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***The Juroku Financial Group, Inc.  
and Consolidated Subsidiaries***

*Consolidated Financial Statements  
for the Year Ended March 31, 2025*

## The Juroku Financial Group, Inc. and Consolidated Subsidiaries

### Consolidated Balance Sheet

March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2025</u>	<u>2024</u>	<u>2025</u>
ASSETS:			
Cash and due from banks (Note 4)	¥1,076,466	¥ 973,943	\$ 7,199,478
Trading securities (Notes 5 and 26)	10	9	67
Money held in trust (Note 6)	12,027	13,225	80,437
Securities (Notes 5, 7, 11, 12 and 26)	1,307,047	1,473,330	8,741,620
Loans and bills discounted (Notes 7, 12, 26 and 27)	5,003,948	4,838,415	33,466,747
Foreign exchanges (Notes 7 and 8)	7,368	6,225	49,278
Lease receivables and investments in leases (Notes 7 and 25)	57,183	55,455	382,444
Other assets (Notes 7, 9, 12, 26 and 28)	56,324	95,487	376,699
Premises and equipment (Note 10)	55,257	57,558	369,563
Goodwill	2,289	2,741	15,309
Intangible assets	6,164	4,673	41,225
Asset for retirement benefits for employees (Note 16)	20,388	23,822	136,356
Deferred tax assets (Note 24)	523	759	3,498
Customers' liabilities for acceptances and guarantees (Notes 7 and 11)	13,332	13,056	89,165
Allowance for loan losses (Notes 3 and 26)	<u>(22,849)</u>	<u>(23,218)</u>	<u>(152,816)</u>
Total Assets	<u>¥7,595,477</u>	<u>¥7,535,480</u>	<u>\$ 50,799,070</u>

## The Juroku Financial Group, Inc. and Consolidated Subsidiaries

### Consolidated Balance Sheet March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2025</u>	<u>2024</u>	<u>2025</u>
<b>LIABILITIES AND EQUITY:</b>			
Liabilities:			
Deposits (Notes 12, 13 and 26)	¥6,354,870	¥6,388,735	\$ 42,501,806
Negotiable certificates of deposit	13,000	13,000	86,945
Payables under repurchase agreements (Notes 12)	80,013	96,567	535,132
Payables under securities lending transactions (Note 12)	118,401	122,476	791,874
Borrowed money (Notes 12, 14 and 26)	508,008	346,327	3,397,592
Foreign exchanges (Note 8)	437	1,110	2,923
Borrowed money from trust account	223	169	1,491
Other liabilities (Notes 15, 17, 26 and 28)	62,019	63,173	414,788
Liability for retirement benefits for employees (Note 16)	5,335	5,572	35,681
Provision required under the Special Act	25	17	167
Deferred tax liabilities (Note 24)	9,705	27,414	64,908
Deferred tax liabilities for land revaluation surplus	6,559	6,401	43,867
Acceptances and guarantees (Note 11)	<u>13,332</u>	<u>13,055</u>	<u>89,165</u>
Total Liabilities	<u>7,171,927</u>	<u>7,084,016</u>	<u>47,966,339</u>
Commitments and Contingent Liabilities (Note 27)			
Equity (Notes 18 and 32):			
Common stock: authorized, 80,000,000 shares in 2025 and 2024; issued, 37,924,134 shares in 2025 and 2024	36,000	36,000	240,770
Capital surplus	60,990	60,961	407,905
Retained earnings	281,529	266,851	1,882,885
Treasury stock—at cost, 2,036,929 shares in 2025 and 1,429,087 shares in 2024	(6,282)	(3,561)	(42,014)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 5)	28,246	65,214	188,911
Deferred gain on derivatives under hedge accounting	379	2,275	2,535
Land revaluation surplus	12,270	12,453	82,063
Defined retirement benefit plans (Note 16)	<u>5,997</u>	<u>7,151</u>	<u>40,108</u>
Total	<u>419,129</u>	<u>447,344</u>	<u>2,803,163</u>
Noncontrolling interests	<u>4,421</u>	<u>4,120</u>	<u>29,568</u>
Total Equity	<u>423,550</u>	<u>451,464</u>	<u>2,832,731</u>
Total Liabilities and Equity	<u>¥7,595,477</u>	<u>¥7,535,480</u>	<u>\$ 50,799,070</u>

See notes to consolidated financial statements.

## The Juroku Financial Group, Inc. and Consolidated Subsidiaries

### Consolidated Statement of Income Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
Income:			
Interest on:			
Loans and discounts	¥ 41,989	¥ 38,514	\$ 280,825
Securities	18,361	18,929	122,800
Other	3,507	2,067	23,455
Trust fees	3	4	20
Fees and commissions	24,111	24,727	161,256
Other operating income (Note 19)	31,120	30,303	208,133
Gain on retirement benefit trust (Notes 2.w)	1,923	-	12,861
Other income (Note 20)	17,212	14,292	115,115
Total income (Note 31)	138,226	128,836	924,465
Expenses:			
Interest on:			
Deposits	3,595	152	24,044
Borrowings and re-discounts	558	399	3,732
Payables under repurchase agreements	4,992	6,043	33,387
Other	300	23	2,006
Fees and commissions	6,600	6,136	44,141
Other operating expenses (Note 5)	41,794	42,696	279,521
General and administrative expenses (Note 21)	44,127	44,072	295,125
Allowance for loan losses	1,740	708	11,637
Impairment loss on long-lived assets (Note 22)	2,417	12	16,165
Other expenses (Note 23)	1,479	793	9,892
Total expenses	107,602	101,034	719,650
Income before Income Taxes	30,624	27,802	204,815
Income Taxes (Note 24):			
Current	10,415	6,870	69,656
Deferred	(935)	1,412	(6,253)
Total Income Taxes	9,480	8,282	63,403
Net Income	21,144	19,520	141,412
Net Income Attributable to Noncontrolling Interests	304	202	2,033
Net Income Attributable to Owners of the Parent	¥ 20,840	¥ 19,318	\$ 139,379
	Yen		U.S. Dollars
Per Share of Common Stock (Notes 2.f and 30):			
Basic net income	¥577.30	¥530.55	\$3.86
Cash dividends applicable to the year—common stock	180.00	160.00	1.20

See notes to consolidated financial statements.

## The Juroku Financial Group, Inc. and Consolidated Subsidiaries

### Consolidated Statement of Comprehensive Income Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Net income	<u>¥21,144</u>	<u>¥19,520</u>	<u>\$ 141,412</u>
Other Comprehensive (loss) Income (Note 29):			
Unrealized (loss) gain on available-for-sale securities	(36,970)	36,332	(247,258)
Deferred (loss) gain on derivatives under hedge accounting	(1,896)	2,158	(12,680)
Land revaluation surplus	(189)	-	(1,264)
Defined retirement benefit plans	<u>(1,155)</u>	<u>6,604</u>	<u>(7,725)</u>
Total other comprehensive (loss) income	<u>(40,210)</u>	<u>45,094</u>	<u>(268,927)</u>
Comprehensive (Loss) Income	<u>¥(19,066)</u>	<u>¥64,614</u>	<u>\$(127,515)</u>
Total Comprehensive (Loss) Income			
Attributable to:			
Owners of the parent	¥(19,368)	¥64,412	\$(129,535)
Noncontrolling interests	302	202	2,020

See notes to consolidated financial statements.

# The Juroku Financial Group, Inc. and Consolidated Subsidiaries

## Consolidated Statement of Changes in Equity Year Ended March 31, 2025

	Thousands	Millions of Yen										
	Outstanding Number of Shares of Common Stock	Accumulated Other Comprehensive Income										
		Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available- for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
Balance at March 31, 2023 (as previously reported)	36,581	¥36,000	¥61,818	¥251,974	¥(3,068)	¥28,882	¥ 117	¥12,453	¥ 548	¥388,724	¥ 3,837	¥392,561
Cumulative effect of accounting change (Note 2.u)				674						674		674
Balance at April 1, 2023 (as restated)	36,581	36,000	61,818	252,648	(3,068)	28,882	117	12,453	548	389,398	3,837	393,235
Net income attributable to owners of the parent				19,318						19,318		19,318
Cash dividends, ¥140.00 per share of common stock				(5,115)						(5,115)		(5,115)
Purchase of treasury stock	(462)				(1,429)					(1,429)		(1,429)
Disposal of treasury stock	376		(857)		936					79		79
Net change in the year						36,332	2,158		6,603	45,093	283	45,376
Balance at April 1, 2024	36,495	¥36,000	¥60,961	¥266,851	¥(3,561)	¥65,214	¥2,275	¥12,453	¥7,151	¥447,344	¥ 4,120	¥451,464
Net income attributable to owners of the parent				20,840						20,840		20,840
Cash dividends, ¥170.00 per share of common stock				(6,156)						(6,156)		(6,156)
Transfer of land revaluation surplus				(6)						(6)		(6)
Purchase of treasury stock	(622)				(2,757)					(2,757)		(2,757)
Disposal of treasury stock	14		29		36					65		65
Changes in equity by purchase of shares of consolidated subsidiaries			(0)							(0)		(0)
Net change in the year						(36,968)	(1,896)	(183)	(1,154)	(40,201)	301	(39,900)
Balance at March 31, 2025	35,887	¥36,000	¥60,990	¥281,529	¥(6,282)	¥28,246	¥ 379	¥12,270	¥5,997	¥419,129	¥ 4,421	¥423,550

## The Juroku Financial Group, Inc. and Consolidated Subsidiaries

### Consolidated Statement of Changes in Equity Year Ended March 31, 2025

	Thousands of U.S. Dollars (Note 1)										
					Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Land Revaluation Surplus	Defined Retirement Benefit Plans			
Balance at April 1, 2024	\$ 240,770	\$ 407,711	\$ 1,784,718	\$ (23,816)	\$ 436,156	\$ 15,215	\$ 83,287	\$ 47,826	\$ 2,991,867	\$ 27,555	\$ 3,019,422
Net income attributable to owners of the parent			139,379						139,379		139,379
Cash dividends, \$1.14 per share of common stock			(41,172)						(41,172)		(41,172)
Transfer of land revaluation surplus			(40)						(40)		(40)
Purchase of treasury stock				(18,439)					(18,439)		(18,439)
Disposal of treasury stock		194		241					435		435
Changes in equity by purchase of shares of consolidated subsidiaries		(0)							(0)		(0)
Net change in the year					(247,245)	(12,680)	(1,224)	(7,718)	(268,867)	2,013	(266,854)
Balance at March 31, 2025	<u>\$ 240,770</u>	<u>\$ 407,905</u>	<u>\$ 1,882,885</u>	<u>\$ (42,014)</u>	<u>\$ 188,911</u>	<u>\$ 2,535</u>	<u>\$ 82,063</u>	<u>\$ 40,108</u>	<u>\$ 2,803,163</u>	<u>\$ 29,568</u>	<u>\$ 2,832,731</u>

See notes to consolidated financial statements.

## The Juroku Financial Group, Inc. and Consolidated Subsidiaries

### Consolidated Statement of Cash Flows Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2025</u>	<u>2024</u>	<u>2025</u>
OPERATING ACTIVITIES:			
Income before income taxes	¥ 30,624	¥ 27,802	\$ 204,815
Adjustments for:			
Income taxes—paid	(7,209)	(7,169)	(48,214)
Income taxes—refund	490	1,238	3,277
Depreciation	3,461	3,275	23,147
Impairment loss on long-lived assets	2,417	12	16,165
Interest income recognized in consolidated statements of income	(63,857)	(59,511)	(427,080)
Interest expense recognized in consolidated statements of income	9,445	6,616	63,169
Net (gain) loss on securities	(253)	949	(1,692)
Unrealized gain on derivatives	(533)	(6,047)	(3,565)
Net decrease in allowance for loan losses	(369)	(972)	(2,468)
Net decrease (increase) in asset for retirement benefits for employees	1,925	(1,434)	12,875
Net decrease in liability for retirement benefits for employees	(265)	(130)	(1,772)
Net increase in provision required under the Special Act	7	6	47
Net increase in loans	(165,533)	(142,967)	(1,107,096)
Net (decrease) increase in deposits	(33,865)	121,754	(226,491)
Net increase in borrowed money (excluding subordinated loans)	161,682	16,825	1,081,340
Net increase in due from banks (excluding cash equivalents)	(725)	(1,106)	(4,849)
Net decrease in call loans and others	-	35,000	-
Net decrease in call money and others	(16,554)	(1,267)	(110,714)
Net decrease (increase) in money held in trust	1,198	(1,913)	8,012
Net (decrease) increase in payables under securities lending transactions	(4,075)	122,476	(27,254)
Net increase in lease receivables and investments in leases	(1,728)	(1,943)	(11,557)
Net increase in borrowed money from trust account	54	131	361
Interest income—cash basis	64,268	59,071	429,829
Interest expense—cash basis	(8,127)	(6,526)	(54,354)
Other—net	30,398	(7,401)	203,304
Total adjustments	<u>(27,748)</u>	<u>128,967</u>	<u>(185,580)</u>
Net cash provided by operating activities— (Forward)	¥ 2,876	¥ 156,769	\$ 19,235



## The Juroku Financial Group, Inc. and Consolidated Subsidiaries

### Consolidated Statement of Cash Flows Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
Net cash provided by operating activities—(Forward)	¥ 2,876	¥ 156,769	\$ 19,235
INVESTING ACTIVITIES:			
Purchases of securities	(214,777)	(217,174)	(1,436,443)
Proceeds from sales of securities	234,332	205,657	1,567,228
Proceeds from maturities of securities	93,258	86,328	623,716
Purchases of premises and equipment	(2,076)	(2,082)	(13,884)
Purchases of intangible assets	(2,956)	(2,166)	(19,770)
Proceeds from sales of premises and equipment	107	133	716
Other—net	(53)	(38)	(355)
Net cash provided by investing activities	107,835	70,658	721,208
FINANCING ACTIVITIES:			
Proceeds from sales of treasury stock	1	0	7
Acquisition of treasury stock	(2,757)	(1,429)	(18,439)
Dividends paid	(6,156)	(5,115)	(41,172)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(0)	-	(0)
Net cash used in financing activities	(8,912)	(6,544)	(59,604)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(1)	8	(7)
NET INCREASE IN CASH AND CASH EQUIVALENTS	101,798	220,891	680,832
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	968,269	747,378	6,475,849
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 4)	¥ 1,070,067	¥ 968,269	\$ 7,156,681

See notes to consolidated financial statements.

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# The Juroku Financial Group, Inc. and Consolidated Subsidiaries

## Notes to Consolidated Financial Statements

**Year Ended March 31, 2025**

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### 1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Juroku Financial Group, Inc. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥149.52 to \$1, the approximate rate of exchange at March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Consolidation

The consolidated financial statements as of March 31, 2025, include the accounts of the Company and its 11 significant subsidiaries, including Juroku Bank, Ltd.; Juroku Research Institute Co., Ltd.; Juroku Card Co., Ltd.; Juroku Lease Co., Ltd.; Juroku Densan Digital Service Co., Ltd.; NOBUNAGA Capital Village Co., Ltd.; Juroku Business Service Co., Ltd.; Juroku Credit Guarantee Co., Ltd.; Juroku Tokai Tokyo Securities Co., Ltd. ("Juroku TT Securities"); Kanda Machi Okoshi Co., Ltd. and NOBUNAGA Succession Inc. (together, the "Group").

Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in 9 unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The number of other companies that were not made affiliates even though the Company owned 20% or more but not more than 50% of the voting rights of such other companies on its own account is one. Such companies are not considered to be affiliates because a non-consolidated subsidiary that is engaged in investment business, etc. owns shares as part of business transaction for the purpose of acquiring capital gains by investment and fostering, not for the purpose of making them subsidiaries.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over a period of 20 years.

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

The balance sheet date for all consolidated subsidiaries is the end of March for each year, which is consistent with the balance sheet date of the Group.

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**b. Business Combinations**

Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interests is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interests are adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

**c. Cash and Cash Equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

**d. Trading Securities**

Trading securities are stated at fair value and the related unrealized gains and losses are included in earnings. The cost of trading securities sold is determined based on the moving-average method.

**e. Securities**

Securities other than trading securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost and (2) available-for-sale securities, which are not classified as held-to-maturity, are reported at fair value with unrealized gains and losses, net of applicable taxes, and are reported in a separate component of equity. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For declines in fair value that are not recoverable, securities are reduced to net realizable value by a charge to income.

Securities included in money held in trust for trading purposes are stated at fair value, and the related unrealized gains and losses are included in earnings. Securities included in money held in trust for other purposes are accounted for by the same method as the above (2) available-for-sale securities.

**f. Premises and Equipment**

Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment of the Company, except for leased assets, is computed using the declining-balance method over the estimated useful lives of the assets.

The range of useful lives is principally from 15 to 50 years for buildings and from 4 to 20 years for other premises and equipment.

Depreciation of lease assets from finance lease transactions that do not deem to transfer ownership of the leased property to the lessee is computed using the straight-line method over the leasing period. Residual values of lease assets are the guaranteed values determined in the lease contracts or zero for assets without such guaranteed value.

Under certain conditions, such as exchanges of premises and equipment for similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by

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providing a special reserve in the equity section. The deferred gain on premises and equipment resulting from the reduction of the cost of the assets acquired, which is taxable for tax purposes in the future, was ¥983 million (\$6,574 thousand) and ¥983 million as of March 31, 2025 and 2024, respectively.

**g. Long-Lived Assets**

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

**h. Land Revaluation**

Under the "Law of Land Revaluation," the Company elected a one-time revaluation of its consolidated subsidiary's land operating as Bank to a value based on real estate appraisal information as of March 31, 1998.

The resulting land revaluation surplus represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly, such that the amount of the decline in value should be removed from the land revaluation surplus account and related deferred tax liabilities.

The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥9,551 million (\$63,878 thousand) and ¥11,507 million as of March 31, 2025 and 2024, respectively.

**i. Intangible Assets**

Amortization of intangible assets is calculated using the straight-line method.

Amortization cost of software for internal use is calculated using the straight-line method over the estimated useful life, principally, five years.

**j. Allowance for Loan Losses**

The Company's consolidated subsidiaries implemented a self-assessment system for their asset quality. The quality of all loans is assessed by the related lending division with a subsequent audit by the asset audit division in accordance with the Company's policies and rules for self-assessment of asset quality.

The Company has established a credit rating system under which the customers are classified into five categories such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy." The credit rating system is used for the self-assessment of asset quality.

With respect to loans to customers who are likely to become bankrupt or to be closely monitored and caution loans with equivalent credit risk, which are classified within normal and caution loans (hereinafter, "loans to customers who are likely to become bankrupt or to be closely monitored, etc.") the allowance for loan losses is calculated based on the projected future losses for the following three years, whilst for other loans, for the following one year. The projected future losses are calculated by group (i.e., residential loans and non-residential loans) for loans to customers who are likely to become bankrupt or to be closely monitored, etc. and other loans based on the loss ratios, which are based on the average of actual past loss ratios for the past three years and one year, respectively. For loans such as possible bankruptcy, the allowance for loan losses is calculated based on an amount deemed necessary to cover possible losses on loans considering the customer's solvency and other factors after the estimated fair value of the collateral real estate or guaranteed amount has been deducted. For loans such as virtual bankruptcy or legal bankruptcy, the allowance for loan losses is calculated based upon the loan amount after the estimated fair value of the collateral real estate or guaranteed amount has been deducted.

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For loans to possible bankruptcy customers and customers who are likely to become bankrupt or to be closely monitored, the discounted cash flow method is applied to calculate the loss provision. In these circumstances, the reserve is determined as the difference between the book value of the loan and the present value of future cash flows, which are discounted using the contractual interest rate in the case that future cash flows of the principal and interest can be reasonably estimated.

**k. *Liability for Retirement Benefits***

The Company has a contributory funded defined benefit pension plan, lump-sum payment severance plan, and defined contribution pension plan for employees, and certain subsidiaries have lump-sum payment severance plans for employees and apply the simplified method to state the liability based on the amount that should be paid if employees retired at the consolidated balance sheet date.

The liability for retirement benefits is based on projected benefit obligations and plan assets at the end of the fiscal year. The projected benefit obligations are attributed to periods on a benefit formula basis. Past service costs are recognized in profit or loss as incurred over three years within the expected average remaining service period of the employees. Actuarial gains and losses that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income) after adjusting for tax effects and are recognized in profit or loss over 10 years, no longer than the expected average remaining service period of the employees starting in the fiscal year following the occurrence of such differences.

Retirement benefits to directors and Audit & Supervisory Board members of consolidated subsidiaries are provided at the amount that would be required if all directors and Audit & Supervisory Board members retired at the consolidated balance sheet date based on internal policies.

**l. *Stock Options***

The cost of stock options is measured based on fair value on the date of grant and is recognized as compensation expense over the vesting period as consideration for receiving goods or services. In the consolidated balance sheet, the stock options are presented as stock acquisition rights as a separate component of equity until exercised.

**m. *Leases***

In regard to finance leases, sales and cost of sales are recognized when lease payments are received.

All other leases are accounted for as operating leases.

**n. *Provision for Losses from Reimbursement of Inactive Accounts***

The provision for losses from reimbursement of inactive accounts, which are derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

**o. *Provision for Contingent Losses***

The Company provides a provision for contingent losses not covered by other provisions in an amount deemed necessary based on estimated losses in the future.

**p. *Provision Required under the Special Act***

The provision required under the Special Act is a financial instruments transaction liability reserve for consolidated subsidiaries engaged in financial instruments business and is provided to prepare for losses arising from operational incidents incurred in relation to trading and other securities transactions. The amount of the provision is calculated pursuant to the provisions of Article 46-5 of the Financial Instruments and Exchange Act and Article 175 of the Cabinet Office Order on Financial Instruments Business.

**q. *Income Taxes***

The provision for current income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred

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tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

**r. Foreign Currency Transactions**

Foreign currency assets and liabilities of the Group are translated into yen equivalents at the exchange rates prevailing at the fiscal year end.

**s. Derivatives and Hedging Activities**

The Company uses a variety of derivative financial instruments.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on the derivative transactions are recognized in the consolidated statement of income, and (2) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged transactions.

The Company applies the deferral method of hedge accounting through individual hedging that directly corresponds the hedging target (securities) and the hedging instrument (interest rate swap) to hedges of interest rate risk associated with financial assets and liabilities in accordance with "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry-specific Committees Practical Guideline No. 24 issued by the Japanese Institute of Certified Public Accountants (JICPA). Under JICPA Industry-specific Committees Practical Guideline No. 24, hedges to offset changes in fair value of fixed rate instruments (such as securities) (fair value hedges) are applied by grouping hedging instruments and hedged items by their maturities. The assessment of hedge effectiveness is generally based on the consideration of interest rate indices affecting the respective fair values of the group of hedging instruments and hedged items.

**t. Per Share Information**

Basic net income per share ("EPS") is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted EPS reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted EPS of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year, not retroactively adjusted for a reverse stock split.

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**u. Changes in Accounting Policies**

**Application of "Accounting Standard for Current Income Taxes"**

"Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022. Hereinafter referred to as the "Accounting Standard for Income Taxes") etc. has been applied from the beginning of the current consolidated fiscal year.

Regarding the revision of the classification of income tax (taxation on other comprehensive income), the transitional treatment stipulated in the proviso to Paragraph 20-3 of the Accounting Standards for Income Taxes and the "Guidance on Accounting Standard for Tax Effect" (ASBJ Guidance No. 28, October 28, 2022). Hereinafter referred to as the "Guidance for Tax Effect." The Company is in accordance with the transitional treatment set forth in the proviso to Section 65-2 (2). There will be no impact on the consolidated financial statements due to the change in the accounting policy.

In addition, with regard to revisions related to the revision of the treatment in consolidated financial statements of tax deferral of gains and losses on sales arising from the sale of shares of subsidiaries between consolidated companies, etc., the Guidance for Tax Effect has been applied from the beginning of the current consolidated fiscal year. The change in the accounting policy has been applied retroactively, and for the previous consolidated fiscal year, the consolidated financial statements have been restated accordingly. As a result, deferred tax assets at the beginning of the previous fiscal year increased by ¥441 million (\$2,949 thousand), deferred tax liabilities decreased by ¥233 million (\$1,558 thousand), and retained earnings increased by ¥674 million (\$4,508 thousand).

In terms of information per share, net assets per share for the previous consolidated fiscal year increased by ¥18.48 (\$0.12).

**v. New Accounting Pronouncements**

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

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

**(1) Overview**

As with international standards, these standards stipulate the treatment of all leases of borrowers, such as recording assets and liabilities.

**(2) Application date**

The Company will apply the new guidance from the beginning of the year ending March 31, 2028.

**(3) Impact of adoption**

The Company is currently assessing the impact.

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***“Practical Guidelines on Accounting for Financial Instruments” (Revised Transferred Guidance No. 9 issued on March 11, 2025)***

(1) Overview

It stipulates the treatment for the evaluation of investment in partnerships in which companies invest.

(2) Application date

The Company will apply the new guidance from the beginning of the year ending March 31, 2027.

(3) Impact of adoption

The Company is currently assessing the impact.

**w. Additional Information**

***Partial Return of Retirement Benefit Trust***

A consolidated subsidiary engaged in the banking business (the “Bank”) has established a retirement benefit trust to make pension financially sound, but since pension assets are in excess of retirement benefit obligations and this situation is expected to continue, the retirement benefit trust has been partially refunded.

As a result, in the consolidated fiscal year under review, the Company recorded a gain of ¥1,923 million (\$12,861 thousand) on the return of the retirement benefit trust as income on the consolidated statement of income.

**3. SIGNIFICANT ACCOUNTING ESTIMATES**

***Allowance for Loan Losses***

*(1) Amount recorded in the consolidated financial statements in the years ended March 31, 2025 and 2024*

*Allowance for loan losses:*

¥22,849 million (\$152,816 thousand) and ¥23,218 million in the years ended March 31, 2025 and 2024, respectively.



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*(2) Information contributing to the understanding of details related to significant accounting estimates for certain items*

**1. Calculation method**

The calculation method of allowance for loan losses is described in "Note 2.j, "Allowance for Loan Losses."

**2. Primary assumptions**

- a) The performance forecast of debtors, including those who prepare management improvement plans, used to determine the debtor classification, estimate future cash flows related to the collection of the loan principal and interest, is prepared based on assumptions derived from available information.  
Specifically, management improvement plans were developed based on future performance forecasts, which include future sales forecast, prospect of future expense reduction, and future cash flow prospect, among others. Accordingly, the reasonableness and the feasibility of the plan are determined based on industry trends and individual management improvement plans of the debtors.
- b) For loans other than those for which the discounted cash flow method is applied, it is assumed that "normal" loans will incur approximately the same amount of losses as those from previous years, "caution" loans will incur approximately the same amount of losses as those from previous years and loans to customers who are likely to become bankrupt or to be closely monitored, which are classified within normal and caution loans, will incur approximately the same amount of losses as those from previous years.

**3. Impact on the consolidated financial statements for the next fiscal year**

If the assumptions used in the initial estimate changes due to changes in the external environment, or the internal environment of the debtor, among others, there is a possibility that the amount of allowance will increase or decrease due to changes in the debtor classification, fluctuations of cash flow estimates or the occurrence of circumstances in which actual bad debt losses differ from the initial assumption, which may result in a significant impact on the consolidated financial statements.

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#### 4. CASH AND DUE FROM BANKS

Cash and due from banks as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Cash	¥ 50,863	¥ 53,755	\$ 340,175
Due from banks	<u>1,025,603</u>	<u>920,188</u>	<u>6,859,303</u>
Total	<u>¥1,076,466</u>	<u>¥ 973,943</u>	<u>\$ 7,199,478</u>

The reconciliation between the cash and due from banks in the consolidated balance sheet and the cash and cash equivalents in the consolidated statement of cash flows for the years ended March 31, 2025 and 2024, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Cash and due from banks	¥1,076,466	¥ 973,943	\$ 7,199,478
Due from banks other than the Bank of Japan	<u>(6,399)</u>	<u>(5,674)</u>	<u>(42,797)</u>
Cash and cash equivalents	<u>¥1,070,067</u>	<u>¥ 968,269</u>	<u>\$ 7,156,681</u>

## 5. TRADING SECURITIES AND SECURITIES

Trading securities as of March 31, 2025 and 2024, consisted of the Japanese government bonds of ¥10 million (\$67 thousand) and ¥9 million, respectively:

The Company records net valuation gains and losses as other operating income and expenses, respectively. For the years ended March 31, 2025 and 2024, the Company recorded net valuation losses of ¥0 million (\$0 thousand) and ¥0 million, respectively.

Securities as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Equity securities	¥ 141,511	¥ 185,933	\$ 946,435
Japanese government bonds	181,748	172,544	1,215,543
Japanese local government bonds	494,449	520,161	3,306,909
Japanese corporate bonds	284,175	307,826	1,900,582
Foreign bonds	124,736	149,216	834,243
Investment trust	68,754	123,848	459,831
Other securities	11,674	13,802	78,077
Total	<u>¥ 1,307,047</u>	<u>¥ 1,473,330</u>	<u>\$ 8,741,620</u>

Unsecured loaned securities which borrowers have the right to sell or pledge in the amount of ¥24,494 million (\$163,818 thousand) and ¥30,969 million as of March 31, 2025 and 2024, respectively, were included in Japanese government bonds.

Information regarding available-for-sale and held-to-maturity securities as of March 31, 2025 and 2024, was as follows:

March 31, 2025	Millions of Yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 46,208	¥ 90,917	¥ 1,476	¥ 135,649
Debt securities	951,844	129	41,630	910,343
Foreign bonds	127,462	344	3,144	124,662
Investment trust	73,678	513	5,437	68,754
Other	0	2	-	2
Held-to-maturity—debt securities	50,028	78	471	49,635

<u>March 31, 2024</u>	<u>Millions of Yen</u>			<u>Fair Value</u>
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 46,474	¥ 133,913	¥ 367	¥ 180,020
Debt securities	970,474	272	24,977	945,769
Foreign bonds	154,938	131	5,853	149,216
Investment trust	134,433	902	11,487	123,848
Other	-	2	-	2
Held-to-maturity—debt securities	54,762	250	248	54,764

<u>March 31, 2025</u>	<u>Thousands of U.S. Dollars</u>			<u>Fair Value</u>
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 309,042	\$ 608,059	\$ 9,871	\$ 907,230
Debt securities	6,365,998	862	278,424	6,088,436
Foreign bonds	852,475	2,300	21,027	833,748
Investment trust	492,763	3,431	36,363	459,831
Other	0	14	-	14
Held-to-maturity—debt securities	334,591	521	3,150	331,962

Proceeds from sales of available-for-sale securities for the years ended March 31, 2025 and 2024, consisted of the following:

<u>March 31, 2025</u>	<u>Millions of Yen</u>	
	<u>Proceeds</u>	<u>Realized Gains</u>
Equity securities	¥ 33,921	¥16,536
Debt securities:		
Japanese government bonds	37,455	18
Japanese local government bonds	20,375	173
Japanese corporate bonds	19,822	-
Other:	73,537	522
of which, foreign bonds	<u>39,517</u>	<u>251</u>
Total	<u>¥ 185,110</u>	<u>¥17,249</u>

	Millions of Yen		
	<u>Proceeds</u>	<u>Realized Gains</u>	<u>Realized Losses</u>
<u>March 31, 2024</u>			
Equity securities	¥ 36,666	¥12,591	¥ 124
Debt securities:			
Japanese government bonds	-	-	-
Japanese local government bonds	28,282	162	-
Japanese corporate bonds	-	-	-
Other:	98,387	1,998	14,851
of which, foreign bonds	<u>67,045</u>	<u>445</u>	<u>11,424</u>
Total	<u>¥ 163,335</u>	<u>¥14,751</u>	<u>¥14,975</u>

	Thousands of U.S. Dollars		
	<u>Proceeds</u>	<u>Realized Gains</u>	<u>Realized Losses</u>
<u>March 31, 2025</u>			
Equity securities	\$ 226,866	\$110,594	\$ 1,679
Debt securities:			
Japanese government bonds	250,502	120	62,921
Japanese local government bonds	136,269	1,157	-
Japanese corporate bonds	132,571	-	19,777
Other:	491,820	3,491	26,351
of which, foreign bonds	<u>264,292</u>	<u>1,679</u>	<u>401</u>
Total	<u>\$1,238,028</u>	<u>\$115,362</u>	<u>\$110,728</u>

In addition, held-to-maturity securities amounting to ¥69 million (\$461 thousand) and ¥85 million were reclassified as available-for-sale securities due to a decline in the issuer's credit worthiness as of March 31, 2025 and 2024, respectively. The effect of these reclassifications on the accompanying consolidated financial statements was immaterial.

Securities other than trading securities (excluding those securities that do not have a market price and investment in partnerships) whose fair value significantly declined below the acquisition cost and is considered not likely to be recovered are written down to their respective fair value, which is recorded as the carrying amount on the consolidated balance sheet.

The fair value is deemed to have significantly declined if the year-end fair value declined by 30% or more from the acquisition cost for securities issued by bankrupt borrowers, virtually bankrupt borrowers, potentially bankrupt borrowers, and borrowers who are likely to become bankrupt or to be closely monitored, and if the fair value declined by 50% or more from the acquisition cost for securities issued by normal borrowers.

There was no impairment loss on available-for-sale equity securities for the year ended March 31, 2025.

The impairment loss on available-for-sale equity securities for the year ended March 31, 2024, was ¥63 million, which consisted of ¥18 million of debt securities and ¥45 million of other securities.

Unrealized gain on available-for-sale securities as of March 31, 2025 and 2024, consisted of the following:

	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Unrealized gain before deferred tax on:			
Available-for-sale securities	¥ 40,525	¥92,880	\$ 271,034
Money held in trust—other	24	24	160
Deferred tax liabilities	<u>(12,303)</u>	<u>(27,688)</u>	<u>(82,283)</u>
Unrealized gain on available-for-sale securities before interest adjustments	28,246	65,216	188,911
Noncontrolling interests	<u>-</u>	<u>(2)</u>	<u>-</u>
Unrealized gain on available-for-sale securities	<u>¥ 28,246</u>	<u>¥65,214</u>	<u>\$ 188,911</u>

Unrealized gain before deferred tax on available-for-sale securities includes ¥307 million (\$2,053 thousand) and ¥344 million of revaluation gain on available-for-sale securities as of March 31, 2025 and 2024, which are held by an investment limited partnership and similar groups.

Investments in and advances to subsidiaries and associated companies as of March 31, 2025 and 2024, were ¥1,438 million (\$9,617 thousand) and ¥1,229 million, respectively.

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## 6. MONEY HELD IN TRUST

Information regarding money held in trust for trading purposes as of March 31, 2025 and 2024, was as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Money held in trust classified as trading purpose	¥ 6,000	¥ 6,000	\$ 40,128
Money held in trust—other	<u>6,027</u>	<u>7,225</u>	<u>40,309</u>
Total	<u>¥12,027</u>	<u>¥13,225</u>	<u>\$ 80,437</u>

## 7. LOANS AND BILLS DISCOUNTED

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

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Bills discounted	¥ 9,389	¥ 13,076	\$ 62,794
Loans on bills	97,045	97,657	649,044
Loans on deeds	4,544,483	4,353,775	30,393,814
Overdrafts	343,917	365,826	2,300,140
Others	<u>9,114</u>	<u>8,081</u>	<u>60,955</u>
Total	<u>¥5,003,948</u>	<u>¥4,838,415</u>	<u>\$33,466,747</u>

Loans under the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions are as follows: Loans are corporate bonds in “Securities” in the consolidated balance sheet (guaranteed for all or part of the redemption of the principal and payment of interest, and the issuance of such bonds is limited to private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans and bills discounted, foreign exchange, accrued interest and advance payments in “Other Assets”, etc., as well as securities recorded in each account, such as customers' liabilities for acceptances and guarantee, and securities (limited to those under use leases or lease agreements) in the case of lending of securities that are to be noted.

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Loans under bankruptcy/rehabilitation or similar proceedings	¥ 13,682	¥ 14,198	\$ 91,506
Doubtful loans	45,519	49,379	304,434
Loans requiring management	1,668	2,003	11,156
Accruing loans past due three months or more	11	-	74
Restructured loans	1,657	2,003	11,082
Normal loans	<u>5,098,429</u>	<u>4,931,374</u>	<u>34,098,642</u>
Total	<u>¥5,159,298</u>	<u>¥ 4,996,954</u>	<u>\$34,505,738</u>

“Loans under bankruptcy/rehabilitation or similar proceedings” are loans against borrowers who have fallen into bankruptcy due to reasons such as the commencement of bankruptcy proceedings, the commencement of rehabilitation proceedings, or the application for the commencement of rehabilitation proceedings, as well as similar loans.

“Doubtful loans” are claims in which the debtor has not yet reached a state of bankruptcy, but whose financial position and operating results have deteriorated and there is a high possibility that the principal of the receivables and interest cannot be collected in accordance with the contract. Loans under bankruptcy/rehabilitation or similar proceedings are excluded from doubtful loans.

“Accruing loans past due three months or more” are defined as loans and bills discounted for which principal or interest is past due more than three months from the date following the prescribed payment date. Loans under bankruptcy/rehabilitation or similar proceedings and doubtful loans are excluded from accruing loans past due three months or more.



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“Restructured loans” are defined as loans and bills discounted in which the Company is providing financial support to a borrower by a reduction of interest rates, deferral of interest payments, extension of maturity dates, or reduction of the face or maturity amount of the debt or accrued interest. Loans under bankruptcy/rehabilitation or similar proceedings, doubtful loans and accruing loans past due three months or more are excluded from restructured loans.

“Normal loans” are those that do not have any particular problems with the financial position and operating results of the borrower and classified other than loans under bankruptcy/rehabilitation or similar proceedings, doubtful loans, accruing loans past due three months or more and restructured loans.

Bills discounted are accounted for as financing transactions in accordance with "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry-specific Committees Practical Guideline No. 24) issued by the Japanese Institute of Certified Public Accountants. The Bank has rights to sell or pledge accepted commercial bills discounted and foreign bills of exchange bought without restrictions. The total fair value of commercial bills discounted and foreign bills of exchange bought included in foreign exchanges as of March 31, 2025 and 2024, were ¥9,852 million (\$65,891 thousand) and ¥13,403 million, respectively.

## 8. FOREIGN EXCHANGES

Foreign exchanges as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Assets:			
Due from foreign correspondent account	¥6,727	¥5,523	\$ 44,991
Foreign bills of exchange bought	463	327	3,097
Foreign bills of exchange receivable	<u>178</u>	<u>375</u>	<u>1,190</u>
Total	<u>¥7,368</u>	<u>¥6,225</u>	<u>\$ 49,278</u>
Liabilities:			
Due to foreign correspondent account	¥ 19	¥ 8	\$ 127
Foreign bills of exchange payable	<u>418</u>	<u>1,102</u>	<u>2,796</u>
Total	<u>¥ 437</u>	<u>¥1,110</u>	<u>\$ 2,923</u>

## 9. OTHER ASSETS

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

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Accrued income	¥ 5,701	¥ 5,089	\$ 38,129
Accounts receivable	12,655	12,552	84,638
Installment receivables	17,809	19,529	119,108
Derivative assets	4,070	7,704	27,220
Other	<u>16,089</u>	<u>50,613</u>	<u>107,604</u>
Total	<u>¥ 56,324</u>	<u>¥95,487</u>	<u>\$ 376,699</u>

## 10. PREMISES AND EQUIPMENT

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

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Land	¥40,699	¥43,399	\$ 272,198
Building	9,012	9,655	60,273
Construction in progress	815	29	5,451
Other	<u>4,731</u>	<u>4,475</u>	<u>31,641</u>
Total	<u>¥55,257</u>	<u>¥57,558</u>	<u>\$ 369,563</u>

The accumulated depreciation of premises and equipment as of March 31, 2025 and 2024 amounted to ¥63,889 million (\$427,294 thousand) and ¥62,952 million, respectively.

## 11. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, the customers' liabilities for acceptances and guarantees are presented as assets, representing the Company's right of indemnity from applicants.

Guarantee obligations for private placement bonds included in "Securities" (provided in accordance with Article 2-3 of the "Financial Instruments and Exchange Act") as of March 31, 2025 and 2024, were ¥50,281 million (\$336,283 thousand) and ¥54,956 million, respectively.

## 12. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Assets pledged as collateral:			
Securities	¥ 275,293	¥ 313,643	\$ 1,841,178
Loans and bills discounted	962,265	1,035,357	6,435,694
Other assets	<u>225</u>	<u>154</u>	<u>1,505</u>
Total	<u>¥1,237,783</u>	<u>¥ 1,349,154</u>	<u>\$ 8,278,377</u>
Relevant liabilities to above assets:			
Deposits	¥ 101,625	¥ 83,691	\$ 679,675
Payables under repurchase agreements	80,013	96,567	535,132
Payables under securities lending transactions	118,401	122,476	791,874
Borrowed money	<u>488,100</u>	<u>327,500</u>	<u>3,264,447</u>
Total	<u>¥ 788,139</u>	<u>¥ 630,234</u>	<u>\$ 5,271,128</u>

In addition to the above, securities of ¥39,094 million (\$261,463 thousand) have been pledged as collateral for foreign exchange settlement and other transactions as of March 31, 2025.

Additionally, initial margins of futures markets, cash collateral received for financial instrument liabilities, guarantee deposits and initial margins of Central Counterparty included in other assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Initial margins of future markets	¥ 4,360	¥ 4,172	\$ 29,160
Cash collateral received for financial instruments liabilities	648	973	4,334
Guarantee deposits	1,831	1,846	12,246
Initial margins of Central Counterparty	<u>3,313</u>	<u>35,318</u>	<u>22,157</u>
Total	<u>¥10,152</u>	<u>¥42,309</u>	<u>\$ 67,897</u>

### 13. DEPOSITS

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

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Current deposits	¥ 464,283	¥ 505,243	\$ 3,105,157
Ordinary deposits	3,995,627	3,965,817	26,723,027
Deposits at notice	61,924	58,963	414,152
Savings deposits	86,586	89,156	579,093
Time deposits	1,677,513	1,730,254	11,219,322
Other deposits	<u>68,937</u>	<u>39,302</u>	<u>461,055</u>
Total	<u>¥6,354,870</u>	<u>¥6,388,735</u>	<u>\$42,501,806</u>

### 14. BORROWED MONEY AND LEASE OBLIGATION

Borrowed money and lease obligation as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Borrowings due serially to February 2030 with weighted-average interest rates of 0.24% in 2025 and 0.10% in 2024	¥ 508,008	¥ 346,327	\$ 3,397,592

Annual maturities of borrowings as of March 31, 2025 were as follows:

#### As of March 31, 2025

<u>Year Ending March 31</u>	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars</u>
2026	¥ 285,251	\$ 1,907,778
2027	40,478	270,720
2028	181,482	1,213,764
2029	647	4,327
2030	150	1,003
2031 and thereafter	<u>-</u>	<u>-</u>
Total	<u>¥ 508,008</u>	<u>\$ 3,397,592</u>

There were no lease obligations as of March 31, 2025 and 2024, respectively.

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## 15. OTHER LIABILITIES

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

	<u>Millions of Yen</u>		<u>Thousands of</u> <u>U.S. Dollars</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Domestic exchange settlement account, credit*	¥ 326	¥ 712	\$ 2,180
Income taxes payable	6,901	3,584	46,154
Accrued expenses	2,921	1,326	19,536
Deferred income	15,622	15,587	104,481
Derivative liabilities	3,197	5,722	21,382
Accounts payable	11,362	10,068	75,990
Other	<u>21,690</u>	<u>26,174</u>	<u>145,065</u>
Total	<u>¥62,019</u>	<u>¥63,173</u>	<u>\$ 414,788</u>

\* The domestic exchange settlement account consisted of outstanding remittance bills from other banks and/or collection bills for which the Company has received notices for payment from other banks, which have not been settled.

## 16. RETIREMENT AND PENSION PLANS

The Company and the Bank have a contributory funded defined benefit pension plan, lump-sum payment severance plan for employees and defined contribution pension plan. The Bank contributed certain assets to the employee retirement benefit trust for its contributory funded defined benefit pension plan and the assets in this trust are qualified as plan assets. Certain subsidiaries other than above have lump-sum payment severance plans for employees and apply the simplified method to state the liability based on the amount that would be paid if employees retired at the consolidated balance sheet date.

- (1) The changes in defined benefit obligation for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Balance at beginning of year	¥40,171	¥40,573	\$ 268,666
Current service cost	1,230	1,344	8,226
Interest cost	136	137	910
Actuarial (gains) losses	(5,279)	394	(35,306)
Benefits paid	<u>(2,347)</u>	<u>(2,277)</u>	<u>(15,697)</u>
Balance at end of year	<u>¥33,911</u>	<u>¥40,171</u>	<u>\$ 226,799</u>

- (2) The changes in plan assets for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Balance at beginning of year	¥58,421	¥47,835	\$ 390,724
Expected return on plan assets	1,731	1,435	11,577
Actuarial (losses) gains	(4,017)	10,210	(26,866)
Contributions from the employer	428	638	2,862
Benefits paid	(1,716)	(1,697)	(11,477)
Partial return of trust assets	<u>(5,883)</u>	<u>-</u>	<u>(39,346)</u>
Balance at end of year	<u>¥48,964</u>	<u>¥58,421</u>	<u>\$ 327,474</u>

- (3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2025 and 2024, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Funded defined benefit obligation	¥ 28,576	¥34,599	\$ 191,118
Plan assets	<u>(48,964)</u>	<u>(58,421)</u>	<u>(327,474)</u>
	(20,388)	(23,822)	(136,356)
Unfunded defined benefit obligation	<u>5,335</u>	<u>5,572</u>	<u>35,681</u>
Net asset arising from defined benefit obligation	<u>¥(15,053)</u>	<u>¥(18,250)</u>	<u>\$ (100,675)</u>

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	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Liability for retirement benefits for employees	¥ 5,335	¥ 5,572	\$ 35,681
Asset for retirement benefits for employees	<u>(20,388)</u>	<u>(23,822)</u>	<u>(136,356)</u>
	<u>¥(15,053)</u>	<u>¥(18,250)</u>	<u>\$ (100,675)</u>

- (4) The components of net periodic benefit costs for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Service cost	¥ 1,230	¥ 1,344	\$ 8,226
Interest cost	136	137	910
Expected return on plan assets	(1,731)	(1,435)	(11,577)
Recognized actuarial gains	(877)	(25)	(5,866)
Past service cost	-	(367)	-
Gain on retirement benefit trust	<u>(1,923)</u>	<u>-</u>	<u>(12,861)</u>
Net periodic benefit costs	<u>¥ (3,165)</u>	<u>¥ (346)</u>	<u>\$ (21,168)</u>

- (5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Past service cost	¥ -	¥ (367)	\$ -
Actuarial (losses) gains	<u>(1,538)</u>	<u>9,791</u>	<u>(10,286)</u>
Total	<u>¥ (1,538)</u>	<u>¥ 9,424</u>	<u>\$ (10,286)</u>

- (6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Unrecognized actuarial gains	¥ (8,667)	¥ (10,205)	\$ (57,965)
Total	<u>¥(8,667)</u>	<u>¥(10,205)</u>	<u>\$ (57,965)</u>

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(7) Plan assets

(a) Components of plan assets

Plan assets consisted of the following:

	<u>2025</u>	<u>2024</u>
Debt investments	21%	23%
Equity investments	43	50
General account for life insurance	18	15
Others	<u>18</u>	<u>12</u>
Total	<u>100%</u>	<u>100%</u>

Note: The retirement benefit trust that contributed to the pension plan is included in the plan assets and constitutes 14% and 27% of the total plan assets as of March 31, 2025 and 2024, respectively.

(b) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the current and future asset portfolio and the long-term rates of return which are expected currently and in the future from the variety of plan assets in the asset portfolio.

(8) Assumptions used for the years ended March 31, 2025 and 2024, were set forth as follows:

	<u>2025</u>	<u>2024</u>
Discount rate:		
Lump-sum payment	0.084%	0.084 %
Pension plan	1.876	0.382
Expected rate of return on plan assets	3.000	3.000

The amount to be paid to defined contribution pension plan was ¥410 million (\$2,742 thousand) and ¥413 million for the years ended March 31, 2025 and 2024, respectively.

**17. ASSET RETIREMENT OBLIGATIONS**

The description is omitted because the total amount of asset retirement obligations is immaterial.



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## 18. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

### **a. Dividends**

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. With respect to the third condition above, the Board of Directors of companies with (a) board committees (namely, appointment committee, compensation committee and audit committee) or (b) an audit and supervisory committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by nature, meet the criteria under the Companies Act. The Company is organized as a company with an audit and supervisory committee. The Company meets all the above criteria and, accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

### **b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus**

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

### **c. Treasury Stock and Treasury Stock Acquisition Rights**

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

## 19. OTHER OPERATING INCOME

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

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Gains on sales of Japanese government bonds and other	¥ 649	¥ 1,151	\$ 4,341
Income on lease transaction and installment receivables	25,784	25,536	172,445
Other	<u>4,687</u>	<u>3,616</u>	<u>31,347</u>
Total	<u>¥31,120</u>	<u>¥30,303</u>	<u>\$ 208,133</u>

## 20. OTHER INCOME

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

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Gain on sales of stock and other securities	¥16,600	¥13,600	\$ 111,022
Other	<u>612</u>	<u>692</u>	<u>4,093</u>
Total	<u>¥17,212</u>	<u>¥14,292</u>	<u>\$ 115,115</u>

## 21. GENERAL AND ADMINISTRATIVE EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Salaries and wages	¥17,938	¥17,706	\$ 119,971
Commission fee	4,632	4,661	30,979
Other	<u>21,557</u>	<u>21,705</u>	<u>144,175</u>
Total	<u>¥44,127</u>	<u>¥44,072</u>	<u>\$ 295,125</u>

## 22. IMPAIRMENT LOSS

Impairment loss for the year ended March 31, 2025 was as follows:

<u>Location</u>	<u>Usage</u>		<u>Millions of Yen</u>		
			<u>Land</u>	<u>Building</u>	<u>Other</u>
Within Gifu Prefecture, etc.	Assets to be disposed of, etc.	¥2,300	¥2,179	¥38	¥83
Within Gifu Prefecture	Idle assets	117	106	11	-

<u>Location</u>	<u>Usage</u>		<u>Thousands of U.S. Dollars</u>		
			<u>Land</u>	<u>Building</u>	<u>Other</u>
Within Gifu Prefecture, etc.	Assets to be disposed of, etc.	\$15,383	\$14,573	\$254	\$556
Within Gifu Prefecture	Idle assets	782	709	73	-

With regard to the above assets, the book value of the above assets was reduced to the recoverable value due to the inability to expect a recovery in the investment amount due to the decision to sell the assets, the discontinuation of business branches, and the decline in operating cash flow at some consolidated subsidiaries, and the reduction was recorded as an extraordinary loss as an impairment loss. The recoverable value is measured based on the net sale price, and is mainly evaluated based on the planned sale price and the real estate appraisal value.

For the Bank, business branches are grouped by operating blocks divided by certain regions, and assets that are idle or scheduled to be disposed of are grouped by each asset. In addition, the Company and other consolidated subsidiaries treat each company as a single asset group, but assets that are idle or scheduled to be disposed of are grouped on a per-asset basis.

There was no material impairment loss to be described for the year ended March 31, 2024.

## 23. OTHER EXPENSE

Other expense for the years ended March 31, 2025 and 2024, consisted of the following:

	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Loss on sales of stock and other securities	¥ 720	¥ 267	\$ 4,816
Write-down of stock and other securities	29	1	194
Other	730	525	4,882
Total	¥ 1,479	¥ 793	\$ 9,892

## 24. INCOME TAXES

The tax effects of significant temporary differences and tax loss carryforwards, which result in deferred tax assets and liabilities as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Deferred tax assets:			
Allowance for loan losses	¥ 5,688	¥ 5,499	\$ 38,042
Write-down of securities	6,562	6,520	43,887
Liability for retirement benefits for employees	1,646	1,671	11,009
Depreciation	1,131	1,123	7,564
Other	3,473	2,431	23,228
Less: valuation allowance	<u>(8,891)</u>	<u>(8,394)</u>	<u>(59,464)</u>
Total	<u>9,609</u>	<u>8,850</u>	<u>64,266</u>
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(12,303)	(27,688)	(82,283)
Net defined benefit asset	(5,165)	(5,211)	(34,544)
Gain on deferred hedge	(169)	(971)	(1,130)
Gain on contribution of available-for-sale securities to employees' retirement benefit trusts	(492)	(955)	(3,291)
Other	<u>(662)</u>	<u>(680)</u>	<u>(4,428)</u>
Total	<u>(18,791)</u>	<u>(35,505)</u>	<u>(125,676)</u>
Net deferred tax liabilities	<u>¥ (9,182 )</u>	<u>¥ (26,655)</u>	<u>\$ (61,410)</u>

As described in "Changes in Accounting Policies," "Guidance for Tax Effect" has been applied from the beginning of the current consolidated fiscal year, and as a result, the amounts for the previous consolidated fiscal year are retroactively applied.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2025 was as follows.

	<u>2025</u>	<u>2024</u>
Normal effective statutory tax rate	29.92%	-%
Expenses not deductible for income tax purposes	2.11	-
Income not taxable for income tax purposes	(2.51)	-
Per capita inhabitant tax	0.21	-
Increase in valuation allowance for deferred tax assets	0.78	-
Reduction in year-end deferred tax assets (liabilities) due to tax-rate change	(0.35)	-
Others	<u>0.79</u>	<u>-</u>
Actual effective tax rate	<u>30.95%</u>	<u>-%</u>

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2024 is omitted, because the difference between the normal effective statutory tax rate and the actual effective tax rate after the application of tax effect accounting is not more than 5% of the normal effective statutory tax rate.

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

With the enactment of the "Act for Partial Amendment to the Income Tax Act, etc. (Act No. 13 of 2025)" on March 31, 2025, the "Defense Special Corporate Tax" will be levied from the consolidated fiscal year beginning on or after April 1, 2026. As a result, the statutory effective tax rate used to calculate deferred tax assets and liabilities will be revised from 29.92% to 30.81% for temporary differences that are expected to be resolved after the consolidated fiscal year beginning on or after April 1, 2026. As a result of this tax rate change, deferred tax assets decreased by ¥1 million (\$7 thousand), deferred tax liabilities increased by ¥327 million (\$2,187 thousand), unrealized gain on available-for-sale securities decreased by ¥353 million (\$2,361 thousand), deferred gain on derivatives under hedge accounting decreased by ¥5 million (\$33 thousand), defined retirement benefit plans on the accumulated other comprehensive income decreased by ¥77 million (\$515 thousand), and deferred income taxes decreased by ¥107 million (\$716 thousand). Deferred tax liabilities for land revaluation surplus increased by ¥189 million (\$1,264 thousand), and land revaluation surplus decreased by the same amount.

The Company and its consolidated subsidiaries will apply the group tax sharing system from the consolidated fiscal year beginning on or after April 1, 2025. In addition, in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021), they conduct accounting treatment and disclosure of tax effect accounting related to income tax and local income tax

## 25. LEASES

### ***Finance Leases***

(Lessee)

A subsidiary leases certain premises.

There was no rental expense including lease payments under the finance leases for the years ended March 31, 2025 and 2024.

(Lessor)

A subsidiary leases certain equipment and other assets.

The net investments in leases as of March 31, 2025 and 2024, were as follows:

	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Gross lease receivables	¥50,538	¥49,903	\$ 338,002
Unguaranteed residual values	1,096	1,158	7,330
Deferred interest income	<u>(4,323)</u>	<u>(4,197)</u>	<u>(28,913)</u>
Total	<u>¥47,311</u>	<u>¥46,864</u>	<u>\$ 316,419</u>

Maturities of lease receivables for finance leases that were deemed to transfer ownership of the leased assets to the lessee are as follows:

#### As of March 31, 2025

<u>Year Ending March 31</u>	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars</u>
2026	¥2,211	\$14,787
2027	2,130	14,246
2028	1,913	12,794
2029	1,578	10,554
2030	1,180	7,892
2031 and thereafter	<u>1,626</u>	<u>10,875</u>
Total	<u>¥10,638</u>	<u>\$71,148</u>

#### As of March 31, 2024

<u>Year Ending March 31</u>	<u>Millions of Yen</u>
2025	¥1,960
2026	1,768
2027	1,504
2028	1,297
2029	1,027
2030 and thereafter	<u>1,747</u>
Total	<u>¥9,303</u>

Maturities of investment in leases for finance leases that were deemed not to transfer ownership of the leased assets to the lessee are as follows:

As of March 31, 2025

<u>Year Ending March 31</u>	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars</u>
2026	¥ 14,210	\$95,038
2027	11,513	77,000
2028	9,039	60,453
2029	6,703	44,830
2030	4,103	27,441
2031 and thereafter	<u>4,970</u>	<u>33,240</u>
Total	<u>¥ 50,538</u>	<u>\$ 338,002</u>

As of March 31, 2024

<u>Year Ending March 31</u>	<u>Millions of Yen</u>
2025	¥ 14,473
2026	11,435
2027	8,870
2028	6,378
2029	4,090
2030 and thereafter	<u>4,657</u>
Total	<u>¥ 49,903</u>

**Operating Leases**

(Lessee)

The minimum rental commitments under noncancelable operating leases as of March 31, 2025 and 2024 were as follows:

	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Due within one year	¥ 206	¥ 257	\$ 1,378
Due after one year	<u>856</u>	<u>1,045</u>	<u>5,725</u>
Total	<u>¥ 1,062</u>	<u>¥1,302</u>	<u>\$ 7,103</u>

(Lessor)

Expected future rental revenues under operating leases as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Due within one year	¥ 327	¥ 366	\$ 2,187
Due after one year	<u>397</u>	<u>434</u>	<u>2,655</u>
Total	<u>¥ 724</u>	<u>¥ 800</u>	<u>\$ 4,842</u>

## 26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### (1) *Group Policy for Financial Instruments*

The Group provides banking services and comprehensive financial services including a leasing business.

In the core banking business, in addition to procurement through the acceptance of deposits, the Group raises funds through borrowings and other means, manage loans with a focus on business loans and housing loans, and manage securities investment with a focus on bonds.

Since the Group has financial assets and liabilities mainly accompanied by interest rate fluctuations, the Group conducts comprehensive management of assets and liabilities (ALM) so that adverse effects from interest rate fluctuations do not occur. As part of this, the Group also conducts derivative transactions.

### (2) *Nature and Extent of Risks Arising from Financial Instruments*

The loans and bills discounted are to general business enterprises, individuals, and local public bodies, and there is a risk (credit risk) that the value of loaned money is reduced by financial deterioration of the borrower and a risk (interest risk) of losses due to changes in interest rates.

In securities, the Group holds domestic bonds, foreign securities, stocks, investment trusts, and investment partnerships and so forth for investment purposes. Also, the Group holds certain domestic bonds for held-to-maturity purposes. In trading securities, the Group holds domestic bonds for trading. These items have interest risk, risk of changes in price, credit risk, and market liquidity risk. Market liquidity risk represents the risk that market trades cannot be performed due to market turmoil and that the Group may suffer losses due to significantly unfavorable financing conditions.

Deposits and borrowed money hold interest risk and cash flow risk (liquidity risk). Cash flow risk refers to the risk that securing necessary financing becomes difficult or significant unfavorable financing conditions result in recording of loss due to a mismatch of periods between operations and financing and unexpected outflows of money. Derivative transactions related to interest are composed of interest-rate swap agreements, cap agreements, floor agreements, and interest futures.

Derivative transactions related to currency are composed of exchange contracts, non-deliverable forwards (NDF), currency swap agreements, and currency option contracts. Derivative transactions related to securities are composed of bond futures, options on bond futures, over-the-counter (OTC) bond options, stock index futures, options on stock index futures, and individual security options.

The Group utilizes derivative transactions to meet customer needs and to control risk so that interest risk, risk of changes in prices, and foreign currency exchange risk are not excessive. In trading transactions, the Group utilizes derivative transactions to earn a profit and to accumulate



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the know-how related to the transactions and understand market trends.

The derivative transactions the Group utilizes are exposed to interest risk, currency exchange risk, the risk of change in prices, and credit risk. In utilizing derivative transactions, the Group performs effective covering of transactions to meet customers' needs, and in trading transactions, the Group preliminarily establishes a risk limit to avoid exposing the Group to an excessive degree of market risk. Transactions such as listed futures are exposed to limited credit risk and OTC transactions such as interest swaps are assumed to have low risk since the counterparties are composed of highly credible financial institutions and companies.

For some derivative transactions that hedge securities, etc., the Company applies hedge accounting based on internal regulations and internal hedging policies complying with the "Practical Guidelines for Accounting for Financial Instruments" (Accounting System Committee Report No. 14, hereinafter referred to as the "Practical Guidelines"). The hedging target and hedging instrument to which hedge accounting was applied in the current consolidated fiscal year are as follows:

- Hedging target: Securities
- Hedging instrument: Interest Rate Swap

The effectiveness of hedging is evaluated in the manner stipulated in the Practical Guidelines, etc.

### **(3) Risk Management for Financial Instruments**

#### *Integrated risk*

The Group defines integrated risk management policies and regulations, and strengthens integrated risk management to ensure the soundness of management.

The Group monitors various risks holistically including measurement by statistical methods and aims to control risks within the range of management vitality. Integrated risk is managed by the Group Risk Supervisory Division and is reported generally quarterly to the Group Risk Compliance Meeting and Group Risk Compliance Committee and generally semiannually to the Board of Directors' meetings. Necessary actions such as risk control are taken promptly.

#### *Credit risk management*

Credit risk refers to the risk of incurring losses due to a decrease or loss in the value of assets as a result of deterioration in the financial situation of a creditor.

Regarding credit risk management, the Group defines a credit rating system where the Group evaluates the degree of credit risk by an integrated scale objectively and discusses countermeasures with the Group companies as necessary in addition to monitoring the status of credit risk management at the Group companies and the risk of credit concentration throughout the Group.

#### *Market risk management (foreign exchange risk and interest rate risk)*

Market risk refers to the risk that the value of assets and liabilities will fluctuate due to fluctuations in various market risk factors such as interest rates, foreign exchange rates, and stocks, and the risk of incurring losses due to fluctuations in the earnings generated from assets and liabilities.

Under integrated risk management, the Bank semi-annually allocate risk capital to each business (deposit, loan, investment securities and other securities) and establish a cap on the investment amount and a maximum loss amount and matter to be discussed (level of loss to be re-examined) and department in charge handles market transactions within these risk limits expeditiously and effectively.

The Group holds financial instruments which are exposed to market risks (e.g. interest rate risk, price-volatility risk and exchange risk) such as loans and bills discounted, securities, deposits, negotiable deposits, borrowed money and corporate bonds. To manage these market risks, the Group calculates Value at Risk (VaR), which is used for quantitative analysis.

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The Group calculates VaR of yen-denominated bonds (including private placement bonds), borrowed money and corporate bonds that are exposed to interest rate risk by the variance-covariance method (six months holding period with confidence interval of 99% and observation period one year). The VaR of these financial instruments amounted to ¥33,373 million (\$223,201 thousand) and ¥35,880 million in aggregate as of March 31, 2025 and 2024, respectively.

The Group calculates VaR of investment securities that are exposed to price-volatility risk by the variance-covariance method (six months holding period with confidence interval of 99% and observation period one year). The VaR of these financial instruments amounted to ¥23,328 million (\$156,019 thousand) and ¥48,629 million in aggregate as of March 31, 2025 and 2024, respectively.

In addition, the Group calculates VaR of securities, excluding investment securities, which are exposed to interest rate risk or the price-volatility risk by the variance-covariance method (six months holding period with confidence interval of 99% and observation period one year). The VaR of these financial instruments amounted to ¥41,310 million (\$276,284 thousand) and ¥32,158 million in aggregate as of March 31, 2025 and 2024, respectively.

The Group compares VaR calculated by the formula with the actual fluctuation of realized gains and losses to verify that the calculated VaR reflects market risks with a high degree of accuracy.

However, VaR might not reflect market risks in circumstances such as unforeseen wide fluctuations in market circumstances because VaR reflects a certain amount of market risks calculated statistically based on historical fluctuation.

#### *Liquidity risk management*

Liquidity risk refers to cash flow risk and market liquidity risk. Cash flow risk refers to the risk of incurring losses due to a mismatch between the investment and funding periods or an unexpected outflow of funds, which makes it difficult to secure the necessary funds, or due to being forced to raise funds at a significantly higher interest rate than usual. Market liquidity risk refers to the risk of incurring losses due to the inability to trade in the market due to market turmoil or other factors or being forced to trade at a significantly more disadvantageous price than usual. The Company monitors the status of cash flow and liquidity risk and matters affecting cash flow and has established a system to respond promptly and accurately even if an unforeseen situation occurs.

#### (4) Financial Instruments Categorized by Fair Value Hierarchy

Fair values of financial instruments are calculated based on certain assumptions; therefore, fair values may vary according to the assumptions used.

The amount recorded in the consolidated balance sheet, market value, the difference between these, and the market value for each level are as follows. Shares without market prices and investment in partnerships are not included in the following table:

The fair value of financial instruments is categorized into the following three levels according to the observability and significance of the inputs used in making fair value measurements:

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

Level 2: Fair values measured by using observable inputs other than Level 1 inputs.

Level 3: Fair values measured by using unobservable inputs.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is classified at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

##### (a) Financial instruments measured at fair value:

March 31, 2025	Millions of Yen			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Securities (available-for-sale securities)	¥ 357,911	¥878,069	¥ 225	¥1,236,205
Japanese equity securities	128,894	6,755	-	135,649
Japanese government bonds	181,748	-	-	181,748
Japanese local government bonds	-	494,449	-	494,449
Japanese corporate bonds	-	233,921	225	234,146
Foreign bonds	37,931	86,731	-	124,662
Investment trust (*1)	9,338	56,211	-	65,549
Other securities	-	2	-	2
Total assets	¥357,911	¥878,069	¥ 225	¥1,236,205
Derivative transactions (*2) (*3)	¥ -	¥ 905	¥ (32)	¥ 873
Interest-related transaction	-	781	-	781
Currency-related transaction	-	124	-	124
Credit derivative transaction	-	-	(32)	(32)

March 31, 2024	Millions of Yen			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Securities (available-for-sale securities)	¥ 406,047	¥986,638	¥ 168	¥1,392,853
Japanese equity securities	171,145	8,875	-	180,020
Japanese government bonds	172,544	-	-	172,544
Japanese local government bonds	-	520,161	-	520,161
Japanese corporate bonds	-	252,896	168	253,064
Foreign bonds	51,489	97,727	-	149,216
Investment trust (*1)	10,869	106,977	-	117,846
Other securities	-	2	-	2
Total assets	¥406,047	¥986,638	¥ 168	¥1,392,853
Derivative transactions (*2) (*3)	¥ -	¥ 2,018	¥ (36)	¥ 1,982
Interest-related transaction	-	3,545	-	3,545
Currency-related transaction	-	(1,527)	-	(1,527)
Credit derivative transaction	-	-	(36)	(36)

March 31, 2025	Thousands of U.S. Dollars			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Securities (available-for-sale securities)	\$2,393,733	\$5,872,586	\$1,505	\$8,267,824
Japanese equity securities	862,052	45,178	-	907,230
Japanese government bonds	1,215,543	-	-	1,215,543
Japanese local government bonds	-	3,306,909	-	3,306,909
Japanese corporate bonds	-	1,564,479	1,505	1,565,984
Foreign bonds	253,685	580,063	-	833,748
Investment trust (*1)	62,453	375,943	-	438,396
Other securities	-	14	-	14
Total assets	<u>\$2,393,733</u>	<u>\$5,872,586</u>	<u>\$1,505</u>	<u>\$8,267,824</u>
Derivative transactions				
(*2) (*3)	\$ -	\$ 6,053	\$ (214)	\$ 5,839
Interest-related transaction	-	5,224	-	5,224
Currency-related transaction	-	829	-	829
Credit derivative transaction	-	-	(214)	(214)

(\*1) Investment trusts for which the base value under Paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) is deemed as market value are not included. The amounts of investment trusts on the consolidated balance sheets at March 31, 2025 and 2024 are ¥3,205 million (\$21,435 thousand) and ¥6,002 million, respectively.

(\*2) Derivative transactions recorded in other assets and liabilities are presented collectively. Net receivables and liabilities arising from derivative transactions are presented in net amounts, and items that constitute net liabilities in total are presented in parentheses.

(\*3) Among derivative transactions, the amounts of transactions on the consolidated balance sheets to which hedging accounting is applied at March 31, 2025 and 2024 are ¥548 million (\$3,665 thousand) and ¥3,247 million, respectively.

The adjustment table from the beginning balance to the year-end balance of investment trusts for which the base value is deemed as the market value is as follows:

Year Ended March 31, 2025

	Millions of Yen	Thousands of U.S. Dollars
Beginning balance	¥6,002	\$ 40,142
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1)	208	1,391
Recorded in other comprehensive income (*2)	(189)	(1,264)
Purchases, sales and redemption (net)	(2,816)	(18,834)
Amount for which the base value of the investment trusts is considered to be the fair value	-	-
Amount for which the base value of the investment trusts is not considered to be the fair value	-	-
Ending balance	¥ 3,205	\$ 21,435
Gains or losses on valuation of the investment trusts held at the end of the reporting period included in profit or loss for the period	¥ -	\$ -

(\*1) Included in the "Other operating income" in the Consolidated Statement of Income.

(\*2) Included in the "Unrealized (loss) gain on available-for-sale securities" under "Other Comprehensive Income" in the Consolidated Statement of Comprehensive Income.

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Year Ended March 31, 2024

	Millions of Yen
Beginning balance	¥8,588
Profit or loss or other comprehensive income for the period	
Recorded in profit or loss (*1)	523
Recorded in other comprehensive income (*2)	(488)
Purchases, sales and redemption (net)	(2,621)
Amount for which the base value of the investment trusts is considered to be the fair value	-
Amount for which the base value of the investment trusts is not considered to be the fair value	-
Ending balance	¥ 6,002
Gains or losses on valuation of the investment trusts held at the end of the reporting period included in profit or loss for the period	¥ -

(\*1) Included in the "Other operating income" in the Consolidated Statement of Income.

(\*2) Included in the "Unrealized (loss) gain on available-for-sale securities" under "Other Comprehensive Income" in the Consolidated Statement of Comprehensive Income.

(b) *Financial instruments other than those measured at fair value:*

Cash and due from Banks, payables under repurchase agreements, and payables under securities lending transactions are settled in a short period of time, and the carrying value approximates fair value. Therefore, the notes are omitted.

March 31, 2025	Millions of Yen					
	Fair Value				Carrying Amount	Difference
	Level 1	Level 2	Level 3	Total		
Securities (held-to-maturity—debt securities)						
Corporate bonds	¥ -	¥ -	¥ 49,635	¥ 49,635	¥ 50,029	¥ (394)
Loans and bills discounted					5,003,948	
Allowance for loan losses					(20,902)	
	-	-	4,895,856	4,895,856	4,983,046	(87,190)
Total assets	¥ -	¥ -	¥4,945,491	¥4,945,491	¥5,033,075	¥(87,584)
Deposits	¥ -	¥6,352,703	¥ -	¥6,352,703	¥6,354,870	¥ (2,167)
Borrowed money	-	507,919	-	507,919	508,008	(89)
Total liabilities	¥ -	¥6,860,622	¥ -	¥6,860,622	¥6,862,878	¥ (2,256)

  

March 31, 2024	Millions of Yen					
	Fair Value				Carrying Amount	Difference
	Level 1	Level 2	Level 3	Total		
Securities (held-to-maturity—debt securities)						
Corporate bonds	¥ -	¥ -	¥ 54,764	¥ 54,764	¥ 54,762	¥ 2
Loans and bills discounted					4,838,415	
Allowance for loan losses					(21,668)	
	-	-	4,779,293	4,779,293	4,816,747	(37,454)
Total assets	¥ -	¥ -	¥4,834,057	¥4,834,057	¥4,871,509	¥(37,452)
Deposits	¥ -	¥6,388,738	¥ -	¥6,388,738	¥6,388,735	¥ 3
Borrowed money	-	346,267	-	346,267	346,327	(60)
Total liabilities	¥ -	¥6,735,005	¥ -	¥6,735,005	¥6,735,062	¥ (57)

  

March 31, 2025	Thousands of U.S. Dollars					
	Fair Value				Carrying Amount	Difference
	Level 1	Level 2	Level 3	Total		
Securities (held-to-maturity—debt securities)						
Corporate bonds	\$ -	\$ -	\$ 331,963	\$ 331,963	\$ 334,598	\$ (2,635)
Loans and bills discounted					33,466,747	
Allowance for loan losses					(139,794)	
	-	-	32,743,820	32,743,820	33,326,953	(583,133)
Total assets	\$ -	\$ -	\$33,075,783	\$33,075,783	\$33,661,551	\$(585,768)
Deposits	\$ -	\$42,487,313	\$ -	\$42,487,313	\$42,501,806	\$ (14,493)
Borrowed money	-	3,396,997	-	3,396,997	3,397,592	(595)
Total liabilities	\$ -	\$45,884,310	\$ -	\$45,884,310	\$45,899,398	\$ (15,088)

\* Allowances for general doubtful accounts and allowances for individual doubtful accounts corresponding to loans are deducted.



*(Note 1) Explanation of evaluation techniques used for the calculation of market value and inputs related to the calculation of market value*

## **Assets**

### Securities

Securities whose unadjusted quoted prices in active markets are available are categorized as Level 1. This mainly includes listed stocks, listed investment trusts, and government bonds.

Securities whose quoted prices are not considered to be in active markets due to low market transactions are categorized as Level 2. This mainly includes Japanese local government bonds and corporate bonds. Regarding investment trusts with no trading prices in the market, if there is no restriction significant enough for market participants to require consideration relating to cancellation or repurchase claims, the base value is fair value and the fair value is classified as Level 2.

When the quoted price is not available, the fair value is measured by using valuation techniques such as the discounted present value method of future cash flows. The Company makes maximum use of observable inputs for valuation techniques, which include TIBOR, prepayment rate, credit spread, bankruptcy probability, and bankruptcy loss rate. Securities whose fair values are measured by using significant unobservable inputs are categorized as Level 3.

### Loans and Bills Discounted

The fair values of loans are measured by discounting the total amount of principal and interest at a discount rate that reflects credit risk, etc. in the market interest rate for each type of loan, internal rating, and classification based on period. For loans with variable interest rates, the carrying value approximates fair value because it reflects the market interest rate in the short term as long as the credit status of the borrower has not changed significantly. In addition, as for loans to legally bankrupt borrowers, virtually bankrupt borrowers, and potentially bankrupt borrowers, the fair value is calculated by deducting the allowance, which is calculated based on the discounted present value of the estimated future cash flow or the estimated collection of cash from collateral and guarantee, from the balance in the consolidated balance sheet date. Therefore, the carrying value approximates fair value. The fair value is classified as a Level 3 fair value.

## **Liabilities**

### Deposits

For demand deposits, the amount payable immediately on demand as of the consolidated balance sheet date is considered to be the fair value. Time deposits are grouped by maturity lengths and their fair value is calculated by discounting future cash flows with the market interest rate. For the deposits and negotiable certificates of deposits with the repayment period within one year, the carrying value approximates fair value due to the short-term maturities. The fair value is classified as a Level 2 fair value.

### Borrowed Money

For borrowed money, the present value is calculated by discounting the total principal and interest of the borrowings divided into certain periods by the interest rate that takes into account the remaining term of the borrowing and credit risk. For borrowed money with variable interest rates, the fair value approximates the carrying value because it reflects the market interest rate in the short term and the credit status of the Company and its consolidated subsidiaries has not changed significantly since inception. Also, for borrowed money that mature within one year, the carrying value approximates fair value due to its short-term maturities. The fair value is classified as a Level 2 fair value.

## Derivatives

Derivatives whose unadjusted quoted prices in active markets are available are categorized as Level 1. This mainly includes transactions of bond futures and interest rate futures.

However, since most derivatives transactions are over-the-counter transactions and there is no published quoted price, the fair value is calculated using valuation techniques such as the discounted present value method and the Black Scholes model according to the type of transaction and the period until maturity. The main inputs used in these valuation techniques are interest rates, exchange rates, volatility, etc. If unobservable inputs are not used or their effects are not significant, they are classified as Level 2, and include plain vanilla interest rate swap transactions, foreign exchange contract transactions, etc. Derivatives whose fair values are measured by using significant unobservable inputs are categorized as Level 3.

### *(Note 2) Information about Level 3 of financial instruments measured at fair value*

#### (1) Quantitative information on significant unobservable inputs

As of March 31, 2025

Categories	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities (available-for-sale securities)				
Corporate bonds	Discounted cash flow method (*1)	Probability of bankruptcy Loss rate at the time of bankruptcy	23.2% 20.0% - 100.0%	23.2% 41.7%

(\*1) For some corporate bonds, the estimated amount of loan losses is calculated based on the estimated amount of collateral and guarantees, etc. and the fair value is the amount obtained by deducting the estimated amount of loan losses from the corporate bond value.

As of March 31, 2024

Categories	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities (available-for-sale securities)				
Corporate bonds	Discounted cash flow method (*1)	Probability of bankruptcy Loss rate at the time of bankruptcy	22.3% 20.0% - 100.0%	22.3% 49.5%

(\*1) For some corporate bonds, the estimated amount of loan losses is calculated based on the estimated amount of collateral and guarantees, etc. and the fair value is the amount obtained by deducting the estimated amount of loan losses from the corporate bond value.

(2) A reconciliation from the beginning balances to the ending balances and gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period

<u>March 31, 2025</u>	Millions of Yen	
	Securities Available-for-sale	Derivative transactions
	Corporate bonds	Credit derivative transactions (*4)
Beginning balance	¥ 168	¥ (36)
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1)	-	5
Recorded in other comprehensive income (*2)	(4)	-
Purchases, sales, issuances, and settlements	(8)	-
Transfer into Level 3 (*3)	69	-
Transfer out of Level 3	-	-
Ending balance	¥ 225	¥ (31)
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	¥ -	¥ (31)

<u>March 31, 2024</u>	Millions of Yen	
	Securities Available-for-sale	Derivative transactions
	Corporate bonds	Credit derivative transactions (*4)
Beginning balance	¥ 190	¥ (27)
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1)	(19)	(9)
Recorded in other comprehensive income (*2)	4	-
Purchases, sales, issuances, and settlements	(92)	-
Transfer into Level 3 (*3)	85	-
Transfer out of Level 3	-	-
Ending balance	¥ 168	¥ (36)
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	¥ -	¥ (36)

- (\*1) Included in "Other operating income" and "Other operating expenses" in the Consolidated Statement of Income.
- (\*2) Included in the "Unrealized gain (loss) on available-for-sale securities" under "Other Comprehensive Income" in the Consolidated Statement of Comprehensive Income.
- (\*3) These are privately placed guaranteed bonds held by the Bank, and due to the significant deterioration in the credit condition of the issuer of the bonds, the holding classification of the bond has been changed from held -to-maturity to available-for-sale.
- (\*4) Net receivables, payables, profits and losses arising from derivatives transactions are presented as net amounts, and items that constitute net payables and losses in total are presented in parentheses.

<u>March 31, 2025</u>	Thousands of U.S. Dollars	
	Securities	Derivative
	Available-for-sale	transactions
	Corporate bonds	Credit derivative transactions (*4)
Beginning balance	\$ 1,124	\$ (241)
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1)	-	34
Recorded in other comprehensive income (*2)	(27)	-
Purchases, sales, issuances, and settlements	(53)	-
Transfer into Level 3 (*3)	461	-
Transfer out of Level 3	-	-
Ending balance	\$ 1,505	\$ (207)
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	-	\$ (207)

- (\*1) Included in "Other operating income" and "Other operating expenses" in the Consolidated Statement of Income.
- (\*2) Included in the "Unrealized gain (loss) on available-for-sale securities" under "Other Comprehensive Income" in the Consolidated Statement of Comprehensive Income.
- (\*3) These are privately placed guaranteed bonds held by the Bank, and due to the significant deterioration in the credit condition of the issuer of the bonds, the holding classification of the bond has been changed from held-to-maturity to available-for-sale.
- (\*4) Net receivables, payables, profits and losses arising from derivatives transactions are presented as net amounts, and items that constitute net payables and losses in total are presented in parentheses.

(3) A description of valuation processes used for fair value measurements

The risk management division of the Group has established policies and procedures for measuring fair value, and each trading division measures fair value following the policies and procedures. A risk management 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 measuring fair value, the Company uses a valuation model that most appropriately reflects the nature, characteristics and risks of each asset. In addition, when using quoted prices obtained from third parties, the Company verifies whether the prices are valid using appropriate methods, such as confirming the valuation techniques and inputs used and comparing them with the fair value of similar financial instruments.

(4) A narrative description of sensitivity of the fair value measurement to changes in significant unobservable inputs

Significant unobservable inputs used in measuring the fair value of the corporate bonds are probability of bankruptcy and loss rate at the time of bankruptcy. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for probability of bankruptcy is accompanied by a directionally similar change in the assumption used for loss rate at the time of bankruptcy.

(Note 3) *Securities, etc. that do not have a market price and investment in partnerships are as follows and are not included in "Securities (available-for-sale securities)" in the table of financial instruments measured at fair value.*

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Securities, etc. that do not have a market price (*1, *2)	¥ 5,937	¥ 5,989	\$ 39,707
Investment in partnerships (*3)	<u>11,672</u>	<u>13,724</u>	<u>78,063</u>
Total	<u>¥17,609</u>	<u>¥19,713</u>	<u>\$ 117,770</u>

(\*1) Securities, etc. that do not have a market price are not subject to fair value disclosure in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).

(\*2) Impairment losses of ¥29 million (\$194 thousand) and ¥1 million are recorded for unlisted equity securities for the years ended March 31, 2025 and 2024, respectively.

(\*3) Investment in partnerships are not subject to fair value disclosure in accordance with Article 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

(Note4) Maturity Analysis for Financial Assets, Securities and Financial Liabilities with Contractual Maturities

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
<u>March 31, 2025</u>				
Securities:				
Held-to-maturity securities:				
Debt securities—Japanese corporate bonds	¥ 11,854	¥ 33,164	¥ 4,832	¥ 178
Available-for-sale securities with contractual maturities:				
Debt securities:				
Japanese government bonds	-	60,000	130,000	-
Japanese local government bonds	27,501	254,178	236,278	-
Japanese corporate bonds	23,539	118,073	22,700	78,214
Foreign bonds	11,101	12,971	18,834	88,217
Investment trust	608	28,882	11,276	10,078
Other	2,109	4,312	899	655
Loans and bills discounted *1	<u>782,776</u>	<u>1,311,929</u>	<u>1,037,584</u>	<u>1,806,274</u>
Total	<u>¥ 859,488</u>	<u>¥ 1,823,509</u>	<u>¥ 1,462,403</u>	<u>¥ 1,983,616</u>

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
<u>March 31, 2025</u>				
Deposits	¥ 5,967,534	¥ 387,336	¥ -	¥ -
Borrowed money	<u>285,250</u>	<u>222,758</u>	<u>-</u>	<u>-</u>
Total	<u>¥ 6,252,784</u>	<u>¥ 610,094</u>	<u>¥ -</u>	<u>¥ -</u>

<u>March 31, 2024</u>	Millions of Yen			
	<u>Due in 1 Year or Less</u>	<u>Due after 1 Year through 5 Years</u>	<u>Due after 5 Years through 10 Years</u>	<u>Due after 10 Years</u>
Securities:				
Held-to-maturity securities:				
Debt securities—Japanese corporate bonds	¥ 14,066	¥ 36,197	¥ 4,277	¥ 222
Available-for-sale securities with contractual maturities:				
Debt securities:				
Japanese government bonds	-	-	135,000	45,500
Japanese local government bonds	25,559	188,149	315,511	-
Japanese corporate bonds	17,822	103,862	33,400	101,950
Foreign bonds	12,187	22,440	15,403	108,859
Investment trust	5,548	48,460	20,169	26,897
Other	705	7,089	971	711
Loans and bills discounted <sup>*2</sup>	<u>812,259</u>	<u>1,228,548</u>	<u>979,290</u>	<u>1,744,623</u>
Total	<u>¥ 888,146</u>	<u>¥ 1,634,745</u>	<u>¥ 1,504,021</u>	<u>¥ 2,028,762</u>

<u>March 31, 2024</u>	Millions of Yen			
	<u>Due in 1 Year or Less</u>	<u>Due after 1 Year through 5 Years</u>	<u>Due after 5 Years through 10 Years</u>	<u>Due after 10 Years</u>
Deposits	¥6,053,074	¥335,658	¥3	¥ -
Borrowed money	<u>122,047</u>	<u>224,280</u>	-	-
Total	<u>¥6,175,121</u>	<u>¥559,938</u>	<u>¥3</u>	<u>¥ -</u>

<u>March 31, 2025</u>	Thousands of U.S. Dollars			
	<u>Due in 1 Year or Less</u>	<u>Due after 1 Year through 5 Years</u>	<u>Due after 5 Years through 10 Years</u>	<u>Due after 10 Years</u>
Securities:				
Held-to-maturity securities:				
Debt securities—Japanese corporate bonds	\$79,280	\$ 221,803	\$ 32,317	\$ 1,191
Available-for-sale securities with contractual maturities:				
Debt securities:				
Japanese government bonds	-	401,284	869,449	-
Japanese local government bonds	183,929	1,699,960	1,580,243	-
Japanese corporate bonds	157,430	789,680	151,819	523,101
Foreign bonds	74,244	86,751	125,963	590,001
Investment trust	4,066	193,165	75,415	67,402
Other	14,105	28,839	6,013	4,381
Loans and bills discounted <sup>*1</sup>	<u>5,235,260</u>	<u>8,774,271</u>	<u>6,939,432</u>	<u>12,080,484</u>
Total	<u>\$ 5,748,314</u>	<u>\$12,195,753</u>	<u>\$ 9,780,651</u>	<u>\$13,266,560</u>

<u>March 31, 2025</u>	Thousands of U.S. Dollars			
	<u>Due in 1 Year or Less</u>	<u>Due after 1 Year through 5 Years</u>	<u>Due after 5 Years through 10 Years</u>	<u>Due after 10 Years</u>
Deposits	\$39,911,276	\$2,590,530	\$ -	\$ -
Borrowed money	<u>1,907,772</u>	<u>1,489,820</u>	<u>-</u>	<u>-</u>
Total	<u>\$41,819,048</u>	<u>\$4,080,350</u>	<u>\$ -</u>	<u>\$ -</u>

\*1 Loans and bills discounted whose cash flows cannot be estimated, such as “legal bankruptcy,” “virtual bankruptcy,” and “possible bankruptcy” loans amounting to ¥56,645 million (\$378,846 thousand) as of March 31, 2025 and loans and bills discounted with no contractual maturities, amounting to ¥8,740 million (\$58,454 thousand) as of March 31, 2025, are not included.

\*2 Loans and bills discounted whose cash flows cannot be estimated, such as “legal bankruptcy,” “virtual bankruptcy,” and “possible bankruptcy” loans amounting to ¥60,976 million as of March 31, 2024 and loans and bills discounted with no contractual maturities, amounting to ¥12,719 million as of March 31, 2024, are not included.

Please see Note 14 for annual maturities of borrowed money.



## **27. COMMITMENTS AND CONTINGENT LIABILITIES**

Commitment line contracts on overdrafts and loans are agreements to make loans to customers when they apply for borrowing up to a prescribed amount as long as there is no violation of any condition in the contracts.

The total amounts of unused open commitments as of March 31, 2025 and 2024, were ¥1,143,460 million (\$7,647,539 thousand) and ¥1,161,754 million, respectively. Multi-purpose accounts included in the unused open commitments as of March 31, 2025 and 2024, were ¥458,383 million (\$3,065,697 thousand) and ¥480,194 million, respectively. The amounts of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time as of March 31, 2025 and 2024, were ¥1,118,669 million (\$7,481,735 thousand) and ¥1,137,585 million, respectively.

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments have clauses enabling the Bank and certain subsidiaries to reject the loans to customers or reduce the contract amounts of commitment, in the event monetary conditions have changed and the Bank and certain subsidiaries need to secure claims, or other considerable events have occurred.

In addition, if necessary, the Bank and certain subsidiaries can request the customers to pledge collateral such as premises and securities at the execution of the contracts. After execution, the Bank and certain subsidiaries periodically evaluate the customers' financial position based upon the Bank's internal policy, and take necessary measures to manage the credit exposures, such as revising the terms of contracts or securing the claims.

## 28. DERIVATIVE INFORMATION

The Bank enters into swaps related to interest rates, foreign exchange forward contracts, swap and option contracts related to currencies, over-the-counter bond options and stock index options contracts related to securities.

### ***Derivative Transactions to Which Hedge Accounting Is Not Applied as of March 31, 2025 and 2024***

<u>March 31, 2025</u>	Millions of Yen			
	<u>Contract Amount</u>	<u>Contract Amount Due after One Year</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Over-the-counter:				
Interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	¥ 7,919	¥ 7,919	¥ (254)	¥ (254)
Variable rate receipt, fixed rate payment	7,919	7,919	487	487
Over-the-counter:				
Currency-related contracts:				
Currency swap	265,381	211,207	12	1,305
Foreign exchange forward:				
Sell	61,749	1,213	140	140
Buy	17,357	1,098	(30)	(30)
Currency option:				
Sell	31,238	22,196	(1,427)	1,036
Buy	33,125	23,617	1,430	(696)
Other:				
Sell	-	-	-	-
Buy	-	-	-	-
Over-the-counter:				
Credit derivative contracts:				
Credit default options				
Sell	-	-	-	-
Buy	-	-	-	-
Credit default swap				
Sell	-	-	-	-
Buy	2,431	2,431	(31)	(31)
Other:				
Sell	-	-	-	-
Buy	-	-	-	-
Over-the-counter:				
Earthquake derivative:				
Sell	260	-	(2)	-
Buy	260	-	2	-

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
<u>March 31, 2024</u>				
Over-the-counter:				
Interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	¥ 9,951	¥ 9,951	¥ (79)	¥ (79)
Variable rate receipt, fixed rate payment	9,951	9,951	377	377
Over-the-counter:				
Currency-related contracts:				
Currency swap	252,739	186,324	(555)	576
Foreign exchange forward:				
Sell	63,770	736	(1,348)	(1,348)
Buy	13,808	529	374	374
Currency option:				
Sell	51,720	39,487	(2,410)	1,552
Buy	56,464	43,823	2,412	(1,062)
Other:				
Sell	-	-	-	-
Buy	-	-	-	-
Over-the-counter:				
Credit derivative contracts:				
Credit default options				
Sell	-	-	-	-
Buy	-	-	-	-
Credit default swap				
Sell	-	-	-	-
Buy	2,319	2,319	(36)	(36)
Other:				
Sell	-	-	-	-
Buy	-	-	-	-
Over-the-counter:				
Earthquake derivative:				
Sell	260	-	(2)	-
Buy	260	-	2	-

<u>March 31, 2025</u>	Thousands of U.S. Dollars			
	<u>Contract Amount</u>	<u>Contract Amount Due after One Year</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Over-the-counter:				
Interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	\$ 52,963	\$ 52,963	\$ (1,699)	\$ (1,699)
Variable rate receipt, fixed rate payment	52,963	52,963	3,257	3,257
Over-the-counter:				
Currency-related contracts:				
Currency swap	1,774,886	1,412,567	80	8,728
Foreign exchange forward:				
Sell	412,982	8,113	936	936
Buy	116,085	7,343	(201)	(201)
Currency option:				
Sell	208,922	148,448	(9,544)	6,929
Buy	221,542	157,952	9,564	(4,655)
Other:				
Sell	-	-	-	-
Buy	-	-	-	-
Over-the-counter:				
Credit derivative contracts:				
Credit default options				
Sell	-	-	-	-
Buy	-	-	-	-
Credit default swap				
Sell	-	-	-	-
Buy	16,259	16,259	(207)	(207)
Other:				
Sell	-	-	-	-
Buy	-	-	-	-
Over-the-counter:				
Earthquake derivative:				
Sell	1,739	-	(13)	-
Buy	1,739	-	13	-

- Notes: 1. Derivative transactions are valued at market and the gains/losses are recognized in the consolidated statement of income.
2. There were no transactions applicable for stock-related contracts, bond-related contracts, and commodities for the years ended March 31, 2025 and 2024.

***Derivative Transactions to Which Hedge Accounting Is Applied as of March 31, 2025 and 2024***

Millions of Yen				
	Main Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
<u>March 31, 2025</u>				
Principle method				
Interest rate swap:				
Variable rate receipt, fixed rate payment	Securities	¥ 29,904	¥29,904	¥ 548
	Main Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
<u>March 31, 2024</u>				
Principle method				
Interest rate swap:				
Variable rate receipt, fixed rate payment	Securities	¥ 45,423	¥45,423	¥ 3,247
Thousands of U.S. Dollars				
	Main Hedged item	Contract Amount	Contract Amount Due after One Year	Fair Value
<u>March 31, 2025</u>				
Principle method				
Interest rate swap:				
Variable rate receipt, fixed rate payment	Securities	\$ 200,000	\$200,000	\$ 3,665

## 29. COMPREHENSIVE INCOME

The components of other comprehensive (loss) income for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Unrealized (loss) gain on available-for-sale securities:			
(Losses) gains arising during the year	¥ (53,751)	¥ 50,367	\$ (359,490)
Reclassification adjustments to profit or loss	<u>1,396</u>	<u>1,477</u>	<u>9,336</u>
Income tax and amount before income tax effect	(52,355)	51,844	(350,154)
Income tax and Income tax effect	<u>15,385</u>	<u>(15,512)</u>	<u>102,896</u>
Total	<u>(36,970)</u>	<u>36,332</u>	<u>(247,258)</u>
Deferred (loss) gain on hedges:			
Adjustments arising during the year	227	4,513	1,518
Reclassification adjustments to profit or loss	<u>(2,926)</u>	<u>(1,434)</u>	<u>(19,569)</u>
Income tax and amount before income tax effect	(2,699)	3,079	(18,051)
Income tax and Income tax effect	<u>803</u>	<u>(921)</u>	<u>5,371</u>
Total	<u>(1,896)</u>	<u>2,158</u>	<u>(12,680)</u>
Land revaluation surplus:			
Adjustments arising during the year	-	-	-
Reclassification adjustments to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>
Income tax and amount before income tax effect	-	-	-
Income tax and Income tax effect	<u>189</u>	<u>-</u>	<u>1,264</u>
Total	<u>(189)</u>	<u>-</u>	<u>(1,264)</u>
Defined retirement benefit plans:			
Adjustments arising during the year	1,262	9,816	8,441
Reclassification adjustments to profit or loss	<u>(2,800)</u>	<u>(392)</u>	<u>(18,727)</u>
Income tax and amount before income tax effect	(1,538)	9,424	(10,286)
Income tax and Income tax effect	<u>383</u>	<u>(2,820)</u>	<u>2,561</u>
Total	<u>(1,155)</u>	<u>6,604</u>	<u>(7,725)</u>
Total other comprehensive (loss) income	<u>¥(40,210)</u>	<u>¥ 45,094</u>	<u>\$ (268,927)</u>

### 30. PER SHARE INFORMATION

#### a. *Net Income Per Share*

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2025 and 2024 was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of Parent	Weighted- Average Shares		EPS
<u>Year Ended March 31, 2025</u>				
Net income attributable to owners of parent	¥20,840			
Amount not attributable to common shareholders	-			
Basic EPS—Net income available to common shareholders	20,840	36,099	¥577.30	\$3.86

#### Year Ended March 31, 2024

Net income attributable to owners of parent	¥19,318			
Amount not attributable to common shareholders	-			
Basic EPS—Net income available to common shareholders	19,318	36,412	¥530.55	

Note: Diluted net income per share for the year ended March 31, 2025 and 2024 is not presented because there are no dilutive shares.

**b. Net Assets Per Share**

Net assets per share as of March 31, 2025 and 2024, were ¥11,679.06 (\$78.11) and 12,257.69, respectively.

As described in "Changes in Accounting Policies," "Guidance for Tax Effect" has been applied from the beginning of the current consolidated fiscal year, and as a result, the amounts for the previous consolidated fiscal year are retroactively applied.

Net assets per share of common stock as of March 31, 2025 and 2024, were calculated based on the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Total net assets	¥ 423,550	¥ 451,464	\$ 2,832,731
Deductions from total net assets:			
Noncontrolling interests	<u>4,421</u>	<u>4,120</u>	<u>29,568</u>
Net assets attributable to common stock at the end of the fiscal year	<u>¥ 419,129</u>	<u>¥ 447,344</u>	<u>\$ 2,803,163</u>
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share (shares in thousands)	35,887	36,495	



### 31. Revenue Recognition

#### Disaggregation of revenue from contracts with customers

Information regarding disaggregation of revenue from contracts with customers for the years ended March 31, 2025 and 2024, was as follows.

Year Ended March 31, 2025	Millions of Yen				
	Reportable Segment			Other	Total
	Banking	Lease	Total		
Interest income	¥63,777	¥ 212	¥ 63,989	¥ 7,213	¥ 71,202
Trust fees	3	—	3	—	3
Fees and commissions	20,056	—	20,056	6,989	27,045
Deposit and lending service	3,234	—	3,234	—	3,234
Foreign exchanges service	3,870	—	3,870	—	3,870
Securities-related service	3,727	—	3,727	1,286	5,013
Guarantee service	1,868	—	1,868	164	2,032
Credit card service	—	—	—	2,787	2,787
Other operating income	651	27,502	28,153	3,758	31,911
Other income	16,405	730	17,135	175	17,310
Income	¥100,892	¥28,444	¥129,336	¥18,135	¥147,471

  

Year Ended March 31, 2024	Millions of Yen				
	Reportable Segment			Other	Total
	Banking	Lease	Total		
Interest income	¥59,414	¥ 159	¥ 59,573	¥ 5,465	¥ 65,038
Trust fees	3	—	3	—	3
Fees and commissions	20,398	—	20,398	7,054	27,452
Deposit and lending service	3,711	—	3,711	—	3,711
Foreign exchanges service	3,696	—	3,696	—	3,696
Securities-related service	3,094	—	3,094	1,595	4,689
Guarantee service	1,934	—	1,934	159	2,093
Credit card service	—	—	—	2,718	2,718
Other operating income	1,155	27,177	28,332	2,715	31,047
Other income	14,303	13	14,316	72	14,388
Income	¥95,273	¥27,349	¥122,622	¥15,306	¥137,928

Year Ended  
March 31, 2025

Millions of U.S. Dollars

	Reportable Segment			Other	Total
	Banking	Lease	Total		
Interest income	\$426,545	\$ 1,418	\$427,963	\$48,241	\$ 476,204
Trust fees	20	—	20	—	20
Fees and commissions	134,136	—	134,136	46,743	180,879
Deposit and lending service	21,629	—	21,629	—	21,629
Foreign exchanges service	25,883	—	25,883	—	25,883
Securities-related service	24,926	—	24,926	8,601	33,527
Guarantee service	12,493	—	12,493	1,097	13,590
Credit card service	—	—	—	18,640	18,640
Other operating income	4,354	183,935	188,289	25,134	213,423
Other income	109,718	4,882	114,600	1,170	115,770
Income	\$674,773	\$190,235	\$865,008	\$121,288	\$986,296

- \*1. The above table also includes revenue based on the ASBJ Statement No. 10 “Accounting Standards for Financial Instruments.”
- \*2. “Other” refers to business segments that are not included in the reporting segment, such as financial instruments transaction and credit card service.
- \*3. The difference between the “total” amount in the above table and the amount recorded in the consolidated statement of income is mainly the elimination of intersegment transactions.

## 32. SUBSEQUENT EVENTS

### *Appropriation of Retained Earnings*

On May 9, 2025, the Board of Directors resolved an appropriation of retained earnings as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends—¥100.00 (\$0.67) per share of common stock	¥3,589	\$24,003

## 33. SEGMENT INFORMATION

Under ASBJ Statement No. 17, “Accounting Standard for Segment Information Disclosures” and ASBJ Guidance No. 20, “Guidance on Accounting Standard for Segment Information Disclosures,” an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

**a. Description of Reportable Segments**

(1) Method for determining the reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Group's management is being performed in order to decide how resources are allocated among the Group.

The Group provides banking services-based comprehensive financial services and leasing business. The Group consists of two reportable segments: banking business and lease business.

(2) Types of products and services belonging to each reportable segment

The banking business is operated by The Juroku Bank, Ltd. and provides various services such as deposit-taking and lending services, trading securities, securities investment, domestic exchange, foreign exchange, managing bonds, a derivatives business and other related businesses at headquarters and branches of The Juroku Bank, Ltd. In addition, consolidated subsidiaries operate credit guarantee business and supplement the banking business.

The lease business is operated by Juroku Lease Co., Ltd. It provides leasing business to meet local customers' needs.

**b. Methods of Measurement for the Amounts of Income, Profit, Assets and Other Items for Each Reportable Segment**

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

**c. Information about Income, Profit, Assets, Liabilities and Other Items**

	Millions of Yen						
	2025						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Lease	Total				
Ordinary income:							
(1) Outside customers	¥ 99,854	¥ 28,169	¥ 128,023	¥ 8,279	¥ 136,302	¥ -	¥ 136,302
(2) Intersegment transactions	1,038	275	1,313	9,856	11,169	(11,169)	-
Total	¥ 100,892	¥ 28,444	¥ 129,336	¥ 18,135	¥ 147,471	¥ (11,169)	¥ 136,302
Segment profit	¥ 28,837	¥ 808	¥ 29,645	¥ 8,706	¥ 38,351	¥ (7,113)	¥ 31,238
Segment assets	7,524,045	85,645	7,609,690	337,616	7,947,306	(351,829)	7,595,477
Other:							
Depreciation	2,824	424	3,248	108	3,356	105	3,461
Amortization of goodwill	245	-	245	207	452	-	452
Interest income	63,777	212	63,989	7,213	71,202	(7,345)	63,857
Interest expense	9,356	261	9,617	83	9,700	(255)	9,445
Allowance for loan losses	884	723	1,607	133	1,740	-	1,740
Increase in premises and equipment and intangible assets	3,890	234	4,124	853	4,977	82	5,059

- Notes: 1. Ordinary income represents total income less certain extraordinary income included in “Other income” in the accompanying consolidated statement of income.
2. “Other” includes business segments of financial instruments business and credit card service.
3. Reconciliations mainly represent the elimination of intersegment transactions.
4. Segment profit is adjusted to reconcile to income before income taxes less certain extraordinary items in the accompanying consolidated statement of income.

	Millions of Yen						
	2024						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Lease	Total				
Ordinary income:							
(1) Outside customers	¥ 94,339	¥ 27,073	¥ 121,412	¥ 7,424	¥ 128,836	¥ -	¥ 128,836
(2) Intersegment transactions	935	275	1,210	7,882	9,092	(9,092)	-
Total	¥ 95,274	¥ 27,348	¥ 122,622	¥ 15,306	¥ 137,928	¥ (9,092)	¥ 128,836
Segment profit	¥ 26,529	¥ 460	¥ 26,989	¥ 6,287	¥ 33,276	¥ (5,368)	¥ 27,908
Segment assets	7,463,167	88,020	7,551,187	339,296	7,890,483	(355,003)	7,535,480
Other:							
Depreciation	2,548	473	3,021	149	3,170	105	3,275
Amortization of goodwill	245	-	245	207	452	-	452
Interest income	59,413	160	59,573	5,465	65,038	(5,528)	59,510
Interest expense	6,560	186	6,746	48	6,794	(177)	6,617
Allowance for loan losses	482	57	539	169	708	-	708
Increase in premises and equipment and intangible assets	3,778	203	3,981	144	4,125	131	4,256

- Notes: 1. Ordinary income represents total income less certain extraordinary income included in “Other income” in the accompanying consolidated statement of income.
2. “Other” includes business segments of financial instruments business and credit card service.
3. Reconciliations mainly represent the elimination of intersegment transactions.
4. Segment profit is adjusted to reconcile to income before income taxes less certain extraordinary items in the accompanying consolidated statement of income.
5. NOBUNAGA Succession Inc., newly established on July 3, 2023, is included in “Other.”
6. As described in "Changes in Accounting Policies," "Guidance for Tax Effect" has been applied from the beginning of the current consolidated fiscal year, and as a result, the amounts for the previous consolidated fiscal year are retroactively applied.

Thousands of U.S. Dollars							
2025							
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Lease	Total				
Ordinary income:							
(1) Outside customers	\$ 667,831	\$ 188,396	\$ 856,227	\$ 55,370	\$ 911,597	\$ -	\$ 911,597
(2) Intersegment transactions	<u>6,942</u>	<u>1,839</u>	<u>8,781</u>	<u>65,918</u>	<u>74,699</u>	<u>(74,699)</u>	<u>-</u>
Total	<u>\$ 674,773</u>	<u>\$ 190,235</u>	<u>\$ 865,008</u>	<u>\$ 121,288</u>	<u>\$ 986,296</u>	<u>\$ (74,699)</u>	<u>\$ 911,597</u>
Segment profit	\$ 192,864	\$ 5,404	\$ 198,268	\$ 58,226	\$ 256,494	\$ (47,572)	\$ 208,922
Segment assets	50,321,328	572,800	50,894,128	2,257,999	53,152,127	(2,353,057)	50,799,070
Other:							
Depreciation	18,887	2,836	21,723	722	22,445	702	23,147
Amortization of goodwill	1,639	-	1,639	1,384	3,023	-	3,023
Interest income	426,545	1,418	427,963	48,241	476,204	(49,124)	427,080
Interest expense	62,574	1,745	64,319	555	64,874	(1,705)	63,169
Allowance for loan losses	5,912	4,835	10,747	890	11,637	-	11,637
Increase in premises and equipment and intangible assets	26,017	1,565	27,582	5,705	33,287	548	33,835

Notes: 1. Ordinary income represents total income less certain extraordinary income included in "Other income" in the accompanying consolidated statement of income.

2. "Other" includes business segments of financial instruments business, credit cards service.

3. Reconciliations mainly represent the elimination of intersegment transactions.

4. Segment profit is adjusted to reconcile to income before income taxes less certain extraordinary items in the accompanying consolidated statement of income.

**d. Associated Information**

(1) *Information about services*

		Millions of Yen				
		2025				
		<u>Lending Service</u>	<u>Securities Services</u>	<u>Leasing</u>	<u>Other</u>	<u>Total</u>
Ordinary income—						
Outside customers		¥43,711	¥35,613	¥27,228	¥29,750	¥ 136,302
		Millions of Yen				
		2024				
		<u>Lending Service</u>	<u>Securities Services</u>	<u>Leasing</u>	<u>Other</u>	<u>Total</u>
Ordinary income—						
Outside customers		¥40,695	¥33,686	¥26,901	¥27,554	¥ 128,836
		Thousands of U.S. Dollars				
		2025				
		<u>Lending Service</u>	<u>Securities Services</u>	<u>Leasing</u>	<u>Other</u>	<u>Total</u>
Ordinary income—						
Outside customers		\$292,342	\$238,182	\$182,103	\$198,970	\$ 911,597

(2) *Geographical information*

(a) Operating Revenues

This information is not presented because the Group's revenues in Japan account for more than 90% of revenues in the consolidated statement of income.

(b) Premises and equipment

This information is not presented because the Group's property and equipment in Japan account for more than 90% of premises and equipment in the consolidated balance sheet.

(3) *Information by major customer*

This information is not presented because there are no customers for which income account for more than 10% of revenues in the consolidated statement of income.

(4) *Information about impairment loss by reportable segment*

Millions of Yen					
2025					
	<u>Banking</u>	<u>Lease</u>	<u>Other</u>	<u>Elimination/ Corporate</u>	<u>Total</u>
Impairment loss on long-lived assets	¥ 563	¥ 1,278	¥ 576	¥ -	¥2,417

  

Millions of Yen					
2024					
	<u>Banking</u>	<u>Lease</u>	<u>Other</u>	<u>Elimination/ Corporate</u>	<u>Total</u>
Impairment loss on long-lived assets	¥ 12	¥ -	¥ -	¥ -	¥ 12

  

Thousands of U.S. Dollars					
2025					
	<u>Banking</u>	<u>Lease</u>	<u>Other</u>	<u>Elimination/ Corporate</u>	<u>Total</u>
Impairment loss on long-lived assets	\$ 3,766	\$ 8,547	\$ 3,852	\$ -	\$16,165

Note: "Other" represents impairment loss primarily related to the credit card business.

(5) *Information about goodwill and negative goodwill by reportable segment*

Millions of Yen					
2025					
	<u>Banking</u>	<u>Lease</u>	<u>Other</u>	<u>Elimination/ Corporate</u>	<u>Total</u>
Amortization of goodwill	¥ 245	¥ -	¥ 207	¥ -	¥ 452
Goodwill at March 31, 2025	1,407	-	882	-	2,289
Gain on negative goodwill	-	-	-	-	-

  

Millions of Yen					
2024					
	<u>Banking</u>	<u>Lease</u>	<u>Other</u>	<u>Elimination/ Corporate</u>	<u>Total</u>
Amortization of goodwill	¥ 245	¥ -	¥ 207	¥ -	¥ 452
Goodwill at March 31, 2024	1,651	-	1,090	-	2,741
Gain on negative goodwill	-	-	-	-	-

  

Thousands of U.S. Dollars					
2025					
	<u>Banking</u>	<u>Lease</u>	<u>Other</u>	<u>Elimination/ Corporate</u>	<u>Total</u>
Amortization of goodwill	\$ 1,639	\$ -	\$ 1,384	\$ -	\$ 3,023
Goodwill at March 31, 2025	9,410	-	5,899	-	15,309
Gain on negative goodwill	-	-	-	-	-

Note: "Other" represents goodwill related to the financial instruments business.

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