

Financial Report

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Note: The following information was originally prepared and published by Rakuten Bank, Ltd. in Japanese in accordance with the provisions set forth in the Company Law of Japan and the Banking Act of Japan and in conformity with generally accepted accounting principles and practices in Japan. This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Statements

■ Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Cash and due from banks	4,050,227	4,791,097
Call loans	7,370	6,387
Cash collateral provided for securities borrowed	559,174	554,524
Monetary claims bought	2,103,059	2,550,812
Securities	780,373	1,090,506
Loans and bills discounted	3,780,587	4,069,567
Foreign exchanges	9,904	25,501
Other assets	260,223	345,415
Tangible fixed assets	3,715	4,336
Buildings, net	415	685
Other tangible fixed assets	3,299	3,651
Intangible fixed assets	19,266	23,488
Software	14,792	15,791
Software in progress	4,411	7,670
Goodwill	61	26
Other intangible fixed assets	0	0
Deferred tax assets	8,228	10,677
Customers' liabilities for acceptances and guarantees	9,533	11,915
Allowance for loan losses	(2,156)	(3,756)
Total assets	11,589,508	13,480,473

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Deposits	8,985,693	10,442,382
Call money	12,028	14,382
Cash collateral received for securities lent	3,895	9,632
Borrowed money	2,277,400	2,565,800
Foreign exchanges	3,019	4,031
Other liabilities	64,313	150,631
Provision for bonuses	630	647
Provision for bonuses for directors (and other officers)	5	5
Retirement benefit liability	1,292	1,442
Provision for reimbursement of deposits	11	13
Acceptances and guarantees	9,533	11,915
Total liabilities	11,357,824	13,200,885
Net assets		
Share capital	25,954	32,616
Capital surplus	3,880	10,543
Retained earnings	186,714	221,151
Treasury shares	—	(0)
Total shareholders' equity	216,549	264,311
Valuation difference on available-for-sale securities	(7,364)	(8,809)
Deferred gains or losses on hedges	(12)	(188)
Foreign currency translation adjustment	3,821	5,335
Remeasurements of defined benefit plans	38	0
Total accumulated other comprehensive income	(3,517)	(3,662)
Share acquisition rights	—	44
Non-controlling interests	18,651	18,894
Total net assets	231,684	279,587
Total liabilities and net assets	11,589,508	13,480,473

■ Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Ordinary income	120,445	137,950
Interest income	69,010	84,518
Interest on loans and discounts	48,077	54,894
Interest and dividends on securities	1,894	5,608
Interest on call loans	81	115
Interest income on cash collateral provided for securities borrowed	271	558
Interest on deposits with banks	388	336
Other interest income	18,297	23,005
Fees and commissions	41,151	42,849
Other operating income	8,430	8,219
Other ordinary income	614	898
Recoveries of written off receivables	11	6
Other	602	892
Trust fees	1,239	1,464
Ordinary expenses	81,699	89,583
Interest expenses	6,632	11,125
Interest on deposits	5,729	7,242
Interest on call money	45	183
Interest expenses on cash collateral received for securities lent	—	56
Other interest expenses	857	3,642
Fees and commissions payments	33,278	33,407
Other operating expenses	3	—
General and administrative expenses	39,201	41,950
Other ordinary expenses	2,583	3,100
Provision of allowance for loan losses	1,197	1,951
Other ordinary expenses	1,386	1,148
Ordinary profit	38,746	48,367
Extraordinary losses	0	79
Loss on disposal of non-current assets	0	79
Profit before income taxes	38,746	48,287
Income taxes – current	13,696	16,684
Income taxes – deferred	(1,411)	(1,593)
Total income taxes	12,284	15,091
Profit	26,461	33,196
Loss attributable to non-controlling interests	(1,230)	(1,240)
Profit attributable to owners of parent	27,692	34,436

■ Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	26,461	33,196
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,851)	(1,475)
Deferred gains or losses on hedges	(22)	(175)
Foreign currency translation adjustment	1,102	3,028
Remeasurements of defined benefit plans, net of tax	85	(38)
Total other comprehensive income	(2,684)	1,338
Comprehensive income	23,776	34,534
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,538	34,291
Comprehensive income attributable to non-controlling interests	(761)	242

■ Consolidated Statements of Change in Net Assets

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	25,954	2,468	159,022	—	187,445	(3,596)	9	3,269	(47)	(363)	—	19,413	206,494
Changes during period													
Increase by corporate division		1,412			1,412								1,412
Issuance of new shares					—								—
Profit attributable to owners of parent			27,692		27,692								27,692
Purchase of treasury shares					—								—
Net changes in items other than shareholders' equity						(3,768)	(22)	551	85	(3,153)	—	(761)	(3,915)
Total changes during period	—	1,412	27,692	—	29,104	(3,768)	(22)	551	85	(3,153)	—	(761)	25,189
Balance at end of period	25,954	3,880	186,714	—	216,549	(7,364)	(12)	3,821	38	(3,517)	—	18,651	231,684

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	25,954	3,880	186,714	—	216,549	(7,364)	(12)	3,821	38	(3,517)	—	18,651	231,684
Changes during period													
Increase by corporate division					—								—
Issuance of new shares	6,662	6,662			13,324								13,324
Profit attributable to owners of parent			34,436		34,436								34,436
Purchase of treasury shares				(0)	(0)								(0)
Net changes in items other than shareholders' equity						(1,444)	(175)	1,514	(38)	(144)	44	242	142
Total changes during period	6,662	6,662	34,436	(0)	47,761	(1,444)	(175)	1,514	(38)	(144)	44	242	47,903
Balance at end of period	32,616	10,543	221,151	(0)	264,311	(8,809)	(188)	5,335	0	(3,662)	44	18,894	279,587

■ Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	38,746	48,287
Depreciation	4,503	5,073
Amortization of goodwill	35	35
Share-based payment expenses	153	143
Increase (decrease) in allowance for loan losses	931	1,582
Increase (decrease) in provision for bonuses	65	10
Increase (decrease) in provision for bonuses for directors (and other officers)	—	0
Increase (decrease) in retirement benefit liability	253	94
Increase (decrease) in provision for reimbursement of deposits	8	1
Interest income	(69,010)	(84,518)
Interest expenses	6,632	11,125
Loss (gain) related to securities	(33)	(10)
Foreign exchange losses (gains)	127	(6,072)
Loss (gain) on disposal of non-current assets	0	79
Net decrease (increase) in loans and bills discounted	(836,833)	(287,328)
Net increase (decrease) in deposits	1,401,026	1,448,715
Net increase (decrease) in cash collateral received for securities lent	3,962	5,280
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	665,400	288,400
Net decrease (increase) in call loans	3,804	1,544
Net decrease (increase) in due from banks (excluding cash equivalents)	—	(3)
Net decrease (increase) in cash collateral provided for securities borrowed	(181,765)	7,185
Net increase (decrease) in call money	12,237	1,336
Net decrease (increase) in foreign exchanges – assets	(1,261)	(15,597)
Net increase (decrease) in foreign exchanges – liabilities	(361)	1,011
Net decrease (increase) in monetary claims bought	(449,037)	(430,987)
Net increase in deposit for central counterparty and others	(54,980)	(18,072)
Interest received	69,500	84,224
Interest paid	(6,353)	(10,706)
Other, net	(404)	(12,421)
Subtotal	607,346	1,038,416
Income taxes paid	(12,650)	(10,535)
Net cash provided by (used in) operating activities	594,695	1,027,880
Cash flows from investing activities		
Purchase of securities	(592,225)	(592,468)
Proceeds from sale of securities	190,367	7,823
Proceeds from redemption of securities	216,190	292,955
Purchase of tangible fixed assets	(1,413)	(1,308)
Purchase of intangible fixed assets	(6,396)	(8,061)
Other, net	(100)	—
Net cash provided by (used in) investing activities	(193,578)	(301,058)
Cash flows from financing activities		
Proceeds from issuance of shares	—	13,324
Purchase of treasury shares	—	(0)
Net cash provided by (used in) financing activities	—	13,324
Effect of exchange rate change on cash and cash equivalents	(25)	719
Net increase (decrease) in cash and cash equivalents	401,091	740,866
Cash and cash equivalents at beginning of period	3,649,133	4,050,224
Cash and cash equivalents at end of period	4,050,224	4,791,091

[Notes]

(Significant matters serving as the basis for the preparation of consolidated financial statements)

1. Matters concerning the scope of consolidation
 - (1) Consolidated subsidiaries, etc.: 23 companies
Company names:
Rakuten Trust Co., Ltd.
Rakuten International Commercial Bank Co., Ltd.
General Incorporated Association Super Trust Holdings
Super Trust 1, LLC
Super Trust 2, LLC
Super Trust 3, LLC
Super Trust 4, LLC
Super Trust 5, LLC
Super Trust 6, LLC
Super Trust 7, LLC
Super Trust 8, LLC
Super Trust 9, LLC
Super Trust 10, LLC
Super Trust 11, LLC
Super Trust 12, LLC
Super Trust 13, LLC
Super Trust 14, LLC
Super Trust 15, LLC
Super Trust 16, LLC
Super Trust 17, LLC
Super Trust 18, LLC
Super Trust 19, LLC
Super Trust 20, LLC
 - (2) Non-consolidated subsidiaries, etc.: 4 companies
Company names:
Rakuten Bank Domain Service, Ltd.
Trans Value Domain Service, Ltd.
Higashi Matsushima "Kizuna" Photovoltaic Power Plant (Joint management designated money trust with actual dividends)
Higashi Matsushima "Kizuna" Photovoltaic Power Plant Business Trust (Individually operated designated money trust)
The non-consolidated subsidiaries, etc. have been excluded from the scope of consolidation, in view of their relative immateriality to the extent that such exclusion should not preclude reasonable judgment on the financial position and operating results of the Group, in consideration of assets, ordinary income, net profit or loss (corresponding to equity interest), retained earnings (corresponding to equity interest) and accumulated other comprehensive income (corresponding to equity interest), etc.
2. Matters concerning the application of the equity method
 - (1) Non-consolidated subsidiaries, etc. accounted for under the equity method
Not applicable.
 - (2) Affiliates, etc. accounted for under the equity method
Not applicable.
 - (3) Non-consolidated subsidiaries, etc. not accounted for under the equity method: 4 companies
Company names:
Rakuten Bank Domain Service, Ltd.
Trans Value Domain Service, Ltd.
Higashi Matsushima "Kizuna" Photovoltaic Power Plant (Joint management designated money trust with actual dividends)
Higashi Matsushima "Kizuna" Photovoltaic Power Plant Business Trust (Individually operated designated money trust)
The non-consolidated subsidiaries, etc. not accounted for under the equity method have been excluded from using the equity method, in view of their relative immateriality to the extent that such exclusion should not have significant impact on the consolidated financial statements, based on net profit or loss (corresponding to equity interest), retained earnings (corresponding to equity interest) and accumulated other comprehensive income (corresponding to equity interest), etc.
 - (4) Affiliates, etc. not accounted for under the equity method
Not applicable.
3. Matters concerning the fiscal year of consolidated subsidiaries, etc.
 - (1) The closing date and the consolidated closing date of consolidated subsidiaries, etc. are as follows.
December 31: 1 company
March 31: 22 companies
 - (2) Consolidated subsidiaries, etc. whose closing date is December 31 are consolidated based on the provisional financial statements prepared for consolidation as of March 31.
Other consolidated subsidiaries, etc. are consolidated based on the financial statements as of their closing dates.
Necessary adjustments are made for significant transactions that occur between the consolidated closing date and the above closing dates, etc.
4. Matters concerning accounting policies
 - (1) Valuation standards and methods for securities
Valuation of securities is as follows: Held-to-maturity debt securities are stated at amortized cost using the moving average method (straight-line method), while shares in non-consolidated subsidiaries, etc. not accounted for under the equity method are stated at cost using the moving average method. Other securities are stated at fair value (cost of sales is primarily calculated by the moving average method), but shares, etc. with no market price are stated at cost by the moving average method.
Valuation difference on available-for-sale securities is fully accounted for as a component of net assets.
 - (2) Valuation standards and methods for derivative transactions
Derivative transactions are stated at fair value.
 - (3) Depreciation methods for fixed assets
 - (i) Tangible fixed assets (excluding leased assets)
Tangible fixed assets of Rakuten Bank, Ltd. (the "Bank") are depreciated using the straight-line method.
Moreover, useful lives for tangible fixed assets are mainly as follows.
Buildings: 3 to 18 years
Others: 2 to 20 years
Tangible fixed assets of consolidated subsidiaries, etc. are depreciated using the straight-line method based on the estimated useful lives of assets.
 - (ii) Intangible fixed assets (excluding leased assets)
Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized over its estimated usable period (mainly five years) as determined by the Bank and its consolidated subsidiaries, etc.

(4) Standards for recording allowance for loan losses

The Bank records allowance for loan losses as follows, in accordance with predetermined standards for write-offs and provisions.

Concerning claims related to debtors who are legally bankrupt due to bankruptcy or special liquidation, etc. (hereinafter referred to as "bankrupt borrowers") and claims related to debtors in similar situations (hereinafter referred to as "substantially bankrupt borrowers"), the expected disposable amounts of collateral and collectable amounts by guarantee are deducted from the carrying amount after direct reduction as described in the notes below, and the remaining amount is recorded. In addition, concerning claims related to debtors who are not currently in bankruptcy but are deemed to have a high possibility of going bankrupt in the future (hereinafter referred to as "potentially bankrupt borrowers"), the expected disposable amounts of collateral and collectable amounts by guarantee are deducted from the amount of claims, and of the remaining amount, the amount deemed necessary based on a comprehensive judgment of the debtor's ability to pay is recorded.

Claims other than the above are primarily recorded based on the amount of expected loss for the next one year or the next three years, and the amount of expected loss is calculated by obtaining the loss rate based on the average value of loan losses performance rates or bankruptcy probability over a certain period in the past based on the record of loan losses or bankruptcies over a one-year or three-year period, and making necessary adjustments such as future projections.

All claims are assessed by sales-related divisions with a subsequent audit by the credit department, which is independent from the sales-related divisions, in accordance with the Bank's policy and guidelines for the self-assessment of asset quality.

Concerning claims with collateral and guarantees for bankrupt borrowers and substantially bankrupt borrowers, the amount remaining after deducting the valuation of collateral and the amount deemed collectible by guarantees from the amount of claims is directly deducted from the amount of claims as an estimated uncollectible amount, and that amount is 83 million yen (145 million yen at the end of the previous fiscal year).

Concerning allowance for loan losses of consolidated subsidiaries, etc., for general claims, the amount deemed necessary in consideration of past loan losses performance rates, etc. is recorded, and for specific claims such as doubtful claims, recoverability is individually considered and the estimated uncollectible amount is recorded.

(5) Standards for recording provision for bonuses

To prepare for the payment of bonuses to employees, of the estimated amount of bonuses to be paid to employees, the amount attributable to the fiscal year under review is recorded as provision for bonuses.

(6) Standards for recording provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses to directors (and other officers), of the estimated amount of bonuses to be paid to directors (and other officers), the amount attributable to the fiscal year under review is recorded as provision for bonuses for directors (and other officers).

(7) Standards for recording provision for reimbursement of deposits

Concerning provision for reimbursement of deposits, in order to prepare for reimbursement requests from depositors for deposits for which recording of liabilities has been discontinued, an amount deemed necessary based on estimated losses that may arise in response to future reimbursement requests is recorded.

(8) Accounting method for retirement benefits

In calculating the projected benefit obligation, mainly the benefit formula basis is used to attribute the expected benefit attributable to the respective fiscal year.

Unrecognized net actuarial gains (losses) are amortized on a straight-line basis, primarily over 1 year within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

(9) Standards for recording significant income and expenses

(i) Method for recognizing revenue

Revenue from contracts with customers is recognized in the consolidated statements of income based on the satisfaction of performance obligations identified for each contract, according to the actual state of the transaction in the contract. The main component of this is fees and commissions, which can be broadly divided into foreign exchange deposit business, housing loans handling business, card settlement business, toto and lottery sales business, and other businesses.

(ii) Revenue recognition for major transactions

For revenue from contracts with customers, the timing of satisfaction of performance obligations, which is an item that significantly impacts the determination of the timing of revenue recognition, is determined as follows, and it is a revenue recognition method that faithfully represents each economic reality.

Most transactions are settled in cash at the time of transaction, and claims recognized from other transactions are, in principle, collected within one year.

Of the foreign exchange deposit business, foreign exchange business revenue consists primarily of remittance and transfer fees and is recognized at the time of settlement. Moreover, deposit business revenue consists primarily of ATM usage fees and periodic account management service fees. ATM usage fees are recognized when transactions are executed, and periodic account management service fees are recognized over the period of service.

Revenue related to the housing loans handling business consists primarily of administrative fees related to the handling of housing loans and apartment loans for investment, and is recognized when the related services are provided.

Revenue related to card settlement business consists primarily of debit card settlement fees and other card-related business revenues. Debit card settlement fees are recognized at the time of settlement, and other card-related revenues are recognized over the period of service.

Revenue related to the toto and lottery sales business consists primarily of fees received on toto and lottery sales, which is received as consideration for toto and lottery sales and recognized primarily on the date of the transaction with the customer.

Revenue related to other businesses includes advertising placement fees received, affiliate fees received, etc., and is recognized when the related services are provided or over the period during which the related services are provided.

In addition to fees and commissions, there is revenue related to the trust business provided by consolidated subsidiaries, which is mainly fees received as consideration for providing services such as management of properties entrusted by settlors, and is recognized over the period during which the related services are provided.

(10) Standards for conversion of foreign currency-denominated assets and liabilities into Japanese currency

Foreign currency-denominated assets and liabilities of the Bank and its consolidated subsidiaries, etc. are converted mainly based on the exchange rate on the consolidated closing date.

(11) Significant hedge accounting methods

(i) Hedging against interest rate risk

The Bank applies deferral hedge accounting method based on the rules of the "Accounting and Auditing Treatment of Accounting Standard for Financial Instruments in the Banking Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Committee Practical Guidance No. 24, March 17, 2022) for interest rate derivatives to manage interest rate risks arising from various financial assets and liabilities. Under these rules, the effectiveness of fair value hedge is assessed for each designated group consisting of hedged items (such as deposits and loans and bills discounted) and the corresponding hedging instruments (such as interest rate swaps) classified by the duration to maturity. In addition, under these rules, the effectiveness of cash flow hedges is assessed based on the correlation between a base interest rate index of the hedged cash flow and that of the hedging instrument.

(ii) Hedging against currency fluctuations risk

The Bank applies deferral hedge accounting method based on the rules of the "Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Committee Practical Guidance No. 25, October 8, 2020, "Industry Committee Practical Guidance No. 25") for currency swaps and foreign exchange swaps to manage currency fluctuations risk arising from financial assets and liabilities denominated in foreign currencies.

Under these rules, the Bank assesses the effectiveness of currency swap and foreign exchange swap transactions executed for the purpose of offsetting the risk of changes in currency exchange rates by verifying that there are foreign-currency monetary claims and debts corresponding to the foreign-currency positions.

(12) Goodwill amortization method and amortization period

Goodwill is amortized using the straight-line method over a period of 10 years.

(13) Discontinuation of applying the group tax sharing system

The Bank and certain domestic consolidated subsidiaries, etc. had applied the group tax sharing system with Rakuten Group, Inc. as the designated parent company. However, since the Bank listed its shares on April 21, 2023, it is no longer a wholly owned subsidiary of Rakuten Group, Inc. Therefore, the Bank has discontinued the application of the group tax sharing system with Rakuten Group, Inc. as the designated parent company.

(14) Scope of funds in the consolidated statements of cash flows

The scope of funds in the consolidated statement of cash flows refers to cash and due from banks on the consolidated balance sheets, excluding time deposits with deposit terms of more than three months and certificates of deposit.

(Significant accounting estimates)

Items for which amounts were recorded in the consolidated financial statements for the fiscal year under review based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the next fiscal year are as follows.

1. Allowance for loan losses

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

	As of March 31, 2023	As of March 31, 2024
Allowance for loan losses	2,156 million yen	3,756 million yen

(2) Information that contributes to the understanding of the content of significant accounting estimates for identified items

(i) Calculation method

The calculation method for allowance for loan losses is described in "Notes (Significant matters serving as the basis for the preparation of consolidated financial statements), 4. Matters concerning accounting policies, (4) Standards for recording allowance for loan losses."

(ii) Main assumptions

The main assumption is "future performance outlook of borrowers in determining debtor classification." "Future performance outlook of borrowers in determining debtor classification" is set based on individual evaluations of each debtor's earning capacity.

(iii) Impact on the consolidated financial statements for the next fiscal year

If the assumptions used in the initial estimates change due to changes in the performance of individual borrowers, etc., it may have a significant impact on the allowance for loan losses in the consolidated financial statements for the next fiscal year.

2. Fair value of financial instruments

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

Described in "Notes (Notes on financial instruments), 2. Matters concerning the fair value, etc. of financial instruments."

(2) Information that contributes to the understanding of the content of significant accounting estimates for identified items

(i) Calculation method

The calculation method for fair value of financial instruments is described in "Notes (Notes on financial instruments), 3. Matters concerning the breakdown, etc. of fair value of financial instruments by level, (Note 1) Description of the valuation techniques and inputs used in fair value measurements."

(ii) Main assumptions

The main assumptions are the inputs used in the mark-to-market valuation model, including directly or indirectly observable inputs in the market such as foreign exchange rates, yield curves, fair value of securities, etc., as well as inputs that are not observable in the market, including significant estimates such as correlation coefficients.

(iii) Impact on the consolidated financial statements for the next fiscal year

Fair value of financial instruments may fluctuate due to changes in inputs, which are the main assumptions, due to changes in the market environment, etc.

(Changes in presentation)

(Consolidated statements of cash flows)

"Share-based payment expenses" and "Foreign exchange losses (gains)" which were included under "Other, net" in cash flows from operating activities in the previous fiscal year, have been presented separately from the fiscal year under review due to its increased importance. Accordingly, the figures presented in the consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, the ¥(123) million presented under "Other, net" in cash flows operating activities for the fiscal year ended March 31, 2023 has been reclassified as ¥153 million in "Share-based payment expenses," ¥127 million in "Foreign exchange losses (gains)," and ¥(404) million in "Other, net."

(Notes on consolidated balance sheets)

*1. Total amount of shares of non-consolidated subsidiaries and affiliates

	As of March 31, 2023	As of March 31, 2024
Shares	1 million yen	1 million yen

*2. Of the securities received through cash-secured bond lending transactions, securities that the Bank has the right to freely dispose of by way of sale or (re)pledging are as follows.

	As of March 31, 2023	As of March 31, 2024
Securities (re)pledged as collateral	517,655 million yen	510,025 million yen
Securities held without such disposal at the end of the fiscal year under review	40,301 million yen	44,249 million yen

*3. Claims based on the Banking Act and the categories of the Financial Revitalization Act are as follows. Claims are those recorded in (i) corporate bonds in "securities" on the consolidated balance sheets (limited to those that guarantee all or part of the redemption of the principal and payment of interest, and the issuance of such corporate bonds is limited to private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), (ii) loans and bills discounted, (iii) foreign exchanges, (iv) accrued interest and suspense payments in "other assets," (v) those recorded in each account under "customers' liabilities for acceptances and guarantees," as well as (vi) the securities noted in the notes, if such securities are lent (limited to those by means of loans for use and lease agreements).

	As of March 31, 2023	As of March 31, 2024
Bankrupt and practically bankrupt claims	0 million yen	1 million yen
Doubtful claims	1,104 million yen	1,360 million yen
Loans past due over three months	630 million yen	815 million yen
Restructured loans	482 million yen	897 million yen
Total	2,218 million yen	3,074 million yen

Bankrupt and practically bankrupt claims are claims against debtors who are bankrupt due to reasons such as the commencement of bankruptcy proceedings, the commencement of reorganization proceedings, or petitions for the commencement of rehabilitation proceedings, and claims equivalent thereto.

Doubtful claims are claims that do not fall under bankrupt and practically bankrupt claims, for which the debtor has not yet reached bankruptcy, but their financial condition and business performance have deteriorated, and there is a high possibility that collection of the principal of the claims and the receipt of interest in accordance with the contract will not be possible.

Loans past due over three months are loans and bills discounted that do not fall under bankrupt and practically bankrupt claims or doubtful claims, for which payment of the principal or interest is delayed for three months or more from the day after the scheduled payment date.

Restructured loans are loans and bills discounted that do not fall under bankrupt and practically bankrupt claims, doubtful claims, or loans past due over three months, for which interest rate exemptions or reduction, interest payment deferrals, principal repayment deferrals, debt waivers, and other arrangements that are advantageous to the debtor are undertaken for the purpose of helping the debtor rebuild and support their business.

The above claim amounts are the amounts before deduction of allowance for loan losses.

*4. Assets pledged as collateral are as follows.

	As of March 31, 2023	As of March 31, 2024
Assets pledged as collateral		
Monetary claims bought	233,756 million yen	233,730 million yen
Securities	646,319 million yen	879,101 million yen
Loans and bills discounted	1,271,241 million yen	1,348,268 million yen

Debt corresponding to assets pledged as collateral

Cash collateral received for securities lent	3,895 million yen	9,632 million yen
Borrowed money	2,277,400 million yen	2,565,800 million yen

In addition to the above, securities have been pledged as collateral for foreign exchange settlements, derivative transactions, etc., and the amounts are as follows.

	As of March 31, 2023	As of March 31, 2024
Securities	1,709 million yen	1,688 million yen

In addition, other assets include deposit for central counterparty, margin deposits for futures transactions, cash collateral pledged for financial instruments and other guarantee deposits. These amounts are as follows.

	As of March 31, 2023	As of March 31, 2024
Deposit for central counterparty	167,353 million yen	185,150 million yen
Margin deposits for futures transactions	846 million yen	1,666 million yen
Cash collateral pledged for financial instruments	20,631 million yen	31,340 million yen
Other guarantee deposits	13,943 million yen	14,204 million yen

*5. Overdraft agreements and commitment line agreements for loans are agreements that promise to lend funds up to a certain limit when receiving an offer to execute a loan from a customer, as long as there is no violation of the conditions stipulated in the agreement. The balance of unexecuted loans related to these agreements is as follows.

	As of March 31, 2023	As of March 31, 2024
Balance of unexecuted loans	604,671 million yen	644,832 million yen
Of which: those whose original agreement period can be canceled unconditionally at any time	596,214 million yen	640,354 million yen

Since many of these agreements expire without loans being executed, the balance of unexecuted loans does not necessarily affect the future cash flows of the Bank and its consolidated subsidiaries, etc. Many of these agreements contain clauses to the effect that the Bank and its consolidated subsidiaries, etc. may refuse to accept a loan application or reduce the maximum agreement amount if there are changes in financial conditions, preservation of claims, or other reasonable reasons. In addition, even after signing an agreement, the Bank regularly monitors the customer's business conditions based on predetermined internal procedures, reviews the agreement as necessary, and takes measures to protect credit.

*6. Accumulated depreciation of tangible fixed assets is as follows.

	As of March 31, 2023	As of March 31, 2024
Accumulated depreciation	3,842 million yen	4,370 million yen

*7. The Bank has entered into overdraft agreements with banks with the aim of improving the efficiency of fund management and securing alternative liquidity. The balance of unexecuted borrowings related to overdraft agreements at the end of the fiscal year under review is as follows.

	As of March 31, 2023	As of March 31, 2024
Total overdraft limit	10,000 million yen	10,000 million yen
Balance of executed borrowings	— million yen	— million yen
Balance	10,000 million yen	10,000 million yen

(Notes on consolidated statements of income)

*1. Other ordinary income includes the following items.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Gains from dormant deposits	26 million yen	32 million yen
Amortization of unrealized actuarial losses	— million yen	56 million yen

*2. Other ordinary expenses include the following items.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Losses on reimbursement of deposits	45 million yen	32 million yen
Amortization of unrealized actuarial losses	67 million yen	— million yen
Charge-off of loans	238 million yen	518 million yen
Stock market listing expenses	750 million yen	195 million yen
Charge-off of other receivables	4 million yen	— million yen

Financial Data

(Notes on consolidated statements of comprehensive income)

*1. Reclassification adjustments and tax effect amount related to other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Valuation difference on available-for-sale securities		
Amount incurred during the period	(5,444)	(2,090)
Reclassification adjustments	(33)	(10)
Before tax effect adjustments	(5,478)	(2,101)
Tax effect amount	1,626	625
Valuation difference on available-for-sale securities	(3,851)	(1,475)
Deferred gains or losses on hedges		
Amount incurred during the period	(16)	(7,694)
Reclassification adjustments	(15)	7,441
Before tax effect adjustments	(32)	(253)
Tax effect amount	9	77
Deferred gains or losses on hedges	(22)	(175)
Foreign currency translation adjustment		
Amount incurred during the period	1,102	3,028
Reclassification adjustments	—	—
Before tax effect adjustments	1,102	3,028
Tax effect amount	—	—
Foreign currency translation adjustment	1,102	3,028
Remeasurements of defined benefit plans, net of tax		
Amount incurred during the period	56	0
Reclassification adjustments	67	(56)
Before tax effect adjustments	123	(55)
Tax effect amount	(37)	17
Remeasurements of defined benefit plans, net of tax	85	(38)
Total other comprehensive income	(2,684)	1,338

(Notes on consolidated statements of change in net assets)

Fiscal year ended March 31, 2023

1. Matters concerning the type and total number of issued shares

(Thousands of shares)

	Number of shares at the beginning of the fiscal year under review	Number of shares increased during the fiscal year under review	Number of shares decreased during the fiscal year under review	Number of shares at the end of the fiscal year under review	Summary
Issued shares					
Common shares	2,349	162,114	—	164,463	(Note)
Total	2,349	162,114	—	164,463	

(Note) The Bank conducted a seventy-for-one stock split of its common shares effective September 27, 2022.

2. Matters concerning the type and number of treasury shares

Not applicable.

3. Matters concerning share acquisition rights and treasury share acquisition rights

Not applicable.

4. Matters concerning dividends

Not applicable.

Fiscal year ended March 31, 2024

1. Matters concerning the type and total number of issued shares, and the type and number of treasury shares

(Thousands of shares)

	Number of shares at the beginning of the fiscal year under review	Number of shares increased during the fiscal year under review	Number of shares decreased during the fiscal year under review	Number of shares at the end of the fiscal year under review	Summary
Issued shares					
Common shares	164,463	10,018	—	174,482	(Note 1)
Total	164,463	10,018	—	174,482	
Treasury shares					
Common shares	—	0	—	0	(Note 2)
Total	—	0	—	0	

(Note 1) The increase in common shares of 10,018 thousand shares was due to an increase of 5,555 thousand shares from a capital increase through a public offering and an increase of 4,463 thousand shares from a capital increase through a third-party allotment.

(Note 2) The increase in common shares of 0 thousand shares was due to the purchase of shares less than one share unit.

2. Matters concerning share acquisition rights and treasury share acquisition rights

Category	Breakdown of share acquisition rights	Class of shares to be issued upon exercise of share acquisition rights	Number of shares to be issued upon exercise of share acquisition rights				Balance at the end of the fiscal year under review (million yen)	Summary
			Number of shares at the beginning of the fiscal year under review	Number of shares increased during the fiscal year under review	Number of shares decreased during the fiscal year under review	Number of shares at the end of the fiscal year under review		
The Bank	Share acquisition rights as stock options		—				44	
Total			—				44	

3. Matters concerning dividends
Not applicable.

(Notes on consolidated statements of cash flows)

- *1. The relationship between the balance of cash and cash equivalents at the end of the fiscal year and the amounts of items listed on the consolidated balance sheets is as follows.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash and due from banks account	4,050,227 million yen	4,791,097 million yen
Time deposits and certificates of deposit with deposit terms of more than three months	(3) million yen	(6) million yen
Cash and cash equivalents	4,050,224 million yen	4,791,091 million yen

(Notes on lease transactions)

1. Finance lease transactions
Not applicable.
2. Operating lease transactions
Of operating lease transactions, future lease payments for non-cancelable leases

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Within one year	1,105	1,280
Over one year	3,040	2,532
Total	4,145	3,812

(Notes on financial instruments)

1. Matters concerning the status of financial instruments

(1) Action policy on financial instruments

The main businesses of the Group are the deposit business, foreign exchange business and lending business for individuals, and the Group offers ordinary deposits, general time deposits and foreign currency ordinary deposits to both individual and corporate customers, as well as new term deposits and foreign currency time deposits to individual customers. In addition to using these financial liabilities as the main source of funds to provide unsecured card loans with guarantees, housing loans, etc. to individual customers, the Group carries out purchases of securities and monetary claims bought, the establishment of money trusts, market transactions such as call loans, and derivatives and foreign exchange-related transactions that accompany the sale of financial instruments to customers. Remaining aware of the importance of our social responsibility and public mission as a bank, the Group strictly refrains from conducting operations that exceed management strength, such as excessive pursuit of profit, etc., and in particular, manages deposits entrusted by customers with due consideration for safety. In addition, with the aim of optimizing asset/liability composition and securing an appropriate level of capital adequacy across all operation and procurement work, the Group conducts asset and liability management (ALM) operations that focus on interest rate sensitivity, funding liquidity, market liquidity, etc.

The Group takes a cautious approach to derivative transactions and has a policy of not treating them as speculative means of earning income.

(2) Details and risks of financial instruments

The financial assets held by the Group are mainly securities, monetary claims bought, and loans and bills discounted.

Securities are mainly Japanese government bonds, Japanese municipal bonds, corporate bonds, foreign securities, etc., and these are exposed to credit risk of issuers, interest rate fluctuation risk, market price fluctuation risk, foreign exchange fluctuation risk and liquidity risk. Monetary claims bought are mainly various trust beneficiary rights, and these are exposed to credit risk of issuers and underlying assets, and interest rate fluctuation risk. Loans and bills discounted are mainly loans to the Ministry of Finance and loans to individual customers, and loans to individual customers are exposed to credit risk of individual customers. They are not particularly exposed to specific concentration risks such as industries or regions.

In terms of financial liabilities, the Group offers products such as ordinary deposits, general time deposits and foreign currency ordinary deposits to individual and corporate customers, as well as new term deposits and foreign currency time deposits to individual customers. New term deposits are exposed to interest rate fluctuation risk, but this risk is hedged by conducting corresponding interest rate swap transactions. Foreign currency ordinary deposits and foreign currency time deposits are exposed to exchange rate fluctuation risk, but this risk is hedged by conducting corresponding forward exchange transactions.

Derivative transactions are future forward exchange transactions and currency swap transactions aimed at hedging exchange rate fluctuation risk related to foreign currency-denominated claims and debts, as well as interest rate swap transactions and interest rate swaptions aimed at hedging interest rate fluctuation risk related to deposits. Regarding hedging instruments and hedged items related to hedge accounting, hedging policies, methods for evaluating the effectiveness of hedges, etc., please refer to "Significant matters serving as the basis for the preparation of consolidated financial statements, 4. Matters concerning accounting policies, (11) Significant hedge accounting methods" listed above.

(3) Risk management system for financial instruments

The Group has established the Regulations for Bank-wide Risk Management as the basic matters for risk management. The types of risks to be managed are classified and identified as (1) credit risk, (2) market risk, (3) funding liquidity risk, (4) market liquidity risk, (5) settlement risk, and (6) operational risk (processing risk, system risk, etc.), and the Group has established basic policies for managing each risk. In addition, on the premise of ensuring the adequacy of capital, and while taking into consideration the external economic environment, the Group has established "ALM rules" aimed at building a sound and optimal operation and procurement portfolio in order to realize management strategies and maximize profit.

The types of risks to be managed are reviewed as necessary, and new risks that have arisen in response to changes in the environment are added to the list of risks to be managed. From the perspective of comprehensively managing these risks, the Group has established the Risk Management Division, which oversees risk management for the entire Group, and conducts comprehensive and systematic management of each risk. Moreover, ALM is managed and operated by the ALM Division.

The Group considers market risk and credit risk to be the most important risks in assessing capital adequacy, and through the process of allocating capital to each risk category and controlling risks within the allocated amount, the Group implements risk management that accepts risks only to the extent that the Group can ensure adequate capital adequacy.

(i) Management of credit risk

Currently, the Bank takes risks mainly in loans for individuals such as housing loans and Rakuten Bank Super Loans (card loans), as well as Rakuten Card trust beneficiary rights, as its main credit risk. However, the Bank quantitatively understands and manages credit risk by conducting risk measurement based on attributes and changes in delinquency status of debtors, recovery rate after default, etc. In addition, for securities holdings and corporate customers with business loans, the Bank grants common debtor ratings stipulated in the Internal Rating Detailed Rules and manages credit limit based on the credibility of the debtors. Moreover, the management status of various credit risks is reported monthly to the Risk Management Committee and the Board of Directors, etc.

(ii) Management of market risk

Market risk is managed based on the Regulations for Market Risk Management and Detailed Regulations for Market Risk Management, which stipulate the method of measurement of risk capital, loss-cut rules, as well as monitoring methods and cycles. Measurement of risk capital results are used for capital allocation management, and the status of compliance with the rules is reported to the Risk Management Committee and Board of Directors, etc. on a daily or monthly basis.

(4) Quantitative information on market risk

(Management of interest rate risk)

The Group's financial assets impacted by interest rate risk, which is a major risk variable, are mainly securities, monetary claims bought, and loans and bills discounted.

In addition to ordinary deposits to individual and corporate customers, and ordinary time deposits and new term deposits to individual customers, financial liabilities

also include foreign currency ordinary deposits, foreign currency time deposits, and interest rate swap transactions among derivative transactions. The Group evaluates these financial assets and financial liabilities at fair value under certain interest rate fluctuations, and the net impact amount after offsetting (hereinafter referred to as the "present value") is used for quantitative analysis in managing interest rate fluctuation risk.

In calculating the present value impact amount, the target financial assets and financial liabilities are divided into a fixed interest rate group and a floating interest rate group, the balance is broken down into appropriate periods according to the interest rate due date, and the interest rate fluctuation range for each period is used. For example, assuming that all risk variables other than interest rates are constant as of March 31, 2024, if all benchmark interest rates rose by 10 basis points (0.1%), present value would increase by 3,056 million yen. Conversely, if they declined by 10 basis points (0.1%), present value would decrease by 3,056 million yen.

The impact amount does not take into account the correlation between interest rates and other risk variables, and foreign currency-denominated assets and liabilities are calculated by converting them into Japanese yen based on the exchange rate as of March 31, 2024. In addition, the Bank has not ruled out a scenario wherein interest rates become negative depending on the period when they decline by 10 basis points.

(Management of foreign exchange risk)

The Group's financial assets impacted by foreign exchange risk, which is a major risk variable, are foreign securities and foreign exchanges.

Financial liabilities include foreign currency-denominated ordinary deposits and foreign currency time deposits among deposits, and forward exchange transactions and foreign exchange swap transactions among derivative transactions. The Group uses the present value impact amount of these financial assets and financial liabilities under certain exchange rate fluctuations for quantitative analysis in managing exchange rate fluctuation risk.

In calculating the present value impact amount, the target financial assets and financial liabilities are divided by currency, and the exchange rate fluctuation range for each currency is used. For example, assuming that all risk variables other than foreign exchanges are constant as of March 31, 2024, if the yen rose 10% against each currency, present value would decrease by 148 million yen. Conversely, if the yen declined 10%, present value would increase by 148 million yen.

The impact amount does not take into account the correlation between foreign exchanges and other risk variables, and present value impact amounts by currency are calculated by converting them into Japanese yen based on the exchange rate as of March 31, 2024.

(5) Supplementary explanation on matters concerning the fair value, etc. of financial instruments

As certain preconditions, etc. are used in the measurement of the fair value of financial instruments, the values may differ depending on different preconditions, etc.

2. Matters concerning the fair value, etc. of financial instruments

Consolidated balance sheet amounts, fair value and differences are as follows. Shares, etc. with no market price are not included in the following table (see (Note 1)). In addition, since cash and due from banks, call loans, cash collateral provided for securities borrowed, foreign exchanges (assets and liabilities), call money, and cash collateral received for securities lent are settled in a short period of time, notes are omitted because the fair value approximates the carrying amount.

As of March 31, 2023

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Monetary claims bought (*1)	2,103,040	2,104,092	1,052
(2) Securities			
Held-to-maturity debt securities	522,051	516,347	(5,703)
Other securities	256,482	256,482	—
(3) Loans and bills discounted	3,780,587		
Allowance for loan losses (*1)	(2,074)		
	3,778,512	3,777,082	(1,429)
Total assets	6,660,086	6,654,005	(6,081)
(1) Deposits	8,985,693	8,985,743	50
(2) Borrowed money	2,277,400	2,277,400	—
Total liabilities	11,263,093	11,263,143	50
Derivative transactions (*2)			
Items to which hedge accounting is not applied	2,977	2,977	—
Items to which hedge accounting is applied (*3)	(1)	(1)	—
Total derivative transactions	2,975	2,975	—

(*1) General allowance for loan losses and individual allowance for loan losses corresponding to loans and bills discounted are deducted. Allowance for loan losses for monetary claims bought is directly deducted from the consolidated balance sheet amount due to its immateriality.

(*2) Derivative transactions recorded in other assets and liabilities are collectively displayed.

Net claims and debts arising from derivative transactions are presented on a net basis.

(*3) To stabilize the cash flow for unfulfilled firm contracts related to the payment of principal and interest on hedged foreign currency-denominated securities and foreign currency-denominated time deposits, currency swaps and forward exchange contracts designated as hedging instruments are mainly applied using deferred hedging.

As of March 31, 2024

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Monetary claims bought (*1)	2,550,791	2,551,404	613
(2) Securities			
Held-to-maturity debt securities	761,164	748,763	(12,401)
Other securities	326,142	326,142	—
(3) Loans and bills discounted	4,069,567		
Allowance for loan losses (*1)	(3,667)		
	4,065,899	4,064,411	(1,487)
Total assets	7,703,997	7,690,722	(13,275)
(1) Deposits	10,442,382	10,442,429	46
(2) Borrowed money	2,565,800	2,565,800	—
Total liabilities	13,008,182	13,008,229	46
Derivative transactions (*2)			
Items to which hedge accounting is not applied	2,634	2,634	—
Items to which hedge accounting is applied (*3)	(5,870)	(5,870)	—
Total derivative transactions	(3,235)	(3,235)	—

(*1) General allowance for loan losses and individual allowance for loan losses corresponding to loans and bills discounted are deducted. Allowance for loan losses for monetary claims bought is directly deducted from the consolidated balance sheet amount due to its immateriality.

(*2) Derivative transactions recorded in other assets and liabilities are collectively displayed.

Net claims and debts arising from derivative transactions are presented on a net basis, and items that total net debt are presented in parentheses.

(*3) To stabilize the cash flow for unfulfilled firm contracts related to the payment of principal and interest on hedged foreign currency-denominated securities and foreign currency-denominated time deposits, currency swaps and forward exchange contracts designated as hedging instruments are mainly applied using deferred hedging.

(Note 1) The consolidated balance sheet amounts of shares, etc. with no market price and investments in partnerships, etc. are as follows, and they are not included "other securities" in the fair value information of financial instruments.

(Millions of yen)

Category	As of March 31, 2023	As of March 31, 2024
(i) Unlisted shares (*1)	1,430	1,800
(ii) Shares of non-consolidated subsidiaries (*1)	1	1
(iii) Investments in partnerships (*2)	602	1,592
(iv) Other securities (*2)	7	7
Total	2,042	3,402

(*1) Unlisted shares and shares of non-consolidated subsidiaries 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) Investments in partnerships and other securities 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) Scheduled redemption amount after the consolidated closing date for monetary claims and securities with maturity
As of March 31, 2023

(Millions of yen)

	Within one year	Over one year and within three years	Over three years and within five years	Over five years and within seven years	Over seven years
Monetary claims bought	1,458,619	303,846	220,425	36,585	83,582
Securities	32,158	24,067	74,252	183,385	464,636
Held-to-maturity debt securities	—	—	49,969	159,984	312,096
Of which: Japanese government bonds	—	—	49,969	159,871	308,557
Corporate bonds	—	—	—	113	3,539
Others	—	—	—	—	—
Other securities with maturity	32,158	24,067	24,282	23,401	152,539
Of which: Japanese government bonds	—	—	—	—	121,912
Corporate bonds	10	—	10,820	15,503	11,960
Others	32,148	24,067	13,462	7,897	18,667
Loans and bills discounted	993,413	126,670	145,120	168,853	2,346,529
Total	2,484,191	454,584	439,798	388,824	2,894,748

As of March 31, 2024

(Millions of yen)

	Within one year	Over one year and within three years	Over three years and within five years	Over five years and within seven years	Over seven years
Monetary claims bought	1,694,437	561,349	124,194	54,591	116,239
Securities	48,802	81,219	274,743	212,435	470,074
Held-to-maturity debt securities	—	74,647	236,840	199,814	249,861
Of which: Japanese government bonds	—	39,981	77,971	159,561	247,145
Corporate bonds	—	34,666	158,869	40,252	2,716
Others	—	—	—	—	—
Other securities with maturity	48,802	6,571	37,902	12,620	220,212
Of which: Japanese government bonds	—	—	—	—	119,937
Corporate bonds	—	530	17,101	8,996	12,384
Others	48,802	6,041	20,800	3,624	87,890
Loans and bills discounted	955,933	198,424	197,633	280,952	2,436,623
Total	2,699,173	840,993	596,571	547,978	3,022,937

(Note 3) Scheduled amount to be repaid after the consolidated closing date for borrowed money and interest-bearing liabilities

As of March 31, 2023

(Millions of yen)

	Within one year	Over one year and within three years	Over three years and within five years	Over five years and within seven years	Over seven years
Deposits	8,965,752	13,537	4,714	348	1,340
Borrowed money	—	435,200	1,842,200	—	—
Total	8,965,752	448,737	1,846,914	348	1,340

(Note) Among deposits, demand deposits are included in "Within one year."

As of March 31, 2024

(Millions of yen)

	Within one year	Over one year and within three years	Over three years and within five years	Over five years and within seven years	Over seven years
Deposits	10,422,424	13,675	4,573	442	1,266
Borrowed money	—	1,577,800	988,000	—	—
Total	10,422,424	1,591,475	992,573	442	1,266

(Note) Among deposits, demand deposits are included in "Within one year."

3. Matters concerning the breakdown, etc. of fair value of financial instruments by level

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

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

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

Level 3 fair value: Fair value measured using unobservable inputs

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

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

As of March 31, 2023

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	—	14,047	131,724	145,772
Securities				
Other securities				
Japanese government bonds, Japanese municipal bonds, etc.	121,912	—	—	121,912
Corporate bonds	14,957	—	23,335	38,293
Equity securities	—	—	0	0
Others	—	77,608	18,667	96,276
Derivative transactions				
Interest rate-related	—	8,926	—	8,926
Foreign currency-related	—	6,494	—	6,494
Total assets	136,869	107,077	173,729	417,676
Derivative transactions				
Interest rate-related	—	8,808	—	8,808
Foreign currency-related	—	3,636	—	3,636
Total liabilities	—	12,445	—	12,445

As of March 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	—	14,408	190,224	204,633
Securities				
Other securities				
Japanese government bonds, Japanese municipal bonds, etc.	119,937	—	—	119,937
Corporate bonds	12,384	—	26,628	39,012
Equity securities	—	—	0	0
Others	—	82,140	85,051	167,192
Derivative transactions				
Interest rate-related	—	12,571	—	12,571
Foreign currency-related	—	7,175	—	7,175
Total assets	132,321	116,296	301,905	550,523
Derivative transactions				
Interest rate-related	—	12,418	—	12,418
Foreign currency-related	—	10,563	—	10,563
Bond-related	1	—	—	1
Total liabilities	1	22,981	—	22,982

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

As of March 31, 2023

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	—	—	1,958,320	1,958,320
Securities				
Held-to-maturity debt securities				
Japanese government bonds, Japanese municipal bonds, etc.	512,802	—	—	512,802
Corporate bonds	3,544	—	—	3,544
Others	—	—	—	—
Loans and bills discounted	—	—	3,777,082	3,777,082
Total assets	516,347	—	5,735,402	6,251,750
Deposits	—	8,985,743	—	8,985,743
Borrowed money	—	2,277,400	—	2,277,400
Total liabilities	—	11,263,143	—	11,263,143

As of March 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	—	—	2,346,771	2,346,771
Securities				
Held-to-maturity debt securities				
Japanese government bonds, Japanese municipal bonds, etc.	512,886	—	—	512,886
Corporate bonds	235,876	—	—	235,876
Others	—	—	—	—
Loans and bills discounted	—	—	4,064,411	4,064,411
Total assets	748,763	—	6,411,183	7,159,946
Deposits	—	10,442,429	—	10,442,429
Borrowed money	—	2,565,800	—	2,565,800
Total liabilities	—	13,008,229	—	13,008,229

(Note 1) Description of the valuation techniques and inputs used in fair value measurements

Assets

Monetary claims bought

For monetary claims bought, fair value is measured using valuation techniques such as the present value technique for future cash flows. We make maximum use of observable inputs in valuation, and inputs include discount rate, loss rate in case of bankruptcy, etc. If significant unobservable inputs are used in the measurement, they are classified as Level 3 fair value. Otherwise, they are classified as Level 2 fair value.

Securities

Securities are classified as Level 1 fair value when unadjusted quoted prices in active markets are available. This mainly includes Japanese government bonds and corporate bonds.

If the market is not active, they are classified as Level 2 fair value, even if published quoted prices are used.

If quoted prices are not available, fair value is measured using valuation techniques such as the present value technique for future cash flows. We make maximum use of observable inputs in valuation, and inputs include discount rate, loss rate in case of bankruptcy, etc. If significant unobservable inputs are used in the measurement, they are classified as Level 3 fair value.

Loans and bills discounted

For loans and bills discounted, fair value is measured by discounting the total amount of principal and interest for each category based on the type of loan, internal rating, and term using a discount rate that reflects credit risk, etc., on the market interest rate. For those with floating interest rates, since market interest rates are reflected in a short period of time, the carrying amount is used as the fair value, as the carrying amount approximates the fair value unless the borrower's credit standing changes significantly after the loan is executed. In addition, the fair value of claims, etc. for bankrupt and practically bankrupt borrowers, and potentially bankrupt borrowers is measured based on the discounted present value using the discounted present value of estimated future cash flows or amounts expected to be recovered from collateral and guarantees, etc. If the impact of unobservable inputs on fair value is significant, they are classified as Level 3 fair value, and if not, they are classified as Level 2 fair value.

Liabilities

Deposits

For demand deposits that are paid immediately upon demand on the consolidated closing date, the relevant amount is used as the fair value. Moreover, for time deposits, fair value is measured based on the discounted present value obtained by discounting future cash flows by classifying them into certain periods. Discount rates are based on market interest rates. For those with a short deposit period (within one year), the carrying amount is used as the fair value, as the fair value approximates the carrying amount. The fair value is classified as Level 2 fair value.

Borrowed money

For borrowed money, the present value is measured by discounting the total amount of principal and interest of the borrowed money classified into certain periods by the interest rate that takes into account the remaining period of the borrowed money and credit risk. For those with floating interest rates, since market interest rates are reflected in a short period of time and the credit standings of the Bank and its consolidated subsidiaries, etc. have not changed significantly after execution, the carrying amount is used as the fair value, as it is considered that the fair value approximates the carrying amount. For contracts with a short contract period (within one year), the carrying amount is used as the fair value, as the fair value approximates the carrying amount. The fair value is classified as Level 2 fair value.

Derivative transactions

Derivative transactions are classified as Level 1 fair value when unadjusted quoted prices in active markets are available.

However, since most derivative transactions are over-the-counter transactions and there are no published quoted prices, fair value is measured using valuation techniques such as the present value technique and the Black-Scholes model, depending on the type of transaction and the period to maturity. The main inputs used in these valuation techniques are interest rates and foreign exchange rates, volatility, etc. If unobservable inputs are not used or the impact is insignificant, they are classified as Level 2 fair value, and plain vanilla swap transactions, forward exchange transactions, etc. are included.

(Note 2) Level 3 fair value information for financial instruments recorded on the consolidated balance sheets at fair value

(1) Quantitative information on significant unobservable inputs

As of March 31, 2023

Category	Valuation technique	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Monetary claims bought	Present value technique	Discount rate	0.354% - 1.862%	0.872%

As of March 31, 2024

Category	Valuation technique	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Monetary claims bought	Present value technique	Discount rate	0.310% - 1.576%	0.934%

(2) Reconciliation from the beginning balances to the ending balances, and valuation gains and losses recognized in profit or loss for the period
As of March 31, 2023

(Millions of yen)

	Balance at beginning of period	Profit or loss or other comprehensive income for the period		Net purchases, sales, issuances, and settlements	Transfer into Level 3	Transfer out of Level 3	Balance at end of period	Gains or losses on valuation of financial assets and financial liabilities held at the end of the period included in profit or loss for the period
		Recorded in profit or loss	Recorded in other comprehensive income (Note)					
Monetary claims bought	125,023	—	0	6,700	—	—	131,724	—
Securities	7,532	—	(16)	34,487	—	—	42,004	—
Other securities	7,532	—	(16)	34,487	—	—	42,004	—

(Note) Included in "valuation difference on available-for-sale securities" in the consolidated statements of comprehensive income.

As of March 31, 2024

(Millions of yen)

	Balance at beginning of period	Profit or loss or other comprehensive income for the period		Net purchases, sales, issuances, and settlements	Transfer into Level 3	Transfer out of Level 3	Balance at end of period	Gains or losses on valuation of financial assets and financial liabilities held at the end of the period included in profit or loss for the period
		Recorded in profit or loss	Recorded in other comprehensive income (Note)					
Monetary claims bought	131,724	—	3	58,496	—	—	190,224	—
Securities	42,004	—	243	69,433	—	—	111,680	—
Other securities	42,004	—	243	69,433	—	—	111,680	—

(Note) Included in "valuation difference on available-for-sale securities" in the consolidated statements of comprehensive income.

(3) Explanation of valuation processes used for fair value

The Group has established fair value measurement policies and procedures, and measures fair value in accordance with these policies and procedures. An independent valuation division verifies the operational status for whether the fair value obtained is measured using valid valuation techniques and inputs as well as whether they are classified into an appropriate level of the fair value hierarchy, which ensures the appropriateness of the policies and procedures for the measurement of fair value.

In measuring fair value, the Group uses a valuation model that most appropriately reflects the nature, characteristics and risks of each asset. When using quoted prices obtained from third parties, the Group verifies whether the prices are valid using appropriate methods, such as confirming the valuation techniques and inputs used and comparing them with the fair value of similar financial instruments.

(4) Explanation of the impact on fair value of changes in significant unobservable inputs

The significant unobservable input used in measuring the fair value of monetary claims bought is the discount rate. The discount rate consists of TIBOR, Japanese government bond interest rates, etc. and credit risk premiums. In general, a significant increase (decrease) in the discount rate will cause a significant decrease (increase) in fair value.

(Notes on securities)

*1. In addition to "securities" on the consolidated balance sheets, some of the trust beneficiary rights in "monetary claims bought" are included.

*2. "Shares of subsidiaries and consolidated subsidiaries, etc., and shares of affiliated companies" are stated as notes in the financial statements.

- Trading account securities
Not applicable.
- Held-to-maturity debt securities
As of March 31, 2023

(Millions of yen)

	Type	Consolidated balance sheet amount	Fair value	Unrealized gains/losses
Securities with fair value exceeding consolidated balance sheet amount	Japanese government bonds	29,976	30,004	27
	Japanese municipal bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	—	—	—
	Others	—	—	—
	Subtotal	29,976	30,004	27
Securities with fair value not exceeding consolidated balance sheet amount	Japanese government bonds	488,422	482,798	(5,623)
	Japanese municipal bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	3,652	3,544	(107)
	Others	—	—	—
	Subtotal	492,074	486,343	(5,731)
Total		522,051	516,347	(5,703)

As of March 31, 2024

(Millions of yen)

	Type	Consolidated balance sheet amount	Fair value	Unrealized gains/losses
Securities with fair value exceeding consolidated balance sheet amount	Japanese government bonds	7,923	7,926	2
	Japanese municipal bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	24,326	24,347	20
	Others	—	—	—
	Subtotal	32,250	32,273	22
Securities with fair value not exceeding consolidated balance sheet amount	Japanese government bonds	516,735	504,960	(11,775)
	Japanese municipal bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	212,178	211,529	(648)
	Others	—	—	—
	Subtotal	728,914	716,490	(12,424)
	Total	761,164	748,763	(12,401)

3. Other securities
As of March 31, 2023

(Millions of yen)

	Type	Consolidated balance sheet amount	Acquisition cost	Unrealized gains/losses
Securities with consolidated balance sheet amount exceeding acquisition costs	Equity securities	—	—	—
	Bonds	12,505	12,466	39
	Japanese government bonds	—	—	—
	Japanese municipal bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	12,505	12,466	39
	Others	88,141	88,067	74
	Subtotal	100,647	100,534	113
Securities with consolidated balance sheet amount not exceeding acquisition costs	Equity securities	1,430	1,430	—
	Bonds	147,699	151,232	(3,532)
	Japanese government bonds	121,912	124,475	(2,563)
	Japanese municipal bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	25,787	26,757	(969)
	Others	153,907	161,274	(7,367)
	Subtotal	303,037	313,937	(10,899)
	Total	403,684	414,471	(10,786)

As of March 31, 2024

(Millions of yen)

	Type	Consolidated balance sheet amount	Acquisition cost	Unrealized gains/losses
Securities with consolidated balance sheet amount exceeding acquisition costs	Equity securities	—	—	—
	Bonds	8,946	8,934	11
	Japanese government bonds	—	—	—
	Japanese municipal bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	8,946	8,934	11
	Others	149,612	149,320	291
	Subtotal	158,558	158,255	303
Securities with consolidated balance sheet amount not exceeding acquisition costs	Equity securities	—	—	—
	Bonds	150,003	154,600	(4,596)
	Japanese government bonds	119,937	123,973	(4,036)
	Japanese municipal bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	30,066	30,626	(560)
	Others	222,213	230,813	(8,600)
	Subtotal	372,216	385,414	(13,197)
	Total	530,775	543,669	(12,894)

4. Held-to-maturity debt securities sold during the fiscal year under review
Not applicable.

5. Other securities sold during the fiscal year under review
Fiscal year ended March 31, 2023

(Millions of yen)

	Sales amount	Total gain on sales	Total loss on sales
Equity securities	—	—	—
Bonds	166,696	13	3
Japanese government bonds	—	—	—
Japanese municipal bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	166,696	13	3
Others	4,472	22	—
Total	171,169	36	3

Fiscal year ended March 31, 2024

(Millions of yen)

	Sales amount	Total gain on sales	Total loss on sales
Equity securities	—	—	—
Bonds	3,000	—	—
Japanese government bonds	—	—	—
Japanese municipal bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	3,000	—	—
Others	4,823	10	—
Total	7,823	10	—

6. Securities for which the holding purpose has been changed
Not applicable.
7. Impaired securities
Not applicable.

(Valuation difference on available-for-sale securities)

The breakdown of valuation difference on available-for-sale securities recorded on the consolidated balance sheets is as follows.
As of March 31, 2023

(Millions of yen)

	Amount
Valuation difference	(10,780)
Other securities	(10,780)
(+) Deferred tax assets	3,128
(-) Deferred tax liabilities	(7)
Valuation difference on available-for-sale securities (before adjustment of amount equivalent to equity)	(7,659)
(-) Amount equivalent to non-controlling interests	295
Valuation difference on available-for-sale securities	(7,364)

As of March 31, 2024

(Millions of yen)

	Amount
Valuation difference	(12,881)
Other securities	(12,881)
(+) Deferred tax assets	3,829
(-) Deferred tax liabilities	(84)
Valuation difference on available-for-sale securities (before adjustment of amount equivalent to equity)	(9,135)
(-) Amount equivalent to non-controlling interests	325
Valuation difference on available-for-sale securities	(8,809)

(Notes on derivative transactions)

1. Derivative transactions to which hedge accounting is not applied
For derivative transactions to which hedge accounting is not applied, the notional amount or amount equivalent to the principal stipulated in the contract, fair value, and unrealized gains/losses as of the consolidated closing date for each type of transaction are as follows. The notional amount itself does not indicate the market risk associated with derivative transactions.

- (1) Interest rate-related transactions

As of March 31, 2023

(Millions of yen)

Category	Type	Notional amount	Of the notional amount, over one year	Fair value	Unrealized gains/losses
OTC	Interest rate swaption				
	Sold	109,973	109,973	(8,808)	(8,808)
	Purchased	110,104	110,104	8,803	8,803
	Total	—	—	(5)	(5)

(Notes) 1. The above is based on a mark-to-market valuation and has been recorded on the consolidated statements of income.

2. Interest swaps include interest swaption transactions which are difficult for the Bank to differentiate.

As of March 31, 2024

(Millions of yen)

Category	Type	Notional amount	Of the notional amount, over one year	Fair value	Unrealized gains/losses
OTC	Interest rate swaption				
	Sold	138,298	138,298	(12,417)	(12,417)
	Purchased	138,308	138,308	12,400	12,400
Total		—	—	(17)	(17)

(Notes) 1. The above is based on a mark-to-market valuation and has been recorded on the consolidated statements of income.
2. Interest swaps include interest swaption transactions which are difficult for the Bank to differentiate.

(2) Foreign currency-related transactions
As of March 31, 2023

(Millions of yen)

Category	Type	Notional amount	Of the notional amount, over one year	Fair value	Unrealized gains/losses
OTC	Forward exchange contracts				
	Sold	562,969	573	2,331	2,331
	Purchased	631,279	2,240	1,794	1,794
	Currency options				
	Sold	—	—	—	—
	Purchased	—	—	—	—
	Currency swaps	12,435	12,435	(1,266)	(1,266)
Total		—	—	2,859	2,859

(Note) The above is based on a mark-to-market valuation and has been recorded on the consolidated statements of income.

As of March 31, 2024

(Millions of yen)

Category	Type	Notional amount	Of the notional amount, over one year	Fair value	Unrealized gains/losses
OTC	Forward exchange contracts				
	Sold	357,500	274	4,079	4,079
	Purchased	368,475	1,275	1,771	1,771
	Currency options				
	Sold	127	—	(0)	(0)
	Purchased	127	—	0	0
	Currency swaps	12,319	12,319	(3,367)	(3,367)
Total		—	—	2,482	2,482

(Note) The above is based on a mark-to-market valuation and has been recorded on the consolidated statements of income.

(3) Bond-related transactions

As of March 31, 2023
Not applicable.

As of March 31, 2024

(Millions of yen)

Category	Type	Notional amount	Of the notional amount, over one year	Fair value	Unrealized gains/losses
Listed	Forward exchange contracts				
	Sold	—	—	—	—
	Purchased	1,456	—	(1)	(1)
Total		—	—	(1)	(1)

(Note) The above is based on a mark-to-market valuation and has been recorded on the consolidated statements of income.

2. Derivative transactions to which hedge accounting is applied

For derivative transactions to which hedge accounting is applied, the notional amount or amount equivalent to the principal stipulated in the contract and fair value as of the consolidated closing date for each type of transaction and by hedge accounting method are as follows. The notional amount itself does not indicate the market risk associated with derivative transactions.

(1) Foreign currency-related transactions
As of March 31, 2023

(Millions of yen)

Hedge accounting method	Type	Main hedged items	Notional amount	Of the notional amount, over one year	Fair value
Principle processing method	Forward exchange contracts	Unfulfilled firm contracts related to foreign currency-denominated time deposits	25	15	0
	Sold		201	65	(2)
	Purchased	Foreign currency-denominated securities	16,118	16,118	0
	Currency swaps		—	—	(1)
Total			—	—	(1)

(Note) Deferred hedging is mainly used in accordance with Industry Committee Practical Guidance No. 25.

As of March 31, 2024

(Millions of yen)

Hedge accounting method	Type	Main hedged items	Notional amount	Of the notional amount, over one year	Fair value
Principle processing method	Forward exchange contracts	Unfulfilled firm contracts related to foreign currency-denominated time deposits	45	9	(4)
	Sold		240	41	23
	Purchased	Foreign currency-denominated loans and bills discounted and securities	71,387	67,309	(5,889)
	Currency swaps				
Total			—	—	(5,870)

(Note) Deferred hedging is mainly used in accordance with Industry Committee Practical Guidance No. 25.

(Notes on retirement benefits)

1. Overview of retirement benefit plans adopted

The Group mainly adopts defined benefit plans and defined contribution plans as its retirement benefit plans. The Group's defined benefit plans are primarily retirement lump-sum payment plans. Retirement lump-sum payment plans do not involve external funding for retirement benefit plan obligations, and the Group is responsible for paying the benefits directly to the beneficiaries. There are no legal requirements for funding. Retirement lump-sums are paid based on salary and period of service, etc., based on retirement allowance regulations such as the employment regulations of each company.

2. Defined benefit plans

(1) Reconciliation of retirement benefit obligations at the beginning and end of the period

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Balance of retirement benefit obligations at beginning of period	1,163	1,292
Service cost	220	208
Interest cost	7	14
Amount of actuarial gains and losses	(56)	(0)
Retirement benefits paid	(57)	(81)
Amount of past service cost	—	—
Others	15	9
Balance of retirement benefit obligations at end of period	1,292	1,442

(2) Reconciliation of pension assets at the beginning and end of the period

Not applicable.

(3) Reconciliation of the balance of retirement benefit obligations and pension assets at the end of the period, and retirement benefit liability and retirement benefit asset recorded on the consolidated balance sheets

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Funded defined benefit obligations	—	—
Plan assets	—	—
	—	—
Unfunded defined benefit obligations	1,292	1,442
Net liability in the consolidated balance sheets	1,292	1,442
Net defined benefit liability	1,292	1,442
Net defined benefit asset	—	—
Net liability in the consolidated balance sheets	1,292	1,442

(4) Amount of retirement benefit expenses and their breakdown items

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Current service cost	220	208
Interest cost	7	14
Expected return on plan assets	—	—
Amortization of unrecognized actuarial gains (losses)	67	(56)
Amortization of unrecognized past service cost	—	—
Other	0	(0)
Retirement benefit expenses	296	166

(5) Remeasurements of defined benefit plans, net of tax

The breakdown of items (before tax effect deduction) recorded in remeasurements of defined benefit plans, net of tax is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Past service cost	—	—
Actuarial gains and losses	123	(55)
Others	—	—
Total	123	(55)

(6) Remeasurements of defined benefit plans

The breakdown of items (before tax effect deduction) recorded in remeasurements of defined benefit plans is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Unrecognized past service cost	—	—
Unrecognized actuarial gains and losses	(56)	(0)
Total	(56)	(0)

(7) Matters concerning pension assets
Not applicable.

(8) Matters concerning the calculation basis in actuarial calculation
Major calculation bases in actuarial calculation (presented as weighted averages)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Discount rate	1.1%	1.4%
Expected long-term rate of return on plan assets	—	—
Expected future salary increase rate	0.8 to 2.7%	0.8 to 2.8%

3. Defined contribution plans

The required contributions to the defined contribution plans of the Bank and its consolidated subsidiaries were 36 million yen for the previous fiscal year and 40 million yen for the fiscal year under review.

(Notes on stock options, etc.)

1. Expenses and account names related to stock options

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
General and administrative expenses	153 million yen	143 million yen

2. Details, volume and changes of stock options

(1) Details of stock options

	Stock options for February 2024 (i)	Stock options for February 2024 (ii)	Stock options for February 2024 (iii)	Stock options for February 2024 (iv)
Category and number of grantees	75 employees of the Bank	513 employees of the Bank	612 employees of the Bank	645 employees of the Bank
Number of stock options granted by class of shares (Note)	7,700 common shares	60,400 common shares	82,800 common shares	99,700 common shares
Grant date	February 29, 2024	February 29, 2024	February 29, 2024	February 29, 2024
Vesting conditions	Continuous service from the grant date (February 29, 2024) to the vesting date (February 28, 2025)	Continuous service from the grant date (February 29, 2024) to the vesting date (February 28, 2026)	Continuous service from the grant date (February 29, 2024) to the vesting date (February 28, 2027)	Continuous service from the grant date (February 29, 2024) to the vesting date (February 29, 2028)
Requisite service period	From February 29, 2024 to February 28, 2025	From February 29, 2024 to February 28, 2026	From February 29, 2024 to February 28, 2027	From February 29, 2024 to February 29, 2028
Exercise period	From March 3, 2025 to March 1, 2034	From March 2, 2026 to March 1, 2034	From March 1, 2027 to March 1, 2034	From March 1, 2028 to March 1, 2034

(Note) The number of stock options is converted to the number of shares.

In addition to the above, the Bank's parent company Rakuten Group, Inc. grants stock compensation-type stock options to the Bank's Directors and employees, and of the amount borne by the Bank, the amount incurred by the end of the fiscal year under review is recorded as compensation expenses.

(2) Volume and changes of stock options

The number of stock options outstanding for the fiscal year under review is converted to the number of shares.

(i) Number of stock options

	Stock options for February 2024 (i)	Stock options for February 2024 (ii)	Stock options for February 2024 (iii)	Stock options for February 2024 (iv)
Before vesting (shares)				
At the end of the previous fiscal year	—	—	—	—
Granted	7,700	60,400	82,800	99,700
Lapsed	100	900	1,400	1,800
Vested	—	—	—	—
Unvested balance	7,600	59,500	81,400	97,900
After vesting (shares)				
At the end of the previous fiscal year	—	—	—	—
Vested	—	—	—	—
Exercised	—	—	—	—
Lapsed	—	—	—	—
Unexercised balance	—	—	—	—

(ii) Unit price information

	Stock options for February 2024 (i)	Stock options for February 2024 (ii)	Stock options for February 2024 (iii)	Stock options for February 2024 (iv)
Exercise price (yen)	0.01	0.01	0.01	0.01
Fair value unit price at grant date (yen)	2,979	2,979	2,979	2,979

(Note) The number of stock options is converted to the number of shares.

3. Method of estimating fair value unit price of stock options

The method for estimating fair valuation unit price for stock options granted in the fiscal year under review is as follows.

(1) Valuation method used: Black-Scholes equation

(2) Main basic numerical values and estimation method

	Stock options for February 2024 (i)	Stock options for February 2024 (ii)	Stock options for February 2024 (iii)	Stock options for February 2024 (iv)
Volatility of share price (Note 1)	40.20%	24.25%	23.12%	28.07%
Estimated remaining period (Note 2)	1 year	2 years	3 years	4 years
Estimated dividend (Note 3)	-yen per share	-yen per share	-yen per share	-yen per share
Risk-free interest rate (Note 4)	0.036%	0.174%	0.200%	0.277%

(Note 1) For stock options with an estimated remaining period of one year, the figure is calculated based on the Bank's actual share price from April 21, 2023 (listing date) to February 26, 2024. For other stock options, the figure is calculated based on the actual share price of comparable listed companies.

(Note 2) This period is estimated based on the assumption that the stock options are exercised on the starting date of the exercise period.

(Note 3) This figure is estimated according to actual dividends paid recently.

(Note 4) This figure is the yield on government bonds corresponding to the estimated remaining period.

4. Method for estimating the number of stock options vested

As it is difficult, in principle, to reasonably estimate the number of stock options that will be forfeited in the future, the number here reflects only stock options that have actually been forfeited.

(Notes on tax effect accounting)

1. Breakdown of major causes of deferred tax assets and deferred tax liabilities

	As of March 31, 2023	As of March 31, 2024
Deferred tax assets		
Tax losses carried forward	1,430 million yen	2,208 million yen
Allowance for loan losses	623 million yen	1,017 million yen
Losses from bad debts	342 million yen	449 million yen
Excess depreciation	398 million yen	511 million yen
Retirement benefit liability	412 million yen	441 million yen
Impairment losses on securities	189 million yen	189 million yen
Valuation difference on available-for-sale securities	3,120 million yen	3,745 million yen
Others	1,834 million yen	2,236 million yen
Subtotal of deferred tax assets	8,352 million yen	10,801 million yen
Valuation allowance	— million yen	— million yen
Total deferred tax assets	8,352 million yen	10,801 million yen
Deferred tax liabilities		
Difference in shares of affiliates due to corporate division	124 million yen	124 million yen
Deferred gains or losses on hedges	— million yen	— million yen
Total deferred tax liabilities	124 million yen	124 million yen
Net deferred tax assets	8,228 million yen	10,677 million yen

2. If there is a significant difference between the legal effective tax rate of the company submitting consolidated financial statements and the burden rate of income taxes after the application of tax effect accounting, a breakdown by major item that caused said difference

Notes are omitted because the difference between the legal effective tax rate and the burden rate of income taxes after the application of tax effect accounting is less than 5/100 of the legal effective tax rate.

(Notes on business combination, etc.)

Not applicable.

(Notes on asset retirement obligations)

Fiscal year ended March 31, 2023

Since the total amount of asset retirement obligations is immaterial, it is omitted.

Fiscal year ended March 31, 2024

Since the total amount of asset retirement obligations is immaterial, it is omitted.

(Notes on real estate for rent, etc.)

Not applicable.

(Notes on revenue recognition)

Fiscal year ended March 31, 2023

Disaggregation of revenue from contracts with customers

(Millions of yen)

Category	
Ordinary income	120,445
Of which: fees and commissions	41,151
Foreign exchange deposit business	25,142
Housing loans handling business	3,103
Card settlement business	10,818
toto and lottery sales business	3,051
Other businesses	5,212
Consideration paid to customers	(6,177)

(Note) Fees and commissions' foreign exchange deposit business income is mainly generated from the Sales & Product Planning Division (Personal Customers), the Sales & Product Planning Division (Corporate Customers) and the Innovative Service Planning Division, while other businesses' income is mainly generated from the Sales & Product Planning Division (Personal Customers). The above table also includes income based on ASBJ Statement No. 10, "Accounting Standard for Financial Instruments."

Fiscal year ended March 31, 2024

Disaggregation of revenue from contracts with customers

(Millions of yen)

Category	
Ordinary income	137,950
Of which: fees and commissions	42,849
Foreign exchange deposit business	27,005
Housing loans handling business	2,868
Card settlement business	11,105
toto and lottery sales business	3,120
Other businesses	5,244
Consideration paid to customers	(6,494)

(Note) Fees and commissions' foreign exchange deposit business income is mainly generated from the Sales & Product Planning Division (Personal Customers), the Sales & Product Planning Division (Corporate Customers) and the Innovative Service Planning Division, while other businesses' income is mainly generated from the Sales & Product Planning Division (Personal Customers). The above table also includes income based on ASBJ Statement No. 10, "Accounting Standard for Financial Instruments."

(Notes on segment information, etc.)

[Segment information]

Although the Group is engaged in some non-banking businesses, these businesses are not significant in terms of volume, and the reportable segment is the banking business only, and therefore, this information is omitted.

[Related information]

Fiscal year ended March 31, 2023

1. Information by service

The Group's ordinary income from external customers in the banking business category accounts for more than 90% of ordinary income on the consolidated statements of income, and therefore, this information is omitted.

2. Information by region

(1) Ordinary income

For the Group, the amount classified as ordinary income from external customers in Japan exceeds 90% of ordinary income on the consolidated statements of income, and therefore, this information is omitted.

(2) Tangible fixed assets

(Millions of yen)

Japan	Taiwan	Total
2,357	1,357	3,715

3. Information by major customer

(Millions of yen)

Name of the customer	Ordinary income	Related segment name
Rakuten Group, Inc. and its group companies	21,839	Banking business

(Note) Ordinary income is stated instead of general company sales.

Fiscal year ended March 31, 2024

1. Information by service

The Group's ordinary income from external customers in the banking business category accounts for more than 90% of ordinary income on the consolidated statements of income, and therefore, this information is omitted.

2. Information by region

(1) Ordinary income

For the Group, the amount classified as ordinary income from external customers in Japan exceeds 90% of ordinary income on the consolidated statements of income, and therefore, this information is omitted.

(2) Tangible fixed assets

(Millions of yen)

Japan	Taiwan	Total
3,182	1,154	4,336

3. Information by major customer

(Millions of yen)

Name of the customer	Ordinary income	Related segment name
Rakuten Group, Inc. and its group companies	30,004	Banking business

(Note) Ordinary income is stated instead of general company sales.

[Information on impairment losses on fixed assets by reportable segment]

Not applicable.

[Information on amortization of goodwill and unamortized balance by reportable segment]

Since the Group consists of a single segment of the banking business, this information is omitted.

[Information on gain on negative goodwill by reportable segment]

Not applicable.

[Related party information]

1. Transactions with related parties

(1) Transactions between the company submitting consolidated financial statements and related parties

(a) Parent company and major shareholders of the company submitting consolidated financial statements (limited to companies, etc.), etc.

Fiscal year ended March 31, 2023

Not applicable.

Fiscal year ended March 31, 2024

Not applicable.

(b) Companies, etc. that have the same parent company as the company submitting consolidated financial statements and subsidiaries, etc. of other affiliated companies of the company submitting consolidated financial statements
Fiscal year ended March 31, 2023

(Millions of yen)

Type	Name of the company, etc.	Location	Capital	Business details and work	Ownership ratio of voting rights, etc.	Relationship with related parties	Transaction details	Transaction amount	Items	Balance at end of period
Subsidiary of parent company	Rakuten Card Co., Ltd.	Minami-Aoyama, Minato-ku, Tokyo	19,323	Credit card business	—	Loan guarantee Outsourcing Collection agency, etc.	Underwriting of beneficiary rights	Note 2 385,672	Monetary claims bought Accounts payables	Note 1 1,848,078 Note 1 —
							Balance of consumer loans guaranteed by the subsidiary of parent company	233,990	—	—
							Guarantee fees paid	Note 3 13,557	—	—
							Proceeds from subrogation	9,777	—	—
							Interest received on beneficiary rights	Note 1 14,505	Accrued interest	Note 1 1,623

(Notes) 1. Transaction conditions are determined in consultation with Rakuten Card Co., Ltd. in consideration of general market conditions.

2. Transaction amounts for underwriting of beneficiary rights are shown as net amounts.

3. Guarantee fees are determined in consultation with Rakuten Card Co., Ltd., taking into consideration the generally accepted guarantee fee rate.

Fiscal year ended March 31, 2024

(Millions of yen)

Type	Name of the company, etc.	Location	Capital	Business details and work	Ownership ratio of voting rights, etc.	Relationship with related parties	Transaction details	Transaction amount	Items	Balance at end of period
Subsidiary of parent company	Rakuten Card Co., Ltd.	Minami-Aoyama, Minato-ku, Tokyo	19,323	Credit card business	—	Loan guarantee Outsourcing Collection agency, etc.	Underwriting of beneficiary rights	Note 2 304,372	Monetary claims bought Accounts payables	Note 1 2,152,451 Note 1 18,000
							Balance of consumer loans guaranteed by the subsidiary of parent company	208,037	—	—
							Guarantee fees paid	Note 3 12,062	—	—
							Proceeds from subrogation	7,991	—	—
							Interest received on beneficiary rights	Note 1 17,455	Accrued interest	Note 1 2,009

(Notes) 1. Transaction conditions are determined in consultation with Rakuten Card Co., Ltd. in consideration of general market conditions.

2. Transaction amounts for underwriting of beneficiary rights are shown as net amounts.

3. Guarantee fees are determined in consultation with Rakuten Card Co., Ltd., taking into consideration the generally accepted guarantee fee rate.

(2) Transactions between consolidated subsidiaries of the company submitting consolidated financial statements and related parties

Nothing significant to mention.

2. Notes regarding the parent company or significant affiliates

(1) Information on parent company

Rakuten Group, Inc. (listed on the Tokyo Stock Exchange)

(2) Summary of financial information of significant affiliates

Not applicable.

(Per share information)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	1,295.31 yen	1,493.84 yen
Profit per share	168.37 yen	198.42 yen
Diluted profit per share	— yen	198.41 yen

(Notes) 1. The Bank conducted a seventy-for-one stock split of its common shares effective September 27, 2022. Accordingly, the net assets per share, the profit per share and the diluted profit per share have been calculated based on the assumption that the stock split was carried out at the beginning of fiscal 2023.

2. The basis of the calculation of profit per share and diluted profit per share is as follows:

Item	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit per share		
Profit attributable to owners of parent (millions of yen)	27,692	34,436
Amounts not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent for common share (millions of yen)	27,692	34,436
Average number of common shares issued during the period (thousand shares)	164,463	173,547
Diluted profit per share		
Profit attributable to owners of parent, adjusted (millions of yen)	—	—
Increase number of common shares (shares)	—	15
(Of which: share acquisition rights) (shares)	(—)	(15)
Overview of diluted shares that have not been included in the calculation of diluted profit per share due to their anti-dilutive effect		—

3. The basis of the calculation of net assets per share is as follows:

Item	As of March 31, 2023	As of March 31, 2024
Net assets (millions of yen)	231,684	279,587
Deduction from net assets (millions of yen)	18,651	18,938
(Of which: share acquisition rights) (millions of yen)	(—)	(44)
(Of which: non-controlling interest) (millions of yen)	(18,651)	(18,894)
Net assets attributable to common shareholders at the end of the period (millions of yen)	213,032	260,648
Number of common shares outstanding at the end of the period used in the calculation of net assets per share (thousand shares)	164,463	174,482

(Significant subsequent events)

(Reorganization of FinTech Business)

The Bank and its parent company, Rakuten Group, Inc. (hereinafter the "Rakuten Group") based on the resolutions of their respective boards of directors, have agreed to initiate discussions aimed at the reorganization of Rakuten Group's FinTech Business (hereinafter the "FinTech Business"), including the Bank (hereinafter the "Reorganization"), and, effective April 1, 2024, have executed a Memorandum of Understanding (hereinafter the "MOU") regarding the Reorganization.

1. Background and Purpose of the Reorganization

Each of our FinTech services continues to grow their membership base as more customers choose them to meet their everyday needs. Each FinTech service has been working to better collaborate to grow further in a cashless world. Meanwhile, the customer needs for financial services are becoming increasingly diverse, demanding more seamless and flexible service operations.

In this context, Rakuten Group has been continuously considering its future strategies, optimal allocation of resources, and optimization of the group structure. As a result, given the aforementioned changes in the business environment, it has been deemed appropriate to initiate discussion on the Reorganization. This decision is based on the belief that enhancing the collaboration across FinTech Business, including prompt and flexible decision-making, along with the deepening of the collaboration including data integration and AI utilization, is crucial for providing innovative financial services and adding more value to customers. The Reorganization is expected to further expand the FinTech Business ecosystem and improve its competitive advantage, which in turn, is believed to accelerate the growth of the entire Rakuten Ecosystem and contribute to the enhancement of Rakuten Group's enterprise value. Rakuten Group will continue to consider the optimal group structure and capital structure while considering its financial soundness.

On the other hand, the Bank has been working to further expand the customer base, strengthen the revenue base, and capture growth in the FinTech domain, aiming to become a leading fintech company in the age of zero cash. The Bank is working towards realization of this business expansion, by efficiently acquiring new customers from Rakuten members who utilize the Rakuten Ecosystem, and collaborating with various Rakuten group companies. By offering banking services that address the financial transaction needs and funding demands existing within the Rakuten Ecosystem, it aims to increase its customer base and transaction opportunities, thereby further accelerating its business expansion. In our business for individual customers, we aim to become (1) "a bank as a main account" and (2) "safe, secure, and convenient bank" that leverages technologies and can be used anytime and anywhere. In our business for corporate customers, we will make use of technologies to provide one-stop banking services, including loans, currency exchange, and deposits tailored to the needs of our customers, with the aim of becoming (1) "a bank that provides convenience to all customers regardless of company size" and (2) "a banking partner to corporate managers."

In this context, the Bank has decided to proceed with further examination and discussions on the Reorganization, considering it to be an opportunity to achieve deeper collaboration with other companies in the FinTech Business. In our business for individual customers, the Reorganization aims to provide comprehensive financial services tailored to the lifecycle and life stages of customers, and, in our business for corporate customers, to promote and accelerate the penetration of the Bank's corporate services to the corporate customer base of the FinTech Business.

2. Structure of the Reorganization

We are considering integrating the entire FinTech businesses including the Bank, Rakuten Card Co., Ltd., Rakuten Securities Holdings Co., Ltd. (hereinafter "Rakuten Securities HD"), Rakuten Insurance Holdings Co., Ltd., and other FinTech businesses into one group.

Even after the Reorganization, the Bank will continue to be an important consolidated subsidiary of Rakuten Group and the FinTech Business will continue to be the core business segment in the entire Rakuten group.

On November 9, 2023, Rakuten Group has notified that Rakuten Securities HD continues to maintain its policy to list in "Notice of Withdrawal of Application for Listing of Shares of Rakuten Securities Holdings, Inc. on the Tokyo Stock Exchange." However, should the Reorganization be implemented as a result of the discussions going forward, Rakuten Group is planning to discuss with Rakuten Securities HD the possibility of not pursuing its initial public offering.

The above reflects our current considerations, contingent upon future discussions, as well as the regulatory approvals and licenses from supervisory authorities. There is a possibility that further reorganization of Rakuten Group may be necessary or that it may be concluded not to implement all or part of the Reorganization.

3. Future Outlook

Rakuten Group and the Bank will proceed with discussions towards entering into a definitive agreement related to the Reorganization, and obtain approval at the Bank's shareholders' meeting (if necessary) and obtain the necessary approvals and licenses from regulatory authorities with the goal of promptly implementing the effects of the Reorganization. The Reorganization is expected to take effect in October 2024. However, the above schedule is subject to change depending on the results of future discussions, including those involving approvals and licenses from regulatory authorities. We will promptly announce any matters that require disclosure. Additionally, at this point in time, it is not possible to calculate the impact of this matter on the consolidated financial statements.

Disclosure regarding Composition of Capital

■ Consolidated Capital Adequacy Ratio

(Millions of yen)

Item	End of FY2023	End of FY2022
Basic items related to core capital		
Shareholders' equity related to common shares or mandatory convertible preferred shares	264,311	216,549
Of which: share capital and capital surplus	43,159	29,834
Of which: retained earnings	221,151	186,714
Of which: treasury share	0	—
Of which: earnings to be distributed	—	—
Of which: amounts other than the above	—	—
Accumulated other comprehensive income included in core capital	5,335	3,860
Of which: foreign currency translation adjustment	5,335	3,821
Of which: amount related to retirement benefits	0	38
Share acquisition rights related to common shares or mandatory convertible preferred shares	44	—
Adjusted non-controlling interests related to core capital	1,390	541
Total provisions included in basic items related to core capital	2,287	1,347
Of which: general allowance for loan losses included in core capital	2,287	1,347
Of which: eligible allowance included in core capital	—	—
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in core capital: instruments and reserves)	—	—
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in core capital: instruments and reserves)	—	—
Of capital-raising instruments issued through measures related to recapitalization by public institutions: amount included in basic items related to core capital	—	—
Of the amount equivalent to 45% of the difference between the land revaluation value and the carrying amount before revaluation: amount included in basic items related to core capital	—	—
Of non-controlling interests: amount included in basic items related to core capital due to transitional measures	8,751	10,866
Basic items related to core capital (A)	282,121	233,164
Adjustment items related to core capital		
Total intangible fixed assets (excluding those related to mortgage servicing rights)	16,304	13,385
Of which: amount related to goodwill	26	61
Of which: amount other than goodwill and mortgage servicing rights	16,278	13,323
Deferred tax assets (excluding temporary differences)	2,208	1,430
Shortfall of eligible allowance	—	—
Amount equivalent to capital that increased due to securitization transactions	—	—
Amount of the mark-to-market valuation difference arising from the mark-to-market valuation of liabilities that is included in capital	—	—
Retirement benefit asset	—	—
Investments in own shares (excluding those reported in the net assets section)	—	—
Intentionally held eligible capital-raising instruments of other financial institutions, etc.	—	—
Eligible common shares, etc. of minority investment financial institutions, etc.	—	—
Amount exceeding the 10% standard for specific items	—	—
Of which: amount related to eligible common shares, etc. of other financial institutions, etc.	—	—
Of which: amount related to intangible fixed assets related to mortgage servicing rights	—	—
Of which: amount related to deferred tax assets (limited to temporary differences)	—	—
Amount exceeding the 15% standard for specific items	—	—
Of which: amount related to eligible common shares, etc. of other financial institutions, etc.	—	—
Of which: amount related to intangible fixed assets related to mortgage servicing rights	—	—
Of which: amount related to deferred tax assets (limited to temporary differences)	—	—
Adjustment items related to core capital (B)	18,513	14,816
Capital		
Amount of capital (C) = (A) - (B)	263,608	218,348
Risk-weighted assets, etc.		
Total amount of credit risk-weighted assets (D)	2,257,553	1,810,656
Of which: total amount included in risk-weighted assets due to transitional measures	—	—
Of which: exposure to other financial institutions, etc.	—	—
Of which: amounts other than the above	—	—
Amount obtained by dividing the total amount equivalent to market risk by 8% (E)	—	—
Amount obtained by dividing the total amount equivalent to operational risk by 8% (F)	152,392	135,422
Credit risk-weighted assets adjustment (G)	—	—
Amount equivalent to operational risk adjustment (H)	—	—
Total amount of risk-weighted assets, etc. (I) = (D) + (E) + (F) + (G) + (H)	2,409,945	1,946,079
Consolidated capital adequacy ratio		
Consolidated capital adequacy ratio (Japanese domestic standard) = (C) / (I) x 100 (%)	10.93%	11.21%



<https://www.rakuten-bank.co.jp/corp/english/>

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