

ANNUAL REPORT

YEAR ENDED March 31, 2025

2025



The Akita Bank, Ltd.

Profile

Since its establishment in 1879, The Akita Bank, Ltd., has worked diligently to extend comprehensive financial services geared to the funding requirements of clients in Akita Prefecture. These efforts are underpinned by a philosophy that seeks to contribute to regional prosperity and help the Bank achieve growth as a financial institution in tune with the economic development of the community. The Akita Bank Group, which comprises the Bank and seven consolidated subsidiaries, maintains a full line of financial services and provides guarantee and leasing services hinging on the banking business. Several issues that characterize our operating environment are expanding in scope and taking on a greater urgency in terms of management responses. The key priority is well-balanced approach to expand the profitability of the Bank, and to secure common interest of regional clients. Based on The Akita Bank Group Vision, Create value and connect to the future, the Bank will execute its role as a regional bank, which its network covers the area in eastern Japan and expand our financial services including international operations emphasizing relations with regional clients.

Contents

Consolidated Financial Highlight	2
Consolidated Five-Year Summary	3
Consolidated Balance Sheets	4
Consolidated Statements of Income and Comprehensive Income	6
Consolidated Statements of Changes in Net Assets	7
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10
Corporate Information	36

In this annual report, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ materially from those anticipated in these statements.

Consolidated Financial Highlight

The Akita Bank, Ltd. and subsidiaries
As of and for the years ended March 31, 2025 and 2024

For the years ended March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Total income	¥ 52,220	¥ 42,743	\$ 349,250
Total expenses	43,191	36,412	288,864
Income before income taxes	9,028	6,331	60,379
Net income attributable to owners of parent	5,662	4,541	37,867

	Yen		U.S. dollars (Note 1)
	¥	¥	\$
Net income per share	320.37	258.15	2.14

As of March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Total assets	¥ 3,460,341	¥ 3,584,190	\$ 23,142,997
Trading account securities and securities	871,384	808,422	5,827,875
Loans and bills discounted	2,057,353	1,990,794	13,759,717
Deposits	3,129,579	3,113,432	20,930,838
Total net assets	157,094	172,793	1,050,655

Notes: (1) U.S. dollar amounts are translated, for convenience only, at ¥149.52 = U.S.\$1.00, the exchange rate prevailing as of March 31, 2025.

(2) Capital adequacy ratio stood at 11.97% and 11.48% as of March 31, 2025 and 2024, respectively, in accordance with guidelines established by the Ministry of Finance and the Financial Services Agency.

Consolidated Five-Year Summary

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31

	Millions of yen				
	2025	2024	2023	2022	2021
Total income	¥ 52,220	¥ 42,743	¥ 46,876	¥ 39,732	¥ 43,535
Net income attributable to owners of parent	5,662	4,541	3,295	3,184	2,716

	Yen				
Net income per share	¥ 320.37	¥ 258.15	¥ 185.35	¥ 178.02	¥ 151.97

	Percent				
	2025	2024	2023	2022	2021
Income ratio					
Net income to total assets	0.16	0.12	0.09	0.08	0.08
Net income to owned capital	3.44	2.82	2.08	1.85	1.59
Capital adequacy ratio					
Domestic guidelines	11.97	11.48	11.57	11.83	12.10

Notes: The Bank's capital adequacy ratio and net income to owned capital ratio are calculated in accordance with guidelines established by the Ministry of Finance and the Financial Services Agency.

Consolidated Balance Sheets

The Akita Bank, Ltd. and subsidiaries
As of March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
ASSETS			
Cash and due from banks (Notes 34 and 39)	¥ 466,752	¥ 688,702	\$ 3,121,669
Call loans and bills bought (Note 34)	5,000	15,450	33,440
Monetary claims bought (Note 34)	6,483	10,767	43,358
Securities (Notes 7, 14 and 34)	871,384	808,422	5,827,875
Loans and bills discounted (Notes 8 and 34)	2,057,353	1,990,794	13,759,717
Foreign exchanges (Note 9)	2,088	2,373	13,964
Other assets (Notes 10 and 14)	24,828	41,708	166,051
Premises and equipment (Notes 11 and 32)	17,865	17,878	119,482
Intangible assets (Note 12)	810	904	5,417
Net defined benefit asset (Note 21)	14,944	12,068	99,946
Deferred tax assets (Note 16)	488	243	3,263
Customers' liabilities for acceptances and guarantees (Note 15)	8,572	8,696	57,330
Reserve for possible loan losses (Notes 4 and 8)	(16,229)	(13,820)	(108,540)
Reserve for investment losses	(0)	(0)	(0)
Total assets	¥ 3,460,341	¥ 3,584,190	\$ 23,142,997

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
LIABILITIES			
Deposits (Notes 14, 17 and 34)	¥ 3,129,579	¥ 3,113,432	\$ 20,930,838
Negotiable certificates of deposit (Note 34)	59,128	62,654	395,452
Call money and bills sold	259	477	1,732
Borrowed money (Notes 14,18 and 34)	87,129	208,608	582,724
Foreign exchanges (Note 19)	75	140	501
Other liabilities (Note 20)	14,272	11,662	95,452
Reserve for directors' bonuses	20	20	133
Net defined benefit liability (Note 21)	928	942	6,206
Reserve for directors' retirement benefits	23	20	153
Reserve for share-based remuneration	149	115	996
Reserve for reimbursement of dormant deposits	174	219	1,163
Reserve for contingent losses	826	767	5,524
Deferred tax liabilities (Note 16)	591	2,165	3,952
Deferred tax liability for land revaluation (Notes 16 and 22)	1,515	1,473	10,132
Acceptances and guarantees (Note 15)	8,572	8,696	57,330
Total liabilities	¥ 3,303,246	¥ 3,411,396	\$ 22,092,335
NET ASSETS			
Capital stock (Note 36)	14,100	14,100	94,301
Capital surplus	9,212	9,212	61,610
Retained earnings (Note 38)	136,197	132,146	910,894
Treasury stock (Note 36)	(940)	(1,078)	(6,286)
Total stockholders' equity	158,570	154,381	1,060,527
Valuation difference on available-for-sale securities (Notes 16 and 23)	(12,462)	9,416	(83,346)
Deferred gains or losses on hedges (Note 16)	936	—	6,260
Land revaluation excess (Notes 16 and 22)	2,854	2,902	19,087
Remeasurements of defined benefit plans (Notes 16 and 21)	6,458	5,372	43,191
Total accumulated other comprehensive income	(2,213)	17,691	(14,800)
Non-controlling interests	737	721	4,929
Total net assets	157,094	172,793	1,050,655
Total liabilities and net assets	¥ 3,460,341	¥ 3,584,190	\$ 23,142,997

See notes to consolidated financial statements.

Consolidated Statements of Income and Comprehensive Income

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Income			
Interest income			
Interest on loans and discounts	¥ 20,255	¥ 17,917	\$ 135,466
Interest and dividends on securities	7,996	6,337	53,477
Other interest income (Note 24)	1,178	464	7,878
Fees and commissions (Note 25)	7,445	7,178	49,792
Other operating income (Note 26)	6,816	6,598	45,585
Other income (Note 27)	8,529	4,246	57,042
Total income	52,220	42,743	349,250
Expenses			
Interest expenses			
Interest on deposits	1,893	116	12,660
Interest on borrowings, call money and bills sold	32	99	214
Other interest expenses (Note 28)	945	1,435	6,320
Fees and commissions (Note 29)	2,273	2,412	15,201
Other operating expenses (Note 30)	13,204	7,905	88,309
General and administrative expenses	21,062	21,248	140,864
Other expenses (Notes 31 and 32)	3,779	3,194	25,274
Total expenses	43,191	36,412	288,864
Income before income taxes	9,028	6,331	60,379
Income taxes (Note 16)			
Current	2,940	2,304	19,662
Deferred	412	(535)	2,755
Net income	5,675	4,562	37,954
Net income attributable to non-controlling interests	13	20	86
Net income attributable to owners of parent	¥ 5,662	¥ 4,541	\$ 37,867
Net income	¥ 5,675	¥ 4,562	\$ 37,954
Other comprehensive income (Note 33)			
Valuation difference on available-for-sale securities	(21,874)	14,580	(146,294)
Deferred gains or losses on hedges	936	0	6,260
Revaluation reserve for land	(43)	—	(287)
Remeasurements of defined benefit plans	1,086	4,805	7,263
Total other comprehensive income	(19,894)	19,385	(133,052)
Comprehensive income	¥ (14,218)	¥ 23,947	\$ (95,090)
Comprehensive income attributable to:			
Owners of parent	¥ (14,237)	¥ 23,919	\$ (95,218)
Non-controlling interests	18	28	120
		Yen	U.S. dollars (Note 1)
Net income per share (Note 43)	¥ 320.37	¥ 258.15	\$ 2.14

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at March 31, 2023	¥ 14,100	¥ 9,212	¥ 128,857	¥ (1,230)	¥ 150,939
Changes of items during the period					
Dividends from surplus	—	—	(1,256)	—	(1,256)
Net income attributable to owners of parent	—	—	4,541	—	4,541
Purchase of treasury stock	—	—	—	(1)	(1)
Disposal of treasury stock	—	—	—	154	154
Reversal of revaluation reserve for land	—	—	3	—	3
Net changes of items other than stockholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	3,289	152	3,441
Balance at March 31, 2024	¥ 14,100	¥ 9,212	¥ 132,146	¥ (1,078)	¥ 154,381
Changes of items during the period					
Dividends from surplus	—	—	(1,615)	—	(1,615)
Net income attributable to owners of parent	—	—	5,662	—	5,662
Purchase of treasury stock	—	—	—	(5)	(5)
Disposal of treasury stock	—	—	—	142	142
Reversal of revaluation reserve for land	—	—	4	—	4
Net changes of items other than stockholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	4,051	137	4,189
Balance at March 31, 2025	¥ 14,100	¥ 9,212	¥ 136,197	¥ (940)	¥ 158,570

	Millions of yen					
	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Land revaluation excess	Remeasurements of defined benefit plans	Total	Non-controlling interests
Balance at March 31, 2023	¥ (5,155)	¥ (0)	¥ 2,905	¥ 566	¥ (1,682)	¥ 695
Changes of items during the period						
Dividends from surplus	—	—	—	—	—	—
Net income attributable to owners of parent	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	—	—	—
Disposal of treasury stock	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	—	—	—
Net changes of items other than stockholders' equity	14,571	0	(3)	4,805	19,373	25
Total changes of items during the period	14,571	0	(3)	4,805	19,373	25
Balance at March 31, 2024	¥ 9,416	¥ —	¥ 2,902	¥ 5,372	¥ 17,691	¥ 721
Changes of items during the period						
Dividends from surplus	—	—	—	—	—	—
Net income attributable to owners of parent	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	—	—	—
Disposal of treasury stock	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	—	—	—
Net changes of items other than stockholders' equity	(21,879)	936	(47)	1,086	(19,904)	16
Total changes of items during the period	(21,879)	936	(47)	1,086	(19,904)	16
Balance at March 31, 2025	¥ (12,462)	¥ 936	¥ 2,854	¥ 6,458	¥ (2,213)	¥ 737

See notes to consolidated financial statements.

	Thousands of U.S. dollars (Note 1)				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at March 31, 2024	\$ 94,301	\$ 61,610	\$ 883,801	\$ (7,209)	\$ 1,032,510
Changes of items during the period					
Dividends from surplus	—	—	(10,801)	—	(10,801)
Net income attributable to owners of parent	—	—	37,867	—	37,867
Purchase of treasury stock	—	—	—	(33)	(33)
Disposal of treasury stock	—	—	—	949	949
Reversal of revaluation reserve for land	—	—	26	—	26
Net changes of items other than stockholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	27,093	916	28,016
Balance at March 31, 2025	\$ 94,301	\$ 61,610	\$ 910,894	\$ (6,286)	\$ 1,060,527

	Thousands of U.S. dollars (Note 1)						
	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Land revaluation excess	Remeasurements of defined benefit plans	Total		
Balance at March 31, 2024	\$ 62,974	\$ —	\$ 19,408	\$ 35,928	\$ 118,318	\$ 4,822	\$ 1,155,651
Changes of items during the period							
Dividends from surplus	—	—	—	—	—	—	(10,801)
Net income attributable to owners of parent	—	—	—	—	—	—	37,867
Purchase of treasury stock	—	—	—	—	—	—	(33)
Disposal of treasury stock	—	—	—	—	—	—	949
Reversal of revaluation reserve for land	—	—	—	—	—	—	26
Net changes of items other than stockholders' equity	(146,328)	6,260	(314)	7,263	(133,119)	107	(133,012)
Total changes of items during the period	(146,328)	6,260	(314)	7,263	(133,119)	107	(104,995)
Balance at March 31, 2025	\$ (83,346)	\$ 6,260	\$ 19,087	\$ 43,191	\$ (14,800)	\$ 4,929	\$ 1,050,655

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from operating activities			
Income before income taxes	¥ 9,028	¥ 6,331	\$ 60,379
Depreciation and amortization	1,297	1,558	8,674
Losses on impairment of fixed assets	3	73	20
Net change in reserve for possible loan losses	2,409	386	16,111
Net change in reserve for investment losses	(0)	0	(0)
Net change in net defined benefit liability	26	(163)	173
Net change in reserve for directors' retirement benefits	3	(3)	20
Net change in reserve for share-based remuneration	33	33	220
Net change in reserve for reimbursement of dormant deposits	(45)	(101)	(300)
Net change in reserve for contingent losses	59	65	394
Gain on fund management	(29,430)	(24,720)	(196,829)
Financing expenses	2,871	1,651	19,201
Net (gain) loss related to securities transactions	(413)	(1,236)	(2,762)
Net (gain) loss on money held in trust	(23)	(37)	(153)
Net foreign exchange (gains) losses	0	(121)	0
Net (gain) loss on disposal of premises and equipment	89	193	595
Net change in loans and bills discounted	(66,818)	(99,147)	(446,883)
Net change in deposits	16,146	59,677	107,985
Net change in negotiable certificates of deposit	(3,526)	(32,100)	(23,582)
Net change in borrowed money (excluding subordinated borrowing)	(121,478)	19,319	(812,453)
Net change in due from banks (excluding deposit paid to Bank of Japan)	2,131	(461)	14,252
Net change in call loans	14,734	7,843	98,542
Net change in call money	(218)	(6,490)	(1,457)
Net change in payable under securities lending transactions	—	(5,135)	—
Net change in foreign exchanges assets	284	(826)	1,899
Net change in foreign exchanges liabilities	(65)	98	(434)
Proceeds from fund management	27,884	23,918	186,490
Payments for finance	(2,265)	(1,692)	(15,148)
Net change in trading account securities	1	(0)	6
Other, net	19,702	(226)	131,768
Sub-total	(127,575)	(51,314)	(853,230)
Income taxes paid	(2,912)	(1,071)	(19,475)
Net cash provided by (used in) operating activities	(130,487)	(52,386)	(872,705)
Cash flows from investing activities			
Purchases of securities	(848,234)	(469,022)	(5,673,047)
Proceeds from sales of securities	141,826	63,252	948,542
Proceeds from redemption of securities	619,840	394,518	4,145,532
Increase in money held in trust	(2,000)	(2,000)	(13,376)
Decrease in money held in trust	2,000	2,000	13,376
Purchases of premises and equipment	(1,027)	(969)	(6,868)
Proceeds from sales of premises and equipment	31	39	207
Payments for retirement of premises and equipment	(41)	(188)	(274)
Purchases of intangible assets	(241)	(194)	(1,611)
Payments for asset retirement obligations	(0)	(6)	(0)
Net cash provided by (used in) investing activities	(87,846)	(12,570)	(587,520)
Cash flows from financing activities			
Purchases of treasury stock	(5)	(1)	(33)
Proceeds from sales of treasury stock	139	152	929
Cash dividends paid	(1,615)	(1,256)	(10,801)
Cash dividends paid to non-controlling interests	(2)	(2)	(13)
Net cash provided by (used in) financing activities	(1,483)	(1,108)	(9,918)
Effect of exchange rate change on cash and cash equivalents	(0)	4	(0)
Net increase (decrease) in cash and cash equivalents	(219,817)	(66,060)	(1,470,151)
Cash and cash equivalents at beginning of year	683,668	749,728	4,572,418
Cash and cash equivalents at end of year (Note 39)	¥ 463,850	¥ 683,668	\$ 3,102,260

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Akita Bank, Ltd. and subsidiaries

As of and for the years ended March 31, 2025 and 2024

1. Basis of Presentation of Financial Statements

The accompanying consolidated financial statements of The Akita Bank, Ltd. (the "Bank") and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRS"), and are compiled from the consolidated financial statements prepared by the Bank as required by the Financial Instruments and Exchange Act of Japan, and the original consolidated financial statements in Japanese language are audited by Deloitte Touche Tohmatsu LLC, the Bank's accounting auditor.

In preparing these consolidated financial statements in English language, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. The amount of net income attributable to owners of parent in these consolidated financial statements after such modification is the same as that in the audited original consolidated financial statements issued domestically.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been rounded down. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, as a matter of arithmetic computation only, at the rate of ¥149.52 to U.S.\$1.00, the prevailing exchange rate on March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

2. Principles of Consolidation

Consolidated subsidiaries

The consolidated financial statements include the accounts of the Bank and seven of its subsidiaries, including Akita Guarantee Service Ltd. and others, whose fiscal year end is consistent to that of the Bank. All significant intercompany transactions and accounts have been eliminated in consolidation. The consolidated financial statements do not include the accounts of limited partnerships due to insignificance.

3. Summary of Significant Accounting Policies

(a) Trading account securities

Trading account securities are stated at fair value and the cost of securities sold is determined by the moving average method.

(b) Securities

Securities are classified, and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost computed using the straight-line method and (2) available-for-sale securities are stated at fair value with unrealized holding gains and losses, net of applicable taxes, reported as valuation difference on available-for-sale securities in a separate component of net assets. Stocks

without market price are stated at cost determined using the moving-average cost method.

Securities held in money trusts, of which funds are principally invested in securities and are separately managed from other beneficiaries, are carried at fair value with unrealized holding gains and losses included in earnings.

For available-for-sale securities, in cases where the fair value has fallen significantly from the acquisition price and it is considered there is little likelihood of recovery to the acquisition price level, the Bank considers recognizing a loss on impairment. The Bank considers the decline to be significant when the fair value of the available-for-sale securities declines more than 30% of the carrying amount. When the fair value of the available-for-sale securities declines 50% or more, the securities are stated at fair value on the consolidated balance sheets and the difference between the fair value and the acquisition price is recognized as a loss. When the fair value of the available-for-sale securities declines from 30% to less than 50% of the carrying amount, the Bank recognizes a loss based on the recoverability of the securities after examining the trends of market prices and the financial position of the issuers.

(c) Derivatives

Derivatives are carried at fair value which is based on market quotation.

(d) Premises and equipment

The Bank's depreciation policies are in line with the Corporation Tax Act of Japan. Depreciation is charged using the declining balance method over the estimated useful lives of respective assets. The straight-line method is applied to buildings acquired on or after April 1, 1998 and fixtures and structures acquired on or after April 1, 2016.

The estimated useful lives of major items are as follows:

Buildings:	3–50 years
Others:	3–20 years

Depreciation of premises and equipment owned by consolidated subsidiaries is predominantly charged using the declining balance method over the estimated useful lives of respective assets.

(e) Intangible assets

Intangible assets are amortized using the straight-line method. The cost of software held for internal use is amortized over its estimated useful life (mainly 5 years).

(f) Leased assets

Leased assets under finance lease transactions that do not transfer ownership are depreciated using the straight-line method over the lease periods as the useful life of assets with zero residual value. The Bank leases mainly peripheral devices and automobiles, included in premises and equipment, and software, included in intangible assets.

(g) Reserve for possible loan losses

Reserve for possible loan losses is provided as follows, in accordance with the following obligors' categories, in conformity with the internal policies regarding write-offs and reserves for possible loan losses.

Normal Obligors:	Obligors whose business conditions are good and financial conditions are no particular problem
Cautious Obligors:	Obligors who have problems with their lending conditions or repayment performance, whose business conditions are sluggish or unstable, and whose future management requires attention

Intensive Control Obligors:	whose all or part of the loans are requiring management (restructured loans and loans that are delinquent for over three months), of the Cautious Obligors
Potential Bankrupt Obligors:	Obligors who are not currently in a situation of bankruptcy, but are recognized as having a significant possibility of falling into bankruptcy in the future
Substantially Bankrupt Obligors:	Obligors in substantially the same situation as bankrupt obligors
Bankrupt Obligors:	Obligors who are legally or formally bankrupt, such as bankruptcy or special liquidation

For loans to Intensive Control Obligors, reserves are maintained using the estimated loss ratio for the next three years. For loans to Normal Obligors and other Cautious Obligors, reserves are maintained using the estimated loss ratio for the next one year. The estimated loss is calculated by obtaining a loss rate based on the average of default experiences during the three periods in the past, using the default experiences for one year or three years as a basis and taking into consideration the estimated future value and other necessary adjustments.

For loans to Potential Bankrupt Obligors, the Bank has provided a reserve for possible loan losses calculated first by deducting the expected recovery amount from collateral and guarantee from loans and then multiplying the remaining amount using the estimated loss ratio for the next three years. The estimated loss is calculated by obtaining a loss rate based on the average of default experiences during the five periods in the past, using the default experiences for three years as a basis and taking into consideration the estimated future value and other necessary adjustments.

For loans to Bankrupt and Substantially Bankrupt Obligors, the Bank has provided a reserve for possible loan losses based on the amount claimed, net of the expected recovery amount from collateral and guarantee.

The Bank applied the DCF method to estimate a reserve for possible loan losses, if future cash flows of principal and interest are reasonably estimated, for (1) loans to Potential Bankrupt Obligors, where the loan balance, net of the amount secured by collateral, exceeds a certain amount and (2) loans to Intensive Control Obligors and their loan balance exceeds a certain amount. Thus, the difference between the amount calculated by discounting future cash flows of principal and interest using the original interest rate of respective loans and its book value is accounted for as reserve for loan losses.

The collectability of all loans is assessed by branches and the credit supervisory division, with an internal audit by the asset review and inspection division, in accordance with the Bank's policies and rules for the self-assessment of asset quality. The audit division audits the results of the assessment.

The consolidated subsidiaries calculate their reserve for possible loan losses as the amount deemed necessary to cover possible losses, which is estimated based on the actual historical loan loss experience in addition to amounts deemed necessary based on estimation of the collectability of specific loans.

(h) Reserve for investment losses

Reserve for investment losses is provided for possible losses at the estimated amounts based on the financial position of securities issuers.

(i) Reserve for employees' retirement benefits

For the calculation of retirement benefit obligation, the Bank applies the benefit formula basis as the method of attributing expected benefit to period. Unrecognized net actuarial gains and losses are amortized using the straight-line method over the average remaining service period of employees (10

years), commencing from the next fiscal year after incurrence. Prior service cost is fully charged to income or loss in the fiscal year in which they are incurred.

The consolidated subsidiaries apply a simplified method to calculate net defined benefit liability and retirement benefit cost.

(j) Reserve for directors' bonuses

Reserve for directors' bonuses is provided as the amount of the estimated bonuses which are attributable to each fiscal year.

(k) Reserve for retirement benefits to directors

Consolidated subsidiaries of the Bank accrue 100% of obligations for their retirement benefits according to the internal rules, which are based under the assumption that all directors terminate their services at the year end.

(l) Reserve for share-based remuneration

Reserve for share-based remuneration is based on the Share Delivery Regulations established by the Bank and are provided in preparation for the issuance of the shares of the Bank to the directors (excluding directors serving as Audit and Supervisory Committee members and outside directors) and executive officers of the Bank. The amount is calculated based on the estimated amount of share-based remuneration obligation at the year end.

(m) Reserve for reimbursement of dormant deposits

Reserve for the reimbursement of dormant deposits which were de-recognized as liabilities under certain conditions is provided for possible losses on the future claims.

(n) Reserve for contingent losses

The Bank provides a reserve for future payments under the Responsibility-sharing System with Credit Guarantee Corporations, at an amount estimated based on historical experience.

(o) Recognition of significant revenues and expenses

(1) Revenue from contracts with customers

The Bank recognizes revenue at the amount expected to be received in exchange for promised goods or services when control of the goods or services is transferred to the customer.

(2) Revenue related to finance lease transactions

The Bank records sales and cost of sales when lease payments are received.

(p) Foreign currency transaction

Foreign currency denominated assets and liabilities are translated into Japanese yen at the exchange rate prevailing at the balance sheet date.

(q) Hedge accounting

(1) Hedge against interest rate risk

For interest rate derivatives to mitigate the interest rate risks arising from various financial assets and liabilities, the Bank applies the deferred hedge accounting based on the rules prescribed in the Japanese Institute of Certified Public Accountants ("JICPA") Industry Committee Practical Guidelines No. 24, the "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (March 17, 2022). Under these rules, hedge effectiveness is assessed by specifying hedged items (such as securities and loans) and the corresponding hedging instruments (such as interest rate swaps).

(2) Hedge against foreign exchange risk

For foreign exchange risks arising from financial assets and liabilities denominated in foreign currencies, the Bank applies the deferred method of hedge accounting based on the rules prescribed in the JICPA Industry Committee Practical Guidelines No. 25, the "Accounting and Auditing Treatment of Accounting Standards for Foreign Currency Transactions in the Banking Industry" (October 8, 2020). Hedge effectiveness is assessed for designating currency swaps and foreign exchange swaps, etc., which offset foreign exchange risks of claim and debt denominated in foreign currency as

hedging instruments, by verifying the correlation between the hedged items and the foreign exchange positions of hedging instruments.

(r) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and deposit with the Bank of Japan.

(s) Income taxes

Deferred tax assets and liabilities are recorded based on the temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements using the enacted tax rates in effect for the year in which the temporary differences are expected to be settled. Deferred tax assets are also recognized for the estimated future tax effects attributable to the operating loss carried forward. A valuation allowance is recorded to reduce deferred tax assets if it is more likely than not that some or all the deferred tax assets will not be realized.

4. Significant Accounting Estimates

The following is a list of items which were recorded in the consolidated financial statements for the fiscal years ended March 31, 2025 and 2024 using accounting estimates and may have a material impact on the consolidated financial statements for the following fiscal years.

(a) Reserve for possible loan losses

Loans and bills discounted are major assets that account for about half of total assets in the consolidated financial statements. The recording of reserve for possible loan losses related to credit risk of loans and bills discounted has a significant impact on the financial condition and operating results of the Bank and its consolidated subsidiaries (the "Group"). Therefore, the Group judges that the estimate of the reserve for possible loan losses is important for accounting purposes.

(1) The amounts recorded in the consolidated financial statements as of March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Reserve for possible loan losses	¥ 16,229	¥ 13,820	\$ 108,540

(2) Information that contributes to understanding of significant accounting estimates on identified items

The Bank determines the obligor category (Normal Obligors, Cautious Obligors (Intensive Control Obligors, other Cautious Obligors), Potential Bankrupt Obligors, Substantially Bankrupt Obligors, Bankrupt Obligors) for each obligor based on the obligor's financial information and available external information, and records reserve for possible loan losses based on the calculation method described in "3. Summary of Significant Accounting Policies (g) Reserve for possible loan losses."

The classification of obligors is reviewed regularly and on an as-needed basis based on the financial information of the obligors. However, the category of obligors who are facing poor performance or financial difficulties may depend on the judgment of the reasonableness and feasibility of the expected recovery of future performance and management improvement plans. If the obligor's category changes due to changes in the business environment surrounding the obligor, which is the premise for judging the reasonableness and feasibility of the management improvement plan, the reserve for possible loan losses may change in the following fiscal year.

The future estimated value and other adjustments necessary for the estimated loss ratio used for calculating the reserve for possible loan losses is calculated, if the loss rate with the business cycle taken into account and based on the average value for a longer and certain period in the past is high, by taking into consideration the difference of the loss rates.

In addition, until the past year, the Bank judged that the credit risk to obligors belonging to specific industries, such as the accommodation industry, that were significantly affected by the economic impact of the COVID-19 pandemic, remained high. Accordingly, a reserve for possible loan losses was additionally recorded by making necessary adjustments to the historical loan loss ratio, assuming that the obligor classification has been lowered.

In the fiscal year ended March 31, 2025, the Bank judged that the credit risk has settled down and ended the additional recording of reserve for possible loan losses. As a result of this change, the reserve for possible loan losses has decreased by ¥956 million (U.S.\$6,393 thousand).

The reserve for possible loan losses may change in the fiscal year ending March 31, 2026 if the circumstances on which the assumptions are based change.

5. Accounting Standards Issued but Not Yet Applied

(a) Accounting standard for leases, etc.

· "Accounting Standard for Leases" (Accounting Standards Board of Japan ("ASBJ") Statement No. 34, issued on September 13, 2024)

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

(1) Outline

As part of its efforts to ensure consistency between Japanese GAAP and international accounting standards, the ASBJ considered to develop the Accounting Standard for Leases that would recognize assets and liabilities for all leases held by a lessee, taking into account international accounting standards. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc. that adopts only the key provisions of IFRS 16, rather than adopting all of its provisions, based on the single accounting model of IFRS 16. 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) Scheduled date of application

The accounting standard and guidance will be effective from the beginning of the year ending March 31, 2028.

(3) Effect of applying the accounting standard and guidance

It is currently undecided about the effect of applying the "Accounting Standard for Leases," etc. on the consolidated financial statements.

6. Additional Information

(a) Performance-linked stock compensation plan

1. Outline

The Bank has introduced a performance-linked stock compensation plan (the "Plan") using the executive compensation BIP trust. The objective of the Plan is to further clarify the link between the remuneration of directors (excluding directors serving as Audit and Supervisory Committee members and outside directors) and executive officers (together with directors, "directors, etc."), and the Bank's business performance and share value, and enhance awareness of directors, etc. for contributing to improving business performance over the medium- to long-term and increasing corporate value.

Under the Plan, the Bank's shares are acquired through the trust by using an amount of remuneration for directors, etc. contributed by the Bank as funds, and based on the Share Delivery Regulations established by the Bank, the Bank's shares and cash equivalent to the conversion value of the Bank's shares are delivered and paid to the Bank's directors, etc.

2. The Bank's shares remaining in trust

The shares of the Bank remaining in trust are recorded as treasury stock in stockholders' equity. The book value of the treasury stock was ¥197 million (U.S.\$1,317 thousand) and ¥200 million as of March 31, 2025 and 2024, respectively. The number of shares was 110 thousand and 111 thousand as of March 31, 2025 and 2024, respectively.

(b) Employee Stock Ownership Trust ESOP

1. Outline

The Bank has introduced the "Employee Stock Ownership Trust ESOP" as an incentive plan to enhance the medium- to long-term corporate value and expand benefit packages by utilizing the Bank's employee stock ownership association.

The Bank establishes a trust whose beneficiaries are employees who are members of the stock ownership association and satisfy certain requirements, and the trust will acquire the number of the Bank's shares expected to be acquired by the stock ownership association over the three-year period following the trust agreement, in a lump sum, using funds raised through borrowings. Thereafter, the acquisition of the Bank's shares by the stock ownership association will be made through purchases from such trust. At the time of termination of the trust, if there is any trust income due to an increase in the stock price, money will be distributed to the beneficiary employees in proportion to their contribution. When a decline in stock prices results in a loss on transfer and liabilities related to trust assets remain, the Bank will make a lump-sum repayment in accordance with the indemnity clause in the loan agreement, and there will be no additional burden on the employees.

2. The Bank's shares remaining in the trust

The Bank's shares remaining in the trust are recorded as treasury stock under net assets based on their book value in the trust (excluding incidental expenses). The book value of such treasury stock amounted to ¥230 million (\$1,538 thousand) and ¥370 million, as of March 31, 2025 and 2024, respectively. The number of shares was 124 thousand shares and 200 thousand shares as of March 31, 2025 and 2024, respectively.

3. The book value of loans recorded under the gross amount method

The book value of loans recorded under the gross amount method was ¥202 million (\$1,350 thousand) and ¥377 million as of March 31, 2025 and 2024, respectively.

7. Securities

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Japanese government bonds	¥ 143,691	¥ 50,936	\$ 961,015
Local government bonds	284,160	282,945	1,900,481
Short-term corporate bonds	—	4,997	—
Corporate bonds	108,752	108,877	727,340
Share stocks	51,735	57,550	346,007
Other securities	283,045	303,114	1,893,024
Total	¥ 871,384	¥ 808,422	\$ 5,827,875

Fair value and valuation differences of securities as of March 31, 2025 and 2024 and other related information are stated below.

(a) Held-to-maturity debt securities

The Bank and its consolidated subsidiaries' investments in held-to-maturity debt securities as of March 31, 2025 were summarized as follows:

	Millions of yen		
	2025		
	Carrying value	Fair value	Difference
Local government bonds	¥ 33,225	¥ 32,330	¥ (894)

	Thousands of U.S. dollars (Note 1)		
	2025		
	Carrying value	Fair value	Difference
Local government bonds	\$ 222,211	\$ 216,225	\$ (5,979)

None to report as of March 31, 2024.

(b) Available-for-sale securities

The Group's investments in available-for-sale securities as of March 31, 2025 and 2024 were summarized in the following tables. For presentation purposes, the tables also include: (i) trading account securities, (ii) some negotiable certificates of deposit included in cash and deposits and (iii) a part of securities included in monetary claims bought on the consolidated balance sheets, but excluding the stocks of the Bank's subsidiaries and affiliates.

	Millions of yen		
	2025		
	Carrying value	Cost	Difference
Carrying value exceeding cost:			
Stocks	¥ 47,053	¥ 17,228	¥ 29,824
Bonds:			
Japanese government bonds	7,995	7,994	0
Corporate bonds	3,046	3,030	16
Bonds total	11,041	11,024	16
Others	27,186	23,542	3,644
Subtotal	85,282	51,795	33,486
Carrying value not exceeding cost:			
Stocks	2,656	3,228	(571)
Bonds:			
Japanese government bonds	135,696	144,318	(8,621)
Local government bonds	250,935	265,649	(14,714)
Corporate bonds	105,705	107,911	(2,206)
Bonds total	492,337	517,879	(25,542)
Others	244,327	263,295	(18,968)
Subtotal	739,321	784,404	(45,083)
Total	¥ 824,603	¥ 836,200	¥ (11,596)

	Millions of yen		
	Carrying value	Cost	Difference
Carrying value exceeding cost:			
Stocks	¥ 54,828	¥ 15,359	¥ 39,469
Bonds:			
Japanese government bonds	24,764	24,723	41
Local government bonds	9,111	9,050	61
Corporate bonds	27,300	27,175	124
Bonds total	61,176	60,948	228
Others	73,910	69,255	4,655
Subtotal	189,915	145,562	44,352
Carrying value not exceeding cost:			
Stocks	690	822	(131)
Bonds:			
Japanese government bonds	26,172	29,991	(3,818)
Local government bonds	273,833	281,357	(7,524)
Short-term corporate bonds	4,997	4,998	(0)
Corporate bonds	81,577	82,621	(1,044)
Bonds total	386,580	398,969	(12,388)
Others	219,662	237,967	(18,304)
Subtotal	606,933	637,758	(30,825)
Total	¥ 796,849	¥ 783,321	¥ 13,527

	Thousands of U.S. dollars (Note 1)		
	Carrying value	Cost	Difference
Carrying value exceeding cost:			
Stocks	\$ 314,693	\$ 115,222	\$ 199,464
Bonds:			
Japanese government bonds	53,471	53,464	0
Corporate bonds	20,371	20,264	107
Bonds total	73,842	73,729	107
Others	181,821	157,450	24,371
Subtotal	570,371	346,408	223,956
Carrying value not exceeding cost:			
Stocks	17,763	21,589	(3,818)
Bonds:			
Japanese government bonds	907,544	965,208	(57,657)
Local government bonds	1,678,270	1,776,678	(98,408)
Corporate bonds	706,962	721,716	(14,753)
Bonds total	3,292,783	3,463,610	(170,826)
Others	1,634,075	1,760,934	(126,859)
Subtotal	4,944,629	5,246,147	(301,518)
Total	\$ 5,515,001	\$ 5,592,562	\$ (77,554)

(c) Available-for-sale securities sold

Available-for-sale securities sold and the gains and losses on sale of those securities for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Proceeds from sales	¥ 140,958	¥ 63,498	\$ 942,736
Gains	7,477	3,912	50,006
Losses	5,944	1,356	39,753

There were no investment securities which were impaired for the years ended March 31, 2025 and 2024.

8. Loans and Bills Discounted

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Bills discounted	¥ 1,060	¥ 2,221	\$ 7,089
Loans on notes	17,543	18,826	117,328
Loans on deeds	1,859,146	1,784,090	12,434,095
Overdrafts	179,603	185,656	1,201,197
Total	¥ 2,057,353	¥ 1,990,794	\$ 13,759,717

(b) Non-performing loans

Claims under the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions are as follows. The claims are recorded in the following accounts: the corporate 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 exchanges, accrued interest and suspense payments included in "other assets," and customers' liabilities for acceptances and guarantees in the consolidated balance sheets, and the securities (limited to those used for loans or for lease agreements) when securities in notes are used for loans.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Legal bankruptcy and de facto bankruptcy (*1)	¥ 7,987	¥ 7,274	\$ 53,417
Bankruptcy risk (*2)	46,456	43,219	310,700
Loans past due for three months or more (*3)	—	—	—
Restructured loans (*4)	2,916	3,481	19,502
Total	¥ 57,360	¥ 53,975	\$ 383,627

*1. "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.

*2. "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."

*3. "Loans past due for three months or more" are classified in this category when three months or more have elapsed since the due date with no payment of principal or interest. Excluded from this balance are the balances of loans in legal bankruptcy and de facto bankruptcy and the balances of bankruptcy risk.

*4. "Restructured loans" include loans which have been restructured to support the rehabilitation of certain borrowers who are encountering financial difficulties, with the intention of ensuring recovery of the loans by revising terms of repayment favorable to the borrowers (such as by reducing the rate of interest or by providing a grace period for the payment of principal/interest, debt waiver, etc.). Excluded from this balance are the balances of loans in legal bankruptcy and de facto bankruptcy, the balances of bankruptcy risk and the balances of loans past due for three months or more.

*5. The above claim amounts are before deducting reserves for possible loan losses.

(c) Bills discounted

Bills discounted are accounted for as financial transactions in accordance with the JICPA Industry Committee Practical Guidelines No. 24. The Bank has the right to sell or pledge commercial bills discounted and foreign exchange bills bought without restrictions. Their total face value as of March 31, 2025 and 2024 were ¥1,060 million (U.S.\$7,089 thousand) and ¥2,221 million, respectively.

(d) Contracts of overdraft facilities and loan commitment limits

Contracts of overdraft facilities and loan commitment limits are the contracts detailing that the Bank lends to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Unused balance within the limits	¥ 629,296	¥ 620,238	\$ 4,208,774
Of which, the term of contracts is less than one year or revocable at any time	595,628	588,861	3,983,600

Since many of these commitments expire without being utilized, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions such that the Bank can refuse customers' applications for loans and can decrease the contract limits as they see with proper reasons (e.g., changes in financial situations, deterioration of customers' creditworthiness). At the inception of a contract the Bank obtains real estate, securities, etc. as collateral, if considered necessary. Subsequently, the Bank performs periodic reviews of customers' business results based on internal rules and takes necessary measures to reconsider conditions in contracts and/or the requirement for additional collateral and guarantees.

9. Foreign Exchange Assets

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Due from foreign banks	¥ 2,088	¥ 2,373	\$ 13,964
Total	¥ 2,088	¥ 2,373	\$ 13,964

10. Other Assets

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Lease receivables and lease investment assets	¥ 12,589	¥ 12,316	\$ 84,196
Prepaid expenses	14	16	93
Accrued income	6,503	5,657	43,492
Variation margins of futures markets	—	61	—
Derivatives	1,371	50	9,169
Others	4,349	23,606	29,086
Total	¥ 24,828	¥ 41,708	\$ 166,051

11. Premises and Equipment

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Buildings	¥ 6,216	¥ 6,064	\$ 41,573
Land	9,779	9,755	65,402
Construction in progress	43	224	287
Others	1,826	1,833	12,212
Total	¥ 17,865	¥ 17,878	\$ 119,482

The accumulated depreciation of premises and equipment as of March 31, 2025 and 2024 amounted to ¥32,509 million (U.S.\$217,422 thousand) and ¥32,269 million, respectively.

Deferred gain on real estate (Asshuku-kicho) deductible for tax purpose amounted to ¥1,845 million (U.S.\$12,339 thousand) and ¥1,845 million as of March 31, 2025 and 2024, respectively.

12. Intangible Assets

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Software	¥ 657	¥ 709	\$ 4,394
Others	152	195	1,016
Total	¥ 810	¥ 904	\$ 5,417

13. Leases

Finance leases

Finance leases that do not transfer ownership

(1) Outline of lease assets

(i) Tangible fixed assets

Vehicle

(ii) Intangible assets

None

(2) Method of depreciation of lease assets

Please refer to Note 3. "Summary of Significant Accounting Policies, (f) Leased assets" in "Notes to Consolidated Financial Statements."

Operating leases

The aggregate future minimum lease payments under non-cancellable operating leases as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Due within one year	¥ 27	¥ 27	\$ 180
Due after one year	339	366	2,267
Total	¥ 366	¥ 394	\$ 2,447

14. Assets Pledged

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Securities	¥ 170,213	¥ 259,304	\$ 1,138,396
Other assets	47	47	314
Total	¥ 170,260	¥ 259,352	\$ 1,138,710

Liabilities related to above pledged assets as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Deposits	¥ 22,884	¥ 21,144	\$ 153,049
Borrowed money	84,000	205,400	561,797

In addition, the following assets were pledged as collateral for settlements of exchange as of March 31, 2025 and 2024, respectively.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Securities	¥ 23,599	¥ 2,646	\$ 157,831
Other assets	—	19,000	—

15. Acceptances and Guarantees

The Bank provides guarantees for the liabilities of its customers for payment of loans from other financial institutions. As a contra account, "Customers' liabilities for acceptances and guarantees" are shown on the assets side, indicating the Bank's right of indemnity from the applicants.

16. Income Taxes

Income taxes applicable to the Bank and consolidated subsidiaries include corporate tax, inhabitants' tax and enterprise tax, which results in a statutory rate of approximately 30.5% for the years ended March 31, 2025 and 2024.

Significant components of deferred tax assets and liabilities at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Deferred tax assets:			
Net defined benefit liability	¥ 2,612	¥ 2,725	\$ 17,469
Reserve for possible loan losses	4,519	3,687	30,223
Securities	619	655	4,139
Depreciation	248	264	1,658
Valuation difference on available-for-sale securities	4,236	—	28,330
Others	897	1,414	5,999
Total deferred tax assets	13,135	8,747	87,847
Valuation allowance for the total of deductible temporary differences	(7,755)	(2,640)	(51,865)
Subtotal valuation allowance	(7,755)	(2,640)	(51,865)
Total deferred tax assets, net	5,379	6,107	35,975
Deferred tax liabilities:			
Gain on establishment of the trust for employees' retirement benefits	(595)	(631)	(3,979)
Valuation difference on available-for-sale securities	(612)	(3,862)	(4,093)
Reserve for advanced depreciation of real estate	(74)	(74)	(494)
Remeasurements of defined benefit plans	(2,335)	(2,357)	(15,616)
Others	(1,864)	(1,103)	(12,466)
Total deferred tax liabilities	(5,482)	(8,029)	(36,663)
Net deferred tax assets (liabilities)	¥ (103)	¥ (1,921)	\$ (688)

The following summarizes the amounts shown on the consolidated balance sheets.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Deferred tax assets	¥ 488	¥ 243	\$ 3,263
Deferred tax liabilities	(591)	(2,165)	(3,952)
Net deferred tax assets (liabilities)	¥ (103)	¥ (1,921)	\$ (688)

A reconciliation between the effective income tax rate applied to the consolidated financial statements and the statutory tax rate for the years ended March 31, 2025 and 2024 was as follows:

	2025	2024
Statutory tax rate	30.5 %	30.5 %
(Adjustments)		
Expenses not deductible for income tax purpose	0.2	0.2
Dividend income not included in taxable income	(3.5)	(3.3)
Inhabitant tax on per capital basis	0.4	0.6
Change in valuation allowance	8.6	(0.7)
Others	0.9	0.6
Actual effective tax rate	37.1 %	27.9 %

Adjustments to deferred tax assets and deferred tax liabilities due to changes in corporate income tax rate

As a result of the enactment of the "Act on Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025)" on March 31, 2025, the "Defense Special Corporate Income Tax" will be imposed from the fiscal year beginning on or

after April 1, 2026. As a result, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities will be changed from 30.5% to 31.4% for temporary differences expected to be resolved in the fiscal years beginning on or after April 1, 2026.

Due to this change in the tax rate, as of and for the year ended March 31, 2025, deferred tax assets increased by ¥60 million (U.S.\$401 thousand), deferred tax liabilities increased by ¥7 million (U.S.\$46 thousand), valuation difference on available-for-sale securities decreased by ¥7 million (U.S.\$46 thousand), deferred gains or losses on hedges decreased by ¥12 million (U.S.\$80 thousand), remeasurements of defined benefit plans decreased by ¥77 million (U.S.\$514 thousand), and deferred income taxes decreased by ¥72 million (U.S.\$481 thousand). Deferred tax liabilities for land revaluation increased by ¥43 million (U.S.\$287 thousand), and land revaluation excess decreased by the same amount.

17. Deposits

An analysis of deposits as of March 31, 2025 and 2024 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Current deposits	¥ 174,647	¥ 163,737	\$ 1,168,051
Ordinary deposits	1,911,181	1,898,858	12,782,109
Saving deposits	50,293	50,958	336,363
Deposits at notice	5,696	6,170	38,095
Time deposits	941,763	958,833	6,298,575
Installment savings	2	2	13
Other deposits	45,993	34,871	307,604
Total	¥ 3,129,579	¥ 3,113,432	\$ 20,930,838

18. Borrowed Money

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Borrowings from other banks	¥ 87,129	¥ 208,608	\$ 582,724

The average interest rates of the loans were 0.027% and 0.008% as of March 31, 2025 and 2024, respectively. The aggregate annual maturities of the loans from banks subsequent to March 31, 2025 were summarized as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
2026	¥ 48,614	\$ 325,133
2027	22,391	149,752
2028	15,495	103,631
2029	365	2,441
2030	120	802

19. Foreign Exchanges Liabilities

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Foreign exchange bills sold	¥ 52	¥ 50	\$ 347
Foreign exchange bills payable	23	89	153
Total	¥ 75	¥ 140	\$ 501

20. Other Liabilities

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Domestic exchange settlement	¥ 83	¥ 195	\$ 555
Income taxes payable	1,594	1,566	10,660
Accrued expenses	2,144	1,606	14,339
Unearned income	1,934	1,841	12,934
Reserve for interest on installment savings	0	0	0
Derivatives	50	47	334
Cash collateral received for financial instruments	1,950	80	13,041
Lease obligations	1,132	989	7,570
Others	5,382	5,334	35,995
Total	¥ 14,272	¥ 11,662	\$ 95,452

21. Reserve for Employees' Retirement Benefits

The Group has defined benefit plans, i.e., Employees' Pension Fund plan (funded plan), and lump-sum retirement plan (non-funded plan). Under these defined benefit plans, employees are generally entitled to lump-sum payments and/or pension payments, the amounts of which are determined by reference to their basic salary and length of service. Retirement benefit trust is established for the Employees' Pension Fund plan and the lump-sum retirement plan. Some lump-sum retirement plans are substantially the same as funded plans due to the retirement benefit trust.

The Bank has a defined contribution pension plan as well. The amount of contribution required to the defined contribution pension plan was ¥159 million (U.S.\$1,063 thousand) and ¥158 million for the years ended March 31, 2025 and 2024, respectively.

(a) Changes in projected benefit obligation for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Projected benefit obligation – Beginning balance	¥ 20,834	¥ 22,442	\$ 139,339
Service cost	452	525	3,023
Interest cost	264	199	1,765
Actuarial gains and losses arising in the year	(1,644)	(1,086)	(10,995)
Retirement benefits paid	(1,180)	(1,246)	(7,891)
Prior service cost	15	—	100
Projected benefit obligation – Ending balance	¥ 18,742	¥ 20,834	\$ 125,347

(b) Changes in plan assets for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Plan assets – Beginning balance	¥ 31,960	¥ 26,026	\$ 213,750
Expected return on plan assets	835	727	5,584
Actuarial gains and losses arising in the year	706	5,935	4,721
Retirement benefits paid	(781)	(767)	(5,223)
Others	36	37	240
Plan assets – Ending balance	¥ 32,758	¥ 31,960	\$ 219,087

(c) Ending balances of projected benefit obligation and plan assets and amounts on the consolidated balance sheets as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Projected benefit obligation under funded plan	¥ 18,697	¥ 20,779	\$ 125,046
Plan assets	(32,758)	(31,960)	(219,087)
	(14,061)	(11,181)	(94,040)
Projected benefit obligation under non-funded plan	45	54	300
Net balance on the consolidated balance sheets	¥ (14,015)	¥ (11,126)	\$ (93,733)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net defined benefit liability	¥ 928	¥ 942	\$ 6,206
Net defined benefit asset	(14,944)	(12,068)	(99,946)
Net balance on the consolidated balance sheets	¥ (14,015)	¥ (11,126)	\$ (93,733)

(d) Components of retirement benefit cost as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Service cost	¥ 414	¥ 486	\$ 2,768
Interest cost	264	199	1,765
Expected return on plan assets	(835)	(727)	(5,584)
Amortization of actuarial gains and losses	(676)	(108)	(4,521)
Amortization of prior service cost	15	—	100
Retirement benefit cost	¥ (817)	¥ (150)	\$ (5,464)

(*) The amount of employee contributions to the corporate pension fund is deducted from "Service cost."

(e) Items accounted for as remeasurements of defined benefit plans, before income taxes and tax effect, for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Actuarial gains and losses	¥ (1,674)	¥ (6,914)	\$ (11,195)
Total	¥ (1,674)	¥ (6,914)	\$ (11,195)

(f) Remeasurements of defined benefit plans, before income taxes and tax effect, as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Unrecognized actuarial gains and losses	¥ (9,404)	¥ (7,729)	\$ (62,894)
Total	¥ (9,404)	¥ (7,729)	\$ (62,894)

(g) Plan assets consisted of the following investments as of March 31, 2025 and 2024

	2025	2024
Debt securities	17 %	19 %
Equity securities	51	47
Others	32	34
Total	100 %	100 %

The total plan assets included the retirement benefit trust established for Employees' Pension Fund plan and lump-sum retirement plan. The portion to the total plan assets was 50% and 46% as of March 31, 2025 and 2024, respectively.

Long-term expected rate of return on plan assets is determined based on the assumption of: (i) allocation of plan assets and (ii) long-term returns on such assets.

(h) Assumption used for the calculation of actuarial gains and losses

The assumption used for the calculation of actuarial gains and losses, on a basis of weighted average, is as follows:

	2025	2024
Discount rate	1.805 to 2.088 %	1.057 to 1.372 %
Long-term expected rate of return	2.5 to 2.9	2.5 to 3.9
Expected salary raise	3.2	3.2

22. Land Revaluation Excess

Pursuant to the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998), the Bank recorded the land owned by the Bank at the fair value and related unrealized gain, net of the applicable income tax effect, was reported as "Land revaluation excess" in net assets. The corresponding deferred tax liability amount was recorded as "Deferred tax liability for land revaluation."

Revaluation date: March 31, 2000

Revaluation method stated in Article 3, Section 3 of the Act on Revaluation of Land:

The value of land is based on the official notice prices determined by the public notification of the Commissioner of the National Tax Administration and as provided for in the Land-holding Tax Act, as stipulated in Article 2, Item 4 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, promulgated on March 31, 1998), after making reasonable adjustments, such as for location and quality of sites.

Differences between the fair value and the carrying value were ¥3,721 million (U.S.\$24,886 thousand) and ¥3,921 million as of March 31, 2025 and 2024, respectively.

23. Valuation Difference on Available-for-sale Securities

The components of valuation difference on available-for-sale securities as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Valuation differences:			
Available-for-sale securities	¥ (11,817)	¥ 13,306	\$ (79,032)
Deferred tax liabilities	(612)	(3,862)	(4,093)
Non-controlling interests	(32)	(27)	(214)
Valuation difference on available-for-sale securities	¥ (12,462)	¥ 9,416	\$ (83,346)

24. Other Interest Income

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Interest on deposits	¥ 1,137	¥ 381	\$ 7,604
Others	41	83	274
Total	¥ 1,178	¥ 464	\$ 7,878

25. Fees and Commissions—Income

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Domestic and foreign exchange	¥ 1,643	¥ 1,520	\$ 10,988
Others	5,802	5,658	38,804
Total	¥ 7,445	¥ 7,178	\$ 49,792

26. Other Operating Income

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Gains of sales and redemption of bonds	¥ 1,075	¥ 1,315	\$ 7,189
Gains on foreign exchange transactions	65	52	434
Gains on trading account securities transactions	1	—	6
Others	5,674	5,230	37,948
Total	¥ 6,816	¥ 6,598	\$ 45,585

27. Other Income

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Recoveries of written off claims	¥ 111	¥ 1	\$ 742
Gains on sales of available-for-sale securities	7,443	3,817	49,779
Gains on money held in trust	23	37	153
Gains on disposal of fixed assets	6	9	40
Others	944	379	6,313
Total	¥ 8,529	¥ 4,246	\$ 57,042

28. Other Interest Expenses

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Interest on interest rate swaps	¥ 158	¥ —	\$ 1,056
Others	786	1,435	5,256
Total	¥ 945	¥ 1,435	\$ 6,320

29. Fees and Commissions—Expenses

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Domestic and foreign exchanges	¥ 164	¥ 128	\$ 1,096
Others	2,108	2,283	14,098
Total	¥ 2,273	¥ 2,412	\$ 15,201

30. Other Operating Expenses

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Losses on redemption of bonds	¥ 1,759	¥ 1,175	\$ 11,764
Losses on sales of bonds	6,073	1,887	40,616
Loss on trading account securities transactions	—	0	—
Others	5,371	4,842	35,921
Total	¥ 13,204	¥ 7,905	\$ 88,309

31. Other Expenses

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Provision of reserve for possible loan losses	¥ 2,698	¥ 1,204	\$ 18,044
Written off of loans	39	23	260
Losses on sales of available-for-sale securities	265	822	1,772
Losses on devaluation of available-for-sale securities	5	12	33
Losses on disposals of fixed assets	96	202	642
Impairment losses	3	73	20
Others	671	856	4,487
Total	¥ 3,779	¥ 3,194	\$ 25,274

32. Losses on Impairment of Fixed Assets

The Bank recognized losses on impairment of the following fixed assets, included in "other expenses," for the years ended March 31, 2025 and 2024.

For the year ended March 31, 2025

Area	Main purpose	Variety	Millions of yen	Thousands of U.S. dollars (Note 1)
Akita Prefecture	Branch Buildings	Land and Buildings; one place	¥ 0	\$ 0
	Idle Assets	Land; six places	2	13
Other	Idle Assets	Buildings; one place	0	0
Total			¥ 3	\$ 20
Components of impairment losses:				
Buildings			¥ 0	\$ 0
Land			2	13

For the year ended March 31, 2024

Area	Main purpose	Variety	Millions of yen
Akita Prefecture	Branch Buildings	Buildings; one place	¥ 28
	Idle Assets	Land; nine places	2
Other	Branch Buildings	Buildings; two places	34
	Idle Assets	Buildings; one place	7
Total			¥ 73
Components of impairment losses:			
Buildings			¥ 70
Land			2

For the purpose of identifying impaired assets, the assets of each individual branch are grouped as a unit.

The recoverable values of such assets are measured as the higher of net realizable values or value in use. Net realizable values are determined by the appraisal value based on Japanese Real Estate Appraisal Standards (issued by the Ministry of Lands, Infrastructure and Transport) less estimated costs of disposal. Value in use is calculated by discounting the future cash flow by 2.5% and 1.7% as of March 31, 2025 and 2024, respectively.

33. Supplementary Information to Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Valuation difference on available-for-sale securities:			
Amount arising in the year	¥ (25,351)	¥ 19,457	\$ (169,549)
Recycling	227	(1,326)	1,518
Before income taxes and tax effect adjustment	(25,124)	18,131	(168,031)
Income taxes and tax effect	3,249	(3,551)	21,729
Valuation difference on available-for-sale securities	¥ (21,874)	¥ 14,580	\$ (146,294)
Deferred gains or losses on hedges:			
Amount arising in the year	¥ 420	¥ (1,369)	\$ 2,808
Recycling	944	1,370	6,313
Before income taxes and tax effect adjustment	1,365	0	9,129
Income taxes and tax effect	(428)	(0)	(2,862)
Deferred gains or losses on hedges	¥ 936	¥ 0	\$ 6,260
Revaluation reserve for land			
Amount arising in the year	¥ —	¥ —	\$ —
Recycling	—	—	—
Before income taxes and tax effect adjustment	—	—	—
Income taxes and tax effect	(43)	—	(287)
Revaluation reserve for land	¥ (43)	¥ —	\$ (287)
Remeasurements of defined benefit plans			
Amount arising in the year	¥ 2,351	¥ 7,022	\$ 15,723
Recycling	(676)	(108)	(4,521)
Before income taxes and tax effect adjustment	1,674	6,914	11,195
Income taxes and tax effect	(588)	(2,108)	(3,932)
Remeasurements of defined benefit plans	¥ 1,086	¥ 4,805	\$ 7,263
Total other comprehensive income	¥ (19,894)	¥ 19,385	\$ (133,052)

34. Financial Instruments

(a) Status

(1) Policy on financial instruments

The Group engages in banking as the mainstay of business, as well as other financial services such as leasing and guarantee. To execute these services, the Bank utilizes funds acquired primarily from deposits and applies funds mainly to extend loans and purchase securities. To ensure sound and appropriate banking operations without succumbing to the pursuit of excessive profit or risk aversion, the Bank conducts suitable risk management and seeks to maintain the right balance between profit and risk in fund-raising and application activities. The Bank also utilizes derivative transactions to hedge potential risks.

(2) Financial instruments and associated risks

Financial assets held by the Group are primarily loans and investment securities.

Loans are exposed to credit risk, which could lead to losses if the financial status of certain borrowers deteriorates, causing the asset value of collateral to decrease or disappear altogether.

Securities held by the Bank are mainly bonds, stocks, investment trusts, and investments in partnerships through capital contributions. The Bank holds these securities to secure profit, primarily from interest and dividends, and for strategic purposes, such as business alliances. These securities are exposed to the credit risk of the respective issuers as well as market risk that could lead to losses caused by fluctuations, particularly in interest rates, exchange rates and market prices, that erode the value of held assets.

Financial liabilities held by the Group are mainly deposits. Deposits are exposed to liquidity risk, which could lead to losses if an unexpected outflow of cash, for example, forces the Bank to acquire funds at significantly higher interest rates than usual (funding liquidity risk), or changes in the market environment force the Bank into transactions at prices that are more disadvantageous than usual (market liquidity risk).

The Bank engages in derivative transactions, including interest rate swaps, bond futures, forward exchange contracts and currency options. Interest rate swaps and bond futures serve to hedge against interest rate fluctuations affecting on-balance-sheet transactions. Forward exchange contracts and currency options serve to hedge foreign exchange fluctuations. (Please refer to Note 3, "Summary of Significant Accounting Policies, (q) Hedge accounting," regarding hedging instruments, hedged items, the Bank's accounting standards and qualifying method.)

Some transactions that do not meet hedge accounting criteria are exposed to interest rate risk and foreign exchange risk.

(3) Risk management for financial instruments

To ensure the quality and appropriateness of its banking operations, the Bank undertakes integrated risk management, a self-administered process whereby inherent risks are evaluated according to category, such as credit risk and market risk, and are viewed in total and compared against operating capacity, that is, net worth. Risk management for financial instruments also falls within the scope of this process.

Integrated risk management entails risk capital allocation by division and risk category within net worth on a yearly basis, monitoring risk volume, which is quantified using methods such as Value at Risk (VaR) and the status of allocated risk capital, and sufficient verification of business soundness and capital adequacy. In addition, corporate structures, such as the Board of Directors, are provided with regular updates on risk status and risk volume is capped when conditions require such action.

In setting caps on risk volume, the Bank considers profitability and efficiency, including a suitable assessment of risk and return, to underpin efforts that will enhance operations and results.

(i) Credit risk management

Through the application of a credit policy that outlines the Bank's basic lending policy and screening criteria, and credit management regulations outlining/detailing specific lending rules, the Bank has established an administration policy for consolidated subsidiaries and strategic investments, in order to prevent excessive loan volume to a specific industry or group, with the aim of making risk management as accurate as possible.

In addition, the Bank maintains a credit rating system for corporate clients to quantify credit risks and is improving loan pricing. Furthermore, for loans and bills discounted, which account for the majority of credit risk, the Bank has separated the screening and administration division from the sales promotion division and set up a screening and administration system that is not influenced by the sales promotion division. Through a specialized screening and loan management and recovery structure, the Bank is able to ensure asset quality and improve asset value.

(ii) Market risk management

The Bank's risk volume control structure is supported by regular reports to the ALM Committee on interest rate risk volume associated with the Bank's assets and liabilities, and interest rate, exchange rate and stock price risk volume associated with market transactions.

In its market transactions, the Bank strives for the efficient application of funds and optimum risk and return, within the limits of allocated risk capital determined through integrated risk management and the predetermined annual capital budget. The Bank also maintains a structure with middle offices specializing in risk management that are independent of both front offices, which engage in market transactions, and back offices, which handle administrative tasks. This structure reinforces the system of mutual checks and balances and helps to prevent potential processing mistakes and unauthorized transactions, although these are very unlikely.

(iii) Liquidity risk management

The Bank maintains an appropriate financial position with regard to liquidity risk by continually improving the accuracy of the methods used to estimate and verify fund utilization and acquisition balances. In addition, the Bank strives to prevent liquidity risk through the assessment and analysis of conditions in financial markets and society at large that could affect cash flow. To respond quickly to fund-impacting situations that arise, the Bank has established classifications for cash flow conditions, ranging from "normal" to "cause for concern" and "critical," and procedures are in place for dealing with situations that fall into the "cause for concern" and "critical" categories.

(iv) Risk management relating to derivative transactions

To manage risks relating to interest rate swaps, the necessity of hedging transactions and the status of derivative transactions are continuously monitored at the ALM Committee. Bond futures are operated based on commitment lines and loss-cut rules as prescribed in the annual operation policy for securities, and the status of its operations is periodically monitored by the market risk management department. Regarding forward exchange contracts and currency options, it is vital to manage total balances including on-balance-sheet and off-balance-sheet transactions, in addition to the assessment of individual transactions.

(v) Quantitative information on market risk

For the Group, the key financial instruments influenced by interest rate risk, a major risk variable, are: loans, bonds classified as available-for-sales securities under investment securities, deposits, negotiable certificates of deposit, and interest rate swaps under derivative transactions. The Group uses the measure VaR to calculate changes in the economic value of these financial assets and financial liabilities, which facilitates quantitative analysis for controlling the risk of interest rate fluctuations.

To calculate the associated value impact of interest rate risk on revenues using VaR, the Group divides risk-prone financial assets and financial liabilities into fixed interest rate and floating interest rate groups, breaks down the balances into appropriate periods corresponding to respective interest due dates, and applies the variance-covariance method reflecting the correlation effect among risk factors (holding period: 40 days; confidence interval: 99%; observation period: 5 years) based on interest rate margins, the spread between lending and borrowing rates, for each period. As of March 31, 2025 and 2024, the Group's interest rate risk volume (estimated decrease in economic value) was ¥6,006 million (U.S.\$40,168 thousand) and ¥3,451 million, respectively.

Interest due dates on demand deposits subject to VaR measurement are sorted according to set periods, based on effective due dates estimated using internal models.

The Group also tests financial instruments with market value to compare actual losses at the end of the horizon period with model-derived VaR estimates, in an effort to verify that the measurement models used to identify interest rate risk are suitably accurate. However, VaR measures interest rate risk at a certain degree of probability statistically based on past market movements, so the technique may be unable to identify risk when market conditions are uncharacteristically volatile.

(4) Supplemental information relating to fair market values

Certain assumptions are used for measurement of fair value of financial instruments. Accordingly, the result of such measurement may vary if different assumptions are used.

(b) Fair value of financial instruments

The amounts on the consolidated balance sheets, fair values and their differences as of March 31, 2025 and 2024 are shown below. Stocks without market price and investment in partnerships are excluded from the following tables. Cash and due from banks, call loans and bills bought, foreign exchanges (assets and liabilities), call money and bills sold, and payables under securities lending transactions are omitted since they are settled in a short time period and the fair value approximates such a carrying amount.

As of March 31, 2025

	Millions of yen			Thousands of U.S. dollars (Note 1)		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Monetary claims bought	¥ 6,483	¥ 6,483	¥ —	\$ 43,358	\$ 43,358	\$ —
(2) Securities						
Held-to-maturity debt securities	33,225	32,330	(894)	222,211	216,225	(5,979)
Available-for-sale securities	824,603	824,603	—	5,515,001	5,515,001	—
(3) Loans and bills discounted	2,057,353			13,759,717		
Reserve for possible loan losses (*1)	(15,184)			(101,551)		
	2,042,168	2,018,799	(23,368)	13,658,159	13,501,865	(156,286)
Total assets	¥ 2,906,479	¥ 2,882,216	¥ (24,263)	\$ 19,438,730	\$ 19,276,457	\$ (162,272)
(1) Deposits	¥ 3,129,579	¥ 3,128,770	¥ (809)	\$ 20,930,838	\$ 20,925,428	\$ (5,410)
(2) Negotiable certificates of deposit	59,128	59,127	(0)	395,452	395,445	(0)
(3) Borrowed money	87,129	87,129	—	582,724	582,724	—
Total liabilities	¥ 3,275,837	¥ 3,275,027	¥ (810)	\$ 21,909,022	\$ 21,903,604	\$ (5,417)
Derivative transactions (*2)						
For which:						
Hedge accounting is not applied	¥ 0	¥ 0	¥ —	\$ 0	\$ 0	\$ —
Hedge accounting is applied	1,365	1,365	—	9,129	9,129	—
Total derivative transactions	¥ 1,365	¥ 1,365	¥ —	\$ 9,129	\$ 9,129	\$ —

*1. General reserve for possible loan losses and allowances provided for the individual receivables are deducted.

*2. Amounts include all derivative transactions that are included in other assets and other liabilities on the consolidated balance sheets. Figures are net amounts and figures in parenthesis indicate negative amounts.

As of March 31, 2024

	Millions of yen		
	Book value	Fair value	Difference
(1) Monetary claims bought	¥ 10,767	¥ 10,767	¥ —
(2) Securities			
Available-for-sale securities	796,849	796,849	—
(3) Loans and bills discounted	1,990,794		
Reserve for possible loan losses (*1)	(12,750)		
	1,978,044	1,977,628	(415)
Total assets	¥ 2,785,660	¥ 2,785,244	¥ (415)
(1) Deposits	¥ 3,113,432	¥ 3,113,478	¥ 45
(2) Negotiable certificates of deposit	62,654	62,655	0
(3) Borrowed money	208,608	208,608	—
Total liabilities	¥ 3,384,695	¥ 3,384,741	¥ 45
Derivative transactions (*2)			
For which:			
Hedge accounting is not applied	¥ 3	¥ 3	¥ —
Hedge accounting is applied	—	—	—
Total derivative transactions	¥ 3	¥ 3	¥ —

*1. General reserve for possible loan losses and allowances provided for the individual receivables are deducted.

*2. Amounts include all derivative transactions that are included in other assets and other liabilities on the consolidated balance sheets. Figures are net amounts and figures in parenthesis indicate negative amounts.

The book values of stocks without market price and investment in partnerships as of March 31, 2025 and 2024 were as follows. Those items are excluded from available-for-sale securities shown above.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Non-listed stocks (*1, *2)	¥ 2,024	¥ 2,030	\$ 13,536
Investment in partnerships (*3)	11,446	9,448	76,551
Others (*4)	84	94	561

*1. Non-listed stocks are not included in the fair value information based on paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, revised on March 31, 2020).

*2. The Bank recognizes impairment losses of ¥5 million (U.S.\$33 thousand) and ¥12 million, for the years ended March 31, 2025 and 2024, respectively.

*3. Investment in partnership is not included in the fair value information based on paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, revised on June 17, 2021).

*4. Others are not included in the fair value information based on paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, revised on March 31, 2020).

Redemption schedules for monetary claims and securities with maturity dates as of March 31, 2025 were as follows:

	Millions of yen					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Due from banks	¥ 424,898	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	5,000	—	—	—	—	—
Monetary claims bought	6,483	—	—	—	—	—
Securities						
Held-to-maturity debt securities	—	—	28,410	—	4,814	—
Local government bonds	—	—	28,410	—	4,814	—
Available-for-sale securities with maturity	32,527	112,599	131,582	111,928	125,900	186,815
Japanese government bonds	—	29,928	4,880	—	55,153	53,729
Local government bonds	496	31,913	48,316	23,258	43,493	103,457
Corporate bonds	22,840	36,566	29,676	6,916	10,838	1,912
Loans and bills discounted (*)	118,378	275,135	276,607	255,681	213,677	684,654
Total	¥ 587,287	¥ 387,735	¥ 436,600	¥ 367,610	¥ 344,392	¥ 871,470

	Thousands of U.S. dollars (Note 1)					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Due from banks	\$ 2,841,746	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans and bills bought	33,440	—	—	—	—	—
Monetary claims bought	43,358	—	—	—	—	—
Securities						
Held-to-maturity debt securities	—	—	190,008	—	32,196	—
Local government bonds	—	—	190,008	—	32,196	—
Available-for-sale securities with maturity	217,542	753,069	880,029	748,582	842,027	1,249,431
Japanese government bonds	—	200,160	32,637	—	368,867	359,343
Local government bonds	3,317	213,436	323,140	155,551	290,884	691,927
Corporate bonds	152,755	244,555	198,475	46,254	72,485	12,787
Loans and bills discounted (*)	791,720	1,840,121	1,849,966	1,710,012	1,429,086	4,579,012
Total	\$ 3,927,815	\$ 2,593,198	\$ 2,920,010	\$ 2,458,600	\$ 2,303,317	\$ 5,828,451

(*) Loans and bills discounted in the above table excluded loans to Bankrupt Obligors, Substantially Bankrupt Obligors and Potential Bankrupt Obligors in the total amount of ¥47,804 million (U.S.\$319,716 thousand) since those principals may not be fully collectible. The table also excluded loans without maturity in the total amount of ¥185,413 million (U.S.\$1,240,054 thousand).

Redemption schedules for borrowed money and interest-bearing debts as of March 31, 2025 were as follows:

	Millions of yen					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Deposits (*)	¥ 2,940,829	¥ 28,308	¥ 36,951	¥ —	¥ —	¥ —
Negotiable certificates of deposit	59,128	—	—	—	—	—
Call money and bills sold	259	—	—	—	—	—
Borrowed money	48,614	37,887	485	102	40	—
Total	¥ 3,048,831	¥ 66,195	¥ 37,437	¥ 102	¥ 40	¥ —

	Thousands of U.S. dollars (Note 1)					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Deposits (*)	\$ 19,668,465	\$ 189,325	\$ 247,130	\$ —	\$ —	\$ —
Negotiable certificates of deposit	395,452	—	—	—	—	—
Call money and bills sold	1,732	—	—	—	—	—
Borrowed money	325,133	253,390	3,243	682	267	—
Total	\$ 20,390,790	\$ 442,716	\$ 250,381	\$ 682	\$ 267	\$ —

(*) Demand deposits were included in the "Due in 1 year or less." Cumulative time deposits of ¥123,490 million (U.S.\$825,909 thousand) were not included in the above table.

(c) Fair value of financial instruments by level

The fair values of financial instruments are categorized into the following three levels depending on the observability and the significance of inputs used in the fair value measurements.

Level 1 fair value: Of observable inputs used in fair value measurement, fair values measured at quoted prices in active markets for identical assets or liabilities

Level 2 fair value: Of observable inputs used in fair value measurement, fair values measured using inputs other than Level 1 inputs

Level 3 fair value: Fair values measured using unobservable inputs

When using more than one input that is significant to fair value measurement, the Bank categorizes the fair value on the basis of the lowest priority level input.

(1) Financial instruments measured at fair value in the consolidated balance sheets

	Millions of yen			
	2025			
	Level 1	Level 2	Level 3	Total
Securities				
Available-for-sale securities				
Japanese government bonds and local government bonds	¥ 143,691	¥ 250,935	¥ —	¥ 394,626
Corporate bonds	—	96,895	11,856	108,752
Stocks	49,710	—	—	49,710
Others	43,062	228,451	—	271,513
Total assets	¥ 236,463	¥ 576,283	¥ 11,856	¥ 824,603
Derivative transactions (*)				
Interest rate related	¥ —	¥ 1,365	¥ —	¥ 1,365
Currency related	—	0	—	0
Total derivative transactions	¥ —	¥ 1,365	¥ —	¥ 1,365

Millions of yen				
2024				
	Level 1	Level 2	Level 3	Total
Securities				
Available-for-sale securities				
Japanese government bonds and local government bonds	¥ 50,936	¥ 282,945	¥ —	¥ 333,882
Corporate bonds	—	101,610	12,265	113,875
Stocks	55,519	—	—	55,519
Others	32,507	261,064	—	293,572
Total assets	¥ 138,963	¥ 645,620	¥ 12,265	¥ 796,849
Derivative transactions (*)				
Currency related	¥ —	¥ 1	¥ —	¥ 1
Bond related	2	—	—	2
Total derivative transactions	¥ 2	¥ 1	¥ —	¥ 3

Thousands of U.S. dollars (Note 1)				
2025				
	Level 1	Level 2	Level 3	Total
Securities				
Available-for-sale securities				
Japanese government bonds and local government bonds	\$ 961,015	\$ 1,678,270	\$ —	\$ 2,639,285
Corporate bonds	—	648,040	79,293	727,340
Stocks	332,463	—	—	332,463
Others	288,001	1,527,895	—	1,815,897
Total assets	\$ 1,581,480	\$ 3,854,220	\$ 79,293	\$ 5,515,001
Derivative transactions (*)				
Interest rate related	\$ —	\$ 9,129	\$ —	\$ 9,129
Currency related	—	0	—	0
Total derivative transactions	\$ —	\$ 9,129	\$ —	\$ 9,129

(*) For net claims and obligations derived from derivative transactions, net amounts are stated. Sums that represent net obligations are shown in parenthesis.

(2) Financial instruments other than those measured at fair value in the consolidated balance sheets

Millions of yen				
2025				
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ 6,483	¥ —	¥ 6,483
Securities				
Held-to-maturity debt securities				
Japanese government bonds and local government bonds	—	32,330	—	32,330
Loans and bills discounted	—	783,935	1,234,864	2,018,799
Total assets	¥ —	¥ 822,748	¥ 1,234,864	¥ 2,057,613
Deposits	¥ —	¥ 3,128,770	¥ —	¥ 3,128,770
Negotiable certificates of deposit	—	59,127	—	59,127
Borrowed money	—	87,129	—	87,129
Total liabilities	¥ —	¥ 3,275,027	¥ —	¥ 3,275,027

Millions of yen				
2024				
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ 10,767	¥ —	¥ 10,767
Loans and bills discounted	—	711,825	1,265,802	1,977,628
Total assets	¥ —	¥ 722,592	¥ 1,265,802	¥ 1,988,395
Deposits	¥ —	¥ 3,113,478	¥ —	¥ 3,113,478
Negotiable certificates of deposit	—	62,655	—	62,655
Borrowed money	—	208,608	—	208,608
Total liabilities	¥ —	¥ 3,384,741	¥ —	¥ 3,384,741

Thousands of U.S. dollars (Note 1)					
2025					
	Level 1	Level 2	Level 3	Total	
Monetary claims bought	\$ —	\$ 43,358	\$ —	\$ 43,358	
Securities					
Held-to-maturity debt securities					
Japanese government bonds and local government bonds	—	216,225	—	216,225	
Loans and bills discounted	—	5,243,010	8,258,855	13,501,865	
Total assets	\$ —	\$ 5,502,594	\$ 8,258,855	\$ 13,761,456	
Deposits	\$ —	\$ 20,925,428	\$ —	\$ 20,925,428	
Negotiable certificates of deposit	—	395,445	—	395,445	
Borrowed money	—	582,724	—	582,724	
Total liabilities	\$ —	\$ 21,903,604	\$ —	\$ 21,903,604	

Note 1: Explanation of valuation techniques and inputs used for fair value measurement

Assets

Monetary claims bought

Regarding monetary claims bought, book values are deemed fair values as the majority of such monetary claim are due within six months and the fair values approximate the book values. The fair values are categorized as Level 2 fair value.

Securities

When quoted unadjusted prices in active markets are available, the fair values of securities are categorized as Level 1 fair value. This mainly includes listed stocks and Japanese government bonds.

When published quoted prices are available but not considered to be in active markets, the fair values are categorized as Level 2 fair value. This mainly includes local government bonds and corporate bonds. For investment trusts which do not have market prices, net asset value is used as the fair value if there are no material restrictions on cancellation or repurchase requests that would require compensate for the risk from market participants, and the fair values are categorized as Level 2 fair value.

If quoted prices are not available, the fair values are measured using valuation techniques such as the present value technique of future cash flows. The Bank uses observable inputs as much as possible in valuations. Those inputs include TIBOR, the Japanese government bond yields, prepayment rates, credit spreads, probability of bankruptcy, and the loss ratio in bankruptcy. If significant unobservable inputs are used in the measurement, the fair values are categorized as Level 3 fair value.

Loans and bills discounted

For loans and bills discounted with floating interest rates, the book values are deemed fair values as the fair values approximate the book values because the market interest rate is reflected in the interest rate set within a short time period for such floating-rate loans and bills discounted.

Loans and bills discounted with fixed interest rates are categorized by nature, internal credit rating and maturity, and the present value is calculated based on the future cash flows, net of reserves for possible loan loss, discounted by the market interest rate.

Regarding loans to Bankrupt Obligors, Substantially Bankrupt Obligors and Potential Bankrupt Obligors, possible loan losses are estimated based on the present value of estimated future cash flows or collectible amounts from collateral and guarantees. Thus, the book value is deemed as fair value since the fair value approximates the book value.

Regarding loans and bills discounted which have no predetermined maturity since they are fully secured by collateral, their book values are deemed fair values as the fair values approximate the book values based on the repayment period and interest rate terms.

If the impact of unobservable inputs on the fair value is significant,

they are categorized as Level 3 fair value, and if not, they are categorized as Level 2 fair value.

Liabilities

Deposits and negotiable certificates of deposit

For demand deposits, the amount payable on demand as of the consolidated balance sheet date (i.e., the book value) is used as the fair value. For time deposits and negotiable certificates of deposit, the fair value is calculated based on the present value discounted the future cash flows, after each deposit is categorized by product and maturity. The discount rate is the market interest rate. Their fair values are categorized as Level 2 fair value.

Borrowed money

For floating-rate borrowings, the book values are deemed fair values as the fair values approximate the book values because the market interest rate is reflected in the interest rate set within a short time period and there has been no significant change in creditworthiness of the Bank or its consolidated subsidiaries after execution of such borrowings.

The book values of fixed rate borrowings are used as their fair values as both the amounts on the consolidated balance sheets and the fair values are insignificant. They are categorized as Level 2 fair value.

Derivative transactions

For derivative transactions, when quoted unadjusted prices in active markets are available, the fair values are categorized as Level 1 fair value. This mainly includes bond futures.

However, most derivative transactions are over-the-counter transactions and there is no published quoted price. Accordingly, fair values are measured using the present value technique and valuation techniques such as the Black-Scholes model, depending on the type of transactions and the period until maturity. The main inputs used in these valuation techniques are interest rates, exchange rates and volatility. The Bank makes price adjustments when the impact based on credit risks of the counterparty and the Bank itself is significant. If no unobservable input is used or its impact is not significant, the fair values are categorized as Level 2 fair value. This includes forward exchange contract transactions.

Note 2: Level 3 fair value of financial instruments measured at fair value in the consolidated balance sheets

(1) Quantitative information on significant unobservable inputs

As of March 31, 2025

	Valuation techniques	Significant unobservable inputs	Scope of Inputs	Weighted average of inputs
Securities				
Corporate bonds				
Privately placed bonds	Present value technique	Probability of bankruptcy	0.0% - 5.9%	0.4%

As of March 31, 2024

	Valuation techniques	Significant unobservable inputs	Scope of Inputs	Weighted average of inputs
Securities				
Corporate bonds				
Privately placed bonds	Present value technique	Probability of bankruptcy	0.0% - 5.9%	0.4%

(2) Reconciliation of beginning balance to ending balance, valuation gains/losses recognized in income/loss for the years ended March 31, 2025 and 2024

Millions of yen								
2025								
	Balance as of April 1, 2024	Income/loss or other comprehensive income		Net of purchases, sales, issuances, and settlements	Transfer to Level 3 fair value (*3)	Transfer from Level 3 fair value (*4)	Balance as of March 31, 2025	Valuation gains or losses on financial assets and liabilities held at March 31, 2025 recognized in income/loss (*1)
		Recognized in income/loss (*1)	Recognized in other comprehensive income (*2)					
Securities								
Available-for-sale securities								
Corporate bonds	¥ 12,265	¥ —	¥ (69)	¥ (340)	¥ —	¥ —	¥ 11,856	¥ —

Millions of yen								
2024								
	Balance as of April 1, 2023	Income/loss or other comprehensive income		Net of purchases, sales, issuances, and settlements	Transfer to Level 3 fair value (*3)	Transfer from Level 3 fair value (*4)	Balance as of March 31, 2024	Valuation gains or losses on financial assets and liabilities held at March 31, 2024 recognized in income/loss (*1)
		Recognized in income/loss (*1)	Recognized in other comprehensive income (*2)					
Securities								
Available-for-sale securities								
Corporate bonds	¥ 11,553	¥ —	¥ (77)	¥ 790	¥ —	¥ —	¥ 12,265	¥ —

Thousands of U.S. dollars (Note 1)

2025								
	Balance as of April 1, 2024	Income/loss or other comprehensive income		Net of purchases, sales, issuances, and settlements	Transfer to Level 3 fair value (*3)	Transfer from Level 3 fair value (*4)	Balance as of March 31, 2025	Valuation gains or losses on financial assets and liabilities held at March 31, 2025 recognized in income/loss (*1)
		Recognized in income/loss (*1)	Recognized in other comprehensive income (*2)					
Securities								
Available-for-sale securities								
Corporate bonds	\$ 82,029	\$ —	\$ (461)	\$ (2,273)	\$ —	\$ —	\$ 79,293	\$ —

*1. The amount is included in "other operating income" and "other operating expenses" in the consolidated statements of income.

*2. The amount is included in "valuation difference on available-for-sale securities" under "other comprehensive income" in the consolidated statements of comprehensive income.

*3. This transfer is from Level 2 to Level 3 fair value and due to the change of observability of inputs used for fair value measurement based on market liquidity. The transfer is made on the last day of the fiscal year.

*4. This transfer is from Level 3 to Level 2 fair value and due to the change of observability of inputs used for fair value measurement based on market liquidity. The transfer is made on the last day of the fiscal year.

(3) Explanation of the fair value valuation process

The Group has established policies and procedures for determining fair value in the middle division and the back division. The Bank verifies the validity of valuation techniques and inputs used to measure fair value and the appropriateness of the level classification of the fair value.

When measuring fair value, the Group uses a valuation model that can most appropriately reflect the nature, characteristics and risks of each asset. When using a quoted price obtained from a third party, the Bank verifies the validity of the price by using appropriate methods, such as by confirming the valuation technique and input used and comparing with the fair value of similar financial products.

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

Probability of bankruptcy

The probability of bankruptcy is an estimate that indicates the possibility of not collecting contractual payments. In general, a significant increase (decrease) in bankruptcy probability is accompanied by a decrease (increase) in recovery rate and an increase (decrease) in discount rate, resulting in a significant decrease (increase) in fair value.

35. Derivative Financial Instruments Transactions

Derivative transactions to which hedge accounting is not applied

Contract amounts, fair value and valuation gains/losses of derivatives outstanding as of March 31, 2025 and 2024 were summarized below.

(1) Foreign exchange related transactions (over the counter)

As of March 31	Millions of yen			
	2025			
	Contract amounts	Due after one year	Fair value	Gains/losses
Currency swaps:	¥ 718	¥ —	¥ 0	¥ 0
Forward exchange contracts:				
Sold	143	—	0	0
Bought	133	—	(0)	(0)
Total			¥ 0	¥ 0

As of March 31	Millions of yen			
	2024			
	Contract amounts	Due after one year	Fair value	Gains/losses
Currency swaps:	¥ 5,571	¥ 726	¥ 1	¥ 1
Forward exchange contracts:				
Sold	132	—	(0)	(0)
Bought	29	—	0	0
Currency options:				
Sold	934	—	(8)	(4)
Bought	934	—	8	4
Total			¥ 1	¥ 2

As of March 31	Thousands of U.S. dollars (Note 1)			
	2025			
	Contract amounts	Due after one year	Fair value	Gains/losses
Currency swaps:	\$ 4,802	\$ —	\$ 0	\$ 0
Forward exchange contracts:				
Sold	956	—	0	0
Bought	889	—	(0)	(0)
Total			\$ 0	\$ 0

The above derivatives are valued at the fair value and valuation gains/losses are recognized as income or loss.

(2) Bond futures related transactions (listed)

No transaction to report as of March 31, 2025.

As of March 31	Millions of yen			
	2024			
	Contract amounts	Due after one year	Fair value	Gains/losses
Bond futures:				
Sold	¥ 30,000	¥ —	¥ 2	¥ 2
Bought	—	—	—	—
Total			¥ 2	¥ 2

The above derivatives are valued at fair value and valuation gains/losses are recognized as income or loss.

Derivative transactions to which hedge accounting is applied

Interest rate related transactions

Millions of yen				
2025				
As of March 31	Main hedged items	Contract amounts	Due after one year	Fair value
Principle method: Interest rate swaps	Available-for- sale securities (Bonds)			
Receive floating/pay fixed				
Total				¥ 1,365

Thousands of U.S. dollars (Note 1)				
2025				
As of March 31	Main hedged items	Contract amounts	Due after one year	Fair value
Principle method: Interest rate swaps	Available-for- sale securities (Bonds)			
Receive floating/pay fixed				
Total				\$ 9,129

(*) The deferred method of hedge accounting is primarily applied based on the JICPA Industry Committee Practical Guidelines No. 24.

No transaction to report as of March 31, 2024.

36. Capital Stock

The number of the Bank's authorized shares was 68,745,500 as of March 31, 2025 and 2024.

The number of shares in issue was 18,093,643 as of March 31, 2025 and 2024.

The number of treasury stocks held by the Bank, not including shares held by the trust of Employee Stock Ownership Plan and executive compensation BIP trust was 147,454 and 145,231 as of March 31, 2025 and 2024, respectively.

37. Stock Option Rights

None to report.

38. Retained Earnings

Japanese banks, including the Bank, are required to comply with the Banking Act. In accordance with the Companies Act ("the Act"), the Bank has provided a legal reserve which is included in retained earnings. The Act stipulates that neither additional paid-in capital nor the legal reserve is available for dividends, but that both may be used to reduce or eliminate a deficit. Under the Banking Act, an amount which is at least equal to 20% of the aggregate amount of cash dividends and certain appropriations of retained earnings associated with cash outlays applicable to each fiscal period is to be appropriated as a legal reserve until the aggregate amount of the legal reserve and the capital surplus account equals 100% of the common stock account. The Act also provides that if the total amount of additional paid-in capital and the legal reserve exceeds 100% of the amount of common stock, the excess may be distributed to the stockholders either as a return of capital or as dividends subject to the approval of the stockholders.

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

39. Cash and Cash Equivalents

Reconciliation between cash and due from banks in the consolidated balance sheets, and cash and cash equivalents in the consolidated statements of cash flows at March 31, 2025 and 2024 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash and due from banks	¥ 466,752	¥ 688,702	\$ 3,121,669
Due from banks without interest	(237)	(237)	(1,585)
Ordinary due from banks	(945)	(1,801)	(6,320)
Time deposits with banks	(500)	(2,000)	(3,344)
Others	(1,219)	(995)	(8,152)
Cash and cash equivalents	¥ 463,850	¥ 683,668	\$ 3,102,260

40. Revenue Recognition

Breakdown of revenue from contracts with customers

	Millions of yen				
	2025				
	Reportable segment			Other	Total
	Banking	Leasing	Subtotal		
Fees and commissions					
Deposits and loans	¥ 1,900	¥ —	¥ 1,900	¥ —	¥ 1,900
Exchange transactions	1,643	—	1,643	—	1,643
Insurance service (over-the-counter)	846	—	846	—	846
Investment trust service (over-the-counter)	474	—	474	—	474
Others	1,333	—	1,333	756	2,090
Other ordinary income	1	196	198	3	201
Ordinary income from contracts with customers	¥ 6,199	¥ 196	¥ 6,396	¥ 759	¥ 7,155
Ordinary income other than the above	39,430	5,476	44,906	151	45,058
Ordinary income for external customers	¥ 45,629	¥ 5,672	¥ 51,302	¥ 911	¥ 52,214

Millions of yen					
2024					
	Reportable segment			Other	Total
	Banking	Leasing	Subtotal		
Fees and commissions					
Deposits and loans	¥ 1,875	¥ —	¥ 1,875	¥ —	¥ 1,875
Exchange transactions	1,520	—	1,520	—	1,520
Insurance service (over-the-counter)	1,001	—	1,001	—	1,001
Investment trust service (over-the-counter)	462	—	462	—	462
Others	1,132	—	1,132	723	1,856
Other ordinary income	1	257	258	3	262
Ordinary income from contracts with customers	¥ 5,994	¥ 257	¥ 6,251	¥ 727	¥ 6,978
Ordinary income other than the above	30,621	4,972	35,593	162	35,755
Ordinary income for external customers	¥ 36,615	¥ 5,229	¥ 41,844	¥ 889	¥ 42,734

Thousands of U.S. dollars (Note 1)					
2025					
	Reportable segment			Other	Total
	Banking	Leasing	Subtotal		
Fees and commissions					
Deposits and loans	\$ 12,707	\$ —	\$ 12,707	\$ —	\$ 12,707
Exchange transactions	10,988	—	10,988	—	10,988
Insurance service (over-the-counter)	5,658	—	5,658	—	5,658
Investment trust service (over-the-counter)	3,170	—	3,170	—	3,170
Others	8,915	—	8,915	5,056	13,978
Other ordinary income	6	1,310	1,324	20	1,344
Ordinary income from contracts with customers	\$ 41,459	\$ 1,310	\$ 42,776	\$ 5,076	\$ 47,853
Ordinary income other than the above	263,710	36,623	300,334	1,009	301,350
Ordinary income for external customers	\$ 305,169	\$ 37,934	\$ 343,111	\$ 6,092	\$ 349,210

*1. "Other" segment is not a reportable segment and includes consulting, regional trading, establishment and operation of a fund, guarantee, and credit card services.

*2. "Ordinary income other than the above" is mainly income to which the "Accounting Standard for Financial Instruments" is applied, including income from fund management.

41. Segment Information

(a) Outline of reportable segment

A reportable segment is a component of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

The Group offers total financial services mainly through operating branches with a philosophy that seeks to contribute to regional prosperity. Reportable segments are composed of banking business, leasing business and other businesses including consulting business, guarantee business and credit card business.

(b) Basis of measurement for the amount of ordinary income, segment profit, assets and other items by reporting segment

Accounting procedures applied to operating segments are consistent to those applied to the preparation of consolidated financial statements. Ordinary income from inter-segment transactions is measured on the assumption of arm's length transaction.

(c) Ordinary income, segment profit, assets and other items by reportable segment for the years ended March 31, 2025 and 2024

	Millions of yen						
	Reportable segment			Other	Total	Adjustment	Consolidated
Year ended March 31, 2025	Banking	Leasing	Subtotal				
Ordinary income							
External customers	¥ 45,629	¥ 5,672	¥ 51,302	¥ 920	¥ 52,223	¥ (9)	¥ 52,214
Inter-segment	770	137	908	393	1,301	(1,301)	—
Total	¥ 46,400	¥ 5,810	¥ 52,210	¥ 1,314	¥ 53,525	¥ (1,311)	¥ 52,214
Segment profit	¥ 9,372	¥ 121	¥ 9,493	¥ 309	¥ 9,803	¥ (681)	¥ 9,121
Segment assets	3,443,360	17,246	3,460,607	12,207	3,472,815	(12,473)	3,460,341
Segment liabilities	3,300,570	12,173	3,312,743	4,717	3,317,460	(14,213)	3,303,246
Other items:							
Depreciation and amortization	¥ 1,265	¥ 17	¥ 1,282	¥ 14	¥ 1,297	¥ —	¥ 1,297
Interest income	30,102	15	30,117	63	30,180	(750)	29,430
Interest expenses	2,853	86	2,940	0	2,940	(69)	2,871
Extraordinary income	6	—	6	—	6	—	6
Extraordinary losses	99	0	99	—	99	—	99
(Of which, Impairment losses)	3	—	3	—	3	—	3
Income taxes	3,241	35	3,276	76	3,353	—	3,353
Increase in premises and equipment and intangible assets	1,264	0	1,264	7	1,272	(0)	1,272

	Millions of yen						
	Reportable segment						
Year ended March 31, 2024	Banking	Leasing	Subtotal	Other	Total	Adjustment	Consolidated
Ordinary income							
External customers	¥ 36,615	¥ 5,229	¥ 41,844	¥ 909	¥ 42,754	¥ (19)	¥ 42,734
Inter-segment	468	147	615	431	1,047	(1,047)	—
Total	¥ 37,084	¥ 5,376	¥ 42,460	¥ 1,340	¥ 43,801	¥ (1,067)	¥ 42,734
Segment profit	¥ 6,443	¥ 254	¥ 6,697	¥ 296	¥ 6,993	¥ (395)	¥ 6,597
Segment assets	3,567,369	16,864	3,584,234	12,264	3,596,498	(12,308)	3,584,190
Segment liabilities	3,407,967	11,843	3,419,810	4,548	3,424,358	(12,962)	3,411,396
Other items:							
Depreciation and amortization	¥ 1,524	¥ 18	¥ 1,542	¥ 15	¥ 1,558	¥ —	¥ 1,558
Interest income	25,077	21	25,098	63	25,162	(441)	24,720
Interest expenses	1,636	58	1,695	0	1,696	(45)	1,651
Extraordinary income	8	—	8	1	9	—	9
Extraordinary losses	275	0	275	0	276	—	276
(Of which, Impairment losses)	73	—	73	—	73	—	73
Income taxes	1,599	77	1,677	91	1,768	0	1,769
Increase in premises and equipment and intangible assets	1,146	6	1,152	10	1,163	0	1,163

	Thousands of U.S. dollars (Note 1)						
	Reportable segment						
Year ended March 31, 2025	Banking	Leasing	Subtotal	Other	Total	Adjustment	Consolidated
Ordinary income							
External customers	\$ 305,169	\$ 37,934	\$ 343,111	\$ 6,153	\$ 349,271	\$ (60)	\$ 349,210
Inter-segment	5,149	916	6,072	2,628	8,701	(8,701)	—
Total	\$ 310,326	\$ 38,857	\$ 349,184	\$ 8,788	\$ 357,978	\$ (8,768)	\$ 349,210
Segment profit	\$ 62,680	\$ 809	\$ 63,489	\$ 2,066	\$ 65,563	\$ (4,554)	\$ 61,001
Segment assets	23,029,427	115,342	23,144,776	81,641	23,226,424	(83,420)	23,142,997
Segment liabilities	22,074,438	81,413	22,155,852	31,547	22,187,399	(95,057)	22,092,335
Other items:							
Depreciation and amortization	\$ 8,460	\$ 113	\$ 8,574	\$ 93	\$ 8,674	\$ —	\$ 8,674
Interest income	201,324	100	201,424	421	201,845	(5,016)	196,829
Interest expenses	19,081	575	19,662	0	19,662	(461)	19,201
Extraordinary income	40	—	40	—	40	—	40
Extraordinary losses	662	0	662	—	662	—	662
(Of which, Impairment losses)	20	—	20	—	20	—	20
Income taxes	21,676	234	21,910	508	22,425	—	22,425
Increase in premises and equipment and intangible assets	8,453	0	8,453	46	8,507	(0)	8,507

42. Related Party Transactions

Related party transactions for the years ended March 31, 2025 and 2024 and related information were as follows:

Related party	Category/Business	Account	Amounts of transaction			Balance at end of year		
			Millions of yen		Thousands of U.S. dollars (Note 1)	Millions of yen		Thousands of U.S. dollars (Note 1)
			2025	2024	2025	2025	2024	2025
Kitanihon Computer Service Co., Ltd. (*2)	Software	Lease transaction	¥ 22	¥ —	\$ 147	¥ 35	¥ —	\$ 234
Yoshiyuki Tsuji (*3)	Director of the Bank	Loan	—	—	—	—	15	—

*1. The conditions of the above transactions were the same as arm's length transactions.

*2. Kitanihon Computer Service Co., Ltd. is a subsidiary of a company in which Yoshiaki Ebata, Director, and his close relatives have a majority of voting rights.

*3. Mr. Yoshiyuki Tsuji retired from the position of director of the Bank on June 28, 2023. Accordingly, the balance at the retirement date is shown as the balance as of March 31, 2024.

43. Per Share Information

Consolidated net assets and income per share and related information for the years ended March 31, 2025 and 2024 were as follows:

	Yen		U.S. dollars (Note 1)
	2025	2024	2025
Net assets per share	¥ 8,828.16	¥ 9,756.89	\$ 59.04
Net income per share	320.37	258.15	2.14

(*) Diluted net income per share for the years ended March 31, 2025 and 2024 is not presented because there are no dilutive shares.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net income attributable to owners of parent	¥ 5,662	¥ 4,541	\$ 37,867
Net income not attributable to common stockholders	—	—	—
Net income attributable to common stock owners of parent	5,662	4,541	37,867
Average number of common stock (thousand shares)	17,674	17,594	—

(*) The Bank's shares held by the executive compensation BIP trust and the Employee Stock Ownership Trust ESOP, which are recorded as a treasury stock in stockholders' equity, are included in treasury stock deducted in the calculation of the average number of shares during the period for the calculation of net income per share. The average number of treasury stock during the period, which was deducted in the calculation of net income per share, was 273 thousand shares (110 thousand shares held by the executive compensation BIP trust and 162 thousand shares held by the Employee Stock Ownership Trust ESOP) and 354 thousand shares (111 thousand shares held by the executive compensation BIP trust and 242 thousand shares held by the Employee Stock Ownership Trust ESOP), in the years ended March 31, 2025 and 2024, respectively.

44. Subsequent Events

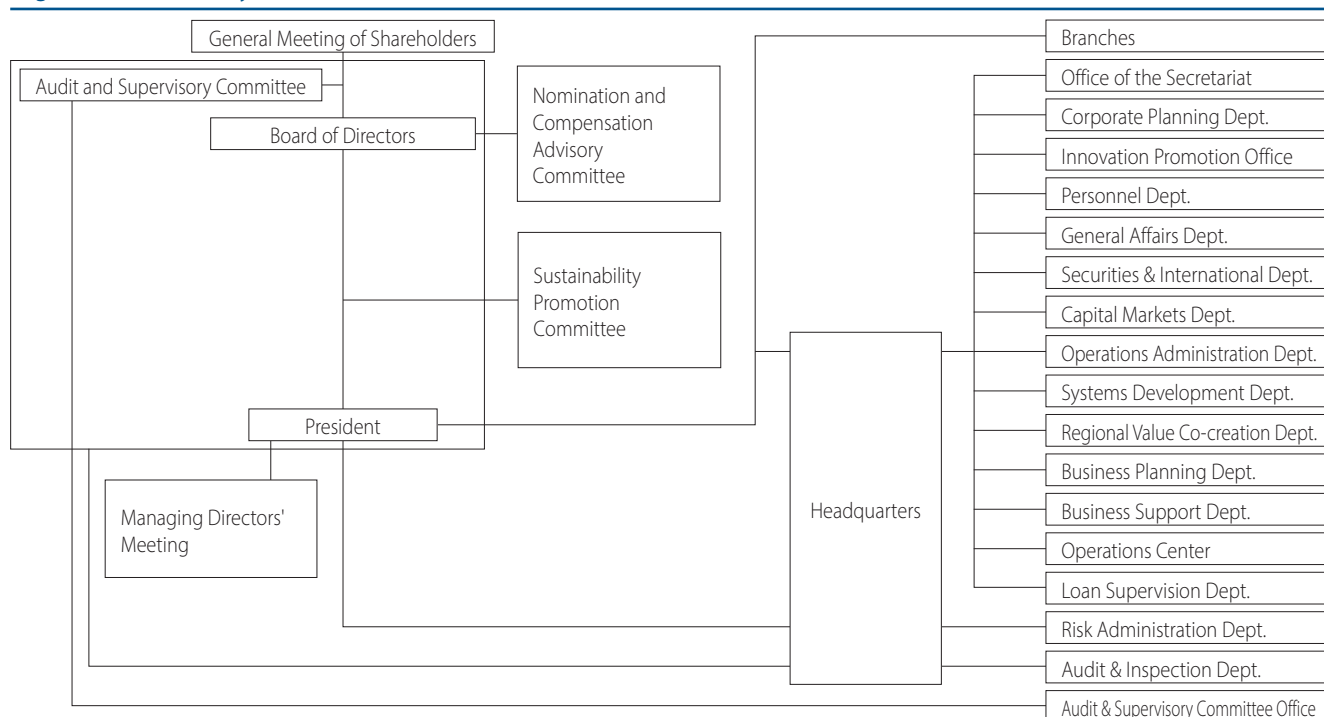
None to report.

Corporate Information

Corporate Data (As of March 31, 2025)

Corporate Name	The Akita Bank, Ltd.
Head Office	2-1, Sanno 3-chome, Akita-shi, Akita 010-8655, Japan
Date of Establishment	January, 1879
Number of Shares Issued and Outstanding	18,093 thousand shares
Number of Employees (including executive officers who do not concurrently serve as directors)	1,206
Number of Branches	98
Paid-in Capital	¥14.1 billion

Organization (As of July 1, 2025)



Directors, Audit and Supervisory Committee Members & Executive Officers (As of July 1, 2025)

President and Representative Director Kosuke Ashida	Outside Directors, Audit and Supervisory Committee Members Kyoko Omoteyama Mitsuya Hasebe
Directors and Senior Managing Executive officers Tsuyoshi Minakawa Chikara Miura	Managing Executive officer Akihiro Kikkawa
Director and Managing Executive officer Hideaki Hosaka	Senior Executive officers Tetsuya Hayashiguchi Susumu Shindo
Outside Directors Junichi Sakaki Tamaki Kakizaki Yutaka Ito Yoshiaki Ebata Risa Tanaka	Executive Officers Masahiro Haraoka Keiji Sato Hisanori Sasaki Jotaro Tsukamoto Nobuo Masuya Takashi Mizusawa Hideyuki Koseki Shiro Nagayama
Director, Audit and Supervisory Committee Member Jushin Kudo	

ANNUAL REPORT

ADDRESS▶ 2-1, Sanno 3-chome, Akita-shi, Akita 010-8655, Japan

TEL▶ 81-18-863-1212

URL▶ <https://www.akita-bank.co.jp/>

E-mail▶ koho@akita-bank.co.jp

SWIFT AKITJPJT

2025



The Akita Bank, Ltd.