Annual Report 2025

The Bank of Iwate,Ltd. Annual Report

Bank of Iwate Red Brick Building

THE BANK OF IWATE, LTD.

1 Management Policy, Business Environment, and Issues to be Addressed

1. Management Policy

Since its establishment in May 1932, The Bank of Iwate, Ltd. (the "Bank") has been maintaining its two basic positions of contributing to the development of the regional community and ensuring financial soundness of the Bank under all circumstances as its fundamental mission objectives.

2. Business Environment

Amid growing political and economic uncertainty in Japan and overseas, Iwate Prefecture, the Bank's main base of operations, is experiencing the rapid emergence of challenges associated with changes in the economic and social structure. These include challenges such as shortage of workers, lack of successors, and declining population resulting from a falling birthrate, aging citizenry, and outflows of people to urban areas. In this environment, the expectations for the Group, with its role as a comprehensive financial group firmly rooted in the local region, are greater than ever before. We believe that in order to enhance the sustainability of the local community, it is vital to implement integrated measures to promote industrial development across the region. This includes securing human resources for manufacturing and service industries and investing in new growth areas, while also maintaining the infrastructure of primary industries, which are the mainstay of the local economy.

3. Management Plans

(1) Long-term vision

In April 2023, the Bank formulated its new long-term vision for the next 10 years as becoming a "value co-creation company that will solve our customers' issues and drive the sustainable growth of the local community." This long-term vision is based on our picture of what an ideal community should be for local residents and our customers, in terms of liveliness and security, an abundance of attractive companies, and a financial infrastructure that is both familiar and convenient, and embodies how the Group wishes to be in the next 10 years in order to realize this concept.

(2) Medium-term Management Plan

To realize our long-term vision, we are implementing the 21st Medium-Term Management Plan—Regional Value Co-Creation Plan (the "Plan"). We have designated the Plan period as a time to create a profit growth trajectory through the effective use of our high level of equity capital and the transformation of our business portfolio, and we are pursuing challenges in the financial services domain and new business areas. Under the Plan, we have established the following basic policies and major initiatives.

Basic Policy I: Advancement of social solution business

- Provision of comprehensive solution through Group synergy and external collaboration
- Innovation of financial services through data utilization
- Strengthening promotion of environmental business
- Expansion into frontier business areas

Basic Policy II: Establishment of a solid management foundation to support the region

- Transformation of asset allocation
- Transformation to a highly productive operational system
- Enhancement of governance systems

Basic Policy III: Create an organization in which diverse human resources can continue to work in a rewarding environment

- Development of human resources capable of solving regional issues
- Transformation to a corporate culture full of challenges
- Realization of an organization where employees can continue to have job satisfaction and play an active role with peace of mind—promoting diversity & inclusion (D&I)

(3) Key performance indicators (medium-term management plan, long-term targets)
As the first phase toward achieving our long-term targets, we have set the following major numerical targets.

Indicator	FY2024 results	Final year of medium-term management plan (FY2025) targets	Long-term targets (up to FY2032)
Consolidated net income	¥6.9 billion ($46,148 thousand)	¥7.0 billion ($46,816 thousand)	¥10.0 billion ($66,881 thousand)
Consolidated ROE (based on shareholders' equity)	3.8%	Over 4.0%	Over 5.0%
Consolidated capital ratio	11.3%	Around 10%	–
OHR (non-consolidated)	66.6%	60% levels	–
Customer service business profit	¥0.99 billion ($6,621 thousand)	Over ¥1.0 billion ($6,688 thousand)	–

4. Issues to be Addressed
In FY2025, the final year of the Plan, we will build a solid revenue base through appropriate balance sheet management centered on the deposit and loan business and the establishment of business systems aimed at improving productivity. We will enhance our focus on the following initiatives to contribute to regional revitalization and sustainable growth.

(1) Initiatives for regional revitalization
As a leading company in the region, we will strengthen our support system for companies entering the automotive and semiconductor industries, which are core local industries, as well as local suppliers, providing high-value-added services such as capital investment planning assistance and business matching. Through a framework of collaboration between industry, academia, government, and finance providers, we will support potential growth sectors including the health tech industry and startup companies. Through M&A initiatives and our fund investment business, we will support the growth and expansion strategies of local companies. To support efforts to improve productivity by our business partners and local governments, we will promote DX across the region through collaboration with IT companies and startups.

In March 2025, we entered into a comprehensive business alliance with Daiwa Securities Co., Ltd. to establish a new collaborative framework, and we are currently working to build an operational structure to launch our collaboration in April 2026. By providing asset formation and asset management services that are more accessible to local customers, we will help them to realize a prosperous life and ultimately contribute to the development of local communities.

(2) Initiatives to achieve sustainable growth in the region
As the aging of small and medium-sized business owners and the shortage of successors become increasingly serious issues, we recognize business succession as one of the most important challenges facing the region. We will leverage the Group's combined strength to address these needs. Through the Business Succession Fund that we plan to establish in October 2025, we will provide hands-on support in areas such as business management, human resources, and operational efficiency, aiming to ensure smooth management succession for the local companies that contribute to the regional economy and employment. We will also make maximum use of the Group's functions and extensive network to address the increasingly diverse and complex needs of our customers. These will include leveraging the Group's strength in advanced consulting services to provide advice on matters such as the development of business improvement plans and financial improvement.

(3) Initiatives to enhance corporate value
Listed companies are increasingly expected to focus on capital efficiency and stock prices. We will pursue balanced capital management from the perspectives of investing in sustainable growth, ensuring adequate equity capital to withstand risks, and enhancing shareholder returns, as we strive to improve our PBR and ROE. At the same time, we will actively engage in effective and constructive dialogue with our shareholders and investors. By enhancing our corporate disclosures, we will endeavor to promote a better understanding of the Group's growth strategy, as well as its financial and non-financial information.

2 Our Stance on Sustainability and Initiatives Thereof

1. Overall Sustainability

(1)Sustainability Policy

With the aim of realizing sustainable local communities, The Bank of Iwate Group (hereinafter referred to as "the Group") is committed to creating common environmental, social, and economic value with all stakeholders, including local communities, customers, shareholders, investors, and the Group's employees, through our business activities, while respecting the rights and positions of all.

1. Create a virtuous cycle of "regional economic development" and "enhancement of the corporate value of the Group" through business activities that contribute to solving various issues faced by the community and our business partners.
2. Develop and provide high quality financial functions answering the needs of our customers and local communities, and fulfill our Group's mission of revitalizing local economies and enriching people's lives.
3. As a corporate group with its main base of operations in Iwate Prefecture, which has a rich natural environment, we will practice environmentally-friendly management and aim to achieve both economic growth and environmental preservation.
4. All employees shall perform their duties with high ethical standards, with the aim of establishing a higher level of corporate governance system, such as improving management transparency and strengthening supervisory functions.
5. Based on the recognition that human resources are the source of all value, we will create an environment in which each employee can maximize his/her abilities and realize a work style that respects diversity, personality, and individuality.
6. We will strive to actively and fairly disclose management information and respond to the expectations and trust of our stakeholders through continuous and constructive dialogue.

(2) Establishment of the Sustainability Promotion Committee

In August 2021, the Bank endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to analyze and assess the risks and opportunities that climate change poses to our customers and the Bank, and to achieve carbon neutrality in our community. In August 2022, we established the Sustainability Promotion Committee to facilitate our response to the TCFD recommendations and to contribute to the realization of a sustainable community through discussion and progress management of basic policies and measures related to ESG management.

Sustainability-related meetings held by the Committee and the Board of Directors (April 2024–March 2025)

Date	Meeting	Main Matters Discussed, Reported Matters, etc.
July 4, 2024	6th committee meeting	Results and initiatives for the reduction of greenhouse gas (GHG) emissions, initiatives for regional decarbonization, scenario analysis results for physical and transition risks, initiatives and achievements in sustainable finance, disclosure of human capital, and major sustainability initiatives in FY2023
July 23, 2024	Board of Directors meeting	Results and initiatives for the reduction of GHG emissions, scenario analysis for physical and transition risks, disclosure of human capital, and achievements in sustainable finance
January 21, 2025	7th committee meeting	Introduction of a GHG emissions calculation tool for financed emissions, initiatives for GX human resource development, policies on the disclosure of human capital and scenario analysis, projected reduction of GHG emissions across the Group, achievements in sustainable finance, the Bank's ESG score, and progress in renewable energy-related projects
February 25, 2025	Board of Directors meeting	Report on initiatives in FY2024, focusing on initiatives related to the Group's response to the TCFD recommendations and the maximization of human capital
—	Subcommittee	Support for initiatives aimed at helping our investment and financing partners visualize GHG emissions and achieve decarbonization (business matching, consulting, etc.)

(3) Materiality

In order to realize our long-term vision, we have identified five materialities from the perspectives of growth areas and management foundation, in line with the Group's sustainability policy. These identified materialities are incorporated into our medium-term management plan and set as basic policies and key strategies.

Going forward, we will manage the progress of these key strategies, implement the PDCA cycle, and promote ESG & SX management.

Growth Areas

・Providing services and value through the use of data
・Regional development and support for the growth of regional industries
・Leading and innovative responses toward the realization of a decarbonized society

Management Foundation

・Building an organization that maximizes the value of human resources (Human Capital Management)
・Enhancement of our corporate governance structure

2. Climate Change

(1) Risks (transition risk and physical risk) and opportunities associated with climate change

The Bank's risks and opportunities associated with climate change are shown below.

Risk Type	Business Impact	Opportunities
Transition risk	・Occurrence or increase of carbon taxes and other payments ・Capital investment and adaptation to new technologies ・Changes in consumer behavior ・Short-, medium-, and long-term risks affecting the financial aspects of the Bank and other companies in terms of policy, regulation, technology, markets, and reputation	・Loans and other financing that contributes to solving environmental and social issues and realizing a sustainable society ・Provision of consulting and solution aimed at solving climate change-related issues ・Leading and innovative responses toward the realization of a decarbonized society, including the reduction of GHG emissions by the Group
Physical risk	・Higher frequency of extreme events such as floods, strong winds, heat waves, and snow damage ・Increase in average temperatures and rise in sea level ・Acute and chronic physical risks affecting the financial aspects of the Bank and other companies due to the loss of real estate collateral and business suspensions	

a. Transition risk

We have calculated the risk amount for the energy sector, which is expected to have the greatest impact on decarbonization, and the automobile-related sector, which is the main industry in Iwate Prefecture.

The Net Zero Emissions (NZE) by 2050: 1.5°C Scenario developed by the IEA (International Energy Agency) was used for this calculation.

As a result of this analysis, the cumulative impact of transition risk on credit costs is expected to increase by ¥2.4 billion ($16,051 thousand).

b. Physical risk

We have calculated the amount of risk based on the IPCC 4°C scenario, which assumes that a once-in-a- century flood will occur within the next 25 years. This assessment includes potential damages to mortgaged buildings located in Iwate Prefecture, cases where corporations in Iwate Prefecture are forced to suspend their business operations, and damages to the Bank's own branches.

As a result of this analysis, the impact of physical risk on credit costs, etc. is expected to increase by up to ¥1.8 billion ($12,039 thousand).

(2) Carbon-related assets

Carbon-related assets are generally defined as assets or organizations with relatively high direct or indirect GHG emissions. Accordingly, the Bank considers assets associated with the following sectors to be carbon-related assets.

(Millions of yen)

Sector	Item	FY2023	FY2024
Energy	Amount	59,393	61,329
	Percentage of loans outstanding	2.82%	2.77%
Transportation	Amount	60,895	61,821
	Percentage of loans outstanding	2.90%	2.80%
Materials, buildings and capital goods	Amount	289,957	319,648
	Percentage of loans outstanding	13.81%	14.48%
Agriculture, food and forest products	Amount	68,551	71,760
	Percentage of loans outstanding	3.26%	3.25%
Total carbon-related assets		478,797	514,559
Percentage of loans outstanding		22.80%	23.31%

(Thousands of U.S. dollars)

Sector	Item	FY2023	FY2024
Energy	Amount	397,224	410,173
	Percentage of loans outstanding	2.82%	2.77%
Transportation	Amount	407,270	413,463
	Percentage of loans outstanding	2.90%	2.80%
Materials, buildings and capital goods	Amount	1,939,252	2,137,828
	Percentage of loans outstanding	13.81%	14.48%
Agriculture, food and forest products	Amount	458,474	479,936
	Percentage of loans outstanding	3.26%	3.25%
Total carbon-related assets		3,202,227	3,441,406
Percentage of loans outstanding		22.80%	23.31%

(3) GHG emissions

a. Scope 1, 2 (including consolidated subsidiaries, unit: t-CO_2)

Category	FY2023	FY2024
Scope 1	1,051	1,034
Scope 2	1,774	1,054
Total	2,825	2,088

b. Scope 3 (Categories 2 and 3 include consolidated subsidiaries and all others are non-consolidated, Unit: t-CO_2)

Category	FY2023	FY2024
1. Purchased products and services	8,261	8,966
2. Capital goods	1,829	2,188
3. Fuel and energy activities not included in Scope 1 and 2	683	668
4. Transportation, delivery (upstream)	248	237
5. Waste from business operations	30	18
6. Business trips	167	190
7. Employee commute	557	530
15. Investments and loans	3,287,763	3,483,580
Total	3,299,541	3,496,377

(4) Sustainability targets

a. Reducing the Group's GHG emissions

Target	Details
FY2030	Net zero (Scope 1 and 2)
FY2050	Net zero (Scope 1, 2 and 3)

In FY2024, the Group achieved a reduction of 72% in Scope 1 and 2 emissions compared to the baseline year (FY2013).

b. Sustainable finance

Item	Description
Sustainable finance	Investments, loans, and lease transactions that contribute to solving environmental and social issues and realizing a sustainable society
Target amount	Accumulated amount of execution, etc. ¥500.0 billion ($3,344,034 thousand)
Period	FY2021-FY2030

In FY2024, the Group provided ¥80.1 billion ($535,714 thousand) in sustainable finance, making a total of ¥254.1 billion ($1,699,438 thousand) since FY2021.

3. Human Capital

(1) Human resources policy

We have established a human resources policy as our basic approach to people and the organization, and position it as the foundation of our personnel system and various personnel measures to realize the “desired organizational image” and “desired human resources.”

Human Resources Policy
- People are our most important asset and the source of all value.
- Each and every employee and the Bank will continue to grow together in order to live up to the trust and expectations of our customers and pave the way for the future of the community.

Based on this policy, the Bank promotes individual as well as organizational growth from the following perspectives, and strives to foster an environment and culture that supports such growth.

- Autonomy and challenge (growth as an individual)
  - Expect employees to think and act autonomously, and provide them with challenging opportunities
  - Expect employees to enhance and demonstrate their capabilities and expertise, and provide them with an environment to do so
- Maximize all human resources (growth as an organization)
  - Emphasize dialogue to increase engagement and bring out the best in each individual
  - Appropriately reward job performance and behavior, challenge and creativity
- Respect diverse personalities and values (environment and culture that support growth)
  - Respect diverse personalities and values to create new ideas
  - Offer flexible work styles to suit individual wishes and circumstances

(2) Desired organizational image and desired human resources

Desired organizational image	Desired human resources
• Think and act for the local community and customers • Integrate the power of each individual • Support employees to succeed • Fulfilling workplaces connected by trust	• Think, act, and grow autonomously • Take and complete challenges without fear of failure • Grow as professionals • Achieve mutual recognition and cooperate

(3) Professional development

Based on our belief that people are most important asset, as we aim to be a value co-creation company, we will actively invest in the development of professionals who can solve local issues and promote individual growth, while emphasizing the values of our employees and the diversity of the workplace.

Indicator
- Annual investment in professional development: ¥100 million ($669 thousand) (¥99 million ($662 thousand) invested in FY2024)

a. Training of professional human resources

The Bank has established system to strategically develop consulting personnel, highly specialized talent, etc. This includes long-term trainees in specialized institutions such as securities management and M&A, and supports obtaining publicly recognized qualifications. We are making human resource investments to nurture professional talent capable of solving regional issues and to promote individual growth.

b. Career self-checkup

We hold training sessions on career topics categorized by year of entry, age, and role grade to promote and support employees’ career development. We also conducted interviews through external career consulting for employees.

c. 360-degree survey

We are conducting an initiative where managers check how their own behavior and commitment to compliance are perceived by their superiors, colleagues, and subordinates. By reflecting on these actions in light of any discrepancies with their self-perception, we aim to enhance their management skills, improve communication within the workplace, and foster a harassment-free environment.

(4) Enhancement of the internal environment

We will work on instilling a culture of taking challenges throughout the organization, so that all employees can continue to take pride in their work, express their opinions freely and actively, and feel secure in contributing.

Indicator

・Score of 4.00 or above on responses to the following three engagement survey items (employees answer on a scale of one to five) Results for June 2025

Engagement score (overall)	Pride in working at the Bank	Job satisfaction
3.67/5.00	3.83/5.00	3.61/5.00

a. Implementation of an engagement survey

To enable each and every employee and the Bank to continue to grow together, as stated in our human resources policy, it is essential to enhance engagement (a positive and fulfilling psychological state related to employees' work, and the degree of empathy towards the company) so that each individual can maximize their potential.

Based on the results of the survey, we are developing initiatives to enhance engagement, such as the creation of opportunities for dialogue with the senior managers and the establishment of a letterbox for posting messages to management.

b. D&I promotion

The Bank has been implementing D&I initiatives with the aims of creating flexible ideas that embrace diverse values and enhancing corporate value by improving the sense of management participation and productivity of employees. In FY2022, we established our Corporate Vision as well as Indicators and Targets, as detailed below, in order to further enhance our D&I initiatives.

1. Corporate Vision
   Create an organization in which every employee can grow and play an active role with peace of mind
2. Key Themes

(1) Create opportunities for dialogue
(2) Support career development
(3) Active recruitment of human resources

3. Indicators and Targets for FY2030

(1) Promotion of female employees to manager positions
Percentage of women in newly appointed manager positions: 30% or more
(40% or more, from FY2025 onwards)
(2) Childcare leave taken by male employees
Percentage of male employees taking childcare leave: 100% or more

Toru Iwayama, *President*

Analysis of the Financial Position and Business Performance of the Bank
(on a consolidated basis)

Financial Position

Principal Accounts

Deposits (including negotiable certificate of deposit) and Asset Under Management

Deposits (including negotiable certificate of deposit) at the fiscal year-end decreased by ¥63.1 billion (US$422 million) from the previous fiscal year-end to ¥3,413.7 billion (US$22,888 million). This was due in part to decreases in deposits by corporate clients and public deposit.

The fiscal year-end balance of assets under management posted an increase of ¥14.1 billion (US$94 million) from the previous fiscal year-end to ¥377.8 billion (US$2,527 million). This was due to an increase in the balances of public bonds and insurance.

Loans

The fiscal year-end balance of loans increased by ¥106.5 billion (US$712 million) from the previous fiscal year-end to ¥2,197.6 billion (US$14,698 million). This was due in part to an increase in SMEs loans and personal loans.

Securities

The value of total securities increased by ¥54.7 billion (US$366 million) from the previous fiscal year-end to ¥1,194.2 billion (US$7,987 million). This was due to increases in mainly government bonds.

Cash Flow Analysis

Net cash used in operating activities was a net outflow of ¥152.4 billion (US$1.019 million) in the current fiscal year, while net cash of ¥33.9 billion (US$227 million) was used in the previous fiscal year. This was because of the increase in loans and bills discounted, etc. in both the previous fiscal year and the current fiscal year.

Net cash used in investing activities was a net outflow of ¥90.8 billion (US$607 million) in the current fiscal year, while net cash of ¥47.0 billion (US$314 million) was used in the previous fiscal year. This was due to proceeds from sale and redemption of securities falling short of the acquisition of securities in the previous fiscal year and the current fiscal year.

Net cash used in financing activities was a net outflow of ¥1.6 billion (US$11 million) in the current fiscal year, while net cash of ¥2.3 billion (US$15 million) was used in the previous fiscal year. This was due to the payment of cash dividends, etc.

As a result of the above, the fiscal year-end balance of cash and cash equivalents decreased by ¥244.8 billion (US$1,637 million) from the previous fiscal year-end to ¥318.0 billion (US$2,127 million).

Business Performance

Earnings

Total income increased by ¥5.3 billion (US$35 million) from the previous fiscal year to ¥49.2 billion (US329 million) due to an increase in interest income including interest on loans and discounts and interest and dividends on securities.

Total expenses increased by ¥2.5 billion (US$16 million) from the previous fiscal year to ¥39.4 billion (US$263 million) due in part to an increase in interest on deposits.

As a result, ordinary profit increased by ¥2.8 billion (US$19 million) from the previous fiscal year to ¥9.8 billion (US$65 million) and net income attributable to owners of parent increased by ¥2.8 billion (US$18 million) to ¥7.0 billion (US$47 million).

Capital Ratio

In terms of capital adequacy, the Bank monthly monitors whether risks are within the risk capital allocated to each risk category, and believes it is maintaining a sufficient level based on the results. In the current Medium-term Management Plan, the Bank’s policy is to utilize capital for an accumulation of risk assets and strategic investment in growth areas, while maintaining appropriate capital levels. The capital ratio increased by 0.10 percentage points from the previous fiscal year-end to 11.39% on a consolidated capital adequacy basis and by 0.14 percentage points from the previous fiscal year-end to 11.09% on a non-consolidated capital adequacy basis, as a result of an increase in equity capital.

The Bank aims to improve its corporate value by pursuing the optimum balance between the three themes of “investment for growth,” “ensuring of appropriate capital levels,” and “enhancement of shareholder return.”

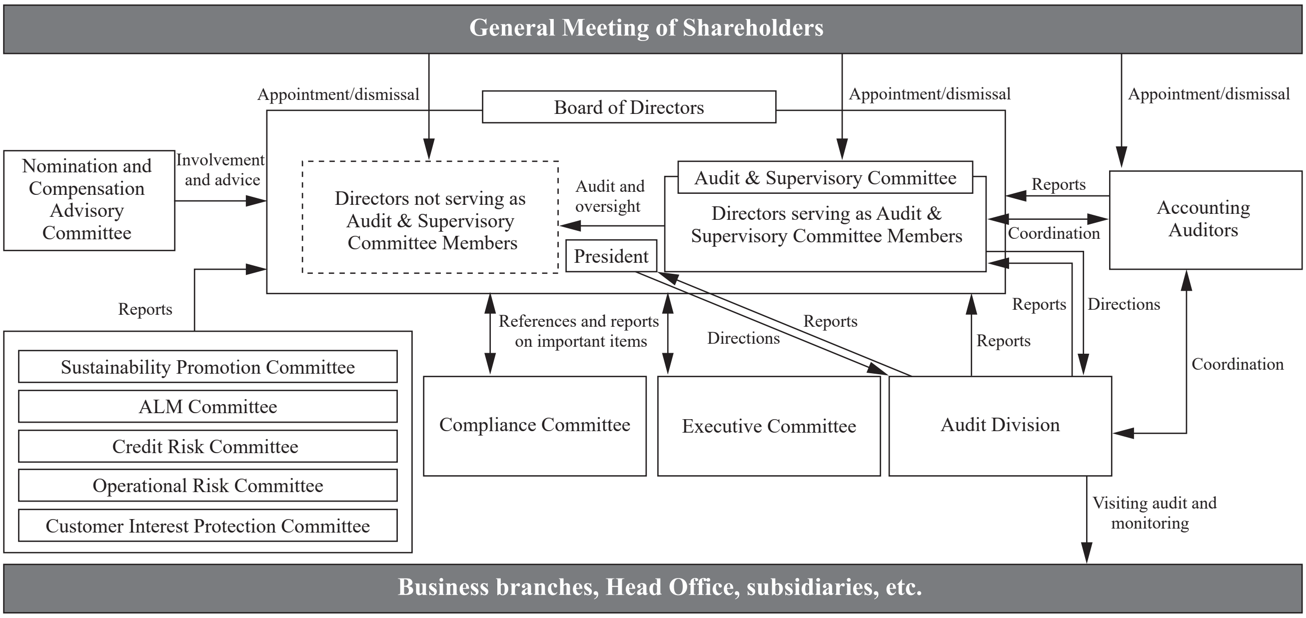
■ Basic Approach

Ever since its establishment, the management of the Bank has been based on the fundamental mission objectives of contributing to the development of the regional community and ensuring the financial soundness of the Bank under all circumstances. Even in today's rapidly changing business environment, in order to fulfill the duties expected of us as the leading bank in our region, by all stakeholders including our business partners and shareholders, we take complete responsibility for our management decisions and aim to establish the highest standard of corporate governance that includes improved management transparency and strengthened oversight functions.

■ Corporate Governance Structure

The Bank, pursuant to the resolution on the partial amendments to the Articles of Incorporation at the General Meeting of Shareholders held on June 22, 2018, transitioned to a company with Audit & Supervisory Committee. By transitioning to a company with Audit & Supervisory Committee, the Bank shall strive to further improve its corporate value through the enhancement of its corporate governance system by installing an Audit & Supervisory Committee, over half of whose members are Outside Directors, and strengthening oversight functions through the voting rights on the Board of Directors and the right to voice opinions on executive appointments and dismissals held by the Directors serving as Audit & Supervisory Committee Members.

[Corporate governance structure]



■ Configuration of the Board of Directors

From the viewpoint of ensuring the most effective and efficient functioning of the Board of Directors as well as to revitalize of the Board, the Articles of Incorporation stipulate that the number of Directors, excluding Audit & Supervisory Committee Members, shall not exceed twelve, and the Board of Directors shall consist of a combination of Directors who are familiar with the Group's business operations and multiple Outside Directors who have a wealth of experience and knowledge from outside the company. Outside Directors currently account for 50.0% of the Board of Directors, while female Directors account for 16.6%.

■ Role of the Board of Directors and Matters Deliberated

The Board of Directors makes important decisions on management plans, governance matters, and basic policies on risk and compliance, etc., by defining the scope of matters to be resolved by the Board of Directors and clarifying the scope of delegation to the management meetings and management team, etc., in the Board of Directors Regulations and other rules, as well as performs a more effective management oversight function.

Matters Discussed and Reported by the Board of Directors (FY2024)

1 Management Plan
2 Matters pertaining to sustainability
3 Matters pertaining to risk and compliance
4 Matters pertaining to corporate governance
5 Human resources
6 Sales
7 Market
8 Other
・Progress of alliance with The Akita Bank,Ltd.

■ Audit & Supervisory Committee

The Articles of Incorporation stipulate that, in order to secure the effectiveness of auditing, the number of Directors on the Audit & Supervisory Committee shall not exceed five, and as of June 26, 2024, the number of Audit & Supervisory Committee Members is four, three of whom are independent Outside Directors.

■ Executive Committee

The purpose of the Executive Committee is to discuss and decide on important matters of overall management, delegated by the Board of Directors, to facilitate the execution of duties by the President. It is composed of inside Directors such as the Chairman, President, Senior Managing Executive Officer, and Managing Executive Officers. Inside Audit & Supervisory Committee Members can attend meetings and express their opinions.

The Executive Committee meets on Monday each week, in principle, and also holds meetings whenever necessary.

■ Compliance Committee

The purposes of the Compliance Committee are to monitor the establishment of, and adherence to, the compliance system, as well as to foster a corporate culture that emphasizes compliance. It is composed of the President as chairman, the Senior Managing Executive Officer as vice chairman, and the Managing Executive Officers as committee members.

The Compliance Committee meets once every three months, in principle, and also holds meetings whenever necessary.

■ Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee has been established as an advisory body to the Board of Directors. The purpose of the committee is to have appropriate involvement and advice by the Outside Directors in the consideration of important matters relating to the Bank’s corporate governance. It is composed of the Representative Directors and Outside Directors (excluding those serving as Audit & Supervisory Committee Members), and the majority is made up of Outside Directors.

The Nomination and Compensation Advisory Committee holds meetings whenever necessary.

・Board of Directors (As of July 1, 2025)

Inside Directors

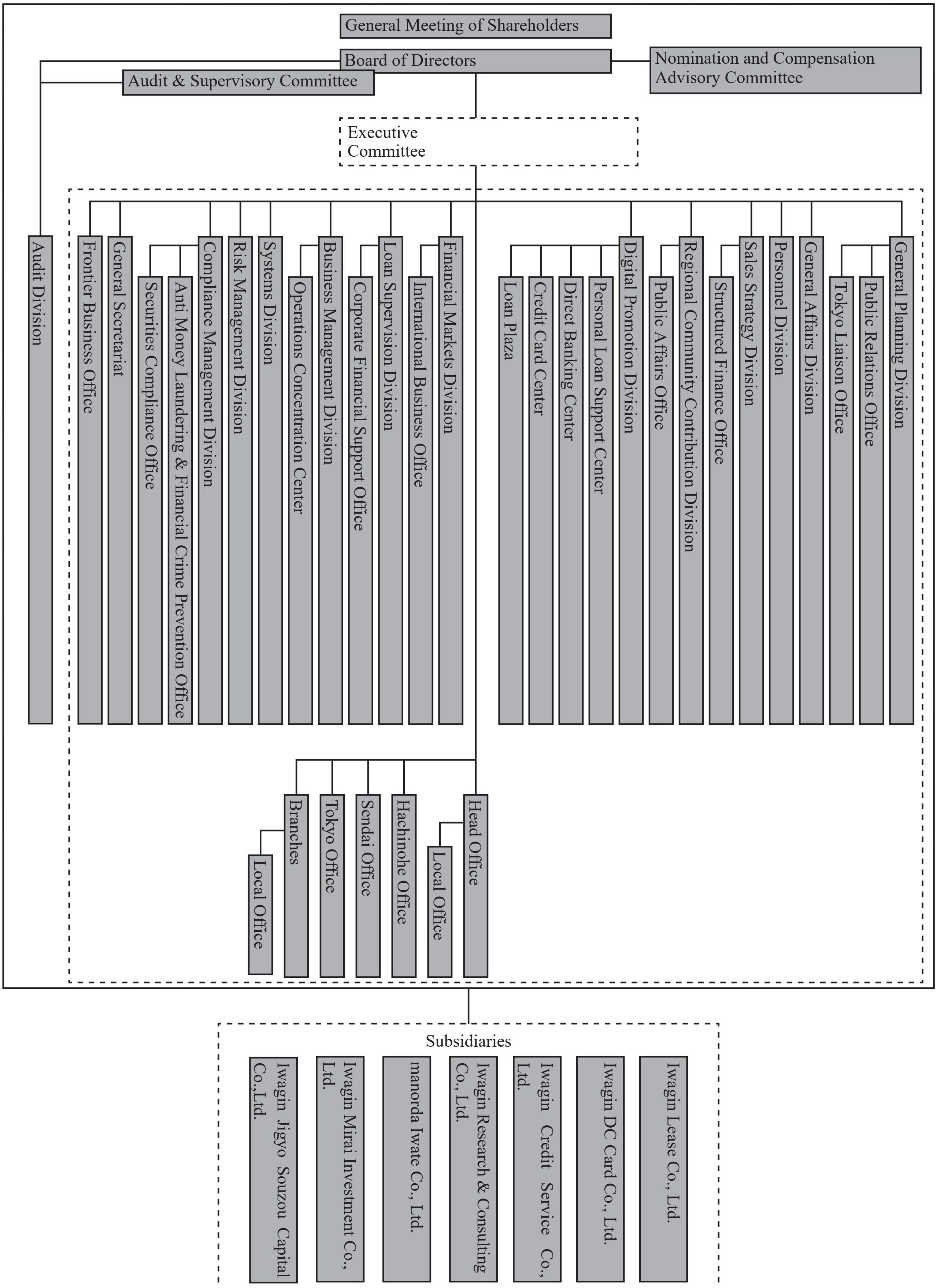
President	Toru Iwayama	**Director / Senior Managing Executive Officer**	Kensei Ishikawa
Director / Managing Executive Officer	Shinei Kishi	**Director / Managing Executive Officer**	Fumihiko Kikuchi
Director / Managing Executive Officer	Kazuhiro Sugawara	**Director serving as an Audit & Supervisory Committee Member**	Shinichi Matsumoto

Outside Directors

Director (Outside Director)	Atsushi Miyanoya	**Director (Outside Director)**	Yutaka Takahashi
Director (Outside Director)	Toshinori Abe	**Director serving as an Audit & Supervisory Committee Member (Outside Director)**	Etsuko Sugawara
Director serving as an Audit & Supervisory Committee Member (Outside Director)	Masakazu Watanabe	**Director serving as an Audit & Supervisory Committee Member (Outside Director)**	Chikako Maeda

Managing Executive Officer / General Manager of General Planning Division	Toru Obara	**Executive Officer/General Manager of Regional Community Contribution Division**	Toshiaki Nagase
Executive Officer/General Manager Head Office	Manabu Fujiwara	**Executive Officer/General Manager of Sales Strategy Division**	Katsumi Yamazaki
Executive Officer/General Manager of System Division	Shinichi Sasaki	**Executive Officer/General Manager of Audit Division**	Shuichi Yukikawa
Executive Officer/General Manager of Sendai office	Shohei Morita	**Executive Officer/General Manager of Tokyo Office**	Akifumi Sugano

・Organization (As of July 1, 2025)



・The Bank of Iwate Group

Name/Address	Capital (Millions of yen)	Main Business	Date of Establishment	The Bank's Voting Rights	Voting Rights of Subsidiaries, etc. Other than Said Subsidiaries, etc.
Iwagin Lease Co., Ltd. 1-2-5 Chuo Dori, Morioka City, Iwate Prefecture	30	Leasing, etc.	April 1, 1972	100%	0%
Iwagin DC Card Co., Ltd. 1-2-3 Chuo Dori, Morioka City, Iwate Prefecture	20	Credit cards and credit guarantee, etc.	August 1, 1989	100%	0%
Iwagin Credit Service Co., Ltd. 1-2-3 Chuo Dori, Morioka City, Iwate Prefecture	20	Credit cards and credit guarantee, etc.	August 1, 1989	100%	0%
Iwagin Research & Consulting Co., Ltd. 1-2-3 Chuo Dori, Morioka City, Iwate Prefecture	100	Consulting, regional economic surveys, etc.	April 1, 2020	100%	0%
manorda Iwate Co., Ltd. 1-2-3 Chuo Dori, Morioka City, Iwate Prefecture	70	Local trading company business, renewable energy-related business, etc.	April 1, 2020	100%	0%
Iwagin Mirai Investment Co., Ltd. 1-2-3 Chuo Dori, Morioka City, Iwate Prefecture	50	Investment fund management, etc.	July 3, 2023	100%	0%
Iwagin Jigyo Souzou Capital Co., Ltd. 1-2-3 Chuo Dori, Morioka City, Iwate Prefecture	50	Investment fund management, etc.	April 1, 2015	100%	0%

Consolidated Balance Sheets

The Bank of Iwate, Ltd. and its consolidated subsidiaries

Years ended 31 March 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	2025	2024	2025
Cash and due from banks (Notes 3 and 6)	¥319,122	¥563,765	$2,134,310
Call loans and bills bought (Note 6)		51,000	
Monetary claims bought (Note 6)	3,915	4,350	26,184
Money held in trust (Notes 5 and 6)	6,479	5,722	43,332
Securities (Notes 4, 6, 8 and 15)	1,194,238	1,139,535	7,987,146
Loans and bills discounted (Notes 6, 7 and 9)	2,197,658	2,091,126	14,698,087
Foreign exchange assets	2,829	3,900	18,920
Premises and equipment (Notes 11 and 23)	13,590	14,052	90,891
Intangible assets (Notes 12 and 23)	1,494	1,855	9,992
Net defined benefit asset (Note 16)	11,031	9,459	73,776
Deferred tax assets (Note 17)	5,634	84	37,681
Customers' liabilities for acceptances and guarantees (Note 15)	3,465	4,159	23,174
Other assets (Notes 6, 8 and 10)	58,480	55,346	391,118
Allowance for doubtful accounts (Note 6)	(15,148)	(14,757)	(101,311)
Total assets	¥3,802,787	¥3,929,596	$25,433,300
LIABILITIES AND NET ASSETS			
Liabilities:			
Deposits (Notes 6, 8 and 13)	¥3,413,738	¥3,476,929	$22,831,314
Borrowed money (Notes 6 and 8)	169,276	231,077	1,132,129
Foreign exchange liabilities	26	38	174
Accrued bonuses for directors and corporate auditors	21	26	140
Net defined benefit liability (Note 16)	790	67	5,283
Retirement benefits for directors and corporate auditors	17	19	114
Provision for losses on reimbursement of dormant deposits	113	137	756
Provision for contingent losses	358	281	2,395
Deferred tax liabilities (Note 17)	95	3,524	635
Acceptances and guarantees (Note 15)	3,465	4,159	23,174
Other liabilities (Notes 6, 14 and 23)	30,230	13,903	202,181
Total liabilities	3,618,129	3,730,160	24,198,295
Net assets (Note 18):			
Common stock:			
Authorized — 49,450 thousand shares as at 31 March 2025 and 2024			
Issued and outstanding —18,498 thousand shares as at 31 March 2025 and 2024	12,090	12,090	80,859
Capital surplus	5,667	5,667	37,901
Retained earnings	173,126	167,955	1,157,879
Treasury stock, at cost	(4,506)	(4,921)	(30,137)
Total shareholders' equity	186,377	180,791	1,246,502
Net unrealized holding gains on available-for-sale securities (Note 4)	(5,337)	17,779	(35,694)
Net unrealized gains (losses) on hedging derivatives (Note 6)	2,748	50	18,378
Remeasurements of defined benefit plans (Note 16)	802	595	5,364
Total accumulated other comprehensive income	(1,787)	18,424	(11,952)
Stock acquisition rights (Note 19)	68	221	455
Total net assets	184,658	199,436	1,235,005
Total liabilities and net assets	¥3,802,787	¥3,929,596	$25,433,300

	Yen		U.S. dollars
	2025	2024	2025
Per share data:			
Net assets (Note 25)	¥10,733.38	¥11,673.61	$71.79

See accompanying notes.

Consolidated Statements of Income

The Bank of Iwate, Ltd. and its consolidated subsidiaries

Years ended 31 March 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Income:			
Interest income:			
Interest on loans and discounts	¥21,129	¥18,202	$141,312
Interest and dividends on securities	12,137	9,797	81,173
Other interest income	818	251	5,471
Fees and commissions	9,946	9,675	66,520
Other operating income	4,480	4,298	29,962
Other income (Note 22)	737	1,760	4,929
Total income	49,247	43,983	329,367
Expenses:			
Interest expenses:			
Interest on deposits	2,204	98	14,741
Interest on borrowings	48	40	321
Other interest expenses	597	466	3,992
Fees and commissions	3,746	3,589	25,054
Other operating expenses (Note 20)	6,776	6,414	45,318
General and administrative expenses (Note 21)	24,771	24,554	165,670
Other expenses (Note 22)	1,358	2,075	9,082
Total expenses	39,500	37,236	264,178
Income before income taxes	9,747	6,747	65,189
Provision for income taxes (Note 17)			
Current	2,990	2,023	19,997
Deferred	(219)	498	(1,464)
	2,771	2,521	18,533
Net income	6,976	4,226	46,656
Net income attributable to owners of parent	¥6,976	¥4,226	$46,656

	Yen		U.S. dollars
	2025	2024	2025
Per share data:			
Net income (Note 25)	¥406.86	¥245.96	$2.72
Diluted net income (Note 25)	405.68	244.71	2.71
Cash dividends applicable to the year (Note 28)	125.00	80.00	0.84

See accompanying notes.

Consolidated Statements of Comprehensive Income

The Bank of Iwate, Ltd. and its consolidated subsidiaries

Years ended 31 March 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net income	¥6,976	¥4,226	$46,656
Other comprehensive losses (Note 24):			
Net unrealized holding losses on available-for-sale securities	(23,116)	9,017	(154,601)
Net unrealized gains on hedging derivatives (Note 6)	2,698	1,196	18,044
Remeasurements of defined benefit plans (Note 16)	207	1,966	1,384
Total other comprehensive losses	(20,211)	12,179	(135,173)
Comprehensive losses	¥(13,235)	¥16,405	$(88,517)
Total comprehensive losses	¥(13,235)	¥16,405	$(88,517)
Attributable to:			
Owners of parent	(13,235)	16,405	(88,517)

See accompanying notes.

Consolidated Statements of Changes in Net Assets

The Bank of Iwate, Ltd. and its consolidated subsidiaries
Years ended 31 March 2025 and 2024

	Millions of yen										
	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gains on available-for-sale securities	Net unrealized gains (losses) on hedging derivatives	Remeasurements of defined benefit plans	Total accumulated other comprehensive losses	Stock acquisition rights	Total net assets
BALANCE, 1 April 2023	¥12,090	¥5,667	¥165,224	¥(4,200)	¥178,781	¥8,762	¥(1,146)	¥(1,371)	¥6,245	¥202	¥185,228
Change during the year											
Cash dividends	–	–	(1,475)	–	(1,475)	–	–	–	–	–	(1,475)
Net income attributable to owners of parent	–	–	4,226	–	4,226	–	–	–	–	–	4,226
Acquisition of treasury stock	–	–	–	(852)	(852)	–	–	–	–	–	(852)
Disposal of treasury stock	–	–	(20)	131	111	–	–	–	–	–	111
Net changes in items other than shareholders' equity during the year	–	–	–	–	–	9,017	1,196	1,966	12,179	19	12,198
Total change during the year	–	–	2,731	(721)	2,010	9,017	1,196	1,966	12,179	19	14,208
BALANCE, 1 April 2024	12,090	5,667	167,955	(4,921)	180,791	17,779	50	595	18,424	221	199,436
Change during the year											
Cash dividends	–	–	(1,740)	–	(1,740)	–	–	–	–	–	(1,740)
Net income attributable to owners of parent	–	–	6,976	–	6,976	–	–	–	–	–	6,976
Acquisition of treasury stock	–	–	–	(2)	(2)	–	–	–	–	–	(2)
Disposal of treasury stock	–	–	(65)	417	352	–	–	–	–	–	352
Net changes in items other than shareholders' equity during the year	–	–	–	–	–	(23,116)	2,698	207	(20,211)	(153)	(20,364)
Total change during the year	–	–	5,171	415	5,586	(23,116)	2,698	207	(20,211)	(153)	(14,778)
BALANCE, 31 March 2025	¥12,090	¥5,667	¥173,126	¥(4,506)	¥186,377	¥(5,337)	¥2,748	¥802	¥(1,787)	68	¥184,658

	Thousands of U.S. dollars (Note 1)										
	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gains on available-for-sale securities	Net unrealized gains (losses) on hedging derivatives	Remeasurements of defined benefit plans	Total accumulated other comprehensive losses	Stock acquisition rights	Total net assets
BALANCE, 1 April 2024	$80,859	$37,901	$1,123,295	$(32,912)	$1,209,143	$118,907	$334	$3,980	$123,221	$1,478	$1,333,842
Change during the year											
Cash dividends	–	–	(11,637)	–	(11,637)	–	–	–	–	–	(11,637)
Net income attributable to owners of parent	–	–	46,656	–	46,656	–	–	–	–	–	46,656
Acquisition of treasury stock	–	–	–	(14)	(14)	–	–	–	–	–	(14)
Disposal of treasury stock	–	–	(435)	2,789	2,354	–	–	–	–	–	2,354
Net changes in items other than shareholders' equity during the year	–	–	–	–	–	(154,601)	18,044	1,384	(135,173)	(1,023)	(136,196)
Total change during the year	–	–	34,584	2,775	37,359	(154,601)	18,044	1,384	(135,173)	(1,023)	(98,837)
BALANCE, 31 March 2025	$80,859	$37,901	$1,157,879	$(30,137)	$1,246,502	(35,694)	18,378	5,364	(11,952)	455	1,235,005

See accompanying notes.

Consolidated Statements of Cash Flows

The Bank of Iwate, Ltd. and its consolidated subsidiaries
Years ended 31 March 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from operating activities:			
Income before income taxes	¥9,747	¥6,747	$65,189
Adjustments to reconcile income before income taxes to net cash used in operating activities:			
Depreciation	1,832	1,867	12,253
Impairment losses	49	186	328
Gain on negative goodwill	(22)	–	(147)
Loss on step acquisitions	(4)	–	(27)
Increase (decrease) in allowance for doubtful accounts	391	766	2,615
Increase (decrease) in provision for contingent losses	77	10	515
Increase (decrease) in accrued bonuses for directors and corporate auditors	(4)	5	(27)
(Increase) decrease in net defined benefit asset	(133)	(1,003)	(890)
Increase (decrease) in net defined benefit liability	(401)	397	(2,682)
Increase (decrease) in retirement benefits for directors and corporate auditors	(4)	5	(27)
Increase (decrease) in provision for losses on reimbursement of dormant deposits	(23)	(64)	(154)
Interest income	(34,084)	(28,250)	(227,956)
Interest expenses	2,849	604	19,054
Investment securities (gains) losses, net	1,499	317	10,025
(Increase) decrease in money held in trust	114	(19)	762
Foreign exchange (gains) losses, net	122	(2,961)	816
(Gains) losses on disposal of premises and equipment	10	24	67
Net (increase) decrease in loans and bills discounted	(106,531)	(80,319)	(712,487)
Net increase (decrease) in deposits	(38,650)	52,266	(258,494)
Net increase (decrease) in negotiable certificates of deposit	(24,410)	(8,200)	(163,256)
Net increase (decrease) in borrowed money	(61,801)	58,549	(413,329)
Net (increase) decrease in due from banks, excluding the Bank of Japan	(176)	27	(1,177)
Net (increase) decrease in call loans and others	51,435	(50,229)	344,001
Net (increase) decrease in foreign exchange assets	1,071	(1,040)	7,163
Net increase (decrease) in foreign exchange liabilities	(12)	24	(80)
Interest received	32,868	27,694	219,824
Interest paid	(1,997)	(593)	(13,356)
Other, net	16,380	(10,278)	109,551
Subtotal	(149,808)	(33,468)	(1,001,926)
Income taxes paid	(2,637)	(880)	(17,636)
Income taxes refunded	17	404	113
Net cash used in operating activities	(152,428)	(33,944)	(1,019,449)
Cash flows from investing activities:			
Acquisition of securities	(252,366)	(506,623)	(1,687,841)
Proceeds from sale of securities	13,958	11,106	93,352
Proceeds from redemption of securities	149,616	444,804	1,000,642
Increase in money held in trust	(879)	–	(5,879)
Decrease in money held in trust	–	4,933	–
Acquisition of premises and equipment	(754)	(724)	(5,043)
Proceeds from sale of premises and equipment	64	163	428
Payment for retirement of premises and equipment	(19)	(18)	(127)
Acquisition of intangible assets	(356)	(581)	(2,381)
Payment for asset retirement obligations	(19)	(81)	(127)
Acquisition of shares of subsidiaries resulting in change in scope of consolidation	(36)	–	(240)
Net cash used in investing activities	(90,791)	(47,021)	(607,216)

Consolidated Statements of Cash Flows (Continued)

The Bank of Iwate, Ltd. and its consolidated subsidiaries
Years ended 31 March 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from financing activities:			
Repayments of lease obligations	(28)	(31)	(187)
Cash dividends paid	(1,740)	(1,475)	(11,637)
Payment for acquisition of treasury stock	(2)	(852)	(14)
Proceeds from sale of treasury stock	170	81	1,137
Net cash used in financing activities	(1,600)	(2,277)	(10,701)
Effect of exchange rate changes on cash and cash equivalents	–	–	–
Net increase (decrease) in cash and cash equivalents	(244,819)	(83,242)	(1,637,366)
Cash and cash equivalents at the beginning of the year	562,858	646,100	3,764,433
Cash and cash equivalents at the end of the year (Note 3)	318,039	562,858	$2,127,067

See accompanying notes.

Notes to Consolidated Financial Statements

The Bank of Iwate, Ltd. and its consolidated subsidiaries
Years ended 31 March 2025 and 2024

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not necessarily required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers, using the prevailing exchange rate as at 31 March 2025, which was ¥149.52 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The consolidated financial statements include the accounts of the Bank and its significant subsidiaries. Japanese GAAP on consolidated financial statements requires the consolidation of all significant investees that are controlled through substantial ownership of majority voting rights or existence of certain conditions. All significant intercompany transactions and account balances are eliminated.

Five non-consolidated subsidiaries are excluded from the scope of consolidation because in terms of their total assets, ordinary income, net income or loss (amount corresponding to equity), retained earnings (amount corresponding to equity) and accumulated other comprehensive income or loss (amount corresponding to equity), they have minor impact on the consolidated financial statements even if they are excluded from the scope of consolidation.

Investments in affiliates over which the Bank has the ability to exercise significant influence in terms of operating and financial policies of the investees are accounted for by the equity method.

There are no investments in affiliates that are accounted for by the equity method.

Five non-consolidated subsidiaries that are not accounted for by the equity method are excluded from the scope of the equity method because in terms of their net income or loss (amount corresponding to equity), retained earnings (amount corresponding to equity) and accumulated other comprehensive income or loss (amount corresponding to equity), they have minor impact on the consolidated financial statements even if they are excluded from the scope of the equity method.

Trading account securities and other securities

Securities are classified as follows based on the purpose: (a) securities held for trading purposes ("trading account securities"), (b) debt securities intended to be held to maturity ("held-to-maturity debt securities"), (c) equity securities issued by unconsolidated subsidiaries and affiliated companies, and (d) all other securities that are not classified in any of the categories above ("available-for-sale securities").

(a) Trading account securities — National government bonds held for trading purpose are presented as trading account securities. Trading account securities are stated at fair value (cost of securities sold is calculated using the moving-average method). Gains and losses realized on disposal and unrealized gains and losses from fair value fluctuations are recognized as gains or losses in the period of the change.

(b) Held-to-maturity debt securities are carried at amortized cost (straight-line method) using the moving-average method.

(c) Equity securities issued by subsidiary companies, subsidiary corporations, etc. which are not consolidated or accounted for by the equity method, are carried at cost using the moving-average method.

(d) Available-for-sale securities with available fair values are primarily carried at the market prices (cost of securities sold is calculated using the moving-average method).

Shares, etc. that do not have a market price are stated at the moving-average cost.

Net unrealized holding gains (losses) on these securities, net of applicable income taxes, are reported in a separate component of net assets.

Available-for-sale securities with available fair values are written down when a significant decline in fair value below the cost of such securities is deemed to be other than temporary. The amount written down is accounted for as an impairment loss.

Money held in trust

As for securities invested as part of trust assets in independently managed money trusts that invest primarily in securities, money held in trust for investment purposes are stated at fair value, and other money held in trust is stated in the same way as "Available-for-sale securities" above.

Derivatives and hedge accounting

The Bank employs forward exchange contracts, currency swaps and interest rate swaps to meet customers' needs and mitigate interest rate risks and foreign exchange risks. Derivative financial instruments are stated at fair value.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Bank defers recognition of gains or losses resulting from changes in fair value of the derivative financial instruments until the related gains or losses on the hedged items are recognized (deferral method).

Transactions to hedge against interest rate risks affecting the financial assets and liabilities of the Bank are accounted for using deferred hedge accounting in accordance with the provisions of "Treatment of Accounting and Auditing of Application of Accounting Standards for Financial Instruments in the Banking Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Committee Practical Guideline No. 24, 17 March 2022).

Regarding the effectiveness of a hedge, a hedge that is intended to offset the effects of market fluctuations is assessed based on a group-by-group comparison of hedged items and hedging instruments. Both hedged items, including deposits and loans, and hedging instruments, including interest rate swaps, are classified into groups by the remaining maturity period. The effectiveness of a cash flow hedge is assessed on the basis of the correlation between the base interest rate index of the hedged cash flow and that of the hedging instrument.

As for the hedging transactions against currency exchange risks arising from assets and liabilities in foreign currencies, the Bank applies deferred hedge accounting in accordance with the provisions of "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Committee Practical Guideline No. 25, 8 October 2020). The Bank assesses the effectiveness of currency swap and foreign exchange swap transactions executed for offsetting the risks of changes in currency exchange rates by verifying that there exist foreign currency positions of the hedging instruments corresponding to the foreign currency monetary claims and debts to be hedged.

Certain interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differential to be paid or received under the swap contracts is recognized as interest expense or income (exceptional method).

Depreciation and amortization methods

(1) Premises and equipment (excluding leased assets)

The Bank's premises and equipment are stated at cost less accumulated depreciation. The Bank depreciates its premises and equipment under the declining-balance method over their estimated useful lives. Depreciation of buildings acquired on and after 1 April 1998 (excluding installed facilities) and installed facilities and structures acquired on and after 1 April 2016 by the Bank is computed under the straight-line method. Estimated useful lives are as follows:

Buildings: 3-30 years

Equipment and furniture: 2-20 years

Consolidated subsidiaries depreciate their premises and equipment primarily under the declining-balance method over their estimated useful lives.

(2) Intangible assets (excluding leased assets)

The Bank and its consolidated subsidiaries (the "Group") amortize intangible assets under the straight-line method over their estimated useful lives. Costs of computer software developed or obtained for internal use are amortized using the straight-line method over estimated useful lives of five years.

(3) Leased assets

Depreciation and amortization of leased assets pertaining to finance lease transactions other than those that transfer the ownership of the leased assets to the Group, which are included in "Premises and equipment" and "Intangible assets," are computed under the straight-line method. The lease term is equal to the useful life and there is no residual value except where residual value guarantees are stipulated in lease contracts.

Depreciation of leased assets pertaining to finance lease transactions that transfer the ownership of the leased assets to the Group is computed by the same method used for fixed assets owned by the Group.

Allowance for doubtful accounts

The reserve for loans to borrowers that are classified as legally bankrupt or substantially bankrupt is calculated by deducting the estimated disposal value of collateral and the amount deemed collectible from guarantees from the book value.

The Bank also provides specific reserves for potentially bankrupt borrowers by calculating the amount of loss expected during the three-year period subsequent to the balance sheet date on the loan balance ("unsecured amount"), less expected collection from disposal of collateral, guarantees and repayment on the uncovered portion of the loan from historical experiences. The amount of expected loss is calculated based on the average loan loss ratio derived from the actual loan loss during the past three years, with necessary amendments such as future prospects.

For loans to large borrowers whose unsecured amount exceeds a certain level, cash flows related to the collection of loan principal and the receipt of interest are estimated using a reasonable method, and the difference between the amount of cash flows discounted at the initial contracted interest rate and the book value of the loans is recorded as allowance for doubtful accounts (cash flow estimation method [“DCF method”]).

The reserve for loans to borrowers that are classified as requiring supervision but are substantially equivalent to requiring attention is calculated based on the amount of expected loss during the three-year period subsequent to the balance sheet date. The amount of expected loss is calculated based on the average loan loss ratio derived from the actual loan loss during the past three years, with necessary amendments such as future prospects.

For loans to large borrowers whose credit amount exceeds a certain level, cash flows related to the collection of loan principal and the receipt of interest are estimated using a reasonable method, and the difference between the amount of cash flows discounted at the initial contracted interest rate and the book value of the loans is recorded as allowance for doubtful accounts (cash flow estimation method [“DCF method”]).

The reserve for loans to borrowers that are not classified as any of the above are calculated based on the amount of expected loss during the one-year period subsequent to the balance sheet date. The amount of expected loss is calculated based on the average loan loss ratio derived from the actual loan loss during the past three years, with necessary amendments such as future prospects.

Allowance for doubtful accounts mentioned above is made on the basis of the results of a strict assessment of the quality of all the Bank’s loan assets, using its internally established rules for self-assessment.

Allowance for doubtful accounts recorded in consolidated subsidiaries is calculated as follows:

General reserves are provided at an amount deemed necessary, considering the historical ratio of loan losses. Specific reserves for doubtful borrowers are provided at an amount expected to be uncollectable, considering collectability on an individual basis.

Accrued bonuses for directors and corporate auditors

Accrued bonuses for directors and corporate auditors are provided in the amount of the estimated bonuses that are attributable to each fiscal year.

Retirement benefits for directors and corporate auditors

Retirement benefits for directors and corporate auditors are provided for the future payments of directors' and corporate auditors' retirement benefits incurred up to the end of the fiscal year based on the approved internal rules.

Provision for losses on reimbursement of dormant deposits

Provision for losses on reimbursement of dormant deposits that were recorded as profit is provided for the future reimbursement based on the historical reimbursement experience.

Provision for contingent losses

Provision for contingent losses is provided for estimated future payments related to a risk-sharing agreement with public credit guarantee associations for the Bank's loans guaranteed by the associations. The provision is calculated using the expected loss ratios computed based on the historical foreclosure ratio of each borrower category.

Accounting for retirement benefits

Upon the calculation of projected benefit obligation, the estimated amount of all retirement benefits to be paid at future retirement dates is allocated using the benefit formula. The Bank has also set up retirement benefit trusts.

Actuarial differences are amortized as income or expenses commencing from the following year under the straight-line method over 10 years, which is determined as the amortization period within a range of estimated remaining service years of the eligible employees at the time the actuarial differences occur.

The consolidated subsidiaries adopt a simplified method, as allowed for small companies, which is to record retirement benefit liabilities for an amount assuming all employees would retire at the end of the fiscal year on a voluntary basis.

Income taxes

Income taxes consist of corporation, enterprise and inhabitant taxes. The provision for income taxes is computed based on the pretax income of the Bank and each of its consolidated subsidiaries with certain adjustments required for tax purposes.

Deferred tax assets and liabilities are recorded based on the temporary differences between the financial statements and tax bases of assets and liabilities. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the end of each year.

Revenue recognition

The Bank and its consolidated subsidiaries apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, 31 March 2020) and other standards, and recognize revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration expected to be received in exchange for those good and services.

Appropriations of retained earnings

Under the Companies Act of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The accounts for that period, therefore, do not reflect such appropriations. See Note 28.

Amounts per share

Net income per share of common stock is computed based on the weighted-average number of shares outstanding, excluding treasury stock, during each year. Diluted net income per share reflects the potential dilution that could occur if stock options to issue common stock were exercised. Cash dividends per share represent the amounts applicable to the corresponding years and consist of interim dividends for the current year and year-end dividends declared after the end of the year.

Significant accounting estimates

Allowance for doubtful accounts

(1) Carrying amounts in the consolidated financial statements for the current fiscal year

Allowance for doubtful accounts ¥15,148 million ($101,311 thousand)

In the consolidated financial statements, the Bank has determined that the allowance for doubtful accounts for loans and bills discounted, which are the Group's main assets, has a significant impact on the Bank's financial position, operating results, etc., and that the estimate of the allowance for doubtful accounts is important as an accounting estimate.

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

a. Calculation method

The calculation method of allowance for doubtful accounts is described in "Allowance for doubtful accounts" under "2. SIGNIFICANT ACCOUNTING POLICIES."

b. Key assumptions used in making accounting estimates

i. Determination of the borrowers' category

The Bank assesses its outstanding receivables, determines the borrowers' category and classifies its receivables according to the degree of risk of recovery or impairment of value ("self-assessment"). The Bank conducts self-assessment to classify its receivables by comprehensively considering the details of the use of funds and the status of the collateral or guarantees in place, after determining the borrowers' category based on the credit ratings in accordance with their level of credit risk.

The borrowers' category is determined based on their financial information and other quantitative information, in addition to qualitative factors. Specifically, the Bank assesses the borrowers' solvency based on their substantive financial condition, cash flows and profitability. The Bank also comprehensively takes into account the borrowers' business sustainability, future profitability, ability to repay debts based on their cash flows, the reasonableness and feasibility of their business improvement plans and support from other financial institutions to determine the borrowers' category in light of their industry/sector-specific characteristics. Such determination is made at the discretion of the management.

ii. Expected loss rate

Allowance for doubtful accounts is provided for receivables classified according to the self-assessment based on the expected loss rate for each borrowers' category. The expected loss rate is calculated based on the loan loss ratio derived from actual past loan loss in each borrowers' category, with amendments using the average for the entire measurable period as a lower limit in order to reflect long-term economic fluctuations, as necessary adjustments made to account for future prospects and other factors.

iii. Future cash flows used in the discounted cash flow method (DCF method)

The expected loss under the discounted cash flow method (DCF method) is calculated by multiplying future cash flows based on the debtor's repayment plan, etc. by the probability of occurrence premised on the debtor's rating transition forecasts, and discounting this at the contracted interest rate before the easing of loan terms.

The rating transition forecasts are based on the situation of the debtor in addition to the historical rating transition rate.

c. Impact on the consolidated financial statements for the year ending 31 March 2026

If the assumption applied to the initial estimate changes due to changes in the business condition of individual borrowers or the actual loan loss rate, there is a possibility that there will be a significant impact on the allowance for doubtful accounts recorded in the consolidated financial statements for the year ending 31 March 2026.

Changes in Accounting Policies

The Bank has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 2022) from the beginning of the current fiscal year.

Current income taxes on income are classified into profit and loss, shareholders' equity and other comprehensive income according to the transaction that is the source of the income.

There is no impact on the consolidated financial statements.

Accounting standards that have not been applicable yet

"Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)

"Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024)

(1) Overview

Similar to international accounting standards, it stipulates the accounting treatment such as recording assets and liabilities for all leases held by a lessee.

(2) Application date

The Bank will apply these accounting standards and guidance from the beginning of the fiscal year ending 31 March 2028.

(3) Effects of the application of the standards

The Bank is currently assessing the effects of these standards.

Additional information

Introduction of Employee Stock Ownership Plan (ESOP)

As part of its welfare program, the Bank has introduced an employee stock ownership plan (ESOP) with the aim of revitalizing the Bank's employee stock ownership plan, encouraging employees to form stable assets, and increasing the Bank's corporate value over the medium to long term.

(1) Summary of the Transaction

The Bank has established an "Employee Stock Ownership Plan" under which employees of the Bank who meet certain requirements are beneficiaries, and the trust acquires the number of shares of the Bank that the stock ownership plan is expected to acquire in a lump sum using funds raised through borrowings over a period of five years after the trust agreement. Thereafter, the acquisition of shares of the Bank by the stock ownership plan will be made through purchase from the trust. At the end of the trust, if there is trust income due to a rise in the stock price, the money will be distributed to the beneficiary employees according to the contribution percentage. In the event that a transfer loss occurs due to a decline in the stock price and the debt related to the trust property remains, the Bank will repay the debt in a lump sum based on the compensation clause of the money consumption loan agreement, and the employees will not bear the burden.

(2) Shares of the Bank remaining in the trust

The shares of the Bank remaining in the trust are recorded as treasury stock in the net assets section based on the book value of the trust. As of the end of the fiscal year, the carrying value of treasury shares was ¥599 million ($4,006 thousand), and the number of treasury shares was 232 thousand.

(3) The carrying value of borrowings recorded under the application of the gross amount method

The book value of borrowings recorded under the application of the gross amount method at the end of the current consolidated fiscal year was ¥605 million ($4,046 thousand).

3. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash and due from the Bank of Japan are considered to be cash and cash equivalents. As at 31 March 2025 and 2024, the reconciliation of cash and cash equivalents in the consolidated statements of cash flows with cash and due from banks in the consolidated balance sheets is as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash and due from banks	¥319,122	¥563,765	$2,134,310
Less: Deposits in banks other than the Bank of Japan	(1,083)	(907)	(7,243)
Cash and cash equivalents	¥318,039	¥562,858	$2,127,067

4. SECURITIES

Securities held by the Group as at 31 March 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
National government bonds	¥238,895	¥187,348	$1,597,746
Local government bonds	286,006	279,112	1,912,828
Corporate bonds	335,043	346,038	2,240,791
Corporate stocks	49,165	50,838	328,819
Other securities	285,129	276,199	1,906,962
	¥1,194,238	¥1,139,535	$7,987,146

The securities placed under unsecured lending agreements, which borrowers have the right to sell or pledge in the amount of ¥140,000 million ($936,330 thousand) and ¥63,100 million as at 31 March 2025 and 2024, respectively, were included in national government bonds.

A. The following tables summarize acquisition costs, book values and fair values of securities with available fair values as at 31 March 2025 and 2024:

(a) Held-to-maturity debt securities

	Millions of yen				
	Book value	Book value	Difference	Gain	Loss
As at 31 March 2025:					
National government bonds	¥45,048	¥44,874	¥(174)	¥596	¥(770)
Local government bonds	9,659	9,260	(399)	–	(399)
Corporate bonds	13,561	13,023	(538)	–	(538)
Other	2,262	1,982	(280)	–	(280)
	¥70,530	¥69,139	¥(1,391)	¥596	¥(1,987)
As at 31 March 2024:					
National government bonds	¥26,821	¥28,595	¥1,774	¥1,774	¥–
Local government bonds	3,791	3,851	60	60	–
Corporate bonds	1,134	1,136	2	3	(1)
Other	2,709	2,570	(139)	0	(139)
	¥34,455	¥36,152	¥1,697	¥1,837	¥(140)

	Thousands of U.S. dollars				
	Book value	Book value	Difference	Gain	Loss
As at 31 March 2025:					
National government bonds	$301,284	$300,120	$(1,164)	$3,986	$(5,150)
Local government bonds	64,600	61,931	(2,669)	–	(2,669)
Corporate bonds	90,697	87,099	(3,598)	–	(3,598)
Other	15,128	13,256	(1,872)	–	(1,872)
	$471,709	$462,406	$(9,303)	$3,986	$(13,289)

(b) Available-for-sale securities

Securities below include negotiable certificates of deposit classified as cash and due from banks.

	Millions of yen				
	Acquisition cost	Book value	Difference	Gain	Loss
As at 31 March 2025:					
Corporate stocks	¥15,693	¥47,584	¥31,891	¥32,067	¥(176)
Bonds	830,003	791,676	(38,327)	773	(39,100)
Other	271,444	269,893	(1,551)	9,615	(11,166)
	¥1,117,140	¥1,109,153	¥(7,987)	¥42,455	¥(50,442)
As at 31 March 2024:					
Corporate stocks	¥15,500	¥49,256	¥33,756	¥33,846	¥(90)
Bonds	790,162	780,753	(9,409)	5,070	(14,479)
Other	263,319	264,354	1,035	10,743	(9,708)
	¥1,068,981	¥1,094,363	¥25,382	¥49,659	¥(24,277)

	Thousands of U.S. dollars				
	Acquisition cost	Book value	Difference	Gain	Loss
As at 31 March 2025:					
Corporate stocks	$104,956	$318,245	$213,289	$214,466	$(1,177)
Bonds	5,551,117	5,294,783	(256,334)	5,169	(261,503)
Other	1,815,436	1,805,063	(10,373)	64,306	(74,679)
	$7,471,509	$7,418,091	$(53,418)	$283,941	$(337,359)

B. There were no sales of held-to-maturity debt securities for the years ended 31 March 2025 and 2024.

Total sales of available-for-sale securities in the years ended 31 March 2025 and 2024 amounted to ¥13,958 million ($93,352 thousand) and ¥11,105 million, respectively. The related gains and losses amounted to ¥134 million ($896 thousand) and ¥584 million ($3,906 thousand), respectively, in the year ended 31 March 2025, and ¥1,023 million and ¥1,059 million, respectively, in the year ended 31 March 2024.

C. Available-for-sale securities written down for the years ended 31 March 2025 and 2024 amounted to ¥4 million ($27 thousand) and ¥7 million, respectively.

D. Net unrealized holding gains on available-for-sale securities on the consolidated balance sheets as at 31 March 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net unrealized holding gains before deferred tax on:			
Available-for-sale securities (Note)	¥(7,890)	¥25,323	$(52,769)
Deferred tax assets	3,048		20,385
Deferred tax liabilities	(495)	(7,544)	(3,310)
Net unrealized holding gains before interest adjustment	(5,337)	17,779	(35,694)
Amount equivalent to non-controlling interests	–	–	–
Net unrealized holding gains on available-for-sale securities	¥(5,337)	¥17,779	$(35,694)

Note: The balance as at 31 March 2025 includes ¥97 million ($649 thousand) of net unrealized holding losses on available-for-sale securities, which are component assets of investment limited partnerships classified as securities whose fair value is not stated on the balance sheet. The balance as at 31 March 2024 includes ¥58 million of net unrealized holding gains on available-for-sale securities, which are component assets of investment limited partnerships classified as securities for which it is extremely difficult to determine fair values.

E. Equity securities issued by unconsolidated subsidiaries and affiliated companies are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Shares	¥–	¥20	$–
Investments	2,176	1,319	14,553

5. MONEY HELD IN TRUST

Money held in trust for trading purposes as at 31 March 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Money held in trust for trading purposes:			
Carrying amount	¥5,599	¥5,722	$37,446
Realized gains (losses) included in earnings	–	(40)	–

There was no money held in trust for held-to-maturity purposes

Money held in trust other than for trading purposes and held-to-maturity purposes as at 31 March 2025 and 2024 consisted of the following:

	Millions of yen				
	Book value	Cost	Difference	The amount recorded on the book value exceeding the acquisition cost	The amount recorded on the book value not exceeding the acquisition cost
As at 31 March 2025:	¥880	¥880	¥–	¥–	¥–
As at 31 March 2024:	¥–	¥–	¥–	¥–	¥–

	Thousands of U.S. dollars				
	Book value	Cost	Difference	The amount recorded on the book value exceeding the acquisition cost	The amount recorded on the book value not exceeding the acquisition cost
As at 31 March 2025:	$5,886	$5,886	$–	$–	$–

Note: The amount recorded on the book value exceeding the acquisition cost and The amount recorded on the book value not exceeding the acquisition cost are the breakdown of the difference.

6. FINANCIAL INSTRUMENTS

(1) Overview

a. Policy for financial instruments

The Group provides financial services, mainly focusing on banking businesses such as deposit-taking, grant of loans, trading of securities and investment in securities, as well as lease operation and credit card operation.

For its main operations, the Group raises funds through deposits, call money, etc. and applies them to loans receivable and investment in securities. Therefore, the financial assets and liabilities of the Group tend to be affected by interest rate fluctuations, and are exposed to risks stemming from changes in financial market environments (interest rate risks and price fluctuation risks), as well as to risks arising from fund shortage.

The Group manages those risks using the asset liability management (ALM) method in order to appropriately control the balance between revenues and risks in consideration of the status of the financial assets and liabilities, trend of financial markets, policies for fund management and investment policies. The Group uses derivatives for the purpose of reducing risks, but not for speculative purposes.

b. Types of financial instruments and related risks

The financial assets of the Bank consist mainly of loans for domestic enterprises and individuals and investment securities.

Loans are exposed to credit risks stemming from defaults of borrowers. The largest industrial category of loans as of the current fiscal year end was individuals, followed by local governments, financial industries and insurance industries, real estate industries, leasing industries, and loans are mostly distributed in each industry.

Securities fundamentally constitute bonds, stocks and investment trusts, which are held for investing purposes, held-to-maturity purposes and maintaining business relationships, while trading account securities are held for trading purposes. These are exposed to credit risks of issuers, interest rate risks and risks stemming from fluctuation of market prices.

Liabilities, such as deposits, corporate bonds and call money, are exposed to risks arising from fluctuation of interest rates stemming from mismatch between interests or periods of assets and liabilities. In addition, these are exposed to risks of fund shortage where the Bank fails to control cash receipts and disbursement due to unexpected fund outflow and suffers losses from imposed unusual high interest rates, as well as market liquidity risks where the Bank fails to raise funds owing to market shrinkage and is obliged to enter into unusual unfavorable transactions.

Regarding derivative transactions, the Bank enters into interest rate swap contracts in terms of the ALM control and applies hedge accounting to them as hedging instruments for interest rate risks on loans and bonds as hedged items. The Bank evaluates the effectiveness of the hedge based on accumulated fluctuation of cash flows of hedging instruments and hedged items for the periods beginning from the implementation of the hedging to the date of the evaluation and analysis on them.

Furthermore, there are other interest rate swap contracts (hedging instruments) and loans and bonds (hedged items), which are treated under the exceptional method.

c. Monitoring of credit risks

In accordance with the internal policies of the Bank for managing credit risks arising from loans, each related division monitors credit worthiness of its customers periodically and due dates and outstanding balances by individual customer. In addition, the Bank makes efforts to identify and mitigate risks of bad debts from customers who face financial difficulties.

The results of the monitoring above are carried out by each sales department and office, the structured finance office, the examination department, and the risk management department, and are regularly reported to the board of directors, and the results of monitoring internal rating, loan portfolios and quantification of credit risks are reported to the credit risk committee on a quarterly basis. The Audit Division strictly reviews the results to ensure that the monitoring procedures function properly.

Credit risks of issuers of securities and counterparty risks of derivative transactions are controlled through periodic reviews on credit information and fair value of securities by the Financial Markets Division.

d. Monitoring of market risks

(Interest rate risks)

The risks arising from fluctuations in interest rates are controlled using the ALM by the ALM committee, with reference to the discussion at the fund management meeting and interest rate analysis group meeting, through monitoring and analysis of the execution of the ALM and the discussion of future actions. Concretely, the results of the monitoring above are reported on a monthly basis to the ALM committee using gap analysis or interest rate sensitivity analysis such as BPV and VaR. Derivative instruments such as interest rate swap contracts to hedge interest rate risks are used in terms of the ALM.

(Foreign currency exchange risks)

Foreign currency swap contracts and foreign currency exchange swap contracts are used in order to control the foreign currency exchange risks.

(Price fluctuation risks)

In accordance with the internal policies of the Bank on managing market related risks, the risks arising from fluctuation of market price of investment securities are controlled through a daily VaR based on certain holding periods and confidence intervals by confirming whether the quantities of the Bank’s risk fall under a certain portion of equity capital or not. Upper limits on losses on an aggregate or a realization basis are defined to control losses on a daily basis. These results are reported by the Risk Management Division to the management on a daily basis.

Investments in securities by the Financial Markets Division are executed in accordance with the investable items and investing guidelines prescribed in the market business operation standards, the market risk management standards and the primary polices on investing, and controlled through continuous monitoring. The information related to the market environment and the investment status is reported to the management on a regular basis.

(Derivative transactions)

In conducting derivative transactions, each division responsible for the execution of transactions, and evaluation of effectiveness of the hedging and related administration is clearly identified, following the hedge transaction guidelines, the market business operation standards and the market risk management standards, with setting up segregation of duties and checking systems.

(Information on volume of market risk)

The Bank employs the variance-covariance method (confidence interval of 99%, observation period of one year) in calculating VaR of deposits, loans receivable and securities (investments in bond, investments in stock, shares held for policy reasons, investments in trust). The holding period used as a parameter for the calculation is set as six months for deposits, loans receivable and shares held for policy reasons, and three months for investments in bond, investments in stock and investments in trust.

The volume of market risk, which is supposed to be estimated losses, as at 31 March 2025 was ¥28,366 million ($189,714 thousand).

For securities, the Bank periodically verifies the effectiveness of risk measurement by a back-testing protocol that compares the volume under VaR with the amount of actual gains or losses. As a result of conducting the back-testing protocol, the Group believes that the method undertaken provides a reliable indicator of the market risks. The method of variance and covariance that the Bank uses to measure the volume under VaR assumes that changes in the market follow a normal distribution. Accordingly, under conditions subject to changes in the market exceeding the assumption, risks may be underestimated.

e. Monitoring of liquidity risks

The Bank adequately manages its liquidity risks based on various internal quantitative standards prescribed in liquidity risks management regulations, monitoring its liquidity position on a daily basis with minimum fund reserve established twice a year.

f. Supplementary explanation of the estimated fair value of financial instruments

Since various assumptions and factors are used in estimating the fair value of financial instruments, different assumptions and factors could result in different fair values.

(2) Fair value of financial instruments

The carrying amounts and the fair value of financial instruments as at 31 March 2025 and 2024 are as follows.

	Millions of yen				Thousands of U.S. dollars	
	2025		2024		2025	
	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts	Fair value
Assets:						
Monetary claims bought	¥3,915	¥3,635	¥4,350	¥4,211	$26,184	$24,311
Money held in trust	6,479	6,479	5,722	5,722	43,332	43,332
Securities						
Held-to-maturity debt securities	68,268	67,157	31,745	33,582	456,581	449,151
Available-for-sale securities	1,109,153	1,109,153	1,094,363	1,094,363	7,418,092	7,418,091
Loans and bills discounted	2,197,658		2,091,126		14,698,087	
Allowance for doubtful accounts	(14,166)		(13,605)		(94,743)	
	2,183,492	2,154,276	2,077,521	2,063,457	14,603,344	14,407,945
Liabilities:						
Deposits	3,413,738	3,413,104	3,476,929	3,476,959	22,831,314	22,827,073
Borrowed money	169,276	169,269	231,077	231,072	1,132,129	1,132,083
Derivative transactions:						
Derivative instruments not qualifying for hedge accounting	515	515	(644)	(644)	3,444	3,444
Derivative instruments qualifying for hedge accounting	4,000	3,567	72	(1,165)	26,752	23,856

Note 1: Book values of shares, etc. that do not have a market price and investments in partnerships as at 31 March 2025 and 2024:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Available-for-sale securities	¥16,817	¥13,427	$112,473

Note 2: Redemption schedule for monetary receivables and securities with maturity dates after the balance sheet date:

	Millions of yen					
	2025					
	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 and within ten years	Over ten years
Due from banks (*1)	¥292,635	¥–	¥–	¥–	¥–	¥–
Call loans and bills bought	–	–	–	–	–	–
Monetary claims bought	1,653	–	–	–	–	2,262
Securities						
Held-to-maturity debt securities	–	1,996	–	9,721	56,551	–
Mainly consist of the following:						
National bonds	–	1,996	–	–	43,051	–
Local government bonds	–	–	–	6,721	2,939	–
Corporate bonds	–	–	–	3,000	10,561	–
Available-for-sale securities	61,894	223,288	282,635	153,452	200,392	95,129
Mainly consist of the following:						
National bonds	2,994	39,621	24,955	34,296	25,434	66,548
Local government bonds	3,000	20,626	68,999	71,966	111,755	–
Corporate bonds	30,693	88,916	104,252	21,111	52,161	13,830
Loans and bills discounted	300,053	428,821	380,684	209,329	205,644	481,286
Deposits	3,308,312	92,931	11,968	119	408	–
Payables under securities lending transactions	–	–	–	–	–	–
Borrowed money (*2)	48,006	12	12	12	18	25

	Millions of yen					
	2024					
	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 and within ten years	Over ten years
Due from banks (*1)	¥527,510	¥–	¥–	¥–	¥–	¥–
Call loans and bills bought	51,000	–	–	–	–	–
Monetary claims bought	1,641	–	–	–	–	2,709
Securities						
Held-to-maturity debt securities	–	1,994	–	–	29,751	–
Mainly consist of the following:						
National bonds	–	1,994	–	–	24,827	–
Local government bonds	–	–	–	–	3,791	–
Corporate bonds	–	–	–	–	1,134	–
Available-for-sale securities	93,440	141,316	302,548	184,018	171,641	102,950
Mainly consist of the following:						
National bonds	7,786	8,993	17,895	47,520	10,662	67,671
Local government bonds	10,981	13,199	72,501	99,168	79,472	–
Corporate bonds	49,243	64,235	115,084	19,344	65,580	18,873
Loans and bills discounted	306,697	424,583	345,836	185,542	184,932	452,569
Deposits	3,374,889	94,573	6,890	153	424	–
Payables under securities lending transactions	–	–	–	–	–	–
Borrowed money (*2)	6	12	12	12	18	31

Notes:*1 Due from banks with no maturity date is included in “Within one year.”

*2 Borrowed money is stated for those that bear interest. Among the loans, loans related to the Employee Stock Ownership Association Trust-type ESOP are not included in the above repayment schedule because there is no stipulation of the repayment amount for each installment repayment date.

	Thousands of U.S. dollars					
	2025					
	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 and within ten years	Over ten years
Due from banks (*1)	$1,957,163	$—	$—	$—	$—	$—
Call loans and bills bought	–	–	–	–	–	–
Monetary claims bought	11,055	–	–	–	–	15,129
Securities						
Held-to-maturity debt securities	–	13,349	–	65,015	378,217	–
Mainly consist of the following:						
National bonds	–	13,349	–	–	287,928	–
Local government bonds	–	–	–	44,951	19,656	–
Corporate bonds	–	–	–	20,064	70,633	–
Available-for-sale securities	413,951	1,493,365	1,890,282	1,026,297	1,340,235	636,229
Mainly consist of the following:						
National bonds	20,024	264,988	166,901	229,374	170,104	445,078
Local government bonds	20,064	137,948	461,470	481,314	747,425	–
Corporate bonds	205,277	594,676	697,245	141,192	348,856	92,496
Loans and bills discounted	2,006,775	2,867,984	2,546,041	1,400,007	1,375,361	3,218,874
Deposits	22,126,217	621,529	80,043	796	2,729	–
Payables under securities lending transactions	–	–	–	–	–	–
Borrowed money (*2)	321,067	80	80	80	120	167

Notes:*1 Due from banks with no maturity date is included in “Within one year.”

*2 Borrowed money is stated for those that bear interest. Among the loans, loans related to the Employee Stock Ownership Association Trust-type ESOP are not included in the above repayment schedule because there is no stipulation of the repayment amount for each installment repayment date.

(3) Fair value information by level within the fair value hierarchy

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 measurement.

a. Financial instruments measured at fair value

	Millions of yen			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥–	¥–	¥–	¥–
Money held in trust	–	6,479	–	6,479
Securities				
Available-for-sale securities	266,864	782,252	53,186	1,102,302
Mainly consist of the followings:				
National bonds and municipal bonds	193,848	276,346	–	470,194
Corporate bonds	–	307,096	14,386	321,482
Corporate stocks	47,584	–	–	47,584
Other securities (*1 and *2)	25,432	198,810	38,800	263,042
Derivative transactions:				
Interest rate	–	4,108	–	4,108
Forward foreign exchange	–	516	–	516
Others	–	–	4	4
Derivative transactions:				
Interest rate	–	541	–	541
Forward foreign exchange	–	1	–	1
Others	–	–	4	4

Notes: *1 Securities do not include investment trusts that apply the treatment in which net asset value is regarded as fair value in accordance with Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, 17 June 2021). The consolidated balance sheet amount of investment trusts that apply the treatment stipulated in Paragraph 24-9 is ¥6,851 million ($45,820 thousand).

*2 Reconciliation of the beginning balance to the ending balance of investment trusts that apply the treatment stipulated in Paragraph 24-9

	Millions of yen							
	2025							
		Profit/Loss or other comprehensive income for the period						
	Beginning balance	Recorded in profit/loss (*1)	Recorded in other comprehensive income (*2)	Net amount of purchase, sales, issuances and redemptions	Amount for which the net asset value of investment trusts is regarded as fair value	Amount for which the net asset value of investment trusts is not regarded as fair value	Ending balance	Valuation gains (losses) on investment trusts held at the balance sheet date recognized in profit/loss for the period (*1)
Investment trusts	¥5,956	¥–	¥94	¥801	¥–	¥–	¥6,851	¥–

	Thousands of U.S. dollars							
	2025							
		Profit/Loss or other comprehensive income for the period						
	Beginning balance	Recorded in profit/loss (*1)	Recorded in other comprehensive income (*2)	Net amount of purchase, sales, issuances and redemptions	Amount for which the net asset value of investment trusts is regarded as fair value	Amount for which the net asset value of investment trusts is not regarded as fair value	Ending balance	Valuation gains (losses) on investment trusts held at the balance sheet date recognized in profit/loss for the period (*1)
Investment trusts	$39,834	$–	$629	$5,357	$–	$–	$45,820	$–

Notes: *1 There is no amount recorded in profit or loss for the current period.

*2 Included in the “net unrealized holding losses on available-for-sale securities” under “other comprehensive losses” in the consolidated statements of comprehensive income.

	Millions of yen			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥–	¥–	¥–	¥–
Money held in trust	–	5,722	–	5,722
Securities				
Available-for-sale securities	229,493	800,635	58,278	1,088,406
Mainly consist of the followings:				
National bonds and municipal bonds	152,741	283,107	–	435,848
Corporate bonds	–	326,605	18,300	344,905
Corporate stocks	49,256	–	–	49,256
Other securities (*1 and *2)	27,496	190,923	39,978	258,397
Derivative transactions:				
Interest rate	–	943	–	943
Forward foreign exchange	–	–	–	–
Others	–	–	5	5
Derivative transactions:				
Interest rate	–	2,108	–	2,108
Forward foreign exchange	–	644	–	644
Others	–	–	5	5

Notes: *1 Securities do not include investment trusts that apply the treatment in which net asset value is regarded as fair value in accordance with Paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, 17 June 2021). The consolidated balance sheet amount of investment trusts that apply the treatment stipulated in Paragraph 24-9 is ¥5,956 million.

*2 Reconciliation of the beginning balance to the ending balance of investment trusts that apply the treatment stipulated in Paragraph 24-9

	Thousands of U.S. dollars			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	$–	$–	$–	$–
Money held in trust	–	43,332	–	43,332
Securities				
Available-for-sale securities	1,784,805	5,231,755	355,711	7,372,271
Mainly consist of the followings:				
National bonds and municipal bonds	1,296,469	1,848,221	–	3,144,690
Corporate bonds	–	2,053,879	96,214	2,150,093
Corporate stocks	318,245	–	–	318,245
Other securities	170,091	1,329,655	259,497	1,759,243
Derivative transactions:				
Interest rate	–	27,475	–	27,475
Forward foreign exchange	–	3,451	–	3,451
Others	–	–	27	27
Interest rate				
Derivative transactions:				
Interest rate	–	3,618	–	3,618
Forward foreign exchange	–	7	–	7
Others	–	–	27	27

b. Financial instruments other than those measured at fair value

	Millions of yen			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥–	¥–	¥3,635	¥3,635
Securities				
Bonds held for maturity	44,874	22,283	–	67,157
Mainly consist of the followings:				
National bonds and municipal bonds	44,874	9,260	–	54,134
Corporate bonds	–	13,023	–	13,023
Loans and bills discounted	–	17,091	2,137,186	2,154,277
Deposits	–	3,413,104	–	3,413,104
Borrowed money	–	169,269	–	169,269

	Millions of yen			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥–	¥–	¥4,211	¥4,211
Securities				
Bonds held for maturity	28,595	4,987	–	33,582
Mainly consist of the followings:				
National bonds and municipal bonds	28,595	3,851	–	32,446
Corporate bonds	–	1,136	–	1,136
Loans and bills discounted	–	11,978	2,051,479	2,063,457
Deposits	–	3,476,959	–	3,476,959
Borrowed money	–	231,072	–	231,072

	Thousands of U.S. dollars			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	$–	$–	$24,311	$24,311
Securities				
Bonds held for maturity	300,120	149,031	–	449,151
Mainly consist of the followings:				
National bonds and municipal bonds	300,120	61,932	–	362,052
Corporate bonds	–	87,099	–	87,099
Loans and bills discounted	–	114,306	14,293,646	14,407,952
Deposits	–	22,827,073	–	22,827,073
Borrowed money	–	1,132,083	–	1,132,083

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

a. Monetary claims bought

For securitized instruments within the monetary claims bought, the fair value is the price obtained from brokers and other sources and is classified as Level 3 fair value based on the input used. Fair value of other transactions with short remaining terms is assumed to approximate book value, and therefore book value is used as fair value and classified as the Level 3 fair value.

b. Money held in trust

For money held in trust, in principle, the fair value is the amount of securities held in trust calculated by the same method as that for "securities" and is classified as Level 2 fair value.

Notes regarding money held in trust by purpose of holding are described in Note "5. MONEY HELD IN TRUST."

c. Held-to-maturity debt securities and available-for-sale securities

Securities for which unadjusted quoted market prices in active markets are available are classified as Level 1 fair value. This mainly includes listed stocks and government bonds. Even if a quoted market price is used, if the market is not active, the item is classified as Level 2 fair value. This mainly includes municipal bonds and corporate bonds. In addition, for investment trusts that do not have a transaction price in the market, if there is no material restrictions that would require compensation for the risk from market participants with respect to cancellation or repurchase requests, the fair value is the net asset value and is classified as a level 2 fair value. For corporate bonds, etc. for which the market price is not available, the fair value is the price obtained from the broker and other sources and is classified as Level 3 fair value based on the input used.

For privately placed bonds without a market price, the fair value is calculated by discounting the total amount of principal and interest at a discount rate reflecting market interest rates, which are adjusted for credit risk and other factors, for each category based on the internal rating of the counterparty and the private placement period. However, for private-placement bonds of potentially bankrupt borrowers, effectively bankrupt borrowers, and bankrupt borrowers, the fair value is the amount obtained by deducting the estimated amount of doubtful accounts from the book value, as with loans and bills discounted. These transactions are classified as Level 3 fair value.

d. Loans and bills discounted

The fair value of loans and bills discounted is calculated by discounting the total amount of principal and interest at a discount rate reflecting market interest rates, which are adjusted for credit risk and other factors, for each category based on the type of loans and bills discounted, internal rating, and loan terms. For loans and bills with floating interest rates, which reflect market interest rates in a short period of time, the book value is used as the fair value because they approximate each other as long as the borrower's credit status has not largely changed since the execution of the loan. As for loans and bills with short-term settlement (within a year), their carrying amounts approximate the fair value.

The estimated uncollectable amount of loans to potentially bankrupt borrowers, effectively bankrupt borrowers, and bankrupt borrowers is calculated based on the estimated disposal value of collateral, the amount deemed collectible from guarantees, or the present value of estimated future cash flows. Therefore, the fair value approximates the carrying amount less estimated bad debts at the closing date, and such amount is used as the fair value. For loans containing credit derivatives, the fair value of such derivatives is reflected. If the effect of unobservable inputs on fair value is significant, the fair value is classified as Level 3 fair value; otherwise, the fair value is classified as Level 2 fair value.

e. Deposits

The fair value of demand deposits that are payable immediately on demand on the balance sheet date is based on the amount of such deposits. The fair value of deposits is based on the present value of the total of principal and interest discounted by an interest rate to be applied if similar new deposits were entered into at the consolidated closing date. These transactions are classified as Level 2 fair value.

f. Borrowed money

Among borrowings, for transactions with variable interest rates and short-term remaining maturities, which reflect market interest rates in a short period of time, the book value is used as the fair value because they approximate each other. For other transactions, the fair value is calculated based on the discounted present value discounted on the estimated future cash flow. As for the discount rate, the replacement rate up to the remaining period of the same kind of product in the market is used. These transactions are classified as Level 2 fair value.

g. Derivative transactions

Since derivative transactions are mainly over-the-counter transactions and there is no quoted market price, the fair value is calculated using valuation methods such as present value techniques according to the type of transaction and the period until maturity. The main inputs used in these valuation techniques are interest rates, exchange rates, etc., and if unobservable inputs are not used or their effects are not significant, they are classified as Level 2 fair value (e.g., in cases of interest rate swap transactions, exchange contract transactions, etc.). In addition, when important non-observable inputs are used, they are classified as Level 3 fair value (e.g., in cases of earthquake derivatives, etc.).

Note 2: Information about Level 3 fair value of financial instruments measured at fair value

(1) Quantitative information on significant unobservable inputs

The quantitative information on significant unobservable inputs at 31 March 2025 and 2024 is as follows.

	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
	2025			
Securities				
Available-for-sale securities	Present value technique	Probability of bankruptcy	0.000% - 22.430%	0.541%

	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
	2024			
Securities				
Available-for-sale securities	Present value technique	Probability of bankruptcy	0.000% - 16.667%	0.608%

(2) Reconciliation of beginning balance and ending balance and valuation gains/losses recognized in profit or loss for the year

A reconciliation of beginning balance and ending balance and valuation gains/losses recognized in profit or loss for the years ended 31 March 2025 and 2024 are as follows.

	Millions of yen							
	2025							
		Profit/Loss or other comprehensive income for the period						
	Beginning balance	Recorded in profit/loss (*1)	Recorded in other comprehensive income (*2)	Net amount of purchase, sales, issuances and settlements	Transfer into Level 3 (*3)	Transfer out of Level 3 (*4)	Ending balance	Valuation gains (losses) on financial assets and financial liabilities held at the balance sheet date recognized in profit/loss for the period (*1)
Securities:								
Other securities	¥58,278	¥–	¥(580)	¥(4,512)	¥–	¥–	¥53,186	¥–
Derivative transactions:								
Other (assets)	5	(8)	–	7	–	–	4	(4)
Other (liabilities)	(5)	8	–	(7)	–	–	(4)	4

Notes: *1 Included in “other operating income” and “other operating expenses” in the consolidated statements of income.

*2 Included in “net unrealized holding losses on available-for-sale securities” under “other comprehensive income in the consolidated statements of comprehensive income.

*3 There was no transfer from Level 2 fair value to Level 3 fair value.

*4 There was no transfer from Level 3 fair value to Level 2 fair value.

	Millions of yen							
	2024							
		Profit/Loss or other comprehensive income for the period						
	Beginning balance	Recorded in profit/ loss (*1)	Recorded in other comprehensive income (*2)	Net amount of purchase, sales, issuances and settlements	Transfer into Level 3 (*3)	Transfer out of Level 3 (*4)	Ending balance	Valuation gains (losses) on financial assets and financial liabilities held at the balance sheet date recognized in profit/loss for the period (*1)
Securities:								
Other securities	¥56,092	¥–	¥32	¥2,154	¥–	¥–	¥58,278	¥–
Derivative transactions:								
Other (assets)	13	(21)	–	13	–	–	5	(8)
Other (liabilities)	(13)	21	–	(13)	–	–	(5)	8

Notes: *1 Included in "other operating income" and "other operating expenses" in the consolidated statements of income.

*2 Included in "net unrealized holding losses on available-for-sale securities" under "other comprehensive income in the consolidated statements of comprehensive income.

*3 There was no transfer from Level 2 fair value to Level 3 fair value.

*4 There was no transfer from Level 3 fair value to Level 2 fair value.

	Thousands of U.S. dollars							
	2025							
		Profit/Loss or other comprehensive income for the period						
	Beginning balance	Recorded in profit/loss (*1)	Recorded in other comprehensive income (*2)	Net amount of purchase, sales, issuances and settlements	Transfer into Level 3 (*3)	Transfer out of Level 3 (*4)	Ending balance	Valuation gains (losses) on financial assets and financial liabilities held at the balance sheet date recognized in profit/loss for the period (*1)
Securities:								
Other securities	$389,767	$–	$(3,879)	$(30,176)	$–	$–	$355,712	$–
Derivative transactions:								
Other (assets)	33	(53)	–	47	–	–	27	(27)
Other (liabilities)	(33)	53	–	(47)	–	–	(27)	27

(3) Description of valuation process used for fair value measurements

The Risk Management Division of the Group has established policies and procedures for measuring fair value, and each division in charge measures fair value accordingly. An independent valuation division verifies 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.

In the market valuation model, we make use of observable data as much as possible. When using quoted prices obtained from third parties, the Group verified whether the prices are valid comparing with the results of recalculation by the Group.

(4) Description of sensitivity of the fair value measurement to changes in significant unobservable inputs

The bankruptcy probability indicates the possibility of bankruptcy occurring, and is an estimate calculated based on past bankruptcy experience of borrowers. A significant increase (decrease) in the loss rate at the time of bankruptcy will cause a significant decline (rise) in fair value.

Derivatives

As stated under “2. SIGNIFICANT ACCOUNTING POLICIES,” the Bank deals in interest rate swaps, currency swaps, and forward exchange contracts.

a. Derivative instruments not qualifying for hedge accounting

Notional amounts, fair value and unrealized gains (losses) as at 31 March 2025 and 2024 were as follows:

(Currency-related transactions)

	Millions of yen						Thousands of U.S. dollars		
	2025			2024			2025		
	Notional amounts	Fair value	Unrealized gains (losses)	Notional amounts	Fair value	Unrealized gains (losses)	Notional amounts	Fair value	Unrealized gains (losses)
Forward foreign exchange:									
Sell	¥26,990	¥515	¥515	¥25,243	¥(643)	¥(643)	$180,511	$3,444	$3,444
Buy	–	–	–	1,415	(1)	(1)	–	–	–

Note: Transactions in the table above are revalued at fair value. Unrealized gains (losses) are included in the consolidated statements of income.

(Earthquake derivatives)

	Millions of yen						Thousands of U.S. dollars		
	2025			2024			2025		
	Notional amounts	Fair value	Unrealized gains (losses)	Notional amounts	Fair value	Unrealized gains (losses)	Notional amounts	Fair value	Unrealized gains (losses)
Earthquake derivatives:									
Sell	¥535	¥(4)	¥–	¥1,020	¥(5)	¥–	$3,578	$(27)	$–
Buy	535	4	–	1,020	5	–	3,578	27	–

b. Derivative instruments qualifying for hedge accounting

Notional amounts and fair value as at 31 March 2025 and 2024 were as follows:

(Interest-related transactions)

	Millions of yen				Thousands of U.S. dollars	
	2025		2024		2025	
	Notional amounts	Fair value	Notional amounts	Fair value	Notional amounts	Fair value
Interest rate swap:						
Receive floating rate/Pay fixed rate (Deferral method)	¥64,120	¥4,000	¥45,090	¥72	$428,839	$26,752
Receive floating rate/Pay fixed rate (Exceptional method)	22,000	(433)	22,000	(1,237)	147,138	(2,896)

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as at 31 March 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Bills discounted	¥1,045	¥1,414	$6,989
Loans on notes	44,650	41,879	298,622
Loans on deeds	1,960,840	1,857,165	13,114,232
Overdrafts	191,123	190,668	1,278,244
	¥2,197,658	¥2,091,126	$14,698,087

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Committee Practical Guideline No. 24. The Group has the right to sell or pledge commercial bills discounted without restrictions. The total face values as at 31 March 2025 and 2024 were ¥1,045 million ($6,989 thousand) and ¥1,414 million, respectively.

The Group is required to disclose loans to customers who meet specific criteria in accordance with the Banking Act. Doubtful loans as at 31 March 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Bankrupt and quasi-bankrupt loans	¥8,721	¥8,358	$58,327
Doubtful loans	39,908	34,870	266,907
Loans past due three months or more	1	2	7
Restructured loans, including loans to borrowers financially assisted by the Bank	8,733	8,784	58,407
Total	¥57,363	¥52,014	$383,648

8. PLEDGED ASSETS

As at 31 March 2025, deposits of ¥16,100 million ($107,678 thousand) and borrowed money of ¥167,800 million ($1,122,258 thousand) were secured by a pledge of securities in the amount of ¥339,362 million ($2,269,676 thousand) and guarantee money deposits in the amount of ¥73 million ($488 thousand). As at 31 March 2024, deposits of ¥12,075 million and borrowed money of ¥229,900 million were secured by a pledge of securities in the amount of ¥327,302 million and guarantee money deposits in the amount of ¥72 million. In addition to the abovementioned assets pledged as collateral, the Group provided other assets in the amount of ¥30,000 million ($200,642 thousand) and ¥30,000 million as collateral for transactions such as exchange settlement transactions as at 31 March 2025 and 2024, respectively.

Other assets include cash collateral paid for financial instruments, guarantee deposits and lease deposits in the amount of nil and ¥1,872 million, ¥80 million ($535 thousand) and ¥81 million, and ¥110 million ($736 thousand) and ¥112 million as at 31 March 2025 and 2024, respectively.

9. COMMITMENT LINE AGREEMENTS

Commitment line agreements are agreements to lend customers a prescribed amount when they apply for borrowing, unless there is violation of the conditions of the agreements. The amounts of unused commitment line related to such agreements as at 31 March 2025 and 2024 were ¥639,162 million ($4,274,759 thousand) and ¥639,738 million, respectively. The amounts of commitment line agreements, having a condition that the original agreement period would be less than one year or unconditionally cancelable at any time, were ¥597,874 million ($3,998,622 thousand) and ¥597,105 million as at 31 March 2025 and 2024, respectively. The amount of unused commitment line does not necessarily affect the future cash flows of the Group because most of such agreements were terminated without being used. The majority of these agreements contain provisions that stipulate that the Group may refuse to make loans or may decrease the commitment line for reasons including certain changes in financial conditions or security for the loans. When entering into loan agreements with the customers, the Group requests pledges of collateral in the form of premises or securities if necessary. After entering into loan agreements, the Bank periodically checks the financial condition of the customers based on its internal rules and performs certain actions relating to the security of the loans if necessary.

10. OTHER ASSETS

Other assets as at 31 March 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Accrued income	¥4,267	¥3,437	$28,538
Other	54,213	51,909	362,580
	¥58,480	¥55,346	$391,118

11. PREMISES AND EQUIPMENT

Premises and equipment as at 31 March 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Land	¥8,040	¥8,044	$53,772
Buildings	33,605	33,632	224,753
Equipment	9,103	8,874	60,881
Leased assets	79	77	528
Other	793	706	5,304
	51,620	51,333	345,238
Accumulated depreciation	38,030	37,281	254,347
	¥13,590	¥14,052	$90,891

To conform with the Companies Act of Japan, deferred gains on sale of real estate in the amount of ¥771 million ($5,157 thousand) and ¥771 million as at 31 March 2025 and 2024, respectively, were deducted from the acquisition cost of premises and equipment.

12. INTANGIBLE ASSETS

Intangible assets as at 31 March 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Software	¥1,438	¥1,594	$9,617
Leased assets	–	11	–
Other	56	250	375
	¥1,494	¥1,855	$9,992

13. DEPOSITS

Deposits as at 31 March 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Current deposits	¥58,141	¥59,646	$388,851
Ordinary deposits	2,233,911	2,257,366	14,940,550
Deposits at notice	200	365	1,338
Time deposits	864,099	883,096	5,779,153
Other deposits	41,671	36,330	278,699
Negotiable certificates of deposit	215,716	240,126	1,442,723
	¥3,413,738	¥3,476,929	$22,831,314

14. OTHER LIABILITIES

Other liabilities as at 31 March 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Accrued income taxes	¥1,800	¥1,460	$12,039
Accrued expenses	2,797	2,201	18,707
Unearned income	926	660	6,193
Lease obligations	1,285	1,349	8,594
Other	23,422	8,233	156,648
	¥30,230	¥13,903	$202,181

15. CONTINGENT LIABILITIES, ACCEPTANCES AND GUARANTEES

All contingent liabilities including letters of credit, acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, customers' liabilities for acceptances and guarantees are shown on the asset side, which represent the Group's right of indemnity from customers.

The amount of guarantee obligation for privately placed bonds (Financial Instruments and Exchange Act, Article 2, Paragraph 3), out of bonds included in securities, stood at ¥14,613 million ($97,733 thousand) as at 31 March 2025 compared with ¥18,432 million as at 31 March 2024.

16. EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

The Group has adopted funded and unfunded defined benefit plans to prepare for the employees' retirement benefits. In addition, as of 1 April 2016, the Bank transferred part of the defined benefit plans (excluding the portion for vested pensioners in a waiting period and current pensioners) to defined contribution plans.

Under the defined benefit pension plan, which is a funded plan, employees receive lump-sum payments or pensions based on salaries and service periods; additionally, under this plan, a cash balance plan has been introduced. Each beneficiary has a hypothetical individual account under the defined benefit pension plan, where contributions by the Bank and source of pension payments for each beneficiary are accumulated. In hypothetical individual accounts, interest credits based on trends in market interest rates and benefit credits based on the salary level are accumulated. In addition, the Bank has set up retirement benefit trusts related to the defined benefit pension plan.

Under the lump-sum retirement benefit plan (an unfunded plan that has become a funded plan as a result of setting up retirement benefit trusts.), predetermined points based on years of service and job grade are given to each beneficiary annually, and employees receive lump-sum payments, which are calculated by multiplying the unit price of points with the accumulated points at the time of retirement, as retirement benefits.

A consolidated subsidiary adopts the simplified method in calculating net defined benefit liability and retirement benefit expenses.

Defined benefit plans

(i) Change in projected benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at the beginning of the year	¥22,786	¥23,200	$152,394
Service costs (including the amount of employee contributions)	639	656	4,274
Interest costs	173	177	1,157
Actuarial differences	(1,650)	75	(11,035)
Retirement benefits paid	(1,092)	(1,322)	(7,304)
Balance at the end of the year	¥20,856	¥22,786	$139,486

Note: Since the consolidated subsidiaries, which adopt the simplified method, are insignificant, the net defined benefit liability, retirement benefit expenses, retirement benefits paid are included in the accounts above. All retirement benefit expenses are included in service costs.

(ii) Change in plan assets

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at the beginning of the year	¥32,178	¥29,161	$215,209
Expected return on plan assets	679	618	4,541
Actuarial differences	(1,415)	2,611	(9,464)
Employer contributions	372	517	2,488
Employee contributions	50	51	335
Retirement benefits paid	(767)	(780)	(5,130)
Balance at the end of the year	¥31,097	¥32,178	$207,979

(iii) Reconciliation of projected benefit obligation and plan assets with net defined benefit liability (asset)

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Funded projected benefit obligation	¥20,794	¥22,719	$139,072
Plan assets	(31,097)	(32,178)	(207,979)
	(10,303)	(9,459)	(68,907)
Unfunded projected benefit obligation	62	67	414
Net liability (asset) recognized in consolidated balance sheets	¥(10,241)	¥(9,392)	$(68,493)
Net defined benefit liability	790	67	5,283
Net defined benefit asset	(11,031)	(9,459)	(73,776)
Net liability (asset) recognized in consolidated balance sheets	¥(10,241)	¥(9,392)	$(68,493)

Note: The table above includes the plans to which the simplified method is applied.

(iv) Retirement benefit expenses and their breakdown

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Service costs (excluding the amount of employee contributions)	¥589	¥605	$3,939
Interest costs	174	177	1,164
Expected return on plan assets	(679)	(618)	(4,541)
Amortization of actuarial differences	80	288	535
Retirement benefit expenses	¥164	¥452	$1,097

Note: The retirement benefit expenses of the consolidated subsidiaries adopting the simplified method are included in service costs.

(v) Remeasurements of defined benefit plans in other comprehensive income

The component of items recognized in remeasurements of defined benefit plans (pretax) in other comprehensive income was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Actuarial differences	¥315	¥2,824	$2,106
Total	¥315	¥2,824	$2,106

(vi) Remeasurements of defined benefit plans in accumulated other comprehensive income

The component of items recognized in remeasurements of defined benefit plans (pretax) in accumulated other comprehensive income was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized actuarial differences	¥ 1,170	¥ 855	$7,825
Total	¥ 1,170	¥ 855	$7,825

(vii) Plan assets

(a) Percentage by major category of plan assets are as follows:

	2025	2024
Bonds	22%	48%
Equities	17%	33%
General account	12%	11%
Cash and deposits	45%	3%
Other	4%	5%
Total	100%	100%

Retirement benefit trusts set up for defined benefit pension plans accounted for 18% and 18% of total plan assets for the years ended 31 March 2025 and 2024, respectively. In addition, retirement benefit trusts set up for the lump-sum retirement benefit plans accounted for 26% and 26% of total plan assets for the years ended 31 March 2025 and 2024, respectively.

(b) Procedure for determining long-term expected rate of return on plan assets

In determining a long-term expected rate of return on plan assets, the Bank considers the current and projected asset allocations, as well as a current and future long-term expected rate of return for various categories of the plan assets.

(viii) Basis for calculation of actuarial assumptions

The basis for calculation of actuarial assumptions (presented as a weighted-average rate for discount rate and long-term expected rate of return on plan assets) for the years ended 31 March 2025 and 2024 is as follows:

	2025	2024
Discount rate	1.5%	0.8%
Long-term expected rate of return on plan assets	2.1%	2.1%
Expected salary increase rate in defined benefit plans	3.9%	3.9%
Expected salary increase rate in lump-sum retirement benefit plans	7.2%	7.8%

The contributions made by the Bank to defined contribution plans were ¥119 million ($796 thousand) and ¥122 million for the years ended 31 March 2025 and 2024, respectively.

17. INCOME TAXES

The Group is subject to a number of taxes based on income such as corporation, inhabitant and enterprise taxes, which, in the aggregate, indicated a statutory tax rate in Japan of approximately 30.4% and 30.4% for the years ended 31 March 2025 and 2024, respectively.

Significant components of the Group's deferred tax assets and liabilities as at 31 March 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Allowance for doubtful accounts	¥4,379	¥4,244	$29,287
Net defined benefit liability	1,056	1,107	7,063
Accumulated depreciation	1,129	1,099	7,551
Securities	299	348	2,000
Deferred hedge	34	265	227
Net unrealized holding gains on available-for-sale securities	3,048	−	20,385
Other	1,455	1,405	9,731
Subtotal	11,400	8,468	76,244
Valuation allowance	(3,600)	(3,601)	(24,077)
Total deferred tax assets	7,800	4,867	52,167
Deferred tax liabilities:			
Net unrealized holding gains on available-for-sale securities	(594)	(7,645)	(3,972)
Deferred gains on sale of real estate	(379)	(374)	(2,535)
Deferred hedge	(1,286)	(287)	(8,601)
Other	(2)	(1)	(13)
Total deferred tax liabilities	(2,261)	(8,307)	(15,121)
Net deferred tax assets (liabilities)	¥5,539	¥(3,440)	$37,046

The following summarizes the significant difference between the statutory tax rate and the Bank's effective tax rate for the years ended 31 March 2025 and 2024.

	2025	2024
Statutory tax rate	30.4%	30.4%
Non-deductible expenses	0.2	0.4
Non-taxable income	(0.9)	(1.0)
Per capita inhabitant taxes	0.4	0.6
Valuation allowance	(1.1)	7.4
Revision of year-end deferred tax assets (liabilities) due to tax rate changes	(0.8)	
Other, net	0.2	(0.4)
Effective tax rate	28.4%	37.4%

Revision of the amount of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates, etc.

With the enactment of the "Act for Partial Amendment to the Income Tax Act, etc." (Act No. 13 of 2025) by the Diet on March 31, 2025, the "Defense Special Corporate Tax" will be imposed from the fiscal year beginning on or after April 1, 2026. Accordingly, the statutory effective tax rate has been changed from 30.4% to 31.3% for deferred tax assets and liabilities related to temporary differences, etc., which are expected to be reversed in the fiscal year beginning on or after April 1, 2026. As a result of this tax rate change, deferred tax assets increased by ¥106 million ($709 thousand), deferred tax liabilities increased by ¥0 million ($0 thousand),

and net unrealized holding gains on available-for-sale securities increased by ¥72 million ($482 thousand), net unrealized gains (losses) on hedging derivatives decreased by ¥36 million ($241 thousand), remeasurements of defined benefit plans decreased by ¥12 million ($80 thousand), and provision for income taxes (deferred) decreased by ¥81 million ($542 thousand).

18. NET ASSETS

Under the Companies Act and the Banking Act of Japan, the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by a resolution of its board of directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

The Companies Act and the Banking Act provide that an amount equal to at least 20% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal earnings reserve until the total amount of legal earnings reserve and additional paid-in capital equals 100% of common stock. The legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or may be capitalized by a resolution of the board of directors. On the condition that the total amount of legal earnings reserve and additional paid-in capital remains equal to or exceeds 100% of common stock, it is available for distribution by a resolution of the shareholders' meeting. Legal earnings reserve is included in retained earnings in the accompanying financial statements.

The maximum amount that the Bank can distribute as dividends is calculated based on the non-consolidated financial statements of the Bank in accordance with the Companies Act.

The number of treasury stock held by the Group was 1,300 thousand shares as at 31 March 2025 and 1,432 thousand shares as at 31 March 2024.

19. STOCK OPTIONS

At the 142nd Ordinary General Meeting of Shareholders held on June 26, 2024, the Bank resolved to introduce a restricted stock compensation plan for directors (excluding directors who are members of the Audit and Supervisory Committee and outside directors). Accordingly, the share-based compensation stock option plan has been abolished, except for those that have already been granted, and stock acquisition rights will not be allocated as share-based compensation stock options thereafter.

1. Share-based compensation expenses accounted for as general and administrative expenses

The balances of stock acquisition rights granted for the stock option plan were ¥68 million ($455 thousand) and ¥221 million as at 31 March 2025 and 2024, respectively.

Restricted stock compensation expenses accounted for as general and administrative expenses for the year ended 31 March 2025 amounted to ¥22 million ($147 thousand) and share-based compensation expenses accounted for as general and administrative expenses for the year ended 31 March 2024 amounted to ¥49 million.

2. Details of stock options, volume and activity

(a) Details of stock options

	2013 stock option plan	2014 stock option plan	2015 stock option plan	2016 stock option plan
Title and number of grantees	Directors of the Bank: 9	Directors of the Bank: 9	Directors of the Bank: 9	Directors of the Bank: 9
Number of stock options by type of shares	Common stock: 13,400 shares	Common stock: 10,400 shares	Common stock: 9,100 shares	Common stock: 12,100 shares
Grant date	24 July 2013	24 July 2014	23 July 2015	25 July 2016
Condition for vesting	Not applicable	Not applicable	Not applicable	Not applicable
Requisite service period	Not applicable	Not applicable	Not applicable	Not applicable
Exercise period	From 25 July 2013 to 24 July 2043	From 25 July 2014 to 24 July 2044	From 24 July 2015 to 23 July 2045	From 26 July 2016 to 25 July 2046

	2017 stock option plan	2018 stock option plan	2019 stock option plan	2020 stock option plan
Title and number of grantees	Directors of the Bank: 9	Directors of the Bank: 7	Directors of the Bank: 7	Directors of the Bank: 7
Number of stock options by type of shares	Common stock: 11,100 shares	Common stock: 10,200 shares	Common stock: 14,500 shares	Common stock: 18,600 shares
Grant date	26 July 2017	25 July 2018	25 July 2019	27 July 2020
Condition for vesting	Not applicable	Not applicable	Not applicable	Not applicable
Requisite service period	Not applicable	Not applicable	Not applicable	Not applicable
Exercise period	From 27 July 2017 to 26 July 2047	From 26 July 2018 to 25 July 2048	From 26 July 2019 to 25 July 2049	From 28 July 2020 to 27 July 2050

	2021 stock option plan	2022 stock option plan	2023 stock option plan
Title and number of grantees	Directors of the Bank: 7	Directors of the Bank: 7	Directors of the Bank: 7
Number of stock options by type of shares	Common stock: 28,000 shares	Common stock: 26,800 shares	Common stock: 26,300 shares
Grant date	27 July 2021	25 July 2022	25 July 2023
Condition for vesting	Not applicable	Not applicable	Not applicable
Requisite service period	Not applicable	Not applicable	Not applicable
Exercise period	From 28 July 2021 to 27 July 2051	From 26 July 2022 to 25 July 2052	From 26 July 2023 to 25 July 2053

Note: Reported in terms of shares of stock.

(b) Volume and activity

The following describes volume and activity that existed during the year ended 31 March 2025. The number of stock options is reported in terms of shares of stock.

(i) Number of stock options

	2013 stock option plan	2014 stock option plan	2015 stock option plan	2016 stock option plan
Before vesting (shares):				
As at 31 March 2024	2,200	2,800	2,400	3,200
Granted	–	–	–	–
Forfeited	–	–	–	–
Vested	2,200	2,800	2,400	3,200
Outstanding	–	–	–	–
After vesting (shares):				
As at 31 March 2024	–	–	–	–
Vested	2,200	2,800	2,400	3,200
Exercised	2,200	2,800	2,400	3,200
Forfeited	–	–	–	–
Outstanding	–	–	–	–

	2017 stock option plan	2018 stock option plan	2019 stock option plan	2020 stock option plan
Before vesting (shares):				
As at 31 March 2024	3,000	3,100	5,600	7,900
Granted	–	–	–	–
Forfeited	–	–	–	–
Vested	3,000	3,100	4,500	6,600
Outstanding			1,100	1,300
After vesting (shares):				
As at 31 March 2024	–	–	–	–
Vested	3,000	3,100	4,500	6,600
Exercised	3,000	3,100	4,500	6,600
Forfeited	–	–	–	–
Outstanding	–	–	–	–

	2021 stock option plan	2022 stock option plan	2023 stock option plan
Before vesting (shares):			
As at 31 March 2024	13,900	22,800	26,300
Granted	–	–	–
Forfeited	–	–	–
Vested	9,900	9,500	9,300
Outstanding	4,000	13,300	17,000
After vesting (shares):			
As at 31 March 2024	–	–	–
Vested	9,900	9,500	9,300
Exercised	9,900	9,500	9,300
Forfeited	–	–	–
Outstanding	–	–	–

(ii) Price information

	2013 stock option plan	2014 stock option plan	2015 stock option plan	2016 stock option plan
Exercise price	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)
Average exercise price	¥2,831 ($18.93)	¥2,831 ($18.93)	¥2,831 ($18.93)	¥2,831 ($18.93)
Fair value at the grant	¥4,119 ($27.55)	¥4,437 ($29.67)	¥5,287 ($35.36)	¥4,032 ($26.97)

	2017 stock option plan	2018 stock option plan	2019 stock option plan	2020 stock option plan
Exercise price	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)
Average exercise price	¥2,831 ($18.93)	¥2,831 ($18.93)	¥2,831 ($18.93)	¥2,831 ($18.93)
Fair value at the grant	¥4,178 ($27.94)	¥4,439 ($29.69)	¥2,693 ($18.01)	¥2,578 ($17.24)

	2021 stock option plan	2022 stock option plan	2023 stock option plan
Exercise price	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)
Average exercise price	¥2,821 ($18.93)	¥2,821 ($18.93)	¥2,821 ($18.93)
Fair value at the grant	¥1,664 ($11.13)	¥1,720 ($11.50)	¥1,865 ($12.47)

3. Valuation method for fair value of stock options

There were no stock options granted for the year ended March 31, 2025.

4. Estimation method for the number of vested stock options

Since it is difficult to make a reasonable estimate on the number of stock options that will be forfeited in the future, the actual number of forfeited stock options is reflected in the estimation.

5. Details, volume, and activity in restricted stock compensation

(1) Details of restricted stock compensation

	August 23, 2024 granted
Categories and number of recipients	5 directors of the Bank (*1)
Number of shares granted by type of shares	Common shares 11,100 shares
Date of grant	August 23, 2024
Eligible work period	The period from the date of the Bank's 142nd Ordinary General Meeting of Shareholders to the Bank's 143rd Ordinary General Meeting of Shareholders scheduled to be held in the following year
Transfer restriction period	Period from the date of grant of restricted stock to the date of retirement from the Bank
Termination conditions	The grantee must continue to hold the position of Director of the Bank from the date of the Bank's 142nd Ordinary General Meeting of Shareholders to the date of the Bank's 143rd Ordinary General Meeting of Shareholders scheduled to be held in the following year
Fair value unit price on grant date	¥2,651 ($17.73)

(*1) Excludes directors and outside directors who are members of the Audit and Supervisory Committee.

(2) Volume and activity of restricted stock compensation

	Granted on August 23, 2024
Before the release of transfer restrictions (share)	
As at 31 March 2024	–
Granted	11,100
Acquisition without consideration	–
Release of transfer restrictions	–
Unreleased	11,100

20. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 March 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Other operating expenses:			
Loss on sale of foreign bills of exchange	¥1,178	¥1,329	$7,879
Loss on sale of bonds	463	936	3,097
Loss on redemption of bonds	1,044	274	6,982
Loss on financial instruments	46	–	307
Other	4,045	3,875	27,053
	¥6,776	¥6,414	$45,318

21. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 March 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Salaries and allowances	¥10,552	¥10,321	$70,572
Fringe benefits and welfare	2,993	2,927	20,017
Retirement benefit expenses	282	574	1,886
Depreciation for premises and equipment	1,828	1,864	12,226
Rental expenses	664	667	4,441
Taxes other than income taxes	1,321	1,265	8,835
Deposit insurance premium	471	465	3,150
Other expenses	6,660	6,471	44,543
	¥24,771	¥24,554	$165,670

22. OTHER INCOME AND EXPENSES

Other income and expenses for the years ended 31 March 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Other income:			
Gain on sale of stocks and other securities	¥132	¥1,023	$883
Gain on disposal of premises and equipment	43	97	288
Gain on bargain purchase	22	–	147
Gain on step acquisition	4	–	26
Other	536	640	3,585
	¥737	¥1,760	$4,929

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Other expenses:			
Provision for allowance for doubtful accounts	¥733	¥1,261	$4,902
Loss on disposal of premises and equipment	53	121	354
Loss on devaluation of stocks and other securities	4	7	27
Loss on sale of stocks and other securities	122	123	816
Impairment losses	49	186	328
Loss on money held in trust	120	44	803
Loss on transfer of receivables	15	19	100
Loss on devaluation of loans and discounts	4	158	27
Provision of contingent losses	160	90	1,070
Other	98	66	655
	¥1,358	¥2,075	$9,082

23. LEASE TRANSACTIONS

A. Finance leases

Current portion of lease obligations and lease obligations (excluding current portion) as at 31 March 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	Average interest rate (%)
	2025	2024	2025	2025
Current portion of lease obligations	¥464	¥500	$3,103	–
Lease obligations (excluding current portion)	821	849	5,491	–
	¥1,285	¥1,349	$8,594	

Note: The average interest rate represents the weighted-average rate applicable to the year-end balance.

The aggregate annual maturities of lease obligations are summarized as follows:

Year ending 31 March	Millions of yen	Thousands of U.S. dollars
	2025	2025
2026	¥464	$3,103
2027	320	2,140
2028	232	1,552
2029	150	1,003
2030 and thereafter	119	796

Year ending 31 March	Millions of yen
	2024
2025	¥500
2026	334
2027	233
2028	161
2029 and thereafter	121

B. Operating leases

(a) As lessee

There were no future lease payments under non-cancelable operating leases as at 31 March 2025 and 2024.

(b) As lessor

Future lease receivables under non-cancelable operating leases as at 31 March 2025 were ¥194 million ($1,297 thousand) including ¥24 million ($160 thousand) due within one year.

Future lease receivables under non-cancelable operating leases as at 31 March 2024 were ¥212 million including ¥24 million due within one year.

24. COMPREHENSIVE INCOME

Reclassification adjustments, income taxes and tax effect amounts of other comprehensive income (loss) for the years ended 31 March 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net unrealized holding losses on available-for-sale securities:			
Amount for the year	¥(34,584)	¥ 12,868	(231,300)
Reclassification adjustment	1,370	10	9,163
Amount before income taxes and tax effect	(33,214)	12,878	(222,137)
Income taxes and tax effect amount	10,098	(3,861)	67,536
Net unrealized holding gains (losses) on available-for-sale securities	(23,116)	9,017	(154,601)
Net unrealized gains on hedging derivatives:			
Amount for the year	3,336	1,257	22,311
Reclassification adjustment	592	462	3,959
Amount before income taxes and tax effect	3,928	1,719	26,270
Income taxes and tax effect amount	(1,230)	(523)	(8,226)
Net unrealized gains on hedging derivatives	2,698	1,196	18,044
Remeasurements of defined benefit plans:			
Amount for the year	235	2,536	1,571
Reclassification adjustment	80	288	535
Amount before income taxes and tax effect	315	2,824	2,106
Income taxes and tax effect amount	(108)	(858)	(722)
Remeasurements of defined benefit plans	207	1,966	1,384
Total other comprehensive income (loss)	¥ (20,211)	¥ 12,179	$ (135,173)

25. PER SHARE DATA

Amounts per share as at 31 March 2025 and 2024 and for the years then ended are as follows:

	Yen		U.S. dollars
	2025	2024	2025
Net assets per share	¥10,733.38	¥11,673.61	$71.79
Net income per share	406.86	245.96	2.72
Diluted net income per share	405.68	244.71	2.71

Amounts per share were calculated based on the following:

	Millions of yen or thousands of shares		Thousands of U.S. dollars
	2025	2024	2025
Net assets per share:			
Total net assets	¥184,658	¥199,436	$1,235,005
Amount to be deducted from total net assets	68	221	455
Stock acquisition rights	68	221	455
Net assets at the end of the fiscal year attributed to common stock	184,590	199,216	1,234,550
Number of shares of common stock at the end of the fiscal year used in computing net assets per share attributed to common stock	17,065	17,065	
Net income per share:			
Net income attributable to owners of parent	6,976	4,226	46,656
Net income attributable to owners of parent attributed to common stock	6,976	4,226	46,656
Average number of shares of common stock during the year	17,147	17,180	
Diluted net income per share:			
Number of increased common stock used in computing diluted net income per share	50	88	
Compensation-type stock options	50	88	

26. SEGMENT INFORMATION

(1) Reportable segment information

a. Description of reportable segments

The Group's reportable segments are those components of the Group for which separate financial information is available and whose operating results are regularly reviewed by the board of directors to decide on the allocation of resources and assess business performance.

The principal business of the Group is financial services primarily focused on domestic commercial banking business. The Group has three reportable segments — "Commercial banking business," "Leasing business" and "Credit card and credit guarantee business" — classified by type of financial services.

"Commercial banking business" consists of deposits, loans, securities investment and foreign exchange operations.

"Leasing business" consists of leasing business etc.

"Credit card and credit guarantee business" consists of credit card and guarantee business.

b. Methods of measurement of the amounts of income, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies for each reportable segment are consistent with those disclosed under “2. SIGNIFICANT ACCOUNTING POLICIES.”

Segment profit is adjusted with ordinary profit. Ordinary profit is profit derived from regular business activities, including wages, dividends and interest.

Intersegment income is based on the prevailing market price.

c. Revenue recognition

Information on disaggregation of revenue from contracts with customers is as presented in the table in d. below.

d. Information about income, profit (loss), assets, liabilities and other items, and information on disaggregation of revenue for each reportable segment

	2025							
	Millions of yen							
	Reportable segment							
	Commercial banking	Leasing	Credit card and credit guarantee	Total	Others	Total	Adjustments	Consolidated
Ordinary income:								
Revenue from contracts with customers	¥7,808	¥–	¥47	¥7,855	¥552	¥8,407	¥–	¥8,407
Revenue from other sources	35,453	4,597	767	40,817	62	40,879	(108)	40,771
Income from external customers	43,261	4,597	814	48,672	614	49,286	(108)	49,178
Intersegment income	444	10	342	796	125	921	(921)	–
Total	43,705	4,607	1,156	49,468	739	50,207	(1,029)	49,178
Segment profit	9,549	167	202	9,918	199	10,117	(337)	9,780
Segment assets	3,797,060	16,471	9,326	3,822,857	1,151	3,824,008	(21,221)	3,802,787
Segment liabilities	3,619,951	12,451	3,078	3,635,480	232	3,635,712	(17,583)	3,618,129
Other items:								
Depreciation	1,804	26	1	1,831	1	1,832	–	1,832
Interest income	34,444	1	40	34,485	0	34,485	(401)	34,084
Interest expense	2,849	64	0	2,913	–	2,913	(64)	2,849
Provision for income taxes	2,621	0	83	2,704	68	2,772	(1)	2,771
Increase in premises and equipment and intangible assets	857	3	–	860	282	1,142	9	1,151

Notes 1. Ordinary income is stated instead of net sales of non-banking industries. Ordinary income other than revenue arising from contracts with customers includes revenue based on the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10), such as loans and securities investment operations.

2. “Others” are business segments not included in the reportable segments, and include the consulting business, regional trading company business and investment business.

3. “Adjustments” are as follows.

(1) The adjustments for income from external customers are primarily adjustments for provision for allowance for doubtful accounts.

(2) The adjustments for segment profit are primarily elimination of intersegment transactions.

(3) The adjustments for segment assets are primarily elimination of intersegment transactions and adjustments for net defined benefit assets.

(4) The adjustments for segment liabilities are primarily elimination of intersegment transactions and adjustments for net defined benefit liability.

(5) The adjustments for interest income are primarily elimination of intersegment transactions.

4. Segment profit is adjusted with ordinary profit in the consolidated statements of income.

	2024							
	Millions of yen							
	Reportable segment							
	Commercial banking	Leasing	Credit card and credit guarantee	Total	Others	Total	Adjustments	Consolidated
Ordinary income:								
Revenue from contracts with customers	¥7,448	¥–	¥64	¥7,512	¥402	¥7,914	¥–	¥7,914
Revenue from other sources	30,823	4,436	802	36,061	60	36,121	(149)	35,972
Income from external customers	38,271	4,436	866	43,573	462	44,035	(149)	43,886
Intersegment income	397	9	370	776	129	905	(905)	–
Total	38,668	4,445	1,236	44,349	591	44,940	(1,054)	43,886
Segment profit	6,625	198	341	7,164	102	7,266	(310)	6,956
Segment assets	3,925,140	15,135	9,277	3,949,552	493	3,950,045	(20,449)	3,929,596
Segment liabilities	3,732,741	11,241	3,113	3,747,095	83	3,747,178	(17,018)	3,730,160
Other items:								
Depreciation	1,842	23	1	1,866	1	1,867	–	1,867
Interest income	28,564	0	38	28,602	0	28,602	(352)	28,250
Interest expense	602	53	1	656	–	656	(52)	604
Provision for income taxes	2,347	32	107	2,486	35	2,521	–	2,521
Increase in premises and equipment and intangible assets	1,290	18	–	1,308	15	1,323	7	1,330

Notes 1. Ordinary income is stated instead of net sales of non-banking industries. Ordinary income other than revenue arising from contracts with customers includes revenue based on the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10), such as loans and securities investment operations.

2. “Others” are business segments not included in the reportable segments, and include the consulting business, regional trading company business and investment business.

3. “Adjustments” are as follows.

(1) The adjustments for income from external customers are primarily adjustments for provision for allowance for doubtful accounts.

(2) The adjustments for segment profit are primarily elimination of intersegment transactions.

(3) The adjustments for segment assets are primarily elimination of intersegment transactions and adjustments for net defined benefit assets.

(4) The adjustments for segment liabilities are primarily elimination of intersegment transactions and adjustments for net defined benefit liability.

(5) The adjustments for interest income are primarily elimination of intersegment transactions.

4. Segment profit is adjusted with ordinary profit in the consolidated statements of income.

	2025							
	Thousands of U.S. dollars							
	Reportable segment							
	Commercial banking	Leasing	Credit card and credit guarantee	Total	Others	Total	Adjustments	Consolidated
Ordinary income:								
Revenue from contracts with customers	$52,221	$ –	$314	$52,535	$3,692	$56,227	$ –	$56,227
Revenue from other sources	237,112	30,745	5,130	272,987	414	273,401	(722)	272,679
Income from external customers	289,333	30,745	5,444	325,522	4,106	329,628	(722)	328,906
Intersegment income	2,969	67	2,287	5,323	837	6,160	(6,160)	–
Total	292,302	30,812	7,731	330,845	4,943	335,788	(6,882)	328,906
Segment profit	63,864	1,117	1,351	66,332	1,331	67,663	(2,254)	65,409
Segment assets	25,394,997	110,159	62,373	25,567,529	7,698	25,575,227	(141,927)	25,433,300
Segment liabilities	24,210,480	83,273	20,586	24,314,339	1,552	24,315,891	(117,596)	24,198,295
Other items:								
Depreciation	12,065	174	7	12,246	7	12,253	–	12,253
Interest income	230,364	7	267	230,638	0	230,638	(2,682)	227,956
Interest expense	19,054	428	0	19,482	–	19,482	(428)	19,054
Provision for income taxes	17,530	0	555	18,085	455	18,540	(7)	18,533
Increase in premises and equipment and intangible assets	5,732	20	–	5,752	1,886	7,638	60	7,698

(2) Other segment-related information

a. Information by service

Information by service for the years ended 31 March 2025 and 2024 is as follows:

	2025			
	Millions of yen			
	Banking	Securities investment	Other	Total
Ordinary income from external customers	¥21,046	¥12,270	¥15,862	¥49,178

	2024			
	Millions of yen			
	Banking	Securities investment	Other	Total
Ordinary income from external customers	¥18,178	¥10,820	¥14,888	¥43,886

	2025			
	Thousands of U.S. dollars			
	Banking	Securities investment	Other	Total
Ordinary income from external customers	$140,757	$82,063	$106,086	$328,906

Note: Ordinary income is stated instead of net sales of non-banking industries.

b. Information by geographic region

i. Ordinary income

Information on ordinary income from domestic customers for the years ended 31 March 2025 and 2024 was omitted, because the amount of ordinary income from domestic customers was more than 90% of consolidated ordinary income.

ii. Premises and equipment

Information on premises and equipment for the years ended 31 March 2025 and 2024 was omitted, because there were no premises and equipment located abroad.

c. Major customers' segment information

Segment information on major customers was not shown for the years ended 31 March 2025 and 2024, since no customer accounted for more than 10% of ordinary income in the consolidated statements of income.

d. Information on impairment of fixed assets for each reportable segment

	2025					
	Millions of yen					
	Reportable segment					
	Commercial banking	Leasing	Credit card and credit guarantee	Total	Others	Total
Impairment losses	¥49	¥–	¥–	¥49	¥–	¥49

	2024					
	Millions of yen					
	Reportable segment					
	Commercial banking	Leasing	Credit card and credit guarantee	Total	Others	Total
Impairment losses	¥186	¥–	¥–	¥186	¥–	¥186

	2025					
	Thousands of U.S. dollars					
	Reportable segment					
	Commercial banking	Leasing	Credit card and credit guarantee	Total	Others	Total
Impairment losses	$328	$–	$–	$328	$–	$328

e. Segment information on amortization of goodwill and its remaining balance

There is no information to be reported on amortization of goodwill and its remaining balance for the years ended 31 March 2025 and 2024.

f. Information on gain on negative goodwill for each reportable segment

Regarding Iwagin Business Creation Capital Co., Ltd. which was an affiliate not accounted for by the equity method, the Bank made it a consolidated subsidiary due to the additional acquisition of its shares. Accordingly, gain on negative goodwill of ¥22 million ($147 thousand) was recorded in the "Other" segment for the year ended 31 2025.

There is no information to be reported on gain on negative goodwill for the year ended 31 2024.

27. RELATED PARTY TRANSACTIONS

(1) Related party transactions

a. Transactions between the Bank and related parties

Transactions with executive officers of the Bank and major shareholders (limited to individuals) and others

There is no significant transaction with executive officers of the Bank and major shareholders to be disclosed for the years ended 31 March 2025 and 2024.

b. Transactions between the Bank's consolidated subsidiaries and related parties

There is no significant transaction to be disclosed between the Bank's consolidated subsidiaries and related parties for the years ended 31 March 2025 and 2024.

(2) Notes to the Bank's parent company and significant affiliates

There is no information to be reported on the notes to the Bank's parent company and significant affiliates for the years ended 31 March 2025 and 2024.

28. SUBSEQUENT EVENTS

Cash dividends

On 24 June 2025, the shareholders of the Bank authorized the following appropriation of retained earnings as at 31 March 2025:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥65 ($0.43) per share)	¥1,133	$7,578