The Hachijuni Bank, Ltd. and Consolidated Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2025, and Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Choei-Dai 2 Building
1277-2 Minami-Ishido-cho
Nagano-shi, Nagano 380-0824
Japan

Tel: +81 (26) 227 9821
Fax: +81 (26) 227 9831
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Hachijuni Bank, Ltd.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of The Hachijuni Bank, Ltd. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Basis for Opinion

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

Key Audit Matter

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

<table>
<tr><th colspan="2">Appropriateness of borrower categories in determination of allowance for credit losses</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter Was Addressed in the Audit</th></tr>
<tr><td>The Hachijuni Bank, Ltd. (the "Bank") records an allowance for credit losses based on the results of self-assessment of assets and in accordance with the internally developed charge-off and allowance standards, as described in Note 2, "Summary of Significant Accounting Policies, i. Allowance for credit losses" to the consolidated financial statements. As a result, loans and bills discounted of ¥6,461,544 million, which represented 47% of total assets, and allowance for credit losses of ¥55,000 million were recorded in the consolidated financial statements as of March 31, 2025. In accordance with the self-assessment standard of assets, all loans are assessed by the sales departments and these assessment results are approved by the asset assessment department, which is independent of the sales departments, and audited by the internal audit department.

As described in Note 2, "Summary of Significant Accounting Policies, i. Allowance for credit losses" to the consolidated financial statements, the Bank estimates the allowance for credit losses for the borrowers "in danger of bankruptcy" who have a large loan amount (a "large borrower" or "large borrowers") by the cash flow deduction method. For this reason, if the borrower category of a large borrower is downgraded from "Need Attention" to "in danger of bankruptcy," the amount of allowance for credit losses increases significantly. Therefore, the determination of borrower categories for large borrowers whose performance is expected to deteriorate has a significant impact on the Bank's operating results.

In addition, for some large borrowers, borrower categories are determined based on the evaluation of the reasonableness and feasibility of business plans prepared by borrowers, such as business improvement plans. As described in Note 3, "Significant Accounting Estimate" to the consolidated financial statements, business plans are based on the assumptions regarding sales forecasts, production forecasts, expense forecasts and debt repayment plans. In particular, as the following assumptions are highly uncertain and involve the subjective judgment by management, the evaluation of their reasonableness and feasibility requires careful consideration:

• Demand trends in the borrower's industry or sector

• Trends in sales prices and the outlook for cost of goods sold, and selling, general and administrative expenses in the borrower's industry or sector</td><td>After selecting sample of large borrowers classified as "Need Attention" borrower category based on the evaluation of their business plans in accordance with certain criteria, our audit procedures to examine the appropriateness of borrower categories, included the following, among others:

(1) Evaluation of internal controls

We tested the design and operating effectiveness of internal controls over the determination of borrower categories, including the evaluation of business plans used by the Bank, by inquiring of the persons in charge of the asset assessment department and the internal audit department and inspecting related documents.

(2) Substantive procedures of the determination of borrower categories

With regard to the business plans used by the Bank to determine borrower categories, we evaluated discrepancies between initial business plans and actual results and the causes of these discrepancies by inquiring of the persons in charge of the asset assessment department and inspecting related documents. Also, we examined the reasonableness of the assumptions included in these business plans through the following audit procedures, among others:

• With regard to the revenue plans, we examined whether the unit sales prices and the sales volume were consistent with information on demand trends in the borrower's industry or sector, published by external organizations, and historical trends by inquiring of the persons in charge of the asset assessment department and inspecting related documents.

• With regard to the expense plans, we examined whether required estimated expenses were included in the entire business plan and were consistent with the entire business plans by inquiring of the persons in charge of the asset assessment department and inspecting related documents.</td></tr>
</table>

Therefore, we identified the appropriateness of borrower categories of large borrowers who were classified as "Need Attention" based on the evaluation of their business plans as a key audit matter.	• We examined whether the assumptions in the business plan regarding the future trends of cost of goods sold and selling, general and administrative expenses were consistent with information on the outlook for prices in the borrower's industry or sector, published by external organizations, and historical trends by inquiring of the persons in charge of the asset assessment department and inspecting related documents. • We examined the fact that the debt repayment plan in the business plan reflected the estimated future cash flow based on the sales forecast and the expense forecast in the business plan by inquiring of the person in charge of the asset assessment department and inspecting the related materials.

Other Information

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

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

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to The Hachijuni Bank, Ltd. and its subsidiaries were ¥164 million and ¥17 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

August 8, 2025

The Hachijuni Bank, Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheet
March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
ASSETS:			
Cash and due from banks (Note 4)	¥ 3,027,055	¥ 3,717,670	$ 20,250,571
Call loans and bills bought	11,958	7,569	80,000
Monetary claims bought	105,003	127,461	702,459
Trading assets (Notes 5, 12 and 27)	38,602	45,596	258,242
Money held in trust (Notes 6 and 12)	78,761	79,993	526,905
Securities (Notes 7, 12 and 26)	3,406,740	3,643,073	22,790,613
Loans and bills discounted (Notes 8, 12, 26 and 28)	6,461,544	6,781,218	43,226,819
Foreign exchanges (Note 9)	18,482	26,812	123,646
Lease receivables and investments in leases (Note 26)	96,629	89,110	646,435
Other assets (Note 12)	156,648	196,387	1,047,953
Property, plant, and equipment—net (Note 10)	38,628	37,329	258,422
Intangible assets—net (Note 10)	4,076	4,458	27,273
Asset for employees' retirement benefits (Note 15)	64,335	70,388	430,398
Deferred tax assets (Note 24)	1,698	1,652	11,363
Customers' liabilities for acceptances and guarantees (Note 11)	60,149	53,936	402,392
Allowance for credit losses	(55,000)	(54,905)	(367,948)
TOTAL	¥ 13,515,316	¥ 14,827,752	$ 90,415,550

(Continued)

The Hachijuni Bank, Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheet
March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY	2025	2024	2025
LIABILITIES:			
Deposits (Notes 12, 13 and 26)	¥ 9,549,428	¥ 9,437,959	$ 63,884,319
Negotiable certificates of deposit (Note 26)	218,447	55,194	1,461,383
Call money and bills sold	593,483	1,179,536	3,970,320
Payables under repurchase agreements	127,391	174,836	852,231
Payables under securities lending transactions (Note 12)	97,492	323,201	652,208
Trading liabilities (Notes 5 and 27)	6,945	5,873	46,463
Borrowed money (Notes 12, 14 and 26)	1,581,461	2,105,286	10,579,749
Foreign exchanges (Note 9)	2,431	2,379	16,268
Borrowed money from trust account	1,499	1,181	10,033
Other liabilities	167,558	164,464	1,120,941
Provision for share awards for directors	90	97	606
Liability for employees' retirement benefits (Note 15)	11,233	12,142	75,147
Provision for reimbursement of deposits	351	274	2,351
Provision for contingent losses	1,719	1,738	11,505
Reserve under special laws	15	15	104
Provision for loss on cancellation of system contracts	2,058	2,287	13,771
Deferred tax liabilities (Note 24)	125,899	189,069	842,250
Acceptances and guarantees (Note 11)	60,149	53,936	402,392
Total liabilities	12,547,657	13,709,476	83,942,051
EQUITY (Notes 16 and 32):			
Common stock—authorized, 2,000,000 thousand shares; issued, 493,767 thousand shares in 2025 and 513,767 thousand shares in 2024	52,243	52,243	349,499
Capital surplus	56,960	71,074	381,059
Stock acquisition rights (Note 17)	150	141	1,005
Retained earnings	579,909	546,496	3,879,510
Treasury stock—at cost, 31,423 thousand shares in 2025 and 32,166 thousand shares in 2024	(25,397)	(20,713)	(169,907)
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	229,750	411,889	1,537,001
Deferred gain on hedges	51,676	27,116	345,709
Defined retirement benefit plans	18,218	25,792	121,876
Total	963,511	1,114,039	6,445,755
Noncontrolling interests	4,147	4,236	27,743
Total equity	967,658	1,118,275	6,473,498
TOTAL	¥13,515,316	¥14,827,752	$ 90,415,550

See notes to consolidated financial statements.

The Hachijuni Bank, Ltd. 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 (Note 18):			
Interest income:			
Interest on loans and discounts	¥ 72,700	¥ 64,732	$ 486,357
Interest and dividends on securities	65,671	55,430	439,332
Other interest income	10,590	4,598	70,849
Fees and commissions	25,774	25,707	172,430
Trading income	270	302	1,812
Other operating income (Note 19)	42,428	47,471	283,840
Other income (Note 20)	38,448	31,482	257,216
Total income	255,885	229,725	1,711,838
EXPENSES:			
Interest expenses:			
Interest on deposits	9,738	4,644	65,150
Interest on borrowings and rediscounts	18,208	19,691	121,812
Other interest expenses	16,764	12,678	112,149
Fees and commission payments	8,015	7,245	53,624
Trading expense		2	
Other operating expenses (Note 21)	51,540	53,551	344,799
General and administrative expenses (Note 22)	72,578	66,251	485,540
Provision for credit losses	1,120	1,130	7,495
Other expenses (Note 23)	13,055	13,700	87,338
Total expenses	191,021	178,895	1,277,910
INCOME BEFORE INCOME TAXES	64,863	50,829	433,928
INCOME TAXES (Note 24):			
Current	16,407	10,940	109,766
Deferred	356	2,851	2,383
Total income taxes	16,764	13,791	112,150
NET INCOME	48,099	37,038	321,777
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	117	(33)	784
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 47,982	¥ 37,071	$ 320,993

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 30):			
Basic net income	¥101.23	¥76.37	$0.67
Diluted net income	101.16	76.31	0.67
Cash dividends applicable to the year	42.00	24.00	0.28

See notes to consolidated financial statements.

The Hachijuni Bank, Ltd. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
NET INCOME	¥ 48,099	¥ 37,038	$ 321,777
OTHER COMPREHENSIVE INCOME (LOSS) (Note 29):			
Unrealized gain (loss) on available-for-sale securities	(182,335)	145,229	(1,219,796)
Deferred gain on derivatives under hedge accounting	24,560	10,810	164,306
Defined retirement benefit plans	(7,578)	14,314	(50,695)
Total other comprehensive income (loss)	(165,352)	170,353	(1,106,185)
COMPREHENSIVE INCOME (LOSS)	¥ (117,253)	¥ 207,392	$ (784,407)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥ (117,170)	¥ 206,441	$(783,851)
Noncontrolling interests	(83)	950	(556)

See notes to consolidated financial statements.

The Hachijuni Bank, Ltd. and Consolidated Subsidiaries

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

	Thousands	Millions of Yen										
							Accumulated Other Comprehensive Income					
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Valuation Difference on Available-for-Sale Securities	Deferred Gain on Hedges	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2023	491,103	¥52,243	¥56,960	¥288	¥519,053	¥(10,848)	¥267,636	¥16,305	¥11,485	¥ 913,124	¥2,828	¥ 915,953
Net income attributable to owners of the parent					37,071					37,071		37,071
Cash dividends, ¥20.00 per share					(9,628)					(9,628)		(9,628)
Increase by share exchanges	22,664		14,142			(77)				14,064		14,064
Purchases of treasury stock						(10,003)				(10,003)		(10,003)
Disposals of treasury stock			(29)			215				186		186
Net change during the period				(146)			144,253	10,810	14,306	169,223	1,407	170,630
BALANCE, MARCH 31, 2024	513,767	52,243	71,074	141	546,496	(20,713)	411,889	27,116	25,792	1,114,039	4,236	1,118,275
Net income attributable to owners of the parent					47,982					47,982		47,982
Cash dividends, ¥27.00 per share					(12,954)					(12,954)		(12,954)
Purchases of treasury stock						(20,520)				(20,520)		(20,520)
Disposals of treasury stock			28			80				108		108
Cancellation of treasury stock	(20,000)		(14,141)		(1,615)	15,756						
Net change during the period				8			(182,138)	24,560	(7,573)	(165,143)	(89)	(165,232)
BALANCE, MARCH 31, 2025	493,767	¥52,243	¥56,960	¥150	¥579,909	¥(25,397)	¥229,750	¥51,676	¥18,218	¥ 963,511	¥4,147	¥ 967,658

	Thousands of U.S. Dollars (Note 1)										
						Accumulated Other Comprehensive Income					
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Valuation Difference on Available-for-Sale Securities	Deferred Gain on Hedges	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2024	$349,499	$475,475	$ 946	$3,655,984	$(138,573)	$2,755,483	$181,403	$172,545	$7,452,765	$28,339	$7,481,104
Net income attributable to owners of the parent				320,993					320,993		320,993
Cash dividends, $0.18 per share				(86,662)					(86,662)		(86,662)
Purchases of treasury stock					(137,281)				(137,281)		(137,281)
Disposals of treasury stock		190			535				725		725
Cancellation of treasury stock		(94,605)		(10,805)	105,411						
Net change during the period			58			(1,218,482)	164,306	(50,668)	(1,104,785)	(596)	(1,105,381)
BALANCE, MARCH 31, 2025	$349,499	$381,059	$1,005	$3,879,510	$(169,907)	$1,537,001	$345,709	$121,876	$6,445,755	$27,743	$6,473,498

See notes to consolidated financial statements.

The Hachijuni Bank, Ltd. 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
OPERATING ACTIVITIES:			
Income before income taxes	¥ 64,863	¥ 50,829	$ 433,928
Adjustments for:			
Income taxes—paid	(12,631)	(12,602)	(84,501)
Depreciation and amortization	6,186	5,965	41,386
Impairment losses	521	1,646	3,490
Gain on bargain purchase		(17,322)	
Increase (decrease) in allowance for credit losses	95	96	635
Interest income	(148,962)	(124,761)	(996,539)
Interest expense	44,711	37,014	299,112
Interest received	143,530	120,976	960,198
Interest paid	(46,666)	(32,356)	(312,189)
Net (increase) decrease in trading assets	6,994	(26,823)	46,791
Net increase (decrease) in trading liabilities	1,072	(799)	7,173
Net (increase) decrease in loans and bills discounted	319,673	22,908	2,138,567
Net increase (decrease) in borrowed money	(523,825)	532,980	(3,504,319)
Net increase (decrease) in deposits	111,468	206,693	745,710
Net increase (decrease) in negotiable certificates of deposit	163,253	(23,939)	1,092,139
Net (increase) decrease in call loans and bills bought	18,068	6,159	120,876
Net increase (decrease) in call money and bills sold	(633,498)	(240,073)	(4,238,014)
Net (increase) decrease in due from banks, excluding due from the Bank of Japan	10,194	6,297	68,200
Net increase (decrease) in payables under securities lending transactions	(225,709)	(8,829)	(1,509,963)
Other—net	61,176	(49,087)	409,264
Total adjustments	(704,346)	404,143	(4,711,979)
Net cash provided by (used in) operating activities	(639,483)	454,973	(4,278,051)
INVESTING ACTIVITIES:			
Purchases of investment securities	(734,783)	(1,151,097)	(4,915,594)
Proceeds from sales of investment securities	414,634	512,384	2,773,843
Proceeds from maturities of investment securities	318,013	266,285	2,127,462
Payments for increase in money held in trust	(1,561)	(4,246)	(10,445)
Proceeds from decrease in money held in trust	2,502	3,133	16,738
Purchases of fixed assets	(9,517)	(8,547)	(63,669)
Proceeds from sales of fixed assets	3,167	1,754	21,193
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation		45,013	
Net cash provided by (used in) investing activities	(7,544)	(335,319)	(50,471)
FORWARD	¥ (647,027)	¥ 119,653	$ (4,328,522)

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The Hachijuni Bank, Ltd. 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
FORWARD	¥ (647,027)	¥ 119,653	$ (4,328,522)
FINANCING ACTIVITIES:			
Payments to acquire treasury stock	(20,520)	(10,003)	(137,281)
Proceeds from sales of treasury stock	89		598
Dividends paid	(12,954)	(9,628)	(86,662)
Dividends paid to noncontrolling interests	(5)	(5)	(39)
Net cash used in financing activities	(33,391)	(19,637)	(223,384)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1)	12	(10)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(680,420)	100,029	(4,551,917)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	3,680,144	3,580,115	24,619,644
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR (Note 4)	¥2,999,723	¥3,680,144	$20,067,727

See notes to consolidated financial statements.

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 IFRS Accounting Standards ("IFRS").

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. In addition, certain reclassifications have been made in the 2024 consolidated financial statements to conform to the classifications used in 2025.

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen. Accordingly, the total of each account may not be equal to the combined total of the individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Hachijuni Bank, Ltd. (the "Bank") 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 ¥149.48 to $1, the 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 Bank and its 16 (15 in 2024) significant subsidiaries (together, the "Group").

Under the control and influence concepts, those companies in which the Bank, directly or indirectly, is able to exercise control over their operations are fully consolidated.

Investments in 9 (6 in 2024) unconsolidated subsidiaries and in 2 (1 in 2024) associated company are stated at cost, and are included in securities in the consolidated financial statements. 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.

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

The following company, which the Group holds voting rights of between 20% and 50%, is not an affiliate accounted for by the equity method because the capital contribution was made for the purpose of including their investees or earning capital gains, and not for the purpose of owing these investees under its control through operational, personnel, capital or other form of transactions:

As of March 2025

Rubicon holdings Co., Ltd.

b. ***Cash Equivalents***—For the purpose of reporting of cash flows, "Cash and cash equivalents" consists of "Cash" and "Due from the Bank of Japan."

c. ***Trading Assets and Liabilities***—Transactions for trading purposes (for purposes of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market-related indices or from gaps among markets) are included in "Trading assets" and "Trading liabilities" on a trade-date basis.

Trading securities and monetary claims bought for trading purposes are stated at fair value at the consolidated balance sheet date. Trading-related financial derivatives, such as swaps, futures, and options are stated at amounts that would be received or paid for settlement if such transactions were terminated at the consolidated balance sheet date.

Trading income includes interest received and paid during the fiscal year and unrealized gains and losses resulting from the change in the value of securities, monetary claims bought, and derivatives between the consolidated balance sheet dates.

For financial derivatives, the fair value of each group of financial assets and financial liabilities is calculated based on the net assets or liabilities of financial assets and financial liabilities offset with respect to specific market risks or specific credit risks.

d. ***Securities***—Securities other than investments in unconsolidated subsidiaries and associated company are classified into three categories, based principally on the Group's intent, as follows: (a) trading securities are securities held in anticipation of gains arising from short-term changes in market value and/or held for resale to customers and are carried at fair value with corresponding unrealized gains and losses recorded in income; (b) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost computed using straight-line method; and (c) available-for-sale securities, which are not classified as either of the aforementioned securities. Marketable available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Effective April 1, 2021, the Group applied Accounting Standards Board of Japan ("ASBJ") Statement No. 30, "Accounting Standard for Fair Value Measurement" and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," and revised related ASBJ Statements and ASBJ Guidance (the "New Accounting Standards"). Under the New Accounting Standards, nonmarketable available-for-sale equity securities are stated at cost, while under the previous accounting standards, nonmarketable available-for-sale securities are stated at cost.

In addition, investments in unconsolidated subsidiaries and associated company that are not accounted for by the equity method are carried at cost determined by the moving-average method.

Individual securities are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary.

e. ***Securities in Money Held in Trust***—Securities managed as trust assets in money held in trust, which are individually managed with the principal objective of securities portfolio management, are stated at fair value.

f. ***Property, Plant, and Equipment***—Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation for buildings and equipment of the Group is computed under the declining-balance method at rates based on the estimated useful lives, which are principally from 1 to 50 years for buildings and from 2 to 20 years for equipment. Depreciation for buildings (excluding facilities attached to buildings) acquired by THE NAGANO BANK, LTD. (a consolidated subsidiary of the Bank, hereinafter "Nagano Bank") on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016, is computed under the straight-line method. Depreciation of leased assets related to finance leases that are not deemed to transfer ownership of the leased property to the lessee is computed under the straight-line method over the respective lease periods. The residual value of leased assets is determined using the guaranteed residual value if provided in the lease contract; otherwise, the residual value is zero. Depreciation of leased assets related to finance leases that are deemed to transfer ownership of the leased property to the lessee is computed under the same method as applied to those owned by Nagano Bank.

g. ***Software***—Capitalized software for internal use is depreciated using the straight-line method over its estimated useful life (principally five years). Depreciation of leased assets related to finance leases that are not deemed to transfer ownership of the leased property to the lessee is computed using the straight-line method over the respective lease periods.

h. ***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 would be 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.

i. ***Allowance for Credit Losses***—The allowance for credit losses is recorded as follows in accordance with predetermined amortization and allowance standards.

Bankrupt:	Borrowers in which facts of legal or formal management failure have occurred, such as bankruptcy, corporate rehabilitation, and transaction suspension at a clearing house
De facto Bankrupt:	Borrowers who are unable to meet their obligations
In danger of bankruptcy:	Borrowers who are not currently in a state of bankruptcy but are likely to fall into bankruptcy in the future
Need Special Attention:	Borrowers who need to manage all or part of the loans requiring attention (loan conditions relaxed loans and loans overdue for three months or more)
Need Attention:	Borrowers who have problems with lending conditions or repayment performance, business conditions are sluggish or unstable, and need to be managed in the future
Normal:	Borrowers with good performance and no financial problems

(a) Loans to "Bankrupt" and "De facto Bankrupt," Loans in excess of collateral are recorded for any amounts that may not be recovered.

(b) Loans to "In danger of bankruptcy," the expected amount of collateral disposal and the expected amount of recovery by guarantee are deducted from the amount of the loan. Of the remaining balance (hereinafter referred to as "non-conservation amount"), the amount deemed necessary is recorded.

For large borrowers with a certain amount of credit or more, the Bank estimates the allowance for loan losses by the method below.

(1) The Bank comprehensively judges a borrower's situation and estimates a recoverable amount by cash flow ("the cash flow deduction method").

(2) The allowance for loan losses is the balance of non-conservation amounts less the recoverable amounts estimated step 1.

For debtors of debtors other than those mentioned above, an allowance for loan losses is provided by multiplying the non-conservation amount by the expected loss rate calculated from the probability of default from past periods.

(c) For loans to "Need Special Attention" and "Need Attention," the difference between the cash flow "the discounted cash flow method" discounted at the original contracted interest rate and the carrying amount of the receivable would be recorded as the allowance for loan losses.

(d) For loans to "Need Special Attention" and "Need Attention" other than (c), and "Normal," the allowance for loan losses is recorded based on the expected loss rate calculated from the probability of default in the past certain period.

(Note 1) Grouping in calculating the probability of default

The probability of default is allocated to six categories, including one normal division, three "Need Attention" divisions and two bankruptcy concerns.

"Need Attention" divisions are classified according to the comprehensive judgment of the creditworthiness of the borrowers and the existence of loans with relaxed loan terms.

(Note 2) A certain period in which the expected loss rate will be estimated in the future

Allowance for credit losses is determined based on the expected loss rate for normal loans over the next one year, for loans requiring attention over the period corresponding to the average remaining life of the loans, and for loans in danger of bankruptcy over the next three years. The average remaining period for the Bank is 41 months for top level of "Need Attention," 45 months for lower level of "Need Attention" and 36 months for "Need Special Attention." The average remaining period for Nagano Bank is 60 months for top level of "Need Attention," 52 months for lower level of "Need Attention" and 36 months for "Need Special Attention."

(Note 3) Method of revising and determining the probability of default based on future projections, etc.

The probability of default used to calculate the allowance is determined by comparing the average value of the last three determination periods with the long-term average value, considering the entity's business cycle. The average value for the three most recent determination periods is calculated by including necessary revisions such as the current circumstances and future projections.

For specific foreign receivables, expected credit losses arising from political and economic conditions in the respective countries are recorded as an allowance for credit losses on specific foreign receivables.

Based on the self-assessment standard of assets, all receivables are assessed by the asset assessment department, which is independent from the sales department, and the internal audit department provides an assessment of these results.

j. ***Asset and Liability for Employees' Retirement Benefits***—The Group has a contributory funded pension plan and noncontributory unfunded retirement benefit plans, together covering substantially all of their employees.

The Bank accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs 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.

k. ***Provision for Share Awards for Directors***—A provision for share awards for directors is recorded based on the estimated amount of stock benefit obligations in order to prepare for the issuance of the Bank's stock through a trust to directors of Nagano Bank.

l. ***Provision for Reimbursement of Deposits***—A provision for reimbursement of deposits, which were derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

m. ***Provision for Contingent Losses***—A provision for contingent losses is provided for the contribution to the National Federation of Credit Guarantee Corporations' liability sharing program and is recorded in the amount of estimated future contributions based on subrogate performance, etc.

n. ***Reserve under Special Laws***—A reserve under special laws is provided for contingent liabilities from brokering of securities or derivative transactions in accordance with Article 46-5 of the Financial Instruments and Exchange Act.

o. ***Provision for Loss on Cancellation of System Contracts***—A provision for loss on cancellation of system contracts is recorded at an amount deemed necessary by reasonably estimating the amount of loss associated with the mid-term termination of the system currently in use in preparation for the merger with Nagano Bank.

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

q. ***Revenue Recognition***—The Group recognizes revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for satisfying performance obligations to transfer the goods or services promised in contracts with customers.

r. ***Leases***—Finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables, and finance leases that are not deemed to transfer ownership of the leased property to the lessee are recognized as investments in lease.

s. ***Income Taxes***—The provision for 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 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.

t. ***Foreign Currency Transactions***—Assets and liabilities denominated in foreign currencies held domestically and the accounts of the Bank's overseas branch are translated into Japanese yen generally at the exchange rates prevailing on the consolidated balance sheet date.

u. ***Derivatives and Hedging Activities***—Derivatives are stated at fair value. Derivative transactions that meet hedge accounting criteria are primarily accounted for under the deferral method whereby unrealized gains and losses are deferred until maturity as deferred gain (loss) under hedge accounting in a separate component of equity. The market value of financial derivatives reflects specific market risk or specific credit risk on the basis of net assets or liabilities after offsetting the relevant financial assets and liabilities.

The hedging derivative instruments must be highly effective in achieving offsetting changes in fair values or variable cash flows from the hedged items attributable to the risk being hedged.

The Group adopted portfolio hedging in accordance with Industry Committee Practical Guidelines No. 24 issued by the Japanese Institute of Certified Public Accountants ("JICPA"). Under portfolio hedging, a portfolio of hedged items, such as deposits or loans with common maturities, is matched with a group of hedging instruments, such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities. The effectiveness of the portfolio hedge is accessed by each group.

Currency swap and foreign exchange swap transactions are accounted for using deferral hedge accounting by fully applying Industry Committee Practical Guidelines No. 25 issued by the JICPA. Under deferral hedge accounting, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions, such as currency swap transactions and forward exchange contracts as hedging instruments. Hedge effectiveness is reviewed by comparing the total foreign currency position of the hedged items and hedging instruments by currency.

With respect to derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts, the Bank manages interest rate swap and currency swap transactions designated as hedging instruments in accordance with the strict hedging criteria for external mirror transactions stipulated in the Industry Committee Practical Guidelines No. 24 and No. 25. Therefore, the Bank accounts for the gains and losses on these swap transactions in its earnings or defers until maturity as deferred gain (loss) under hedge accounting in a separate component of equity.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not measured at fair value but the net payments or receipts under the swap agreements are recognized and included in interest expense or income.

v. ***Per Share Information***—Basic net income per share ("EPS") is computed by dividing net income available 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 fiscal year.

w. ***Significant Income and Expenses***—The Group applies "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and recognizes revenue at the time in exchange for transferring promised goods or services to a customer, and the amount expected to be received in exchange for goods or services.

x. New Accounting Pronouncements

(**1**) ***"Accounting Standard for Leases"*** (ASBJ Statement No. 34, September 13, 2024), ***"Implementation Guidance on Accounting Standard for Leases"*** (ASBJ Guidance No. 33, September 13, 2024), and related revisions to accounting standards, implementation guidance, practical solutions, and transferred guidance

(*a*) *Overview*

Similar to IFRS, the accounting standard and related implementation guidance stipulate the treatment of recognizing assets and liabilities for all leases by lessees.

(*b*) *Expected application date*

The Group will apply the accounting standard and related implementation guidance from the beginning of the fiscal year ending March 31, 2028.

(*c*) *Impact of application of the accounting standard*

The Bank is currently evaluating the effects of applying the accounting standard and related implementation guidance on its consolidated financial statements.

(**2**) ***"Practical Guidelines on the Accounting for Financial Instruments"*** (ASBJ Transferred Guidance No. 9, March 11, 2025)

(*a*) *Overview*

For partnerships and similar entities, which are major investment vehicles of venture capital funds, assuming that equity securities without market price included in the constituent assets of such partnerships and similar entities are measured at fair value, an entity is allowed to record its proportionate share of valuation difference, which is determined based on the financial statements of venture capital funds measured at fair value, in "valuation difference on available-for-sale securities" in the equity section.

(*b*) *Expected application date*

The Group will apply the practical guidelines from the beginning of the fiscal year ending March 31, 2027.

(*c*) *Impact of application of the accounting standard*

The Bank is currently evaluating the effects of applying the practical guidelines on its consolidated financial statements.

y. Changes in Accounting Policies

(**1**) ***Application of "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules"***

The Group has applied the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (ASBJ Practical Solution No. 46, March 22, 2024) from the beginning of the fiscal year ended March 31, 2025. This change in accounting policy has no impact on the consolidated financial statements.

(**2**) ***Application of "Accounting Standard for Current Income Taxes"***

The Group has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022, hereinafter the "Revised 2022 Accounting Standard") from the beginning of the fiscal year ended March 31, 2025. Revisions to categories for recording income taxes (taxation on other comprehensive income) conform to the transitional treatment set forth in the proviso of Paragraph 20-3 of the Revised 2022 Accounting Standard and the proviso of Paragraph 65-2 (2) of the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). This change in accounting policy has no impact on the consolidated financial statements.

z. Additional Information

Introduction of Restricted Stock Compensation Plan—At the meeting of the Board of Directors held on May 10, 2024, the Bank resolved to introduce a restricted stock compensation plan (hereinafter the "Plan") as a new compensation plan for the Bank's directors (excluding outside directors; hereinafter "Eligible Director(s)") and executive officers who do not concurrently serve as directors (hereinafter collectively referred to as "Eligible Director(s), etc.") The aim of this introduction is to raise the motivation and morale of the Eligible Directors, etc. to enhance business performance in the medium to long term and improve corporate value by sharing not only the benefits from an increase in the Bank's stock prices but also the risks associated with a drop in stock prices with shareholders. Furthermore, in accordance with the Plan, at the 141st Annual General Meeting of Shareholders held on June 21, 2024, approval was obtained to pay monetary receivables not exceeding ¥100 million per annum to Eligible Directors as compensation to be used as properties contributed for the acquisition of restricted stock (hereinafter the "Restricted Stock Compensation"), as well as to issue or dispose of the Bank's common stock to an amount not exceeding 150,000 shares per annum, and to set the transfer restriction period for such Restricted Stock Compensation at thirty (30) years.

(*a*) *Overview of the Plan*

Eligible Directors, etc. shall pay all monetary receivables paid to them by the Bank in accordance with the Plan as property contributed in kind and shall receive shares of common stock of the Bank through an issuance or disposal. In addition, when common shares of the Bank are issued or disposed of under the Plan, a restricted stock allotment agreement shall be concluded between the Bank and the Eligible Directors, etc. Conditions of this agreement include the following and other matters: (1) Eligible Directors, etc. shall be prohibited for a set period from transferring to a third party, use as collateral, or otherwise dispose of the shares of common stock of the Bank received under the restricted stock allotment agreement; (2) When certain circumstances have occurred, the Bank shall acquire the said common stock without compensation.

(*b*) *Overview of the disposal*

At the meeting of the Board of Directors held on June 21, 2024, the Bank resolved to dispose of its treasury stock as noted below, and the payment was completed on July 19, 2024.

(1) Date of disposal

July 19, 2024

(2) Type and number of shares to be disposed of

88,854 shares of the Bank's common stock

(3) Disposal price

¥1,006 per share

(4) Total disposal value

¥89,387,124

(5) Disposal recipients, their number, and the number of shares to be disposed of

—30,614 shares for 4 directors (excluding outside directors) of the Bank

—58,240 shares for 15 executive officers who do not concurrently serve as directors of the Bank

Stock Benefit Trust for Directors—Nagano Bank, a consolidated subsidiary of the Bank, has implemented a performance-based stock compensation plan for its directors, known as the "Stock Benefit Trust" (the "Plan").

(*a*) *Transaction overview*

The Plan is designed to provide stock-based compensation to directors based on their position, performance, and achievement of the medium-term management plan. The Bank's shares are acquired through a trust funded by Nagano Bank, and directors receive the Bank's shares or the equivalent market value in cash through the trust, in accordance with the Officer Stock Benefit Regulations. In principle, directors receive these benefits upon retirement.

(*b*) *Bank shares held in trust*

The Bank's shares that remain in the trust are classified as "treasury stock" in the equity section. As of March 31, 2025 and 2024, the carrying amount of these treasury shares is ¥55 million ($372,353 thousand) and ¥74 million, respectively, and the number of shares held is 72,000 shares and 96,000 shares, respectively.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Allowance for Credit Losses

(a) Allowance for credit losses was ¥55,000 million ($367,948 thousand) and ¥54,905 million as of March 31, 2025 and 2024, respectively.

Allowance for credit losses by the cash flow deduction method was ¥20,778 million ($139,004 thousand) and ¥21,397 million as of March 31, 2025 and 2024, respectively.

Allowance for credit losses by the discounted cash flow method was ¥2,954 million ($19,763 thousand) and ¥3,633 million as of March 31, 2025 and 2024, respectively.

(b) Information that contributes to understanding the content of significant accounting estimates for the identified item

(1) Determination method

The allowance for credit losses is recorded in accordance with predetermined amortization and allowance standards.

(2) Key assumptions

The business plan used to determine debtor classification and used to estimate future cash flow by the cash flow deduction method and the discounted cash flow method

Assumptions used as a basis for sales forecast, production forecast, expense forecast and future outlook for debt repayment plan in the business plan include the following:

- Demand trends in the borrower's industry or sector

- Trends in sales prices and the outlook for cost of goods sold and selling, general and administrative expenses in the borrower's industry or sector

Based on these assumptions, the Bank reviews the debtor classification for certain debtors considering their current operating performance and forecasts of their future operating performance, and also the recoverable amounts are estimated under the cash flow deduction method and the discounted cash flow method based on the business plan that reflects the borrower's business environment, to calculate the allowance for credit losses.

4. CASH AND CASH EQUIVALENTS

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Cash and due from banks	¥3,027,055	¥3,717,670	$20,250,571
Due from banks, excluding amounts due from the Bank of Japan	(27,331)	(37,526)	(182,844)
Cash and cash equivalents	¥2,999,723	¥3,680,144	$20,067,727

5. TRADING ASSETS AND LIABILITIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Trading assets:			
Trading securities	¥ 330	¥ 357	$ 2,212
Financial derivatives	7,312	6,253	48,917
Other trading assets	30,959	38,985	207,112
Total	¥38,602	¥45,596	$258,242
Trading liabilities—Financial derivatives	¥ 6,945	¥ 5,873	$ 46,463

6. MONEY HELD IN TRUST

The aggregate fair value of money held in trust that is listed on stock exchanges or over-the-counter markets as of March 31, 2025 and 2024, is as follows:

	Fair Value		
	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Money held in trust—Trading	¥78,761	¥79,993	$526,905

7. SECURITIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Securities:			
National government bonds	¥ 805,369	¥ 660,184	$ 5,387,805
Local government bonds	403,377	490,696	2,698,538
Corporate bonds	727,058	837,977	4,863,916
Equity securities	586,510	769,410	3,923,670
Other securities	884,425	884,803	5,916,683
Total	¥3,406,740	¥3,643,073	$22,790,613

The securities placed under unsecured lending agreements are included in the above national government bonds in the amount of ¥85,085 million ($569,206 thousand) and ¥86,661 million as of March 31, 2025 and 2024, respectively.

Guarantee obligations for bonds in private placement (defined in Article 2 (3) of Financial Instruments and Exchange Act) included in securities were ¥50,876 million ($340,353 thousand) and ¥55,898 million as of March 31, 2025 and 2024, respectively.

In the following description, in addition to "Securities" in the consolidated balance sheet, beneficial interests in trust investments are also presented within the item "Monetary claims bought."

The carrying amounts and aggregate fair value of the securities as of March 31, 2025 and 2024, are as follows:

	Millions of Yen			
March 31, 2025	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 97,160	¥474,201	¥ 523	¥ 570,838
Debt securities	2,063,166	298	127,660	1,935,804
Other securities	895,226	17,409	24,425	888,210
March 31, 2024				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 106,290	¥651,195	¥ 329	¥ 757,156
Debt securities	2,043,523	3,738	58,402	1,988,858
Other securities	912,252	21,442	23,687	910,007

	Thousands of U.S. Dollars			
March 31, 2025	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 649,987	$3,172,341	$ 3,502	$ 3,818,826
Debt securities	13,802,290	1,998	854,029	12,950,260
Other securities	5,988,939	116,465	163,402	5,942,001

Proceeds from sales of available-for-sale securities for the years ended March 31, 2025 and 2024, were ¥362,803 million ($2,427,103 thousand) and ¥396,211 million, respectively. Gross realized gains and losses on these sales, computed on the moving-average cost basis, were ¥35,006 million ($234,186 thousand) and ¥21,880 million ($146,378 thousand), respectively, for the year ended March 31, 2025, and ¥13,015 million and ¥21,566 million, respectively, for the year ended March 31, 2024.

8. 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
	2025	2024	2025
Bills discounted	¥ 9,985	¥ 15,666	$ 66,799
Loans on bills	60,228	88,118	402,917
Loans on deeds	5,618,923	5,892,773	37,589,800
Overdrafts	772,408	784,659	5,167,302
Total	¥6,461,544	¥6,781,218	$43,226,819

Of total loans, loans to customers in bankruptcy, which represent nonaccrual loans and which were included in loans and bills discounted, amounted to ¥14,357 million ($96,048 thousand) and ¥14,419 million as of March 31, 2025 and 2024, respectively; past due loans, which represent nonaccrual loans other than loans to customers in bankruptcy, amounted to ¥105,761 million ($707,528 thousand) and ¥109,557 million as of March 31, 2025 and 2024, respectively.

Of total loans, accruing loans contractually past due three months or more amounted to ¥1,525 million ($10,202 thousand) and ¥1,350 million as of March 31, 2025 and 2024, respectively.

Of total loans, restructured loans amounted to ¥18,863 million ($126,195 thousand) and ¥22,791 million as of March 31, 2025 and 2024, respectively. Restructured loans, designed to assist in the recovery of the financial health of debtors, were loans on which the Bank granted concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount). Loans classified as nonaccrual loans or accruing loans contractually past due three months or more were excluded from restructured loans.

9. FOREIGN EXCHANGES

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Assets:			
Due from foreign banks	¥16,415	¥24,525	$109,817
Foreign exchange bills bought	1,826	1,979	12,218
Foreign exchange bills receivable	240	307	1,610
Total	¥18,482	¥26,812	$123,646
Liabilities:			
Foreign exchange bills sold	¥ 106	¥ 318	$ 713
Foreign exchange bills payable	2,325	2,060	15,555
Total	¥ 2,431	¥ 2,379	$ 16,268

10. PROPERTY, PLANT, AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant, and equipment as of March 31, 2025 and 2024, net of accumulated depreciation of ¥86,778 million ($580,535 thousand) and ¥85,733 million, respectively, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Land	¥11,913	¥11,493	$ 79,702
Buildings	12,260	13,015	82,020
Construction in progress	1,155	45	7,731
Other tangible fixed assets	13,298	12,774	88,967
Software	3,428	3,791	22,937
Other intangible fixed assets	648	666	4,335
Total	¥42,705	¥41,787	$285,695

As of March 31, 2025 and 2024, deferred gains for tax purposes of ¥8,132 million ($54,403 thousand) and ¥8,254 million, respectively, on property, plant, and equipment sold and replaced with similar assets have been deducted from the cost of newly acquired property, plant, and equipment.

The Group reviewed its long-lived assets for impairment as of March 31, 2025. As a result, the Group recognized an impairment loss of ¥521 million ($3,490 thousand) as other expenses for long-lived assets related to sales branches and idle assets located mainly in Nagano prefecture due to factors such as declines in operating cash flows, declines in land prices and decision to discontinue operations. The carrying amount of these long-lived assets was written down to their recoverable amount which was measured at their net selling price at disposition. The impairment loss recognized for the year ended March 31, 2024, was ¥1,646 million.

11. ACCEPTANCES AND GUARANTEES

Acceptances and guarantees include all contingent liabilities associated with the issuance of letters of credit, acceptances of bills, and issuances of guarantees. The contra account included in the assets side of the consolidated balance sheet represents the Bank's potential claim against applicants.

12. ASSETS PLEDGED

Assets pledged as collateral as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Assets pledged:			
Due from banks	¥ 2	¥ 2	$ 13
Trading assets		5,999	
Cash (other assets)	409	409	2,737
Securities	1,250,355	1,496,976	8,364,702
Loans and bills discounted	1,212,062	1,717,444	8,108,526
Total	¥2,462,829	¥3,220,832	$16,475,979
Related liabilities:			
Deposits	¥ 73,438	¥ 18,241	$ 491,294
Payables under repurchase agreements	127,391	174,836	852,231
Payables under securities lending transactions	97,492	323,201	652,208
Borrowed money	1,568,289	2,092,784	10,491,633
Other liabilities	237	266	1,587
Total	¥1,866,848	¥2,609,330	$12,488,954

In addition to the above, assets pledged as collateral for transactions, such as exchange settlement transactions, or as substitute securities for initial margin on futures transactions and others were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Due from banks	¥ 250	¥ 250	$ 1,672
Securities	64,030	8,144	428,352
Cash (other assets)	5,025	5,025	33,616
Cash collateral received for financial instrument liabilities (other assets)	8,277	22,700	55,378
Deposits to central counterparty (other assets)		50,000	

Additionally, initial margin of futures markets and guarantee deposits on office space included in other assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Guarantee deposits on office space	¥624	¥686	$4,181

13. DEPOSITS

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Current deposits	¥ 402,748	¥ 445,382	$ 2,694,332
Ordinary deposits	6,106,505	5,982,436	40,851,654
Savings deposits	68,472	70,486	458,070
Time deposits	2,765,277	2,821,194	18,499,315
Other deposits	206,424	118,458	1,380,947
Total	¥9,549,428	¥9,437,959	$63,884,319

14. BORROWED MONEY

As of March 31, 2025 and 2024, the weighted-average annual interest rates applicable to borrowed money were 0.18% and 0.31%, respectively.

Borrowed money includes borrowings from the Bank of Japan and other financial institutions. Annual maturities of borrowed money as of March 31, 2025, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2026	¥1,387,423	$ 9,281,667
2027	1,195	7,996
2028	189,279	1,266,254
2029	342	2,289
2030	194	1,300
2031 and thereafter	3,025	20,240
Total	¥1,581,461	$10,579,749

15. RETIREMENT AND PENSION PLANS

The Bank and its domestic consolidated subsidiaries have a contributory funded pension plan and noncontributory unfunded retirement benefit plans.

In the contributory funded pension plan, the Group adopted a cash balance plan that each employee has a "hypothetical account balance," which accumulates pay credits based on each salary level, interest credits based on the trend of market interest rate, and pay retirement lump-sum grants or pension, based on their salary and length of service. Some funded pension plan contributed to employee pension trust.

In the noncontributory unfunded plan, the Group pays retirement lump-sum grants based on salary and length of service.

Employees whose service with the Bank or its domestic consolidated subsidiaries is terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service, and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or death, the employee is typically entitled to a larger payment than in the case of voluntary termination.

In addition, some consolidated subsidiaries adopt the simplified method to calculate their liability for employees' retirement benefit and retirement benefit costs.

(1) The changes in defined benefit obligation, excluding the ones calculated by the simplified method, (3) below, for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥51,887	¥48,426	$347,120
Current service cost	1,857	1,860	12,424
Interest cost	494	344	3,308
Actuarial gains (losses)	(4,644)	661	(31,068)
Benefits paid	(2,603)	(2,892)	(17,414)
Effects of transition from the simplified method to the principle method due to merger		547	
Increase due to new consolidation		2,820	
Others	121	118	812
Balance at end of year	¥47,113	¥51,887	$315,182

(2) The changes in plan assets, excluding the ones calculated by the simplified method, (3) below, for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥110,020	¥ 82,556	$736,018
Expected return on plan assets	1,622	1,303	10,853
Actuarial gains (losses)	(10,602)	23,745	(70,929)
Contributions from the employer	898	851	6,010
Benefits paid	(2,175)	(1,789)	(14,551)
Increase due to new consolidation		3,234	
Others	121	118	812
Balance at end of year	¥ 99,884	¥110,020	$668,214

(3) The changes in liability for employees' retirement benefits calculated by the simplified method for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥ (113)	¥ (20)	$ (756)
Net periodic benefit cost	(44)	723	(294)
Benefits paid	(169)	(249)	(1,137)
Effects of transition from the simplified method to the principle method due to merger		(547)	
Increase due to new consolidation	(4)	(29)	(30)
Others		9	
Balance at end of year	¥ (331)	¥ (113)	$ (2,218)

(4) Reconciliation between the asset and liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets, including that calculated by the simplified method (3) above is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Funded defined benefit obligation	¥ 37,847	¥ 42,106	$ 253,195
Plan assets	(102,231)	(112,159)	(683,913)
Total	(64,383)	(70,053)	(430,718)
Unfunded defined benefit obligation	11,280	11,807	75,466
Net asset arising from defined benefit obligation	¥ (53,102)	¥ (58,245)	$ (355,251)

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Liability for employees' retirement benefits	¥ 11,233	¥ 12,142	$ 75,147
Asset for employees' retirement benefits	(64,335)	(70,388)	(430,398)
Net asset arising from defined benefit obligation	¥ (53,102)	¥ (58,245)	$ (355,251)

(5) 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
	2025	2024	2025
Service cost	¥ 1,857	¥1,860	$ 12,424
Interest cost	494	344	3,308
Expected return on plan assets	(1,622)	(1,303)	(10,853)
Recognized actuarial gains	(4,551)	(2,551)	(30,446)
Net periodic benefit costs calculated by the simplified method	(44)	723	(294)
Others	103	114	690
Net periodic benefit costs (gains)	¥ (3,762)	¥ (812)	$ (25,172)

(6) 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
	2025	2024	2025
Actuarial gains (losses)	¥(10,557)	¥20,532	$(70,630)

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unrecognized actuarial gains	¥(26,417)	¥(36,975)	$(176,727)

(8) Plan assets

a. Components of plan assets

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

	2025	2024
Debt investments	14.35%	13.01%
Equity investments	59.18	65.11
General account assets of life insurance companies	13.80	12.82
Cash and cash equivalents	4.56	3.85
Others	8.11	5.21
Total	100.00%	100.00%

Employee pension trusts for the years ended March 31, 2025 and 2024, are 48.69% and 52.53%, respectively, and are included in the total above.

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which that are expected currently and in the future from the various components of the plan assets.

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

	2025	2024
Discount rates	1.2%–1.9%	0.5%–1.1%
Expected rates of return on plan assets	1.0%–2.0%	1.0%–2.0%
Salary increase rates	9.0%–12.0%	9.0%

16. EQUITY

The significant provisions in the Banking Law and the Companies Act of Japan (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. The Bank meets all the above criteria.

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 the legal reserve and additional paid-in capital equals 25% of 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 by 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.

The Banking Law provides that an amount at least equal to 20% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until the total of such reserve and additional paid-in capital equals 100% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 100% of common stock may be available for dividends upon resolution by the shareholders. In addition, the Companies Act permits the transfer of a portion of additional paid-in capital and legal reserves to common stock upon resolution by the Board of Directors.

17. STOCK ACQUISITION RIGHTS

The Bank's stock option plans grant options to directors to purchase certain shares of the Bank's common stock in the respective periods. Stock-based compensation expenses were ¥8 million ($58 thousand) and ¥36 million for the years ended March 31, 2025 and 2024, respectively.

The stock options outstanding as of March 31, 2025, are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2015 Stock Option	8 directors	78,900 shares	July 27, 2015	¥1 ($0.01)	From July 28, 2015, to July 27, 2040
2016 Stock Option	8 directors	150,000 shares	July 25, 2016	¥1 ($0.01)	From July 26, 2016, to July 25, 2041
2017 Stock Option	7 directors	109,600 shares	July 24, 2017	¥1 ($0.01)	From July 25, 2017, to July 24, 2042
2018 Stock Option	8 directors	150,000 shares	July 23, 2018	¥1 ($0.01)	From July 24, 2018, to July 23, 2043
2019 Stock Option	8 directors	150,000 shares	July 22, 2019	¥1 ($0.01)	From July 23, 2019, to July 22, 2044
2020 Stock Option	7 directors	150,000 shares	July 20, 2020	¥1 ($0.01)	From July 21, 2020, to July 20, 2045
2021 Stock Option	7 directors	130,700 shares	July 19, 2021	¥1 ($0.01)	From July 20, 2021, to July 19, 2046
2022 Stock Option	5 directors	83,700 shares	July 19, 2022	¥1 ($0.01)	From July 20, 2022, to July 19, 2047
2023 Stock Option	4 directors	54,800 shares	July 18, 2023	¥1 ($0.01)	From July 19, 2023, to July 18, 2048

The stock option activity is as follows:

	2015 Stock Option	2016 Stock Option	2017 Stock Option	2018 Stock Option	2019 Stock Option
			(Shares)		
Year Ended March 31, 2024					
Nonvested					
March 31, 2023—Outstanding	23,500	44,600	42,000	51,800	82,500
Granted					
Canceled					
Vested	15,800	30,000	24,400	30,100	45,600
March 31, 2024—Outstanding	7,700	14,600	17,600	21,700	36,900
Vested					
March 31, 2023—Outstanding					
Vested	15,800	30,000	24,400	30,100	45,600
Exercised	15,800	30,000	24,400	30,100	45,600
Canceled					
March 31, 2024—Outstanding					
Year Ended March 31, 2025					
Nonvested					
March 31, 2024—Outstanding	7,700	14,600	17,600	21,700	36,900
Granted					
Canceled					
Vested					
March 31, 2025—Outstanding	7,700	14,600	17,600	21,700	36,900
Vested					
March 31, 2024—Outstanding					
Vested					
Exercised					
Canceled					
March 31, 2025—Outstanding					
Exercise price	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)
Average stock price at exercise					
Fair value price at grant date	¥927 ($6.20)	¥455 ($3.04)	¥689 ($4.60)	¥443 ($2.96)	¥413 ($2.76)

	2020 Stock Option	2021 Stock Option	2022 Stock Option	2023 Stock Option
		(Shares)		
Year Ended March 31, 2024				
Nonvested				
March 31, 2023—Outstanding	115,000	116,600	83,700	
Granted				54,800
Canceled				
Vested	71,300	52,500	29,400	
March 31, 2024—Outstanding	43,700	64,100	54,300	54,800
Vested				
March 31, 2023—Outstanding				
Vested	71,300	52,500	29,400	
Exercised	71,300	52,500	29,400	
Canceled				
March 31, 2024—Outstanding				
Year Ended March 31, 2025				
Nonvested				
March 31, 2024—Outstanding	43,700	64,100	54,300	54,800
Granted				
Canceled				
Vested				
March 31, 2025—Outstanding	43,700	64,100	54,300	54,800
Vested				
March 31, 2024—Outstanding				
Vested				
Exercised				
Canceled				
March 31, 2025—Outstanding				
Exercise price	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)
Average stock price at exercise				
Fair value price at grant date	¥391 ($2.61)	¥336 ($2.24)	¥474 ($3.17)	¥643 ($4.30)

18. REVENUE RECOGNITION

Information about disaggregation is as described in Note 33, "Segment Information."

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
	2025	2024	2025
Gains on foreign exchange transactions	¥ 1,720	¥ 2,131	$ 11,507
Gains on sales of bonds	3,703	10,986	24,774
Income on lease transaction and installment receivables	36,485	33,599	244,080
Other	520	754	3,479
Total	¥42,428	¥47,471	$283,840

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
	2025	2024	2025
Gains on sales of equity securities	¥34,610	¥12,328	$231,538
Gains on money held in trust		127	
Gain on bargain purchase		17,322	
Other	3,838	1,704	25,677
Total	¥38,448	¥31,482	$257,216

21. OTHER OPERATING EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Loss on redemption of bonds		¥ 136	
Loss on sales of bonds	¥18,830	20,388	$125,970
Cost of lease transaction and installment receivables	32,663	30,094	218,515
Other	46	2,932	313
Total	¥51,540	¥53,551	$344,799

22. 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
	2025	2024	2025
Salaries and related expenses	¥33,940	¥28,750	$227,054
Other	38,638	37,500	258,485
Total	¥72,578	¥66,251	$485,540

23. OTHER EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Charge-off of loans	¥ 7	¥ 80	$ 52
Losses on sales of equity securities	3,837	1,162	25,670
Valuation losses on equity securities	195	210	1,307
Losses on money held in trust	285	1,081	1,910
Losses on sales of real estate	145	261	971
Impairment losses	521	1,646	3,490
Other	8,062	9,256	53,935
Total	¥13,055	¥13,700	$87,338

24. INCOME TAXES

The Bank and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes that, in the aggregate, resulted in normal effective statutory tax rates of 30.36% and 30.35% for the years ended March 31, 2025 and 2024, respectively.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2025 and 2024, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Deferred tax assets:			
Valuation difference on available-for-sale securities	¥ 45,699	¥ 23,721	$ 305,721
Allowance for credit losses	16,175	15,697	108,210
Liability for employees' retirement benefits	13,658	9,993	91,374
Tax loss carryforwards	5,378	4,115	35,978
Depreciation	3,671	3,746	24,561
Deferred losses on hedges	2,329	3,815	15,586
Impairment losses	2,142	3,349	14,333
Valuation losses on equity securities	1,027	1,166	6,872
Accrued enterprise tax	692	375	4,633
Provision for loss on cancellation of system contracts	645	696	4,317
Other	6,221	4,537	41,623
Total of tax loss carryforwards and temporary differences	97,642	71,216	653,214
Less valuation allowance for tax loss carryforwards	(5,378)	(4,113)	(35,978)
Less valuation allowance for temporary differences	(8,794)	(9,313)	(58,833)
Total valuation allowance	(14,172)	(13,426)	(94,811)
Total deferred tax assets	83,470	57,789	558,402
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	153,053	203,341	1,023,904
Asset for employees' retirement benefits	24,097	21,968	161,208
Deferred losses on hedges	25,819	15,631	172,727
Gain on contribution of securities to employee retirement benefit trust	1,714	1,665	11,472
Other	2,985	2,599	19,975
Total deferred tax liabilities	207,670	245,206	1,389,289
Net deferred tax liabilities	¥ (124,200)	¥ (187,416)	$ (830,886)

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2025 and 2024, were as follows:

	Millions of Yen						
March 31, 2025	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards						¥5,378	¥5,378
Less valuation allowances for tax loss carryforwards						(5,378)	(5,378)
Net deferred tax assets relating to tax loss carryforwards							
March 31, 2024							
Deferred tax assets relating to tax loss carryforwards	¥1					¥4,113	¥4,115
Less valuation allowances for tax loss carryforwards						(4,113)	(4,113)
Net deferred tax assets relating to tax loss carryforwards	1						2

	Thousands of U.S. Dollars						
March 31, 2025	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards						$35,978	$35,978
Less valuation allowances for tax loss carryforwards						(35,978)	(35,978)
Net deferred tax assets relating to tax loss carryforwards							

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2025, with the corresponding figures for 2024, is as follows:

	2025	2024
Normal effective statutory tax rate	30.36%	30.35%
Special tax credit	(2.50)	(0.30)
Income not taxable for income tax purposes	(2.35)	(2.86)
Change in valuation allowance	1.02	12.71
Prior-year income taxes	0.79	0.52
Change in effective tax rate	(0.32)	
Consolidation adjustments for assets measured at fair value	(0.21)	(4.23)
Gain on bargain purchase		(10.34)
Other	(0.95)	1.29
Actual effective tax rate	25.84%	27.13%

(Revision of Deferred Tax Assets and Deferred Tax Liabilities Due to Change in Income Tax Rate)

Following the enactment of the "Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025)" on March 31, 2025, the "Special Defense Corporation Tax" will be imposed from the fiscal years beginning on or after April 1, 2026. Consequently, deferred tax assets and deferred tax liabilities related to temporary differences, etc. that are expected to reverse in the fiscal years beginning on or after April 1, 2026, are calculated using the statutory effective tax rate of 31.25% compared to the previous rate of 30.36%. As a result of this tax rate change, deferred tax assets increased by ¥30 million ($202 thousand), deferred tax liabilities increased by ¥3,739 million ($25,019 thousand), valuation difference on available-for-sale securities decreased by ¥2,859 million ($19,129 thousand), deferred gain on hedges decreased by ¥668 million ($4,475 thousand), defined retirement benefit plans decreased by ¥230 million ($1,541 thousand), and income taxes—deferred decreased by ¥207 million ($1,390 thousand) for the year ended March 31, 2025.

25. LEASES

Lessee

Leased assets related to finance leases that are not deemed to transfer ownership of the leased property to the lessee consist of buildings, movable properties and software.

Depreciation method of leased assets is described in "f. Property, plant, and equipment" and "g. Software" in Note 2, "Summary of Significant Accounting Policies."

Lessor

The net investments in leases are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Gross lease receivables	¥82,958	¥76,467	$554,982
Estimated residual values	9,484	8,430	63,451
Estimated maintenance cost	(1,913)	(1,720)	(12,797)
Unearned interest income	(6,013)	(5,541)	(40,226)
Investments in leases	¥84,517	¥77,635	$565,409

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

	Millions of Yen		Thousands of U.S. Dollars
March 31	2025	2024	2025
Due in 1 year or less	¥ 3,891	¥ 3,694	$26,031
Due from 1 to 2 years	2,932	2,987	19,616
Due from 2 to 3 years	2,086	2,017	13,961
Due from 3 to 4 years	1,470	1,252	9,835
Due from 4 to 5 years	832	687	5,567
Due after 5 years	1,201	1,022	8,039
Total	¥12,414	¥11,662	$83,052

Maturities of investments in leases for finance leases that are deemed not to transfer ownership of the leased property to the lessee are as follows:

March 31	Millions of Yen 2025	Millions of Yen 2024	Thousands of U.S. Dollars 2025
Due in 1 year or less	¥24,014	¥22,507	$160,655
Due from 1 to 2 years	19,619	18,296	131,251
Due from 2 to 3 years	15,571	13,940	104,173
Due from 3 to 4 years	11,254	10,007	75,292
Due from 4 to 5 years	6,793	5,994	45,444
Due after 5 years	5,704	5,720	38,164
Total	¥82,958	¥76,467	$554,982

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

	Millions of Yen 2025	Millions of Yen 2024	Thousands of U.S. Dollars 2025
Due within 1 year	¥3,641	¥3,514	$24,363
Due after 1 year	4,604	4,171	30,805
Total	¥8,246	¥7,685	$55,168

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) *Group Policy for Financial Instruments*

The Group offers financial services such as providing loans and sales of investment products to customers. In performing these operations, the Bank uses funds received as deposits from customers or by borrowing money from the market in consideration of market conditions and the balance in funding periods between the short term and the long term.

As the Bank holds financial assets and liabilities affected by interest rate movements, it carries out Asset Liability Management ("ALM") to avoid negative effects of interest movements. In managing interest rate movements, the Bank utilizes derivatives.

The Bank and certain consolidated subsidiaries also hold securities for sale to customers.

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

(*a*) *Loans*

The Bank provides loans mainly to domestic customers but does not focus on specific groups of companies. These loans are exposed to credit risk in the case of the customers' breach of the contract. In all domestic loans, the percentage of loans in Nagano Prefecture, the Bank's main business area, exceeds approximately 50%. As such, the Bank's credit risk is likely to deteriorate if there are negative changes in the economy in Nagano Prefecture.

(*b*) *Securities*

Securities are mainly bonds, stocks, investment trusts, and corporate investment funds. These securities are classified into categories, such as securities available for sale and securities for trading purposes to sell to customers. All securities are exposed to the credit risk of the securities' issuers or interest rate risk, market price risk, foreign exchange risk, and liquidity risk.

(*c*) *Deposits*

The Bank receives deposits from customers. These deposits are exposed to interest rate risk, foreign exchange risk, and liquidity risk.

(*d*) *Derivatives*

The purpose of using derivatives is to provide customers various hedging instruments to hedge the Bank's portfolio under ALM and to enhance the Bank's profit. Derivatives include interest rate swaps, interest cap transactions, and currency exchange swaps. Using these derivatives as hedging instruments for loans and securities, the Bank applies hedge accounting to derivative transactions and assesses the effectiveness between the hedged items and hedging instruments from the start of hedging. These derivative transactions are exposed to market risk and credit risk.

Derivative transactions used for hedging purposes are carried out in accordance with the Bank's annual hedging policy.

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

(*a*) *Credit risk management*

In accordance with internal rules of credit risk management, the Bank examines every loan, manages loans according to credit lines for each debtor, addresses troubled loans, reviews each debtor's credit rating, and manages the Bank's loan portfolio. Regarding the loan examination structure, the loan promotion section is separated from the loan examination section in the head office. These two sections monitor and check each other. Every loan from the business branches is examined in many stages from loan application to the Bank's final decision. The Bank reviews each debtor's credit rating on a regular basis to identify troubled loans in a timely manner. In addition, the Bank uses examination results in order to reduce credit risk and to manage the Bank's loan portfolio.

To address the credit risk of securities' issuers, the Bank carries out its business under credit line limits for each debtor. Such limits are defined by the Risk Management Department on a semiannual basis.

(*b*) *Market risk management (interest rate risk, foreign exchange risk, and market price risk)*

The Group stipulates internal rules of market risk management and controls market risk so as to maintain management soundness and profitability.

Considering the market and the Bank's conditions, the Bank updates its Market Risk Management Policy on a semiannual basis to maintain an appropriate balance between risk and return and to adjust the volume of risk. Furthermore, the management committee confirms the risk limit and loss limit by each transaction type for each customer according to the Market Risk Management Policy. The Bank defines the limit of investment, limit of holding, and limit of valuation losses, as necessary. It also defines the threshold that should limit market risk and losses to certain amounts. Each section should carry out its business within risk limits, as well as report the risk status to an executive officer on a daily basis.

Regarding management of business operations, the front office is separated from the back office. The middle office which controls and manages risk is also separated from these two offices. These three offices monitor and check each other.

<u>Management of Interest Rate Risk</u>

To manage risk caused by interest rate fluctuations, the Bank uses Value at Risk ("VaR") for the change of economic value and uses ALM for the change of interest rate in gap analysis. The "ALM and Integrated Risk Conference" monitors the Group's risk status and discusses various measures corresponding to risks. As stated above, the Bank uses some derivative transactions under ALM.

Management of Foreign Exchange Risk

The Bank manages the change of economic value arising from fluctuations in foreign exchange rates by VaR. To avoid excessive foreign exchange risk, the Bank defines the upper holding limit in its Market Risk Management Policy.

Management of Market Price Risk

The Bank manages the change of economic value arising from fluctuations in market prices by VaR. The Board of Directors define the upper limit of risk on a semiannual basis by taking into account the Bank's capital status and market conditions. Certain consolidated subsidiaries report market values of holding securities to the Bank's Board of Directors on a regular basis.

The Principles of Derivative Transactions

The Bank establishes internal rules for derivative transactions and manages the Group's risk in an integrated fashion, including derivative transactions made by consolidated subsidiaries. Regarding derivatives, the Risk Management Department reports the total positions, market values, and market risk amounts to both executive officers and the "ALM and Integrated Risk Conference" on a regular basis.

To manage risk arising from derivative transactions, the middle office, which checks and controls risk, is separated from the front office so as to monitor the front office's transactions.

Quantitative Information on Market Risk

The Bank principally uses VaR for quantitative analysis of the market risk of all financial instruments. For calculating VaR, the historical simulation method (confidence interval of 99.9%; observation period of 4,000 days; and holding period of 120 days both for financial instruments held for trading purpose (the Bank's trading business) and for those held for other than trading purpose (the Bank's banking business)) has been adopted.

The VaRs are ¥447,119 million ($2,991,162 thousand) and ¥508,460 million as of March 31, 2025 and 2024, respectively.

The Bank conducts back testing to compare the VaR calculated using the model with actual loss amounts. According to the back testing results, it is believed that the measurement model that the Bank uses is adequate to capture market risk. It should be noted that VaR measures the amount of market risk at certain probability levels statistically calculated based on historical market fluctuations, and therefore, there may be cases where market risk cannot be captured in situations when market conditions change dramatically beyond what has been experienced historically.

(*c*) *Liquidity risk management*

The Bank manages liquidity risk through diversification of funding and adjustment of funding periods between long term and short term under ALM.

(**4**) ***Fair Value of Financial Instruments***

Fair values of financial instruments are as follows: Investments in equity instruments that do not have a quoted market price in an active market are not included in the following table. The fair values of "Cash and due from banks," "Call loans and bills bought," "Foreign exchange," "Call money and bills sole," "Payables under repurchased agreements," and "Payables under securities lending transactions" are not disclosed because their maturities are short and the carrying amounts approximate fair value. Also, please see Note 27 for details of the fair values of derivatives.

(*a*) *Fair value of financial instruments*

	Millions of Yen		
March 31, 2025	Carrying Amount	Fair Value	Unrealized Gains (Losses)
Securities:			
Available for sale	¥ 3,323,311	¥ 3,323,311	
Loans and bills discounted	6,461,544		
Allowance for credit losses	(48,440)		
Loans after deduction of allowance for credit losses	6,413,104	6,385,577	¥ (27,527)
Total	¥ 9,736,416	¥ 9,708,889	¥ (27,527)
Deposits	¥ 9,549,428	¥ 9,543,814	¥ (5,613)
Negotiable certificates of deposit	218,447	218,447	
Borrowed money	1,581,461	1,572,651	(8,809)
Total	¥ 11,349,336	¥ 11,334,913	¥ (14,423)
Derivative transactions:			
Hedge accounting not applied	¥ 156	¥ 156	
Hedge accounting applied	74,291	74,291	
Total	¥ 74,447	¥ 74,447	
March 31, 2024			
Securities:			
Available for sale	¥ 3,571,107	¥ 3,571,107	
Loans and bills discounted	6,781,218		
Allowance for credit losses	(47,614)		
Loans after deduction of allowance for credit losses	6,733,603	6,735,390	¥ 1,787
Total	¥ 10,304,710	¥ 10,306,498	¥ 1,787
Deposits	¥ 9,437,959	¥ 9,437,082	¥ (876)
Negotiable certificates of deposit	55,194	55,194	
Borrowed money	2,105,286	2,092,995	(12,290)
Total	¥ 11,598,440	¥ 11,585,273	¥ (13,167)
Derivative transactions:			
Hedge accounting not applied	¥ (59)	¥ (59)	
Hedge accounting applied	38,457	38,457	
Total	¥ 38,397	¥ 38,397	

March 31, 2025	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gains (Losses)
Securities:			
Available for sale	$ 22,232,485	$ 22,232,485	
Loans and bills discounted	43,226,819		
Allowance for credit losses	(324,061)		
Loans after deduction of allowance for credit losses	42,902,758	42,718,604	$ (184,153)
Total	$ 65,135,243	$ 64,951,090	$ (184,153)
Deposits	$ 63,884,319	$ 63,846,765	$ (37,554)
Negotiable certificates of deposit	1,461,383	1,461,383	
Borrowed money	10,579,749	10,520,814	(58,935)
Total	$ 75,925,453	$ 75,828,962	$ (96,490)
Derivative transactions:			
Hedge accounting not applied	$ 1,044	$ 1,044	
Hedge accounting applied	496,996	496,996	
Total	$ 498,041	$ 498,041	

(*b*) *Financial instruments whose fair value cannot be reliably determined*

March 31	Millions of Yen 2025	Millions of Yen 2024	Thousands of U.S. Dollars 2025
Investments in equity instruments that do not have a quoted market price in an active market	¥82,123	¥70,745	$ 549,396

(**5**) ***Maturity Analysis for Financial Assets and Securities with Contractual Maturities***

	Millions of Yen					
March 31, 2025	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Securities	¥ 416,450	¥ 518,653	¥ 339,695	¥ 33,109	¥165,284	¥1,076,306
Available for sale	416,450	518,653	339,695	33,109	165,284	1,076,306
National government bonds	131,200	1,000	74,000	15,000	108,000	575,500
Local government bonds	96,903	167,071	77,238	1,954	31,202	39,695
Corporate bonds	143,147	264,686	138,871	12,165	17,981	165,343
Loans and bills discounted	1,048,359	1,200,804	1,014,267	560,914	627,535	1,146,357
Total	¥1,464,809	¥1,719,457	¥1,353,963	¥594,023	¥792,820	¥2,222,663
March 31, 2024						
Securities	¥ 188,375	¥ 642,405	¥ 459,073	¥124,296	¥110,879	¥1,039,735
Available for sale	188,375	642,405	459,073	124,296	110,879	1,039,735
National government bonds	9,500	131,200	4,000	16,000	31,000	521,500
Local government bonds	28,888	181,326	143,626	25,203	30,493	86,826
Corporate bonds	102,159	239,140	248,386	63,538	23,841	160,411
Loans and bills discounted	1,426,383	1,292,014	967,646	582,810	545,030	1,112,077
Total	¥1,614,758	¥1,934,419	¥1,426,720	¥707,107	¥655,909	¥2,151,813

	Thousands of U.S. Dollars					
March 31, 2025	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Securities	$ 2,785,992	$ 3,469,720	$2,272,516	$ 221,497	$1,105,732	$ 7,200,335
Available for sale	2,785,992	3,469,720	2,272,516	221,497	1,105,732	7,200,335
National government bonds	877,709	6,689	495,049	100,347	722,504	3,850,013
Local government bonds	648,273	1,117,682	516,711	13,078	208,740	265,556
Corporate bonds	957,638	1,770,715	929,027	81,382	120,293	1,106,126
Loans and bills discounted	7,013,378	8,033,208	6,785,304	3,752,436	4,198,125	7,668,967
Total	$ 9,799,371	$11,502,929	$9,057,820	$3,973,934	$5,303,858	$14,869,303

(**6**) ***Scheduled Repayment Amount after the Consolidated Balance Sheet Date for Borrowed Money and Other Interest-Bearing Liabilities***

	Millions of Yen					
March 31, 2025	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Deposits	¥ 8,579,568	¥ 837,177	¥ 83,913	¥10,462	¥27,123	¥11,182
Negotiable certificates of deposit	218,447					
Borrowed money	1,387,423	190,475	536	3,020	5	
Total	¥10,185,439	¥1,027,652	¥ 84,449	¥13,483	¥27,129	¥11,182
March 31, 2024						
Deposits	¥ 8,504,380	¥ 834,422	¥ 54,638	¥10,861	¥22,074	¥11,582
Negotiable certificates of deposit	55,194					
Borrowed money	773,078	920,773	408,393	3,034	7	
Total	¥ 9,332,653	¥1,755,195	¥463,031	¥13,896	¥22,082	¥11,582

	Thousands of U.S. Dollars					
March 31, 2025	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Deposits	$57,396,095	$5,600,598	$561,366	$69,995	$181,455	$74,808
Negotiable certificates of deposit	1,461,383					
Borrowed money	9,281,667	1,274,251	3,589	20,206	34	
Total	$68,139,147	$6,874,850	$564,956	$90,201	$181,489	$74,808

Financial Instruments Categorized by Fair Value Hierarchy

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

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

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

(1) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

March 31, 2025	Millions of Yen Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities:				
National government bonds	¥ 804,215	¥ 1,153		¥ 805,369
Local government bonds		403,377		403,377
Corporate bonds		676,214	¥50,843	727,058
Equity securities	570,283	554		570,838
Other	144,167	617,868		762,035
Total assets	¥1,518,666	¥1,699,168	¥50,843	¥3,268,678
Derivative transactions:				
Interest rate swaps		¥ 82,235		¥ 82,235
Currency derivatives		(7,788)		(7,788)
Total derivative transactions		¥ 74,447		¥ 74,447

March 31, 2024	Millions of Yen Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities:				
National government bonds	¥ 659,050	¥ 1,133		¥ 660,184
Local government bonds		490,696		490,696
Corporate bonds		781,766	¥56,210	837,977
Equity securities	757,156			757,156
Other	160,864	614,357	40	775,262
Total assets	¥1,577,072	¥1,887,954	¥56,250	¥3,521,277
Derivative transactions:				
Interest rate swaps		¥ 50,961		¥ 50,961
Currency derivatives		(12,563)		(12,563)
Total derivative transactions		¥ 38,397		¥ 38,397

March 31, 2025	Thousands of U.S. Dollars Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities:				
National government bonds	$ 5,380,085	$ 7,719		$ 5,387,805
Local government bonds		2,698,538		2,698,538
Corporate bonds		4,523,779	$ 340,136	4,863,916
Equity securities	3,815,117	3,708		3,818,826
Other	964,462	4,133,449		5,097,911
Total assets	$ 10,159,665	$ 11,367,195	$ 340,136	$ 21,866,998
Derivative transactions:				
Interest rate swaps		$ 550,143		$ 550,143
Currency derivatives		(52,101)		(52,101)
Total derivative transactions		$ 498,041		$ 498,041

(2) The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

	Millions of Yen			
March 31, 2025	Level 1	Level 2	Level 3	Total
Loans and bills discounted			¥6,385,577	¥ 6,385,577
Total assets			¥6,385,577	¥ 6,385,577
Deposits		¥ 9,543,814		¥ 9,543,814
Negotiable certificates of deposit		218,447		218,447
Borrowed money		1,565,203	¥ 7,447	1,572,651
Total liabilities		¥11,327,465	¥ 7,447	¥11,334,913
March 31, 2024				
Securities:				
Loans and bills discounted			¥6,735,390	¥ 6,735,390
Total assets			¥6,735,390	¥ 6,735,390
Deposits		¥ 9,437,082		¥ 9,437,082
Negotiable certificates of deposit		55,194		55,194
Borrowed money		2,086,239	¥ 6,756	2,092,995
Total liabilities		¥11,578,516	¥ 6,756	¥11,585,273

	Thousands of U.S. Dollars			
March 31, 2025	Level 1	Level 2	Level 3	Total
Loans and bills discounted			$42,718,604	$42,718,604
Total assets			$42,718,604	$42,718,604
Deposits		$63,846,765		$63,846,765
Negotiable certificates of deposit		1,461,383		1,461,383
Borrowed money		10,470,989	$ 49,825	10,520,814
Total liabilities		$75,779,137	$ 49,825	$75,828,962

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

Securities

Securities for which unadjusted quoted prices in an active market can be used are categorized into Level 1 fair value and mainly include listed equity securities and Japanese government bonds. Securities for which publicly announced quoted prices are used but the market is not active are categorized into Level 2 fair value and mainly include municipal bonds, corporate bonds and mortgage-backed securities.

Investment trusts that do not have trading prices in an active market with no restrictions on redemption are classified as Level 2, and are valued using Net Asset Value method ("NAV").

Fair values of private placement bonds are measured by discounting the total amount of principal and interest and others at interest rates based on the discount rate reflecting expected loss and various risk factors by categories based on the internal ratings and terms and are mainly categorized as Level 3 since the discount rate is unobservable.

Information relating to securities for holding purpose is included in Note 7.

Loans and Bills Discounted

Because floating-rate loans are immediately affected by the movement of interest rates, the carrying amounts of these loans are equivalent to fair values in cases where the credit risk of debtors has not totally changed from the execution of the loans. For fixed-rate loans used to fund business, fair values are determined by discounting the total amounts of the principal and interest at market rates plus spreads. The spreads are defined in internal guidelines. For fixed-rate loans other than business funds, fair values are determined by discounting the total amounts of the principal and interest at expected rates if the Bank newly executes similar loans to customers. Such expected rates are determined according to the loans' type and period. The carrying amounts of fixed-rate loans other than business funds with short maturity (less than one year) approximate equivalent to the fair values.

For loans to "Bankrupt," "De facto Bankrupt" and "In danger of bankruptcy," a reserve for possible loan losses calculated from the current value of expected future cash flows or from the expected amount to be collected through disposal of collateral or execution of guarantees is provided. Therefore, the carrying amounts at the consolidated balance sheet date, net of reserve amounts, approximate fair values.

Specific loans in which the loan amount can be increased or decreased within the collateral amount have no maturity dates. The carrying amounts of such loans approximate fair values because of the loans' period and conditions.

Fair value of these transactions is categorized as Level 3.

Deposits and Negotiable Certificates of Deposit

Fair values of demand deposits are measured at the expected amount to be paid to depositors from the Bank at the consolidated balance sheet date (book values). For time deposits and negotiable certificates of deposit, according to each period, fair values are measured at the total amount of the principal and interest discounted at the rate that the Bank applies to new deposits. The carrying amounts of time deposits and negotiable certificates of deposit with short maturities (less than one year) approximate fair value.

Fair value of these transactions is categorized as Level 2.

Borrowed Money

Because floating-rate borrowed money is immediately affected by the movement of interest rates, the carrying amount of this borrowed money is equivalent to fair value in cases where the credit risk of consolidated subsidiaries has not totally changed from when the money was borrowed. The fair value of fixed-rate borrowed money, which is classified in accordance with its period, is estimated by discounting future cash flows, using rates that would be offered to similar borrowings. The carrying amount of borrowed money whose term is short (within one year) approximates the fair value and is therefore deemed equal to the fair value.

Fair value of these transactions is mainly categorized as Level 2.

Derivative Transactions

Derivative transactions that can be measured at unadjusted quoted prices in active markets are categorized as Level 1, which includes such transactions as bonds futures and interest rate futures.

However, since most derivative transactions are over-the-counter transactions and there are no quoted market prices, market values are measured using valuation techniques such as the discounted cash flow method and the Black-Scholes model, depending on the type of transaction and the maturity period. The main inputs which are used in those valuation techniques are interest rate, currency rate, volatility and others. In addition, price adjustments based on credit risk of counterparty and credit risk of ourselves and price adjustments are made.

When unobservable inputs are not used or impact of unobservable inputs are not material, transactions are categorized as Level 2. When material unobservable inputs are used, transactions are categorized as Level 3.

(Note 2) Information relating to fair values of Level 3 among the financial instruments recorded at fair value in the consolidated balance sheet

(1) Quantitative information of significant unobservable valuation inputs

March 31, 2025	Principal Valuation Technique	Significant Unobservable Valuation Input	Range of Valuation Input	Weighted Average
Securities—Available-for-sale—bonds	Discounted cash flow method	Probability of default	0.0%–7.7%	0.3%
		Loss given default	35.8%–100.0%	78.7%

March 31, 2024	Principal Valuation Technique	Significant Unobservable Valuation Input	Range of Valuation Input	Weighted Average
Securities—Available-for-sale—bonds	Discounted cash flow method	Probability of default	0.0%–7.8%	0.3%
		Loss given default	30.2%–100.0%	78.1%

(2) Adjustment sheet from beginning balance to ending balance as of period and realized gains (losses) recognized as gains (losses) for the period

	Securities Available-for-Sale Private Placement Bonds		
	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Beginning balance	¥56,210	¥53,417	$376,042
Recorded to gains for the period			
Recorded to other comprehensive income	(371)	(56)	(2,485)
Net amount of purchase, sale and settlement	(4,995)	2,849	(33,420)
Transfer to fair values of Level 3			
Transfer from fair values of Level 3			
Ending balance as of period	¥50,843	¥56,210	$340,136
Unrealized gains (losses) on financial assets and liabilities held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	¥ (614)	¥ (309)	$ (4,109)

(3) Explanation of the process of fair value measurement

In the Bank, middle-offices have established policies and procedures related to the measurement of fair values, and according to these, back-offices measure the fair values.

For the fair values, the validity of the valuation techniques and valuation inputs used in fair value measurement are verified by back-offices and front-offices. The results of the verification are reported to middle-offices every fiscal year, and the appropriateness of policies and procedures are ensured that related to the measurement of fair values.

In fair value measurement, valuation models in which the nature, characteristics and risks of individual assets are most appropriately reflected are used.

In addition, when quoted prices obtained from third parties are used, the validity of the prices is verified by appropriate methods such as confirmation of valuation techniques and used valuation inputs and comparison with the fair values of similar financial instruments.

(4) Explanation of the impact on fair values in the case where significant unobservable inputs are varied

Significant unobservable inputs used in calculating the fair value of private bonds are the probability of default and the loss given default. Each significant increase (decrease) in the probability of default and the loss given default would be accompanied by a decrease (increase) of the fair values. The changes of the probability of default are generally accompanied by changes in the same direction as the assumptions of the loss given default.

(Note 3) Information relating to treatment of investment trust base price as fair value

Paragraph 24-3 and Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) allow investment trusts without fair market value to consider the base price as fair market value.

Available-for-sale securities are not included these investment trusts.

Adjustment sheet from beginning balance to ending balance as of period and realized gains (losses) recognized as gains (losses) for the period

	Investment Trusts Paragraph 24-3 Applied		
	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Beginning balance	¥24,474	¥24,959	$163,732
Recorded to gains for the period	(101)	755	(676)
Recorded to other comprehensive income	423	1,302	2,831
Net amount of purchase, sale and settlement	4,042	(2,543)	27,046
Ending balance as of period	¥28,839	¥24,474	$192,933
Unrealized gains (losses) on financial assets and liabilities held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	¥ 1,486	¥ 1,033	$ 9,947

	Investment Trusts Paragraph 24-9 Applied		
	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Beginning balance	¥25,355	¥24,877	$169,622
Recorded to gains for the period			
Recorded to other comprehensive income	438	477	2,932
Net amount of purchase, sale and settlement			
Ending balance as of period	¥25,793	¥25,355	$172,554
Unrealized gains (losses) on financial assets and liabilities held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	¥ 6,301	¥ 5,863	$ 42,156

27. DERIVATIVES

Derivatives that the Bank and certain consolidated subsidiaries use are as follows:

Interest rate-related transactions:	Interest rate swaps and interest rate options
Currency-related transactions:	Currency swaps, currency options, and forward foreign exchange contracts
Stock-related transactions:	Stock index futures and stock index future options
Bond-related transactions:	Bond futures and bond future options
Other transactions:	Earthquake derivatives

The Bank and certain subsidiaries use derivatives primarily to hedge risks for customers to maximize the profit of their own trading account and to manage the potential risks in their own portfolio as a part of ALM.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest rates, foreign exchange rates, or prices of bonds. Credit risk is the possibility that a loss may result from a counterparty's failure to perform according to the terms and conditions of the contract.

The Bank comprehensively controls derivative risks of the Bank and certain consolidated subsidiaries in accordance with its Risk Management Regulations and Market Risk Management Regulations. The position amounts, market values, and market risks are reported periodically to the responsible executive officers and the ALM Committee, where evaluations and analyses of derivatives are made.

Risk control of derivatives is the responsibility of the Risk Management Department independent from the front office. The Risk Management Department is in charge of controlling market risks in order to make the risk control system work effectively.

On the other hand, concerning credit risk management, the Bank sets up credit limits of customers according to their credit standings and manages it strictly not to exceed each credit ceiling of customers.

It should be noted that the nominal contract value or notional principal amount is used in determining the value of receipts or payments of interest and as an indicator representative of the volume of transactions, but those values do not necessarily reflect such things as market risk or credit risk.

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2025

	Millions of Yen				Thousands of U.S. Dollars			
	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains (Losses)	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains (Losses)
Interest Rate-Related Transactions								
Listed—interest-rate futures:								
Selling								
Buying								
Over the counter—interest rate swaps:								
Receipt fixed—payments floating	¥ 59,864	¥ 57,469	¥ (1,524)	¥ (1,524)	$ 400,482	$ 384,463	$ (10,196)	$ (10,196)
Receipt floating—payments fixed	67,396	65,136	1,746	1,746	450,873	435,752	11,681	11,681
Receipt floating—payments floating								
Over the counter—interest rate options:								
Selling								
Buying								
Currency-Related Transactions								
Over the counter—currency swaps								
Over the counter—currency futures:								
Selling	64,888	349	749	749	434,094	2,337	5,011	5,011
Buying	63,483	233	(748)	(748)	424,696	1,559	(5,004)	(5,004)
Over the counter—currency options:								
Selling	196,503	158,026	(2,171)	3,185	1,314,580	1,057,173	(14,526)	21,307
Buying	196,503	158,026	2,104	(1,218)	1,314,580	1,057,173	14,079	(8,153)
Foreign exchange swaps								
Stock-Related Transactions								
Listed—stock index futures:								
Selling								
Buying								
Listed—stock index options:								
Selling								
Buying								
Bond-Related Transactions								
Listed—bond futures:								
Selling								
Buying								
Listed—bond futures options:								
Selling								
Buying								
Other Transactions								
Over the counter—earthquake derivatives								
Selling	740		(7)	(7)	4,950		(51)	(51)
Buying	740		7	7	4,950		51	51

The contract or notional amounts of derivatives that are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2025

		Millions of Yen			Thousands of U.S. Dollars		
	Hedged Item	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions							
Interest rate swaps:	Loans and bills discounted,						
Receipt fixed—payments floating	available-for-sale securities,	¥522,000	¥233,400	¥ (2,967)	$3,492,105	$1,561,412	$ (19,851)
Receipt floating—payments fixed	and other financial assets	819,941	780,390	84,942	5,485,294	5,220,698	568,250
Receipt floating—payments floating		3,737	3,737	38	25,000	25,000	259
Currency-Related Transactions							
Deferral hedge method:							
Currency swaps	Foreign currency loans and	104,785	59,792	(4,593)	701,000	400,000	(30,731)
Foreign exchange swaps	deposits	122			819		5
Fair value hedge method—Currency swaps	Foreign currency securities	58,297	43,349	(3,129)	390,000	290,000	(20,934)
Bond-Related Transactions							
Listed—bond futures—selling	Available-for-sale securities						
Over the counter—bond options:							
Selling	Available-for-sale securities						
Buying							

The contract or notional amounts of derivatives that are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

The below interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

		Millions of Yen			Thousands of U.S. Dollars		
	Hedged Item	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions							
Interest rate swaps—Receipt fixed—payments floating	Loans and deposits	¥102,219	¥101,419		$683,832	$678,480	
Interest rate swaps—Receipt floating—payments fixed	Borrowed money	14,144	14,144		94,626	94,626	
Interest rate swaps—Receipt floating—payments floating							

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2024

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains (Losses)
Interest Rate-Related Transactions				
Listed—interest-rate futures:				
Selling				
Buying				
Over the counter—interest rate swaps:				
Receipt fixed—payments floating	¥ 68,697	¥61,546	¥ (573)	¥ (573)
Receipt floating—payments fixed	78,980	71,843	596	596
Receipt floating—payments floating				
Over the counter—interest rate options:				
Selling				
Buying				
Currency-Related Transactions				
Over the counter—currency swaps				
Over the counter—currency futures:				
Selling	68,007	437	(1,913)	(1,913)
Buying	73,329	278	1,852	1,852
Over the counter—currency options:				
Selling	164,115	118,419	(1,902)	2,492
Buying	164,115	118,419	1,881	(1,176)
Foreign exchange swaps				
Stock-Related Transactions				
Listed—stock index futures:				
Selling				
Buying				
Listed—stock index options:				
Selling				
Buying				
Bond-Related Transactions				
Listed—bond futures:				
Selling				
Buying				
Listed—bond futures options:				
Selling				
Buying				
Other Transactions				
Over the counter—earthquake derivatives				
Selling	1,590		(13)	(13)
Buying	1,590		13	13

The contract or notional amounts of derivatives that are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2024

		Millions of Yen		
	Hedged Item	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions				
Interest rate swaps:	Loans and bills discounted, available-for-sale securities, and other financial assets			
Receipt fixed—payments floating		¥301,600	¥301,600	¥ 371
Receipt floating—payments fixed		756,111	735,442	50,567
Receipt floating—payments floating				
Currency-Related Transactions				
Deferral hedge method:				
Currency swaps	Foreign currency loans and deposits	68,137	22,707	(9,006)
Foreign exchange swaps		1,291		(98)
Fair value hedge method—Currency swaps	Foreign currency securities	27,248	27,248	(3,376)
Bond-Related Transactions				
Listed—bond futures—selling	Available-for-sale securities			
Over the counter—bond options:	Available-for-sale securities			
Selling				
Buying				

The contract or notional amounts of derivatives that are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

The below interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

		Millions of Yen		
	Hedged Item	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions				
Interest rate swaps—Receipt fixed—payments floating	Loans and deposits	¥78,832	¥78,832	
Interest rate swaps—Receipt floating—payments fixed	Borrowed money	11,668	11,276	
Interest rate swaps—Receipt floating—payments floating				

28. LOAN COMMITMENTS

The Group issues commitments to extend credit and establish credit lines for overdrafts to meet the financing needs of their customers. Unfunded amounts relating to these contracts totaled ¥1,807,274 million ($12,090,413 thousand) and ¥1,738,339 million as of March 31, 2025 and 2024, respectively.

As a large majority of these commitments expire without being drawn down upon, the unfunded amounts do not necessarily represent future cash requirements. Many of these agreements include conditions granting the Bank the right to reject the drawdown or to reduce the amount on the basis of changes in the financial circumstances of the borrower or other reasonable grounds.

In addition, the Bank obtains collateral when necessary to reduce credit risk related to these commitments.

29. OTHER COMPREHENSIVE INCOME (LOSS)

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥ (243,068)	¥ 197,781	$ (1,626,096)
Reclassification adjustments to profit or loss	(11,531)	10,958	(77,147)
Amount before income tax effect	(254,600)	208,740	(1,703,243)
Income tax effect	72,265	(63,511)	483,447
Subtotal	(182,335)	145,229	(1,219,796)
Deferred gain (loss) on derivatives under hedge accounting:			
Gains arising during the year	33,663	22,839	225,205
Reclassification adjustments to profit or loss	2,531	(7,318)	16,936
Amount before income tax effect	36,195	15,520	242,141
Income tax effect	(11,634)	(4,710)	(77,834)
Subtotal	24,560	10,810	164,306
Defined retirement benefit plans:			
Adjustments arising during the year	(5,958)	23,084	(39,860)
Reclassification adjustments to profit or loss	(4,599)	(2,551)	(30,770)
Amount before income tax effect	(10,557)	20,532	(70,630)
Income tax effect	2,979	(6,217)	19,934
Subtotal	(7,578)	14,314	(50,695)
Total other comprehensive income (loss)	¥ (165,352)	¥ 170,353	$ (1,106,185)

30. PER SHARE DATA

(1) Basic EPS for the years ended March 31, 2025 and 2024, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2025	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS—net income available to common shareholders	¥47,982	473,974	¥101.23	$0.67
Effect of dilutive—stock acquisition rights		315		
Diluted EPS—net income for computation	¥47,982	474,289	¥101.16	$0.67
Year Ended March 31, 2024				
Basic EPS—net income available to common shareholders	¥37,071	485,390	¥ 76.37	
Effect of dilutive—stock acquisition rights		395		
Diluted EPS—net income for computation	¥37,071	485,785	¥ 76.31	

(2) Net assets per share for the years ended March 31, 2025 and 2024, were as follows:

	Yen		U.S. Dollars
	2025	2024	2025
Net assets per share	¥2,087.32	¥2,309.80	$13.96

The net assets per share figure is calculated on the basis of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Net assets	¥967,658	¥1,118,275	$6,473,498
Less stock acquisition rights	150	141	1,005
Less noncontrolling interests	4,147	4,236	27,743
Net assets attributable to common shareholders	¥963,361	¥1,113,897	$6,444,749

	Thousands of Number of Shares	
	2025	2024
Number of common stock at fiscal year-end used for calculation of net assets per share	461,528	482,247

31. RELATED PARTY TRANSACTIONS

Related party transactions of the Bank with its directors or major individual shareholders for the year ended March 31, 2025, were as follows:

Type	Name	Nature of Transaction	Millions of Yen	Thousands of U.S. Dollars	Account	Millions of Yen	Thousands of U.S. Dollars
			Transaction Amount (Average Balance)			Year-End Balance	
Director of the Bank	Makoto Nakamura	Lending of funds	¥10	$66	Loans and bills discounted	¥9	$61

Related party transactions of consolidated subsidiaries of the Bank with their directors or major individual shareholders for the year ended March 31, 2025, were as follows:

Type	Name	Nature of Transaction	Millions of Yen	Thousands of U.S. Dollars	Account	Millions of Yen	Thousands of U.S. Dollars
			Transaction Amount (Average Balance)			Year-End Balance	
Director of Nagano Bank	Kenji Tahara	Lending of funds	¥18	$120	Loans and bills discounted	¥15	$104
Close relative of director of Nagano Bank	Junji Tahara	Lending of funds	¥19	$130	Loans and bills discounted	¥20	$138
Audit & Supervisory Board member of Nagano Bank	Shinji Horikawa	Lending of funds	¥13	$ 88	Loans and bills discounted	¥10	$ 71

Related party transactions of the Bank with its directors or major individual shareholders for the year ended March 31, 2024, were as follows:

Type	Name	Nature of Transaction	Millions of Yen Transaction Amount (Average Balance)	Account	Millions of Yen Year-End Balance
Director of the Bank	Makoto Nakamura	Lending of funds	¥16	Loans and bills discounted	¥16

Related party transactions of consolidated subsidiaries of the Bank with their directors or major individual shareholders for the year ended March 31, 2024, were as follows:

Type	Name	Nature of Transaction	Millions of Yen Transaction Amount (Average Balance)	Account	Millions of Yen Year-End Balance
Audit & Supervisory Board member of Nagano Bank	Shinji Horikawa	Lending of funds	¥18	Loans and bills discounted	¥15

32. SUBSEQUENT EVENTS

a. Dividends

The following appropriations of retained earnings at March 31, 2025, were approved at the Bank's shareholders' meeting held on June 20, 2025:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥29.00 ($0.19) per share	¥13,386	$89,553

b. Acquisition of Treasury Stock

At the meeting of the Board of Directors held on May 9, 2025, the Bank resolved to repurchase its own shares in accordance with Article 156 of the Companies Act, as applied pursuant to Paragraph 3 of Article 165 of the Companies Act.

(*a*) *Reason for acquisition*

The purpose of the Bank's repurchase of its own shares is to implement a capital policy that responds to changes in the business environment and to improve shareholder returns.

(*b*) *Details of acquisition*

(1) Type of shares to be repurchased

Common stock

(2) Total number of shares to be repurchased

Up to 10,000,000 shares

(3) Total repurchase amount

Up to ¥10,000 million ($66 million)

(4) Acquisition period

From May 12, 2025 to December 30, 2025

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.

(1) *Description of Reportable Segments*

The Group's reportable segments are those for which financial information is available separately and regular evaluation by the Bank's management is performed in order to decide how resources are allocated among the Group. The Group consists of the banking and leasing segments. Banking consists of the banking and credit card businesses. Leasing consists of the leasing business.

(2) *Methods of Measurement for Sales, Profit (Loss), Assets, Liabilities, and Other Items*

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

(**3**) ***Information about Ordinary Income, Profit, Assets, Liabilities, and Other Items, and Information about Disaggregation of Revenue***

	Millions of Yen						
	2025						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Revenue from contracts with customers	¥ 23,926		¥ 23,926	¥ 2,090	¥ 26,017		¥ 26,017
Other revenue	191,187	¥ 36,593	227,780	395	228,176		228,176
Outside customers	215,114	36,593	251,707	2,485	254,193		254,193
Intersegment	513	356	869	46	916	¥ (916)	
Total	¥ 215,627	¥ 36,949	¥ 252,577	¥ 2,532	¥ 255,109	¥ (916)	¥ 254,193
Segment profit (loss)	¥ 61,685	¥ 2,323	¥ 64,009	¥ (199)	¥ 63,809	¥ 28	¥ 63,838
Segment assets	13,436,811	132,276	13,569,088	28,789	13,597,877	(82,560)	13,515,316
Segment liabilities	12,526,603	86,427	12,613,030	13,710	12,626,740	(79,082)	12,547,657
Other:							
Depreciation	3,980	2,181	6,161	24	6,186		6,186
Interest income	148,979	56	149,035	268	149,304	(341)	148,962
Interest expense	44,657	391	45,048	6	45,054	(343)	44,711
Gain on disposal of assets	1,435		1,435	28	1,463		1,463
Loss on disposal of assets	143		143	1	145		145
Impairment losses of assets	282		282	238	521		521
Income taxes	15,929	723	16,652	97	16,750	13	16,764
Increase in property, plant, and equipment and intangible assets	5,125	4,121	9,247	270	9,517		9,517

	Millions of Yen						
	2024						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Revenue from contracts with customers	¥ 23,222		¥ 23,222	¥ 2,794	¥ 26,016		¥ 26,016
Other revenue	151,972	¥ 33,689	185,661	522	186,184		186,184
Outside customers	175,194	33,689	208,884	3,316	212,201		212,201
Intersegment	602	351	953	30	983	¥ (983)	
Total	¥ 175,796	¥ 34,040	¥ 209,837	¥ 3,347	¥ 213,184	¥ (983)	¥ 212,201
Segment profit (loss)	¥ 33,392	¥ 1,621	¥ 35,014	¥ 201	¥ 35,215	¥ 1	¥ 35,217
Segment assets	14,746,434	121,014	14,867,449	34,757	14,902,206	(74,454)	14,827,752
Segment liabilities	13,684,813	76,757	13,761,571	18,862	13,780,433	(70,956)	13,709,476
Other:							
Depreciation	3,813	2,097	5,911	53	5,965		5,965
Interest income	124,727	49	124,777	199	124,976	(215)	124,761
Interest expense	36,971	246	37,217	14	37,231	(217)	37,014
Gain on bargain purchase	17,322		17,322		17,322		17,322
Gain on disposal of assets	131		132		132		132
Loss on disposal of assets	261		261		261		261
Impairment losses of assets	1,646		1,646		1,646		1,646
Income taxes	13,188	503	13,691	96	13,787	4	13,791
Increase in property, plant, and equipment and intangible assets	4,785	3,855	8,641	137	8,778		8,778

	Thousands of U.S. Dollars						
	2025						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Revenue from contracts with customers	$ 160,068		$ 160,068	$ 13,984	$ 174,052		$ 174,052
Other revenue	1,279,019	$ 244,802	1,523,821	2,644	1,526,466		1,526,466
Outside customers	1,439,087	244,802	1,683,889	16,628	1,700,518		1,700,518
Intersegment	3,433	2,386	5,819	310	6,130	$ (6,130)	
Total	$ 1,442,520	$ 247,189	$ 1,689,709	$ 16,939	$ 1,706,648	$ (6,130)	$ 1,700,518
Segment profit (loss)	$ 412,668	$ 15,543	$ 428,212	$ (1,336)	$ 426,875	$ 193	$ 427,069
Segment assets	89,890,362	884,912	90,775,275	192,594	90,967,869	(552,319)	90,415,550
Segment liabilities	83,801,199	578,185	84,379,385	91,719	84,471,105	(529,053)	83,942,051
Other:							
Depreciation	26,629	14,592	41,222	164	41,386		41,386
Interest income	996,649	379	997,029	1,793	998,823	(2,283)	996,539
Interest expense	298,749	2,615	301,365	43	301,408	(2,296)	299,112
Gain on disposal of assets	9,599		9,599	190	9,790		9,790
Loss on disposal of assets	962		962	8	971		971
Impairment losses of assets	1,892		1,892	1,597	3,490		3,490
Income taxes	106,564	4,840	111,404	654	112,059	91	112,150
Increase in property, plant, and equipment and intangible assets	34,291	27,571	61,862	1,806	63,669		63,669

(**4**) ***Information about Services***

	Millions of Yen				
	2025				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total
Sales to external customers	¥72,700	¥108,393	¥36,593	¥36,505	¥254,193

	Millions of Yen				
	2024				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total
Sales to external customers	¥64,732	¥83,932	¥33,689	¥29,846	¥212,201

	Thousands of U.S. Dollars				
	2025				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total
Sales to external customers	$ 486,357	$ 725,140	$ 244,802	$ 244,218	$ 1,700,518

(**5**) ***Information about Geographical Areas***

a. Ordinary income

This information is not disclosed as the domestic share of ordinary income from external customers exceeds 90% of ordinary income in the consolidated statement of income.

b. Tangible fixed assets

This information is not disclosed as the domestic share of tangible fixed assets exceeds 90% of tangible fixed assets in the consolidated balance sheet.

(**6**) ***Information about Major Customers***

This information is not disclosed as ordinary income from a specific customer does not exceed 10% of ordinary income in the consolidated statement of income.

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