

From the Banking Services to the Business of Creating Better Futures



名古屋銀行

ANNUAL REPORT 2025



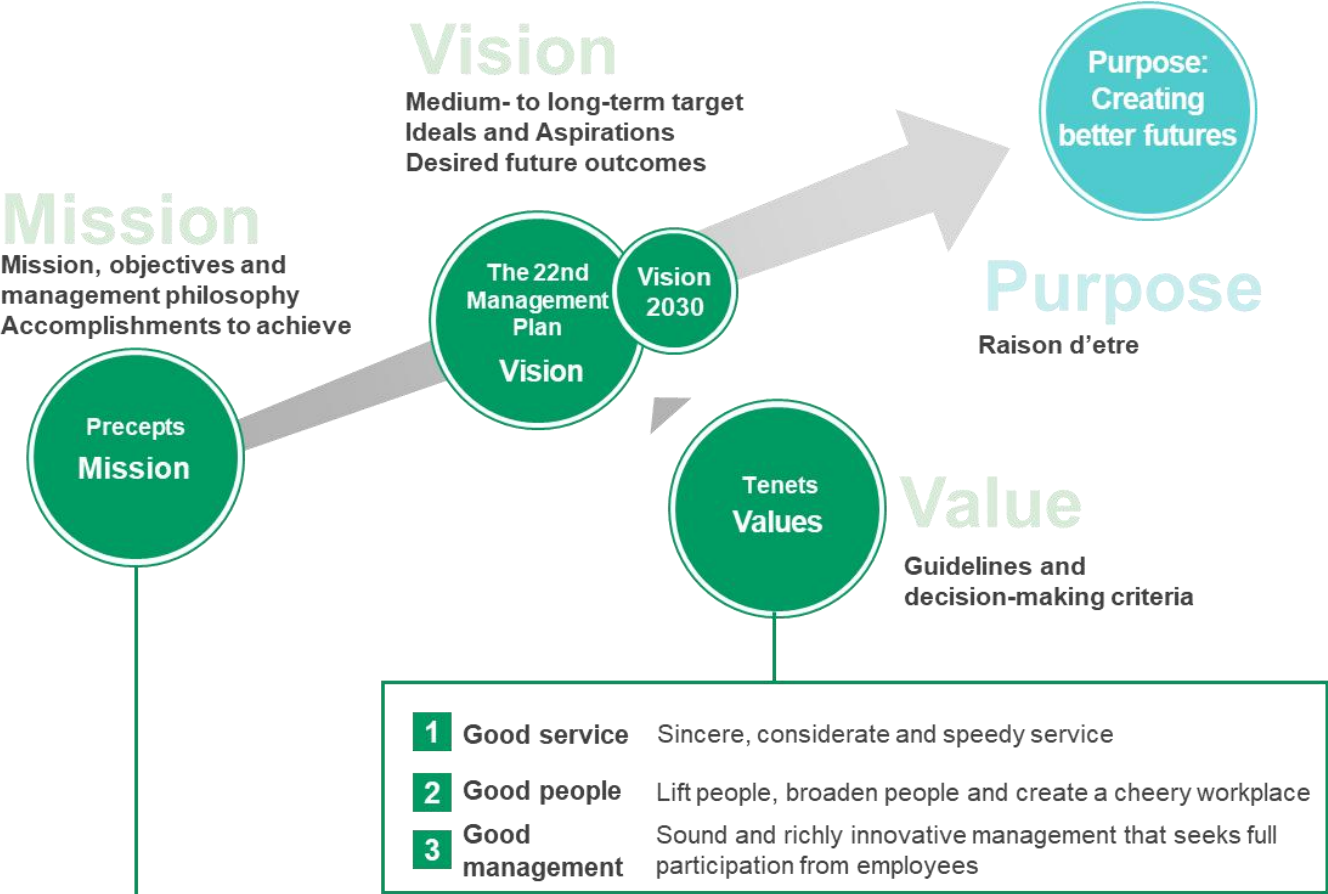


Declaration on Business of Creating Better Futures



We are in the business of creating better futures.
We will
create better futures in conjunction with our corporate customers in helping them develop their companies, and
create better futures in conjunction with our retail customers in helping them achieve greater happiness within their families. Moreover, we will work hard to ensure better futures with respect to our customers and ourselves.
We will continue forging ahead in our efforts to shift from the banking services to the business of creating better futures.





Fostering regional prosperity

This shall both develop the Bank and bring happiness to bank employees

With the precept of “fostering regional prosperity” that has guided the Bank since it was founded, we have maintained traditional and prudent management policies while striving to be a forward-looking and progressive regional financial institution. Our goal is to grow alongside the development of the regional community and to be a bank that regional customers trust and support. The management philosophy embodied in the precept and tenets has been passed down through generations, and is reflected in the consistent philosophy of each and every employee of the Bank. We also place particular emphasis on human resource development, adhering to our philosophy that people are the key to business operations. Our philosophy of management with full participation from employees is widely recognized as an expression of the Bank’s bright and energetic spirit, characterized by a strong sense of unity and action.

ANNUAL REPORT 2025

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Overview of the Bank of Nagoya (As of March 31, 2025)

Name	The Bank of Nagoya, Ltd.
Location	19-17 Nishiki 3-chome, Naka-ku, Nagoya City, Aichi 460-0003 Japan
Established	February 24, 1949
Total assets (consolidated)	¥5,770.3 billion
Loans	¥4,005.5 billion
Securities	¥940.3 billion
Deposits, etc.*	¥5,033.2 billion
Share capital	¥25.0 billion
Number of employees	1,786

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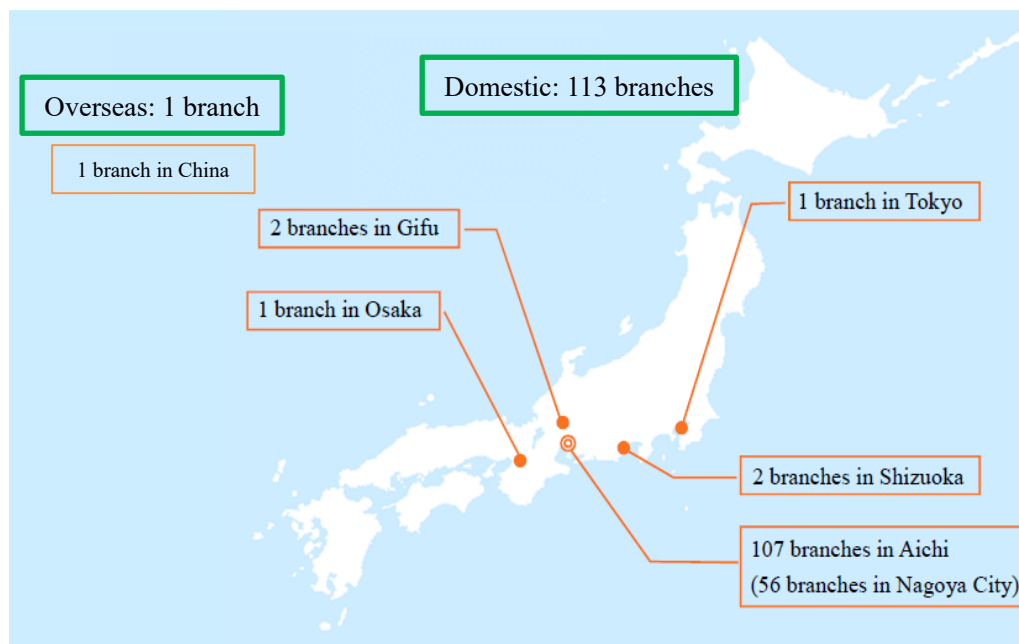


Headquarters

* Deposits, etc. = Deposits + Certificates of deposits

Company Information (As of March 31, 2025)

Branches



Subsidiaries

Name	Description of business
Nagoya Business Service Co., Ltd.	Cash sorting and inspection operations, etc.
Nagoyalease Co., Ltd.	Comprehensive finance leasing services
Nagoya Card, Ltd.	Credit card business and assurance business
NAGOYA MC CARD Co., Ltd.	Credit card business
Nagoya Capital Partners Co., Ltd.	Fund origination and management services
NAIS Co., Ltd.	Medical systems business and ICT support services

Shares

Principal shareholders

Name	Investment in the Bank	
	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,549	9.45
Nippon Life Insurance Company	726	4.43
Meiji Yasuda Life Insurance Company	581	3.54
Meigin Minorai-kai	550	3.35
Sumitomo Life Insurance Company	516	3.14
Mizuho Bank, Ltd.	421	2.57
Mitsui Sumitomo Insurance Company, Ltd.	409	2.49
Custody Bank of Japan, Ltd. (Trust Account)	389	2.37
Morgan Stanley & Co. LLC	378	2.30
Taiju Life Insurance Company Ltd.	368	2.24

* Number of shares held is rounded down to the nearest thousand.

* The shareholding ratios are calculated by deducting treasury shares (62 thousand shares) from the total number of shares issued (16,392 thousand shares) and expressed by rounding down to two decimal places.

Board of Directors and Audit & Supervisory Committee

(As of July 1, 2025)

President

Ichiro Fujiwara

Senior Managing Director

Masao Minamide

Managing Directors

Hideki Mizuno

Kazu Kondo

Sadaharu Shimizu

Directors

Sachie Kinugawa *1

Akemi Yoshida *1

Audit & Supervisory Committee

Members

Tomoaki Oka *2

Etsuo Ogawa *1

Yutaka Watanabe *1

Miho Mori *1

*1 Outside director

*2 Full-time

Managing Executive Officers

Atsushi Iida

Shinichi Ishida

Yoshinori Suzuki

Akihide Ando

Executive Officers

Yasunori Kanamori

Hiroyoshi Ito

Gaku Kimura

Naofumi Yamamoto

Toru Ohashi

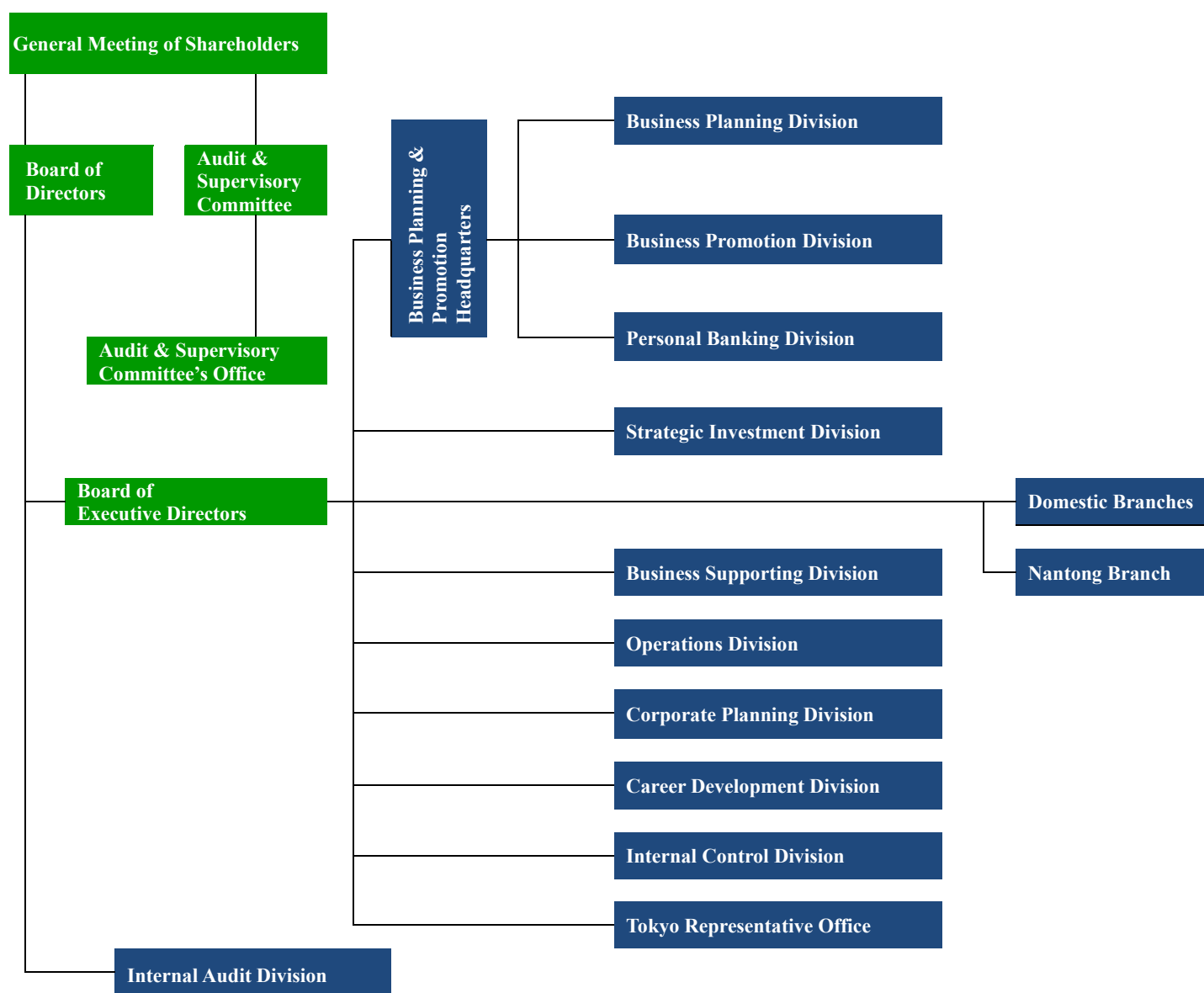
Hiroataka Yanagida

Naoki Sakata

Masahiko Mase

Organization of the Bank

(As of July 1, 2025)



Business Activities and Results (Nonconsolidated basis)

The Bank's primary business operations and its financial-economic environment

The Bank of Nagoya, Ltd. (the "Bank") is engaged in depository, lending, domestic currency exchange, foreign currency exchange, securities investment, trading securities transactions, corporate bond trusteeship and registration, and other such services. The Bank seeks to rationalize and streamline management resources in order to better meet the diverse needs of its customers.

During the fiscal year under review, the Japanese economy saw a return to an inflationary economy across a wide range of fields due to the implementation of two additional interest rate increases by the Bank of Japan in addition to factors such as the recording of significant growth for disclosed land price increase rates and wage increases during spring negotiations.

On the other hand, the situation remains uncertain due to concerns over the impact of geopolitical risks, the various measure from the new U.S. administration, and the continuing stagnation of the Chinese economy on Japanese companies.

In the Bank's vicinity centered around Aichi Prefecture, although the economy has shown gradual signs of recovery overall, the situation still warrants caution due to conditions overseas and the impact of labor shortages.

Business activities and results

Amid this economic environment, in April 2023, the Bank embarked on its 22nd Management Plan, "Delivering True Value with Respect to the Business of Creating Better Futures," which covers an eight-year period. Under the plan, we have been implementing various measures to achieve our Vision 2030 of serving as "the region's leading financial group, growing alongside our customers."

As a result, the fiscal year-end balance of deposits amounted to ¥4,797.2 billion (+¥277.4 billion compared to March 31, 2024) and the fiscal year-end balance of loans and bills discounted amounted to ¥4,005.5 billion (+¥213.8 billion compared to March 31, 2024). On the earnings front, the Bank recorded ordinary profit of ¥19,949 million and profit of ¥14,313 million due to an increase of interest income in addition to decreases in loss on sale of bonds and interest expenses on cash collateral received for securities lent.

The total capital adequacy ratio has held to a sufficient level of 11.47% (international standard).

Issues to be addressed by the Bank

In the business environment surrounding regional financial institutions, the outlook for the future remains highly uncertain due to the social structure issues of depopulation and birthrate decline, increasing geopolitical risks, the impact of U.S. trade policy, etc.

Due to the policy interest rate hikes by the Bank of Japan, the long-running era of super-low interest rates is at an end, and amidst the increase of expectations for an end to deflation, when there are calls for a response to a world with interest rates, the capability to respond to environmental changes is needed now more than ever.

Under these circumstances, the Bank has embarked on the third year of its 22nd Management Plan, "Delivering True Value with Respect to the Business of Creating Better Futures," and by steadily implementing the three strategies of (1) Sustainability, (2) Human capital strategies, and (3) DX strategies, we aim to achieve our Vision 2030 of serving as "the region's leading financial group, growing alongside our customers."

The Bank steadily implements its precept of "fostering regional prosperity," which has remained unchanged since our founding. All executives and employees are aware of not just fulfilling corporate social responsibility and ensuring compliance, but also the responsibility of a regional financial institution while always assessing value from the customer's perspective, and we hope to continue to grow and develop with our customers.

We would like to ask our stakeholders for their furthered strong support.

Other

Details of Audit Fees

Fees for auditing certified public accountants, etc. in the current fiscal year were ¥70 million (¥63 million for the Bank and ¥7 million for its consolidated subsidiaries) for audit and attestation services and ¥0 million (¥0 million for the Bank) for non-audit services. The non-audit services provided to the Bank consisted of professional guidance and advice on CRS and FATCA.

In addition, fees for the same network (KPMG Group member firms) as the auditing certified public accountants, etc. other than those mentioned above were ¥8 million (¥8 million for the Bank) for the audit and attestation services and ¥4 million (¥4 million for the Bank) for non-audit service. The non-audit service provided to the Bank consisted of professional advice on AML.



Independent auditor's report

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

Opinion

We have audited the accompanying consolidated financial statements of The Bank of Nagoya, Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2025 and 2024, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of 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 these matters.

Reasonableness of determination of borrower categories for borrowers for which the management improvement plans were developed and for borrowers who belong to business sectors whose financial performance deterioration is a matter of particular concern

The key audit matter	How the matter was addressed in our audit
<p>In the consolidated financial statements at the end of the current fiscal year, the Company recorded a balance of Loans and bills discounted of JPY3,990,329 million, which accounted for a high proportion of approximately 69% of total assets amounting to JPY5,770,358 million. It also recognized a reserve for possible loan losses of JPY17,252million.</p> <p>The balances of Loans and bills discounted and</p>	<p>The primary procedures we performed to assess whether the Company's determination of the borrower categories was reasonable included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of internal controls relevant to the determination of the borrower categories. In this assessment, we focused our testing on the following:</p> <ul style="list-style-type: none">● controls to ensure the reliability of the

reserve for possible loan losses recognized in the Company's non-consolidated financial statements (including the balances to its consolidated subsidiaries) were JPY4,005,538 million and JPY15,797 million, respectively, which represented high proportions of the balances in the consolidated financial statements. The loans were primarily to corporate entities and individual customers who conduct their own business (hereinafter, "business owner borrowers").

In calculating the reserve for possible loan losses, the Company assesses its loans based on the internal self-assessment criteria and determines borrower categories based on the credit risk of borrowers. Major assumptions used in determining borrower categories are explained in Note 2, "Summary of Significant Accounting Policies, (v) Significant accounting estimate" to the consolidated financial statements. Based on the borrower categories, the Company calculates the amount of the reserve for possible loan losses in accordance with the predetermined criteria for write-offs and loan loss provisions, as described in 2 of Notes, "Summary of Significant Accounting Policies, (f) Loans and bills discounted and reserve for possible loan losses" to the consolidated financial statements.

The borrower categories of business owner borrowers are determined based on the Integrated Loan Support System, which is mainly based on quantitative information related to financial information of the borrowers. However, the Company also considers qualitative factors including assessment of management improvement plans prepared based on projected financial performance, which involve management judgment.

Particularly, for borrowers with the significant amount of unsecured loans, whose borrower categories are determined using quantitative information but revised based on the management improvement plans prepared by reflecting projected financial performance, and for borrowers with the significant amount of unsecured loans, who belong to the business sectors whose financial performance deterioration is a matter of particular concern due to price hikes, the determination of the borrower categories may have a significant impact on the amount of reserve for possible loan losses.

We, therefore, determined that our assessment of reasonableness of determination of borrower

borrowers' financial information entered in the Integrated Loan Support Systems; and

- determination of the borrower categories including the determination using the qualitative factors.

(2) Substantive procedures for assessing the reasonableness of the Company's determination of the borrower categories

We performed the following procedures to assess whether the determination of the borrower categories using the qualitative factors was appropriate based on the self-assessment criteria:

- selected borrowers to be assessed mainly from the following perspectives:
 - borrowers, whose borrower categories had been determined using quantitative information but revised based on management improvement plans, for which the negative change in the borrower categories could significantly impact the amount of the reserve for possible loan losses; and
 - identifying the business sectors particularly affected by price hikes, borrowers, whose financial performance deteriorated due to the impact of price hikes, for which the negative change in the borrower categories could significantly impact the amount of the reserve for possible loan losses.
- assessed the documents obtained or prepared by the Company and inquired of the second-stage assessment division to assess the substantive financial position and results of operations of the selected borrowers.
- assessed the feasibility of the management improvement plans and reason of the determination of the borrower categories and inquired of the second-stage assessment division regarding the borrowers whose borrower categories were changed based on the qualitative factors of the management improvement plans.
- assessed the business situation, projected financial performance and financing of the borrowers whose financial performance deteriorated due to the impact of price hikes, and inquired of the secondary assessment division regarding these borrowers.

categories for borrowers for which the management improvement plans were developed and for borrowers who belong to business sectors whose performance deterioration is a matter of particular concern was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	
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Other Information

The other information comprises the information included in the Annual Report but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and The Audit and Supervisory Committee 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.

The audit and supervisory committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of 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 our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express 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 presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, 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 activities 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 the purpose of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the audit and supervisory committee 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 the audit and supervisory committee, 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 paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are described in

Details of Audit Fees of the Annual Report.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We 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.

Kenji Suzuki

Designated Engagement Partner
Certified Public Accountant

Tomoki Oe

Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Nagoya Office, Japan
September 4, 2025

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Balance Sheets
March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Assets:			
Cash and due from banks (Note 3)	¥ 711,182	¥ 557,277	\$ 4,756,435
Call loans and bills purchased (Note 3)	1,196	1,059	8,000
Trading account securities (Note 3)	2	—	13
Securities (Notes 3, 4, 7 and 12)	936,433	934,253	6,262,934
Loans and bills discounted (Notes 3, 5, 7, 15 and 20)	3,990,329	3,780,857	26,687,598
Foreign exchange	4,473	4,340	29,919
Lease receivables and investments in leased assets (Note 15)	42,047	39,154	281,218
Other assets (Notes 7 and 17)	27,959	54,453	186,996
Tangible fixed assets (Note 6)	41,654	41,741	278,589
Intangible fixed assets	1,025	1,727	6,857
Employee retirement benefit assets (Note 11)	21,010	23,139	140,522
Deferred tax assets (Note 17)	866	779	5,792
Customers' liabilities for acceptances and guarantees (Note 12)	9,429	9,493	63,068
Reserve for possible loan losses (Note 3)	(17,252)	(17,240)	(115,385)
Total assets	<u>¥ 5,770,358</u>	<u>¥ 5,431,037</u>	<u>\$ 38,592,556</u> (Continued)

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Balance Sheets
March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Liabilities:			
Deposits (Notes 3, 7 and 8)	¥ 5,026,179	¥ 4,636,471	\$ 33,615,432
Call money and bills sold (Note 3)	—	426	—
Payables under securities lending transactions (Notes 3 and 7)	—	17,363	—
Borrowed money (Notes 3, 7 and 9)	367,700	370,563	2,459,208
Foreign exchange	680	60	4,552
Bonds payable (Notes 3 and 10)	10,000	20,000	66,881
Borrowed money from trust account	1,478	1,588	9,891
Other liabilities (Notes 9 and 17)	52,045	31,871	348,081
Reserve for employee bonuses	1,137	1,139	7,611
Reserve for executive bonuses	15	41	105
Employee retirement benefit liability (Note 11)	263	249	1,760
Reserve for executive retirement benefits	35	36	240
Reserve for losses on repayments of dormant bank accounts	49	37	334
Reserve for contingent losses	1,308	1,558	8,754
Reserve for loss on interest repayments	24	25	164
Deferred tax liabilities (Note 17)	20,629	33,993	137,974
Deferred tax liabilities for revaluation (Notes 6 and 17)	2,847	2,766	19,043
Acceptances and guarantees (Note 12)	9,429	9,493	63,068
Total liabilities	5,493,827	5,127,688	36,743,098
Net assets (Notes 13, 14 and 19):			
Common stock	25,090	25,090	167,809
Capital surplus	21,241	21,241	142,068
Retained earnings	173,486	164,268	1,160,291
Less treasury stock, at cost	(429)	(367)	(2,874)
Total shareholders' equity	219,389	210,234	1,467,294
Accumulated other comprehensive income	57,141	93,115	382,164
Total net assets	276,531	303,349	1,849,458
Total liabilities and net assets	¥ 5,770,358	¥ 5,431,037	\$ 38,592,556

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Income
For the Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Income:			
Interest income:			
Interest on loans and discounts	¥ 32,706	¥ 28,776	\$ 218,746
Interest and dividends on securities	16,025	11,365	107,183
Other interest income	2,044	992	13,673
Total interest income	50,777	41,134	339,602
Trust fees	61	48	413
Fees and commissions	13,969	13,142	93,428
Other operating income	28,394	26,991	189,907
Gain on sales of stocks and other securities	9,000	19,616	60,196
Other income	588	349	3,935
Total income	102,792	101,282	687,481
Expenses:			
Interest expenses:			
Interest on deposits	4,778	1,531	31,960
Interest on borrowings and rediscounts	390	852	2,612
Other interest expenses	4,951	6,133	33,118
Total interest expenses	10,121	8,518	67,690
Fees and commissions	3,493	3,116	23,365
Other operating expenses	34,600	38,952	231,413
General and administrative expenses (Notes 14 and 18)	31,074	31,030	207,830
Provision of reserve for possible loan losses	619	3,475	4,141
Loss on devaluation of stocks and other securities	5	102	36
Impairment loss on fixed assets	73	—	490
Other expenses	2,101	1,573	14,056
Total expenses	82,089	86,768	549,021
Profit before income taxes	20,702	14,513	138,460
Income taxes (Note 17)	5,971	4,477	39,940
Profit	14,730	10,036	98,520
Profit attributable to owners of the parent	¥ 14,730	¥ 10,036	\$ 98,520
	Yen		U.S. dollars
Earnings per share (Note 2(u)):			
Basic	¥ 896.74	¥ 594.13	\$ 6.00
Cash dividends	270.00	180.00	1.81

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Profit	¥ 14,730	¥ 10,036	\$ 98,520
Other comprehensive income (Note 19):			
Net change in unrealized (losses) gains on available- for-sale securities	(32,893)	45,928	(219,992)
Land revaluation excess	(81)	—	(544)
Retirement benefit adjustments	(2,999)	7,147	(20,060)
Total other comprehensive income	(35,973)	53,076	(240,596)
Comprehensive income	<u>¥ (21,243)</u>	<u>¥ 63,112</u>	<u>\$ (142,076)</u>
Comprehensive income attributable to:			
Owners of the parent	<u>¥ (21,243)</u>	<u>¥ 63,112</u>	<u>\$ (142,076)</u>
Total comprehensive income	<u>¥ (21,243)</u>	<u>¥ 63,112</u>	<u>\$ (142,076)</u>

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2025 and 2024

Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Land revaluation excess	Retirement benefit adjustments	Total accumulated other comprehensive income	Total net assets	
Balance at April 1, 2023	¥ 25,090	¥ 21,241	¥ 159,190	¥ (232)	¥ 205,290	¥ 34,923	¥ 3,867	¥ 1,247	¥ 40,038	¥ 245,329	
Profit attributable to owners of the parent	—	—	10,036	—	10,036	—	—	—	—	10,036	
Cash dividends	—	—	(2,395)	—	(2,395)	—	—	—	—	(2,395)	
Purchases of treasury stock	—	—	—	(2,734)	(2,734)	—	—	—	—	(2,734)	
Disposition of treasury stock	—	0	—	37	37	—	—	—	—	37	
Retirement of treasury stock	—	(2,562)	—	2,562	—	—	—	—	—	—	
Transfer from retained earnings to capital surplus	—	2,562	(2,562)	—	—	—	—	—	—	—	
Net changes in items other than shareholders' equity	—	—	—	—	—	45,928	—	7,147	53,076	53,076	
Balance at March 31, 2024	¥ 25,090	¥ 21,241	¥ 164,268	¥ (367)	¥ 210,234	¥ 80,852	¥ 3,867	¥ 8,395	¥ 93,115	¥ 303,349	
Profit attributable to owners of the parent	—	—	14,730	—	14,730	—	—	—	—	14,730	
Cash dividends	—	—	(3,471)	—	(3,471)	—	—	—	—	(3,471)	
Purchases of treasury stock	—	—	—	(2,160)	(2,160)	—	—	—	—	(2,160)	
Disposition of treasury stock	—	4	—	53	57	—	—	—	—	57	
Retirement of treasury stock	—	(2,045)	—	2,045	—	—	—	—	—	—	
Transfer from retained earnings to capital surplus	—	2,041	(2,041)	—	—	—	—	—	—	—	
Net changes in items other than shareholders' equity	—	—	—	—	—	(32,893)	(81)	(2,999)	(35,973)	(35,973)	
Balance at March 31, 2025	¥ 25,090	¥ 21,241	¥ 173,486	¥ (429)	¥ 219,389	¥ 47,959	¥ 3,785	¥ 5,396	¥ 57,141	¥ 276,531	

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2025 and 2024

Thousands of U.S. dollars										
	Shareholders' equity					Accumulated other comprehensive income				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Land revaluation excess	Retirement benefit adjustments	Total accumulated other comprehensive income	Total net assets
Balance at March 31, 2024	\$ 167,809	\$ 142,068	\$ 1,098,641	\$ (2,458)	\$ 1,406,060	\$ 540,746	\$ 25,865	\$ 56,149	\$ 622,760	\$ 2,028,820
Profit attributable to owners of the parent	—	—	98,520	—	98,520	—	—	—	—	98,520
Cash dividends	—	—	(23,220)	—	(23,220)	—	—	—	—	(23,220)
Purchases of treasury stock	—	—	—	(14,452)	(14,452)	—	—	—	—	(14,452)
Disposition of treasury stock	—	32	—	354	386	—	—	—	—	386
Retirement of treasury stock	—	(13,682)	—	13,682	—	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	13,650	(13,650)	—	—	—	—	—	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—	(219,992)	(544)	(20,060)	(240,596)	(240,596)
Balance at March 31, 2025	<u>\$ 167,809</u>	<u>\$ 142,068</u>	<u>\$ 1,160,291</u>	<u>\$ (2,874)</u>	<u>\$ 1,467,294</u>	<u>\$ 320,754</u>	<u>\$ 25,321</u>	<u>\$ 36,089</u>	<u>\$ 382,164</u>	<u>\$ 1,849,458</u>

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Cash Flows

For the Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash flows from operating activities:			
Profit before income taxes	¥ 20,702	¥ 14,513	\$ 138,460
Adjustments for:			
Depreciation and amortization	2,697	2,556	18,041
Impairment loss on fixed assets	73	—	490
Stock option expenses	52	33	352
Increase in reserve for possible loan losses	11	3,141	76
Decrease (increase) in employee retirement benefit assets	2,129	(9,041)	14,239
Increase (decrease) in employee retirement benefit liability	13	(2,649)	89
(Decrease) increase in reserve for executive retirement benefits	(0)	10	(5)
(Decrease) increase in reserve for contingent losses	(249)	309	(1,671)
Interest income recognized on statement of income	(50,777)	(41,134)	(339,602)
Interest expense recognized on statement of income	10,121	8,518	67,690
Net losses (gains) on securities	2,372	(2,547)	15,867
Foreign exchange losses (gains), net	322	(21,273)	2,160
Net increase in call loans and bills purchased and others	(136)	(1,059)	(912)
Net increase in loans and bills discounted	(209,472)	(154,568)	(1,400,964)
Net increase in lease receivables and investments in leased assets	(2,893)	(2,507)	(19,350)
Net increase in deposits	389,707	282,902	2,606,393
Net decrease in call money and bills sold	(426)	(5,606)	(2,855)
Net decrease in payables under securities lending transactions	(17,363)	(58,837)	(116,128)
Net (decrease) increase in borrowed money (excluding subordinated borrowings)	(2,862)	49,495	(19,147)
Net decrease in borrowed money from trust account	(109)	(12)	(735)
Interest income received	47,898	39,409	320,346
Interest expense paid	(9,106)	(8,542)	(60,902)
Others, net	43,986	(6,081)	294,187
Subtotal	226,690	87,027	1,516,119
Income taxes paid	(7,238)	(2,508)	(48,411)
Net cash provided by operating activities	219,451	84,519	1,467,708
Cash flows from investing activities:			
Purchases of securities	(397,037)	(278,739)	(2,655,415)
Proceeds from sales and maturities of securities	349,324	310,170	2,336,303
Purchases of tangible fixed assets	(2,174)	(6,123)	(14,545)
Proceeds from sales of tangible fixed assets	103	17	693
Purchases of intangible fixed assets	(101)	(277)	(679)
Net cash (used in) provided by investing activities	(49,886)	25,048	(333,643)
Cash flows from financing activities:			
Proceeds from issuance of subordinated bonds	—	10,000	—
Redemption of subordinated bonds	(10,000)	(10,000)	(66,881)
Dividends paid to shareholders	(3,466)	(2,394)	(23,184)
Purchase of treasury stock, net	(2,160)	(2,734)	(14,452)
Net cash used in financing activities	(15,627)	(5,129)	(104,517)
Net increase in cash and cash equivalents	153,938	104,437	1,029,548
Cash and cash equivalents at the beginning of the year	551,038	446,600	3,685,381
Cash and cash equivalents at the end of the year (Note 2(b))	¥ 704,976	¥ 551,038	\$ 4,714,929

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of The Bank of Nagoya, Ltd. (the “Bank”) and its consolidated subsidiaries (together with the Bank, the “Group”) have been prepared in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements from the International Financial Reporting Standards. The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, has not been presented in the accompanying consolidated financial statements.

The amounts in Japanese yen are presented in millions of yen and are rounded down to the nearest million. Accordingly, the totals shown in the accompanying consolidated financial statements and these notes may not equal the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2025, which was ¥149.52 to US\$1.00. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

Certain comparative figures have been reclassified to conform to the current year’s presentation.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its significant subsidiaries. At March 31, 2025, the Bank had six consolidated subsidiaries (six in 2024), that primarily provided a wide range of financial services to customers.

Six subsidiaries, Aichi-Jimoto Fund for Agriculture, Forestry and Fisheries Investment Limited Partnership, Meigin Business Succession Investment Limited Partnership, Meigin Venture No. 1 Investment Limited Partnership, Meigin Business Revitalization No. 1 Investment Limited Partnership, Meigin Regional Revitalization No. 1 Investment Limited Partnership and Meigin Venture No. 2 Investment Limited Partnership are excluded from the scope of consolidation and the scope of application of the equity method because their profit, retained earnings, accumulated other comprehensive income (each in proportion to the Bank’s interests), ordinary income and assets are immaterial to the Group’s consolidated financial statements. The carrying amount of the investment in these subsidiaries, which is included in “securities” on the consolidated balance sheets, was ¥2,549 million (\$17,049 thousand) and ¥2,804 million at March 31, 2025 and 2024, respectively. As of March 31, 2025, one affiliate, Shizuoka Nagoya Alliance Investment Limited Partnership, was excluded from the scope of application of the equity method (one affiliate in 2024) because its profit, retained earnings and accumulated other comprehensive income (each in proportion to the Bank’s interests) were immaterial to the Group’s consolidated financial statements.

The Group owns a majority of the voting rights of Houden Engineering Co., Ltd., TY HOLDINGS, LTD., Toyo Corporation, FAPARTNER, LTD., AIHOLDINGS, LTD., Aiho seiki seisakujo Co., Ltd., NS Holdings Co., Ltd., MIKAWA KOUSAN Co., LTD., Kojima Institute co., ltd. Central Information Systems Co., Ltd., CN Holdings Co., Ltd., NSK Co., Ltd., NSK Holdings Co., Ltd., SEIKUN Co., Ltd. and Electric Group Co., Ltd. based on its own calculation. However, these companies are not treated

as subsidiaries, since the investments were made by unconsolidated subsidiaries engaged in investment businesses for the purpose of investment development, not for the purpose of making them subsidiaries.

The difference between the cost of investments in subsidiaries and the underlying equity in their net assets, adjusted based on the fair value at the time of acquisition, is deferred as goodwill and amortized over five years using the straight-line method. Negative goodwill resulting from an acquisition, measured as the excess of the underlying equity in the net assets over the acquisition cost, is charged to income. In consolidation, all intercompany transactions and accounts have been eliminated. In addition, all significant unrealized profits, included in assets, resulting from transactions within the Group have been eliminated.

(b) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consisted of cash and due from banks with an original maturity of three months or less. At March 31, 2025 and 2024, cash and cash equivalents were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash and due from banks	¥ 711,182	¥ 557,277	\$ 4,756,435
Less due from banks whose period exceeds three months	(6,206)	(6,239)	(41,506)
Cash and cash equivalents	¥ 704,976	¥ 551,038	\$ 4,714,929

(c) Trading account securities

Trading account securities are stated at fair value at the fiscal year end. Related gains and losses, both realized and unrealized, are included in current earnings. Accrued interest on trading account securities is included in “other assets.”

(d) Securities

Debt securities for which the Group has both the intent and the ability to hold to maturity are classified as held-to-maturity debt securities and are stated at amortized cost. Investments in nonconsolidated subsidiaries and affiliates are stated at moving average cost. In principle, available-for-sale securities other than those classified as trading or held-to-maturity debt securities are carried at fair value, with net unrealized gains and losses reported as a component of accumulated other comprehensive income in net assets, net of applicable income taxes. Available-for-sale securities whose market prices are not available are stated at moving average cost. The carrying values of individual securities are reduced, if necessary, through write-downs to reflect other-than-temporary declines in value. Gains and losses on disposal of securities are computed based principally on the moving average method. Accrued interest on securities is included in “other assets.”

(e) Derivatives and hedge accounting

The Bank uses various derivative instruments. Derivatives are recorded at fair value, with changes in fair values included in the consolidated statements of income for the period in which they arise, except for derivatives that are designated as hedging instruments and qualify for hedge accounting.

The Bank applies the deferral method of hedge accounting for hedging foreign exchange risks associated with various foreign currency-denominated monetary assets and liabilities in accordance with the Industry Audit Committee Report No. 25 (October 8, 2020), titled “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry,” issued by the Japanese Institute of Certified Public Accountants (“JICPA”). The effectiveness of the currency swap

transactions, foreign exchange swap transactions and similar transactions that hedge foreign exchange risks of monetary receivables and payables denominated in foreign currencies as described above is assessed based on a comparison of the hedged monetary receivables and payables denominated in foreign currencies and the foreign currency positions of the corresponding hedging instruments.

(f) Loans and bills discounted and reserve for possible loan losses

A reserve for possible loan losses is maintained based on the judgment and future loss assessment of the Bank's management. The Bank implements a self-assessment system for asset quality. Each of the Bank's branches and business units performs primary and secondary assessments of the quality of all loans, which are subsequently examined by the Bank's Credit Supervision Division in accordance with the Bank's policies and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which customers are classified into five categories. All loans are classified through self-assessment into the following categories: "legal bankruptcy," "de facto bankruptcy," "bankruptcy risk," "under observation" and "normal." The Bank provides a reserve for possible loan losses at an amount deemed necessary to cover possible future losses. For claims against borrowers in legal bankruptcy and de facto bankruptcy, a reserve is provided based on the amounts of such claims, net of the amounts expected to be collected through the disposal of collateral or from guarantees. For claims against borrowers who have bankruptcy risk, a reserve is provided in the amount considered necessary based on a solvency assessment performed for the amounts of such claims, net of the amounts expected to be collected through the disposal of collateral or from guarantees. For claims against borrowers in the "under observation" and "normal" categories, a reserve is provided based on estimated loss amounts, primarily calculated over one-year or three-year periods using an estimated loss ratio determined as an average of the loan loss ratio over a certain period of time based on the historical loss experience of the Bank for the past one year, with required adjustments for future prospects and others.

Reserve amounts recorded by consolidated subsidiaries are provided at the aggregate amount of estimated credit loss based on an individual financial review approach for doubtful or troubled claims. For other claims, an amount deemed necessary is provided as a reserve, taking into consideration the historical loss experience.

(g) Tangible fixed assets and depreciation

Tangible fixed assets are stated principally at cost less accumulated depreciation. Depreciation is computed by the declining balance method over the estimated useful life of the asset, except for buildings (excluding facilities attached thereto) acquired on or after April 1, 1998 and facilities attached thereto and structures acquired on or after April 1, 2016, which are depreciated using the straight-line method. For the years ended March 31, 2025 and 2024, the useful life of buildings ranged from 15 to 50 years, and the useful life of equipment and other tangible fixed assets ranged from 4 to 20 years. Tangible fixed assets of the consolidated subsidiaries are depreciated mainly using the straight-line method over the estimated useful life of the asset.

(h) Intangible fixed assets and amortization

Intangible fixed assets are amortized using the straight-line method. Costs of computer software developed or obtained for internal use are capitalized and amortized principally using the straight-line method over the estimated useful life of mainly five years.

(i) Recognition of significant revenues and expenses

Revenues and expenses related to finance lease transactions are recognized and included in sales and cost of sales when lease payments are received.

The Bank has adopted the Accounting Standard for Revenue Recognition (Corporate Accounting Standard No. 29, March 31, 2020 Accounting Standards Board of Japan (ASBJ)) and the Implementation Guidance on Accounting Standard for Revenue Recognition (Corporate Accounting Standard

Application Guidance No. 30, March 26, 2021 ASBJ). Revenues are recognized at the time of the transfer of promised goods or services to customers in an amount to which the Bank expects to be entitled in exchange for those goods or services.

The Group applies the following five steps to recognize revenue related to transactions with customers.

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when or as the performance obligations are satisfied

The Group's transactions with customers are mainly related to financial services for which revenue is recognized at the time of the transfer of promised goods or services to customers. The revenue includes fees for exchange services, financial transactions, securities services, agency services, and other banking services.

(j) Impairment of fixed assets

A fixed asset is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the income statement by reducing the carrying amount of the impaired asset or asset group to the recoverable amount, measured at the higher of the asset's net selling price or value in use. Fixed assets include land, buildings and other forms of property, including intangible assets, and are grouped at the lowest level at which there are identifiable cash flows that are separate from other asset groups. For the purpose of recognition and measurement of an impairment loss, fixed assets of the Bank other than idle or unused property are grouped into cash-generating units such as operating branches. Fixed assets of the consolidated subsidiaries are grouped into their respective units, which manage and determine income and expenses related to such assets. The Group recognized impairment losses on fixed assets in the amount of ¥73 million (\$490 thousand) for one unprofitable operating branch and one idle asset, and nil for the years ended March 31, 2025 and 2024, respectively. Recoverable amounts of the assets were measured based on net selling prices, which were based on appraisal values or expected selling amounts less estimated costs of disposal. Accumulated impairment loss is deducted from the net book value of each asset.

(k) Foreign currency translation

The Group's assets and liabilities denominated in foreign currencies, including the accounts of its foreign branches, are translated into Japanese yen at the exchange rate prevailing at the fiscal year end. Revenues and expenses are translated at the exchange rate prevailing on the applicable transaction dates. Gains and losses resulting from transactions are included in the determination of profit (loss).

(l) Reserve for employee bonuses

A reserve for employee bonuses is provided based on the estimated amount of future payments attributable to the respective year.

(m) Reserve for executive bonuses

A reserve for executive bonuses is provided for the payment of bonuses to directors as well as audit and supervisory board members based on the estimated amount of payments attributable to the respective year.

(n) Reserve for employee retirement benefits

Employees who terminate their services with the Group are entitled to retirement benefits based generally on the basic rate of pay at the time of termination, length of service and the conditions under which the termination occurred.

The Group recognizes retirement benefits based principally on the actuarial present value of the

retirement benefit obligation using the actuarial appraisal approach and the fair value of the pension plan assets available for benefits at the respective fiscal year end.

In the calculation of retirement benefit obligations, the expected retirement benefits are attributed to periods up to the end of the respective fiscal year using the benefit formula method. Past service cost is amortized by the straight-line method over a certain period within the average remaining years of service of the current employees. Actuarial differences arising from changes in the retirement benefit obligations, changes in the value of plan assets not anticipated by previous assumptions, or changes in the assumptions themselves, are amortized on a straight-line basis over a certain period within the average remaining years of service of the current employees, measured from the year following the year in which the differences arise. For the amortization of past service cost and actuarial differences, the Bank recognizes an amortization period of 12 years, which is within the average remaining years of services of employees. The consolidated subsidiaries use the simplified method in calculating employee retirement benefit liability and retirement benefit expenses. Under this method, the amount for severance payments required at the fiscal year end for voluntary termination is deemed the retirement benefit obligation.

(o) Reserve for executive retirement benefits

For consolidated subsidiaries, a reserve for executive retirement benefits is provided based on the Group's internal rules in the amount that would be payable assuming the directors as well as audit and supervisory board members of the consolidated subsidiaries terminated their services at the balance sheet date.

(p) Reserve for losses on repayments of dormant bank accounts

In order to cover possible losses on claims from customers for repayment of dormant bank accounts, the balances of which were previously recognized as income, the Bank provides a reserve to the extent of estimated losses based on the historical loss experience and taking into consideration the repayment conditions for a certain past period. A reserve for losses on repayments of dormant bank accounts was included in "other expenses" and amounted to ¥63 million (\$424 thousand) and nil for the years ended March 31, 2025 and 2024, respectively.

(q) Reserve for contingent losses

A reserve for contingent losses is provided at an amount deemed necessary to cover possible future losses from the defaulting of loans under the responsibility-sharing system on guarantees of loans with the Credit Guarantee Corporation based on the historical loss experience from prior defaults. For the years ended March 31, 2025 and 2024, a reversal of reserve for contingent losses of ¥249 million (\$1,671 thousand) and nil, respectively, was included in "Other income." For the years ended March 31, 2025 and 2024, a reserve for contingent losses of nil and ¥309 million, respectively, was included in "Other expenses."

(r) Reserve for loss on interest repayments

In order to cover possible losses on the repayment of interest to be received from customers that exceeds the upper limit of interest rates prescribed under the Interest Rate Restriction Act, two consolidated subsidiaries provide a reserve for loss on interest repayments to the extent of the estimated losses that may be incurred from repayment claims by customers for whom court settlements have not been reached. Such estimated losses are based on the historical loss experience taking into consideration the repayment conditions for a certain past period.

(s) Income taxes

Income taxes are accounted for using the asset-liability method. Deferred tax assets and liabilities are recognized as future tax consequences arising from differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as from operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date.

(t) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the Bank's Board of Directors and/or shareholders.

(u) Per share data

Basic earnings per share are computed by dividing profit attributable to common shareholders of the parent by the weighted average number of shares of common stock outstanding during the respective year. Diluted earnings per share are computed by reflecting the potential dilution that would occur if all dilutive securities were exercised or converted into common stock.

Diluted earnings per share for the years ended March 31, 2025 and 2024 were not disclosed as the Group had no dilutive common shares.

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared and applicable to the respective years shown.

(v) Significant accounting estimate

Reserve for possible loan losses

- (1) The amount of reserve for possible loan losses in the consolidated financial statements for the years ended March 31, 2025 and 2024 was ¥17,252 million (\$115,385 thousand) and ¥17,240 million, respectively.

- (2) Information about the details of the significant accounting estimate for the identified item

(i) Calculation method

The calculation method of the reserve for possible loan losses is described in (f) Loans and bills discounted and reserve for possible loan losses.

(ii) Major assumptions

- Losses that are expected to occur in relation to individual borrowers, such as the deterioration of a borrower's business performance and cash flow due to the growing effect of price hikes, are reflected in the borrower categories, based on the latest available information.
- In addition to quantitative information based on a borrower's financial information, qualitative factors that do not appear in the borrower's financial information, such as management improvement plans created and based on the borrower's future financial outlook, and the growth potential at present and in the future of the industry to which the borrower belongs, the position of the borrower in the industry, etc., are reflected in the borrower categories.

(iii) The effect on the consolidated financial statements for the year ending March 31, 2026

The major assumptions used to calculate the estimate include the following uncertainties.

- If the initially assumed business performance and cash flow of a borrower deteriorate further due to the continued impact of price hikes, the borrower categories may shift downward.
- If the qualitative assumptions initially made diverge from actual outcomes, such as when the growth potential of the industry to which the borrower belongs turns out to be more stagnant than expected, the borrower categories may shift downward.

These uncertainties could result in a significant increase in the reserves for possible loan losses.

(w) New accounting standards not yet applied by the Group

Accounting Standard for Leases

- Accounting Standard for Leases (Corporate Accounting Standard No. 34, September 13, 2024 ASBJ)
- Implementation Guidance on Accounting Standard for Leases (Corporate Accounting Standard Application Guideline No. 33, September 13, 2024 ASBJ)

(1) Outline

As part of its efforts to ensure consistency between Japanese GAAP and international accounting standards, the ASBJ reviewed the Accounting Standard for Leases to recognize assets and liabilities for all leases held by a lessee, with international accounting standards taken into consideration. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc., which adopts only the key provisions of IFRS 16, based on the single accounting model. The revision aims to be simple and highly convenient, and to make it unnecessary to revise non-consolidated financial statements that apply IFRS 16 in the Accounting Standard for Leases, etc.

Regarding the method for allocating the lease expenses in the lessee's accounting treatment, using the same approach as IFRS 16, a single accounting model is applied for recording the depreciation associated with the right-of-use assets and the amount equivalent to the interest on the lease liabilities for all leases regardless of whether the lease is a finance lease or an operating lease.

(2) Effective date

The Bank will adopt the new standard and guidance from the beginning of the year ending March 31, 2028.

(3) Effects of application

The Bank is currently assessing the effect of applying the new standard and guidance on the consolidated financial statements.

Practical Guidelines on the Accounting for Financial Instruments

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

(1) Outline

The ASBJ has revised the accounting treatment for equity interests in venture capital funds by limiting the scope mainly to securities whose market prices are not available which are included in the constituent assets of the venture capital partnerships or entities.

(2) Effective date

The Bank will adopt the new guidelines from the beginning of the year ending March 31, 2027.

(3) Effects of application

The Bank is currently assessing the effect of applying the new guidelines on the consolidated financial statements.

3. Financial Instruments and Related Disclosures

(a) Qualitative information on financial instruments

(1) Group policy for financial instruments

The Group conducts deposit, loan and investment operations. Since the Group has financial assets and liabilities which involve interest rate risk, the Bank has established an Asset Liability Management (“ALM”) system to avoid unfavorable effects of interest rate fluctuations. Derivative transactions are used as part of ALM.

(2) Nature of financial instruments and related risks

Financial assets held by the Group comprise mainly loans to domestic corporate entities and individuals and securities. Loans are subject to customer credit risk arising from defaults by borrowers. There is a possibility that borrowers will not perform their obligations in accordance with the applicable contract terms due to economic circumstances or other reasons.

Securities, which primarily comprise equity securities, bonds and investment trusts, are held for maturity, and investment and business promotion purposes. These securities are exposed to the credit risk of issuers, interest rate fluctuation risk and/or market price fluctuation risk.

For securities denominated in foreign currencies, bonds denominated in foreign currencies are generally purchased at an amount up to the corresponding amount of deposits, and funds are procured from the market in foreign currencies to avoid foreign exchange fluctuation risk.

Financial liabilities include mainly deposits from customers and are subject to liquidity risk. There is an interest or maturity mismatch between assets such as loans and bills discounted and liabilities such as deposits that exposes these assets and liabilities to interest rate fluctuation risk.

Derivative transactions include interest rate swaps and forward foreign exchange contracts. The Group uses derivative transactions in line with ALM in order to avoid interest rate fluctuation risk in relation to deposits and loans and to fulfill customers’ hedging requirements for foreign exchange fluctuation risk. Hedge accounting is applied to certain transactions which offset market fluctuations or fix cash flows and fulfill preliminary and subsequent requirements. Derivative transactions which do not meet the hedge accounting criteria are exposed to foreign exchange and interest rate fluctuation risks.

(3) Risk management for financial instruments

(i) Credit risk management

The Group manages its credit risk by maintaining a credit exposure management system in relation to loans in accordance with its “Credit Policy,” which stipulates the basic concepts in relation to its credit exposure management and administrative rules regarding credit risk. The system includes the credit administration of loans, credit lines, credit records and internal ratings and the establishment of guarantees and/or collateral and handling of doubtful loans. These credit exposure management procedures are performed by each of the Group’s sales branches and operations support departments, and are reported to the Board of Executive Directors and/or Board of Directors on a regular basis.

The credit risk of issuers of securities and the counterparty risk of derivative transactions are managed by the Bank’s Strategic Investment Division which monitors credit information and fair values on a regular basis.

(ii) Market risk management

(a) Interest rate risk management

The Group has established the ALM committee to recognize and manage interest rate fluctuation risk comprehensively and implement appropriate ALM. Risk control methods and procedures are stipulated in the ALM committee codes, and their implementation is monitored, while future actions are discussed at the Board of Directors' meetings. On a daily basis, the Bank's Risk Control Division checks interest rates and periods of financial assets and liabilities, monitors risks using gap analysis and interest rate sensitivity analysis, as well as reports to the ALM committee and Board of Directors on a monthly basis.

(b) Foreign exchange risk management

The Group manages foreign exchange fluctuation risk by transaction and enters into forward foreign exchange contracts to manage foreign exchange fluctuation risk on transactions with customers.

(c) Market price fluctuation risk management

The Group holds investment products, including securities based on marketable securities investment planning, determined by the Board of Executive Directors in accordance with the market fluctuation risk management rules of the Board. Since the Bank's Strategic Investment Division purchases investment products from outside, market price fluctuation risk is reduced through effective monitoring after preliminary reviews and the establishment of investment limits. Most equity securities managed by the Bank's Planning Division are for business promotion purposes, and market conditions and the financial status of customers are monitored and reported to the Board of Executive Directors on a regular basis.

(d) Derivative transactions

An internal system of checks has been established through the segregation of functions related to derivative transactions, including trading functions such as entering into derivative contracts, operations functions such as the processing of transactions and the evaluation of hedge effectiveness.

(e) Quantitative information on market risk

i) Financial instruments for trading purposes

The Group uses the historical simulation method based on the assumptions of a holding period of 120 business days, a 99% confidence level and an observation period of 1,200 business days for the calculation of interest-related Value at Risk (VaR) for trading account securities. As of both March 31, 2025 and 2024, the market risk exposure (the expected maximum loss) of the Group's trading operation amounted to zero.

ii) Financial instruments other than for trading purposes

Market risk is the primary risk to the Group. The major financial instruments subject to market risk are "loans and bills discounted," debt securities, equity securities, and investment trusts included in "securities," and "deposits." The historical simulation method with the assumption of a holding period of 120 business days, a 99% confidence level and an observation period of 1,200 business days is used for the calculation of VaR of these financial assets and liabilities. As of March 31, 2025 and 2024, the market risk exposures (the expected maximum loss) of the Bank's banking operations were as follows.

		Value at Risk		
		Millions of yen		Thousands of U.S. dollars
		2025	2024	2025
Securities for investment purposes (*1)	¥	23,788	¥ 25,404	\$ 159,097
Strategically held equity securities		19,505	21,948	130,456
Loans and deposits (*2)		26,244	23,931	175,523

Notes:

(*1) Securities for investment purposes: yen bonds, foreign bonds, equity securities for investment purposes and investment trusts

(*2) Loans and deposits: deposits, negotiable certificates of deposit, loans and bills discounted, call loans, due from banks, bonds payable, payables under securities lending transactions, borrowed money and call money

iii) Supplementary explanation on quantitative information related to market risk

The Group evaluates the effectiveness of its measurement model by performing back-testing procedures to compare VaR calculated by the measurement system with actual gain or loss. VaR provides information regarding market risk exposure statistically calculated with certain probability based on historical market fluctuations. Therefore, VaR may not be able to measure risks under extreme situations in which the market environment changes extraordinarily.

(iii) Management of liquidity risk associated with financing

The Group regards the stable financing of its operations as a top priority and manages its financing needs effectively. In addition, the Group manages liquidity risk by diversifying the sources of its funds and adjusting the balance of long-term and short-term accounts with consideration for market conditions.

(4) Supplementary explanation on fair values

Since assumptions must be made when using alternative methods to determine fair values of financial instruments, different assumptions may lead to different fair values.

(b) Fair values of financial instruments

The carrying values and fair values of financial instruments at March 31, 2025 and 2024 were as follows. Notes to “cash” are omitted, and notes to “due from banks,” “call loans,” “call money,” and “payables under securities lending transactions” have been omitted since their carrying values approximate fair values due to their short maturities.

Insignificant items are also omitted.

Millions of yen			
2025			
	Carrying value	Fair value	Difference
Securities:			
Held-to-maturity debt securities	¥ 120,000	¥ 112,008	¥ (7,991)
Available-for-sale securities (*1) (*4)	777,367	777,367	—
Loans and bills discounted:	3,990,329		
Reserve for possible loan losses (*2)	(16,346)		
Loans and bills discounted - subtotal	3,973,982	3,947,403	(26,579)
Total	¥ 4,871,350	¥ 4,836,779	¥ (34,570)
Deposits	¥ 5,026,179	¥ 5,025,881	¥ (297)
Borrowed money	367,700	367,588	(111)
Bonds payable	10,000	9,834	(165)
Total	¥ 5,403,880	¥ 5,403,305	¥ (574)
Derivative transactions (*3):			
Hedge accounting not applied	¥ (727)	¥ (727)	¥ —
Hedge accounting applied	—	—	—
Total	¥ (727)	¥ (727)	¥ —
Millions of yen			
2024			
	Carrying value	Fair value	Difference
Securities:			
Held-to-maturity debt securities	¥ 120,000	¥ 117,408	¥ (2,591)
Available-for-sale securities (*1) (*4)	779,273	779,273	—
Loans and bills discounted:	3,780,857		
Reserve for possible loan losses (*2)	(16,429)		
Loans and bills discounted - subtotal	3,764,428	3,760,397	(4,030)
Total	¥ 4,663,701	¥ 4,657,079	¥ (6,621)
Deposits	¥ 4,636,471	¥ 4,636,103	¥ (368)
Borrowed money	370,563	370,555	(8)
Bonds payable	20,000	19,981	(18)
Total	¥ 5,027,035	¥ 5,026,640	¥ (395)
Derivative transactions (*3):			
Hedge accounting not applied	¥ (1,101)	¥ (1,101)	¥ —
Hedge accounting applied	—	—	—
Total	¥ (1,101)	¥ (1,101)	¥ —

Thousands of U.S. dollars			
2025			
	Carrying value	Fair value	Difference
Securities:			
Held-to-maturity debt securities	\$ 802,568	\$ 749,122	\$ (53,446)
Available-for-sale securities (*1) (*4)	5,199,085	5,199,085	—
Loans and bills discounted:	26,687,598		
Reserve for possible loan losses (*2)	(109,327)		
Loans and bills discounted - subtotal	26,578,271	26,400,506	(177,765)
Total	\$ 32,579,924	\$ 32,348,713	\$ (231,211)
Deposits	\$ 33,615,432	\$ 33,613,442	\$ (1,990)
Borrowed money	2,459,208	2,458,460	(748)
Bonds payable	66,881	65,774	(1,107)
Total	\$ 36,141,521	\$ 36,137,676	\$ (3,845)
Derivative transactions (*3):			
Hedge accounting not applied	\$ (4,866)	\$ (4,866)	\$ —
Hedge accounting applied	—	—	—
Total	\$ (4,866)	\$ (4,866)	\$ —

Notes:

(*1) The following securities were excluded from the above tables because they do not have a quoted market price.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unlisted stocks *1 and *2	¥ 1,940	¥ 1,964	\$ 12,978
Investments in partnerships *3 and *4	37,126	33,014	248,301
Total	¥ 39,066	¥ 34,979	\$ 261,279

*1 The fair value of unlisted stocks was not disclosed in accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (Corporate Accounting Standard Application Guideline No. 19, March 31, 2020 ASBJ).

*2 The Group wrote off unlisted stocks amounting to nil and ¥98 million for the years ended March 31, 2025 and 2024, respectively.

*3 The fair value of investments in partnerships was not disclosed in accordance with Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (Corporate Accounting Standard Application Guideline No. 31, June 17, 2021 ASBJ).

*4 The Group wrote off investments in partnerships amounting to ¥278 million (\$1,863 thousand) and ¥261 million for the years ended March 31, 2025 and 2024, respectively.

(*2) General and individual reserves for possible loan losses corresponding to loans and bills discounted were deducted.

(*3) Derivative transactions show net amounts after offsetting related receivables and payables. Amounts in parentheses denote net payables.

(*4) Investment trusts whose net asset value in accordance with Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Corporate Accounting Standard Application Guideline No. 31, June 17, 2021 ASBJ) is treated as fair value are included.

(c) **Maturity analysis for monetary claims and securities with contractual maturities as of March 31, 2025**

		Millions of yen				
		2025				
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ 683,054	¥ –	¥ –	¥ –	¥ –	¥ –
Call loans and bills purchased	1,196	–	–	–	–	–
Securities:						
Held-to-maturity debt securities						
Others	–	–	–	–	–	120,000
Available-for- sale securities with maturities (*1)						
National government bonds	–	7,000	67,000	31,000	49,000	36,100
Local government bonds	14,106	20,412	26,167	13,885	24,485	573
Bonds and debentures	43,777	55,626	57,067	40,248	6,803	9,205
Others (*2)	–	500	5,382	2,990	5,980	90,520
Securities - total	57,884	83,538	155,617	88,124	86,269	256,399
Loans and bills discounted (*3)	596,854	663,101	557,607	377,321	365,092	1,362,728
Total	¥ 1,338,989	¥ 746,640	¥ 713,224	¥ 465,445	¥ 451,361	¥ 1,619,127

	Thousands of U.S. dollars					
Due from banks	\$ 4,568,315	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans and bills purchased	8,000	—	—	—	—	—
Securities:						
Held-to-maturity debt securities						
Others	—	—	—	—	—	802,568
Available-for-sale securities with maturities (*1)						
National government bonds	—	46,816	448,101	207,330	327,715	241,439
Local government bonds	94,346	136,519	175,008	92,868	163,761	3,834
Bonds and debentures	292,786	372,034	381,670	269,183	45,502	61,568
Others (*2)	—	3,344	36,000	20,000	40,000	605,410
Securities - total	387,132	558,713	1,040,779	589,381	576,978	1,714,819
Loans and bills discounted (*3)	3,991,807	4,434,871	3,729,316	2,523,550	2,441,761	9,114,018
Total	<u>\$ 8,955,254</u>	<u>\$ 4,993,584</u>	<u>\$ 4,770,095</u>	<u>\$ 3,112,931</u>	<u>\$ 3,018,739</u>	<u>\$ 10,828,837</u>

Notes:

(*1) Amounts of securities were stated on the basis of scheduled redemption amounts regarding the principal and do not match the amounts shown in the consolidated balance sheets.

(*2) "Others" include Samurai bonds, Euro-Yen bonds and other foreign bonds.

(*3) The portion of loans and bills discounted whose timing of collection is unforeseeable, including loans to "legal bankruptcy" borrowers, loans to "de facto bankruptcy" borrowers and loans to "bankruptcy risk" borrowers, amounting to ¥67,623 million (\$452,274 thousand) was not included in the above table.

(d) Repayment schedule for bonds, borrowed money and other debts with contractual maturities as of March 31, 2025

	Millions of yen					
	2025					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	¥ 4,851,431	¥ 110,832	¥ 59,303	¥ 924	¥ 3,687	¥ —
Call money and bills sold	—	—	—	—	—	—
Payables under securities lending transactions	—	—	—	—	—	—
Borrowed money	18,839	326,711	2,150	—	20,000	—
Bonds payable	—	—	—	—	10,000	—
Total	<u>¥ 4,870,270</u>	<u>¥ 437,543</u>	<u>¥ 61,453</u>	<u>¥ 924</u>	<u>¥ 33,687</u>	<u>¥ —</u>

	Thousands of U.S. dollars					
Deposits (*1)	\$ 32,446,708	\$ 741,253	\$ 396,625	\$ 6,184	\$ 24,662	\$ –
Call money and bills sold	–	–	–	–	–	–
Payables under securities lending transactions	–	–	–	–	–	–
Borrowed money	125,998	2,185,070	14,379	–	133,761	–
Bonds payable	–	–	–	–	66,881	–
Total	<u>\$ 32,572,706</u>	<u>\$ 2,926,323</u>	<u>\$ 411,004</u>	<u>\$ 6,184</u>	<u>\$ 225,304</u>	<u>\$ –</u>

Note:

(*1) Demand deposits were included in “due in one year or less.”

(e) Fair value information of financial instruments by level of inputs

Based on the observability and the significance of the inputs used to determine fair values, fair value information of financial instruments is presented by categorizing measurements into the following three levels:

Level 1 fair value: the fair value measured by quoted prices of identical assets or liabilities in active markets

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

Level 3 fair value: the fair value measured using unobservable inputs

When multiple inputs of different categories are used in measuring fair value, the Bank classifies fair values into a category to which the lowest priority is assigned.

Financial instruments measured at fair value in the consolidated balance sheet:

	Millions of yen			
	2025			
	Level 1	Level 2	Level 3	Total
Securities: Available-for-sale securities (*1)				
National and local government bonds	¥ 178,130	¥ 96,436	¥ –	¥ 274,567
Bonds and debentures	–	153,985	52,908	206,894
Equity securities	119,018	–	–	119,018
Others	25,619	129,767	–	155,387
Derivative transactions:				
Currency transactions	–	20	–	20
Others	–	–	24	24
Total assets	<u>¥ 322,768</u>	<u>¥ 380,209</u>	<u>¥ 52,932</u>	<u>¥ 755,911</u>
Derivative transactions:				
Currency transactions	¥ –	¥ 747	¥ –	¥ 747
Others	–	–	24	24
Total liabilities	<u>¥ –</u>	<u>¥ 747</u>	<u>¥ 24</u>	<u>¥ 771</u>

Millions of yen				
2024				
	Level 1	Level 2	Level 3	Total
Securities: Available-for-sale securities (*1)				
National and local government bonds	¥ 100,037	¥ 128,073	¥ –	¥ 228,110
Bonds and debentures	–	158,393	49,365	207,758
Equity securities	165,833	–	–	165,833
Others	51,561	108,594	–	160,156
Derivative transactions:				
Currency transactions	–	62	–	62
Others	–	–	23	23
Total assets	¥ 317,432	¥ 395,123	¥ 49,388	¥ 761,944
Derivative transactions:				
Currency transactions	¥ –	¥ 1,164	¥ –	¥ 1,164
Others	–	–	23	23
Total liabilities	¥ –	¥ 1,164	¥ 23	¥ 1,188
Thousands of U.S. dollars				
2025				
	Level 1	Level 2	Level 3	Total
Securities: Available-for-sale securities (*1)				
National and local government bonds	\$ 1,191,350	\$ 644,976	\$ –	\$ 1,836,326
Bonds and debentures	–	1,029,866	353,858	1,383,724
Equity securities	796,003	–	–	796,003
Others	171,346	867,894	–	1,039,240
Derivative transactions:				
Currency transactions	–	134	–	134
Others	–	–	161	161
Total assets	\$ 2,158,699	\$ 2,542,870	\$ 354,019	\$ 5,055,588
Derivative transactions:				
Currency transactions	\$ –	\$ 5,000	\$ –	\$ 5,000
Others	–	–	161	161
Total liabilities	\$ –	\$ 5,000	\$ 161	\$ 5,161

Note:

(*1) Securities do not include investment trusts to which the treatment stipulated in Paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Corporate Accounting Standard Application Guidance No. 31, June 17, 2021 ASBJ), which considers net asset value as fair value, is applied. The amounts of investment trusts to which the treatment of Paragraph 24-9 is applied in the consolidated balance sheet are ¥21,499 million (\$143,792 thousand) and ¥17,415 million, respectively.

Reconciliation from beginning balance to ending balance of investment trusts to which the treatment of Paragraph 24-9 is applied:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Beginning balance	¥ 17,415	¥ 14,442	\$ 116,476
Recorded to:			
Gains (losses)	—	—	—
Other comprehensive income(*1)	377	256	2,522
Net amount of purchases, sales and redemptions	3,707	2,716	24,794
Amount of investment trusts whose net asset value was considered to be fair value	—	—	—
Amount of investment trusts whose net asset value was not considered to be fair value	—	—	—
Ending balance	¥ 21,499	¥ 17,415	\$ 143,792

Note:

(*1) Included in “Net change in unrealized (losses) gains on available-for-sale securities” in “Other comprehensive income” in the consolidated statements of comprehensive income.

Net unrealized gains (losses) on investment trusts held in the consolidated balance sheet, among the amount recorded to gains (losses), were nil for the years ended March 31, 2025 and 2024, respectively.

As of March 31, 2025 and 2024, investment trusts to which the treatment of Paragraph 24-9 is applied, totaling ¥21,499 million (\$143,792 thousand) and ¥17,415 million, respectively, require several months from the time of cancellation application to the time of cancellation of the contract.

Financial instruments other than those measured at fair value in the consolidated balance sheet:

	Millions of yen			
	2025			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities				
Others	¥ —	¥ 112,008	¥ —	¥ 112,008
Loans and bills discounted	—	—	3,947,403	3,947,403
Total assets	¥ —	¥ 112,008	¥ 3,947,403	¥ 4,059,412
Deposits	¥ —	¥ 5,025,881	¥ —	¥ 5,025,881
Borrowed money	—	350,098	17,490	367,588
Bonds payable	—	9,834	—	9,834
Total liabilities	¥ —	¥ 5,385,814	¥ 17,490	¥ 5,403,305

Millions of yen				
2024				
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities				
Others	¥ –	¥ 117,408	¥ –	¥ 117,408
Loans and bills discounted	–	–	3,760,397	3,760,397
Total assets	¥ –	¥ 117,408	¥ 3,760,397	¥ 3,877,806
Deposits	¥ –	¥ 4,636,103	¥ –	¥ 4,636,103
Borrowed money	–	351,513	19,041	370,555
Bonds payable	–	19,981	–	19,981
Total liabilities	¥ –	¥ 5,007,598	¥ 19,041	¥ 5,026,640
Thousands of U.S. dollars				
2025				
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities				
Others	\$ –	\$ 749,122	\$ –	\$ 749,122
Loans and bills discounted	–	–	26,400,505	26,400,505
Total assets	\$ –	\$ 749,122	\$ 26,400,505	\$ 27,149,627
Deposits	\$ –	\$ 33,613,442	\$ –	\$ 33,613,442
Borrowed money	–	2,341,481	116,979	2,458,460
Bonds payable	–	65,774	–	65,774
Total liabilities	\$ –	\$ 36,020,697	\$ 116,979	\$ 36,137,676

Note 1. Valuation techniques and inputs used in measuring fair values

Financial assets:

Securities

When quoted unadjusted prices in active markets are available, fair values are categorized as Level 1. This includes mainly national government bonds and listed equity securities.

When quoted prices are not considered to be in active markets, fair values are categorized as Level 2. In addition, for investment trusts that do not have market prices, if there are no material restrictions on cancellation or repurchase requests to such an extent that market participants would require compensation for the risk, the net asset values are considered as the fair values, and the fair values are categorized as Level 2.

The fair value of privately placed bonds is calculated by discounting the estimated future cash flows at the risk-free rate plus the credit spread or the like, and categorized as Level 3.

For some other securities without published quoted prices, quoted prices obtained from an external business operator (broker, etc.) are considered the fair value, and the fair value is categorized as Level 2 or Level 3 based on the inputs used.

Loans and bills discounted

The fair value of loans and bills discounted is calculated by discounting the estimated future cash flows at the risk-free rate plus the credit spread or similar adjustment. Depending on the nature of the loans, the fair value may also be calculated by discounting at the interest rate that would be charged for a new loan, or by considering the value calculated using an option price calculation model or similar method. These fair values are categorized as Level 3.

For loans to borrowers in legal bankruptcy, or de facto bankruptcy, or who are at risk of bankruptcy, a reserve for possible loan losses is estimated based on the present value of the estimated future cash flows or the amount expected to be collected from collaterals and/or guarantees. Thus, the fair value of such loans approximates the carrying amount of the receivables minus the corresponding reserve for possible loan losses on the consolidated balance sheets at the closing date. Therefore, such carrying amounts are deemed to be the fair value of such loans and categorized as Level 3.

Financial liabilities:

Deposits

The fair value of demand deposits is deemed to be the carrying amount on the consolidated balance sheet date. The fair value of time deposits and negotiable certificates of deposit is determined by discounting future cash flows by the term to maturity at the rate used for a new deposit. Therefore, the fair values are categorized as Level 2.

Borrowed money

The fair value of borrowed money is calculated mainly by discounting the future cash flows of principal and interest of the borrowed money at the interest rate that would be applicable to similar borrowings over a certain period of time.

When fair values are measured using unobservable inputs, they are categorized as Level 3. Otherwise, fair values are categorized as Level 2.

Bonds payable

The fair value of bonds payable issued by the Bank is categorized as Level 2, as they have a market price.

Derivative transactions

Derivative transactions are over-the-counter transactions, and since there is no published quoted market price, fair values are calculated using the present value technique according to the type of transaction and the period to maturity. The main inputs used in the valuation technique are interest rates and exchange rates. When unobservable inputs are not used or their effect is immaterial, the fair values are categorized as Level 2. This includes foreign currency forward contracts. When fair values are measured using significant unobservable inputs, they are categorized as Level 3.

Note 2. Description of the fair value of Level 3 financial instruments carried on the consolidated balance sheet at fair values

Quantitative information on significant unobservable inputs:

2025				
Category	Valuation methodology	Significant unobservable inputs	Input range	Weighted average of inputs
Securities: Available-for-sale securities				
Privately placed bonds	Present value technique	Discount rate	0.00% – 15.57%	0.11%

2024				
Category	Valuation methodology	Significant unobservable inputs	Input range	Weighted average of inputs
Securities: Available-for-sale securities				
Privately placed bonds	Present value technique	Discount rate	0.00% – 16.47%	0.12%

Reconciliation from beginning balance to ending balance of available-for-sale securities and net unrealized gains (losses) recognized in the consolidated statements of income:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Beginning balance	¥ 49,365	¥ 43,452	\$ 330,158
Recorded to:			
Gains (losses) for the period *1	2	16	15
Other comprehensive income *2	(524)	(85)	(3,507)
Net amount of purchases, sales, issuance and settlements	4,065	5,982	27,192
Transfer to Level 3	—	—	—
Transfer from Level 3	—	—	—
Ending balance	¥ 52,908	¥ 49,365	\$ 353,858

Notes:

(*1) Included in “Other operating income” and “Other operating expenses” in the consolidated statements of income.

(*2) Included in “Net change in unrealized (losses) gains on available-for-sale securities” in “Other comprehensive income” in the consolidated statements of comprehensive income.

Net unrealized gains (losses) on financial assets and liabilities held at the consolidated balance sheet date among the amounts recognized as gains (losses) are nil for the years ended March 31, 2025 and 2024.

Description of the fair value valuation process:

The Bank has established policies and procedures for the determination of fair value in the middle division, and each trading division determines fair value in accordance with these policies and procedures. An independent division for valuation verifies the validity of the valuation techniques and inputs used to determine fair value and the appropriateness of the fair value level classification.

Description of the effect on fair value when significant unobservable inputs are changed:

The discount rate is an adjustment to market interest rates, such as risk-free rates, and consists primarily of a risk premium, which is the amount of compensation required by market participants for the uncertainty of the cash flows of financial instruments arising from credit risk. In general, a significant increase (decrease) in the discount rate will result in a significant decrease (increase) in fair value.

4. Securities

At March 31, 2025 and 2024, securities consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
National government bonds	¥ 178,130	¥ 100,037	\$ 1,191,350
Local government bonds	96,436	128,073	644,976
Bonds and debentures	206,894	207,758	1,383,724
Equity securities	120,958	167,797	808,981
Other securities	334,013	330,586	2,233,903
	<u>¥ 936,433</u>	<u>¥ 934,253</u>	<u>\$ 6,262,934</u>

Securities are classified as trading, held-to-maturity or available-for-sale securities. Such classification determines the respective accounting method to be applied as stipulated under the accounting standard for financial instruments. Securities in the accompanying consolidated balance sheets include marketable securities traded on stock exchanges.

At March 31, 2025, the carrying value and fair value of held-to-maturity debt securities were ¥120,000 million (\$802,568 thousand) and ¥112,008 million (\$749,122 thousand), respectively. At March 31, 2024, the carrying value and fair value of held-to-maturity debt securities were ¥120,000 million and ¥117,408 million, respectively. No held-to-maturity debt securities were sold during the years ended March 31, 2025 and 2024.

Gross unrealized gains and losses on available-for-sale securities with fair values at March 31, 2025 and 2024 are summarized as follows.

	Millions of yen				
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value	
Available-for-sale securities with fair values at March 31, 2025:					
Equity securities	¥ 33,462	¥ 85,617	¥ (61)	¥ 119,018	
Bonds:					
National government bonds	186,906	12	(8,788)	178,130	
Local government bonds	99,242	2	(2,807)	96,436	
Bonds and debentures	212,500	15	(5,621)	206,894	
Others	176,326	3,463	(2,902)	176,886	
	¥ 708,437	¥ 89,110	¥ (20,180)	¥ 777,367	

Available-for-sale securities with fair values at March 31, 2024:

Equity securities	¥	36,027	¥	129,821	¥	(16)	¥	165,833
Bonds:								
National government bonds		108,260		6		(8,229)		100,037
Local government bonds		130,570		11		(2,508)		128,073
Bonds and debentures		210,740		30		(3,012)		207,758
Others		178,552		2,340		(3,320)		177,571
	¥	<u>664,150</u>	¥	<u>132,210</u>	¥	<u>(17,087)</u>	¥	<u>779,273</u>

Thousands of U.S. dollars

Available-for-sale securities with fair values at March 31, 2025:

Equity securities	\$	223,798	\$	572,613	\$	(408)	\$	796,003
Bonds:								
National government bonds		1,250,043		83		(58,776)		1,191,350
Local government bonds		663,741		14		(18,779)		644,976
Bonds and debentures		1,421,217		102		(37,595)		1,383,724
Others		1,179,281		23,164		(19,413)		1,183,032
	\$	<u>4,738,080</u>	\$	<u>595,976</u>	\$	<u>(134,971)</u>	\$	<u>5,199,085</u>

At March 31, 2025 and 2024, net unrealized gains on available-for-sale securities, net of applicable income taxes, and noncontrolling interests included in accumulated other comprehensive income of net assets on the accompanying consolidated balance sheets were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrealized gains	¥ 69,108	¥ 115,126	\$ 462,201
Deferred tax liabilities	(21,149)	(34,273)	(141,447)
Noncontrolling interest portion	—	—	—
Net unrealized gains in net assets	¥ <u>47,959</u>	¥ <u>80,852</u>	\$ <u>320,754</u>

During the years ended March 31, 2025 and 2024, the Group sold available-for-sale securities and recorded gains of ¥9,097 million (\$60,846 thousand) and ¥19,779 million, respectively, and losses of ¥11,273 million (\$75,395 thousand) and ¥15,261 million, respectively, in the accompanying consolidated statements of income.

At March 31, 2025 and 2024, the Group recorded losses on write-downs of available-for-sale securities with fair values due to other-than-temporary declines in value amounting to ¥5 million (\$37 thousand) and ¥3 million, respectively.

5. Loans and Bills Discounted

At March 31, 2025 and 2024, loans and bills discounted consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Bills discounted	¥ 11,047	¥ 19,156	\$ 73,888
Loans on bills	72,656	70,789	485,933
Loans on deeds	3,596,932	3,400,315	24,056,529
Overdrafts	294,101	276,062	1,966,971
Others	15,591	14,533	104,277
	<u>¥ 3,990,329</u>	<u>¥ 3,780,857</u>	<u>\$ 26,687,598</u>

Bills discounted are accounted for as finance transactions in accordance with JICPA Industry Audit Committee Report No. 24 (March 17, 2022), titled “Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry.” The Group has rights to sell or pledge (repledge) bankers’ acceptances, commercial bills, documentary bills and foreign bills bought without restrictions. The total face value of these bills amounted to ¥11,143 million (\$74,527 thousand) and ¥19,657 million at March 31, 2025 and 2024, respectively.

Claims under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. The claims are recorded in the following accounts: the bonds (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part and for which the bonds were issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)) included in “securities”; loans and bills discounted; foreign exchange; accrued interest and suspense payments included in “other assets”; customers’ liabilities for acceptances and guarantees; and, when lending of securities as described in the notes is carried out, the securities (limited to loans for use and lease contracts) in the consolidated balance sheets.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Legal bankruptcy and de facto bankruptcy	¥ 9,443	¥ 10,414	\$ 63,157
Bankruptcy risk	58,220	81,276	389,383
Under observation:			
Loans past due three months or more	914	167	6,117
Restructured loans	12,676	13,554	84,781
Subtotal	<u>81,254</u>	<u>105,412</u>	<u>543,438</u>
Normal	<u>3,973,972</u>	<u>3,736,432</u>	<u>26,578,199</u>
Total	<u>¥ 4,055,227</u>	<u>¥ 3,841,844</u>	<u>\$ 27,121,637</u>

“Legal bankruptcy and de facto bankruptcy” are claims against borrowers who have fallen into bankruptcy due to reasons such as the commencement of bankruptcy proceedings, the commencement of rehabilitation proceedings, and the petition for the commencement of rehabilitation proceedings, and claims equivalent thereto.

“Bankruptcy risk” are loans to borrowers who are not currently in bankruptcy but are experiencing difficult financial situations and operating conditions, with a high possibility that the principal and interest cannot be collected according to the contract, excluding “legal bankruptcy and de facto bankruptcy.”

“Loans past due three months or more” are loans for which the payment of the principal and/or interest is past due three months or more from the day following the contractual payment date, excluding “legal bankruptcy and de facto bankruptcy” and “bankruptcy risk.”

“Restructured loans” are loans for which the Bank had restructured the terms and conditions in favor of borrowers in financial difficulties through measures such as the reduction or exemption of the original interest rate, extension of interest payments and/or principal repayments or debt forgiveness in order to support the financial recovery of such borrowers. These exclude “legal bankruptcy and de facto bankruptcy,” “bankruptcy risk” and “loans past due three months or more.”

“Normal” are claims to borrowers not having particular problems regarding their financial situations and operating conditions, and excluding claims classified as “legal bankruptcy and de facto bankruptcy,” “bankruptcy risk,” “loans past due three months or more” and “restructured loans.”

The above claim amounts are before deducting the reserve for possible loan losses.

6. Tangible Fixed Assets

At March 31, 2025 and 2024, major classifications of assets were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Land	¥ 27,006	¥ 26,604	\$ 180,621
Buildings and structures	11,169	11,035	74,705
Equipment	3,255	4,096	21,775
Construction in progress	222	5	1,488
Tangible fixed assets	¥ 41,654	¥ 41,741	\$ 278,589

At March 31, 2025 and 2024, accumulated depreciation for tangible fixed assets amounted to ¥35,218 million (\$235,544 thousand) and ¥34,299 million, respectively.

Pursuant to the Act on Revaluation of Land, effective March 31, 1998, the Bank elected a one-time revaluation to restate the cost of land used for the banking business at values reassessed, reflecting adjustments for geographical shape and other factors in accordance with municipal property tax bases. According to the Act, the amount equivalent to the tax effect on the excess of reassessed values over the original book values is to be recorded as “deferred tax liabilities for revaluation,” and the remainder of the excess, net of the tax effect, is to be recorded as “land revaluation excess” under accumulated other comprehensive income of net assets in the consolidated balance sheets. At March 31, 2025 and 2024, the differences in the carrying values of land used for the banking business after revaluation over market values amounted to ¥2,549 million (\$17,052 thousand) and ¥4,068 million, respectively.

As permitted by Japanese GAAP, deferred capital gains on the sale of real property are deducted from the original acquisition costs of property which is newly acquired for replacement purposes in the same line of business as the property sold. At March 31, 2025 and 2024, ¥2,960 million (\$19,798 thousand) and ¥2,991 million, respectively, were directly deducted from the acquisition costs of such land.

7. Pledged Assets

The carrying amounts of assets pledged as collateral and the related collateralized debt at March 31, 2025 and 2024 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Assets pledged:			
Securities	¥ 77,530	¥ 95,900	\$ 518,528
Loans and bills discounted	491,676	477,221	3,288,365
Other assets	20	20	137
Related collateralized debts:			
Deposits	¥ 23,813	¥ 6,389	\$ 159,268
Payables under securities lending transactions	—	17,363	—
Borrowed money	330,000	331,362	2,207,063

8. Deposits

At March 31, 2025 and 2024, deposits consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Demand deposits	¥ 3,294,878	¥ 3,318,513	\$ 22,036,376
Time deposits	1,460,331	1,157,714	9,766,798
Other deposits	34,972	36,904	233,901
Subtotal	4,790,183	4,513,131	32,037,075
Negotiable certificates of deposit	235,996	123,340	1,578,357
	¥ 5,026,179	¥ 4,636,471	\$ 33,615,432

9. Borrowed Money and Finance Lease Obligations

Borrowed money consisted principally of borrowings from financial institutions due through December 2032 with average interest rates of 0.06% and 0.07% per annum at March 31, 2025 and 2024, respectively. There were no finance lease obligations outstanding at March 31, 2025. At March 31, 2025 and 2024, borrowed money included subordinated borrowings with covenants stipulating that the performance of obligations is subordinate to other obligations, in the amounts of ¥20,000 million (\$133,761 thousand) and ¥20,000 million, respectively.

At March 31, 2025, the annual maturities of borrowed money were as follows.

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2026	¥ 18,839	\$ 125,998
2027	204,131	1,365,246
2028	122,580	819,824
2029	1,500	10,032
2030	650	4,347
2031 and thereafter	20,000	133,761
	¥ 367,700	\$ 2,459,208

10. Bonds

At March 31, 2025 and 2024, bonds consisted of the following.

	Millions of yen		Thousands of U.S. dollars		Interest rate	Collateral	Due
	2025	2024	2025				
4 th Unsecured bonds with early redemption clauses (with special contracts for exemption at the time of de facto bankruptcy and subordination agreements) (Green bond)	¥ —	¥ 10,000	\$ —		0.44% December 13, 2019 to December 12, 2024	—	December 13, 2029
5 th Unsecured bonds with early redemption clauses (with special contracts for exemption at the time of de facto bankruptcy and subordination agreements) (Green bond)	¥ 10,000	¥ 10,000	\$ 66,881		1.479% December 8, 2023 to December 7, 2028 0.829% +6-month JPY TIBOR After December 8, 2028	—	December 8, 2033

11. Employee Retirement Benefits

The Bank maintains “funded and unfunded defined benefit plans” and “a selection of either a defined contribution plan or prepayment of retirement allowance” for employee retirement benefits. Eligible employees are entitled to receive lump-sum payments or pension payments based on the level of salary and the length of service under the defined benefit (“DB”) corporate pension plans, all of which are funded plans. The Bank has set up retirement benefit trusts for certain plans among the defined benefit corporate pension plans. Eligible employees are entitled to receive lump-sum payments based on the level of salary and the length of service under the lump-sum payment plans, most of which are funded by establishing retirement benefit trusts; however, some are unfunded plans. Some of the Bank’s consolidated subsidiaries participate in a multi-employer pension program under a certain public pension plan as part of the lump-sum retirement benefit plan. Some other consolidated subsidiaries have adopted only the lump-sum retirement benefit plan. The consolidated subsidiaries use the simplified method in calculating employee retirement defined benefit liability and retirement benefit expenses. Under this method, the amount for severance payments required at the fiscal year-end for voluntary termination is deemed the retirement benefit obligation.

(a) Defined benefit plans

- (1) Movement in retirement benefit obligations, excluding plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at the beginning of the year	¥ 27,075	¥ 27,932	\$ 181,085
Service cost	709	731	4,744
Interest cost	81	83	543
Actuarial differences	(3,548)	124	(23,731)
Retirement benefits paid	(1,727)	(1,797)	(11,555)
Balance at the end of the year	¥ 22,590	¥ 27,075	\$ 151,086

- (2) Movement in plan assets, excluding plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at the beginning of the year	¥ 50,259	¥ 39,430	\$ 336,141
Expected return on pension plan assets	494	435	3,304
Actuarial differences	(6,174)	11,337	(41,294)
Contribution paid by employer	194	204	1,300
Retirement benefits paid	(1,126)	(1,147)	(7,532)
Balance at the end of the year	¥ 43,647	¥ 50,259	\$ 291,919

(3) Movement in employee retirement benefit liability for plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Employee retirement benefit liability at the beginning of the year	¥ 294	¥ 299	\$ 1,966
Retirement benefit expenses	49	67	333
Retirement benefits paid	(34)	(72)	(229)
Employee retirement benefit liability at the end of the year	¥ 309	¥ 294	\$ 2,070

(4) Reconciliation from retirement benefit obligation and plan assets to retirement benefit (asset) liability recognized in the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Funded retirement benefit obligation	¥ 22,651	¥ 27,138	\$ 151,496
Plan assets	(43,647)	(50,259)	(291,919)
	(20,996)	(23,121)	(140,423)
Unfunded retirement benefit obligation	248	231	1,661
Net retirement benefit (asset) liability	¥ (20,747)	¥ (22,890)	\$ (138,762)
Employee retirement benefit liability	¥ 263	¥ 249	\$ 1,760
Employee retirement benefit assets	(21,010)	(23,139)	(140,522)
Net retirement benefit (asset) liability	¥ (20,747)	¥ (22,890)	\$ (138,762)

(5) Net periodic retirement benefit expense and its breakdown:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Service cost	¥ 709	¥ 731	\$ 4,744
Interest cost	81	83	543
Expected return on plan assets	(494)	(435)	(3,304)
Amortization of actuarial differences	(1,602)	(622)	(10,718)
Amortization of past service cost	—	(289)	—
Retirement benefit expenses for plans applying the simplified method	49	67	333
Others	4	2	33
Net periodic retirement benefit expense of defined benefit plans	¥ (1,251)	¥ (462)	\$ (8,369)

- (6) Retirement benefit adjustments in other comprehensive income, before income taxes and tax effects:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Past service cost	¥ —	¥ (289)	\$ —
Actuarial differences	(4,228)	10,589	(28,282)
Total	¥ (4,228)	¥ 10,299	\$ (28,282)

- (7) Retirement benefit adjustments in accumulated other comprehensive income, before income taxes and tax effects:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized past service cost	¥ —	¥ —	\$ —
Unrecognized actuarial differences	7,868	12,097	52,624
Total	¥ 7,868	¥ 12,097	\$ 52,624

- (8) Plan assets

- (i) Plan assets comprise:

	2025	2024
Debt securities	26%	24%
Equity securities	41%	47%
Cash and deposits	9%	8%
General accounts	24%	21%
Total *	100%	100%

Note: As of March 31, 2025 and 2024, assets in retirement benefit trusts set up for the defined benefit pension plans and lump-sum retirement benefit plans represented 47% and 52% of total plan assets, respectively.

- (ii) Determination of long-term expected rate of return on plan assets

In determining the long-term expected rate of return on plan assets, the Group considers the current and target asset allocations as well as the current and expected long-term rates of return on various asset categories comprising plan assets.

- (9) Actuarial assumptions at the end of the year:

	2025	2024
Discount rate	1.9%	0.3%
Long-term expected rate of return on plan assets	1.5%	1.5%

Note: The Bank maintains a point system for defined benefit corporate pension plans and lump-sum payment plans. Points are calculated based on past salaries.

(b) Defined contribution plans

The required contributions of the Bank and its consolidated subsidiaries to defined contribution plans amounted to ¥220 million (\$1,472 thousand) and ¥215 million for the years ended March 31, 2025 and 2024, respectively.

12. Acceptances and Guarantees

The Bank provides guarantees with respect to the liabilities of its customers for the payment of loans and other liabilities with other financial institutions. As a contra account, “customers’ liabilities for acceptances and guarantees” is shown in assets on the accompanying consolidated balance sheets, indicating the Bank’s right of indemnity from customers.

Guarantees are provided on certain privately placed bonds included in securities in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act of Japan. The guarantees amounted to ¥53,551 million (\$358,154 thousand) and ¥49,481 million at March 31, 2025 and 2024, respectively.

13. Net Assets

At both March 31, 2025 and 2024, 50 million shares of common stock without par value were authorized, and 16,455,487 and 16,755,487 shares of common stock were issued, respectively. At March 31, 2025 and 2024, the Group held 62 thousand and 69 thousand shares of treasury stock, respectively.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

Capital surplus consists principally of additional paid-in capital. The Banking Act of Japan provides that an amount equivalent to at least 20% of the cash payments as appropriation of retained earnings shall be appropriated as legal earnings reserve until the total amount of additional paid-in capital and legal earnings reserve equals 100% of common stock. The legal earnings reserve has been included in the retained earnings in the accompanying consolidated balance sheets. Under the Act, the legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit by a resolution at the shareholders’ meeting. The additional paid-in capital and legal earnings reserve may not be distributed as dividends. All additional paid-in capital and legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which may become available for distribution as dividends.

At both March 31, 2025 and 2024, the legal earnings reserve amounted to ¥8,029 million (\$53,705 thousand).

The maximum amount that the Bank can distribute as dividends is calculated based on the nonconsolidated financial statements of the Bank in accordance with Japanese laws and regulations.

14. Stock Options

(a) Expenses for restricted stock-based remuneration

The Bank recorded expenses for restricted stock-based remuneration of ¥52 million (\$352 thousand) and ¥33 million in “General and administrative expenses” for the years ended March 31, 2025 and 2024, respectively.

(b) Outline, size and changes of restricted stock

i) Outline of restricted shares:

Granted on July 22, 2022 (1)	
Position and number of grantees	5 directors of the Bank excluding Directors who are Audit and Supervisory Committee Members and outside Directors
Number of options granted	32,960 common shares of the Bank
Grant date	July 22, 2022
Requisite service period	Rights were forfeited for stock acquisition rights allotted to applicable Directors as stock-remuneration type stock options that were not exercised and restricted stock-based remuneration was granted instead
Transfer restriction period	Period from July 22, 2022 to the date of retirement of the allottee from the position of Director of the Bank
Conditions for lifting restrictions	The applicable Director has been a Director of the Bank continuously from the commencement date of the transfer restriction period until the date of the Annual General Meeting of Shareholders of the Bank which comes first after the commencement date of the transfer restriction period
Fair value at grant date	¥3,105 (\$20.77)
Granted on July 22, 2022 (2)	
Position and number of grantees	8 directors of the Bank excluding Directors who are Audit and Supervisory Committee Members and outside Directors
Number of options granted	7,721 common shares of the Bank
Grant date	July 22, 2022
Requisite service period	Period from the 104th Annual General Meeting of Shareholders of the Bank to the 105th Annual General Meeting of Shareholders scheduled to be held in June 2023
Transfer restriction period	Period from July 22, 2022 to the date of retirement of the allottee from the position of Director of the Bank
Conditions for lifting restrictions	The applicable Director has been a Director of the Bank continuously from the commencement date of the transfer restriction period until the date of the Annual General Meeting of Shareholders of the Bank which comes first after the commencement date of the transfer restriction period
Fair value at grant date	¥3,105 (\$20.77)

Granted on July 21, 2023	
Position and number of grantees	8 directors of the Bank excluding Directors who are Audit and Supervisory Committee Members and outside Directors and 7 Executive Officers of the Bank
Number of options granted	11,412 common shares of the Bank
Grant date	July 21, 2023
Requisite service period	Period from the 105th Annual General Meeting of Shareholders of the Bank to the 106th Annual General Meeting of Shareholders scheduled to be held in June 2024
Transfer restriction period	Period from July 21, 2023 to the date of retirement of the allottee from the position of Director or Executive Officer of the Bank
Conditions for lifting restrictions	The applicable person has been a Director or Executive Officer of the Bank continuously from the commencement date of the transfer restriction period until the date of the Annual General Meeting of Shareholders of the Bank which comes first after the commencement date of the transfer restriction period
Fair value at grant date	¥3,285 (\$21.97)

Granted on July 18, 2024	
Position and number of grantees	7 directors of the Bank excluding Directors who are Audit and Supervisory Committee Members and outside Directors and 10 Executive Officers of the Bank
Number of options granted	7,785 common shares of the Bank
Grant date	July 18, 2024
Requisite service period	Period from the 106th Annual General Meeting of Shareholders of the Bank to the 107th Annual General Meeting of Shareholders scheduled to be held in June 2025
Transfer restriction period	Period from July 18, 2024 to the date of retirement of the allottee from the position of Director or Executive Officer of the Bank
Conditions for lifting restrictions	The applicable person has been a Director or Executive Officer of the Bank continuously from the commencement date of the transfer restriction period until the date of the Annual General Meeting of Shareholders of the Bank which comes first after the commencement date of the transfer restriction period
Fair value at grant date	¥7,420 (\$49.63)

ii) Size and changes in restricted stock:

	Granted on July 22, 2022 (1)	Granted on July 22, 2022 (2)	Granted on July 21, 2023	Granted on July 18, 2024
Before lifting restrictions				
April 1, 2023 – Outstanding	32,960	7,721	–	–
Granted	–	–	11,412	–
Gratis acquisition	–	–	–	–
Restrictions lifted	17,020	2,098	–	–
March 31, 2024 – Outstanding	15,940	5,623	11,412	–
Granted	–	–	–	7,785
Gratis acquisition	–	–	–	–
Restrictions lifted	1,050	880	895	–
March 31, 2025 – Outstanding	14,890	4,743	10,517	7,785

15. Commitments

(a) Loan commitments

Overdraft facilities and loan commitment lines are contracts under which the Bank is obligated to advance funds up to a predetermined amount to a customer upon request, provided that the customer has met the terms and conditions of the applicable contract. At March 31, 2025 and 2024, the unused amounts of these contracts amounted to ¥722,974 million (\$4,835,301 thousand) and ¥734,478 million, respectively. The unused contract amounts included amounts which originally expire within one year or are revocable by the Bank at any time without any conditions in the amount of ¥698,937 million (\$4,674,541 thousand) and ¥711,184 million at March 31, 2025 and 2024, respectively.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that allow the Bank to refuse customers' applications for loans or decrease the contract limits for appropriate reasons (e.g., changes in the financial situation and deterioration in the customer's creditworthiness). At the execution of such contracts, the Bank obtains real estate, securities, etc. as collateral if considered necessary. Subsequently, the Bank performs periodic reviews of its customers' business results based on internal rules and may take necessary measures that include reconsidering the terms and conditions of such contracts and/or requiring additional collateral and/or guarantees.

(b) Lease commitments

(Lessee contracts)

The Group leases certain office space and equipment as a lessee under long-term, noncancellable lease contracts. The aggregate future minimum lease commitments for noncancellable operating leases at March 31, 2025 and 2024 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Operating leases as lessee:			
Due within one year	¥ 274	¥ 284	\$ 1,838
Due after one year	178	134	1,195
	<u>¥ 453</u>	<u>¥ 419</u>	<u>\$ 3,033</u>

(Lessor contracts)

A consolidated subsidiary, engaged in leasing operations as a lessor, entered into long-term, noncancellable lease contracts with third parties which were categorized as finance leases. At March 31, 2025 and 2024, investments in the leased assets as lessor consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Future minimum lease payments to be received	¥ 38,029	¥ 35,106	\$ 254,344
Estimated residual value	6,624	6,026	44,304
Imputed interest	(3,547)	(3,170)	(23,725)
Investments in leased assets	<u>¥ 41,106</u>	<u>¥ 37,963</u>	<u>\$ 274,923</u>

The aggregate annual maturities of future minimum lease payments to be received related to lease receivables and investments in leased assets at March 31, 2025 were as follows.

Year ending March 31,	Millions of yen		Thousands of U.S. dollars	
	Lease receivables	Investments in leased assets	Lease receivables	Investments in leased assets
2026	¥ 341	¥ 11,709	\$ 2,281	\$ 78,317
2027	213	9,369	1,426	62,666
2028	177	7,246	1,187	48,462
2029	100	5,093	673	34,067
2030	67	2,685	450	17,964
2031 and thereafter	77	1,923	518	12,867
	<u>¥ 977</u>	<u>¥ 38,029</u>	<u>\$ 6,535</u>	<u>\$ 254,343</u>

At March 31, 2025 and 2024, future lease payments to be received for noncancellable operating leases were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Operating leases as lessor:			
Due within one year	¥ 207	¥ 233	\$ 1,387
Due after one year	317	364	2,123
	<u>¥ 524</u>	<u>¥ 597</u>	<u>\$ 3,510</u>

16. Derivative Instruments

At March 31, 2025 and 2024, derivative instruments, other than those to which hedge accounting was applied, were stated at fair value with valuation gains and losses recognized as current earnings in the accompanying consolidated statements of income as follows.

	Millions of yen			
	Notional principal or contract amounts		Fair value	Valuation gain (loss)
	Total	Over one year		
March 31, 2025:				
Currency swaps	¥ 92,106	¥ –	¥ (743)	¥ (743)
Forward foreign exchange contracts	7,708	–	15	15
March 31, 2024:				
Currency swaps	¥ 71,663	¥ –	¥ (1,083)	¥ (1,083)
Forward foreign exchange contracts	5,479	–	(18)	(18)
	Thousands of U.S. dollars			
			Fair value	Valuation gain (loss)
	Total	Over one year		
March 31, 2025:				
Currency swaps	\$ 616,014	\$ –	\$ (4,972)	\$ (4,972)
Forward foreign exchange contracts	51,553	–	105	105

Other derivative instruments at March 31, 2025 and 2024 were as follows.

	Millions of yen			
	Notional principal or contract amounts		Fair value	Valuation gain (loss)
	Total	Over one year		
March 31, 2025:				
Earthquake derivatives:				
Selling	¥ 1,230	¥ 150	¥ 24	¥ –
Buying	1,230	150	(24)	–
March 31, 2024:				
Earthquake derivatives:				
Selling	¥ 1,135	¥ 100	¥ (23)	¥ –
Buying	1,135	100	23	–

	Thousands of U.S. dollars			
March 31, 2025:				
Earthquake derivatives:				
Selling	\$ 8,226	\$ 1,003	\$ 161	\$ –
Buying	8,226	1,003	(161)	–

There were no derivative instruments to which hedge accounting was applied at either March 31, 2025 or 2024.

17. Income Taxes

Income taxes for the years ended March 31, 2025 and 2024 consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Income taxes:			
Current	¥ 5,067	¥ 5,706	\$ 33,889
Deferred	904	(1,229)	6,051
	¥ 5,971	¥ 4,477	\$ 39,940

At March 31, 2025 and 2024, income taxes receivable, including enterprise taxes, amounting to nil and ¥12 million, respectively, were included in “other assets” in the accompanying consolidated balance sheets.

At March 31, 2025 and 2024, income taxes payable, including enterprise taxes, amounting to ¥1,863 million (\$12,466 thousand) and ¥4,110 million, respectively, were included in “other liabilities” in the accompanying consolidated balance sheets.

The tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities at March 31, 2025 and 2024 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Reserve for possible loan losses	¥ 5,178	¥ 5,121	\$ 34,635
Employee retirement benefit liability	92	85	620
Loss on devaluation of stocks and other securities	2,211	2,109	14,792
Reserve for contingent losses	406	476	2,718
Depreciation	783	882	5,238
Others	2,109	2,266	14,106
Less valuation allowance	(3,273)	(3,275)	(21,893)
Subtotal	7,508	7,666	50,216
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(21,149)	(34,273)	(141,447)
Gain on the transfer of securities to trusts for retirement benefit plan	(2,289)	(2,224)	(15,314)
Employee retirement benefit (asset) liability	(3,105)	(3,667)	(20,767)
Others	(728)	(714)	(4,870)
Subtotal	(27,272)	(40,879)	(182,398)
Net deferred tax assets (liabilities)	¥ (19,763)	¥ (33,213)	\$ (132,182)

At March 31, 2025 and 2024, deferred tax assets and liabilities were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets	¥ 866	¥ 779	\$ 5,792
Deferred tax liabilities	(20,629)	(33,993)	(137,974)

In assessing the realizability of deferred tax assets, the Group's management considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. At both March 31, 2025 and 2024, a valuation allowance was provided to reduce deferred tax assets to amounts that management believed would be realizable.

The Group is subject to Japanese national and local income taxes, which in the aggregate resulted in a statutory tax rate of approximately 30.6% for the years ended March 31, 2025 and 2024. Reconciliation between the Japanese statutory tax rate and the effective tax rate on pretax profit reflected in the accompanying consolidated statements of income for the year ended March 31, 2025 was as follows.

	Percentage of pretax profit 2025
Japanese statutory tax rate	30.6 %
Increase (decrease) due to:	
Permanently nondeductible expenses	0.3
Tax exempt income	(1.4)
Local minimum taxes - per capita basis	0.2
Changes in valuation allowance	(0.4)
Upward adjustment of deferred tax assets at end of year due to tax rate change	0.0
Others	(0.5)
Effective tax rate	<u>28.8 %</u>

Information about reconciliation between the Japanese statutory effective tax rate and the actual effective income tax rate on pretax profit reflected in the accompanying consolidated statements of income for the year ended March 31, 2024 was not disclosed as their difference was less than 5% of the statutory tax rate for the year ended March 31, 2024.

Subsequent to the enactment of the Act for Partial Amendment to the Income Tax Act, etc. (Act No. 13 of 2025) on March 31, 2025, the special defense corporate tax will come into effect for the fiscal years beginning on or after April 1, 2026. Accordingly, the Japanese statutory tax rate of 30.6% used for calculating deferred tax assets and deferred tax liabilities will be adjusted to 31.5% for temporary differences expected to reverse in the fiscal years beginning on or after April 1, 2026. As a result of the change in the tax rate, deferred tax assets increased by ¥11 million (\$79 thousand), deferred tax liabilities increased by ¥684 million (\$4,581 thousand), net unrealized gains on available-for-sale securities decreased by ¥604 million (\$4,041 thousand), retirement benefit adjustments decreased by ¥64 million (\$432 thousand), and income taxes - deferred increased by ¥4 million (\$30 thousand) for the year ended March 31, 2025. In addition, deferred tax liabilities for revaluation increased by ¥81 million (\$544 thousand), while land revaluation excess decreased by the same amount.

18. General and Administrative Expenses

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

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Salaries and allowances (including bonuses)	¥ 15,145	¥ 14,901	\$ 101,296	
Retirement benefit expenses	(1,052)	(277)	(7,038)	

19. Comprehensive Income

Amounts reclassified to profit in the current period that were recognized in other comprehensive income in the current or previous periods and the income taxes and tax effects for each component of other comprehensive income for the years ended March 31, 2025 and 2024 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net change in unrealized (losses) gains on available-for-sale securities:			
(Decrease) increase during the year	¥ (49,094)	¥ 67,233	\$ (328,349)
Reclassification adjustments	3,076	(1,776)	20,577
Pretax amount	(46,017)	65,457	(307,772)
Income taxes and tax effect amount	13,124	(19,529)	87,780
Net change in unrealized (losses) gains on available-for-sale securities, net of tax	(32,893)	45,928	(219,992)
Net change in deferred gains on hedging instruments:			
Increase during the year	57	260	383
Reclassification adjustments	(57)	(260)	(383)
Pretax amount	—	—	—
Income taxes and tax effect amount	—	—	—
Net change in deferred gains on hedging instruments, net of tax	—	—	—
Land revaluation excess:			
Increase (decrease) during the year	—	—	—
Reclassification adjustments	—	—	—
Pretax amount	—	—	—
Income taxes and tax effect amount	(81)	—	(544)
Land revaluation excess, net of tax	(81)	—	(544)
Retirement benefit adjustments:			
(Decrease) increase during the year	(2,626)	11,212	(17,564)
Reclassification adjustments	(1,602)	(912)	(10,718)
Pretax amount	(4,228)	10,299	(28,282)
Income taxes and tax effect amount	1,229	(3,151)	8,222
Retirement benefit adjustments, net of tax	(2,999)	7,147	(20,060)
Total other comprehensive income	¥ (35,973)	¥ 53,076	\$ (240,596)

20. Related Party Transactions

During the years ended March 31, 2025 and 2024, the Bank had significant transactions with directors as well as audit and supervisory board members and their immediate family members of the Bank or its significant subsidiaries, and/or the companies in which they held directly or indirectly a majority voting interest.

A summary of the significant related party transactions as of and for the years ended March 31, 2025 and 2024 is as follows.

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
For the year:				
Number of related parties	5	5		
Amount of loan transactions (average balance)	¥ 135	¥ 90	\$ 907	
At year end:				
Loans and bills discounted	¥ 149	¥ 158	\$ 1,000	

21. Revenue Recognition

Information about the breakdown of revenues from contracts with customers is as described in Note 23, “Segment Information.”

22. Subsequent Events

Stock split and partial amendments to the Articles of Incorporation in conjunction with the stock split

At the Board of Directors meeting held on April 22, 2025, the Bank resolved to perform a stock split and to partially amend the Articles of Incorporation in conjunction with the stock split as follows.

1. Purpose of the stock split

The stock split is intended to improve the liquidity of the Bank’s shares and expand its investor base by lowering the amount per the investment unit of the Bank’s shares (the minimum investment amount) and creating a more investment-friendly environment.

2. Details of the stock split

(1) Method of the stock split

The Bank will conduct a 3-for-1 common stock split held by shareholders recorded in the final shareholder register as of Tuesday, September 30, 2025. There will be no change in the amount of common stock as a result of the stock split.

(2) Increase in the number of shares due to the stock split

Total number of issued shares before the stock split: 16,455,487 shares
Increase in the number of shares due to the stock split: 32,910,974 shares
Total number of issued shares after the stock split: 49,366,461 shares
Total number of authorized shares after the stock split: 150,000,000 shares

(3) Schedule of the stock split

Date of public notice of record date (planned): Friday, September 12, 2025
Record date: Tuesday, September 30, 2025
Effective date: Wednesday, October 1, 2025

(4) Effect on per-share information

Per-share information based on the assumption that the stock split was conducted at the beginning of the previous fiscal year is as follows.

		Yen		U.S. dollars	
		2025	2024	2025	
Net assets per share	¥	5,623.12	¥ 6,060.05	\$	37.61
Basic earnings per share		298.91	198.04		2.00

Note: Diluted earnings per share were not disclosed as the Group had no dilutive common shares.

3. Partial amendments to the Articles of Incorporation in conjunction with the stock split

(1) Reason for the amendments

In accordance with the stock split, pursuant to Article 184, Paragraph 2 of the Companies Act, the Bank will amend the total number of authorized shares as stipulated in Article 5 of the Bank's Articles of Incorporation to match the split ratio as of Wednesday, October 1, 2025.

(2) Details of the amendments

The details of the amendments are as follows.

(Amendments are underlined)

Current Articles of Incorporation	Articles of Incorporation after the amendment
Article 5 (Total number of authorized shares)	Article 5 (Total number of authorized shares)
The total number of authorized shares of the Bank shall be <u>50,000,000</u> .	The total number of authorized shares of the Bank shall be <u>150,000,000</u> .

(3) Schedule of the amendments

Date of resolution by the Board of Directors: Tuesday, April 22, 2025
Effective date: Wednesday, October 1, 2025

23. Segment Information

(a) General information about reportable segments

The Group defines a reportable segment as a component of the Group for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about the allocation of resources and to assess performance.

The Group engages in financial services, primarily in banking but also in comprehensive finance leasing business and credit card services. The reportable segments of the Group are determined based on the types of financial services as follows.

“Banking” — head office and branches

- Deposits and loans
- Domestic and foreign exchange transactions
- Securities investments
- Trading of trading account securities
- Underwriting and registration of corporate bonds

“Leasing” — Nagoya Lease Co., Ltd., a domestic subsidiary of the Bank

- Comprehensive finance leasing business

“Credit Card” — Nagoya Card Co., Ltd. and Nagoya MC Card Co., Ltd., domestic subsidiaries of the Bank

- Credit card business

(b) Basis of measurement for segment profit, segment assets, segment liabilities and other material items for each reportable segment

The basis of measurement for reportable segment information follows the accounting principles used in the consolidated financial statements as described in Note 2, “Summary of Significant Accounting Policies.” Segment profit is based on “ordinary profit,” which is defined as total profit less certain special gains and special losses included in the accompanying consolidated statements of income. Intersegment income is accounted for based on prices of ordinary transactions with independent third parties.

(c) Information about reportable segment profit, segment assets, segment liabilities and other material items by reportable segment and breakdown of revenues

Segment information as of and for the years ended March 31, 2025 and 2024 was as follows.

	Millions of yen					
	2025					
	Reportable segments				Other (*2)	Total
	Banking	Leasing	Credit Card	Total		
Trust fees	¥ 61	¥ –	¥ –	¥ 61	¥ –	¥ 61
Service revenues:						
Deposits and loans	6,334	–	–	6,334	–	6,334
Exchange transactions	2,610	–	–	2,610	–	2,610
Securities related services	2,495	–	–	2,495	–	2,495
Agency services	1,308	–	–	1,308	–	1,308
Others	1,399	–	–	1,399	–	1,399
Revenues from other operations:						
Credit card	–	–	2,033	2,033	–	2,033
Others	–	1,812	–	1,812	3,339	5,152
Ordinary income arising from contracts with customers (*1)	14,211	1,812	2,033	18,056	3,339	21,396
Other ordinary income (*1)	60,557	20,525	256	81,339	60	81,400
External customers	74,768	22,337	2,290	99,396	3,400	102,797
Intersegment	1,126	211	220	1,558	100	1,658
Total ordinary income (*1)	75,895	22,548	2,511	100,954	3,501	104,456
Segment profit	19,967	843	544	21,355	316	21,671
Segment assets	5,723,377	61,740	18,735	5,803,853	2,980	5,806,833
Segment liabilities	5,462,188	53,401	14,850	5,530,440	1,174	5,531,614
Other material items:						
Depreciation and amortization (*3)	2,132	452	9	2,594	103	2,697
Interest income	51,638	2	37	51,677	0	51,677
Interest expense	10,033	222	2	10,258	1	10,259
Provision for possible loan losses	363	–	264	627	–	627
Increase in tangible and intangible fixed assets	1,863	98	58	2,020	12	2,032

Millions of yen						
2024						
	Reportable segments				Other (*2)	Total
	Banking	Leasing	Credit Card	Total		
Trust fees	¥ 48	¥ –	¥ –	¥ 48	¥ –	¥ 48
Service revenues:						
Deposits and loans	5,722	–	–	5,722	–	5,722
Exchange transactions	2,552	–	–	2,552	–	2,552
Securities related services	2,292	–	–	2,292	–	2,292
Agency services	1,261	–	–	1,261	–	1,261
Others	1,541	–	–	1,541	–	1,541
Revenues from other operations:						
Credit card	–	–	1,955	1,955	–	1,955
Others	–	1,557	–	1,557	3,479	5,036
Ordinary income arising from contracts with customers (*1)	13,418	1,557	1,955	16,931	3,479	20,410
Other ordinary income (*1)	61,440	19,078	261	80,780	86	80,866
External customers	74,858	20,635	2,216	97,711	3,565	101,276
Intersegment	1,130	204	225	1,559	76	1,636
Total ordinary income (*1)	75,989	20,840	2,441	99,271	3,642	102,913
Segment profit	13,643	463	680	14,788	512	15,300
Segment assets	5,380,501	56,815	17,648	5,454,966	3,117	5,458,083
Segment liabilities	5,095,089	48,881	13,723	5,157,694	1,349	5,159,044
Other material items:						
Depreciation and amortization (*3)	2,001	433	11	2,447	109	2,556
Interest income	41,946	1	40	41,988	0	41,988
Interest expense	8,460	137	1	8,599	1	8,601
Provision for possible loan losses	3,216	134	124	3,475	–	3,475
Increase in tangible and intangible fixed assets	6,158	430	4	6,592	51	6,644

Thousands of U.S. dollars						
2025						
	Reportable segments				Other (*2)	Total
	Banking	Leasing	Credit Card	Total		
Trust fees	\$ 413	\$ –	\$ –	\$ 413	\$ –	\$ 413
Service revenues:						
Deposits and loans	42,365	–	–	42,365	–	42,365
Exchange transactions	17,462	–	–	17,462	–	17,462
Securities related services	16,689	–	–	16,689	–	16,689
Agency services	8,752	–	–	8,752	–	8,752
Others	9,363	–	–	9,363	–	9,363
Revenues from other operations:						
Credit card	–	–	13,601	13,601	–	13,601
Others	–	12,121	–	12,121	22,337	34,458
Ordinary income arising from contracts with customers (*1)	95,044	12,121	13,601	120,766	22,337	143,103
Other ordinary income (*1)	405,015	137,273	1,718	544,006	406	544,412
External customers	500,059	149,394	15,319	664,772	22,743	687,515
Intersegment	7,533	1,413	1,476	10,422	673	11,095
Total ordinary income (*1)	507,592	150,807	16,795	675,194	23,416	698,610
Segment profit	133,544	5,642	3,639	142,825	2,117	144,942
Segment assets	38,278,339	412,927	125,305	38,816,571	19,932	38,836,503
Segment liabilities	36,531,489	357,153	99,320	36,987,962	7,857	36,995,819
Other material items:						
Depreciation and amortization (*3)	14,262	3,023	65	17,350	691	18,041
Interest income	345,361	14	249	345,624	0	345,624
Interest expense	67,104	1,486	20	68,610	7	68,617
Provision for possible loan losses	2,432	–	1,767	4,199	–	4,199
Increase in tangible and intangible fixed assets	12,464	658	392	13,514	81	13,595

Notes: *1. “Ordinary income” represents total income less certain special gains included in the accompanying consolidated statements of income.

*2. The “other” business segment includes principally the clerical outsourcing business.

*3. Depreciation and amortization include amounts related to information technology investments.

(d) Reconciliation of the totals of each segment item to the corresponding Group amounts

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Ordinary income:			
Total reportable segments	¥ 100,954	¥ 99,271	\$ 675,194
Other	3,501	3,642	23,416
Intersegment elimination	(1,658)	(1,636)	(11,095)
Reversal of provision for possible loan losses	(8)	—	(58)
	102,788	101,276	687,457
Other gains	4	5	24
Total income on consolidated statements of income	¥ 102,792	¥ 101,282	\$ 687,481

Note: "Other gains" includes gain on disposal of fixed assets.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Segment profit:			
Total reportable segments	¥ 21,355	¥ 14,788	\$ 142,825
Other	316	512	2,117
Intersegment elimination	(772)	(787)	(5,167)
	20,899	14,513	139,775
Other gains (losses), net	(196)	0	(1,315)
Profit before income taxes on consolidated statements of income	¥ 20,702	¥ 14,513	\$ 138,460

Note: "Other gains (losses), net" includes gain and loss on disposal of fixed assets and impairment loss on fixed assets.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Segment assets:			
Total reportable segments	¥ 5,803,853	¥ 5,454,966	\$ 38,816,571
Other	2,980	3,117	19,932
Intersegment elimination	(42,161)	(36,348)	(281,979)
Adjustment of retirement benefit assets	5,686	9,302	38,032
Total assets on consolidated balance sheets	¥ 5,770,358	¥ 5,431,037	\$ 38,592,556

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Segment liabilities:			
Total reportable segments	¥ 5,530,440	¥ 5,157,694	\$ 36,987,962
Other	1,174	1,349	7,857
Intersegment elimination	(38,077)	(32,263)	(254,663)
Adjustment of retirement benefit liability	290	906	1,942
Total liabilities on consolidated balance sheets	¥ 5,493,827	¥ 5,127,688	\$ 36,743,098

	Millions of yen			
	2025			
	Total reportable segments	Other	Reconciliation	Consolidated
Other material items:				
Depreciation and amortization	¥ 2,594	¥ 103	¥ –	¥ 2,697
Interest income	51,677	0	(900)	50,777
Interest expense	10,258	1	(138)	10,121
Provision for possible loan losses	627	–	(8)	619
Increase in tangible and intangible fixed assets	2,020	12	–	2,032

	Millions of yen			
	2024			
	Total reportable segments	Other	Reconciliation	Consolidated
Other material items:				
Depreciation and amortization	¥ 2,447	¥ 109	¥ –	¥ 2,556
Interest income	41,988	0	(854)	41,134
Interest expense	8,599	1	(83)	8,518
Provision for possible loan losses	3,475	–	–	3,475
Increase in tangible and intangible fixed assets	6,592	51	–	6,644

Thousands of U.S. dollars				
2025				
	Total reportable segments	Other	Reconciliation	Consolidated
Other material items:				
Depreciation and amortization	\$ 17,350	\$ 691	\$ –	\$ 18,041
Interest income	345,624	0	(6,022)	339,602
Interest expense	68,610	7	(927)	67,690
Provision for possible loan losses	4,199	–	(58)	4,141
Increase in tangible and intangible fixed assets	13,514	81	–	13,595

(e) Related information for enterprise-wide disclosure

(1) Information by service

Millions of yen						
Service						
	Loans	Securities investments	Leasing	Other	Total	
Ordinary income from external customers:						
For the year ended March 31, 2025	¥ 32,828	¥ 25,153	¥ 22,337	¥ 22,477	¥	102,797
For the year ended March 31, 2024	28,601	31,146	20,635	20,892		101,276
Thousands of U.S. dollars						
Ordinary income from external customers:						
For the year ended March 31, 2025	\$ 219,562	\$ 168,228	\$ 149,394	\$ 150,331	\$	687,515

(2) Information by geographical area for the years ended March 31, 2025 and 2024 was omitted since ordinary income from external customers in Japan accounted for more than 90% of total consolidated ordinary income, and tangible fixed assets in Japan were more than 90% of tangible fixed assets on the consolidated balance sheets.

(3) Information by major customer for the years ended March 31, 2025 and 2024 was omitted since no external customers accounted for 10% or more of consolidated ordinary income.

(f) Information about impairment loss on fixed assets by reportable segment

Millions of yen												
Reportable segments												
	Banking		Leasing		Credit Card		Total		Other		Total	
Impairment loss on fixed assets:												
For the year ended												
March 31, 2025	¥	73	¥	—	¥	—	¥	73	¥	—	¥	73
For the year ended												
March 31, 2024		—		—		—		—		—		—
Thousands of U.S. dollars												
Impairment loss on fixed assets:												
For the year ended												
March 31, 2025	\$	490	\$	—	\$	—	\$	490	\$	—	\$	490

(g) Information with regard to goodwill by reportable segment

None

(h) Information with regard to gain on negative goodwill by reportable segment

None