companies to efficiently execute their business. The Board of Directors also formulates the Group Management Plan and sets forth operational plans on an annual basis to bring said Plan into shape.

In addition, the Board of Directors establishes the Management Committee with the purpose of enabling directors to efficiently execute their business. The Management Committee discusses beforehand the agenda of the Board of Directors to facilitate the decision-making process at those meetings, while discussing the critical issues for resolution in implementing the basic management policies that have been resolved by the Board of Directors on the basis of such policies.

The Management Committee also defines the headquarters under the command of each director, along with the authority and responsibility involved, while developing and maintaining a structure for efficient business execution by utilizing IT.

### (5) Structure to ensure the adequacy of business operation at the Group, which comprises the Company and the Group companies

The Company regards the respective Group companies as one group under the flag of Senshu Ikeda Holdings. Thus each member company of the Group runs its operation through developing an adequate internal management structure according to its scale and nature of operation under the adequate guidance of, and in coordination with the Company.

The Company, as a responsible entity for the administrative management of the entire Group, has established administrative management rules targeting its subsidiaries. The Company has developed a structure in which it receives necessary reports concerning the business execution of directors and employees and other relevant matters from and consults on those issues with the respective Group companies.

(6) Matters concerning employees who assist audit & supervisory board members in the performance of their duties, the independence of those employees from directors, and structure to ensure the effectiveness of the instructions to such employees

In order to support audit & supervisory board members' business execution, the Company and the Group employ audit & supervisory board members' staffs as secretariat for the Audit & Supervisory Board. Such audit & supervisory board members' staff shall receive instructions from the audit & supervisory board members for their business execution, while their personnel changes and evaluations shall require an accord of the relevant audit & supervisory board members to ensure the staff's independence from directors. Thus the Company and the Group companies ensure their independence from directors.

(7) Structure to facilitate reporting from directors and employees to audit & supervisory board members and other arrangements to ensure that audit & supervisory board members are adequately informed, as well as the structure to ensure that no disadvantageous treatment is conducted because of having reported to audit & supervisory board members

Directors and employees of the Company and the Group companies shall immediately report to audit & supervisory board members on matters that could have significant impact on the Company and the Group companies, or any other matters as necessary, in addition to matters legally required to be reported.

In addition, the hotline system is structured to guarantee that the informants who provide the Group Compliance Hotline with compliance-related information are protected from being treated in a disadvantageous manner. Moreover, to complement this arrangement, the Company and the Group companies have established a structure whereby audit & supervisory board members are permitted to attend important meetings such as those of the Board of Directors, the Management Committee, the Compliance Committee, the Anti-Money Laundering and Combating the Financing of Terrorism Committee, the Risk Management Committee, the ALM Committee, the Sustainability Committee, and the Efficiency Improvement Committee.

(8) Other structure to ensure that audit & supervisory board members conduct effective audits

Audit & supervisory board members hold meetings to exchange opinions with representative directors, outside directors, internal audit division and accounting auditors.

Audit & supervisory board members attend important meetings such as the Board of Directors, the Management Committee, the Compliance Committee, the Anti-Money Laundering and Combating the Financing of Terrorism Committee, the Risk Management Committee, the ALM Committee, the Sustainability Committee, and the Efficiency Improvement Committee in an effort to find

out various problems they need to address in the execution of their duties.

Furthermore, audit & supervisory board members shall be permitted to request posteriori for redemption of the expenses that they deem necessary in executing their duties if such expenses were previously budgeted by them and have been disbursed for an emergency or temporarily.

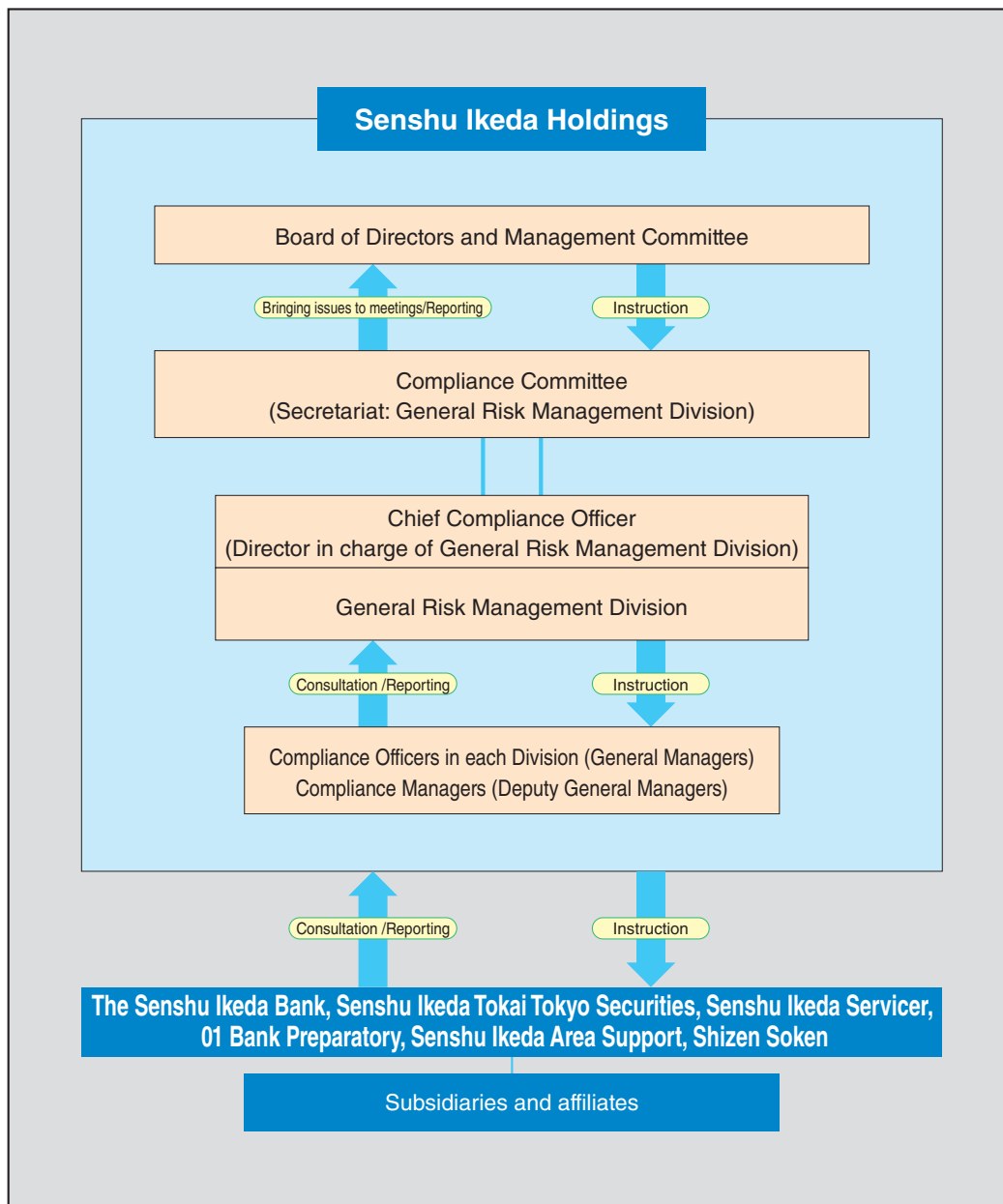
## Compliance Structure

The Company and the Group set “compliance” as one of the most important management priorities. We are coping with it in order to fulfill our social responsibility and public duties, and to earn the trust of our customers and regional communities.

The Company has set up a “Compliance Committee” to deliberate important matters regarding group compliance. We have also formed the General Risk Management Division under the “Chief Compliance Officer” to manage matters regarding compliance unitarily.

The General Risk Management Division ensures compliance by creating, reviewing, and following up the “Compliance Program,” which is a practical plan for reinforcement of compliance, by creating, updating, and distributing the “Compliance Manual,” which stipulates basics regarding compliance, and by conducting compliance education activities through various training programs such as those aimed at preventing harassment, corruption, and misconduct.

We assign “Compliance Officers” and “Compliance Managers” to each division and branch in order to



implement and penetrate compliance. In addition, we check the operations from a compliance point of view and facilitate the conduct of training programs to ensure compliance.

In order to detect compliance problems at early stages and take corrective actions, we have set up and operate a hotline including external contact points to be used by employees of the Company or Group companies to report directly on violations of laws and regulations (e.g., violations of internal regulations, harassment, corruption, bribery) by the Company and Group companies.

Compliance has become an increasingly important issue for financial institutions. The Company and the Group are committed to strict observance of the Banking Act, Financial Instruments and Exchange Act, and related laws and regulations. We also strive to strengthen an appropriate protection system for our customers.

We intend to enrich and enhance our compliance structure through improving various regulations and giving training to our employees continuously so that customers can deal with us “reliably.”

## Code of Ethics

The Group sets up Code of Ethics as follows that our directors and employees must abide by. The directors and employees will regard the observance of the Code of Ethics as a fundamental part of routine operations and will conduct fair and honest corporate activities, while complying with laws and rules strictly to implement the Group's management philosophy and policies.

### 1. Winning the trust from our customers

Taking its social responsibility and public duties into consideration, we will intend to become the most reliable financial group for the customers through conducting sound and appropriate operations, including information management and proper disclosure.

### 2. Implementing “customer first policy”

We will always consider any matters on customer first basis and will contribute to the development of the regional economy and community through providing high-quality financial services that are both original and innovative.

### 3. Strict compliance

We will strictly comply with all laws and rules, and will conduct fair and honest corporate activities that are consistent with social code.

### 4. Fostering a sound risk culture

We understand the nature of risk, taking into account future changes in the environment and the various paths for the spread of risk, and always pursue appropriate risk-taking through open communication that transcends our positions as risk owners ourselves. As a regional financial institution, we will practice the honest and sound risk-taking and risk control expected of us.

### 5. Respecting human rights and the environment

We will respect personal relationship, characters and personalities of the others, and conduct environment-friendly corporate activities.

### 6. Eliminating anti-social forces

We will take an uncompromising stance against anti-social forces and organizations, and resolutely eliminate all undue intervention by such forces and organizations which threaten the order and safety of the community.



## Structure for preventing Money laundering and the financing of terrorism

The Company and the Group companies recognize that it is their social responsibility to prevent money laundering and the financing of terrorism by complying with the Act on Prevention of Transfer of Criminal Proceeds, the Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism, the Foreign Exchange and Foreign Trade Act, and other related laws and regulations (hereinafter “Criminal Proceeds Act and related laws and regulations”). The Company and the Group companies regard the enactment of countermeasures against money laundering and the financing of terrorism as one of the crucial tasks related to their management strategy and will proactively work on such measures with the proactive and active involvement of management personnel.

### ● Organizational structure

The Company and the Group companies will appoint the Company's director in charge of preventing money laundering and the financing of terrorism as the Group's Chief Money Laundering and Financing of Terrorism Prevention Officer. Acting as the supervisory body, the General Risk Management Division will work in cooperation with the relevant departments and Group companies to prevent money laundering and the financing of terrorism.

In addition, the Company and the Group companies have established the Anti-Money Laundering and Combating the Financing of Terrorism Committee to deliberate on important matters related to the prevention of money laundering and the financing of terrorism.

### ● Compliance with laws and regulations

The Company and the Group companies will comply with the Criminal Proceeds Act and related laws and regulations and appropriately implement the necessary measures such as real-time transaction confirmations, reporting suspicious transactions, and confirming measures related to the freezing of assets.

### ● Risk-based approach

The Company and the Group companies will identify and assess their own risks related to money laundering and the financing of terrorism. In order to effectively reduce the risks, the Company and the Group companies will take a risk-based approach to implement appropriate measures, such as ensuring that measures taken are proportionate to the risks.

### ● Customer due diligence and the preservation of records

The Company and the Group companies will periodically survey and analyze customer information and transaction details, and implement necessary customer due diligence measures in accordance with the attributes of each customer. In addition, in accordance with applicable laws and regulations, the Company and Group companies will prepare and preserve records of transactions and the real-time transaction confirmations.

### ● Reporting suspicious transactions

The Company and the Group companies will establish a system to appropriately handle suspicious customers and transactions, etc. as detected by reports from sales branches, etc. or by the system's monitoring and filtering functions, and promptly report suspicious transactions, having appropriately examined and judged the situation.

### ● Management of correspondent banks

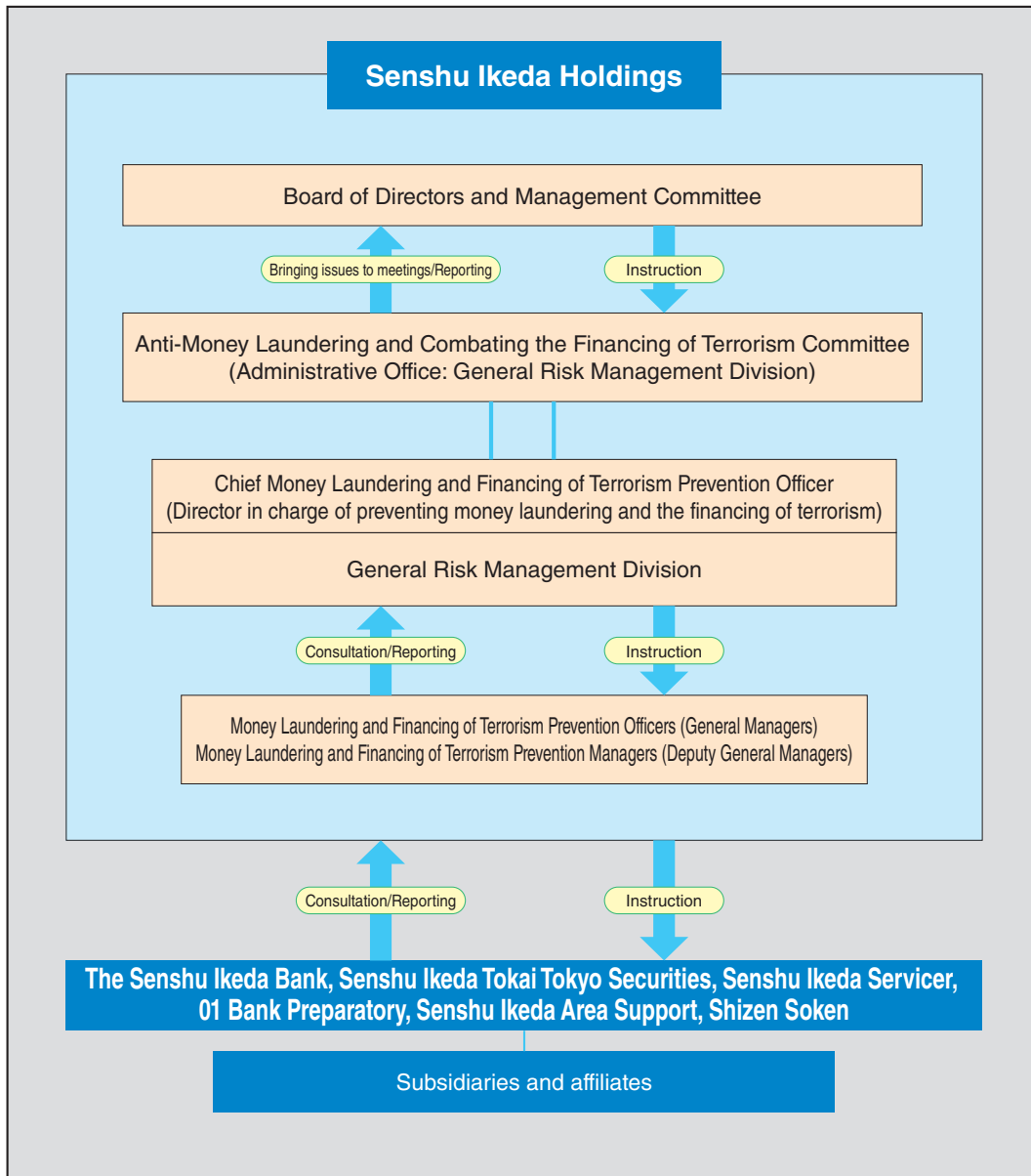
The Company and the Group companies will conduct periodic reviews of correspondent banks to verify and monitor their systems for the prevention of money laundering and the financing of terrorism. If the correspondent bank is a fictitious bank (so-called “shell bank”) or if it allows transactions with such fictitious banks, then the Company and the Group companies will not enter into or maintain a correspondent agreement with the correspondent bank in question.

### ● Training for directors and employees

The Company and the Group companies will provide appropriate and continuous training programs for directors and employees to deepen their understanding of money laundering and the financing of terrorism, as well as maintain and improve legality and expertise.

### ● Verifying effectiveness

The Company and the Group companies will verify the effectiveness of their measures to prevent money laundering and the financing of terrorism and strive to enhance and upgrade the management system through periodic monitoring conducted by both the director in charge of preventing money laundering and the financing of terrorism and the supervising department as well as periodical audits conducted by an independent internal audit department.



## Risk Management Structure

### ■ Basic Approach to Risk Management

While business opportunities for financial institutions multiply as a result of deregulation, sophistication and globalization of financial operations, and the significant development in ICT, the risks that financial institutions face are becoming more complicated and diverse qualitatively.

Moreover, it has been more important for financial institutions to monitor, assess and manage risks properly, and to respond to the changes quickly in the environment in order to earn the stable and continuous profits, while serving various needs of customers. Under such circumstances, the Group regards enhancing and strengthening risk-management structure as a high-priority management task in order to maintain and enhance the soundness of its business execution.

Specifically, the Group determines the structure and various rules regarding risk management and the departments in charge of each risk category at the Board of Directors. The group has also set up the risk management division to oversee the departments regarding risk management. Furthermore, the Risk Management Committee and the ALM Committee, consisting principally of management personnel, have been established, with the purpose of identifying the risk situation within the Group, and to discuss the relevant agenda and countermeasures which shall subsequently be reported and further discussed at the Board of Directors. Thus the Group ensures effective risk management structure at management level.

Meanwhile, as action plans for risk management based on the Group strategies, basic risk management principles are set out annually and reviewed continually in order to deal with the risks newly emerging as a result of changes in environment for timely and adequate way.

With the purpose to objectively examine the adequacy and effectiveness of the risk management structure, the internal audit division which independent from the audited departments conducts an audit. Thus the Group ensures appropriate administrative processing and sound business operations through finding out and improving the matters on risk management.

### ■ Integrated Risk Management

#### ● Integrated risk management

Integrated risk management refers to the process to adequately manage the risks that financial institutions face. The Company evaluates the risks divided into

categories of credit risk, credit concentration risk outside the calculation of capital ratio, interest rate risk in banking accounts, market risk and operational risk, and compares them with its management strength (capital ratio).

The Group regards development and reinforcement of risk management structure as its crucial management task. Furthermore, the Group has developed an integrated risk management structure that the risk management division manages all risks in order to comprehensively identify and appreciate various risks associated with the Company's operations by as uniform as possible measurement, and to earn the stable revenue, realize appropriate capital composition and allot management resources properly.

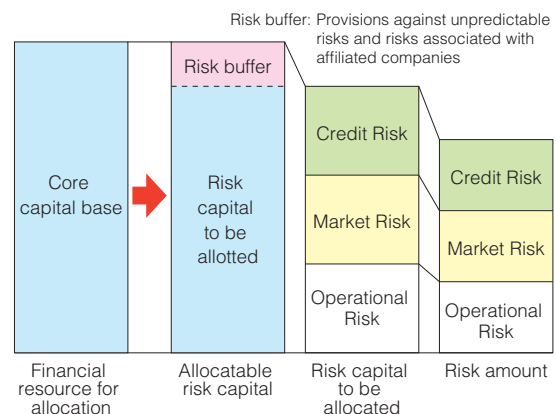
#### ● Risk capital management system

The Group is running its operation based on the risk capital management system that controls all risks within certain proportion of capital base, under the integrated risk management structure.

Specifically, the Company allocates risk capital sourced from core capital base to credit risk, market risk and operational risk, based on the calculated risk amount in each category. The Company has also monitored risk amount continuously to ensure that it is kept within the tolerable limit from management point of view. Thus the Company ensures smooth operations and management soundness across the Group.

#### ● Calculation method for capital ratio regulation

In respect to risk and asset calculation for the purpose of the capital ratio regulation, the Group applies the Foundation Internal Ratings-Based Approach for credit risks and assets and standard measurement methods to calculate the operational risk equivalents.



## ■ Credit Risk Management

Credit risk, as identified by the Group, is the risk of suffering losses as a result of a decline or loss of the value of assets due to reasons such as the deteriorating financial conditions of or default by the obligor.

In accordance with the management methods stipulated in the Credit Risk Management Regulations, which the Group has set up, the responsible division for the management of credit risk, the Risk Management Division at banking subsidiaries, administers finely-tuned responses to risks for the purpose of building up an optimum portfolio. Specifically, the division analyzes and manages the credit portfolio from various aspects including credit concentration risk, type of business, borrower classification and credit ratings.

The Group has set up a “Credit Policy” in the banking subsidiary that clarifies its policy for extending credit, based on its management policy in order to maintain and enhance the soundness of its business execution.

As for the credit analysis and management of each loan at the banking subsidiary, the Group makes efforts to ensure the independence of the investigation division from the business promotion division. The Board of Directors and other appropriate body review each loan for large obligor as well as the credit policy. Thus, the Group has focused on the development and improvement of its credit analysis system. Meanwhile, Loan Division is managing housing loans receivable.

Furthermore, the Internal Audit Division manages the auditing of the self-assessment of assets in order to maintain and enhance the soundness of the asset base.

## ■ Market Risk Management

Market risk, as identified by the Group, points to “market risk” and “market liquidity risk.” Market risk is the risk of suffering losses through changes in the prices of assets and liabilities held by the Group due to the fluctuations of market risk factors, such as interest rates, prices of securities, foreign exchange rates and so on. Market liquidity risk is the risk of suffering losses arising from the inability to execute sufficient transactions under appropriate conditions, due to market confusion or an insufficient trading base. The Group has established a “policy on market risk control” and has developed an organizational structure, including the establishment of a risk control division independent of specific business divisions, to measure the volume of risk and monitor the concentration of risk in specific risk factors, etc., in an

effort to develop and ensure an appropriate structure to control market risk.

## ■ Funding Liquidity Risk Management

Funding liquidity risk, as identified by the Group, is the risk of suffering funding difficulties from being unable to raise necessary funds due to market conditions or deterioration in the Group’s financial condition, as well as the risk of suffering losses from being forced to raise funds at higher interest rates than usual.

The Group has established a “policy on liquidity risk control” and takes control of its funding situation through careful monitoring of the fund management and fundraising. The Group also ensures liquidation of its assets and diversifies the sources of fundraising. Thus, the Group has taken every possible measure to manage funding liquidity risk.

## ■ Operational Risk Management

Operational risk, as identified by the Group, is the risk of suffering losses from the inappropriate business activity of the Group - including its employees-, systems, or external premises.

The Group has set a rule for operational risk management and classified the risks into the six categories as follows; (1) administrative risk, (2) information asset (system) risk, (3) tangible fixed asset risk, (4) personnel risk, (5) legal risk, and (6) reputation risk.

Furthermore, the Group identifies and evaluates all risks associated with new products and services before they are actually developed and provided, for the purpose of adequate risk management. Besides, the Group manages customer information sufficiently and ensures management soundness when outsources certain business operation.

## ● Administrative risk management

Administrative risk, as identified by the Group, is the risk of suffering losses from administration, fraud, accidents and other risks that the Group’s operations will not be carried out as intended.

The Group prescribes detailed rules on administrative procedures and strives to prevent accidents through doing the administration promptly and accurately, so that the customer can enter into transactions with the Group without any concern. Meanwhile, the Group makes every effort to eliminate



administrative risk by measures such as review of the administrative procedure from identification of potential risks through the analysis of administrative processes.

#### ● Information asset (system) risk management

Information asset (system) risk, as identified by the Group, is the risk of suffering losses due to loss, alteration, unauthorized use, leakage of information, as well as to system defects caused by natural disasters or breakdowns.

In consideration of the fact that its business operations are supported by various computer systems, the Group ensures the reliability and security of systems and has established back-up systems and structures in case of emergency.

The Group is also working to establish appropriate operation and management systems to prevent the leakage of information and unauthorized access to its systems through encoding of data and strengthening of access authority management.

#### ● Risk management related to cyberattacks, etc.

Risk related to cyberattacks, etc., as identified by the Group, is the risk of suffering losses due to cyberattacks, etc., such as targeted email attacks and website defacement.

To prepare for risks such as computer viruses, which have been rapidly increasing recently, and increasingly sophisticated cyberattacks, the Group is implementing various measures such as establishing a system to appropriately manage risks related to cyber security, improving security measures according to the degree of risk impact, and formulating contingency plans.

Furthermore, the Group has established a specialized team for computer security (CSIRT) and is working to strengthen its structure by enhancing various security measures and conducting cyberattack exercises.

#### ● Tangible fixed asset risk

Tangible fixed asset risk, as identified by the Group, is the risk of suffering losses associated with damage of building and equipment or deterioration of working environment as a result of disasters or poor asset management.

The Group is preparing for disaster through conducting quake resistance tests and implementing countermeasures against power failures in order to ensure business continuity in the event of emergencies.

#### ● Personnel risk

Personnel risk, as identified by the Group, is the risk of suffering losses associated with the delay of failing in succession of expertise within the Group, as a result of drain or loss of key staff, or degradation of morale.

The Group is striving to develop working environment to enable each employee to fully exert ability, while helping them to improve their skills.

#### ● Legal risk management

Legal risk, as identified by the Group, is the risk of suffering losses from violations of laws and regulations, as well as inappropriate responses to changes in various systems.

The Group strives to prevent the occurrence of legal risk and to reduce the risk itself by collecting information concerning legal matters, and managing legal risk identified from such information, as well as appropriately responding to legal risk.

#### ● Reputation risk management

Reputation risk, as identified by the Group, is the risk of suffering losses arising from deterioration of the Group's reputation due to circulation of unfounded rumors or due to inadequate responses of the Group concerning the facts.

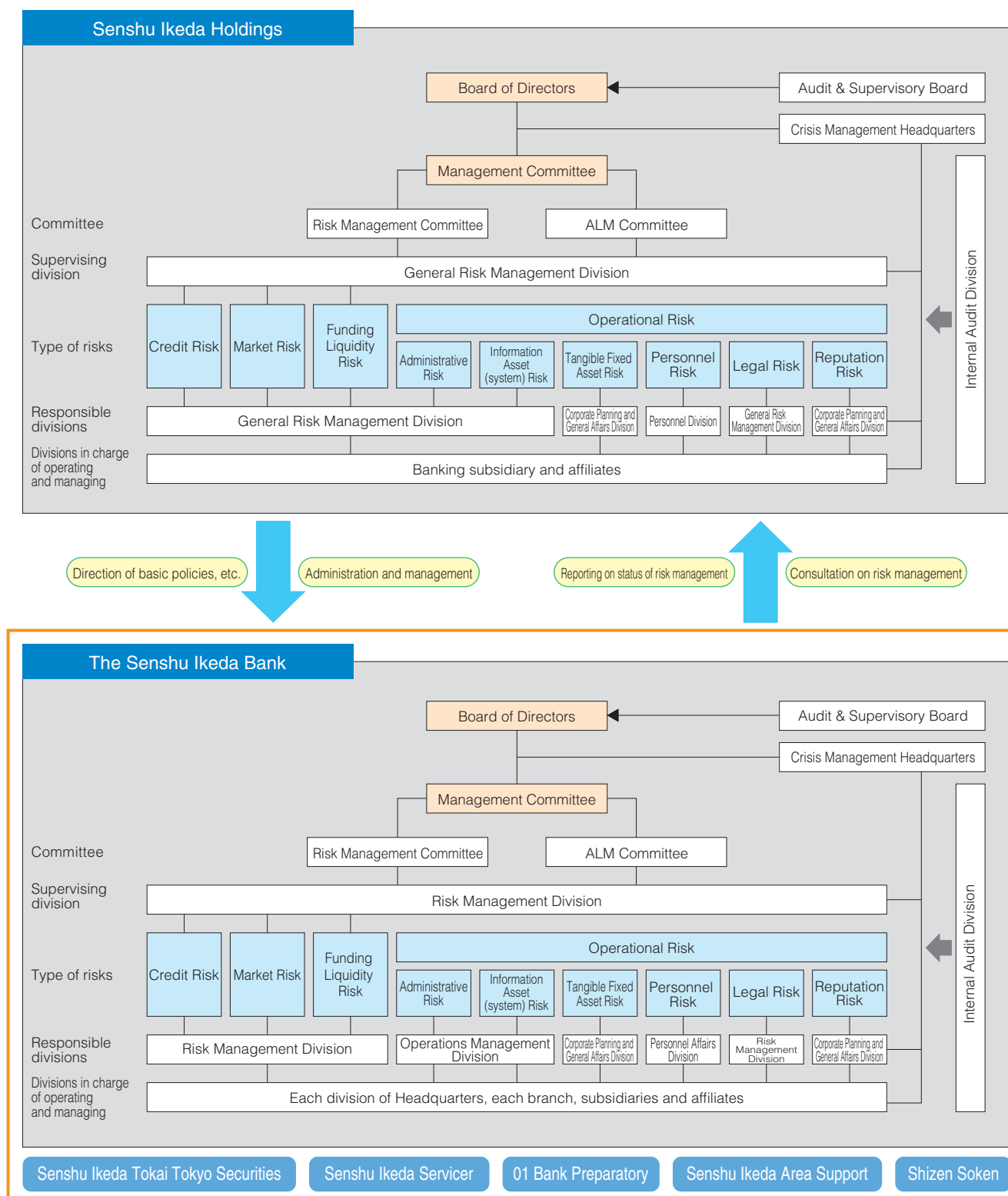
The Group works to avoid reputation risk by disclosing information proactively thorough increases the transparency of its management, taking into consideration the crucial influence on the management of the Group.

### ■ Crisis Management

The Group has established the "Crisis Management Rules," which set out the basic policies in responding to emergencies including large-scale disasters and system failures. In the event of large-scale crisis, the Group sets up a "Crisis Management Headquarters" take charge of company-wide response. Specific action programs are set out in a "Contingency Plan," with the purpose to ensure safety of customers and employees, as well as set up business continuity structure of the financial system.

## The risk management structure of the Group

(As of the end of June, 2024)



## Approach to Facilitation of Financing

The Senshu Ikeda Bank (hereinafter the “Bank”) is focused on providing adequate and sufficient financial intermediary function to customers in need of business loans or housing loans, as one of the crucial management priorities. The Bank has formulated basic policy for facilitation of financing (hereinafter the “Policy”) in order

to promote facilitation of financing to those in need particularly under the current tight economic environment.

The Bank intends to communicate with our customers and promote facilitation of financing positively.

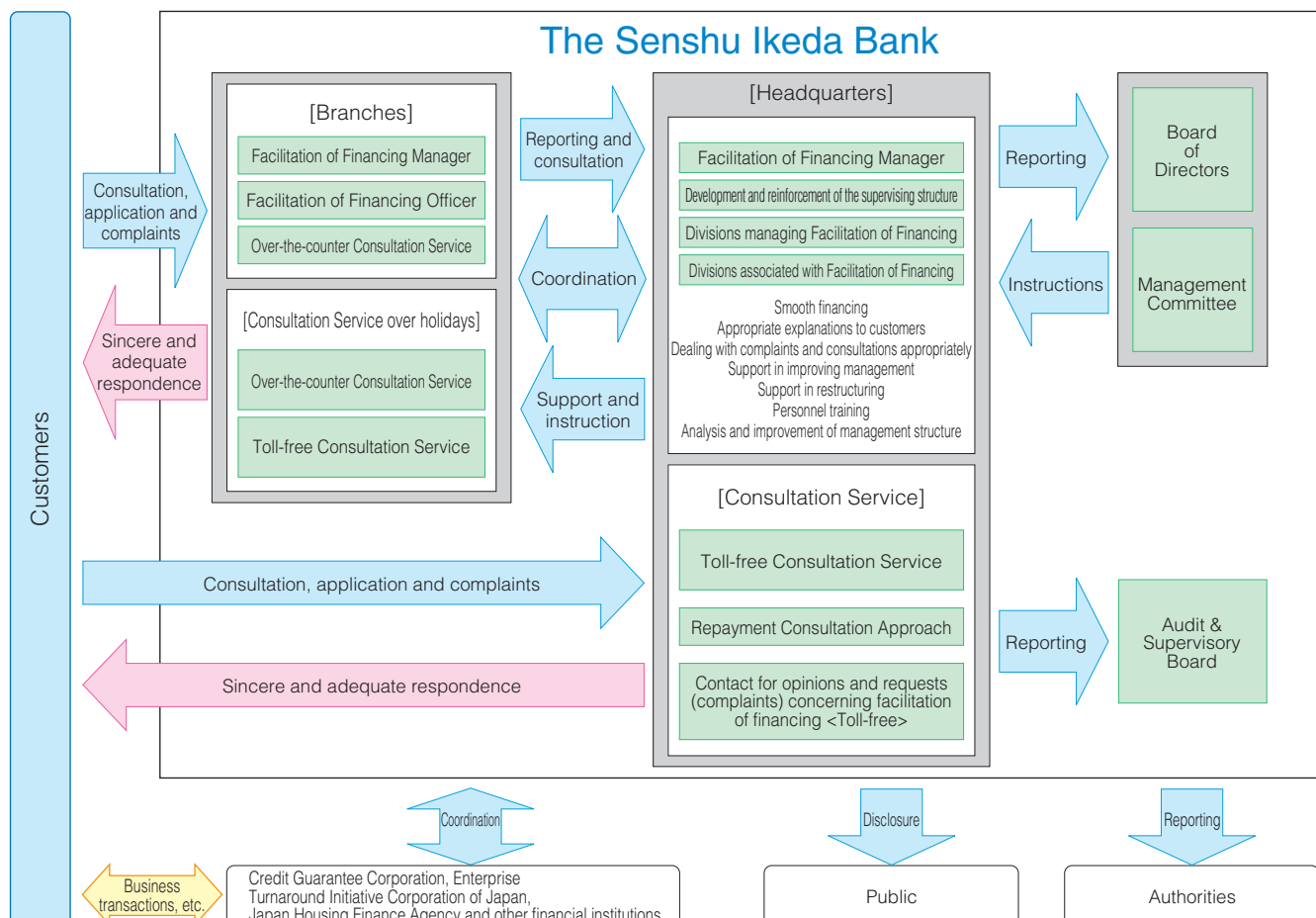
### ● Organizational structure

- (1) With the purpose to develop a management structure necessary to supply facilitation of financing (hereinafter “Facilitation of Financing Management”) under the Policy, the Bank appoints the Facilitation of Financing Manager to check whether Facilitation of Financing Management is effectively working.
- (2) The Bank appoints the director in charge of the Loan Division to the Facilitation of Financing Manager. The Manager will engage in the development and reinforcement of the structure for Facilitation of Financing Management through checking the progress in respect of Facilitation of Financing Management.
- (3) The Facilitation of Financing Manager coordinates the overall business in respect of Facilitation of Financing Management such as instructions to the division responsible for Facilitation of Financing Management,

and drawing up of the rules governing facilitation of financing, with the purpose to ensure adequacy, sufficiency and effectiveness of Facilitation of Financing Management.

- (4) The Loan Division is responsible for Facilitation of Financing Management. The Loan Division engages in the adequate operation, examination and improvement of Facilitation of Financing Management under the command of the Facilitation of Financing Manager through gathering information necessary for Facilitation of Financing Management.

### System for accepting consultation of facilitation of financing



---

## ● Basic Policies

---

- (1) On receiving consultations or applications for new loans, or changes in loan terms from customers, the Bank intends to make sincere effort to conduct adequate and prompt credit screening through considering customers' recent financial results, assets and income as well as future potential and prospect. The Bank also deals with the applications for new loans, after changes in loan terms in a similar way as referred to above.
- (2) The Bank intends to work appropriately and proactively to revitalize the local economies and streamline regional financing by making efforts to supply funds (including new credit granting) smoothly as well as to make changes in loan terms by monitoring the conditions of the customers carefully and fully coordinating with other related financial institutions including other business categories.
- (3) In addition, the Bank intends to provide maximum support to the business improvement efforts of its customers not only through its role as a provider of financing but also through various customer services including business consultation and guidance.
- (4) Furthermore, keeping in mind the purpose of the "Guidelines on Proprietor Guarantees" (Study Group on Guidelines on Proprietor Guarantees, December 5, 2013; hereinafter "Guidelines on Proprietor Guarantees"), the Bank intends to further promote loans that are not dependent on proprietor guarantees, and to this end, the Bank's policy will be to not require proprietor guarantee as a general rule.
- (5) On receiving consultations or applications for new loans, or changes in loan terms from customers, the Bank intends to provide sufficient explanation in order to gain customers' understanding and satisfaction, on the basis of past trading records, customers' knowledge, experience and assets situation. If the Bank has to decline customers' application, we will explain the reason background of the decision as concretely and courteously as possible.
- (6) The Bank intends to improve capability of directors and employees about facilitation of financing by giving internal training, to enable them to make appropriate decisions based on good understanding of customers' situations.
- (7) The Bank intends to respond to any comments, requests, consultations and complaints from customers in respect of facilitation of financing promptly and sincerely.

---

## ● Policies for handling of application for loans from small and medium enterprises and sole proprietors

---

- (1) On receiving applications for changes in business terms such as loan terms from small and medium enterprises and sole proprietors, the Bank intends to accommodate such application and offer adequate changes in terms adequately as far as possible, taking into consideration of the specialty and the circumstance of customers' businesses.
  - (2) The Bank intends to provide small and medium enterprises and sole proprietors with management consultation, guidance and other adequate assistance in support of their effort for management improvement, taking into consideration the operational circumstance of customers.
  - (3) In the cases that customers borrow from other financial institutions as well as the Bank, we will, upon customers' approval, strive to make arrangements in coordination with the other financial institutions in order to help to reduce the burden of repayment.
  - (4) On receiving request for the corporate rehabilitation procedure through Alternative Dispute Resolution (ADR) for corporate rehabilitation (\*) or Enterprise Turnaround Initiative Corporation of Japan, the Bank makes utmost effort to respond adequately to such request as far as possible, in full consideration of the prospect of improvement or rehabilitation of the business.
- (Note) This refers to certified dispute resolution procedure set out in Article 2, Paragraph 25 of the Law on Special Measures for Industrial Revitalization, in which a private third party organization formulates a rehabilitation plan, as coordinator of the interests of creditors.

---

## ● Policies for handling of application for housing loan

---

- (1) On receiving applications for new loans or changes in housing loan terms from housing loan customers, the Bank intends to accommodate such application and offer adequate new loans or changes in terms adequately as far as possible, taking into consideration of circumstances including customers' assets and income and transactions with other financial institutions.
- (2) In the cases that customers have transaction with other financial institutions as well as the Bank or with Japan Housing Finance Agency, we will, upon customers' approval, strive to make arrangements in coordination with the other financial institutions in order to help to reduce the burden of repayment.



## Corporate Information

### Corporate Data (As of the end of March 2024)

#### Senshu Ikeda Holdings, Inc.

Establishment: October 1, 2009  
 Location: 18-14 Chayamachi, Kita-ku, Osaka-City, Osaka 530-0013, Japan  
 Phone: 81-(0)6-4802-0181  
 URL: <https://www.senshuikeda-hd.co.jp>  
 Share Capital: ¥102.9 billion  
 Business Activities: Management and other related operations of banks and affiliates whose shares can be held in accordance with the Banking Act and other related operations, and businesses which bank holding company can operate in accordance with the Banking Act.  
 Number of Employees: 159  
 Stock Listing: Tokyo Stock Exchange

#### The Senshu Ikeda Bank, Ltd.

Establishment: September 1, 1951  
 Location: 18-14 Chayamachi, Kita-ku, Osaka-City, Osaka 530-0013, Japan  
 Phone: 81-(0)6-6375-1005  
 URL: <https://www.sihd-bk.jp>  
 Share Capital: ¥61.3 billion  
 Deposits: ¥5.6775 trillion  
 Loans: ¥4.8585 trillion  
 Number of Branches: 139  
 Number of Employees: 2,007  
 Credit Ratings: A(Japan Credit Rating Agency, Ltd.)

#### International Network

##### Suzhou Representative Office:

399 East Baodai Road,  
Wuzhong District, Suzhou,  
Jiangsu, China

Phone: 86-(0)512-6585-1791  
 Facsimile : 86-(0)512-6585-2312

##### Ho Chi Minh City Representative Office:

7th Floor, Sun Wah Tower,  
115 Nguyen Hue Boulevard,  
District 1, Ho Chi Minh City,  
Vietnam

Phone: 84-(0)28-3821-3295  
 Facsimile : 84-(0)28-3821-3298

#### Senshu Ikeda Tokai Tokyo Securities Co., Ltd.

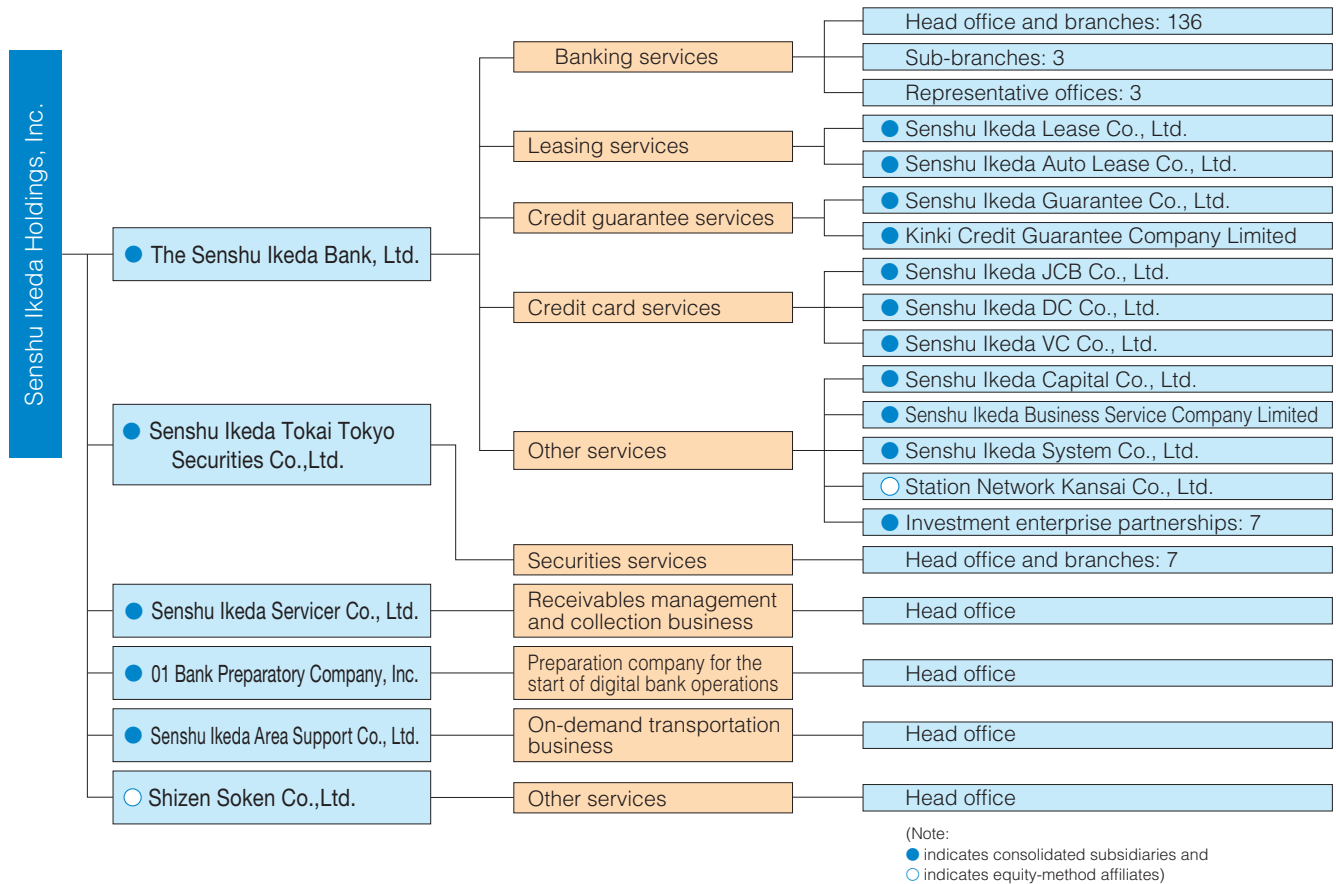
Establishment: January 30, 2013  
 Location: 3-2-1 Toyosaki, Kita-ku, Osaka-City, Osaka 530-0013, Japan  
 Phone: 81-(0)6-6485-0031  
 URL: <https://www.sittsec.co.jp>  
 Share Capital: ¥1.25 billion  
 Assets Under Management: ¥258.8 billion  
 Number of Branches: 7  
 Number of Employees: 117

## Major Shareholders (As of March 31, 2024)

Name	Number of Shares Owned (Thousands)	Proportion of Total Shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,695	11.65
Custody Bank of Japan, Ltd. (Trust Account)	28,739	10.24
The Senshu Ikeda Bank Employees' Shareholders Association	13,949	4.97
ITAMI SANGYO CO., LTD.	3,692	1.31
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Service Division, Mizuho Bank, Ltd.)	3,669	1.30
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Settlement & Clearing Service Division, Mizuho Bank, Ltd.)	3,664	1.30
DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Tokyo Branch, Citibank, N.A.)	3,287	1.17
Custody Bank of Japan, Ltd. (Trust Account 4G)	2,911	1.03
HAYAT (Standing proxy: MUFG Bank, Ltd.)	2,758	0.98
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	2,505	0.89

# Business Description of the Group

## Organizational Chart of the Group (As of the end of June, 2024)



(Note) The Company has invested in the Kansai Innovation Network No. 2 Investment Limited Partnership. It has been included in the scope of consolidation from the fiscal year ended March 31, 2024.  
01Bank Preparatory Company, Inc. and Senshu Ikeda Area Support Co., Ltd. were established and included in the scope of consolidation from the fiscal year ended March 31, 2024.

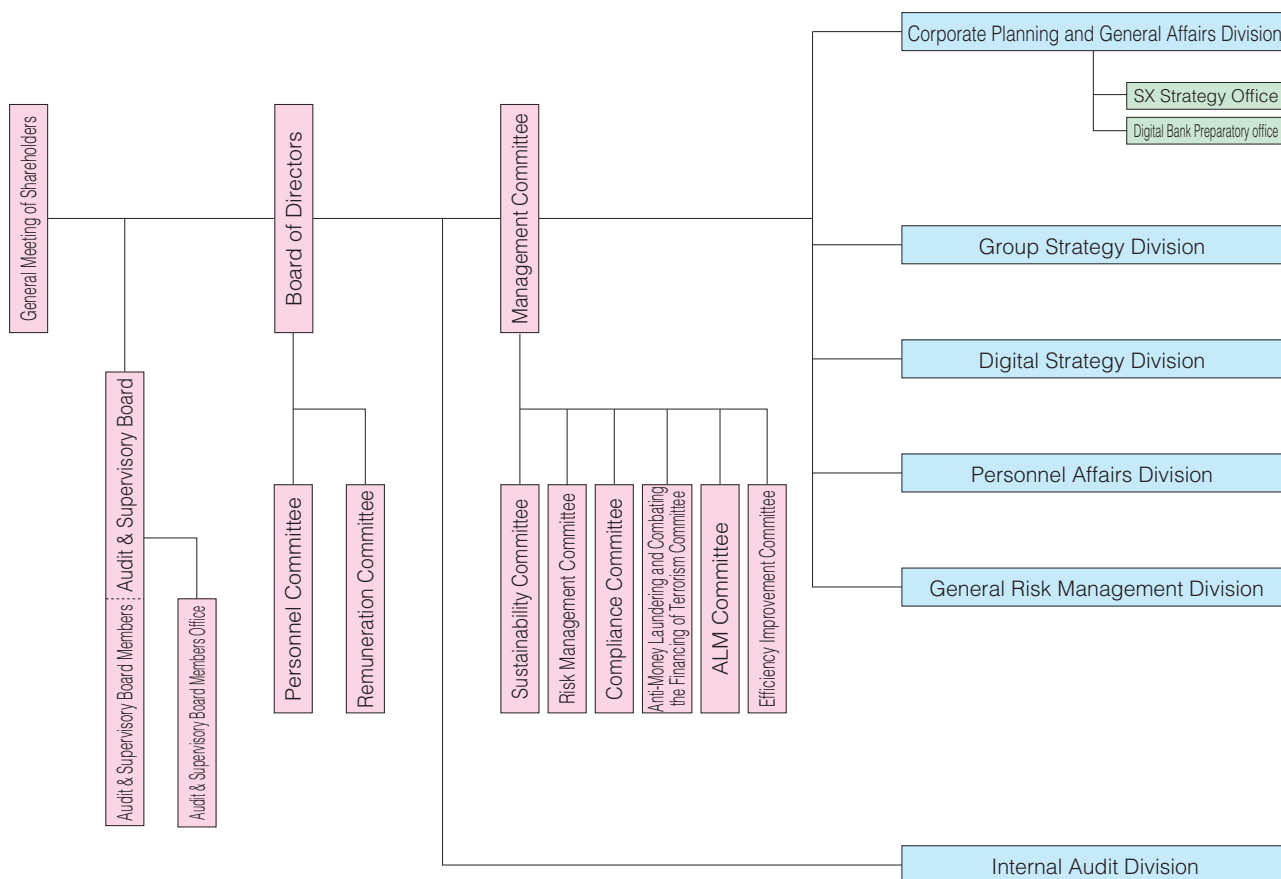
## Subsidiaries and Affiliates (As of the end of June, 2024)

	Name	Address	Major Business	Date of establishment	Share Capital (millions of Japanese yen)	Investment ratio (%)	
						The Company	Subsidiaries and affiliates
Subsidiaries	The Senshu Ikeda Bank, Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Banking services	September 1, 1951	61,385	100.00	—
	Senshu Ikeda Tokai Tokyo Securities Co., Ltd.	3-2-1, Toyosaki, Kita-ku, Osaka-city	Securities services	January 30, 2013	1,250	60.00	—
	Senshu Ikeda Servicer Co., Ltd.	3-1-22, Toyosaki, Kita-ku, Osaka-city	Receivables management and collection business	April 15, 2022	500	100.00	—
	01 Bank Preparatory Company, Inc.	9-1, Toyotsucho, Suita City	Preparation company for the start of digital bank operations	February 1, 2024	1,050	100.00	—
	Senshu Ikeda Area Support Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	On-demand transportation business	March 13, 2024	50	100.00	—
	Senshu Ikeda Lease Co., Ltd.	4-5-36, Miyahara, Yodogawa-ku, Osaka-city	Leasing services	April 1, 1986	50	—	100.00
	Senshu Ikeda Auto Lease Co., Ltd.	4-5-36, Miyahara, Yodogawa-ku, Osaka-city	Leasing services	July 10, 1996	80	—	95.00
	Senshu Ikeda Guarantee Co., Ltd.	3-1-22, Toyosaki, Kita-ku, Osaka-city	Credit guarantee services	July 20, 1973	180	—	100.00
	Kinki Credit Guarantee Company Limited	3-1-22, Toyosaki, Kita-ku, Osaka-city	Credit guarantee services	April 1, 1975	100	—	100.00
	Senshu Ikeda JCB Co., Ltd.	3-2-1, Toyosaki, Kita-ku, Osaka-city	Credit card services	February 1, 1983	60	—	100.00
	Senshu Ikeda DC Co., Ltd.	3-2-1, Toyosaki, Kita-ku, Osaka-city	Credit card services	September 5, 1990	30	—	100.00
	Senshu Ikeda VC Co., Ltd.	3-2-1, Toyosaki, Kita-ku, Osaka-city	Credit card services	November 2, 1990	40	—	100.00
	Senshu Ikeda Capital Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Investment services	March 6, 1989	90	—	100.00
	Senshu Ikeda Business Service Company Limited	18-14, Chayamachi, Kita-ku, Osaka-city	Back-office administration	April 1, 1983	30	—	100.00
	Senshu Ikeda System Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Computer software development and sale services	June 10, 1985	50	—	100.00
Affiliates	Shizen Soken Co., Ltd.	2-1-11, Jonan, Ikeda-city	Information offering services	November 1, 1996	80	27.50	—
	Station Network Kansai Co., Ltd.	1-4-8, Shibata, Kita-ku, Osaka-city	Planning and operation of ATM at station	June 29, 2000	100	—	40.00

# Organization and Board of Directors

## Senshu Ikeda Holdings

### ■ Organization (As of the end of June, 2024)



### ■ Board of Directors (As of June 26, 2024)

Representative Director and Chairman	Takayuki Ota	Director & Senior Managing Executive Officer	Toshiyuki Wada	Director (Outside)	Atsuko Ogasawara	Audit & Supervisory Board Member (Full-time)	Hiroo Maeno
Representative Director, President and CEO	Atsushi Ukawa	Director & Senior Managing Executive Officer	Hirohito Sakaguchi	Director (Outside)	Yoshihiro Nakagawa	Audit & Supervisory Board Member (Full-time)	Hideya Arimoto
		Director & Senior Managing Executive Officer	Osamu Tsukagoshi	Director (Outside)	Keiko Kaneko	Audit & Supervisory Board Member (Outside)	Seiji Morinobu
				Director (Outside)	Hidehito Hisakawa	Audit & Supervisory Board Member (Outside)	Kouhei Nakanishi

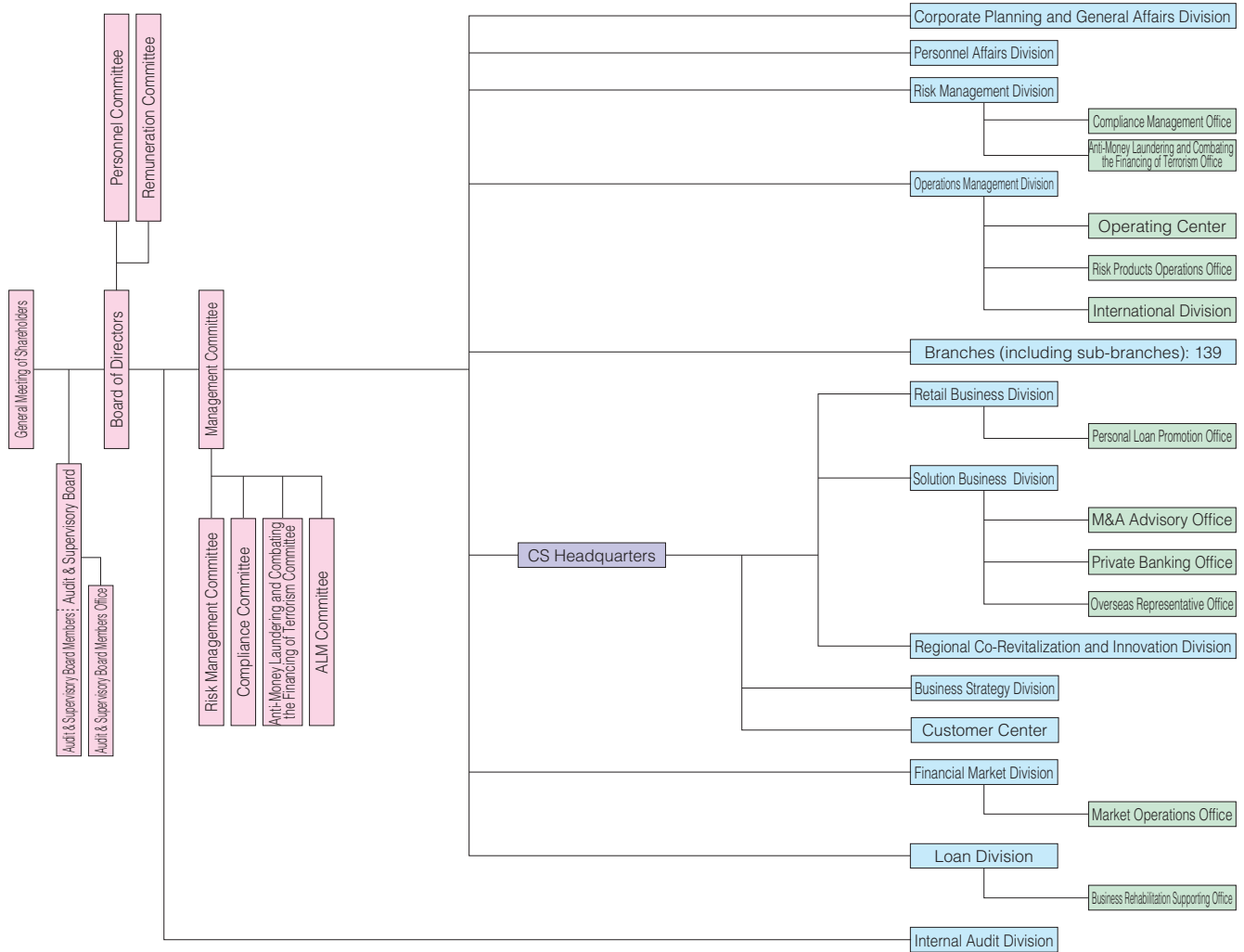
### ■ Executive Officers (As of June 26, 2024)

Senior Managing Executive Officer	Yasuki Hosomi	Managing Executive Officer	Takayoshi Fujiwara	Executive Officer	Ryoichi Iimuro	Executive Officer	Kazuo Nagai
Senior Managing Executive Officer	Shinji Inoue	Managing Executive Officer	Tsutomu Irie	Executive Officer	Akira Nishikawa	Executive Officer	Yoshinori Narita
		Managing Executive Officer	Kyoko Matsushita	Executive Officer	Kengo Hounoki	Executive Officer	Tetsushi Yonemoto
		Managing Executive Officer	Tomoyuki Shinohara	Executive Officer	Akira Ishikawa		



## The Senshu Ikeda Bank

### ■ Organization (As of the end of June, 2024)



### ■ Board of Directors (As of June 26, 2024)

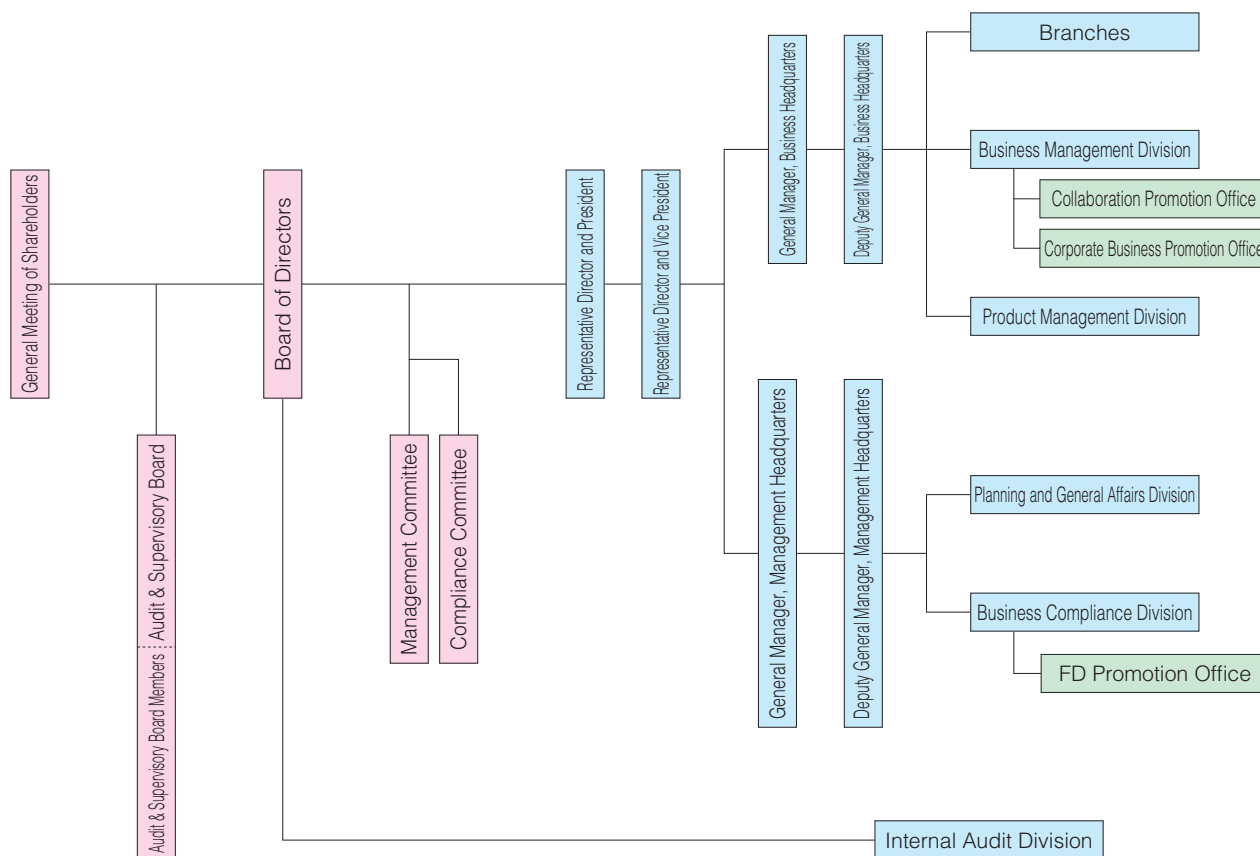
Representative Director and Chairman	Takayuki Ota	Director & Senior Managing Executive Officer	Toshiyuki Wada	Non-executive Director (Non-full-time)	Atsuko Ogasawara	Audit & Supervisory Board Member (Full-time)	Osamu Horiuchi
Representative Director, President and CEO	Atsushi Ukawa	Director & Senior Managing Executive Officer	Hirohito Sakaguchi	Non-executive Director (Non-full-time)	Yoshihiro Nakagawa	Audit & Supervisory Board Member (Full-time)	Katsumi Hiramatsu
		Director & Senior Managing Executive Officer	Osamu Tsukagoshi	Non-executive Director (Non-full-time)	Keiko Kaneko	Audit & Supervisory Board Member (Outside)	Kazuyuki Tanaka
		Director & Managing Executive Officer	Takayoshi Fujiwara	Non-executive Director (Non-full-time)	Hidehito Hisakawa	Audit & Supervisory Board Member (Outside)	Kenji Fukuda
		Director & Managing Executive Officer	Tsutomu Irie				

### ■ Executive Officers (As of June 26, 2024)

Senior Managing Executive Officer	Koji Miyata	Managing Executive Officer	Yoshi Yamamoto	Executive Officer	Masayoshi Onishi	Executive Officer	Kazuo Nagai
Senior Managing Executive Officer	Akira Harada	Executive Officer	Ryoichi Iimuro	Executive Officer	Tsuyoshi Kotani	Executive Officer	Yoshinori Narita
Managing Executive Officer	Kyoko Matsushita	Executive Officer	Masahide Inui	Executive Officer	Kengo Hounoki	Executive Officer	Tetsuo Yamamoto
Managing Executive Officer	Shin-ichi Kojima	Executive Officer	Yasuji Kanbayashi	Executive Officer	Yasushi Yamanaka	Executive Officer	Kengo Tanaka
Managing Executive Officer	Tomoyuki Shinohara	Executive Officer	Takahiro Doki	Executive Officer	Akira Ishikawa	Executive Officer	Tetsushi Yonemoto

# Senshu Ikeda Tokai Tokyo Securities

## ■ Organization (As of the end of June, 2024)



## ■ Board of Directors (As of June 26, 2024)

Representative Director and President	Motoshi Inoue	Audit & Supervisory Board Member (Full-time)	Ken-ichi Hanatate
Representative Director and Vice President	Nozomu Kudou	Audit & Supervisory Board Member (Outside)	Osamu Horiuchi
Senior Managing Director	Muneharu Kurita	Audit & Supervisory Board Member (Outside)	Yasuhiko Ozawa

## ■ Executive Officers (As of June 26, 2024)

Managing Executive Officer	Toshiyuki Inoue	Executive Officer	Shigeki Kawamura
Managing Executive Officer	Masaomi Umezawa	Executive Officer	Shinji Nakatani

# Consolidated Financial Information of Senshu Ikeda Holdings

## Consolidated Balance Sheets

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries  
As of March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>Assets</b>			
Cash and due from banks (Notes 26 and 32)	¥ 797,792	¥ 821,649	\$ 5,269,083
Call loans and bills bought (Note 32)	4,338	7,692	28,650
Monetary claims bought (Note 32)	19	—	125
Money held in trust (Notes 6 and 32)	9,005	15,010	59,474
Securities (Notes 5, 7, 12, 19 and 32)	632,335	486,984	4,176,309
Loans and bills discounted (Notes 8, 12, 31, 32 and 33)	4,831,651	4,737,192	31,911,042
Foreign exchange assets (Notes 9 and 32)	5,900	5,856	38,967
Other assets (Notes 10 and 12)	92,077	82,017	608,130
Tangible fixed assets (Note 11)	36,576	35,857	241,569
Intangible fixed assets	4,256	3,837	28,109
Net defined benefit assets (Note 17)	31,936	23,928	210,923
Deferred tax assets (Note 28)	247	4,044	1,631
Customers' liabilities for acceptances and guarantees	6,395	6,317	42,236
Reserve for possible loan losses	(10,426)	(11,301)	(68,859)
<b>Total assets</b>	<b>¥ 6,442,107</b>	<b>¥ 6,219,089</b>	<b>\$ 42,547,434</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Deposits (Notes 12, 13 and 32)	¥ 5,667,529	¥ 5,579,250	\$ 37,431,668
Payables under securities lending transactions (Notes 12 and 32)	—	4,371	—
Borrowed money (Notes 12, 14 and 32)	466,470	338,899	3,080,840
Foreign exchange liabilities (Notes 15 and 32)	681	314	4,497
Borrowed money from trust account (Notes 32)	2,534	1,660	16,736
Other liabilities (Notes 12 and 16)	49,465	55,962	326,695
Provision for employees' bonuses	1,716	1,724	11,333
Provision for directors' bonuses	90	85	594
Net defined benefit liability (Note 17)	149	144	984
Accrued retirement benefits for directors and audit & supervisory board members	4	4	26
Reserve for reimbursement of deposits	146	209	964
Reserve for contingent losses	446	1,154	2,945
Reserve under special laws	15	13	99
Deferred tax liabilities (Note 28)	1,634	276	10,791
Acceptances and guarantees	6,395	6,317	42,236
<b>Total liabilities</b>	<b>6,197,281</b>	<b>5,990,391</b>	<b>40,930,460</b>
<b>Net assets</b>			
Shareholders' equity (Note 20):			
Capital stock	102,999	102,999	680,265
Capital surplus	16,899	16,899	111,610
Retained earnings	103,014	95,294	680,364
Treasury stock	(122)	(135)	(805)
<b>Total shareholders' equity</b>	<b>222,791</b>	<b>215,057</b>	<b>1,471,441</b>
Accumulated other comprehensive income:			
Net unrealized gain (loss) on available-for-sale securities (Note 7)	9,099	5,558	60,095
Net unrealized gain (loss) on deferred hedges (Note 33)	(35)	45	(231)
Remeasurements of defined benefit plans	10,289	5,754	67,954
<b>Total accumulated other comprehensive income</b>	<b>19,353</b>	<b>11,358</b>	<b>127,818</b>
Stock subscription rights (Note 20)	148	116	977
Non-controlling interests	2,532	2,164	16,722
<b>Total net assets</b>	<b>244,825</b>	<b>228,697</b>	<b>1,616,967</b>
<b>Total liabilities and net assets</b>	<b>¥ 6,442,107</b>	<b>¥ 6,219,089</b>	<b>\$ 42,547,434</b>

See accompanying notes to consolidated financial statements

## Consolidated Statements of Operations

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries  
For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>Income</b>			
Interest income:			
Interest on loans and bills discounted	¥ 39,943	¥ 39,246	\$ 263,806
Interest and dividends on securities	3,471	5,817	22,924
Other interest income	2,150	1,397	14,199
Trust fees	22	26	145
Fees and commissions	23,610	24,245	155,934
Other ordinary income (Note 21)	1,568	3,625	10,355
Reversal of provision for possible loan losses	357	3,229	2,357
Recoveries of written-off claims	512	474	3,381
Gain on sales or disposal of fixed assets	—	1	—
Other income (Note 22)	13,581	11,186	89,696
<b>Total income</b>	<b>85,219</b>	<b>89,251</b>	<b>562,836</b>
<b>Expenses</b>			
Interest expenses:			
Interest on deposits	482	638	3,183
Interest on borrowings and rediscounts	28	35	184
Other interest expenses	311	1,018	2,054
Fees and commissions	7,524	8,301	49,692
Other ordinary expenses (Note 23)	2,554	11,632	16,868
General and administrative expenses	44,385	43,940	293,144
Loss on sales or disposal of fixed assets	103	70	680
Loss on impairment of fixed assets	243	161	1,604
Other expenses (Note 24)	14,092	11,766	93,071
<b>Total expenses</b>	<b>69,727</b>	<b>77,563</b>	<b>460,517</b>
Income before income taxes	15,491	11,688	102,311
<b>Income taxes (Note 28)</b>			
Current	2,957	1,164	19,529
Deferred	1,571	1,264	10,375
<b>Total income taxes</b>	<b>4,529</b>	<b>2,429</b>	<b>29,912</b>
Profit	10,962	9,258	72,399
<b>Profit attributable to non-controlling interests</b>	<b>88</b>	<b>(244)</b>	<b>581</b>
<b>Profit attributable to owners of the parent</b>	<b>¥ 10,874</b>	<b>¥ 9,502</b>	<b>\$ 71,818</b>

See accompanying notes to consolidated financial statements

## Consolidated Statements of Comprehensive Income

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries  
For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Profit	¥ 10,962	¥ 9,258	\$ 72,399
Other comprehensive income (Note 29)			
Net unrealized gain (loss) on available-for-sale securities	3,540	(2,049)	23,380
Net unrealized gain (loss) on deferred hedges	(81)	70	(534)
Remeasurements of defined benefit plans	4,535	(713)	29,951
<b>Total other comprehensive income</b>	<b>7,995</b>	<b>(2,692)</b>	<b>52,803</b>
<b>Comprehensive income</b>	<b>¥ 18,957</b>	<b>¥ 6,565</b>	<b>\$ 125,203</b>
Total comprehensive income attributable to:			
Owners of the parent	18,869	6,810	124,621
Non-controlling interests	88	(244)	581



## Consolidated Statements of Changes in Net Assets

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries  
Year Ended March 31, 2024

	Millions of Yen										
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income					Total net assets
						Net unrealized gain (loss) on available-for-sale securities	Net unrealized gain (loss) on deferred hedges	Remeasurements of defined benefit plans	Stock subscription rights	Non-controlling interests	
<b>BALANCE, April 1, 2022</b>	<b>102,999</b>	<b>42,108</b>	<b>89,320</b>	<b>(145)</b>	<b>234,283</b>	<b>7,607</b>	<b>(24)</b>	<b>6,468</b>	<b>86</b>	<b>2,438</b>	<b>250,860</b>
Purchase of shares of consolidated subsidiaries		6			6						6
Cash dividends			(3,528)		(3,528)						(3,528)
Profit attributable to owners of the parent			9,502		9,502						9,502
Acquisition of treasury stock				(25,216)	(25,216)						(25,216)
Disposal of treasury stock		(0)		10	9						9
Retirement of treasury stock		(25,215)		25,215	–						–
Net changes in items other than shareholders' equity						(2,049)	70	(713)	29	(273)	(2,937)
Total changes during the period	–	(25,209)	5,974	10	(19,225)	(2,049)	70	(713)	29	(273)	(22,162)
<b>BALANCE, March 31, 2023</b>	<b>102,999</b>	<b>16,899</b>	<b>95,294</b>	<b>(135)</b>	<b>215,057</b>	<b>5,558</b>	<b>45</b>	<b>5,754</b>	<b>116</b>	<b>2,164</b>	<b>228,697</b>
Change in subsidiaries' equity		2			2						2
Cash dividends			(3,154)		(3,154)						(3,154)
Profit attributable to owners of the parent			10,874		10,874						10,874
Acquisition of treasury stock				(0)	(0)						(0)
Disposal of treasury stock		(2)		13	11						11
Net changes in items other than shareholders' equity						3,540	(81)	4,535	31	367	8,394
Total changes during the period	–	0	7,719	13	7,733	3,540	(81)	4,535	31	367	16,128
<b>BALANCE, March 31, 2024</b>	<b>102,999</b>	<b>16,899</b>	<b>103,014</b>	<b>(122)</b>	<b>222,791</b>	<b>9,099</b>	<b>(35)</b>	<b>10,289</b>	<b>148</b>	<b>2,532</b>	<b>244,825</b>

	Thousands of U.S. Dollars (Note 1)										
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income					Total net assets
						Net unrealized gain (loss) on available-for-sale securities	Net unrealized gain (loss) on deferred hedges	Remeasurements of defined benefit plans	Stock subscription rights	Non-controlling interests	
<b>BALANCE, April 1, 2023</b>	<b>680,265</b>	<b>111,610</b>	<b>629,377</b>	<b>(891)</b>	<b>1,420,361</b>	<b>36,708</b>	<b>297</b>	<b>38,002</b>	<b>766</b>	<b>14,292</b>	<b>1,510,448</b>
Change in subsidiaries' equity		13			13						13
Cash dividends			(20,830)		(20,830)						(20,830)
Profit attributable to owners of the parent			71,818		71,818						71,818
Acquisition of treasury stock				(0)	(0)						(0)
Disposal of treasury stock		(13)		85	72						72
Net changes in items other than shareholders' equity						23,380	(534)	29,951	204	2,423	55,438
Total changes during the period	–	0	50,980	85	51,073	23,380	(534)	29,951	204	2,423	106,518
<b>BALANCE, March 31, 2024</b>	<b>680,265</b>	<b>111,610</b>	<b>680,364</b>	<b>(805)</b>	<b>1,471,441</b>	<b>60,095</b>	<b>(231)</b>	<b>67,954</b>	<b>977</b>	<b>16,722</b>	<b>1,616,967</b>

See notes to consolidated financial statements

## Consolidated Statements of Cash Flows

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries  
For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>Cash flows from operating activities</b>			
Income before income taxes	¥ 15,491	¥ 11,688	\$ 102,311
Depreciation	4,452	4,743	29,403
Loss on impairment of fixed assets	227	161	1,499
(Earnings) losses from investments under the equity method	5	(17)	33
Increase (decrease) in reserve for possible loan losses	(875)	(3,564)	(5,779)
Increase (decrease) in accrued bonuses	(7)	(779)	(46)
Increase (decrease) in provision for directors' bonuses	5	(5)	33
Decrease (increase) in net defined benefit asset	(31)	(188)	(204)
Increase (decrease) in net defined benefit liability	4	2	26
Increase (decrease) in reserve for reimbursement of deposits	(63)	(76)	(416)
Increase (decrease) in reserve for point services	—	(64)	—
Increase (decrease) in reserve for contingent losses	(707)	(6)	(4,669)
Interest income	(45,565)	(46,461)	(300,937)
Interest expenses	822	1,691	5,428
(Gain) loss on securities	1,051	9,901	6,941
(Gain) loss on money held in trust	(25)	(12)	(165)
(Gain) loss on foreign exchange	(681)	(13,591)	(4,497)
(Gain) loss on sales or disposal of fixed assets, net	92	58	607
Net (increase) decrease in loans and bills discounted	(94,459)	(233,358)	(623,862)
Net increase (decrease) in deposits	88,278	22,001	583,039
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	127,570	(743,990)	842,546
Net (increase) decrease in due from banks (excluding due from the Bank of Japan)	(3,416)	4,416	(22,561)
Net (increase) decrease in call loans and bills bought and others	3,334	(7,274)	22,019
Net increase (decrease) in payables under securities lending transactions	(4,371)	(80,420)	(28,868)
Net (increase) decrease in foreign exchange (assets)	(43)	1,650	(283)
Net increase (decrease) in foreign exchange (liabilities)	367	11	2,423
Net increase (decrease) in borrowed money from trust account	873	1,147	5,765
Interest received	44,872	47,179	296,360
Interest paid	(857)	(1,843)	(5,660)
Other	(14,448)	(4,986)	(95,423)
Subtotal	121,898	(1,031,986)	805,085
Income taxes paid	(549)	(2,145)	(3,625)
<b>Net cash provided by (used in) operating activities</b>	¥ 121,348	¥ (1,034,131)	\$ 801,453

## Consolidated Statements of Cash Flows

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries  
For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>Cash flows from investing activities</b>			
Purchases of securities	¥ (203,578)	¥ (96,890)	\$ (1,344,547)
Proceeds from sales of securities	15,746	188,957	103,995
Proceeds from maturity of securities	42,215	68,025	278,812
Decrease in money held in trust	6,000	9,500	39,627
Purchases of tangible fixed assets	(4,402)	(2,857)	(29,073)
Purchases of intangible fixed assets	(1,735)	(1,076)	(11,458)
Proceeds from sales of tangible fixed assets	—	1	—
<b>Net cash provided by (used in) investing activities</b>	<b>(145,754)</b>	<b>165,660</b>	<b>(962,644)</b>
<b>Cash flows from financing activities</b>			
Proceeds from stock issuance to non-controlling shareholders	282	—	1,862
Cash dividends paid	(3,154)	(3,528)	(20,830)
Cash dividends paid for non-controlling shareholders	—	(18)	—
Purchases of treasury stock	(0)	(25,216)	(0)
Proceeds from disposition of treasury stock	11	9	72
<b>Net cash provided by (used in) financing activities</b>	<b>(2,860)</b>	<b>(28,753)</b>	<b>(18,889)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(7)</b>	<b>104</b>	<b>(46)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(27,274)</b>	<b>(897,120)</b>	<b>(180,133)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>815,323</b>	<b>1,712,443</b>	<b>5,384,868</b>
<b>Cash and cash equivalents at end of period (Note 26)</b>	<b>¥ 788,049</b>	<b>¥ 815,323</b>	<b>\$ 5,204,735</b>

See accompanying notes to consolidated financial statements

## Notes to Consolidated Financial Statements

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries  
For the Years Ended 31st March, 2024 and 2023

### 1. Basis of Presentation

Senshu Ikeda Holdings, Inc. (the “Company”) is a holding company and conducts its operations through its subsidiaries and affiliates. The Company and its subsidiaries (collectively, the “Group”) maintain their books of account in accordance with the provisions set forth in the Companies Act of Japan (the “Act”) and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. Certain accounts have been reclassified for the convenience of readers outside Japan.

In preparing the accompanying consolidated financial statements, Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in yen in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥151.41 = U.S.\$1.00, the exchange rate prevailing on March 31, 2024. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

### 2. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 22 (19 in 2023) significant subsidiaries which it controls directly or indirectly. Affiliates over which the Company exercises significant influence in terms of their operating and financial policies have been included in the accompanying consolidated financial statements on an equity basis.

#### Change in the scope of consolidation

Kansai Innovation Network No.2 Investment Limited Partnership, 01Bank Preparatory Company, Inc. and Senshu Ikeda Area Support Co., Ltd. have been included in the scope of consolidation from the fiscal year ended 31 March, 2024 as a result of contribution by the Company.

The company has applied the equity method to its investments in 2 affiliates for the years ended March 31, 2024 and 2023, respectively.

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

The difference between the cost and the underlying equity in the net assets of the consolidated subsidiaries measured at fair value at their respective dates of acquisition is presented as “goodwill” or “negative goodwill”. Goodwill is amortized by the straight-line method over a period of 5 years.

The balance sheet date of 7 subsidiaries is December 31. Appropriate adjustments have been made for significant intervening transactions occurring during the period from December 31 to March 31.

### 3. Significant Accounting Policies

#### (1) Securities

Non-trading securities are classified into three categories: held-to-maturity debt securities, equity securities of unconsolidated subsidiaries and available-for-sale securities. Held-to-maturity debt securities are carried at amortized cost, and the cost being determined by the moving-average method. Equity securities of an unconsolidated subsidiary are stated at cost determined by the moving-average method. Available-for-sale securities whose fair values are available are stated at fair value determined based on the quoted market price and other information at the balance sheet date. Cost of sales of these available-for-sale securities is determined using the moving-average method. Non-marketable equity securities are stated at cost determined by the moving-average method.

Unrealized gain or loss on available-for-sale securities is included in net assets, net of income taxes.

However, for consolidated subsidiaries engaged in banking business, regarding the effect of exchange rate changes on bonds among available-for-sale securities denominated in foreign currencies, the effect on changes in the market prices of foreign currencies is treated as unrealized gain (loss), and other differences are treated as gain (loss) on foreign exchange.

#### (2) Investment securities held in money trusts

Investment securities that are part of trust assets in independently managed money trusts with the primary purpose to manage securities are stated at the fair value as of the balance sheet date.

#### (3) Derivatives

Derivatives are stated at fair value.

**(4) Tangible fixed assets**

Depreciation of tangible fixed assets of the Group, except for leased assets, is calculated principally by the straightline method. The principal useful lives are as follows:

Buildings	3 to 50 years
Other	2 to 20 years

**(5) Intangible fixed assets**

Intangible fixed assets are amortized by the straight-line method. Amortization of the cost of software intended for internal use is calculated by the straight-line method based on a useful life (5 years) determined by the Group and its consolidated subsidiaries.

**(6) Reserve for possible loan losses**

A reserve for possible loan losses is provided by consolidated subsidiaries engaged in the banking business (the “banking subsidiaries”) in accordance with the prescribed standards. For claims on borrowers who have declared bankruptcy or have commenced special liquidation proceedings or similar legal proceedings ( “bankrupt borrowers” ), or borrowers who are not legally or formally insolvent but are regarded as substantially in the same situation ( “effectively bankrupt borrowers” ), a reserve is provided based on the book value of the claims, after the write-off stated below, net of the expected amount recoverable from collateral and guarantees.

For claims on borrowers who are not currently bankrupt but are likely to become bankrupt ( “potentially bankrupt borrowers” ), a reserve is provided at the amount deemed necessary based on the overall solvency assessment of the borrowers and the amount of the claims, net of the expected amount recoverable from collateral and guarantees.

For other claims, a reserve is projected and provided primarily at the amount of estimated losses over a subsequent one-year period or three-year period. Estimated losses are calculated using a loss rate based on the average historical loan-loss ratio over a certain period obtained from historical loan losses for a one-year period or three-year period.

The Group conducts self-assessments of asset quality at its loan offices. The assessments are audited by the independent credit audit section in accordance with the Group’s policy and guidelines for the self-assessment of asset quality. Based on the results of these assessments, an appropriate reserve is provided for the resulting losses and for write-offs of doubtful assets.

For consolidated subsidiaries other than the banking subsidiaries, a specific reserve for possible loan losses at the total amount of loans deemed to be uncollectible based on a solvency analysis of each loan, in addition to a general reserve at an amount calculated based on historical experience, is provided.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount of the claims exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and is written off against the total amount of the outstanding claims. These write-offs amounted to ¥21,935 million (\$144,871 thousand) and ¥24,324 million for the years ended March 31, 2024 and 2023, respectively.

**(7) Provision for employees’ bonuses**

Provision for employees’ bonuses is calculated based on an estimated payment amount, which is attributable to the fiscal year.

**(8) Provision for directors’ bonuses**

Provision for directors’ bonuses is calculated based on an estimated payment amount for directors, which is attributable to the fiscal year, in order to prepare for the payment of performance-linked compensation to directors.

**(9) Accrued retirement benefits for directors and audit & supervisory board members**

Accrued retirement benefits for directors and audit & supervisory board members are provided at an amount that would be required if all directors and audit & supervisory board members retired at the balance sheet date.

**(10) Reserve for reimbursements of deposits**

Reserve for reimbursements of deposits is provided at an estimate of the future payments to be made for reimbursement claims on deposits which were derecognized and credited from liability to income based on the Group’s historical experience.

**(11) Reserve for contingent losses**

Reserve for contingent losses is provided at an estimate of the future loss on contingencies other than those covered by other reserves or provisions.

**(12) Reserve under special laws**

Reserve under special laws consist of the financial instruments transaction liability reserve of ¥15 million (\$99 thousand) as of March 31, 2024, posted by Senshu Ikeda Tokai Tokyo Securities Co., Ltd., which were calculated according to the specifications of Article 46-5 of the Financial Instruments and Exchange Act and Article 175 of the Cabinet Office Ordinance Related to the Financial Instruments Business, to prepare for losses originating from incidents relating to the purchase and sale of securities or other transactions.



### **(13) Accounting treatment for retirement benefits**

In the calculation of retirement benefit obligation, the Company applies the benefit formula basis in attributing expected retirement benefits to periods until the end of this fiscal year.

Actuarial gain or loss is amortized commencing the year following the year in which the gain or loss is recognized by the straight-line method principally over a period of 11 to 12 years, which is within the average estimated remaining years of service of the eligible employees.

Some of the consolidated subsidiaries calculate their net defined benefit liability and retirement benefit expenses by adopting the simplified method, assuming the amount of year-end retirement benefit payable due to voluntary terminations as retirement benefit obligation.

### **(14) Foreign currency transactions**

Assets and liabilities of consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at the balance sheet date.

### **(15) Leases**

Leased assets under finance lease arrangements which do not transfer ownership of the leased assets to the lessee are depreciated over the respective lease contract periods using the straight-line method with residual values defined in the lease contracts, otherwise the residual values is zero.

As lessee:

Finance leases which commenced prior to 1st April, 2008, except for those substantially requiring the transfer of ownership of the leased assets to the lessee, are accounted for as operating leases.

As lessor:

Finance lease income and related cost are recognized when lease payment is received. Finance leases which do not transfer ownership of the leased assets to the lessee and commenced prior to 1st April, 2008 are deemed to have been entered into contracts at the amount of the cost less accumulated depreciation at March 31, 2008.

### **(16) Revenues and expenses**

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred to the customer. The amount of revenue recognized from contracts with customers is calculated based on the amount expected to be received in exchange for goods or services. For point programs operated by other companies in which the Company's consolidated subsidiaries participate, the amount expected to be used in the future is recognized as an amount to be collected on behalf of third parties and deducted from fees and commissions.

### **(17) Revenue recognition for share dividends**

Regarding the revenue recognition for share dividends distributed from other retained earnings (limited to cases of cash dividends), they are recorded as follows in accordance with Paragraph 94 of "Practical Guidelines on Accounting for Financial Instruments" (JICPA Accounting System Committee Report No. 14, July 4, 2019).

#### **(1) Shares with a market price**

As of the ex-dividend date of each share (the day after the last trading day with dividend rights), the Group estimates and records accrued dividends receivable based on the previous actual dividend or the published forecast dividend per share.

#### **(2) Shares without a market price**

Dividends to be paid within the period normally required after the effective date of a resolution regarding dividends passed at a general meeting of shareholders, a meeting of the board of directors, or other body with decision-making authority of the issuing company are recorded in the fiscal year that includes the date of payment.

### **(18) Hedge accounting**

Interest rate risk hedging

With respect to hedge accounting for the interest rate risk arising from financial assets and liabilities of the banking subsidiaries, the Group applies deferral hedge accounting, under which gains or losses on derivatives are deferred until maturity of the hedged transactions, as stipulated in the Japanese Institute of Certified Public Accountants (JICPA) Industry Committee Practical Guidelines No. 24, March 17, 2022.

Foreign exchange rate risk hedging

With respect to hedge accounting for derivative transactions used to hedge the risk of financial assets and liabilities denominated in foreign currencies of the banking subsidiaries, the Group applies deferral hedge accounting, under which gains or losses on derivatives are deferred until maturity of the hedged transactions, as stipulated in the JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020. The Group assesses the effectiveness of its currency swaps and foreign exchange swaps transactions, etc. entered into in order to hedge the risk of fluctuation in foreign exchange rates by comparing the foreign-currency amount of each underlying hedged item with the corresponding foreign currency amount of the respective hedging instruments.

### **(19) Cash flows**

In preparing the consolidated statement of cash flows, cash and deposits with the Bank of Japan are considered to be cash and cash equivalents.

### **(20) Application of the group tax sharing system**

The Company and some of its consolidated subsidiaries have adopted the group tax sharing system as stipulated in the Corporation Tax Act (Act No. 34 of 1965).

**(21) Accounting principles and procedures adopted when the provisions of relevant accounting standards, etc. are unclear**

Accounting treatment for gain (loss) on cancellation of investment trusts

Gain (loss) on cancellation and redemption of investment trusts is recorded as “Interest and dividends on securities.” In cases where the total amount of profit distribution, etc. from investment trusts during the period is a loss, the amount is recorded as “Loss on redemption of bonds.”

**(22) Significant accounting estimates**

1. Valuation of loans and bills discounted

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Reserve for possible loan losses	¥ 10,426	¥ 11,301	\$ 68,859
Of which, reserve for possible loan losses considering the risk of downward shift with respect to substantially interest-free and unsecured loans (hereinafter “zero-zero financing (*”) )	¥ 538	¥ 1,203	\$ 3,553

(\*) “Zero-zero financing” refers to loans provided to business borrowers whose performance deteriorated during COVID-19 pandemic, with substantially no interest (for a certain period), no collateral and reduced or exempted guarantee fees, which allowed the borrowers to defer repayment of the principal of loans for up to five years.

(2) Information for an understanding of the nature of significant accounting estimates for the identified items

(i) Calculation method

Reserve for possible loan losses of the banking subsidiaries is calculated by assessing the borrower classification based on the asset self-assessment standards and using a certain calculation method according to the borrower classification as described in “Notes (Significant Accounting Policies for Preparation of Consolidated Financial Statements), 4. Significant Accounting Policies, (4) Standards for recognition of reserve for possible loan losses. With regard to the borrowers requiring caution except for those requiring special caution (hereinafter “other borrowers requiring caution” ), the reserve for possible loan losses is calculated by grouping them into two categories based on their credit ratings (the lower rating classification which mainly consist to borrowers with amended loan terms and the higher rating classification which consist of the remaining borrowers).

In addition, with regard to the borrowers of zero-zero financing with deferred principal repayments whose current borrower classification is either normal of the higher rating classification within “other borrowers requiring caution” , The Senshu Ikeda Bank, Ltd. (the “Bank” ) considered the risk of such borrowers to move down to the lower rating classification within “other borrowers requiring caution” upon their request of another deferral of principal repayment and an allowance for possible loan losses was recorded from the end of this previous year as an adjustment to the expected losses.

(ii) Key assumptions

The key assumption in determining the borrower classification for business loan borrowers with deteriorating business conditions is the

“Outlook for future business performance of borrowers” . “Outlook for future business performance of borrowers” is determined based on an individual assessment of each borrower’s ability to earn a profit. There is uncertainty in the future economic environment which includes the impact of international situations such as Russia’s invasion of Ukraine, and the impact of inflation and other factors due to the depreciation of Japanese yen. When making individual assessments, these effects are taken into consideration in determining the borrower classification.

In addition, in adjusting the expected losses with regard to the borrowers of zero-zero financing with deferred principal repayments whose current borrower classification is either normal or the higher rating classification within “other borrowers requiring caution” , the Bank assume that the same level of downward shifts as in the past in borrower classification or credit rating will continue.

(iii) Impact on the consolidated financial statements for the fiscal year ending March 31, 2025

Changes in the business performance of borrowers and the success or failure of their business strategies could have a significant impact on reserve for possible loan losses stated in the consolidated financial statements for the fiscal year ending March 31, 2025.

### (23) Change in accounting policies

(Voluntary change in accounting policy for recording sales and cost of sales for installment sales transactions)

Our consolidated subsidiaries, Senshu Ikeda Lease Co., Ltd. and Senshu Ikeda Auto Leasing Co., Ltd. had conventionary accounted for sales and cost of sales for installment sales transactions in accordance with the “Temporary Treatment of Accounting and Auditing Concerning Application of Accounting Standards for Financial Instruments in the Leasing Industry” (Industry Audit Committee Report No. 19, November 14, 2000) and recorded installment receivables and corresponding deferred unrealized profit, and installment sales and corresponding cost of sales, on a gross basis.

However, following the change in the leasing system on April 1, 2023, it has become possible to more appropriately reflect the economic substance in the consolidated financial statements, and therefore, effective from the current period, the Company has changed its accounting policy to record the amount equivalent to principal as installment receivables and the amount equivalent to interest as sales on a net basis, and the change has been applied retrospectively.

As a result, for the previous fiscal year, each of Other income, Total income, Other expenses and Total expenses is presented at an amount lower by 2,734 million yen than previously reported, but there was no impact on Income before income taxes, Profit and Profit attributable owners of the parent. In addition, Other assets and Other liabilities decreased by 411 million yen each as of the balance sheet date of the previous fiscal year as a result of the retrospective application. There is no effect on retained earnings at the beginning of the previous fiscal year.

Further, the interest component included in sales-type installments which had historically been recorded through the straight-line method applying an exception, is recorded through the interest method from the current fiscal year in line with the principle. Since the effect of this change on the past is immaterial, this change was not applied retrospectively, and the cumulative effect was charged to income in the current fiscal year. The effect of this change on profit and loss for the current fiscal year is immaterial.

### (24) Additional Information

(Recoverability of deferred tax assets)

The recoverability of deferred tax assets, which was included in the Significant Accounting Estimates of the previous consolidated fiscal year, is not subject to note from the current consolidated fiscal year because the tax losses carried forward have largely been eliminated in the current consolidated fiscal year and the impact of changes in the assumptions for taxable income before adjusting temporary differences during the recoverable period has decreased. It is therefore no longer expected to have a significant impact on the consolidated financial statements in the following consolidated fiscal year and thereafter

## 4. Trading account securities

There were no valuation gain or loss on trading account securities included in income before income taxes and non-controlling interests at March 31, 2024 and 2023, respectively.

## 5. Securities

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Stocks	¥ 30,670	¥ 27,882	\$ 202,562
Bonds:			
Government bonds	88,553	43,207	584,855
Local government bonds	225,251	115,278	1,487,689
Corporate bonds	180,866	198,189	1,194,544
Other	106,992	102,427	706,637
Total	¥ 632,335	¥ 486,984	\$ 4,176,309

Stocks in the above table include investments in affiliates of ¥118 million (\$779 thousand) and ¥124 million at March 31, 2024 and 2023, respectively.

The securities loaned under unsecured securities lending transactions are included in Government bonds and Corporate bonds under “Securities” in the amount of ¥5,338 million (\$35,255 thousand) and ¥40,203 million at March 31, 2024 and 2023, respectively.

**There were no held-to-maturity debt securities at March 31, 2023. Held-to-maturity debt securities at March 31, 2024 was as follows:**

March 31, 2024	Millions of yen		
	Carrying value	Fair value	
Government bonds	¥ 10,115	¥	10,154
Local government bonds	87,825		87,752
Total	¥ 97,940	¥	97,906
Millions of yen			
March 31, 2024	Difference	Unrealized gain	Unrealized loss
Government bonds	¥ 39	¥ 48	¥ (9)
Local government bonds	(73)	130	(204)
Total	¥ (34)	¥ 178	¥ (213)
Thousands of U.S. dollars			
March 31, 2024	Carrying value	Fair value	
Government bonds	\$ 66,805	\$	67,062
Local government bonds	580,047		579,565
Total	\$ 646,852	\$	646,628
Millions of yen			
March 31, 2024	Difference	Unrealized gain	Unrealized loss
Government bonds	\$ 257	\$ 317	\$ (59)
Local government bonds	(482)	858	(1,347)
Total	\$ (224)	\$ 1,175	\$ (1,406)

**There were no held-to-maturity debt securities sold during the years ended March 31, 2024 and 2023.**

**Available-for-sale securities with fair value at March 31, 2024 and 2023 were as follows:**

Millions of yen		
March 31, 2024	Carrying value	Acquisition cost
Equity securities	¥ 24,708	¥ 10,120
Bonds:		
Government bonds	78,438	78,842
Local government bonds	137,425	138,545
Corporate bonds	180,866	185,236
Subtotal	396,730	402,624
Other	98,302	94,974
Total	¥ 519,741	¥ 507,719

Millions of yen			
March 31, 2024	Difference	Unrealized gain	Unrealized loss
Equity securities	¥ 14,587	¥ 15,042	¥ (454)
Bonds:			
Government bonds	(404)	22	(426)
Local government bonds	(1,119)	59	(1,179)
Corporate bonds	(4,369)	23	(4,393)
Subtotal	(5,893)	105	(5,999)
Other	3,327	5,356	(2,028)
Total	¥ 12,022	¥ 20,504	¥ (8,482)

Millions of yen		
March 31, 2023	Carrying value	Acquisition cost
Equity securities	¥ 21,962	¥ 10,743
Bonds:		
Government bonds	43,207	43,361
Local government bonds	115,278	116,155
Corporate bonds	198,189	201,384
Subtotal	356,675	360,902
Other	94,835	94,927
Total	¥ 473,473	¥ 466,572

Millions of yen			
March 31, 2023	Difference	Unrealized gain	Unrealized loss
Equity securities	¥ 11,219	¥ 11,477	¥ (258)
Bonds:			
Government bonds	(154)	13	(167)
Local government bonds	(877)	2	(879)
Corporate bonds	(3,195)	11	(3,206)
Subtotal	(4,226)	27	(4,254)
Other	(92)	4,685	(4,777)
Total	¥ 6,900	¥ 16,190	¥ (9,289)

Thousands of U.S. dollars		
March 31, 2024	Carrying value	Acquisition cost
Equity securities	\$ 163,186	\$ 66,838
Bonds:		
Government bonds	518,050	520,718
Local government bonds	907,634	915,032
Corporate bonds	1,194,544	1,223,406
Subtotal	2,620,236	2,659,163
Other	649,243	627,263
Total	\$ 3,432,672	\$ 3,353,272

Thousands of U.S. dollars			
March 31, 2024	Difference	Unrealized gain	Unrealized loss
Equity securities	\$ 96,341	\$ 99,346	\$ (2,998)
Bonds:			
Government bonds	(2,668)	145	(2,813)
Local government bonds	(7,390)	389	(7,786)
Corporate bonds	(28,855)	151	(29,013)
Subtotal	(38,920)	693	(39,620)
Other	21,973	35,374	(13,394)
Total	\$ 79,400	\$ 135,420	\$ (56,020)

**Available-for-sale securities sold during the years ended March 31, 2024 and 2023 were as follows:**

Millions of yen			
2024	Proceeds from sales	Gain	Loss
Equity securities	¥ 1,503	¥ 848	¥ —
Bonds:			
Government bonds	—	—	—
Local government bonds	—	—	—
Corporate bonds	—	—	—
Subtotal	—	—	—
Other	17,591	773	(2,525)
Total	¥ 19,095	¥ 1,622	¥ (2,525)

Millions of yen			
2023	Proceeds from sales	Gain	Loss
Equity securities	¥ 2,631	¥ 273	¥ (37)
Bonds:			
Government bonds	78,594	—	(3,118)
Local government bonds	—	—	—
Corporate bonds	705	0	(12)
Subtotal	79,300	0	(3,130)
Other	106,644	1,547	(8,502)
Total	¥ 188,575	¥ 1,820	¥ (11,670)

Thousands of U.S. dollars			
2024	Proceeds from sales	Gain	Loss
Equity securities	\$ 9,926	\$ 5,600	\$ —
Bonds:			
Government bonds	—	—	—
Local government bonds	—	—	—
Corporate bonds	—	—	—
Subtotal	—	—	—
Other	116,181	5,105	(16,676)
Total	\$ 126,114	\$ 10,712	\$ (16,676)

#### Impairment losses on securities

Available-for-sale securities whose fair value significantly declined from the acquisition cost are valued at fair value and losses on devaluation of those securities are recognized in the consolidated statement of operations unless the value is considered recoverable.

Impairment losses for the years ended 31 March, 2024 was ¥28 million (\$184 thousand), all of which consisted on corporate bonds.

Determining whether the fair value is “significantly declined” is based on the fair value determined by the monthly average market price during one month preceding the balance sheet date declining by more than 50% or the criteria considering the trend of the fair value during a certain past period and credit risks of the issuers when the fair value determined by the monthly average market price during one month preceding the balance sheet date declined between 30% and 50% of the acquisition cost.

## 6. Money Held in Trust

Money held in trust at March 31, 2024 and 2023 consisted of the following:

### Money held in trust for trading purposes

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Carrying value	¥ 9,005	¥ 15,010	\$ 59,474
Valuation gain (loss) included in consolidated statements of income	91	10	601

There were no money held in trust owned for other purposes at March 31, 2024 and 2023.

## 7. Net Unrealized Gain (Loss) on Available-for-Sale Securities

Net unrealized gain (loss) on available-for-sale securities at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Differences between acquisition cost and fair value:			
Available-for-sale securities	¥ 12,127	¥ 6,966	\$ 80,093
Deferred tax liabilities	(3,027)	(1,407)	(19,992)
Differences between acquisition cost and fair value, net of taxes	9,099	5,558	60,095
Amounts corresponding to non-controlling interests	-	-	-
Net unrealized gain (loss) on available-for-sale securities, net of taxes	¥ 9,099	¥ 5,558	\$ 60,095

## 8. Loans and Bills Discounted and Risk Monitored Loans

### Loans and bills discounted:

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Bills discounted	¥ 7,618	¥ 7,909	\$ 50,313
Loans on bills	32,085	35,311	211,908
Loans on deeds	4,553,333	4,464,618	30,072,868
Overdrafts	238,445	229,184	1,574,829
Others	169	169	1,116
Total	¥ 4,831,651	¥ 4,737,192	\$ 31,911,042

Discounting of bills is accounted for as finance transactions rather than as purchasing of bills in accordance with the JICPA Industry Committee Practical Guidelines No. 24. The Group has the right to sell or pledge such bills without any restrictions. These include bankers acceptances bought, commercial bills discounted, documentary bills and foreign exchange bills. The total face value of such outstanding bills at March 31, 2024 and 2023 totaled ¥7,792 million (\$51,462 thousand) and ¥8,118 million, respectively.

At March 31, 2024 and 2023, loans and bills discounted included the portion of loans extended to original borrowers based on loan participation agreements, as permitted by the JICPA Accounting Committee Report No. 3, 28th November, 2014, in the amount of ¥12,981 million (\$85,734 thousand) and ¥9,705 million, respectively.

Contracts for overdraft facilities and loan commitments are contracts under which the Group lends money to customers up to their prescribed limits at the customers' request as long as there are no violations of any of the conditions in the contracts. The aggregate unutilized balances within the limits of these contracts totaled ¥700,483 million (\$4,626,398 thousand) and ¥736,931 million at March 31, 2024 and 2023, respectively, including the contracts whose contractual periods were either less than one year or revocable at any time, in the amount of ¥672,229 million (\$4,439,792 thousand) and ¥708,375 million, respectively.

Since many of these commitments expire without being fully utilized, the unutilized amounts do not necessarily represent future cash commitments. Most of these contracts include provisions which stipulate that the consolidated subsidiaries can reject customers' requests or decrease the contract limits for an appropriate reason, (for example, a change in financial situation or a deterioration in customers' creditworthiness).

At the inception of the contracts, the Group obtains collateral in the form of real estate, securities, and so forth, if deemed necessary. Subsequently, the Group, based on its internal rules, performs periodic reviews of the customers' business results and may take necessary measures such as reconsidering the terms of the contracts and/or requiring additional collateral or guarantees.

### Risk monitored loans:

Risk monitored loans which were included in loans and bills discounted at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Bankruptcy and quasi-bankrupt claim	¥ 3,925	¥ 2,536	\$ 25,922
Doubtful claim	44,443	43,031	293,527
Loans past due for 3 months or more	59	166	389
Restructured loans	3,010	3,021	19,879
Total	¥ 51,438	¥ 48,756	\$ 339,726

Bankruptcy and quasi-bankrupt claim represent the claim to borrowers who have been declared insolvent, on the grounds of the commencement of bankruptcy or rehabilitation proceedings, filing for the proceedings or other similar legal proceedings.

Doubtful claim represent the claim to borrowers who have not yet failed but their financial and business performances have deteriorated, with a high possibility that the principal and interest on these claim will not to be received.

Loans past due for 3 months or more represent loans on which the payment of principal and/or interest has not been received for three months or more from the due date, and which are not classified as "bankruptcy and quasi-bankrupt claim" or "doubtful claim."

Restructured loans are loans which have been restructured to support the rehabilitation of borrowers who are encountering financial difficulties, with the intention of ensuring the recovery of the loans by providing more flexible repayment terms for the borrowers (such as reducing the rate of interest or suspending the payment of principal/interest, etc.) or loans which are not classified in any of the above categories.

The amounts presented in the table above are stated before the provision of specific loan loss reserves.



## 9. Foreign Exchange Assets

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Due from foreign correspondent banks	¥ 5,320	¥ 5,428	\$ 35,136
Foreign bills of exchange bought	157	192	1,036
Foreign bills of exchange receivable	423	235	2,793
Total	¥ 5,900	¥ 5,856	\$ 38,967

## 10. Other Assets

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Investment in leased assets	¥ 25,032	¥ 22,563	\$ 165,325
Other receivables	27,768	22,945	183,396
Accrued income	4,518	2,836	29,839
Prepaid expenses	784	706	5,177
Other	33,973	32,965	224,377
Total	¥ 92,077	¥ 82,017	\$ 608,130

## 11. Tangible Fixed Assets

At March 31, 2024 and 2023, accumulated depreciation of tangible fixed assets were ¥57,035 million (\$376,692 thousand) and ¥57,239 million, respectively.

Under the Tax Act, capital gains arising from the exchange or replacement of assets under certain conditions are permitted to be deducted from the cost of tangible fixed assets in order to obtain certain tax benefits. The amount deducted from the cost of tangible fixed assets at March 31, 2024 and 2023 were ¥370 million (\$2,443 thousand) and ¥371 million, respectively.

## 12. Assets Pledged

Assets pledged as collateral at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Securities	¥ 311,672	¥ 283,562	\$ 2,058,463
Loans	298,007	271,939	1,968,212
Other assets	581	739	3,837

The liabilities secured by the above pledged assets at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deposits	¥ 2,889	¥ 3,281	\$ 19,080
Payables under securities lending transactions	-	4,371	-
Borrowed money	457,950	329,515	3,024,569
Other liabilities	30	51	198

At March 31, 2024 and 2023, guarantee deposits of ¥3,373 million (\$22,277 thousand) and ¥3,647 million, collateral money deposited for financial instruments of ¥1,523 million (\$10,058 thousand) and ¥2,167 million and margins for Central Counter Party of ¥20,000 million (\$132,091 thousand) and ¥20,000 million were included in "Other assets", respectively.

## 13. Deposits

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Current deposits	¥ 266,050	¥ 245,968	\$ 1,757,149
Ordinary deposits	3,637,772	3,457,033	24,025,969
Savings deposits	23,097	23,847	152,546
Deposits at notice	9,995	12,330	66,012
Time deposits	1,685,594	1,814,031	11,132,646
Other deposits	45,019	26,040	297,331
Total	¥ 5,667,529	¥ 5,579,250	\$ 37,431,668

## 14. Borrowed Money

Borrowed money at March 31, 2024 and 2023 consisted of borrowings from the Bank of Japan and certain other financial institutions.

The average interest rate applicable to borrowed money at March 31, 2024 and 2023 were 0.00%.

The aggregate annual maturities of borrowed money subsequent to March 31, 2024 were summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2025	¥ 35,203	\$ 232,501
2026	111,136	734,007
2027	225,569	1,489,789
2028	105	693
2029	-	-
Total	¥ 466,470	\$ 3,080,840

## 15. Foreign Exchange Liabilities

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Foreign bills sold	¥ 547	¥ 94	\$ 3,612
Foreign bills of exchange payable	134	220	885
Total	¥ 681	¥ 314	\$ 4,497

## 16. Other Liabilities

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Accrued expenses	¥ 2,567	¥ 2,101	\$ 16,953
Unearned income	11,863	13,733	78,350
Accrued income taxes	2,726	861	18,004
Other	32,307	39,266	213,374
Total	¥ 49,465	¥ 55,962	\$ 326,695

The amounts of lease obligations included in “Other” were ¥2 million (\$13 thousand) and ¥4 million at March 31, 2024 and 2023, respectively. The average interest rates on lease obligations at March 31, 2024 with maturity dates on or before and subsequent to March 31, 2024 were 3.00%. The average interest rates on lease obligations at March 31, 2023 with maturity dates on or before and subsequent to March 31, 2024 were 3.00%.

The aggregate annual maturities of lease obligations subsequent to March 31, 2024 were summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2025	¥ 1	\$ 6
2026	1	6
2027	-	-
2028	-	-
2029	-	-
2030 and thereafter	-	-
Total	¥ 2	\$ 13

## 17. Retirement Benefit Plans

Outline of the retirement benefit plan adopted by the Group

The consolidated subsidiaries have adopted funded defined benefit plans to cover the payment of retirement benefits to employees.

As for the defined benefit pension plans (funded) of the consolidated subsidiaries, lump-sum benefits or pensions are provided depending on the service years, etc. Retirement benefit trust is established for the defined benefit pension plan.

As for lump-sum payment plans of the consolidated subsidiaries (which are unfunded plans, but after the establishment of retirement benefit trust scheme, have become funded plans), lump-sum payments are made as retirement benefits depending on the service years, etc. Certain consolidated subsidiaries have adopted lump-sum payment plans (all unfunded) as defined benefit plans, where net defined benefit liability and retirement benefit expenses are calculated by the simplified method.

### (1) Reconciliation of the beginning balance to the ending balance of retirement benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Retirement benefit obligation at beginning of the year	¥ 35,702	¥ 36,053	\$ 235,796
Service cost	990	1,008	6,538
Interest cost	134	138	885
Actuarial gain or loss incurred during the year	(4,649)	318	(30,704)
Payment of retirement benefits	(1,790)	(1,828)	(11,822)
Other	11	12	72
Retirement benefit obligation at end of the year	¥ 30,399	¥ 35,702	\$ 200,772

### (2) Reconciliation of the beginning balance to the ending balance of pension plan assets

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Pension plan assets at beginning of the year	¥ 59,486	¥ 59,313	\$ 392,880
Expected return on plan assets	1,156	1,203	7,634
Actuarial gain or loss incurred during the year	3,327	656	21,973
Contributions from employer	-	125	-
Payment of retirement benefits	(1,784)	(1,812)	(11,782)
Pension plan assets at end of the year	¥ 62,186	¥ 59,486	\$ 410,712

### (3) Reconciliation of the ending balance of retirement benefit obligation and pension plan assets to the consolidated balance sheet amounts of net defined benefit liability and asset

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Funded retirement benefit obligation	¥ 30,250	¥ 35,558	\$ 199,788
Pension plan assets	(62,186)	(59,486)	(410,712)
	(31,936)	(23,928)	(210,923)
Unfunded retirement benefit obligation	149	144	984
Net amount of liability and asset on consolidated balance sheets	¥ (31,787)	¥ (23,784)	\$ (209,939)

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Net defined benefit liability	¥ 149	¥ 144	\$ 984
Net defined benefit asset	(31,936)	(23,928)	(210,923)
Net amount of liability and asset on consolidated balance sheets	¥ (31,787)	¥ (23,784)	\$ (209,939)

### (4) Retirement benefit expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Service cost	¥ 990	¥ 1,008	\$ 6,538
Interest cost	134	138	885
Expected return on plan assets	(1,156)	(1,203)	(7,634)
Amortization of actuarial loss	(1,443)	(1,234)	(9,530)
Amortization of prior service cost	-	(131)	-
Other	-	1	-
Net periodic retirement benefit expenses for defined benefit pension plans	¥ (1,475)	¥ (1,420)	\$ (9,741)

**(5) Remeasurements of defined benefit plans included in other comprehensive income**

Remeasurements of defined benefit plans included in other comprehensive income (before related tax effects) consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Prior service cost	¥ -	¥ (131)	\$ -
Actuarial gain or loss	6,533	(897)	43,147
Total	¥ 6,533	¥ (1,028)	\$ 43,147

**(6) Remeasurements of defined benefit plans included in accumulated other comprehensive income**

Remeasurements of defined benefit plans included in accumulated other comprehensive income (before related tax effects) consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Unrecognized actuarial gain or loss	(14,822)	(8,289)	(97,893)
Total	¥ (14,822)	¥ (8,289)	\$ (97,893)

**(7) Matters related to pension plan assets**

1) Ratio of the main components in the total pension plan assets were as follows:

	2024	2023
Bonds	14%	14%
Stocks	47%	59%
Short-term investment fund including cash and deposits	18%	6%
Life insurance company general accounts	4%	4%
Others	17%	17%
Total	100%	100%

Note:

Total pension plan assets included retirement benefit trust of which securities were contributed for the pension plan, which accounts for 37% and 41% of the total at March 31, 2024 and 2023, respectively.

2) Setting of long-term expected rates of return on plan assets  
For the purpose of determining the long-term expected return on plan assets, the present and anticipated allocation of plan assets and the present and expected long-term rates of return on various assets composing the plan assets are taken into account.

**(8) The assumptions used for actuarial calculations**

	2024	2023
Discount rate	0.03%-2.09%	0.00%-0.65%
Expected rate of return on plan assets	2.5%	2.5%
Expected rate of salary increase	1.69%-3.77%	1.73%-3.91%

**18. Asset Retirement Obligations**

Notes concerning asset retirement obligations are omitted due to lack of significance of its total amount.

**19. Contingent Liabilities**

Contingent liabilities for guarantee of corporate bonds included in “Securities,” which were issued by private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act of Japan) amounted to ¥20,072 million (\$132,567 thousand) and ¥23,467 million at March 31, 2024 and 2023, respectively.

**20. Shareholders’ Equity**

Japanese banks, including the Company, are required to comply with the Banking Act and the Act. The Act stipulates that neither additional paid-in capital nor the legal reserve is available for dividends, but that both may be used to reduce or eliminate a deficit. Under the Banking Act, an amount which is at least equal to 20% of the aggregate amount of cash dividends and certain appropriations of retained earnings associated with cash outlays applicable to each fiscal period is to be appropriated to the legal reserve until the aggregate amount of the legal reserve and the capital surplus account equals 100% of the amount of share capital. The Act also provides that if the aggregate amount of additional paid-in capital and the legal reserve exceeds 100% of the amount of share capital, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

The maximum amount which the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company and in accordance with the Act.

**(1) Class and number of shares issued and treasury stock**

Movements in common stock, first series of seventh-class preferred stock and treasury stock during the years ended March 31, 2024 and 2023 were summarized as follows:

Number of shares (in thousands)					Note
Year ended March 31, 2024	1st April, 2023	Increase	Decrease	March 31, 2024	
Outstanding shares:					
Common stock	281,008	—	—	281,008	
Total	281,008	—	—	281,008	
Treasury stock:					
Common stock	667	1	68	600	
Total	667	1	68	600	

Notes:

1. Increase in treasury stock of common stock (1 thousand shares) was due to acquisition of shares from the shareholders who owned fractional shares less than one unit (1 thousand shares).
2. Decrease in treasury stock of common stock (68 thousand shares) consisted of disposal of shares following the acquisition request from the shareholders who owned fractional shares less than one voting right (0 thousand shares) and transfers due to exercise of stock option (68 thousand shares).

Number of shares (in thousands)					Note
Year ended March 31, 2023	1st April, 2022	Increase	Decrease	March 31, 2023	
Outstanding shares:					
Common stock	281,008	—	—	281,008	1
First series of seventh-class preferred stock	25,000	—	25,000	—	
Total	306,008	—	25,000	281,008	
Treasury stock:					
Common stock	716	1	50	667	2 and 3
First series of seventh-class preferred stock	—	25,000	25,000	—	4 and 5
Total	716	25,001	25,050	667	

Notes:

1. Decrease in outstanding shares of First series of seventh-class preferred stock (25,000 thousand shares) was due to retirement of treasury stock.
2. Increase in treasury stock of common stock (1 thousand shares) was due to acquisition of shares from the shareholders who owned fractional shares less than one unit (1 thousand shares).
3. Decrease in treasury stock of common stock (50 thousand shares) consisted of transfers due to exercise of stock option (50 thousand shares).
4. Increase in treasury stock of First series of seventh-class preferred stock (25,000 thousand shares) was due to purchase of treasury stock based on resolution of the Board of Directors.
5. Decrease in treasury stock of First series of seventh-class preferred stock (25,000 thousand shares) was due to retirement of treasury stock based on resolution of the Board of Directors.

## (2) Stock subscription rights

The Company resolved to grant stock subscription rights (stock option) to certain directors, executive officers and certain directors and executive officers of its subsidiaries at the Board of Directors' meeting held on, July 31, 2023, July 27, 2022, July 30, 2021, July 31, 2020, July 30, 2019, July 31, 2018, July 31, 2017, July 27, 2016, July 29, 2015, July 30, 2014, July 31, 2013, August 31, 2012, July 28, 2011 and February 24, 2011.

The balance of stock subscription rights granted for stock option program were ¥148 million (\$977 thousand) and ¥116 million at March 31, 2024 and 2023, respectively. Stock option related expenses for the years ended March 31, 2024 and 2023 amounted to ¥43 million (\$283 thousand) and ¥39 million, respectively.

The stock option outstanding at March 31, 2024 was as follows:

Date of resolution	February 24, 2011	July 28, 2011
Persons granted	Directors of the subsidiaries: 22 Executive officers of the subsidiaries: 19	Directors of the subsidiaries: 16 Executive officers of the subsidiaries: 18
Number of stock option by type of shares (*)	Common stock: 84,780	Common stock: 72,760
Date of grant	March 15, 2011	August 31, 2011
Vesting conditions	To exercise within 10 days after retirement	To exercise within 10 days after retirement
Applicable service period	From March 15, 2011 to the date of retirement	From August 31, 2011 to the date of retirement
Exercise period	From March 16, 2011 to July 31, 2041	From September 1, 2011 to July 31, 2041

Date of resolution	August 31, 2012	July 31, 2013
Persons granted	Directors of the subsidiaries: 10 Executive officers of the subsidiaries: 16	Directors of the subsidiaries: 10 Executive officers of the subsidiaries: 16
Number of stock option by type of shares (*)	Common stock: 69,500	Common stock: 53,800
Date of grant	October 1, 2012	September 2, 2013
Vesting conditions	To exercise within 10 days after retirement	To exercise within 10 days after retirement
Applicable service period	From October 1, 2012 to the date of retirement	From September 2, 2013 to the date of retirement
Exercise period	From October 2, 2012 to July 31, 2042	From September 3, 2013 to July 31, 2043

Date of resolution	July 30, 2014	July 29, 2015
Persons granted	Directors of the subsidiaries: 10 Executive officers of the subsidiaries: 15	Directors of the subsidiaries: 10 Executive officers of the subsidiaries: 14
Number of stock option by type of shares (*)	Common stock: 55,900	Common stock: 51,800
Date of grant	August 28, 2014	September 1, 2015
Vesting conditions	To exercise within 10 days after retirement	To exercise within 10 days after retirement
Applicable service period	From August 28, 2014 to the date of retirement	From September 1, 2015 to the date of retirement
Exercise period	From August 29, 2014 to July 31, 2044	From September 2, 2015 to July 31, 2045

Date of resolution	July 27, 2016	July 31, 2017
Persons granted	Directors of the subsidiaries: 8 Executive officers of the subsidiaries: 17	Directors of the subsidiaries: 8 Executive officers of the subsidiaries: 20
Number of stock option by type of shares (*)	Common stock: 94,800	Common stock: 83,100
Date of grant	August 30, 2016	August 31, 2017
Vesting conditions	To exercise within 10 days after retirement	To exercise within 10 days after retirement
Applicable service period	From August 30, 2016 to the date of retirement	From August 31, 2017 to the date of retirement
Exercise period	From August 31, 2016 to July 31, 2046	From September 1, 2017 to July 31, 2047

Date of resolution	July 31, 2018	July 30, 2019
Persons granted	Directors of the subsidiaries: 6 Executive officers of the subsidiaries: 18	Directors of the subsidiaries: 6 Executive officers of the subsidiaries: 18
Number of stock option by type of shares (*)	Common stock: 58,500	Common stock: 117,400
Date of grant	August 30, 2018	August 28, 2019
Vesting conditions	To exercise within 10 days after retirement	To exercise within 10 days after retirement
Applicable service period	From August 30, 2018 to the date of retirement	From the August 28, 2019 to the date for retirement
Exercise period	From August 31, 2018 to July 31, 2048	From the August 29, 2019 to July 31, 2049

Date of resolution	July 31, 2020	July 30, 2021
Persons granted	Directors of the subsidiaries: 7 Executive officers of the subsidiaries: 17	Directors: 4 Executive officers: 7 Directors of the subsidiaries: 7 Executive officers of the subsidiaries: 16
Number of stock option by type of shares (*)	Common stock: 156,300	Common stock: 254,900
Date of grant	August 28, 2020	August 27, 2021
Vesting conditions	To exercise within 10 days after retirement	To exercise within 1 year after retirement
Applicable service period	From the August 28, 2020 to the date for retirement	From the August 27, 2021 to the date for retirement
Exercise period	From the August 31, 2020 to July 31, 2050	From the August 30, 2021 to July 31, 2051

Date of resolution	July 27, 2022	July 31, 2023
Persons granted	Directors: 5 Executive officers: 6 Directors of the subsidiaries: 7 Executive officers of the subsidiaries: 19	Directors: 5 Executive officers: 12 Directors of the subsidiaries: 7 Executive officers of the subsidiaries: 21
Number of stock option by type of shares (*)	Common stock: 216,800	Common stock: 181,600
Date of grant	August 30, 2022	September 1, 2023
Vesting conditions	To exercise within 1 year after retirement	To exercise within 1 year after retirement
Applicable service period	From the August 30, 2022 to the date for retirement	From the September 1, 2023 to the date for retirement
Exercise period	From the August 31, 2022 to July 31, 2052	From the September 2, 2023 to July 31, 2053

(\*) The number of stock options is converted into the number of shares after the one-for-five reverse stock split of common stock on August 1, 2012.

The stock option activity is as follows:

Date of resolution	February 24, 2011	July 28, 2011	August 31, 2012	July 31, 2013	July 30, 2014
--------------------	-------------------	---------------	-----------------	---------------	---------------

**Non-vested:**

March 31, 2023- Outstanding	1,100	1,240	1,700	3,800	5,500
Granted	-	-	-	-	-
Forfeited	-	-	-	-	-
Vested	-	-	-	-	-

March 31, 2024- Outstanding	1,100	1,240	1,700	3,800	5,500
-----------------------------	-------	-------	-------	-------	-------

**Vested:**

March 31, 2023- Outstanding	-	-	-	-	-
Vested	-	-	-	-	-
Exercised	-	-	-	-	-
Forfeited	-	-	-	-	-
March 31, 2024- Outstanding	-	-	-	-	-

Date of resolution	July 29, 2015	July 27, 2016	July 31, 2017	July 31, 2018	July 30, 2019
--------------------	---------------	---------------	---------------	---------------	---------------

**Non-vested:**

March 31, 2023- Outstanding	5,200	17,600	22,000	29,500	60,100
Granted	-	-	-	-	-
Forfeited	-	-	-	-	-
Vested	-	-	1,600	3,200	6,200

March 31, 2024- Outstanding	5,200	17,600	20,400	26,300	53,900
-----------------------------	-------	--------	--------	--------	--------

**Vested:**

March 31, 2023- Outstanding	-	-	-	-	-
Vested	-	-	1,600	3,200	6,200
Exercised	-	-	1,600	3,200	6,200
Forfeited	-	-	-	-	-
March 31, 2024- Outstanding	-	-	-	-	-

Date of resolution	July 31, 2020	July 30, 2021	July 27, 2022	July 31, 2023
--------------------	---------------	---------------	---------------	---------------

**Non-vested:**

March 31, 2023- Outstanding	103,800	238,400	216,800	-
Granted	-	-	-	181,600
Forfeited	-	-	-	-
Vested	10,600	24,300	22,500	-
March 31, 2024- Outstanding	93,200	214,100	194,300	181,600

**Vested:**

March 31, 2023- Outstanding	-	-	-	-
Vested	10,600	24,300	22,500	-
Exercised	10,600	24,300	22,500	-
Forfeited	-	-	-	-
March 31, 2024- Outstanding	-	-	-	-

(\*) The number of stock options is converted into the number of shares after the one-for-five reverse stock split of common stock on August 1, 2012.



Price information is as follows:

Date of resolution	February 24, 2011	July 28, 2011	August 31, 2012	July 31, 2013	July 30, 2014	July 29, 2015	July 27, 2016
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average stock price at exercise	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -
Fair value price at grant date	¥ 490	¥ 535	¥ 449	¥ 430	¥ 497	¥ 474	¥ 410

Date of resolution	July 31, 2017	July 31, 2018	July 30, 2019	July 31, 2020	July 30, 2021	July 27, 2022	July 31, 2023
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average stock price at exercise	¥ 239	¥ 239	¥ 239	¥ 239	¥ 239	¥ 239	¥ -
Fair value price at grant date	¥ 353	¥ 325	¥ 140	¥ 132	¥ 133	¥ 191	¥ 241

Date of resolution	February 24, 2011	July 28, 2011	August 31, 2012	July 31, 2013	July 30, 2014	July 29, 2015	July 27, 2016
Exercise price	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Average stock price at exercise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fair value price at grant date	\$ 3.23	\$ 3.53	\$ 2.96	\$ 2.83	\$ 3.28	\$ 3.13	\$ 2.70

Date of resolution	July 31, 2017	July 31, 2018	July 30, 2019	July 31, 2020	July 30, 2021	July 27, 2022	July 31, 2023
Exercise price	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Average stock price at exercise	\$ 1.57	\$ 1.57	\$ 1.57	\$ 1.57	\$ 1.57	\$ 1.57	\$ -
Fair value price at grant date	\$ 2.33	\$ 2.14	\$ 0.92	\$ 0.87	\$ 0.87	\$ 1.26	\$ 1.59

Note:

The impact of the one-for-five reverse stock split of common stock on August 1, 2012 is taken into consideration.

The method for estimating the fair value price of 2023 stock option granted in the year ended March 31, 2024 were as follows:

Measurement method: Black-Scholes model

Major fundamental factors and assumptions used to measure fair value

Date of resolution	July 31, 2023
Volatility of stock price *1	24.522%
Estimated remaining outstanding period *2	2.928 years
Estimated dividend *3	3.690%
Interest rate with risk free *4	0.065%

\*1 Actual stock price during the period (from September 27, 2020 to September 1, 2023) corresponding to the estimated remaining outstanding period

\*2 For each director or executive officer in office, the difference between “the average term of office of retired directors or executive officers” and “the years in office of the director or executive officer at the time stock options were granted” was calculated, and if said difference was less than 0.8 years, the average of the estimated remaining outstanding period was calculated using 0.8 years, by taking into account the period remaining to the next annual shareholders’ meeting.

\*3 ¥10 (\$0.06) of latest annual dividend /¥271 (\$1.78) of stock price on the base date

\*4 Yield of Japanese government bonds approximating the estimated remaining outstanding period

In estimating the vested number of stock options, the Company basically reflects only the actual forfeited number, since it is difficult to make a reasonable estimate on the future forfeited number.

## 21. Other Ordinary Income

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Gain on sales of securities and trading account securities	¥ 818	¥ 2,202	\$ 5,402
Other	750	1,422	4,953
Total	¥ 1,568	¥ 3,625	\$ 10,355

## 22. Other Income

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Gain on sales of equity securities	¥ 1,744	¥ 317	\$ 11,518
Gain on money held in trust	42	53	277
Other	11,795	10,815	77,901
Total	¥ 13,581	¥ 11,186	\$ 89,696

## 23. Other Ordinary Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Loss on sales of debt securities	¥ 2,525	¥ 11,632	\$ 16,676
Other	28	-	184
Total	¥ 2,554	¥ 11,632	\$ 16,868

## 24. Other Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Write-offs of loans and bills discounted	¥ 1,746	¥ 1,484	\$ 11,531
Loss on sales of equity securities	76	71	501
Loss on devaluation of equity securities	198	64	1,307
Loss on money held in trust	16	41	105
Other	12,054	10,105	79,611
Total	¥ 14,092	¥ 11,766	\$ 93,071

Note:

“Other” for the year ended March 31, 2024 and 2023 includes ¥186 million (\$1,228 thousand) and ¥140 million of one-time costs associated with branch relocations based on a fundamental review of branch functions at the banking subsidiary, The Senshu Ikeda Bank, Ltd.

## 25. Dividends

### Cash dividends paid during the fiscal year ended March 31, 2024

Resolution by annual shareholders' meeting on June 27, 2023

Type of stock	Record date	Effective date	Dividend amount		Dividends per share	
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	March 31, 2023	June 28, 2023	¥ 1,401	\$ 9,253	¥ 5.00	\$ 0.03

Resolution by Board of Directors on November 13, 2023

Type of stock	Record date	Effective date	Dividend amount		Dividends per share	
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	September 30, 2023	December 1, 2023	¥ 1,752	\$ 11,571	¥ 6.25	\$ 0.04

### Cash dividends with record dates falling in the fiscal year ended March 31, 2024 and effective dates coming after the end of the fiscal year

Types of stock	Source of dividends	Record date	Effective date
Common stock	Retained earnings	March 31, 2024	June 27, 2024

Types of stock	Dividend amount		Dividends per share	
	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	¥ 1,752	\$ 11,571	¥ 6.25	\$ 0.04

### Cash dividends paid during the fiscal year ended March 31, 2023

Resolution by annual shareholders' meeting on June 28, 2022

Type of stock	Record date	Effective date	Dividend amount		Dividends per share	
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	March 31, 2022	June 29, 2022	¥ 1,751	\$ 13,113	¥ 6.25	\$ 0.04
First series of seventh-class preferred stock	March 31, 2022	June 29, 2022	¥ 375	\$ 2,808	¥ 15.00	\$ 0.11

Resolution by Board of Directors on November 11, 2022

Type of stock	Record date	Effective date	Dividend amount		Dividends per share	
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	September 30, 2022	December 1, 2022	¥ 1,401	\$ 10,492	¥ 5.00	\$ 0.03

### Cash dividends with record dates falling in the fiscal year ended March 31, 2023 and effective dates coming after the end of the fiscal year

Types of stock	Source of dividends	Record date	Effective date
Common stock	Retained earnings	March 31, 2023	June 28, 2023

Types of stock	Dividend amount		Dividends per share	
	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	¥ 1,401	\$ 10,492	¥ 5.00	\$ 0.03

## 26. Cash and Cash Equivalents

A reconciliation of cash and due from banks in the accompanying consolidated balance sheets to cash and cash equivalents in the accompanying consolidated statements of cash flows at March 31, 2024 and 2023 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Cash and due from banks	¥ 797,792	¥ 821,649	\$ 5,269,083
Deposits other than deposits with the Bank of Japan	(9,743)	(6,326)	(64,348)
Cash and cash equivalents	¥ 788,049	¥ 815,323	\$ 5,204,735

## 27. Leases

### a. Finance leases

#### As Lessee

Information on finance leases is omitted due to lack of significance.

### b. Operating leases

#### As Lessee

Future minimum lease payments under non-cancellable operating leases subsequent to March 31, 2024 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2025	¥ 901	\$ 5,950
2026 and thereafter	4,295	28,366
Total	¥ 5,196	\$ 34,317

## 28. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporate tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of 30.6% for the years ended March 31, 2024 and 2023, respectively.

The tax effect of temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deferred tax assets:			
Reserve for possible loan losses	¥ 8,135	¥ 8,660	\$ 53,728
Tax loss carryforwards	952	3,545	6,287
Loss on devaluation of securities	2,720	2,787	17,964
Provision for employees' bonuses	530	530	3,500
Depreciation	473	503	3,123
Impairment loss	131	105	865
Net defined benefit liability	49	49	323
Net unrealized loss on available-for-sale securities	117	0	772
Other	2,759	2,883	18,222
Gross deferred tax assets	15,871	19,067	104,821
Valuation allowance for tax loss carryforwards (Note2)	(263)	(590)	(1,737)
Valuation allowance for total deductible temporary differences	(8,706)	(8,623)	(57,499)
Valuation allowance subtotal(Note1)	(8,970)	(9,213)	(59,243)
Total deferred tax assets	6,901	9,854	45,578
Deferred tax liabilities:			
Net defined benefit asset	(5,029)	(4,447)	(33,214)
Net unrealized gain on available-for-sale securities	(3,034)	(1,449)	(20,038)
Non-taxable accrued dividend income	(107)	(91)	(706)
Other	(116)	(98)	(766)
Total deferred tax liabilities	(8,287)	(6,086)	(54,732)
Net deferred tax assets (Net deferred tax liabilities)	¥ (1,386)	¥ 3,767	\$ (9,153)

Notes:

- 1.Valuation allowance decreased by ¥242 million (\$1,598 thousand), mainly due to the decrease of valuation allowance for tax loss carryforward.
- 2.Tax loss carryforwards and deferred tax assets by expiration of carryforward are as follows:

#### Fiscal year ended March 31, 2024

	Millions of yen						Total
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	
Tax loss carryforwards (*1)	173	—	35	—	—	743	952
Valuation allowance	(94)	—	—	—	—	(169)	(263)
Deferred tax assets	78	—	35	—	—	574	(*2) 688

	Thousands of U.S. dollars						Total
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	
Tax loss carryforwards (*1)	1,142	—	231	—	—	4,907	6,287
Valuation allowance	(620)	—	—	—	—	(1,116)	(1,737)
Deferred tax assets	515	—	231	—	—	3,791	(*2) 4,543

(\*1) Amounts of tax loss carryforwards are multiplied by the statutory tax rate.

(\*2) Deferred tax assets of ¥688 million (\$4,543 thousand) are recorded for tax loss carryforward of ¥952 million (\$6,287 thousand). This tax loss carryforward is deemed to be recoverable as it is expected that there will be taxable income in the future.

A reconciliation of the statutory tax rate to the effective tax rate for the years ended March 31, 2024 and 2023 were as follows:

	2024	2023
Statutory tax rate	—%	30.6%
Permanently non-taxable income	—	(2.0)
Permanently non-deductible expenses	—	0.6
Per capita portion of inhabitants' taxes	—	0.9
Valuation allowance	—	(9.0)
Overdue deductible for losses carried forward	—	0.6
Consolidation adjustment to gain on sale of shares of consolidated subsidiaries	—	0.2
Tax rate difference with consolidated subsidiaries	—	0.5
Tax credit	—	(0.8)
Other	—	(0.8)
Effective tax rate	—%	20.8%

Note:

For the year ended March 31, 2024, the difference between the statutory tax rate and the burden rate of corporate taxes. after the application of tax effect accounting is less than 5/100 of the statutory tax rate, so the statement is omitted.

Accounting for corporate and local corporate taxes or accounting of tax effect accounting related to these taxes  
The Company and some of its consolidated subsidiaries have adopted the group tax sharing system. In addition, the Company and relevant consolidated subsidiaries follow PITF No. 42 for accounting and disclosure of corporate tax, local corporate tax and tax effect accounting.

## 29. Comprehensive Income

Reclassification adjustments and tax effect amounts of other comprehensive income for the year ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Unrealized gain (loss) on available-for-sale securities:			
Amount for the year	¥ 4,137	¥ (13,106)	\$ 27,323
Reclassification adjustment	1,023	9,848	6,756
Amount before tax effect	5,161	(3,257)	34,086
Tax effect amount	(1,620)	1,208	(10,699)
Net unrealized gain (loss) on available-for-sale securities	3,540	(2,049)	23,380
Unrealized gain (loss) on deferred hedges:			
Amount for the year	(376)	(56)	(2,483)
Reclassification adjustment	258	158	1,703
Amount before tax effect	(117)	101	(772)
Tax effect amount	35	(31)	231
Net unrealized gain on deferred hedges	(81)	70	(534)
Remeasurements of defined benefit plans:			
Amount for the year	7,976	337	52,678
Reclassification adjustment	(1,443)	(1,365)	(9,530)
Amount before tax effect	6,533	(1,028)	43,147
Tax effect amount	(1,997)	314	(13,189)
Remeasurements of defined benefit plans	4,535	(713)	29,951
Total other comprehensive income	¥ 7,995	¥ (2,692)	\$ 52,803

## 30. Revenue recognition

1. Disaggregation of revenue from contracts with customers  
Revenue recognition for the fiscal years ended March 31, 2024 and 2023 was summarized as follows.

	Millions of yen				
	2024				Consolidated financial statement amount
	Banking (Note 1)	Leasing	Total	Other (Note 2)	
Revenue from contracts with customers					
Deposit/loan business	3,222	—	3,222	—	3,222
Exchange business	2,008	—	2,008	—	2,008
Securities-related business	1,212	—	1,212	2,035	3,247
Agency business	345	—	345	—	345
Safe custody and safe-deposit box business	439	—	439	—	439
Investment trust and insurance sales business	4,164	—	4,164	—	4,164
Other	1,577	445	2,022	2,577	4,600
Total	12,970	445	13,415	4,613	18,029
Other revenue (Note 3)	54,293	10,897	65,191	1,998	67,190
Total	67,264	11,342	78,606	6,612	85,219

	Millions of yen				
	2023				Consolidated financial statement amount
	Banking (Note 1)	Leasing	Total	Other (Note 2)	
Revenue from contracts with customers					
Deposit/loan business	3,146	—	3,146	—	3,146
Exchange business	2,054	—	2,054	—	2,054
Securities-related business	881	—	881	1,214	2,095
Agency business	318	—	318	—	318
Safe custody and safe-deposit box business	459	—	459	—	459
Investment trust and insurance sales business	4,155	—	4,155	—	4,155
Other	1,451	394	1,846	2,379	4,226
Total	12,467	394	12,861	3,594	16,456
Other revenue (Note 3)	61,635	10,129	71,764	1,029	72,794
Total	74,102	10,523	84,626	4,624	89,250

	Thousands of U.S. dollars				
	2024				Consolidated financial statement amount
	Banking (Note 1)	Leasing	Total	Other (Note 2)	
Revenue from contracts with customers					
Deposit/loan business	21,279	—	21,279	—	21,279
Exchange business	13,262	—	13,262	—	13,262
Securities-related business	8,004	—	8,004	13,440	21,445
Agency business	2,278	—	2,278	—	2,278
Safe custody and safe-deposit box business	2,899	—	2,899	—	2,899
Investment trust and insurance sales business	27,501	—	27,501	—	27,501
Other	10,415	2,939	13,354	17,020	30,381
Total	85,661	2,939	88,600	30,466	119,074
Other revenue (Note 3)	358,582	71,970	430,559	13,195	443,761
Total	444,250	74,909	519,159	43,669	562,836

### Notes:

- “Banking” includes credit guarantee services.
- “Other” includes business segments which are not included in the reportable segments and comprises credit cards business and securities business.
- “Other revenue” mainly includes the following transactions.
  - Transactions related to financial instruments within the scope of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
  - Lease transactions included in the scope of the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, March 30, 2007)
  - Commission received when structuring or acquiring financial instruments
  - As stated in (Changes in accounting policy), the accounting policies for sales and cost of sales for installment sales transactions in the “Leasing business” have been changed from this consolidated fiscal year.  
Please note that figures for the previous consolidated fiscal year have been retroactively applied.

2. Useful information in understanding revenue from contracts with customers

(1) Timing of recording revenue

Revenue is recognized when control of a promised good or service is transferred to a customer. For cases where performance obligations are satisfied over time, revenue is recognized as the obligations are fulfilled.

(2) Recorded amount of revenue

The recorded amount of revenue is calculated based on the amount expected to be received in exchange for goods or services. Regarding point programs operated by other companies in which consolidated subsidiaries participate, the amount expected to be used in the future is recognized as the amount collected for the benefit of a third party and deducted from fees and commissions.

3. Reconciliation of satisfaction of performance obligations within contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue arising from customers existing at the end of this fiscal year expected to be recognized after the end of this fiscal year.

(1) Beginning and ending balances of receivables, contract assets and contract liabilities from contracts with customers

Millions of yen		
2024		
	Beginning of fiscal year (April 1, 2023)	End of fiscal year (March 31, 2024)
Receivables from contracts with customers	767	755
Contract assets	218	272
Contract liabilities	455	422

Millions of yen		
2023		
	Beginning of fiscal year (April 1, 2022)	End of fiscal year (March 31, 2023)
Receivables from contracts with customers	626	767
Contract assets	212	218
Contract liabilities	555	455

Thousands of U.S. dollars		
2024		
	Beginning of fiscal year (April 1, 2023)	End of fiscal year (March 31, 2024)
Receivables from contracts with customers	5,065	4,986
Contract assets	1,439	1,796
Contract liabilities	3,005	2,787

Notes:

In the balance sheets, receivables and contract assets from contracts with customers are included in "Other assets" and contract liabilities are included in "Other liabilities."

(2) Revenue recognized during the fiscal year that was included in the contract liabilities balance at the beginning of the year

Millions of yen	
Fiscal year (From April 1, 2023 to March 31, 2024)	
Revenue recognized during the fiscal year that was included in the contract liabilities balance at the beginning of the year	375

Millions of yen	
Fiscal year (From April 1, 2022 to March 31, 2023)	
Revenue recognized during the fiscal year that was included in the contract liabilities balance at the beginning of the year	419

Thousands of U.S. dollars	
Fiscal year (From April 1, 2023 to March 31, 2024)	
Revenue recognized during the fiscal year that was included in the contract liabilities balance at the beginning of the year	2,476

(3) Transaction price allocated to the remaining performance obligations

The total transaction price allocated to the remaining performance obligations and the time frame the Group expects to recognize the amount as revenue are as follows.

Millions of yen	
Fiscal year (March 31, 2024)	
Within one year	371
Over one year	51
Total	422

Millions of yen	
Fiscal year (March 31, 2023)	
Within one year	375
Over one year	80
Total	455

Thousands of U.S. dollars	
Fiscal year (March 31, 2024)	
Within one year	2,450
Over one year	336
Total	2,787

## 31. Segment Information and Related Information

### (1) Segment Information

The Group's reportable segments are determined on the basis that separate financial information for such segments is available and examined periodically by the Board of Directors to make decisions regarding the allocation of management resources and assess the business performances of the segments within the Group. The Group mainly provides banking services and operate other financial services including leasing. The Group sets two reportable segments of banking business and leasing business.

Banking business engages in banking services and credit guarantee services, while leasing business engages in leasing and other services, etc..

### (2) Basis of measurement for reported segment profit (loss), segment assets, segment liabilities and other material items

The accounting methods used for reportable business segments are presented in accordance with Note 3, "Significant Accounting Policies". The reportable segment profit figures are based on operating profit. Income arising from intersegment transactions is based on arm's length prices.

### (3) Information about reportable segment profit (loss), segment assets, segment liabilities and other material items

Segment information for the fiscal years ended March 31, 2024 and 2023 was summarized as follows:



Millions of yen							
2024							
	Reportable segments			Other	Total	Adjustment	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Outside customers	¥ 67,264	¥ 11,342	¥ 78,606	¥ 6,612	¥ 85,219	—	¥ 85,219
Intersegment income	1,562	115	1,678	3,285	4,963	(4,963)	—
Total	68,827	11,458	80,285	9,897	90,183	(4,963)	85,219
Segment profit	14,311	608	14,919	1,102	16,022	3	16,025
Segment assets	6,404,375	38,853	6,443,228	34,404	6,477,632	(35,525)	6,442,107
Segment liabilities	6,175,572	36,061	6,211,634	21,172	6,232,806	(35,525)	6,197,281
Others:							
Depreciation	3,117	1,277	4,395	56	4,452	—	4,452
Interest income	45,680	1	45,682	60	45,743	(178)	45,565
Interest expense	793	122	915	84	1,000	(177)	822
Extraordinary gain	34	—	34	—	34	(34)	—
Extraordinary loss	530	1	531	2	534	—	534
Tax expense	3,985	196	4,181	348	4,529	—	4,529
Increase in tangible and intangible fixed assets	4,074	1,518	5,593	544	6,138	—	6,138

Notes:

- Ordinary income ( "Total income" less extraordinary gain included in "Other income" in the consolidated statements of income) is presented in place of net sales of operating companies of other industry groups.
- "Other" includes business segments which are not included in the reportable segments and comprises credit cards business and securities business.
- Adjustments are as below:
  - Adjustment of segment profit ¥3 million is the elimination of intersegment transactions.
  - Adjustment of segment assets of negative ¥35,525 million is the elimination of intersegment transactions.
  - Adjustment of segment liabilities of negative ¥35,525 million is the elimination of intersegment transactions.
  - Adjustment of interest income of negative ¥178 million is the elimination of intersegment transactions.
  - Adjustment of interest expense of negative ¥177 million is the elimination of intersegment transactions.
  - Adjustment of extraordinary gain of negative ¥34 million is the elimination of intersegment transactions.
- Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" less extraordinary loss included in "Other expenses" in the consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit, is reconciled to "Income before income taxes" through the addition/deduction of extraordinary gain/loss, net.

Millions of yen							
2023							
	Reportable segments			Other	Total	Adjustment	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Outside customers	¥ 74,102	¥ 10,523	¥ 84,626	¥ 4,624	¥ 89,250	—	¥ 89,250
Intersegment income	1,568	121	1,689	2,275	3,965	(3,965)	—
Total	75,670	10,644	86,315	6,899	93,215	(3,965)	89,250
Segment profit	12,093	504	12,598	(254)	12,343	(281)	12,061
Segment assets	6,210,021	35,487	6,245,508	28,997	6,274,506	(55,416)	6,219,089
Segment liabilities	5,970,260	33,121	6,003,381	42,427	6,045,808	(55,416)	5,990,391
Others:							
Depreciation	3,381	1,295	4,677	66	4,743	—	4,743
Interest income	46,867	1	46,868	110	46,979	(518)	46,461
Interest expense	1,660	111	1,772	148	1,920	(229)	1,691
Extraordinary gain	32	—	32	—	32	(31)	1
Extraordinary loss	368	1	370	4	374	—	374
Tax expense	2,053	156	2,210	219	2,429	—	2,429
Increase in tangible and intangible fixed assets	2,872	978	3,850	82	3,933	—	3,933

Notes:

- Ordinary income ( "Total income" less extraordinary gain included in "Other income" in the consolidated statements of income) is presented in place of net sales of operating companies of other industry groups.
- "Other" includes business segments which are not included in the reportable segments and comprises credit cards business and securities business.
- Adjustments are as below:
  - Adjustment of segment profit of negative ¥281 million is the elimination of intersegment transactions.
  - Adjustment of segment assets of negative ¥55,416 million is the elimination of intersegment transactions.
  - Adjustment of segment liabilities of negative ¥55,416 million is the elimination of intersegment transactions.
  - Adjustment of interest income of negative ¥518 million is the elimination of intersegment transactions.
  - Adjustment of interest expense of negative ¥229 million is the elimination of intersegment transactions.
  - Adjustment of extraordinary gain of negative ¥31 million is the elimination of intersegment transactions.
- Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" less extraordinary loss included in "Other expenses" in the consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit, is reconciled to "Income before income taxes" through the addition/deduction of extraordinary gain/loss, net.

Thousands of U.S. dollars							
	2024						
	Reportable segments			Other	Total	Adjustment	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Outside customers	\$ 444,250	\$ 74,909	\$ 519,159	\$ 43,669	\$ 562,836	\$ —	\$ 562,836
Intersegment income	10,316	759	11,082	21,696	32,778	(32,778)	—
Total	454,573	75,675	530,248	65,365	595,621	(32,778)	562,836
Segment profit	94,518	4,015	98,533	7,278	105,818	19	105,838
Segment assets	42,298,229	256,607	42,554,837	227,224	42,782,061	(234,627)	42,547,434
Segment liabilities	40,787,081	238,167	41,025,255	139,832	41,165,088	(234,627)	40,930,460
Others:							
Depreciation	20,586	8,434	29,027	369	29,403	—	29,403
Interest income	301,697	6	301,710	396	302,113	(1,175)	300,937
Interest expense	5,237	805	6,043	554	6,604	(1,169)	5,428
Extraordinary gain	224	—	224	—	224	(224)	—
Extraordinary loss	3,500	6	3,507	13	3,526	—	3,526
Tax expense	26,319	1,294	27,613	2,298	29,912	—	29,912
Increase in tangible and intangible fixed assets	26,907	10,025	36,939	3,592	40,538	—	40,538

Notes:

- Ordinary income ( "Total income" less extraordinary gain included in "Other income" in the consolidated statements of income) is presented in place of net sales of operating companies of other industry groups.
- "Other" includes business segments which are not included in the reportable segments and comprises credit cards business and securities business.
- Adjustments are as below:
  - Adjustment of segment profit \$19 thousand is the elimination of intersegment transactions.
  - Adjustment of segment assets of negative \$234,627 thousand is the elimination of intersegment transactions.
  - Adjustment of segment liabilities of negative \$234,627 thousand is the elimination of intersegment transactions.
  - Adjustment of interest income of negative \$1,175 thousand is the elimination of intersegment transactions.
  - Adjustment of interest expense of negative \$1,169 thousand is the elimination of intersegment transactions.
  - Adjustment of extraordinary gain of negative \$224 thousand is the elimination of intersegment transactions.
- Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" less extraordinary loss included in "Other expenses" in the consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit, is reconciled to "Income before income taxes" through the addition/deduction of extraordinary gain/loss, net.

**(4) Matters concerning segment changes, etc.**

As stated in the change in accounting policy, the accounting standards for revenue and cost of sales for installment sales transactions in the "Leasing business" have changed from the current consolidated fiscal year.

Please note that figures for the previous consolidated fiscal year have been retroactively applied.

**(5) Information on impairment loss on fixed assets for each reportable segment**

Millions of yen				
Impairment loss	2024			
	Reportable segments		Other	Total
	Banking	Leasing		
	¥ 243	¥ -	¥ -	¥ 243

Millions of yen				
Impairment loss	2023			
	Reportable segments		Other	Total
	Banking	Leasing		
	¥ 161	¥ -	¥ -	¥ 161

Thousands of U.S. dollars				
Impairment loss	2024			
	Reportable segments		Other	Total
	Banking	Leasing		
	\$ 1,604	\$ -	\$ -	\$ 1,604

**(6) Information on amortization of goodwill and its remaining balance for each reportable segment**

There is no information to be reported on amortization of goodwill.

**(7) Information on gain on negative goodwill for each reportable segment**

There is no information to be reported on gain on negative goodwill.

**(8) Related information**

**a. Information about services**

For the year ended March 31, 2024

Millions of yen				
Income from external customers	Securities trading and investment			Total
	Lending	Leasing	Other	
	¥ 39,943	¥ 5,331	¥ 11,381	¥ 28,562
				¥ 85,219

For the year ended March 31, 2023

Millions of yen				
Income from external customers	Securities trading and investment			Total
	Lending	Leasing	Other	
	¥ 39,246	¥ 7,770	¥ 13,192	¥ 31,775
				¥ 91,984

## Notes:

1. "Income" is presented in lieu of net sales presented by non-financial companies.
2. As stated in the change in accounting policy, the accounting standards for revenue and cost of sales for installment sales transactions in the "Leasing business" have changed from the current consolidated fiscal year.  
Please note that figures for the previous consolidated fiscal year have been retroactively applied.

For the year ended March 31, 2024

Thousands of U.S. dollars

	Lending	Securities trading and investment	Leasing	Other	Total
Income from external customers	\$ 263,806	\$ 35,209	\$ 75,166	\$ 188,640	\$ 562,836

**b. Information about geographical areas**

## (i) Income

Information about income has not been presented as income from external customers inside Japan accounts for more than 90% of the consolidated income for the years ended March 31, 2024 and 2023.

## (ii) Tangible fixed assets

Information about tangible fixed assets has not been presented as tangible fixed assets inside Japan accounts for more than 90% of the consolidated tangible fixed assets at March 31, 2024 and 2023.

**c. Information about main customers**

Information about main customers has not been presented as there is no income from particular customer which accounts for more than 10% of the consolidated income for the years ended March 31, 2024 and 2023.

**32. Financial Instruments and Related Disclosures****1. General Information****(1) Policy for financial instruments**

The Group, whose core operation is The Senshu Ikeda Bank, Ltd. (the "Bank"), is engaged in the various financial services as a regional financial institution. The Group holds financial assets and liabilities which are subject to fluctuations in the interest rates and market prices in the principal businesses such as deposit-taking and lending services and market activities including securities investment. In order to serve for setting up strategic targets in response to the changes in market environments, the Group conducts integrated asset and liability management ("ALM") and utilizes derivative contracts as a part of ALM.

**(2) Contents of financial instruments and their risks**

Financial assets held by the Group mainly consist of loans to domestic corporate and individual customers, which are exposed to credit risk arising from customers' nonperformance of contractual obligations and interest rate movement risk. Securities held by the Group principally consist of equity securities, debt securities and investment trusts, which are held for pure investment purpose and strategic investment purpose as available-for-sale securities and partially, for holding to maturity and trading purposes. These financial assets are exposed to credit risk of issuers and market risk associated with interest rates, stock prices and foreign exchanges.

Deposits which are major financial liabilities are exposed to liquidity risk that unexpected cash flow might arise. In addition, other fund raising sources are exposed to the liquidity risk that necessary fund might not be secured when the Group fails to utilize the market under certain circumstances, or that the Group might be obliged to fund at more unfavorable interest rates than normal. In addition, these financial liabilities are exposed to the risk of fluctuations in interest rates as well as financial assets. The Group uses derivative contracts to meet the customers' needs and principally as a means of risk control over the assets and liabilities. In addition, as a part of trading activities (to earn short-term trading gains), futures instruments including equity and debt securities are utilized. These derivatives are exposed to the credit risk (counterparty risk) arising from customers' nonperformance of contractual obligations and market risk arising from the fluctuations in interest rates, stock prices, foreign exchanges, etc.

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

The Group has established the risk control department independent from front offices and defines basic risk management policies. Specifically, the risk management system and various rules including the basic policy on risk control are determined by the Board of Directors, and the responsible functions by risk categories and the integrated risk control function are clearly defined. In addition, the "Risk Management Committee" and the "ALM Committee" have been established to monitor the risk profiles of the Group and discuss management issues as well as risk control measures. And such matters are reported to the Board of Directors and accordingly, effective risk management system at the management level is structured.

**a. Integrated risk management**

The Group conducts integrated risk management in accordance with the basic policy on risk control and various integrated risk control rules. Specifically, the Group conducts integrated control by identifying the risks assessed by risk categories such as credit risk, market risk and others including credit concentration risk not considered in the computation process of the capital ratio and interest rate risk of banking accounts and compares them with management capacity (capital).

b. Credit risk management

The Group analyzes and controls the credit portfolio in accordance with the Company's policy on credit risk control and various credit risk control rules. The Group maintains and operates a system of investigation, internal rating, asset self-assessment in monitoring individual transactions.

These credit control procedures are performed by each operating office, credit investigation department and risk control departments of the Bank. With respect to credit risk of issuers of securities and counterparty risk of derivative transactions, the risk control departments of the Bank monitor the identification of credit information and fair values. In addition, the risk control department of the Company reports on a regular basis to the Board of Directors of the Company.

Furthermore the internal audit departments audit the status of credit control.

c. Market risk management

(i) Market risk management

The Group controls market risk arising from fluctuations in interest rates, stock prices, foreign exchanges, etc. in accordance with the Company's policy on market risk control and various market risk control rules. Specifically, the risk control department of the Company identifies the volume of market risk using the Value-at-Risk (VaR) method and monitors compliance with the risk limits resolved by the Board of Directors through continuous monitoring system. For securities, in addition to above risk limit control policy, the Group has established and managed loss cut rules. The relevant information is periodically reported by the risk control department to the Risk Management Committee and the Board of Directors.

The ALM Committee identifies and confirms the make-up of assets and liabilities and interest rate risk and discusses future measures. Specifically, the responsible department of the Group for ALM identifies comprehensively interest rates and periods of financial assets and liabilities and monitors using gap analysis and interest rate sensitivity analysis to secure stable and continuous earnings.

The Bank executes foreign exchange transactions and foreign currency bond investments, which are exposed to foreign exchange risk, but the subsidiary strives to minimize foreign exchange risk by balancing the foreign exchange positions where possible.

(ii) Derivative transactions

With respect to derivative transactions, the Group has established an internal control system including segregation of duties of the departments responsible for execution of transactions, risk control and operation administration and complies with the various market risk control rules.

(iii) Quantitative information of market risk

The Group monitors the value at market risk of financial instruments, such as deposits, loans and bills discounted and securities, using VaR everyday as the change in market risk is larger than other risks.

The Group calculates the value at market risk according to the variance-covariance approach (holding period—120 business days, confidence interval—99.0%, and observation period—240 business days).

The value of market risk on financial instruments was ¥25.4 billion (\$167.7 million) for interest rate and ¥8.5 billion (\$56.1 million) for stocks at March 31, 2024. The value of market risk as a whole with correlation in consideration was ¥33.4 billion (\$220.5 million).

The Group carries out back-testing to compare the model-calculating VaR of securities on the banking activities which influenced by market fluctuation (holding period—one business day) with real gain and loss in order to verify their accuracy.

However, VaR, which calculates the value of market risk based on past fluctuations in the market, sometimes cannot calculate the value of market risk accurately under the condition that market environment changes abruptly.

d. Liquidity risk management associated with fund raising

The Group conducts liquidity risk control for funding activities in accordance with the Company's policy on liquidity risk control and various liquidity risk control rules. Specifically, the department responsible for ALM and the treasury department of the Bank identify the investment and funding status of the whole Group on a timely basis and control liquidity risk by securing liquidity of the assets, diversifying the funding instruments and adjusting the short-term and long-term funding balances considering the market environments to secure stable fund management.

The risk control department identifies its response capability if liquidity risk is revealed through monitoring periodically the amount of liquid reserve assets that can be readily converted into cash, monitors the appropriateness of its fund management and reports it to the Risk Management Committee and the Board of Directors.

#### (4) Supplementary explanation about fair value of financial instruments

The fair value of financial instruments includes the value based on the market price as well as the value reasonably calculated when there is no market price.

Since certain assumptions are used in calculating the fair value of financial instruments, the result of such calculation may vary if different assumptions are used.

#### 2. Fair value of financial instruments

The carrying value, the fair value and the difference as of March 31, 2024 and 2023 are summarized in the following tables:

Shares and other securities without a quoted market price and investments in partnerships are not included in the following table (see Note 1). In addition, cash and due from banks, call loans and bills bought, monetary claims bought, foreign exchange (assets and liabilities), payables under securities lending transactions and borrowed money from trust account are omitted because their fair values approximate their carrying values due to their short maturities.

Millions of yen			
March 31, 2024	Carrying value	Fair value	Difference
Money held in trust	¥ 9,005	¥ 9,005	¥ —
Securities:			
Held-to-maturity debt securities	97,940	97,906	(34)
Available-for-sale securities(*3)	519,741	519,741	—
Loans and bills discounted	4,831,651		
Reserve for possible loan losses (*1)	(9,049)		
	4,822,602	4,809,610	(12,992)
Total assets	¥ 5,449,290	¥ 5,436,263	¥ (13,026)
Deposits	¥ 5,667,529	¥ 5,667,484	¥ (44)
Borrowed money	466,470	466,444	(25)
Total liabilities	¥ 6,133,999	¥ 6,133,929	¥ (70)
Derivative transactions (*2)			
To which hedge accounting is not applied	¥ (70)	¥ (70)	¥ —
To which hedge accounting is applied	(1,724)	(1,724)	—
Total derivative transactions	¥ (1,794)	¥ (1,794)	¥ —

Millions of yen			
March 31, 2023	Carrying value	Fair value	Difference
Money held in trust	¥ 15,010	¥ 15,010	¥ —
Securities:			
Available-for-sale securities	473,473	473,473	—
Loans and bills discounted	4,737,192		
Reserve for possible loan losses (*1)	(9,841)		
	4,727,351	4,724,068	(3,282)
Total assets	¥ 5,215,835	¥ 5,212,552	¥ (3,282)
Deposits	¥ 5,579,250	¥ 5,579,213	¥ (37)
Borrowed money	338,899	338,867	(32)
Total liabilities	¥ 5,918,150	¥ 5,918,080	¥ (69)
Derivative transactions (*2)			
To which hedge accounting is not applied	¥ 95	¥ 95	¥ —
To which hedge accounting is applied	(1,051)	(1,051)	—
Total derivative transactions	¥ (955)	¥ (955)	¥ —

Thousands of U.S. dollars			
March 31, 2024	Carrying value	Fair value	Difference
Money held in trust	\$ 59,474	\$ 59,474	\$ —
Securities:			
Held-to-maturity debt securities	646,852	646,628	(224)
Available-for-sale securities(*3)	3,432,672	3,432,672	—
Loans and bills discounted	31,911,042		
Reserve for possible loan losses (*1)	(59,764)		
	31,851,277	31,765,471	(85,806)
Total assets	\$ 35,990,291	\$ 35,904,253	\$ (86,031)
Deposits	\$ 37,431,668	\$ 37,431,371	\$ (290)
Borrowed money	3,080,840	3,080,668	(165)
Total liabilities	\$ 40,512,509	\$ 40,512,046	\$ (462)
Derivative transactions (*2)			
To which hedge accounting is not applied	\$ (462)	\$ (462)	\$ —
To which hedge accounting is applied	(11,386)	(11,386)	—
Total derivative transactions	\$ (11,848)	\$ (11,848)	\$ —

(\*1) General and specific reserves for loan losses corresponding to loans are deducted.

(\*2) Derivative transactions include all derivatives recorded in other assets and other liabilities. Assets and liabilities arising from derivative transactions are shown on a net basis.

(\*3) “Available-for-sale securities” include investment trusts to which the treatment in Paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) is applied, where the base price is deemed to be the fair value.

(Note 1) Carrying amounts of shares and other securities without a quoted market price and investments in partnerships recorded in the consolidated balance sheets were as follows. They are not included in “Available-for-sale securities” under “Assets” as part of the fair value information on financial instruments.

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31, 2024	March 31, 2023	March 31, 2024
Unlisted equity securities (*1, 2)	5,851	5,801	38,643
Investments in partnerships(*3)	8,682	7,585	57,340
Total	14,533	13,386	95,984

(\*1) Unlisted equity securities are not subject to fair value disclosure, in accordance with Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

(\*2) The Group recognized impairment losses on unlisted equity securities in the amount of ¥198 million (\$1,307 thousand) and ¥64 million for the year ended March 31, 2024 and 2023, respectively.

(\*3) Investments in partnerships are not subject to fair value disclosure, in accordance with Paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).



(Note 2) Repayment schedule of monetary receivables and securities with contractual maturities

Millions of yen			
March 31, 2024	Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	¥ 742,921	¥ —	¥ —
Call loans and bills bought	4,338	—	—
Monetary claims bought	19	—	—
Securities:	76,261	81,166	58,577
Held-to-maturity debt securities	—	—	9,170
Government bonds	—	—	—
Local government bonds	—	—	9,170
Available-for-sale securities with maturities:	76,261	81,166	49,407
Government bonds	9,000	20,000	300
Local government bonds	36,493	28,580	20,500
Corporate bonds	30,324	31,621	22,554
Other	444	965	6,052
Loans and bills discounted (*1, 2)	960,154	720,181	573,612
Foreign exchanges assets	5,900	—	—
<b>Total</b>	<b>¥ 1,789,596</b>	<b>¥ 801,348</b>	<b>¥ 632,189</b>

Millions of yen			
March 31, 2024	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ —	¥ —	¥ —
Call loans and bills bought	—	—	—
Monetary claims bought	—	—	—
Securities:	100,530	118,173	129,177
Held-to-maturity debt securities	42,515	38,275	—
Government bonds	7,000	3,000	—
Local government bonds	35,515	35,275	—
Available-for-sale securities with maturities:	58,015	79,898	129,177
Government bonds	12,500	13,400	25,000
Local government bonds	19,568	33,190	—
Corporate bonds	8,717	2,354	89,690
Other	17,230	30,953	14,486
Loans and bills discounted (*1, 2)	455,169	605,847	1,468,704
Foreign exchanges assets	—	—	—
<b>Total</b>	<b>¥ 555,699</b>	<b>¥ 724,020</b>	<b>¥ 1,597,881</b>

Millions of yen			
March 31, 2023	Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	¥ 760,636	¥ —	¥ —
Call loans and bills bought	7,692	—	—
Securities:	34,181	104,484	74,447
Available-for-sale securities with maturities:	34,181	104,484	74,447
Government bonds	4,300	19,000	10,000
Local government bonds	13,868	44,093	25,880
Corporate bonds	15,834	40,849	33,408
Other	179	542	5,158
Loans and bills discounted (*1, 2)	956,525	690,617	565,485
Foreign exchanges assets	5,856	—	—
<b>Total</b>	<b>¥ 1,764,894</b>	<b>¥ 795,101</b>	<b>¥ 639,932</b>

Millions of yen			
March 31, 2023	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ —	¥ —	¥ —
Call loans and bills bought	—	—	—
Securities:	36,416	73,772	109,800
Available-for-sale securities with maturities:	36,416	73,772	109,800
Government bonds	—	10,000	—
Local government bonds	8,968	23,240	—
Corporate bonds	9,726	6,000	95,554
Other	17,721	34,532	14,245
Loans and bills discounted (*1, 2)	432,044	522,668	1,525,652
Foreign exchanges assets	—	—	—
<b>Total</b>	<b>¥ 468,460</b>	<b>¥ 596,441</b>	<b>¥ 1,635,452</b>

Thousands of U.S. dollars			
March 31, 2024	Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	\$ 4,906,683	\$ —	\$ —
Call loans and bills bought	28,650	—	—
Monetary claims bought	125	—	—
Securities:	503,672	536,067	386,876
Held-to-maturity debt securities	—	—	60,564
Government bonds	—	—	—
Local government bonds	—	—	60,564
Available-for-sale securities with maturities:	503,672	536,067	326,312
Government bonds	59,441	132,091	1,981
Local government bonds	241,021	188,758	135,393
Corporate bonds	200,277	208,843	148,959
Other	2,932	6,373	39,970
Loans and bills discounted (*1, 2)	6,341,417	4,756,495	3,788,468
Foreign exchanges assets	38,967	—	—
Total	\$ 11,819,536	\$ 5,292,569	\$ 4,175,345

Thousands of U.S. dollars			
March 31, 2024	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	\$ —	\$ —	\$ —
Call loans and bills bought	—	—	—
Monetary claims bought	—	—	—
Securities:	663,958	780,483	853,160
Held-to-maturity debt securities	280,793	252,790	—
Government bonds	46,232	19,813	—
Local government bonds	234,561	232,976	—
Available-for-sale securities with maturities:	383,164	527,693	853,160
Government bonds	82,557	88,501	165,114
Local government bonds	129,238	219,206	—
Corporate bonds	57,572	15,547	592,365
Other	113,796	204,431	95,673
Loans and bills discounted (*1, 2)	3,006,201	4,001,367	9,700,178
Foreign exchanges assets	—	—	—
Total	\$ 3,670,160	\$ 4,781,850	\$ 10,553,338

(\*1) Loans and bills discounted do not include ¥47,982 million (\$316,901 thousand) and ¥44,199 million of receivables such as those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers at March 31, 2024 and 2023, respectively, since it is not certain when they can be collected or redeemed.

(\*2) Overdraft accounts of loans are shown under “Due in one year or less.”

(Note 3) Repayment schedule of bonds, borrowed money and other interest bearing liabilities.

Millions of yen			
March 31, 2024	Due in one year or less	Due after one year through three years	Due after three years through five years
Deposits (*1)	¥ 5,473,532	¥ 159,982	¥ 16,137
Borrowed money	94,455	146,340	225,674
Total	¥ 5,567,987	¥ 306,322	¥ 241,812

Millions of yen			
March 31, 2024	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	¥ 151	¥ 1,241	¥ —
Borrowed money	—	—	—
Total	¥ 151	¥ 1,241	¥ —

Millions of yen			
March 31, 2023	Due in one year or less	Due after one year through three years	Due after three years through five years
Deposits (*1)	¥ 5,374,853	¥ 170,230	¥ 13,574
Payables under securities lending transactions	4,371	—	—
Borrowed money	127,524	100,239	111,136
Total	¥ 5,506,749	¥ 270,470	¥ 124,711

Millions of yen			
March 31, 2023	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	¥ 141	¥ 233	¥ —
Payables under securities lending transactions	—	—	—
Borrowed money	—	—	—
Total	¥ 141	¥ 233	¥ —

Thousands of U.S. dollars			
March 31, 2024	Due in one year or less	Due after one year through three years	Due after three years through five years
Deposits (*1)	\$ 36,150,399	\$ 1,056,614	\$ 106,578
Borrowed money	623,835	966,514	1,490,482
Total	\$ 36,774,235	\$ 2,023,129	\$ 1,597,067

Thousands of U.S. dollars			
March 31, 2024	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	\$ 997	\$ 8,196	\$ —
Borrowed money	—	—	—
Total	\$ 997	\$ 8,196	\$ —

(\*1) Demand deposits were disclosed under “Due in one year or less” of deposits.  
Deposits did not include ¥16,484 million (\$108,869 thousand) and ¥20,216 million of time deposits beyond maturity at March 31, 2024 and 2023, respectively.

### 3. The breakdown of fair value of financial instruments by level, etc.

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

Level 1: Fair value determined based on quoted market prices for assets or liabilities for which such fair value is calculated that are formed in an active market, among the inputs for the determination of observable fair value

Level 2: Fair value determined using inputs related to observable fair value other than Level 1 inputs

Level 3: Fair value determined using unobservable inputs for fair value calculations

When multiple inputs that have a significant impact on the determination of fair value are used, fair value is classified as the level with the lowest priority in the determination of fair value among the levels to which each of those inputs belongs.

#### (1) Financial instruments recorded at fair value in the consolidated balance sheets

Millions of yen				
2024				
Category	Fair value			Total
	Level 1	Level 2	Level 3	
Money held in trust				
Securities	7,400	1,604	—	9,005
Available-for-sale securities				
Government bonds, local government bonds, etc.	78,438	137,425	—	215,864
Corporate bonds	—	160,839	20,026	180,866
Shares	24,708	—	—	24,708
Foreign securities	97	—	—	97
Investments trusts	4,876	66,439	—	71,315
Derivative transactions				
Currency-related	—	1,982	—	1,982
Total assets	115,521	368,291	20,026	503,839
Derivative transactions				
Currency-related	—	3,776	—	3,776
Total liabilities	—	3,776	—	3,776

Millions of yen				
2023				
Category	Fair value			Total
	Level 1	Level 2	Level 3	
Money held in trust				
Securities	11,502	3,508	—	15,010
Available-for-sale securities				
Government bonds, local government bonds, etc.	43,207	115,278	—	158,486
Corporate bonds	—	174,758	23,430	198,189
Shares	21,962	—	—	21,962
Foreign securities	5,439	—	—	5,439
Investments trusts	1,292	63,838	—	65,130
Derivative transactions				
Currency-related	—	2,868	—	2,868
Total assets	83,404	360,252	23,430	467,087
Derivative transactions				
Currency-related	—	3,824	—	3,824
Total liabilities	—	3,824	—	3,824

Thousands of U.S. dollars

2024				
Category	Fair value			Total
	Level 1	Level 2	Level 3	
Money held in trust				
Securities	48,873	10,593	—	59,474
Available-for-sale securities				
Government bonds, local government bonds, etc.	518,050	907,634	—	1,425,691
Corporate bonds	—	1,062,274	132,263	1,194,544
Shares	163,186	—	—	163,186
Foreign securities	640	—	—	640
Investments trusts	32,203	438,801	—	471,005
Derivative transactions				
Currency-related	—	13,090	—	13,090
Total assets	762,968	2,432,408	132,263	3,327,646
Derivative transactions				
Currency-related	—	24,938	—	24,938
Total liabilities	—	24,938	—	24,938

(\*1) "Securities" do not include investment trusts to which the treatment in Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is applied, where the base price is deemed to be the fair value. The amount recorded on the consolidated balance sheet of investment trusts to which the treatment in Paragraph 24-9 has been applied is ¥26,889 million (\$177,590 thousand) and ¥24,264 million at March 31, 2024 and 2023, respectively.

(\*2) Reconciliation of the beginning balance to the end balance of investment trusts, etc. to which the treatment in Paragraph 24-9 has been applied

Millions of yen						
2024						
Beginning balance	Profit or loss or other comprehensive income for the year	Recorded in profit or loss (*1)	Recorded in other comprehensive income (*2)	Purchases, sales, issuances, and settlements	The amount by which the base price of the investment trust was deemed to be the fair value	The amount by which the base price of the investment trust was not deemed to be the fair value
24,264	—	187	2,436	—	—	26,889

Millions of yen						
2023						
Beginning balance	Profit or loss or other comprehensive income for the year	Recorded in profit or loss (*1)	Recorded in other comprehensive income (*2)	Purchases, sales, issuances, and settlements	The amount by which the base price of the investment trust was deemed to be the fair value	The amount by which the base price of the investment trust was not deemed to be the fair value
26,087	823	(1,134)	(1,512)	—	—	24,264

Thousands of U.S. dollars						
2024						
Beginning balance	Profit or loss or other comprehensive income for the year	Recorded in profit or loss (*1)	Recorded in other comprehensive income (*2)	Purchases, sales, issuances, and settlements	The amount by which the base price of the investment trust was deemed to be the fair value	The amount by which the base price of the investment trust was not deemed to be the fair value
160,253	—	1,235	16,088	—	—	177,590

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

(\*2) Included in "Net unrealized gain (loss) on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.

## (2) Financial instruments other than those recorded at fair value in the consolidated balance sheets

Millions of yen				
2024				
Category	Fair value			Total
	Level 1	Level 2	Level 3	
Securities				
Held-to-maturity debt securities				
Government bonds, local government bonds, etc.	10,154	87,752	—	97,906
Loans and bills discounted	—	124,961	4,684,648	4,809,610
Total assets	10,154	212,713	4,684,648	4,907,516
Deposits	—	5,667,484	—	5,667,484
Borrowed money	—	463,614	2,830	466,444
Total liabilities	—	6,131,098	2,830	6,133,929

Millions of yen				
2023				
Category	Fair value			Total
	Level 1	Level 2	Level 3	
Loans and bills discounted	—	123,265	4,600,803	4,724,068
Total assets	—	123,265	4,600,803	4,724,068
Deposits	—	5,579,213	—	5,579,213
Borrowed money	—	334,150	4,716	338,867
Total liabilities	—	5,913,363	4,716	5,918,080

Thousands of U.S. dollars				
2024				
Category	Fair value			Total
	Level 1	Level 2	Level 3	
Securities				
Held-to-maturity debt securities				
Government bonds, local government bonds, etc.	67,062	579,565	—	646,628
Loans and bills discounted	—	825,315	30,940,149	31,765,471
Total assets	67,062	1,404,880	30,940,149	32,412,099
Deposits	—	37,431,371	—	37,431,371
Borrowed money	—	3,061,977	18,690	3,080,668
Total liabilities	—	40,493,349	18,690	40,512,046

(Note 1) Valuation method for the fair value of financial instruments

### Assets:

#### Money held in trust

For securities that are invested as part of trust assets in an independently managed money trust with securities management as the primary purpose, the fair value of equity securities is determined using quoted market prices and the fair value of debt securities is determined using quoted market prices or the prices provided by counterparty financial institutions. The fair value of securities for which unadjusted quoted market prices in active markets are available is classified as Level 1, that for which the impact of unobservable inputs is significant is classified as Level 3, and that for which the impact of unobservable inputs is not significant is classified as Level 2.

Note that information on money held in trust by holding purposes is presented under the "Money Held in Trust" section.

#### Securities

The fair value of securities for which unadjusted quoted market prices in active markets can be used is classified as Level 1. Such securities mainly include listed equity securities and government bonds.

If the market is not active even when published market prices are used, the fair value is classified as Level 2. Such securities mainly include local government bonds and corporate bonds.

In addition, for investment trusts for which there is no market transaction price, if there are no significant restrictions that would require market participants to compensate for the risk of redemption or repurchase requests, the fair value is classified as Level 2.

When quoted market prices are not available, fair value is determined using such valuation methods as the method for discounted present value of future cash flows. The valuation makes maximum use of observable inputs, which include credit spreads and expected loss ratios. When significant unobservable inputs are used in the determination, the fair value is classified as Level 3.

#### Loans and bills discounted

The fair value of loans is determined based on the aggregated value of principal and interest by categories of types of loans, internal ratings and maturities discounted using the interest rate assumed if the same loans were newly originated. The carrying value of the loans with floating interest rates, which reflect short-term market interest rates, is presented as the fair value since the fair value approximates the carrying value as long as the creditworthiness of the borrower has not changed significantly since the loan origination. Loan losses on receivables from bankrupt, effectively bankrupt or likely to become bankrupt borrowers are estimated based on factors such as the present value of expected future cash flows or the expected amount to be collected from collateral and guarantees. Since the fair value of these items approximates the carrying value recorded on the consolidated balance sheets at the closing date, net of the currently expected loan losses, such carrying value is presented as the fair value. The carrying value of the loans which do not have defined repayment due dates because the loans are limited to within the amount of pledged assets is presented as the fair value since the fair value approximates the carrying value considering the expected repayment schedule and interest rate conditions. Such fair value is classified as Level 3. The fair value of loans with embedded derivative is determined using quoted the prices provided by counterparty financial institutions, etc. Such fair value is classified as Level 2.

### Liabilities:

#### Deposits

The amount payable on demand as of the consolidated balance sheet date is presented as the fair value of the demand deposit. The fair value of time deposits is determined using the discounted present value of future cash flows, grouped by certain maturity lengths. The discount rate used is the interest rate that would be applied to newly accepted deposits. The carrying value of deposits whose remaining maturity is within the short-term period (one year or less) is presented as the fair value since the fair value approximates the carrying value. Such fair value is classified as Level 2.

#### Borrowed money

The present value of borrowed money is determined by discounting the aggregated value of principal and interest of such borrowings, grouped by certain maturity lengths, by the interest rate assumed for similar borrowings. The carrying value of floating rate borrowed money is presented as fair value. This is because it reflects the market interest rate in the short-term period, and also the creditworthiness of the consolidated subsidiaries has not significantly changed since the borrowed money was originated and accordingly fair value approximates the carrying value. The carrying value of borrowed money with short contractual terms (one year or less) is presented as fair value since the fair value approximates the carrying value. Fair value for which the impact of unobservable inputs is significant is classified as Level 3, and that for which the impact of unobservable inputs is not significant is classified as Level 2.

## Derivative transactions:

The fair value of derivative transactions for which unadjusted quoted market prices in active markets can be used is classified as Level 1. These transactions mainly include bond futures and interest rate futures transactions. However, since most derivatives transactions are over-the-counter transactions and there are no published quoted market prices, fair value is determined using such valuation methods as discounted present value or the Black-Scholes model, depending on the type of transaction and the maturity length. The main inputs used in those valuation methods include interest rates, exchange rates, and volatility. If unobservable inputs are not used or their impact is not significant, the fair value is classified as Level 2. Such transactions include plain vanilla interest rate swap transactions and foreign exchange forward contracts. If significant unobservable inputs are used, the fair value is classified as Level 3. Such transactions include stock options transactions.

(Note 2) Information on the fair value of Level 3 for financial instruments recorded in the consolidated balance sheets at fair value

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

#### March 31, 2024

Category	Valuation methods	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Available-for-sale securities				
Private placement bonds	Discounted cash flow method	Credit spreads	(0.220%) to 0.179%	0.069%
	Cash flow deduction method	Expected loss ratios	100%	100%

#### March 31, 2023

Category	Valuation methods	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Available-for-sale securities				
Private placement bonds	Discounted cash flow method	Credit spreads	(0.271%) to 0.169%	0.079%
	Cash flow deduction method	Expected loss ratios	100%	100%

### (2) Reconciliation of the beginning balance to the end balance and valuation gain or loss recognized in profit or loss for the year

Millions of yen							
2024							
	Profit or loss or other comprehensive income for the year						Valuation gain or loss of financial assets and financial liabilities held at the consolidated balance sheet date of the amount recorded in profit or loss for the year (*1)
	Beginning balance	Recorded in profit or loss(*1)	Recorded in other comprehensive income(*2)	Purchases, sales, issuances, and settlements	Transfer into Level 3	Transfer out of Level 3	End balance
Securities							
Available-for-sale securities							
Private placement bonds	23,430	(28)	1	( 3,376)	-	-	20,026 (9)

Millions of yen							
2023							
	Profit or loss or other comprehensive income for the year						Valuation gain or loss of financial assets and financial liabilities held at the consolidated balance sheet date of the amount recorded in profit or loss for the year (*1)
	Beginning balance	Recorded in profit or loss(*1)	Recorded in other comprehensive income(*2)	Purchases, sales, issuances, and settlements	Transfer into Level 3	Transfer out of Level 3	End balance
Securities							
Available-for-sale securities							
Private placement bonds	26,005	(0)	(3)	(2,571)	-	-	23,430 -

Thousands of U.S. dollars							
2024							
	Profit or loss or other comprehensive income for the year						Valuation gain or loss of financial assets and financial liabilities held at the consolidated balance sheet date of the amount recorded in profit or loss for the year (*1)
	Beginning balance	Recorded in profit or loss(*1)	Recorded in other comprehensive income(*2)	Purchases, sales, issuances, and settlements	Transfer into Level 3	Transfer out of Level 3	End balance
Securities							
Available-for-sale securities							
Private placement bonds	154,745	(184)	6	(22,297)	-	-	132,263 (59)

- (\*1) Included in “Other ordinary income” and “Other ordinary expenses” in the consolidated statements of income.  
 (\*2) Included in “Net unrealized gain (loss) on available-for-sale securities” under “Other comprehensive income” in the consolidated statements of comprehensive income.



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

At consolidated subsidiaries, the risk control department establishes policies and procedures for measuring fair value, and the back office measures fair value accordingly. The middle office verifies whether the fair value obtained is measured by using valid valuation methods and inputs as well as whether they are classified into an appropriate level of the fair value hierarchy in order to ensure that the policies and procedures for measuring fair value are appropriate. In measuring fair value, the Group uses a valuation model that most appropriately reflects the nature, characteristics and risks of each asset. In addition, when using quoted prices obtained from third parties, the Group verifies whether the prices are valid by using appropriate methods, such as confirming the valuation methods and inputs used and comparing them with the fair value of similar financial instruments.

(4) A description of the effect on the fair value of changes in significant unobservable inputs

Significant unobservable inputs used in measuring the fair value of private placement bonds are credit spreads and expected loss ratios. Credit spread is the difference between the weighted average interest rate of the newly executed rate for each credit rating and the market interest rate, and it is an estimated value calculated based on the results within six months from the settlement date. Significant increases (decreases) in this input would result in a significantly lower (higher) fair value measurement. Expected loss ratio is the ratio of the loss expected to occur in the event of bankruptcy to the amount of bonds or loans minus the amount expected to be recoverable through the valuation of collateral and guarantees. Significant increases (decreases) in this input would result in a significantly lower (higher) fair value measurement.

### 33. Derivatives

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

With respect to derivatives to which hedge accounting is not applied, contract amount or notional principal, fair value and related valuation gain or loss are as follows. Note that contract amounts do not represent the market risk exposure of derivative transactions.

##### (1) Currency related derivatives at March 31, 2024 and 2023

Millions of yen				
March 31, 2024	Contract amount /notional principal			
	Total	Over one year	Fair value	Valuation gain (loss)
<b>Over-the-counter transactions:</b>				
Currency swaps	¥ 50,582	¥ 27,200	¥ 49	¥ 49
Forward foreign exchange contracts:				
Selling	5,465	412	(223)	(223)
Buying	3,250	-	103	103
Currency options:				
Selling	52,625	37,214	(1,482)	918
Buying	52,625	37,214	1,482	(377)
Total	—	—	¥ (70)	¥ 470

Millions of yen				
March 31, 2023	Contract amount /notional principal			
	Total	Over one year	Fair value	Valuation gain (loss)
<b>Over-the-counter transactions:</b>				
Currency swaps	¥ 42,336	¥ 36,396	¥ 51	¥ 51
Forward foreign exchange contracts:				
Selling	6,994	-	30	30
Buying	3,442	-	13	13
Currency options:				
Selling	52,338	37,346	(2,388)	(105)
Buying	52,338	37,346	2,388	629
Total	—	—	¥ 95	¥ 619

Thousands of U.S. dollars				
March 31, 2024	Contract amount /notional principal			
	Total	Over one year	Fair value	Valuation gain (loss)
<b>Over-the-counter transactions:</b>				
Currency swaps	\$ 334,073	\$ 179,644	\$ 323	\$ 323
Forward foreign exchange contracts:				
Selling	36,094	2,721	(1,472)	(1,472)
Buying	21,464	-	680	680
Currency options:				
Selling	347,566	245,782	(9,787)	6,063
Buying	347,566	245,782	9,787	(2,489)
Total	—	—	\$ (462)	\$ 3,104

Note:

Transactions in the table above are stated at the fair value and the related valuation gain (loss) is reported in the consolidated statement of operations.

#### 2. Derivative transactions to which hedge accounting is applied

With respect to derivatives to which hedge accounting is applied, contract amount or notional principal and fair value at the balance sheet date by transaction type and hedge accounting method are as follows. Note that contract amount or notional principal does not represent the market risk exposure of derivative transactions

##### Currency related derivatives at March 31, 2024 and 2023

March 31, 2024		Millions of yen		
Hedge accounting method	Transaction type	Major hedged item	Contract amount /notional principal	
			Total	Over one year
Deferral hedge accounting	Currency swaps	Loans denominated in foreign currencies	¥ 7,267	¥ 4,239
	Forward foreign exchange contracts	—	—	—
Total			—	¥ (1,724)

March 31, 2023		Millions of yen			
Hedge accounting method	Transaction type	Major hedged item	Contract amount /notional principal		
			Total	Over one year	Fair value
Deferral hedge accounting	Currency swaps	Loans denominated in foreign currencies	¥ 6,409	¥ 5,074	¥ (1,051)
	Forward foreign exchange contracts	—	—	—	—
Total			—	—	¥ (1,051)

March 31, 2024		Thousands of U.S. dollars			
Hedge accounting method	Transaction type	Major hedged item	Contract amount /notional principal		
			Total	Over one year	Fair value
Deferral hedge accounting	Currency swaps	Loans denominated in foreign currencies	\$ 47,995	\$ 27,996	\$ (11,386)
	Forward foreign exchange contracts	—	—	—	—
Total			—	—	\$ (11,386)

Derivatives in the table above are mainly accounted for hedge accounting (deferral hedge accounting) in accordance with JICPA Industry Committee Practical Guidelines No.25 “Accounting and Auditing Treatment Relating to the Adoption of the Accounting Standard for Foreign Currency Transactions for Banks.”

### 34. Amounts per Share

Amounts per share at March 31, 2024 and 2023 and for the years then ended were summarized as follows:

	Yen		U.S. dollars
	2024	2023	2024
Net assets	¥ 863.54	¥ 807.64	\$ 5.70
Net income:			
Basic	38.78	33.89	0.25
Diluted	38.68	32.05	0.25
Cash dividends			
Common stock	¥ 12.5	¥ 10	\$ 0.08

Net assets per share as of March 31, 2024 and 2023 were computed based on the following information:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Total net assets	¥ 244,825	¥ 228,697	\$ 1,616,967
Stock subscription rights	(148)	(116)	(977)
Non-controlling interests	(2,532)	(2,164)	(16,722)
Amounts to be deducted from total net assets	(2,680)	(2,281)	(17,700)
Net assets attributable to common stock as of March 31, 2024 and 2023	¥ 242,145	¥ 226,416	\$ 1,599,266
Number of shares of common stock as of March 31, 2024 and 2023 used to compute net asset per share (Unit: thousand shares)	280,407	280,341	

Net income per share for the years ended March 31, 2024 and 2023 were computed based on the following information:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Net income attributable to owners of the parent for the year	¥ 10,874	¥ 9,502	\$ 71,818
Amounts not attributed to common stock share	(-)	(-)	(-)
Net income attributable to owners of the parent attributable to common stock	¥ 10,874	¥ 9,502	\$ 71,818
Average outstanding number of shares of common stock (Unit: thousand shares)	280,391	280,329	
Diluted net income per share after adjusting potential shares			
Adjustment to net income attributable to owners of the parent	¥ -	¥ -	\$ -
Number of increased common stock (Unit: thousand shares)	737	16,096	
Of which, stock subscription rights	737	596	
Of which, for first series of seventh-class preferred stock	-	15,499	
Summary of potential shares excluded from the calculation of diluted net income per share due to their anti-dilutive effect	-	-	

(Unit: thousand shares)

Note:

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the fiscal year.

# Report of Independent Auditor

Senshu Ikeda Holdings, Inc.



## Independent Auditor's Report

The Board of Directors  
Senshu Ikeda Holdings, Inc.

### *The Audit of the Consolidated Financial Statements*

#### **Opinion**

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

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

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

Ernst & Young ShinNihon LLC

Determination of borrower classification, which serves as the basis for assessing the reserve for possible loan losses for business loan borrowers who are preparing business improvement plans

Description of Key Audit Matter	Auditor's Response
<p>The Group is engaged in the lending business mainly through The Senshu Ikeda Bank, Ltd. As at March 31, 2024, outstanding loans on the consolidated balance sheet were ¥4,831,651 million which included ¥1,800,255 million for business loans to small and medium enterprises and ¥1,975,837 million for housing loans. These loans represent a significant portion of the Group's consolidated total assets amounting to ¥6,442,107 million.</p> <p>The credit risk of loans is affected by factors such as economic trends, borrowers' business conditions and fluctuations in the real estate market and in stock prices. To manage such credit risk, the Group recognized a reserve for possible loan losses of ¥10,426 million in the consolidated financial statements as at March 31, 2024.</p> <p>The details of the applicable accounting policies for the reserve for possible loan losses are described in Note 3 Significant Accounting Policies, (6) Reserve for possible loan losses, and the details of the estimation of the reserve for possible loan losses are described in Note 3 Significant Accounting Policies, (22) Significant accounting estimates, 1. Valuation of loans and bills discounted.</p> <p>The reserve for possible loan losses is recognized in accordance with the prescribed policies for self-assessment of asset quality, write-offs and allowances. The calculation process includes the determination of the borrower classification, which is assessed according to the relevant borrower's ability to repay loans. In addition to the repayment status, their financial position, business performance, future prospects thereof, and the like are important factors in determining the borrower classification for business loan borrowers.</p>	<p>We mainly performed the following audit procedures to assess the determination of borrower classification, which serves as the basis for assessing the reserve for possible loan losses of The Senshu Ikeda Bank, Ltd. for business loan borrowers who are preparing business improvement plans:</p> <ul style="list-style-type: none"> <li>• We evaluated the internal controls for determining borrower classification. The controls tested included but were not limited to controls for ensuring the reliability of the information used in determining the borrower classification and controls involving the underlying credit rating data of the borrower.</li> <li>• In selecting samples, we took into account the following: <ul style="list-style-type: none"> <li>- The quantitative impact of changes in borrower classification on the amount recorded in the reserve for possible loan losses</li> <li>- The degree of deterioration in the repayment status, financial position or the business performance of business loan borrowers</li> <li>- The involvement of the Business Rehabilitation Supporting Office within the Loan Division</li> </ul> </li> <li>• For the selected samples, we performed the following procedures to obtain an understanding of the recent status of deterioration in the repayment status, financial position or business performance of the business loan borrowers: <ul style="list-style-type: none"> <li>- We inspected evidence related to self-assessment of asset quality.</li> <li>- We performed analytical review over major profit and loss items.</li> </ul> </li> </ul>



The reasonableness and feasibility of business improvement plans are affected by factors such as change in the business performance of business loan borrowers and the success or failure of their business strategies. There is uncertainty in the future economic environment which includes the impact of international situations such as Russia's invasion of Ukraine, the impact of inflation due to the depreciation of Japanese yen and other factors. Accordingly, the assessment of the reasonableness and feasibility of business improvement plans involves significant estimation uncertainty and relies greatly on management's judgment.

Based on the above factors, we determined that the determination of the borrower classification, which serves as the basis for assessing the reserve for possible loan losses for business loan borrowers whose repayment status, financial position, or business performance is deteriorating and who are preparing business improvement plans is a key audit matter.

- We made inquiries of the Loan Division and inspected business logs and evidence of approval as necessary.
- For business loan borrowers whose repayment status, financial position, or business performance is deteriorating and who are preparing business improvement plans, we performed the following procedures to assess the reasonableness and feasibility of their business improvement plans:
  - For the key components of business improvement plans, we analyzed trends in historical business performance and plans as well as the degree of achievement of objectives of business improvement plans in previous years.
  - We compared business improvement plans with relevant available external information such as market trends in the industry to which business loan borrowers belong as necessary and discussed with management.

### Other Information

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

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

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

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

We have nothing to report in this regard.





### **Responsibilities of Management, the Audit & Supervisory Board Member and the Audit & Supervisory Board for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit & Supervisory Board Member and the Audit & Supervisory Board are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.



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

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

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

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

#### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

#### ***Fee-related Information***

The fees for the audit of the consolidated financial statements and non-audit services provided for the Group by us and other EY member firms for the year ended March 31, 2024 are disclosed in "Status of Audit" in the "Corporate Governance" section of this annual report.



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

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

Ernst & Young ShinNihon LLC  
Tokyo, Japan

September 20, 2024

伊加井 真弓

---

Mayumi Ikai  
Designated Engagement Partner  
Certified Public Accountant

Ernst & Young ShinNihon LLC

## Non-consolidated Financial Information of The Senshu Ikeda Bank (Unaudited)

### Non-consolidated Balance Sheets (Unaudited)

The Senshu Ikeda Bank, Ltd.  
As of March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>Assets</b>			
Cash and due from banks	¥ 789,058	¥ 815,791	\$ 5,211,399
Call loans and bills bought	4,338	7,692	28,650
Monetary claims bought	19	—	125
Money held in trust	9,005	15,010	59,474
Securities	630,666	492,408	4,165,286
Loans and bills discounted	4,858,586	4,786,346	32,088,937
Foreign exchange assets	5,900	5,856	38,967
Other assets	41,513	35,446	274,176
Tangible fixed assets	32,147	31,425	212,317
Intangible fixed assets	3,639	3,742	24,034
Prepaid pension cost	17,114	15,639	113,030
Deferred tax assets	2,457	5,919	16,227
Customers' liabilities for acceptances and guarantees	6,378	6,299	42,124
Reserve for possible loan losses	(8,201)	(9,029)	(54,164)
<b>Total assets</b>	<b>¥ 6,392,626</b>	<b>¥ 6,212,550</b>	<b>\$ 42,220,632</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Deposits	¥ 5,677,502	¥ 5,615,913	\$ 37,497,536
Negotiable certificates of deposit	22,000	2,000	145,300
Payables under securities lending transactions	—	4,371	—
Borrowed money	458,122	329,655	3,025,705
Foreign exchange liabilities	681	314	4,497
Borrowed money from trust account	2,534	1,660	16,736
Other liabilities	18,241	28,106	120,474
Provision for employees' bonuses	1,467	1,511	9,688
Provision for directors' bonuses	69	67	455
Accrued retirement benefits for directors and audit & supervisory board members	4	4	26
Reserve for reimbursement of deposits	146	209	964
Reserve for contingent losses	446	1,154	2,945
Acceptances and guarantees	6,378	6,299	42,124
<b>Total liabilities</b>	<b>6,187,596</b>	<b>5,991,271</b>	<b>40,866,494</b>
<b>Net assets</b>			
Shareholders' equity:			
Capital stock	61,385	61,385	405,422
Capital surplus	63,315	88,862	418,169
Retained earnings	71,426	66,008	471,738
<b>Total shareholders' equity</b>	<b>196,127</b>	<b>216,256</b>	<b>1,295,337</b>
Net unrealized gain (loss) on available-for-sale securities	8,937	4,976	59,025
Net unrealized gain (loss) on deferred hedges	(35)	45	(231)
<b>Total valuation and translation adjustments</b>	<b>8,901</b>	<b>5,022</b>	<b>58,787</b>
<b>Total net assets</b>	<b>205,029</b>	<b>221,278</b>	<b>1,354,131</b>
<b>Total liabilities and net assets</b>	<b>¥ 6,392,626</b>	<b>¥ 6,212,550</b>	<b>\$ 42,220,632</b>

## Non-consolidated Statements of Operations (Unaudited)

The Senshu Ikeda Bank, Ltd.  
For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>Income</b>			
Interest income:			
Interest on loans and bills discounted	¥ 40,081	¥ 39,433	\$ 264,718
Interest and dividends on securities	3,811	6,341	25,170
Other interest income	2,138	1,384	14,120
Trust fees	22	26	145
Fees and commissions	18,640	19,799	123,109
Other ordinary income	772	2,961	5,098
Reversal of provision for possible loan losses	564	3,102	3,724
Recoveries of written-off claims	260	284	1,717
Gain on sales or disposal of fixed assets	—	1	—
Other income	1,215	670	8,024
<b>Total income</b>	<b>67,507</b>	<b>74,005</b>	<b>445,855</b>
<b>Expenses</b>			
Interest expenses:			
Interest on deposits	482	638	3,183
Interest on borrowings and rediscounts	0	5	0
Other interest expenses	311	1,017	2,054
Fees and commissions	10,108	9,691	66,759
Other ordinary expenses	2,554	11,632	16,868
General and administrative expenses	39,209	39,107	258,959
Loss on sales or disposal of fixed assets	103	66	680
Loss on impairment of fixed assets	243	161	1,604
Other expenses	2,560	2,078	16,907
<b>Total expenses</b>	<b>55,574</b>	<b>64,399</b>	<b>367,043</b>
Income before income taxes	11,933	9,605	78,812
<b>Income taxes</b>			
Current	1,628	201	10,752
Deferred	1,663	1,126	10,983
<b>Total income taxes</b>	<b>3,292</b>	<b>1,327</b>	<b>21,742</b>
<b>Net income</b>	<b>¥ 8,641</b>	<b>¥ 8,277</b>	<b>\$ 57,070</b>





**SENSHU IKEDA HOLDINGS, INC.**

18-14, Chayamachi, Kita-ku, Osaka, Japan

Phone: 81-(0)6-4802-0181

<https://www.senshuikeda-hd.co.jp/>

**THE SENSHU IKEDA BANK, LTD.**

18-14, Chayamachi, Kita-ku, Osaka, Japan

Phone: 81-(0)6-6375-1005

<https://www.sihd-bk.jp/>

**SENSHU IKEDA TOKAI TOKYO  
SECURITIES CO., LTD.**

3-2-1, Toyosaki, Kita-ku, Osaka, Japan

Phone: 81-(0)6-6485-0031

<https://www.sittsec.co.jp/>