



Annual Securities Report

“Yukashoken Hokokusho”

(Excerpt)

For the fiscal years ended March 31, 2025 and 2024

**FIDEA Holdings Co. Ltd.
and Subsidiaries**

FIDEA Holdings Co. Ltd. and Subsidiaries

Consolidated Balance Sheets 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 12, 22 and 26)	¥ 316,696	¥ 306,340	\$ 2,117,942
Monetary claims bought (Note 26)	3,828	3,831	25,600
Trading account securities (Notes 5 and 26)	654	748	4,373
Money held in trust (Note 26)	40,043	58,690	267,792
Securities (Notes 5, 6, 8, 12, 14 and 26)	565,839	732,875	3,784,116
Loans and bills discounted (Notes 7, 8, 12, 25 and 26)	1,913,574	1,867,032	12,797,258
Foreign exchange assets (Note 8)	1,222	1,258	8,172
Lease receivables and investments in leases	9,538	8,557	63,786
Tangible fixed assets (Note 9):			
Buildings	10,712	11,169	71,637
Land	7,162	7,214	47,896
Lease assets	4	7	26
Other tangible fixed assets	1,870	2,229	12,505
Intangible fixed assets:			
Software	1,188	1,580	7,944
Other intangible fixed assets	110	132	735
Defined benefit asset (Note 13)	3,154	2,569	21,092
Deferred tax assets (Note 23)	5,557	3,553	37,163
Customers' liabilities for acceptances and guarantees (Notes 8 and 25)	18,881	19,359	126,268
Other assets (Notes 8 and 12)	34,811	47,191	232,802
Allowance for loan losses (Notes 4 and 26)	(12,876)	(13,679)	(86,109)
Total assets	¥ 2,921,972	¥ 3,060,664	\$ 19,541,041

(Continued)

FIDEA Holdings Co. Ltd. and Subsidiaries

Consolidated Balance Sheets March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Liabilities:			
Deposits (Note 26)	¥ 2,670,943	¥ 2,713,241	\$ 17,862,255
Negotiable certificates of deposit (Note 26)	20,844	49,753	139,396
Payables under securities lending transactions (Notes 12 and 26)	-	88,768	-
Borrowed money (Notes 11, 12 and 26)	103,300	87,700	690,831
Foreign exchange liabilities	29	40	193
Provision for bonuses for directors and other officers	40	42	267
Defined benefit liability (Note 13)	518	472	3,464
Provision for reimbursement of deposits	10	22	66
Provision for contingent loss	507	429	3,390
Deferred tax liabilities (Notes 6 and 23)	13	14	86
Deferred tax liabilities for land revaluation (Note 10)	384	382	2,568
Acceptances and guarantees	18,881	19,359	126,268
Other liabilities (Note 11)	29,101	14,612	194,616
Total liabilities	2,844,575	2,974,839	19,023,440
Net assets (Note 15):			
Common stock	18,000	18,000	120,377
Capital surplus	18,172	18,167	121,527
Retained earnings	59,147	57,665	395,552
Treasury stock	(178)	(63)	(1,190)
Total shareholders' equity	95,140	93,769	636,260
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities (Note 6)	(23,415)	(10,668)	(156,590)
Deferred gain (loss) on hedges	3,222	413	21,547
Revaluation reserve for land (Note 10)	834	866	5,577
Remeasurements of defined benefit plans	1,451	1,288	9,703
Total accumulated other comprehensive income	(17,906)	(8,099)	(119,748)
Non-controlling interests	162	155	1,083
Total net assets	77,396	85,824	517,595
Total liabilities and net assets	¥ 2,921,972	¥ 3,060,664	\$ 19,541,041

See notes to consolidated financial statements.

(Concluded)

FIDEA Holdings Co. Ltd. and Subsidiaries

Consolidated Statements of Income Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Income (Note 17):			
Interest income:			
Interest on loans and discounts	¥ 21,554	¥ 19,081	\$ 144,144
Interest and dividends on securities	9,164	9,448	61,285
Other	701	113	4,688
Fees and commissions	8,686	9,055	58,088
Other operating income	6,244	5,685	41,757
Other income	6,821	6,561	45,616
Total income	53,173	49,946	355,600
Expenses:			
Interest expenses:			
Interest on deposits	1,752	165	11,716
Interest on payables under securities lending transactions	6	45	40
Interest on borrowings and rediscounts	65	0	434
Other	1,011	851	6,761
Fees and commissions	3,130	3,185	20,932
Other operating expenses	13,601	11,859	90,958
General and administrative expenses (Note 18)	23,474	23,884	156,985
Write-off of loans	29	-	193
Provision of allowance for loan losses (Note 4)	2,130	3,109	14,244
Other expenses (Notes 19 and 20)	4,108	3,746	27,472
Total expenses	49,313	46,847	329,786
Income before income taxes	3,860	3,099	25,814
Income taxes (Note 23):			
Current	1,178	1,135	7,878
Deferred	(142)	740	(949)
Total income taxes	1,036	1,875	6,928
Net income	2,824	1,223	18,885
Net income attributable to non-controlling interests	8	44	53
Net income attributable to owners of parent	¥ 2,816	¥ 1,178	\$ 18,832
	Yen		U.S. dollars
Per share of common stock (Note 28):			
Basic net income	¥ 156.21	¥ 65.20	\$ 1.04
Cash dividends applicable to the year	75.00	75.00	0.50

Note: Diluted net income is not shown since there are no dilutive shares.

See notes to consolidated financial statements.

FIDEA Holdings Co. Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net income	¥ 2,824	¥ 1,223	\$ 18,885
Other comprehensive income (Note 21):			
Unrealized gain (loss) on available-for-sale securities	(12,748)	(6,208)	(85,253)
Deferred gain (loss) on hedges	2,809	619	18,785
Revaluation reserve for land	(11)	-	(73)
Remeasurements of defined benefit plans	162	876	1,083
Total other comprehensive income	<u>(9,787)</u>	<u>(4,712)</u>	<u>(65,451)</u>
Comprehensive income	<u>¥ (6,962)</u>	<u>¥ (3,489)</u>	<u>\$ (46,559)</u>
Total comprehensive income attributable to:			
Owners of parent	¥ (6,970)	¥ (3,534)	\$ (46,612)
Non-controlling interests	7	45	46

See notes to consolidated financial statements.

FIDEA Holdings Co. Ltd. and Subsidiaries
**Consolidated Statements of Changes in Net Assets
Years Ended March 31, 2025 and 2024**

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance as of April 1, 2023	¥ 18,000	¥ 18,161	¥ 57,858	¥ (105)	¥ 93,914	¥ (4,458)	¥ (206)	¥ 850	¥ 412	¥ (3,402)	¥ 109	¥ 90,621
Cash dividends			(1,355)		(1,355)							(1,355)
Net income attributable to owners of parent			1,178		1,178							1,178
Acquisition of treasury stock				(12)	(12)							(12)
Sale of treasury stock		6		53	59							59
Reversal of revaluation reserve for land			(16)		(16)							(16)
Net changes of items other than shareholders' equity						(6,210)	619	16	876	(4,697)	45	(4,652)
Balance as of March 31, 2024	18,000	18,167	57,665	(63)	93,769	(10,668)	413	866	1,288	(8,099)	155	85,824
Cash dividends			(1,354)		(1,354)							(1,354)
Net income attributable to owners of parent			2,816		2,816							2,816
Acquisition of treasury stock				(168)	(168)							(168)
Sale of treasury stock		4		53	58							58
Reversal of revaluation reserve for land			20		20							20
Net changes of items other than shareholders' equity						(12,747)	2,809	(31)	162	(9,807)	7	(9,799)
Balance as of March 31, 2025	¥ 18,000	¥ 18,172	¥ 59,147	¥ (178)	¥ 95,140	¥ (23,415)	¥ 3,222	¥ 834	¥ 1,451	¥ (17,906)	¥ 162	¥ 77,396

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance as of March 31, 2024	\$ 120,377	\$ 121,494	\$ 385,641	\$ (421)	\$ 627,091	\$ (71,343)	\$ 2,761	\$ 5,791	\$ 8,613	\$ (54,163)	\$ 1,036	\$ 573,958
Cash dividends			(9,055)		(9,055)							(9,055)
Net income attributable to owners of parent			18,832		18,832							18,832
Acquisition of treasury stock				(1,123)	(1,123)							(1,123)
Sale of treasury stock		26		354	387							387
Reversal of revaluation reserve for land			133		133							133
Net changes of items other than shareholders' equity						(85,247)	18,785	(207)	1,083	(65,585)	46	(65,532)
Balance as of March 31, 2025	\$ 120,377	\$ 121,527	\$ 395,552	\$ (1,190)	\$ 636,260	\$ (156,590)	\$ 21,547	\$ 5,577	\$ 9,703	\$ (119,748)	\$ 1,083	\$ 517,595

See notes to consolidated financial statements.

FIDEA Holdings Co. Ltd. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Operating activities:			
Income before income taxes	¥ 3,860	¥ 3,099	\$ 25,814
Adjustments for:			
Income taxes—refund (paid)	(1,350)	387	(9,028)
Depreciation and amortization	1,794	1,875	11,997
Loss on impairment—fixed assets	110	263	735
Amortization of goodwill	-	14	-
Change in allowance for loan losses	(803)	(161)	(5,370)
Change in provision for bonuses for directors and other officers	(2)	-	(13)
Change in defined benefit asset	(312)	49	(2,086)
Change in defined benefit liability	33	(289)	220
Change in provision for reimbursement of deposits	(11)	(36)	(73)
Change in provision for contingent loss	78	43	521
Interest income	(31,421)	(28,643)	(210,131)
Interest expenses	2,837	1,063	18,972
Loss on securities—net	4,437	620	29,672
(Gain) loss on money held in trust—net	(60)	131	(401)
Foreign exchange loss (gain)—net	0	(10)	0
Loss on sale and disposal of fixed assets—net	238	205	1,591
Net change in loans and bills discounted	(46,541)	25,117	(311,248)
Net change in deposits	(42,297)	49,531	(282,866)
Net change in negotiable certificates of deposit	(28,909)	(13,926)	(193,332)
Net change in trading account securities	94	(142)	628
Net change in borrowed money, excluding subordinated borrowings	15,600	(28,300)	104,326
Net change in due from banks, excluding due from Bank of Japan	(4,665)	1,071	(31,197)
Net change in call loans and bills bought	3	184	20
Net change in payables under securities lending transactions	(88,768)	47,116	(593,646)
Net change in foreign exchange assets	36	271	240
Net change in foreign exchange liabilities	(11)	(3)	(73)
Net change in lease receivables and investments in leases	(981)	(2,306)	(6,560)
Interest received	31,187	28,147	208,566
Interest paid	(2,287)	(925)	(15,294)
Other—net	35,978	(16,921)	240,607
Total adjustments	(155,992)	64,427	(1,043,215)
Net cash provided by (used in) operating activities — (Forward)	¥(152,132)	¥ 67,526	\$(1,017,401)

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FIDEA Holdings Co. Ltd. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net cash provided by (used in) operating activities — (Forward)	¥ (152,132)	¥ 67,526	\$ (1,017,401)
Investing activities:			
Purchase of securities	(266,457)	(427,644)	(1,781,963)
Proceeds from sale of securities	246,598	230,971	1,649,154
Proceeds from maturity of securities	161,291	123,521	1,078,653
Increase in money held in trust	(1,000)	(1,000)	(6,687)
Decrease in money held in trust	19,901	-	133,090
Purchase of tangible fixed assets	(492)	(886)	(3,290)
Proceeds from sale of tangible fixed assets	101	133	675
Purchase of intangible fixed assets	(271)	(609)	(1,812)
Net cash provided by (used in) investing activities	159,670	(75,514)	1,067,812
Financing activities:			
Repayment of lease obligations	(326)	(166)	(2,180)
Dividends paid	(1,351)	(1,354)	(9,034)
Purchase of treasury stock	(168)	(12)	(1,123)
Proceeds from sale of treasury stock	0	-	0
Net cash provided by (used in) financing activities	(1,845)	(1,533)	(12,338)
Effect of exchange rate change on cash and cash equivalents	(0)	10	(0)
Net increase (decrease) in cash and cash equivalents	5,691	(9,511)	38,059
Cash and cash equivalents at the beginning of year	302,525	312,037	2,023,172
Cash and cash equivalents at the end of year (Note 22)	¥ 308,216	¥ 302,525	\$ 2,061,231

See notes to consolidated financial statements.

(Concluded)

FIDEA Holdings Co. Ltd. and Subsidiaries

Notes to Consolidated Financial Statements **Years Ended March 31, 2025 and 2024**

1. Basis of Presentation

FIDEA Holdings Co. Ltd. (the “Company”) is a holding company and conducts its operations through its subsidiaries and affiliates. The Company was established as a joint holding company between The Shonai Bank, Ltd. (“Shonai”) and The Hokuto Bank, Ltd. (“Hokuto”) on October 1, 2009 by way of a transfer of shares.

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

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

In preparing the accompanying consolidated financial statements, Japanese yen amounts are presented in millions of yen by rounding down figures to the nearest million. As a result, the totals in yen in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥149.53 = U.S.\$1.00, the exchange rate prevailing on March 31, 2025. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

2. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its 7 subsidiaries (collectively the “Group”) as of March 31, 2025 and 2024.

Under the control of influence concept, companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated. The Company has 6 unconsolidated subsidiaries as of March 31, 2025 and 2024.

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

The excess of the acquisition cost over the underlying equity in the net assets of the consolidated subsidiaries measured at fair value at their respective dates of acquisition is presented as “goodwill” and is amortized by the straight-line method over a period of five years. Insignificant amounts of goodwill are fully charged to income in the fiscal year when it is incurred.

The balance sheet dates of all 7 subsidiaries are March 31.

Companies over which the Company has the ability to exercise significant influence, but does not control are accounted for using the equity method. However, the Company has no unconsolidated subsidiaries nor affiliates to be accounted for using the equity method. As of March 31, 2025, the Company has one affiliate but it is not accounted for using the equity method due to immateriality.

3. Significant Accounting Policies

(1) Trading account securities

Trading account securities are stated at fair value as of the balance sheet date, and cost of trading account securities sold is determined principally using the moving-average method.

(2) Securities

Non-trading securities are classified into two categories: held-to-maturity debt securities and available-for-sale securities. Held-to-maturity debt securities are carried at amortized cost being determined by the moving-average method. Available-for-sale securities are stated at fair value. Cost of sale of these available-for-sale securities is principally determined using the moving-average method. Equity securities without market prices are stated at cost determined by the moving-average method.

Unrealized gain or loss on available-for-sale securities is recorded under net assets, net of income taxes.

(3) Securities held in money trusts

Securities that are part of trust assets in independently managed money trusts with the primary purpose to manage securities are stated at fair value as of the balance sheet date.

(4) Derivatives

Derivatives are stated at fair value.

(5) Tangible fixed assets

Depreciation of tangible fixed assets of the Group, except for lease assets, is calculated by the straight-line method. The principal useful lives are as follows:

Buildings	5 to 50 years
Others	4 to 20 years

The Group leases automated teller machines, etc. under finance lease arrangements as a lessee.

Lease assets under finance lease arrangements which do not transfer ownership of the lease assets to the lessee are depreciated over the respective lease contract periods using the straight-line method with salvage values defined in the lease contracts, otherwise with no residual value.

(6) Intangible fixed assets

Intangible fixed assets, except for lease assets, are amortized by the straight-line method. Amortization of the cost of software intended for internal use is calculated by the straight-line method based on a useful life (principally five years) determined by the Group.

(7) Allowance for loan losses

Allowance for loan losses is provided by the consolidated banking subsidiaries and other major consolidated subsidiaries in accordance with the prescribed standards.

- (i) For claims on borrowers who have declared bankruptcy or have commenced special liquidation proceedings or similar legal proceedings (the “bankrupt borrowers”), or borrowers who are not legally or formally insolvent but are regarded as substantially in the same situation (the “virtually bankrupt borrowers”), an allowance is generally provided based on the carrying amount of the claims, after the write-off stated below, net of the expected amount recoverable from collateral and guarantees.

For collateralized and guaranteed claims on the bankrupt borrowers or virtually bankrupt borrowers of Hokuto and its certain consolidated subsidiaries, the amount of claims exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and is charged off against the total amount of outstanding claims. These write-offs amounted to ¥14,529 million (\$97,164 thousand) and ¥14,381 million for the years ended March 31, 2025 and 2024, respectively.

- (ii) For claims on borrowers who are not currently bankrupt but are likely to become bankrupt (the “potentially bankrupt borrowers”), an allowance is provided at the amount deemed necessary based on the overall solvency assessment of the borrowers and the amount of the claims, net of the expected amount recoverable from collateral and guarantees (hereinafter the “unsecured amount”). In particular,

- a. For the unsecured amount, an allowance is provided based on the expected loan loss over the next three years. The expected loan loss amount is determined based on the loan loss ratio, which is estimated by taking the average of historical loan loss ratio over a certain period of time based on their past loan loss experience over three years, with necessary adjustments such as future projections.
 - b. Of claims on above borrowers, as to claims on borrowers with certain amounts or more of the unsecured amount, the allowance estimated based on the expected loan loss as described in the preceding paragraph is individually reviewed if the allowance is sufficient. Then as necessary, a collectible amount reasonably estimated based on the borrower's financial status is deducted from the unsecured amount to provide the amount of the allowance.
- (iii) For claims on borrowers with restructured loans, etc., an allowance is provided based on the expected loan loss over the next three years. The expected loan loss amount is determined based on the loan loss ratio, which is estimated by taking the average of historical loan loss ratio over a certain period of time based on their past loan loss experience over three years, with necessary adjustments such as future projections.
 - (iv) For other claims, an allowance is provided based on the expected loan loss over the next one year. The expected loan loss amount is determined based on the loan loss ratio, which is estimated by taking the average of historical loan loss ratio over a certain period of time based on their past loan loss experience over one year, with necessary adjustments such as future projections.
 - (v) Allowances for loan losses of other consolidated subsidiaries are provided based on the historical loan loss ratio.

All claims are assessed for the quality by the Asset Assessment Department with the cooperation by operating offices in accordance with the Standards for Asset Self-Assessment, and then the assessment results are audited by the Asset Audit Department which is independent from the Asset Assessment Department.

(8) Provision for bonuses for directors and other officers

Provision for bonuses for directors and other officers is provided for the payment of bonuses to directors and other officers at an estimated amount attributed to the current fiscal year.

(9) Provision for reimbursement of deposits

Provision for reimbursement of deposits is provided at an estimated amount of the future payments to be made for reimbursement claims on deposits which were derecognized and credited from liability to income.

(10) Provision for contingent loss

Provision for contingent loss is provided at an estimated amount of the future payments to be made for a

(11) Retirement benefits

The benefit formula method is used as a method of attributing expected retirement benefits to each period in calculating retirement benefit obligation.

Past service costs are amortized by the straight-line method over a certain period (five years) within the average remaining years of service of the eligible employees when such past service costs occur.

Actuarial gains and losses are amortized from the year following the year in which the gains and losses occur by the straight-line method over a certain period of 10 to 13 years within the average remaining years of service of the eligible employees when such actuarial gains and losses occur.

Certain consolidated subsidiaries adopt the simplified method in calculating defined benefit liability and retirement benefit expenses. Under this method, the severance payment amount required at the fiscal year-end for voluntary termination is deemed as retirement benefit obligations.

(12) Recognition of significant revenue and expenses

- (i) Recognition of revenue and expenses in finance lease transactions
At the consolidated subsidiary engaged in the leasing business, revenue and expenses from finance lease transactions are recognized upon receipt of lease payments, by recording revenue and cost of revenue.
- (ii) Recognition of revenue from contracts with customers
Major performance obligations in major businesses related to revenue from contracts with customers of the Company and its consolidated subsidiaries are providing services through deposits and loans operations, foreign exchange operations, securities-related operations, agency operations, custody/safe deposits operations and other.

As to fees and commissions from ATM services, direct debit services (deposits and loans operations), domestic and overseas remittance services (foreign exchange operations), underwriting public and corporate bonds (securities-related operations) and sale of investment trusts and insurances (agency operations), a performance obligation is satisfied and the revenue is recognized at a point in time when a transaction occurs or a related service is provided. As to fees and commissions from services, such as safe-deposit box fees (custody/safe deposit operations), for which a performance obligation is satisfied over the period in which the related service is provided, the revenue is recognized over the relevant period.

(13) Foreign currency translation

The assets and liabilities denominated in foreign currencies of the consolidated subsidiaries are translated into Japanese yen at the exchange rates in effect at the balance sheet date.

For the translation difference of debt securities out of available-for-sale securities denominated in foreign currencies, the translation difference related to changes in fair value is recognized as unrealized gain or loss and other differences are recognized as foreign exchange gain or loss under other operating income or expenses.

(14) Hedge accounting

Interest rate risk hedging

With respect to the hedge accounting for the interest rate risk arising from financial assets and liabilities of the consolidated banking subsidiaries, the Group applies deferral hedge accounting, under which gain or loss on derivatives are deferred until maturity of the hedged transactions, as stipulated in the Japanese Institute of Certified Public Accountants (“JICPA”) Industry Committee Practical Guideline No. 24 (March 17, 2022). With respect to hedging transactions to offset fluctuations of the market price, the effectiveness of hedging transactions is assessed by specifying the hedged items such as deposits and loans and bills discounted and hedging instruments such as interest rate swaps after grouping these items by definite remaining maturity. With respect to hedging transactions to offset fluctuations of market price of fixed-rate debt securities classified as available-for-sale securities, hedged items are identified by each type of debt securities and interest rate swaps are designated as hedging instruments. Since significant conditions concerning hedged items and hedging instruments are substantially identical, the hedge is deemed highly effective and the assessment for the effectiveness is omitted. With respect to hedging transactions to fix cash flows, the effectiveness of hedging is assessed by verifying the correlation of interest floating factors of hedged items and hedging instruments.

Foreign exchange risk hedging

With respect to the hedge accounting for the foreign exchange risk arising from financial assets and liabilities denominated in foreign currencies of the consolidated banking subsidiaries, the Group applies deferral hedge accounting, under which gain or loss on derivatives are deferred until maturity of the hedged transactions, as stipulated in the JICPA Industry Committee Practical Guideline No. 25 (October 8, 2020). Hedge effectiveness is assessed by comparing the amount of monetary assets and liabilities denominated in foreign currencies as underlying hedged items with the corresponding foreign-currency amount of the respective hedging instruments such as currency swaps and foreign exchange swaps entered into in order to hedge foreign exchange risk associated with monetary assets and liabilities denominated in foreign currencies.

In addition, in order to hedge foreign exchange risk of available-for-sale securities denominated in foreign currencies except for debt securities, the fair value hedge is applied as portfolio hedging on the condition that liabilities of spot and forward foreign exchange contracts exceeding the acquisition costs of the foreign currency denominated securities on a basis of foreign currency exist, designating the issues of foreign currency denominated securities to be hedged in advance.

(15) Cash and cash equivalents

In preparing the consolidated statements of cash flows, of cash and due from banks in the consolidated balance sheets, cash and due from Bank of Japan (“BoJ”) are considered to be cash and cash equivalents.

(16) Accounting treatments and procedures applied in cases where relevant accounting standards are unclear

- (i) Regarding gain or loss on cancellation or redemption of investment trusts, when an aggregate amount on investment trusts as a whole including interim distributions is a gain, the gain is recognized as interest and dividends on securities under interest income, and when it is a loss, the loss is recognized as loss on redemption of bonds under other operating expenses.
- (ii) Expenses for the restricted stock compensation for the Company’s directors (excluding outside directors and members of the Auditing Committee) and executive officers and the consolidated banking subsidiaries’ directors (excluding outside directors and members of the Audit and Supervisory Committee) and executive officers are measured at fair value of the Company’s share on the grant date. The expenses are recognized as personnel expenses (general and administrative expenses) over the eligible service period.

(17) Accounting standard and guidance issued but not yet applied

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

“Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024) and other

- (i) Overview
To provide accounting treatments for lessees to recognize an asset and a liability for all leases, in line with international accounting standards.
- (ii) Planned date of application
The Company plans to apply them from the beginning of the year ending March 31, 2028.
- (iii) Effect of application
The impact on the Company’s financial statements is under evaluation.

4. Significant Accounting Estimates

The following summarizes items that are recognized in the current fiscal year’s consolidated financial statements based on the accounting estimates and such estimates may give significant impacts on the consolidated financial statements in the following fiscal year.

(1) Allowance for loan losses

- (i) Amount recognized in the consolidated financial statements in the current fiscal year

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Allowance for loan losses	¥ 12,876	¥ 13,679	\$ 86,109

- (ii) Information that contributes to an understanding of the nature of significant accounting estimates for the identified items
 - a. Estimation method
It is described in Note “3. Significant Accounting Policies, (7) Allowance for loan losses.”

b. Major assumptions

For estimating the allowance, it is particularly important to determine the borrower classification.

Major assumptions used for determining the borrower classification are “outlook for future performance of borrowers,” which the Company assesses by each individual borrower based on the evaluation of each borrower’s ability to earn income, after comprehensively evaluating the qualitative and quantitative information collected, including each borrower’s management performance, financial status, lending terms, repayment status, and formulation and progress of a management improvement plan.

c. Impact on the consolidated financial statements in the following fiscal year

Since the major assumptions: “outlook for future performance of borrowers” involve uncertainty, there is a risk to have a significant impact on determining the borrower classification if any changes occur in the status of borrowers or the future economic environment. When the borrower classification changes, there is a possibility that the allowance for loan losses in the consolidated financial statements in the following fiscal year may increase or decrease.

5. Securities

Gain and loss from revaluation of trading account securities included in the consolidated statements of income was ¥(20) million (\$ (133) thousand) and ¥(1) million for the years ended March 31, 2025 and 2024, respectively.

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

	Millions of yen		
	Carrying amount	Acquisition cost	Unrealized gain (loss)
March 31, 2025			
Securities whose carrying amount exceeds their acquisition cost:			
Available-for-sale securities:			
Equity securities	¥ 10,146	¥ 5,871	¥ 4,275
Debt securities:	14,725	14,601	123
Japanese government bonds	2,026	2,009	17
Municipal bonds	3,094	3,058	35
Corporate bonds	9,604	9,533	70
Other	72,365	66,547	5,817
Subtotal	¥ 97,237	¥ 87,020	¥ 10,216
Securities whose carrying amount does not exceed their acquisition cost:			
Available-for-sale securities:			
Equity securities	¥ 9,714	¥ 10,462	¥ (747)
Debt securities:	336,667	364,773	(28,105)
Japanese government bonds	103,769	114,764	(10,994)
Municipal bonds	130,742	141,095	(10,353)
Corporate bonds	102,155	108,913	(6,757)
Other	116,879	125,001	(8,122)
Subtotal	¥ 463,261	¥ 500,237	¥ (36,975)
Total	¥ 560,499	¥ 587,257	¥ (26,758)

March 31, 2024	Millions of yen		
	Carrying amount	Acquisition cost	Unrealized gain (loss)
Securities whose carrying amount exceeds their acquisition cost:			
Available-for-sale securities:			
Equity securities	¥ 19,012	¥ 11,884	¥ 7,128
Debt securities:	66,093	65,244	849
Japanese government bonds	5,094	5,024	70
Municipal bonds	22,304	22,032	271
Corporate bonds	38,694	38,186	507
Other	92,213	82,178	10,034
Subtotal	¥ 177,320	¥ 159,307	¥ 18,012
Securities whose carrying amount does not exceed their acquisition cost:			
Available-for-sale securities:			
Equity securities	¥ 3,771	¥ 3,985	¥ (214)
Debt securities:	388,328	403,207	(14,879)
Japanese government bonds	161,435	167,687	(6,251)
Municipal bonds	146,220	151,331	(5,111)
Corporate bonds	80,672	84,188	(3,516)
Other	158,736	172,405	(13,669)
Subtotal	¥ 550,836	¥ 579,598	¥ (28,762)
Total	¥ 728,156	¥ 738,906	¥ (10,750)

March 31, 2025	Thousands of U.S. dollars		
	Carrying amount	Acquisition cost	Unrealized gain (loss)
Securities whose carrying amount exceeds their acquisition cost:			
Available-for-sale securities:			
Equity securities	\$ 67,852	\$ 39,263	\$ 28,589
Debt securities:	98,475	97,645	822
Japanese government bonds	13,549	13,435	113
Municipal bonds	20,691	20,450	234
Corporate bonds	64,227	63,753	468
Other	483,949	445,041	38,901
Subtotal	\$ 650,284	\$ 581,956	\$ 68,320
Securities whose carrying amount does not exceed their acquisition cost:			
Available-for-sale securities:			
Equity securities	\$ 64,963	\$ 69,965	\$ (4,995)
Debt securities:	2,251,501	2,439,463	(187,955)
Japanese government bonds	693,967	767,498	(73,523)
Municipal bonds	874,352	943,589	(69,236)
Corporate bonds	683,173	728,368	(45,188)
Other	781,642	835,959	(54,316)
Subtotal	\$ 3,098,114	\$ 3,345,395	\$ (247,274)
Total	\$ 3,748,405	\$ 3,927,352	\$ (178,947)

As of March 31, 2025 and 2024, ¥150 million (\$1,003 thousand) and ¥- million of equity securities and ¥916 million (\$6,125 thousand) and ¥477 million of capital investment in unconsolidated subsidiaries or affiliates were included in the balance of securities, respectively. Further, as of March 31, 2025 and 2024, ¥8,303 million (\$55,527 thousand) and ¥18,454 million of securities lent under secured loan agreement (securities lending transactions secured by collateral securities) is included in Japanese government bonds in securities.

Available-for-sale securities sold for the years ended March 31, 2025 and 2024 were as follows:

March 31, 2025	Millions of yen		
	Sales proceeds	Realized gain	Realized loss
Equity securities	¥ 41,023	¥ 3,699	¥ 1,649
Debt securities:	57,560	-	4,156
Japanese government bonds	46,867	-	3,965
Municipal bonds	10,525	-	188
Corporate bonds	167	-	2
Other	149,436	2,098	5,065
Total	¥ 248,020	¥ 5,797	¥ 10,871

March 31, 2024	Millions of yen		
	Sales proceeds	Realized gain	Realized loss
Equity securities	¥ 21,276	¥ 4,513	¥ 622
Debt securities:	26,176	66	74
Japanese government bonds	26,176	66	74
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Other	184,393	2,658	5,692
Total	¥ 231,846	¥ 7,237	¥ 6,389

March 31, 2025	Thousands of U.S. dollars		
	Sales proceeds	Realized gain	Realized loss
Equity securities	\$ 274,346	\$ 24,737	\$ 11,027
Debt securities:	384,939	-	27,793
Japanese government bonds	313,428	-	26,516
Municipal bonds	70,387	-	1,257
Corporate bonds	1,116	-	13
Other	999,371	14,030	33,872
Total	\$ 1,658,663	\$ 38,768	\$ 72,701

Write-down of securities

Non-trading securities, with the exception of equity securities without market prices or investments in partnerships, whose fair value significantly declined compared with their acquisition cost and is not considered to be able to recover their acquisition cost, are written down to their respective fair value which is recorded as the carrying amount on the consolidation balance sheet. The related loss on revaluation is charged to income for the year.

For the years ended March 31, 2025 and 2024, no available-for sale securities were written down.

The criteria for determining whether the fair value is “significantly declined” are as follows:

- (1) If the fair value as of the balance sheet date declines 50% or more compared to the acquisition cost, the difference is recognized as write-down of securities.
- (2) If the fair value as of the balance sheet date declines by 30% or more but less than 50% compared to the acquisition cost, write-down of securities is recognized for the securities which meets criteria of the Group after considering the financial condition of the issuer and past trend of the market value for a certain period.

6. Unrealized Gain (Loss) on Available-for-Sale Securities

Unrealized gain (loss) on available-for-sale securities at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrealized gain (loss):			
Available-for-sale securities	¥ (26,758)	¥ (10,750)	\$ (178,947)
Deferred tax assets	3,356	96	22,443
Unrealized gain (loss) on available-for-sale securities before adjustments by equity interest:	(23,401)	(10,653)	(156,497)
Non-controlling interests	(13)	(14)	(86)
Unrealized gain (loss) on available-for-sale securities	¥ (23,415)	¥ (10,668)	\$ (156,590)

7. Bills Discounted

Bills discounted are accounted for as financial transactions rather than as purchased bills in accordance with JICPA Industry Committee Practical Guideline No. 24 (March 17, 2022). The Group has the right to sell or pledge (repledge) such bills without any restrictions. These include commercial bills discounted. The total face value of such financial transactions at March 31, 2025 and 2024 amounted to ¥1,860 million (\$12,438 thousand) and ¥2,930 million, respectively.

Contracts for overdraft facilities and loan commitments are contracts under which the Group lends money to customers up to their prescribed limits at the customers' request as long as there are no violations of any of the conditions in the contracts. The aggregate unutilized balances within the limits of these contracts totaled ¥297,069 million (\$1,986,684 thousand) and ¥288,274 million at March 31, 2025 and 2024, respectively, including the contracts whose contractual periods were either less than one year or revocable at any time, in the amount of ¥271,542 million (\$1,815,970 thousand) and ¥260,991 million, respectively.

Since many of these commitments expire without being fully utilized, the unutilized amounts do not necessarily represent future cash commitments of the consolidated subsidiaries. Most of these contracts include provisions which stipulate that the consolidated subsidiaries can reject customers' requests or decrease the contract limits for an appropriate reason, such as a change in financial situation and preservation of claims. At the inception of the contracts, they obtain collateral in the form of real estate, securities, and so forth, if deemed necessary. Subsequently, they, based on its internal rules, perform periodic reviews of the customers' business results and may take necessary measures such as reconsidering the terms and conditions of the contracts and/or requiring additional collateral or guarantees.

8. Claims to Be Disclosed Under the Financial Revitalization Act and the Banking Act

Claims to be disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions (the "Financial Revitalization Act") are included in:

- corporate bonds (limited to those principal and interest are fully or partially secured and issued under private placements as permitted in Article 2, paragraph 3 of the Financial Instruments and Exchange Act) under "Securities,"
- "Loans and bills discounted,"
- "Foreign exchange assets,"
- Accrued interest and suspense payments under "Other assets,"
- "Customers' liabilities for acceptances and guarantees" and
- securities when such securities are lending (limited to those under loan for use contracts or lease contracts).

The following table summarizes claims to be disclosed under the Financial Revitalization Act and the Baking Act.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Claims against bankrupt or quasi-bankrupt obligors	¥ 9,188	¥ 7,718	\$ 61,445
Doubtful claims	29,651	31,789	198,294
Claims past due for three months or more	-	-	-
Restructured claims	828	838	5,537
Total	¥ 39,668	¥ 40,345	\$ 265,284

Claims against bankrupt or quasi-bankrupt obligors present loans to obligors in bankruptcy procedures, including commencement of bankruptcy proceedings, reorganization proceedings and rehabilitation proceedings, and other relevant claims.

Doubtful claims present loans, other than claims against bankrupt or quasi-bankrupt obligors, for which the obligors have not yet entered into bankruptcy, but their financial conditions and business performance have deteriorated, and therefore, it is highly probable that the principal and interest cannot be collected in accordance with contracts. Claims past due for three months or more represent loans on which the payment of principal and/or interest has not been received for three months or more from the day after the due date, and which are not classified as “claims against bankrupt or quasi-bankrupt obligors” or “doubtful claims.”

Restructured claims are loans which have been restructured to facilitate or support the reconstruction of obligors who are experiencing financial difficulties, with the intention of ensuring the recovery of the loans by providing more flexible repayment terms for the obligors (such as reducing the rate of interest, suspending the payment of principal/interest, forgiving debt, etc.) and loans which are not classified in any of the above categories.

The amounts of claims are before deducting allowance for loan losses.

9. Tangible Fixed Assets

At March 31, 2025 and 2024, accumulated depreciation of tangible fixed assets was ¥29,174 million (\$195,104 thousand) and ¥29,672 million, respectively.

The amounts of advanced depreciation by reduction of carrying amount of assets as of and for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance as of the fiscal year-end	¥ 957	¥ 957	\$ 6,400
Amount applicable for the year	-	-	-

10. Revaluation of Land

In accordance with the “Act on Revaluation of Land” (Act No. 34 of March 31, 1998), land used for business operations of Shonai was revalued as of the date indicated below. The excess of revaluation to carrying amount at the time of revaluation, net of income taxes corresponding to the excess which are recognized as “Deferred tax liabilities for land revaluation,” is stated as “Revaluation reserve for land” under net assets.

Date of revaluation: September 30, 1999

The method of revaluation of asset set forth in Article 3, paragraph 3 of the “Act on Revaluation of Land”:

Fair values are determined based on the land price registered in the book of taxation on land stipulated in Article 2-3 of the “Order for Enforcement of Act on Revaluation of Land” (the “Ordinance”) (Cabinet Order No. 119 of March 31, 1998), with price adjustments by shape and time and the appraisal value by an independent real estate appraiser as provided by Article 2-5 of the Ordinance.

The difference between the total fair value of land used for business operations revalued pursuant to Article 10 of the “Act on Revaluation of Land” and carrying amount after revaluation of the relevant land at March 31, 2025 and 2024 was ¥688 million (\$4,601 thousand) and ¥790 million, respectively.

11. Borrowed Money and Lease Obligations

Borrowed money and lease obligations at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars	Average interest rate	Maturity
	2025	2024	2025	(%)	
Borrowed money	¥103,300	¥ 87,700	\$ 690,831	0.09	Jun. 2025 through Jun. 2026
Current portion of lease obligations	391	226	2,614	1.89	-
Lease obligations, less current portion	1,103	729	7,376	2.43	Apr. 2025 through Sep. 2028

Notes: (1) Average interest rate is calculated based on the interests and the balances as of the balance sheet date by the weighted average method.

(2) Of lease obligations, sublease obligations are accounted for at the amount equivalent to interest portion included in total lease payments. Thus, such obligations are excluded from calculating the average interest rate of lease obligations.

(3) Annual maturities of borrowed money and lease obligations within five years at March 31, 2025 are as follows:

	Millions of yen				
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Borrowed money	¥ 98,400	¥ 4,900	¥ -	¥ -	¥ -
Lease obligations	391	382	342	238	104

	Thousands of U.S. dollars				
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Borrowed money	\$ 658,061	\$ 32,769	\$ -	\$ -	\$ -
Lease obligations	2,614	2,554	2,287	1,591	695

Note: Lease obligations are included in “Other liabilities” in the accompanying consolidated balance sheet.

12. Assets Pledged

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Securities	¥ 104,521	¥ 176,763	\$ 698,996

The liabilities secured by the above pledged assets at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Payables under securities lending transactions	¥ -	¥ 88,768	\$ -
Borrowed money	103,300	87,700	690,831

In addition to the pledged assets listed above, the following assets are pledged as collateral of domestic exchange transactions or as margins on futures contracts at March 31, 2025 and 2024:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Securities	¥ 86,931	¥ 113,995	\$ 581,361
Cash and due from banks	8	8	53
Other assets	12,143	33,082	81,207

Note: Other assets include guarantee deposits in the amount of ¥230 million (\$1,538 thousand) and ¥308 million at March 31, 2025 and 2024, respectively.

13. Retirement Benefit Plans

The Company and its consolidated banking subsidiaries have a defined contribution plan as well as defined benefit plans such as a corporate pension plan and a lump-sum payment plan, thereby supporting employees' retirement savings by making regular contributions. In addition, additional retirement allowance may be paid to employees when they retire. Further, a retirement benefit trust is established for the lump-sum payment plan of consolidated banking subsidiaries of the Company.

Each retirement benefit plan has adopted the point system under which certain points are given based on the functional classes and titles and employees are entitled to lump-sum payments based on the accumulated points at the time of the termination multiplied by unit price by point.

Certain consolidated subsidiaries other than the consolidated banking subsidiaries have lump-sum payment plans as defined benefit pension plans, and adopt the simplified method in calculating defined benefit liability and retirement benefit expenses.

Defined benefit pension plans

(1) Reconciliation between retirement benefit obligations at beginning of year and end of year

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Retirement benefit obligations at beginning of year	¥ 9,741	¥ 10,381	\$ 65,144
Service costs	358	375	2,394
Interest costs	66	44	441
Actuarial gains and losses arising during year	(627)	(260)	(4,193)
Retirement benefits paid	(911)	(798)	(6,092)
Retirement benefit obligations at end of year	¥ 8,628	¥ 9,741	\$ 57,700

(2) Reconciliation between plan assets at beginning of year and end of year

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Plan assets at beginning of year	¥ 11,838	¥ 10,930	\$ 79,168
Expected return on plan assets	177	163	1,183
Actuarial gains and losses	(91)	1,221	(608)
Contribution from employer	90	92	601
Retirement benefits paid	(751)	(569)	(5,022)
Plan assets at end of year	¥ 11,263	¥ 11,838	\$ 75,322

Note: Retirement benefit trust is included in plan assets.

- (3) Reconciliation between retirement benefit obligations and plan assets at end of year and defined benefit liability and defined benefit asset on the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Funded retirement benefit obligation	¥ 8,405	¥ 9,526	\$ 56,209
Plan assets	(11,263)	(11,838)	(75,322)
	(2,858)	(2,312)	(19,113)
Unfunded retirement benefit obligation	222	215	1,484
Net balance of liability and asset recorded on the consolidated balance sheets	¥ (2,635)	¥ (2,096)	\$ (17,621)

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Defined benefit liability	¥ 518	¥ 472	\$ 3,464
Defined benefit asset	(3,154)	(2,569)	(21,092)
Net balance of liability and asset recorded on the consolidated balance sheets	¥ (2,635)	¥ (2,096)	\$ (17,621)

Note: Retirement benefit trust is included in plan assets.

- (4) Retirement benefit expenses and components thereof

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Service costs	¥ 358	¥ 375	\$ 2,394
Interest costs	66	44	441
Expected return on plan assets	(177)	(163)	(1,183)
Amortization of actuarial gains and losses	(58)	42	(387)
Amortization of past service costs	(217)	(217)	(1,451)
Other	14	18	93
Retirement benefit expenses on defined benefit plans	¥ (13)	¥ 99	\$ (86)

Note: Retirement benefit expenses of the consolidated subsidiaries adopting the simplified method are collectively included in "Service costs."

- (5) Components of items recorded in remeasurements of defined benefit plans in other comprehensive income, before income taxes and tax effect, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Past service costs	¥ (217)	¥ (217)	\$ (1,451)
Actuarial gains and losses	478	1,525	3,196
Total	¥ 260	¥ 1,307	\$ 1,738

- (6) Components of items recorded in remeasurements of defined benefit plans in accumulated other comprehensive income, before income taxes and tax effect, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized past service costs	¥ -	¥ (217)	\$ -
Unrecognized actuarial gains and losses	(2,140)	(1,662)	(14,311)
Total	¥ (2,140)	¥ (1,879)	\$ (14,311)

(7) Components of plan assets

(i) Percentages to total plan by major category are as follows:

	2025	2024
Debt securities	31.1%	32.3%
Equity securities	23.3	25.6
Investment trusts	31.5	30.5
Cash and deposits	4.9	3.9
Call loans	0.4	0.0
General account	6.6	6.2
Other	2.1	1.5
Total	100.0%	100.0%

Note: 36.2% and 36.8% of the total plan assets consisted of the retirement benefit trust established for the lump-sum payment plan as of March 31, 2025 and 2024, respectively.

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

The expected long-term rate of return on plan assets is determined considering current and expected distribution of plan assets and current and expected long-term rate of return derived from various components of plan assets.

(8) Actuarial assumptions at end of year

	2025	2024
Discount rate	1.25% - 1.64%	0.53% - 0.92%
Expected long-term rate of return on plan assets	1.50%	1.50%
Expected rate of salary increase	2.10% - 2.40%	2.10% - 2.40%

Defined contribution pension plans

The amounts to be contributed to the defined contribution pension plans of the Company and its consolidated subsidiaries were ¥146 million (\$976 thousand) and ¥153 million as of March 31, 2025 and 2024, respectively.

14. Contingent Liabilities

Guarantee liabilities for corporate bonds acquired through private offering (as defined in Article 2-3 of the Financial Instruments and Exchange Act) among those classified as corporate bonds in “Securities” amounted to ¥38,450 million (\$257,139 thousand) and ¥36,116 million at March 31, 2025 and 2024, respectively.

15. Shareholders’ Equity

Japanese banks are required to comply with the Banking Act and the Companies Act. The Companies 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 to the legal reserve until the aggregate amount of the legal reserve and the capital surplus account equals 100% of the amount of share capital. The Companies Act also provides that if the aggregate amount of additional paid-in capital and the legal reserve exceeds 100% of the amount of share capital, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

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

Movements in common stock, preferred stock and treasury stock during the years ended March 31, 2025 and 2024 are summarized as follows:

	Number of shares (in thousands)			Ref.
	April 1, 2024	Increase	Decrease	March 31, 2025
Issued shares:				
Common stock	18,142	-	-	18,142
Total	18,142	-	-	18,142
Treasury stock:				
Common stock	48	105	35	118 (1), (2)
Total	48	105	35	118

Notes: (1) Increase in number of treasury stock of common stock is due to 100 thousand shares of market purchase and 5 thousand shares of request for purchase of less than one unit and 0 thousand shares of acquisition of the restricted stock for free.

(2) Decrease in number of treasury stock of common stock is due to 35 thousand shares of sale as the restricted stock compensation and 0 thousand shares of request for sale of less than one unit.

	Number of shares (in thousands)			Ref.
	April 1, 2023	Increase	Decrease	March 31, 2024
Issued shares:				
Common stock	18,142	-	-	18,142
Total	18,142	-	-	18,142
Treasury stock:				
Common stock	81	8	41	48 (1), (2)
Total	81	8	41	48

Notes: (1) Increase in number of treasury stock of common stock is due to 7 thousand shares of request for purchase of less than one unit and 0 thousand shares of acquisition of the restricted stock for free.

(2) Decrease in number of treasury stock of common stock is due to sale of shares as the restricted stock compensation.

16. Stock Compensation

The restricted stock compensation plan

The Company has the restricted stock compensation plan for directors (excluding outside directors and members of the Auditing Committee) and executive officers of the Company (collectively, the “Directors, etc. of the Company”) and the directors (excluding outside directors and members of the Audit and Supervisory Committee) and executive officers of the Company’s banking subsidiaries (collectively, the “Directors, etc. of the Company’s banking subsidiaries”).

(1) Amount and account name of the restricted stock compensation

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Personnel expenses			
(General and administrative expenses)	¥ 57	¥ 58	\$ 381

(2) Outline of the restricted stock compensation

	Granted in July 2022
Grantee (allottee)	Director of the Company: two (Note1) Executive officer of the Company: seven Director of the Company's banking subsidiaries: 12 (Note 2) Executive officer of the Company's banking subsidiaries: 12
Class and number of shares	Common stock of the Company: 42,600 shares
Date of grant	July 21, 2022
Eligible service period	The period from the date of ordinary general meetings of shareholders of the Company and the Company's banking subsidiaries held in 2022 to the date of ordinary general meetings of shareholders of the Company and the Company's banking subsidiaries scheduled to be held in 2023.
Restriction period	The period from August 10, 2022, the date of sale of the Company's shares, to the date on which the allottee resigns from any position of the Directors, etc. of the Company or the Company's banking subsidiaries.
Conditions for lifting	The Company shall lift the restriction on transfer of all allotted shares held by an allottee as of the expiration of the restriction period on the condition that the allottee continues to be the Directors, etc. of the Company or the Company's banking subsidiaries from the commencement date of the restriction period to the date of the first ordinary general meeting of shareholders of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the date of the first ordinary general meeting of shareholders of the applicable banking subsidiary). However, if the allottee resigns from any position of the Directors, etc. of the Company or the Company's banking subsidiaries, for good reasons approved by the Compensation Committee of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the Board of Director of the applicable banking subsidiary), by the day before the first ordinary general meeting of shareholders of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the day before the first ordinary general meeting of shareholders of the applicable banking subsidiary) after the commencement date of the restriction period, the transfer restriction of the allotted shares shall be lifted, as of the time immediately following the resignation, with respect to the allotted shares determined as follows: the number of months from July 2022 to the month including the day on which the allottee resigns from the position of the Directors, etc. of the Company or the Company's banking subsidiaries, divided by 12, multiplied by the number of the allotted shares held by the allottee as of such time (any fraction less than one share resulting from the calculation shall be rounded down).
Fair value on the grant date	¥1,289 (\$8,620)

Notes: (1) Outside Directors and members of the Auditing Committee are excluded.

(2) Outside Directors and members of the Audit and Supervisory Committee are excluded.

	Granted in July 2023
Grantee (allottee)	Director of the Company: three (Note1) Executive officer of the Company: seven Director of the Company's banking subsidiaries: nine (Note 2) Executive officer of the Company's banking subsidiaries: 17
Class and number of shares	Common stock of the Company: 41,500 shares
Date of grant	July 20, 2023
Eligible service period	The period from the date of ordinary general meetings of shareholders of the Company and the Company's banking subsidiaries held in 2023 to the date of ordinary general meetings of shareholders of the Company and the Company's banking subsidiaries scheduled to be held in 2024.
Restriction period	The period from August 18, 2023, the date of sale of the Company's shares, to the date on which the allottee resigns from any position of the Directors, etc. of the Company or the Company's banking subsidiaries.
Conditions for lifting	The Company shall lift the restriction on transfer of all allotted shares held by an allottee as of the expiration of the restriction period on the condition that the allottee continues to be the Directors, etc. of the Company or the Company's banking subsidiaries from the commencement date of the restriction period to the date of the first ordinary general meeting of shareholders of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the date of the first ordinary general meeting of shareholders of the applicable banking subsidiary). However, if the allottee resigns from any position of the Directors, etc. of the Company or the Company's banking subsidiaries, for good reasons approved by the Compensation Committee of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the Board of Director of the applicable banking subsidiary), by the day before the first ordinary general meeting of shareholders of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the day before the first ordinary general meeting of shareholders of the applicable banking subsidiary) after the commencement date of the restriction period, the transfer restriction of the allotted shares shall be lifted, as of the time immediately following the resignation, with respect to the allotted shares determined as follows: the number of months from July 2023 to the month including the day on which the allottee resigns from the position of the Directors, etc. of the Company or the Company's banking subsidiaries, divided by 12, multiplied by the number of the allotted shares held by the allottee as of such time (any fraction less than one share resulting from the calculation shall be rounded down).
Fair value on the grant date	¥1,442 (\$9,643)

Notes: (1) Outside Directors and members of the Auditing Committee are excluded.

(2) Outside Directors and members of the Audit and Supervisory Committee are excluded.

	Granted in July 2024
Grantee (allottee)	Director of the Company: three (Note 1) Executive officer of the Company: nine Director of the Company's banking subsidiaries: eight (Note 2) Executive officer of the Company's banking subsidiaries: 16
Class and number of shares	Common stock of the Company: 35,700 shares
Date of grant	July 18, 2024
Eligible service period	The period from the date of ordinary general meetings of shareholders of the Company and the Company's banking subsidiaries held in 2024 to the date of ordinary general meetings of shareholders of the Company and the Company's banking subsidiaries scheduled to be held in 2025.
Restriction period	The period from August 16, 2024, the date of sale of the Company's shares, to the date on which the allottee resigns from any position of the Directors, etc. of the Company or the Company's banking subsidiaries.
Conditions for lifting	The Company shall lift the restriction on transfer of all allotted shares held by an allottee as of the expiration of the restriction period on the condition that the allottee continues to be the Directors, etc. of the Company or the Company's banking subsidiaries from the commencement date of the restriction period to the date of the first ordinary general meeting of shareholders of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the date of the first ordinary general meeting of shareholders of the applicable banking subsidiary). However, if the allottee resigns from any position of the Directors, etc. of the Company or the Company's banking subsidiaries, for good reasons approved by the Compensation Committee of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the Board of Director of the applicable banking subsidiary), by the day before the first ordinary general meeting of shareholders of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the day before the first ordinary general meeting of shareholders of the applicable banking subsidiary) after the commencement date of the restriction period, the transfer restriction of the allotted shares shall be lifted, as of the time immediately following the resignation, with respect to the allotted shares determined as follows: the number of months from July 2024 to the month including the day on which the allottee resigns from the position of the Directors, etc. of the Company or the Company's banking subsidiaries, divided by 12, multiplied by the number of the allotted shares held by the allottee as of such time (any fraction less than one share resulting from the calculation shall be rounded down).
Fair value on the grant date	¥1,623 (\$10,854)

Notes: (1) Outside Directors and members of the Auditing Committee are excluded.

(2) Outside Directors and members of the Audit and Supervisory Committee are excluded.

(3) Changes in the number of the restricted stock

	Granted in July 2022	Granted in July 2023	Granted in July 2024
	shares		
March 31, 2024 - outstanding	36,000	41,500	-
Granted	-	-	35,700
Acquired for free (Note)	-	650	-
Lifted	3,800	3,950	-
March 31, 2025 - outstanding	32,200	36,900	35,700

Note: If an allottee resigns from any position of the Directors, etc. of the Company or the Company's banking subsidiaries, from the commencement date of the restriction period to the day before the first ordinary general meeting of shareholders of the Company (if an allottee is the Directors, etc. of the Company's banking subsidiaries, the day before the first ordinary general meeting of shareholders of the applicable banking subsidiary), the Company shall acquire allotted shares for free at the time of resignation, unless there is any good reason approved by the Compensation Committee (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the Board of Directors of the applicable banking subsidiary). Furthermore, if there are any allotted shares not lifted, in accordance with provisions in the aforementioned conditions for lifting, at the time that restriction period is expired (the "time of expiration"), the Company shall acquire such shares for free immediately after the time of expiration.

(4) Method to estimate fair value on the grant date

In order to avoid arbitrariness, the Company estimates the fair value to be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors' meeting in connection with the grant of the restricted stock.

17. Revenue Recognition

(1) Information on disaggregated revenue from contracts with customers

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Fees and commissions:			
Deposits and loans operations	¥ 1,913	¥ 1,927	\$ 12,793
Foreign exchange operations	1,371	1,348	9,168
Securities-related operations	71	74	474
Agency operations	3,473	3,791	23,226
Custody/safe deposits operations	54	57	361
Other operations	1,345	1,305	8,994
Total	¥ 8,229	¥ 8,504	\$ 55,032
Other ordinary income	1,608	1,805	10,753
Ordinary income from contracts with customers	¥ 9,838	¥ 10,309	\$ 65,792
Ordinary income other than above (Note 1)	43,300	39,634	289,573
Ordinary income (Note 2)	¥ 53,138	¥ 49,944	\$ 355,366

Notes: (1) It mainly consists of transactions related to financial instruments included in the scope of ASBJ Statement No. 10 "Accounting Standard for Financial Instruments," lease transactions included in the scope of ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" and fees and commissions received on origination or acquisition of financial instruments.

(2) "Ordinary income" is defined as income less certain special income included in the accompanying consolidated statements of income.

(2) Information on basis of revenue from contracts with customers

Information on basis of revenue from contracts with customers is omitted since it is described in Note "3. Significant Accounting Policies, (12) Recognition of significant revenue and expenses."

18. General and Administrative Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Salaries and allowances	¥ 10,317	¥ 10,357	\$ 68,996
Retirement benefit expenses	131	253	876
Outsourcing expenses	2,577	2,578	17,233

19. Other Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Loss on sale of equity securities, etc.	¥ 2,159	¥ 2,152	\$ 14,438

20. Impairment Loss

For the years ended March 31, 2025 and 2024, with regard to assets from which cash flows declined due to decrease in income from operating activities, idle properties and assets which were determined to be sold, the Company recognized the impairment loss by writing off the carrying amount of each asset to its respective recoverable amount.

March 31, 2025

Category	Area	Main use	Description	Impairment loss	
				Millions of yen	Thousands of U.S. dollars
Business assets	Within Yamagata Prefecture	Banking office – three locations	Land and buildings	¥ 74	\$ 494
Business assets	Within Akita Prefecture	Banking office – one location	Land	13	86
Corporate assets	Within Yamagata Prefecture	Corporate assets – one location	Land	22	147
Total				¥ 110	\$ 735

March 31, 2024

Category	Area	Main use	Description	Impairment loss	
				Millions of yen	
Business assets	Within Akita Prefecture	Banking office – four locations	Land and buildings	¥ 82	
Business assets	Within Yamagata Prefecture	Banking office – six locations	Land and buildings	151	
Corporate assets	Within Yamagata Prefecture	Corporate assets – one location	Buildings	30	
Total				¥ 263	

Banking offices of consolidated subsidiaries in the banking business are grouped by office which is the minimum unit for management accounting purposes. Certain banking office group which operates in cooperation is considered as one unit, and banking offices located in the same building are also considered as one unit. For idle assets and assets held for sale, each asset is considered as the minimum unit. Head office, administrative centers and others are considered as corporate assets since they contribute to generate future cash flows of multiple assets or asset groups.

The Company and consolidated subsidiaries in other than the banking business are grouped by entity as a general rule.

The recoverable amount of relevant asset group is measured at net selling price and calculated by deducting estimated costs to sell from the amount which properly reflects the fair market value such as real estate appraisal value or roadside land prices.

21. Other Comprehensive Income

Reclassification adjustments and income taxes and tax effect for each component of other comprehensive income for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrealized gain (loss) on available-for-sale securities:			
Gain (loss) arising during the year	¥ (21,084)	¥ (6,166)	\$ (141,001)
Reclassification adjustments	5,076	(693)	33,946
Before income taxes and tax effect	(16,008)	(6,860)	(107,055)
Income taxes and tax effect	3,260	651	21,801
Unrealized gain (loss) on available-for-sale securities	(12,748)	(6,208)	(85,253)
Deferred gain (loss) on hedges:			
Adjustments arising during the year	3,996	2,314	26,723
Reclassification adjustments	103	(1,422)	688
Before income taxes and tax effect	4,099	891	27,412
Income taxes and tax effect	(1,290)	(271)	(8,627)
Deferred gain (loss) on hedges	2,809	619	18,785
Revaluation reserve for land:			
Adjustments arising during the year	-	-	-
Reclassification adjustments	-	-	-
Before income taxes and tax effect	-	-	-
Income taxes and tax effect	(11)	-	(73)
Revaluation reserve for land	(11)	-	(73)
Remeasurements of defined benefit plans:			
Adjustments arising during the year	536	1,482	3,584
Reclassification adjustments	(275)	(174)	(1,839)
Before income taxes and tax effect	260	1,307	1,738
Income taxes and tax effect	(98)	(430)	(655)
Remeasurements of defined benefit plans	162	876	1,083
Total other comprehensive income	¥ (9,787)	¥ (4,712)	\$ (65,451)

22. Cash and Cash Equivalents

A reconciliation of cash and due from banks in the accompanying consolidated balance sheets to cash and cash equivalents in the accompanying consolidated statements of cash flows at March 31, 2025 and 2024 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash and due from banks	¥ 316,696	¥ 306,340	\$ 2,117,942
Due from banks (excluding due from BoJ)	(8,480)	(3,815)	(56,711)
Cash and cash equivalents	¥ 308,216	¥ 302,525	\$ 2,061,231

23. Income Taxes

The tax effect of temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Unrealized gain (loss) on available-for-sale securities	¥ 8,414	¥ 3,299	\$ 56,269
Allowance for loan losses	7,939	7,858	53,093
Defined benefit liability	1,414	1,477	9,456
Depreciation	572	603	3,825
Write-down of securities	257	186	1,718
Tax loss carryforwards	153	152	1,023
Other	1,022	1,137	6,834
Gross deferred tax assets	19,774	14,715	132,241
Valuation allowance (Note)	(11,473)	(9,764)	(76,727)
Total deferred tax assets	¥ 8,300	¥ 4,951	\$ 55,507
Deferred tax liabilities:			
Unrealized gain (loss) on available-for-sale securities	¥ (13)	¥ (14)	\$ (86)
Other	(2,743)	(1,397)	(18,344)
Total deferred tax liabilities	(2,757)	(1,412)	(18,437)
Net deferred tax assets (liabilities)	¥ 5,543	¥ 3,539	\$ 37,069

Note: The major factor of the change is an increase in valuation allowance related to unrealized gain (loss) on available-for-sale securities.

Reconciliation of the statutory tax rate to the effective tax rate for the years ended March 31, 2025 and 2024 is shown as below.

	2025	2024
Normal effective statutory tax rate	30.58%	30.58%
Non-deductible expenses such as entertainment expenses	0.60	0.90
Non-taxable income such as dividend income	(12.00)	(14.62)
Per capita inhabitant tax	1.16	1.50
Valuation allowance	(8.32)	24.44
Consolidation adjustments	10.81	13.15
Increase in year-end deferred tax assets due to change in tax rate	1.94	-
Other	2.06	4.57
Actual effective tax rate	26.83%	60.52%

Adjustments of deferred tax assets and liabilities due to changes in corporate tax rates, etc.

Based on the “Act on Partially Amending the Income Tax Act (Act No.13 of 2025)” enacted on March 31, 2025, the “Special Defense Tax” will be imposed effective from the fiscal year beginning on and after April 1, 2026. Accordingly, the effective statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities will be changed from 30.58% to 31.47% for temporary differences expected to be settled in the fiscal years beginning on or after April 1, 2026. Due to this change, as of March 31, 2025, deferred tax assets increased by ¥105 million (\$702 thousand), deferred tax liabilities increased by ¥0 million (\$0 thousand), and unrealized gain (loss) on available-for-sale securities increased by ¥96 million (\$642 thousand), while deferred gain (loss) on hedges decreased by ¥42 million (\$280 thousand), remeasurements of defined benefit plans decreased by ¥18 million (\$120 thousand), and income taxes-deferred decreased by ¥70 million (\$468 thousand). Furthermore, deferred tax liabilities for land revaluation increased by ¥11 million (\$73 thousand) while revaluation reserve for land decreased by the same amount.

24. Segment Information

(1) Segment information

The Group has a single segment of banking business. Accordingly, segment information by reportable segment is omitted.

(2) Related information

Information by service

Millions of yen				
		Securities		
March 31, 2025	Lending	investment	Other	Total
Ordinary income from external customers	¥ 22,608	¥ 15,813	¥ 14,716	¥ 53,138

Millions of yen				
		Securities		
March 31, 2024	Lending	investment	Other	Total
Ordinary income from external customers	¥ 19,155	¥ 16,686	¥ 14,103	¥ 49,944

Thousands of U.S. dollars				
		Securities		
March 31, 2025	Lending	investment	Other	Total
Ordinary income from external customers	\$ 151,193	\$ 105,751	\$ 98,415	\$ 355,366

Note: “Ordinary income” is defined as income less certain special income included in the accompanying consolidated statements of income.

Geographic information

(i) Ordinary income

Information about ordinary income by geographic area for the years ended March 31, 2025 and 2024 is omitted as ordinary income from external customers in Japan was more than 90% of ordinary income in the consolidated statements of income.

(ii) Tangible fixed assets

Information about tangible fixed assets by geographic area as of March 31, 2025 and 2024 is omitted as tangible fixed assets in Japan was more than 90% of “Tangible fixed assets” in the consolidated balance sheets.

Information by major customer

Information by major customer for the years ended March 31, 2025 and 2024 is omitted since there was no single external customer accounting for 10% or more of the consolidated ordinary income.

25. Related Party Transactions

Transactions between the Company's consolidated subsidiaries and their directors and major shareholders as of March 31, 2025 and 2024 and for the years then ended are as follows:

2025									
Type	Name	Address	Capital (Millions of yen)	Business	Ownerships of voting rights (%)	Transaction type	Transaction amount	Account	Balance at March 31, 2025
Companies, etc. whose voting rights are owned by the director (including the director of the consolidated subsidiaries) or his/her relatives	Akita Kubota Co., Ltd. Note (1)	Akita city, Akita Pref.	¥60	Agricultural machines distributor	0.0% directly held	Lending	¥248 million (\$1,658 thousand)	Loans and bills discounted	¥206 million (\$1,377 thousand)
	Netz Toyota Akita Co., Ltd. Note (2)	Akita city, Akita Pref.	¥40	Car distributor	0.0% directly held	Lending	¥968 million (\$6,473 thousand)	Loans and bills discounted	¥750 million (\$5,015 thousand)
	Toyota Renta Lease Akita Co., Ltd. Note (2)	Akita city, Akita Pref.	¥36	Rental and lease of vehicles	0.0% directly held	Lending	¥540 million (\$3,611 thousand)	Loans and bills discounted	¥540 million (\$3,611 thousand)
	ROYAL CENTURY GOLF CLUB Note (3)	Akita city, Akita Pref.	¥20	Amusement	-	Lending	¥40 million (\$267 thousand)	Loans and bills discounted	¥40 million (\$267 thousand)
	Okuyama Boring Co., Ltd. Note (4)	Yokote city, Akita Pref.	¥40	Construction	0.0% directly held	Lending	¥1,042 million (\$6,968 thousand)	Loans and bills discounted	¥1,049 million (\$7,015 thousand)
						Guarantee for liabilities	¥398 million (\$2,661 thousand)	Customers' liabilities for acceptances and guarantees	¥425 million (\$2,842 thousand)
	P.C. Cock Center Corporation Note (5)	Tsuruoka city, Yamagata Pref.	¥8	Road transport	-	Lending	¥94 million (\$628 thousand)	Loans and bills discounted	¥95 million (\$635 thousand)
	UGO Holdings, Co., Ltd. Note (6)	Akita city, Akita Pref.	¥1	Facility construction	-	Lending	¥30 million (\$200 thousand)	Loans and bills discounted	¥60 million (\$401 thousand)
	UGOSETSUBI co. ltd. Note (6)	Akita city, Akita Pref.	¥20	Facility construction	0.0% directly held	Lending	¥265 million (\$1,772 thousand)	Loans and bills discounted	¥114 million (\$762 thousand)
						Guarantee for liabilities	¥100 million (\$668 thousand)	Customers' liabilities for acceptances and guarantees	¥100 million (\$668 thousand)
	CHUOU DOKEN Co., Ltd. Note (7)	Akita city, Akita Pref.	¥40	Civil engineering and construction	0.1% directly held	Guarantee for liabilities	¥206 million (\$1,377 thousand)	Customers' liabilities for acceptances and guarantees	¥193 million (\$1,290 thousand)
	Marui Co., Ltd. Note (8)	Akita city, Akita Pref.	¥20	Real estate leasing	-	Lending	¥147 million (\$983 thousand)	Loans and bills discounted	¥98 million (\$655 thousand)

2024									
Type	Name	Address	Capital (Millions of yen)	Business	Ownerships of voting rights (%)	Transaction type	Transaction amount	Account	Balance at March 31, 2024
Companies, etc. whose voting rights are owned by the director (including the director of the consolidated subsidiaries) or his/her relatives	Akita Kubota Co., Ltd. Note (1)	Akita city, Akita Pref.	¥60	Agricultural machines distributor	0.0% directly held	Lending	¥114 million	Loans and bills discounted	¥273 million
	Netz Toyota Akita Co., Ltd. Note (2)	Akita city, Akita Pref.	¥40	Car distributor	0.0% directly held	Lending	¥1,048 million	Loans and bills discounted	¥1,140 million
	Toyota Renta Lease Akita Co., Ltd. Note (2)	Akita city, Akita Pref.	¥36	Rental and lease of vehicles	0.0% directly held	Lending	¥540 million	Loans and bills discounted	¥540 million
	ROYAL CENTURY GOLF CLUB Note (3)	Akita city, Akita Pref.	¥20	Amusement	-	Lending	¥40 million	Loans and bills discounted	¥40 million
	Okuyama Boring Co., Ltd. Note (4)	Yokote city, Akita Pref.	¥40	Construction	0.0% directly held	Lending	¥882 million	Loans and bills discounted	¥1,152 million
						Guarantee for liabilities	¥352 million	Customers' liabilities for acceptances and guarantees	¥403 million
	P.C. Cock Center Corporation Note (5)	Tsuruoka city, Yamagata Pref.	¥8	Road transport	-	Lending	¥90 million	Loans and bills discounted	¥90 million
	Hasebe Architect Corporation Note (9)	Shonai Cho, Yamagata Pref.	¥3	General constructor	-	Lending	¥20 million	Loans and bills discounted	¥18 million

- Notes: (1) Akita Kubota Co., Ltd. is a subsidiary of Ishii Shoji Co., Ltd. Tadanari Ishii, who is a director of Hokuto which is a significant consolidated subsidiary of the Company, and his relatives own the majority of voting rights of Ishii Shoji Co., Ltd.
- (2) Tadanari Ishii, who is a director of Hokuto which is a significant consolidated subsidiary of the Company, his relatives and Ishii Shoji Co., Ltd. own the majority of voting rights of Netz Toyota Akita Co., Ltd. Toyota Renta Lease Akita Co., Ltd. is a subsidiary of Netz Toyota Akita Co., Ltd.
- (3) Tadanari Ishii, who is a director of Hokuto which is a significant consolidated subsidiary of the Company, and his relatives own the majority of voting rights of ROYAL CENTURY GOLF CLUB.
- (4) Kazuhiko Okuyama, a director and a member of Audit and Supervisory Committee of Hokuto which is a significant consolidated subsidiary of the Company, and his relatives own the majority of voting rights of Okuyama Boring Co., Ltd.
- (5) Hikaru Adachi is an executive officer of the Company for the year ended Marcy 31, 2025 and a director and audit & supervisory board member of Hokuto which is a significant consolidated subsidiary of the Company for the year ended Marcy 31, 2024. His relative owns the majority of voting rights of P.C. Cock Center Corporation.
- (6) Hiroyuki Sato is a director of Hokuto which is a significant consolidated subsidiary of the Company. He owns the majority of voting rights of UGO Holdings, Co., Ltd. In addition, UGOSETSUBI. co. ltd. is a subsidiary of UGO Holdings, Co., Ltd.
- (7) Yasuaki Ishikami is an executive officer of Hokuto which is a significant consolidated subsidiary of the Company. His relative owns the majority of voting rights of CHUOU DOKEN Co., Ltd.
- (8) Yasuaki Ishikami is an executive officer of Hokuto which is a significant consolidated subsidiary of the Company. His relative and CHUOU DOKEN Co., Ltd. own the majority of voting rights of Marui Co., Ltd.
- (9) Tsukasa Kondo is a director and audit & supervisory board member of Shonai which is a significant consolidated subsidiary of the Company. His relative owns the majority of voting rights of Hasebe Architect Corporation.
- (10) The transactions are with Hokuto and Shonai, which are significant consolidated subsidiaries of the Company, and the trading conditions and policies are the same as those of the transactions with general parties.
- (11) The transaction amount is shown by the average balance.

There is no other related party transaction to be disclosed for the years ended March 31, 2025 and 2024.

26. Financial Instruments and Related Disclosures

(1) Status of Financial Instruments

(i) Policy on financial instruments

The Group is engaged in financial information services centering on banking business such as deposit-taking and lending services for domestic corporate and individual customers and management of securities such as debt and equity securities and investment trusts. The Group accepts risk as long as it remains financially healthy and intends to improve its earning power in order to continue to conduct these services.

The Group holds financial assets and liabilities exposed to the fluctuation risk of interest rates. Accordingly, the Group conducts asset and liability management (ALM) and enters into derivative transactions, if necessary, in order to avoid adverse effect by the interest-rate fluctuation.

(ii) Contents of financial instruments and their risks

Financial assets held by the Group mainly consist of loans and bills discounted to domestic corporate and individual customers, which are exposed to credit risk arising from customers' nonperformance of contractual obligations. In addition, securities, principally consisting of equity securities, debt securities, investment trusts and investments in partnerships, are held for the purposes of net investment and strategic investment. These financial assets are exposed to credit risk of issuers and fluctuation risk of interest rates and market prices.

Major financial liabilities, consisting of deposits and negotiable certificates of deposit, are principally deposits accepted from domestic corporate and individual customers. They require attentions to liquidity risk arising from concentrated cancellation of deposits, but most of those deposits are from individual customers and accordingly, the risk is dispersed to small accounts. The liquidity risk is also controlled by limiting the ratio of large deposit accounts to a certain level.

Derivative contracts which the Group enters into consist of interest rate swaps employed as part of ALM and futures of debt securities held as available-for-sale securities, options, etc. These derivatives are not entered into for speculative purpose but mainly for hedging purposes.

(iii) Risk management system for financial instruments

The Group has established the "Basic Policy on Risk Management" and various risk control rules and a system to conduct the risk management as follows:

a. Credit risk management:

In accordance with the "Credit Policy" and "Credit Risk Management Rule," for loans and bills discounted, a credit control system has been established and maintained, including credit review by individual contract, credit limit control, credit information control, internal ratings, retrospective control including self-assessment, establishment of guaranty and security, countermeasures for problem accounts, credit concentration risk management, etc. These credit controls are performed by the loan departments in addition to each operating office, being reported to and discussed at the management meetings on a regular basis. Furthermore, the status of credit control is examined by the internal audit department.

b. Market risk management:

For market transactions, front office, middle office and back office, each of which is independent of others, are mutually controlled.

Interest rate risk management:

The Group manages the fluctuation risk of interest rates by ALM. In accordance with the “Market Risk Management Rule,” the Group measures the exposure of interest rate risk, monitoring by gap analysis and sensitivity analysis on a regular basis, and the monitoring results are reported to the management meetings on a regular basis. In addition, the future countermeasures based on the analysis of current status are discussed.

Foreign exchange risk management:

The Group manages foreign exchange risk, in accordance with the “Market Risk Management Rule,” by establishing total positions and loss limits or entering into hedging activities.

Price fluctuation risk management:

The Group manages price fluctuation risk in accordance with “Market Risk Management Rule.” Risk exposures to securities are monitored for usage against the pre-set limit by the Risk Control Department on a daily basis based on Value at Risk (VaR) and other risk indexes such as 10BVP and reported to the management meetings.

Derivative transactions:

With respect to derivative transactions, the Group segregates the duties of the departments responsible for execution of transactions, verification of hedge effectiveness, and operation administration and conducts transactions under the management and control based on the handling rules.

Quantitative information about market risk:

Financial instruments not for trading purposes

The Group identifies and manages the market risk volume using VaR on a daily basis (monthly basis with regard to interest rate risk volume of deposits, loans and bills discounted, etc.), since the Group holds many financial instruments whose fair value fluctuates on a daily basis and such fluctuation amount is greater than other risk categories. The market risk volume of the Group is controlled as the total amounts of market risk volume of Shonai and Hokuto which are the subsidiaries.

Market risk volume of the banking business of the Group at March 31, 2025 and 2024 and for the years then ended was as follows:

Billions of yen				
2025				
	Average	Maximum	Minimum	As of the fiscal year-end
Due from banks, loans and bills discounted and others	¥ 0.0	¥ 0.0	¥ 0.0	¥ 0.0
Securities:	34.2	38.8	30.1	30.8
Debt securities	10.0	12.2	7.7	8.0
Equity securities	5.5	7.7	3.9	5.8
Other	24.4	27.4	20.0	20.0
Billions of yen				
2024				
	Average	Maximum	Minimum	As of the fiscal year-end
Due from banks, loans and bills discounted and others	¥ 0.0	¥ 0.0	¥ 0.0	¥ 0.0
Securities:	35.2	39.6	31.1	31.1
Debt securities	14.2	16.8	10.7	10.7
Equity securities	3.7	5.4	2.6	4.6
Other	27.6	29.8	23.7	23.7

Millions of U.S. dollars				
2025				
	Average	Maximum	Minimum	As of the fiscal year-end
Due from banks, loans and bills discounted and others	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Securities:	228.7	259.4	201.2	205.9
Debt securities	66.8	81.5	51.4	53.5
Equity securities	36.7	51.4	26.0	38.7
Other	163.1	183.2	133.7	133.7

(*1) VaR is measured in principle using the variance/co-variance method.

(*2) Holding period is assumed to be 60 business days for higher market liquidity financial instruments such as Japanese government bonds, municipal bonds, listed equity securities (excluding strategic investments), etc., 250 business days for cross-holding shares of listed equity securities, and 125 or 250 business days for less market liquidity financial instruments, due from banks, loans and bills discounted, etc.

(*3) 99 % is used for confidence interval, and 250 business days are used as extraction period of market data to measure volatility.

(*4) The total amount does not agree with the sum of the individual amounts since correlation between the risk factors of debt securities and equity securities is taken into account.

(*5) The current interest rate risk volume of deposits, loans and bills discounted, etc., represents decreasing interest rate risk, not increasing interest rate risk. The increasing interest rate risk is managed as internal control. Therefore, the interest rate risk volume of due from banks, loans and bills discounted and others is considered to be zero.

Within the Group, each banking subsidiary implements backtests comparing the VaR of one day holding period measured by the model and the actual loss, in order to verify the accuracy of the measurement model of the market risk volume concerning the VaR of securities.

The measurement model currently in use is deemed to capture the market risk on the reasonably accurate basis. However, the Group will take conservative actions as necessary when VaR is expected to increase due to an increase in volatility.

In implementing the risk management using the VaR, the following particular points are paid attention to:

- (a) Quantitative information such as VaR of market risk is determined based on the statistical assumptions and may result in a different value depending on the different assumptions and calculation methods.
- (b) Quantitative information such as VaR of market risk is a statistical value calculated based on the assumptions and not intended to estimate the maximum loss amount. Profit or loss is assumed to exceed VaR on the frequency corresponding to the confidence interval.
- (c) Future market conditions may differ significantly from the past.

Financial instruments for trading purposes are excluded from the scope of disclosure, since the outstanding balance at any banking subsidiary is very insignificant and the materiality of effect on the management is quite limited.

c. Liquidity risk management:

The Group sets limits on liquidity risk management and reports to the management meetings, monitoring the results on a daily basis in accordance with the “Liquidity Risk Management Rule.”

(iv) Supplementary explanation about fair value of financial instruments

As certain assumptions are used in calculating the fair value of financial instruments, the result of such calculation may vary if different assumptions are used.

(2) Fair value of financial instruments

The carrying amount, the fair value and their difference as of March 31, 2025 and 2024 were as follows. Note that equity securities without market prices or investments in partnerships are not included in the following table (See Note 1 below). In addition, the disclosure of carrying amount, fair value and difference is omitted for cash and due from banks, monetary claims bought, foreign exchange assets and liabilities and payables under securities lending transactions since their fair value approximates their carrying amount due to short maturities.

March 31, 2025	Millions of yen		
	Carrying amount	Fair value	Difference
Trading account securities:			
Trading securities	¥ 654	¥ 654	¥ -
Money held in trust	40,043	40,043	-
Securities (*1):			
Available-for-sale securities	560,372	560,372	-
Loans and bills discounted:	1,913,574		
Allowance for loan losses (*2)	(10,355)		
	1,903,218	1,881,627	(21,590)
Assets, total	¥2,504,288	¥2,482,698	¥ (21,590)
Deposits	¥2,670,943	¥2,670,514	¥ (429)
Negotiable certificates of deposit	20,844	20,844	-
Borrowed money	103,300	103,269	(30)
Liabilities, total	¥2,795,088	¥2,794,629	¥ (459)
Derivative transactions (*3):			
To which hedge accounting is not applied	¥ 117	¥ 117	¥ -
To which hedge accounting is applied	4,498	4,498	-
Derivative transactions, total	¥ 4,616	¥ 4,616	¥ -

March 31, 2024	Millions of yen		
	Carrying amount	Fair value	Difference
Trading account securities:			
Trading securities	¥ 748	¥ 748	¥ -
Money held in trust	58,690	58,690	-
Securities (*1):			
Available-for-sale securities	728,048	728,048	-
Loans and bills discounted:	1,867,032		
Allowance for loan losses (*2)	(13,392)		
	1,853,640	1,859,297	5,657
Assets, total	¥2,641,127	¥2,646,785	¥ 5,657
Deposits	¥2,713,241	¥2,713,216	¥ (25)
Negotiable certificates of deposit	49,753	49,753	-
Borrowed money	87,700	87,657	(42)
Liabilities, total	¥2,850,695	¥2,850,628	¥ (67)
Derivative transactions (*3):			
To which hedge accounting is not applied	¥ [135]	¥ [135]	¥ -
To which hedge accounting is applied	295	295	-
Derivative transactions, total	¥ 159	¥ 159	¥ -

March 31, 2025	Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference
Trading account securities:			
Trading securities	\$ 4,373	\$ 4,373	\$ -
Money held in trust	267,792	267,792	-
Securities (*1):			
Available-for-sale securities	3,747,555	3,747,555	-
Loans and bills discounted:	12,797,258		
Allowance for loan losses (*2)	(69,250)		
	12,728,001	12,583,608	(144,385)
Assets, total	\$16,747,729	\$16,603,343	\$ (144,385)
Deposits	\$17,862,255	\$17,859,386	\$ (2,868)
Negotiable certificates of deposit	139,396	139,396	-
Borrowed money	690,831	690,623	(200)
Liabilities, total	\$18,692,489	\$18,689,420	\$ (3,069)
Derivative transactions (*3):			
To which hedge accounting is not applied	\$ 782	\$ 782	\$ -
To which hedge accounting is applied	30,080	30,080	-
Derivative transactions, total	\$ 30,870	\$ 30,870	\$ -

(*1) Securities include investment trusts whose net asset value is deemed as fair value by applying the treatment prescribed in paragraph 24-3 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021). There are no investment trusts whose net asset value is deemed as fair value by applying the treatment prescribed in paragraph 24-9.

(*2) General and specific allowances for loan losses corresponding to loans and bills discounted are deducted.

(*3) Assets and liabilities arising from derivative transactions are presented in net amounts, and net liabilities are shown in square parentheses.

(Note 1) For equity securities without market prices and investments in partnerships, their carrying amount is as follows. These financial instruments are not included in “Available-for-sale securities” of the fair value information of financial instruments.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unlisted equity securities (*1) (*2)	¥ 1,548	¥ 1,599	\$ 10,352
Investments in partnerships (*3)	3,918	3,227	26,202

(*1) The fair value of unlisted equity securities is not disclosed in accordance with paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

(*2) The Company recognized write-down of unlisted equity securities in an amount of ¥213 million (\$1,424 thousand) and ¥13 million for the years ended March 31, 2025 and 2024, respectively.

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

(Note 2) Repayment schedule of monetary receivables and securities with contractual maturities subsequent to March 31, 2025

Millions of yen						
March 31, 2025	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks (*1)	¥ 282,324	¥ -	¥ -	¥ -	¥ -	¥ -
Monetary claims bought	3,828	-	-	-	-	-
Securities:						
Available-for-sale securities with maturity:	42,888	74,169	61,608	76,540	107,835	145,372
Japanese government bonds	1,000	1,000	500	32,000	37,000	44,500
Municipal bonds	16,082	30,251	22,811	26,662	20,255	27,766
Corporate bonds	12,728	18,154	18,259	4,414	870	64,009
Other	13,077	24,763	20,037	13,463	49,710	9,096
Loans and bills discounted (*2)	272,365	338,083	298,770	173,336	182,740	561,165
Total	¥ 601,405	¥ 412,252	¥ 360,378	¥ 249,876	¥ 290,576	¥ 706,537

Thousands of U.S. dollars						
March 31, 2025	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks (*1)	\$ 1,888,075	\$ -	\$ -	\$ -	\$ -	\$ -
Monetary claims bought	25,600	-	-	-	-	-
Securities:						
Available-for-sale securities with maturity:	286,818	496,014	412,010	511,870	721,159	972,192
Japanese government bonds	6,687	6,687	3,343	214,003	247,441	297,599
Municipal bonds	107,550	202,307	152,551	178,305	135,457	185,688
Corporate bonds	85,120	121,407	122,109	29,519	5,818	428,067
Other	87,454	165,605	133,999	90,035	332,441	60,830
Loans and bills discounted (*2)	1,821,473	2,260,971	1,998,060	1,159,205	1,222,095	3,752,858
Total	\$ 4,021,968	\$ 2,756,985	\$ 2,410,071	\$ 1,671,076	\$ 1,943,262	\$ 4,725,051

(*1) Due from banks without maturity is shown under “Due in one year or less.”

(*2) Loans and bills discounted as of March 31, 2025 do not include ¥36,170 million (\$241,891 thousand) of receivables such as those due from bankrupt, virtually bankrupt or potentially bankrupt borrowers since these are not certain when they can be collected or redeemed, and ¥50,941 million (\$340,674 thousand) of receivables without maturity.

(Note 3) Repayment schedule of bonds payable, borrowed money and other interest-bearing liabilities subsequent to March 31, 2025

	Millions of yen					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
March 31, 2025						
Deposits (*)	¥ 2,347,803	¥ 84,300	¥ 28,506	¥ -	¥ -	¥ -
Negotiable certificates of deposit	20,844	-	-	-	-	-
Borrowed money	98,400	4,900	-	-	-	-
Total	¥ 2,467,047	¥ 89,200	¥ 28,506	¥ -	¥ -	¥ -

	Thousands of U.S. dollars					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
March 31, 2025						
Deposits (*)	\$15,701,217	\$ 563,766	\$ 190,637	\$ -	\$ -	\$ -
Negotiable certificates of deposit	139,396	-	-	-	-	-
Borrowed money	658,061	32,769	-	-	-	-
Total	\$16,498,675	\$ 596,535	\$ 190,637	\$ -	\$ -	\$ -

(*) Demand deposits are shown under “Due in one year or less” of deposits.

(3) Fair value hierarchy of financial instruments

The Group classifies the fair value of financial instruments into three categories depending on whether inputs for a fair value measurement are observable or significant.

Level 1 fair value: Fair value measured by using quoted prices in active markets as observable inputs for assets or liabilities subject to a fair value measurement

Level 2 fair value: Fair value measured by using observable inputs other than those for Level 1

Level 3 fair value: Fair value measured by using unobservable inputs

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

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

	Millions of yen				
	Fair value				Total
	Level 1	Level 2	Level 3		
March 31, 2025					
Money held in trust	¥ -	¥ 40,043	¥ -		¥ 40,043
Securities:					
Trading securities:					
Japanese government bonds, Municipal bonds	-	654	-		654
Available-for-sale securities:					
Japanese government bonds, Municipal bonds	105,796	133,836	-		239,632
Corporate bonds	-	73,706	38,053		111,760
Equity securities	19,861	-	-		19,861
Foreign securities	299	30,560	-		30,859
Investment trusts	33,900	120,258	-		154,159
Derivative transactions:					
Interest rate related	-	4,505	-		4,505
Currency related	-	179	-		179
Assets, total	¥ 159,857	¥ 403,745	¥ 38,053		¥ 601,656
Derivative transactions:					
Interest rate related	¥ -	¥ 6	¥ -		¥ 6
Currency related	-	57	-		57
Debt securities related	5	-	-		5
Liabilities, total	¥ 5	¥ 63	¥ -		¥ 69

	Millions of yen				
	Fair value				Total
	Level 1	Level 2	Level 3		
March 31, 2024					
Money held in trust	¥ -	¥ 58,690	¥ -		¥ 58,690
Securities:					
Trading securities:					
Japanese government bonds, Municipal bonds	-	748	-		748
Available-for-sale securities:					
Japanese government bonds, Municipal bonds	166,530	168,524	-		335,055
Corporate bonds	-	83,265	36,101		119,366
Equity securities	22,783	-	-		22,783
Foreign securities	1,156	28,006	-		29,162
Investment trusts	35,120	184,710	-		219,831
Derivative transactions:					
Interest rate related	-	2,036	-		2,036
Currency related	-	14	-		14
Assets, total	¥ 225,591	¥ 525,997	¥ 36,101		¥ 787,690
Derivative transactions:					
Interest rate related	¥ -	¥ 1,741	¥ -		¥ 1,741
Currency related	-	150	-		150
Liabilities, total	¥ -	¥ 1,891	¥ -		¥ 1,891

March 31, 2025	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust	\$ -	\$ 267,792	\$ -	\$ 267,792
Securities:				
Trading securities:				
Japanese government bonds, Municipal bonds	-	4,373	-	4,373
Available-for-sale securities				
Japanese government bonds, Municipal bonds	707,523	895,044	-	1,602,568
Corporate bonds	-	492,917	254,484	747,408
Equity securities	132,822	-	-	132,822
Foreign securities	1,999	204,373	-	206,373
Investment trusts	226,710	804,239	-	1,030,956
Derivative transactions:				
Interest rate related	-	30,127	-	30,127
Currency related	-	1,197	-	1,197
Assets, total	\$1,069,063	\$ 2,700,093	\$ 254,484	\$ 4,023,647
Derivative transactions:				
Interest rate related	\$ -	\$ 40	\$ -	\$ 40
Currency related	-	381	-	381
Debt securities related	33	-	-	33
Liabilities, total	\$ 33	\$ 421	\$ -	\$ 461

(*) In the above tables as of March 31, 2025 and 2024, securities do not include investment trusts whose net asset value is deemed as fair value by applying the treatments prescribed in paragraph 24-3 and paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

The carrying amount of investment trusts for which the treatment prescribed in paragraph 24-3 is applied is ¥4,099 million (\$27,412 thousand) and ¥1,848 million as of March 31, 2025 and 2024, respectively.

There are no investment trusts for which the treatment prescribed in paragraph 24-9 is applied.

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

March 31, 2025	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Loans and bills discounted	¥ -	¥ 270,636	¥ 1,610,991	¥ 1,881,627
Assets, total	¥ -	¥ 270,636	¥ 1,610,991	¥ 1,881,627
Deposits	¥ -	¥ 2,670,514	¥ -	¥ 2,670,514
Negotiable certificates of deposit	-	20,844	-	20,844
Borrowed money	-	103,269	-	103,269
Liabilities, total	¥ -	¥ 2,794,629	¥ -	¥ 2,794,629

March 31, 2024	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Loans and bills discounted	¥ -	¥ 223,506	¥ 1,635,790	¥ 1,859,297
Assets, total	¥ -	¥ 223,506	¥ 1,635,790	¥ 1,859,297
Deposits	¥ -	¥ 2,713,216	¥ -	¥ 2,713,216
Negotiable certificates of deposit	-	49,753	-	49,753
Borrowed money	-	87,657	-	87,657
Liabilities, total	¥ -	¥ 2,850,628	¥ -	¥ 2,850,628

March 31, 2025	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Loans and bills discounted	\$ -	\$ 1,809,911	\$ 10,773,697	\$ 12,583,608
Assets, total	\$ -	\$ 1,809,911	\$ 10,773,697	\$ 12,583,608
Deposits	\$ -	\$ 17,859,386	\$ -	\$ 17,859,386
Negotiable certificates of deposit	-	139,396	-	139,396
Borrowed money	-	690,623	-	690,623
Liabilities, total	\$ -	\$ 18,689,420	\$ -	\$ 18,689,420

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

Assets

Money held in trust

For financial instruments that are invested as trust assets in an independently managed money trust with the primary purpose of managing securities, the fair value is determined using the price at the exchange or the price presented by the financial institutions with which they are transacted. The fair value is classified into Level 3 when the impact from unobservable inputs is significant, otherwise it is classified into Level 2.

Trading securities and available-for-sale securities

Trading securities and available-for-sale securities for which unadjusted quoted prices in active markets are available are classified into Level 1 fair value. Such securities mainly include listed equity securities and Japanese government bonds.

Even if available quoted prices are used, securities are classified into Level 2 when the relevant markets are not active. Such securities mainly include municipal bonds and corporate bonds.

When quoted prices are not available, the fair value is measured by using valuation techniques such as the present value technique discounting future cash flows. The Group makes maximum use of observable inputs in the valuations. Inputs include TIBOR, government bond yield, conditional prepayment rates, credit spreads, probability of default, loss given default and others. When significant unobservable inputs are used, the fair value is classified into Level 3.

For investment trusts without transaction prices in the market, the net asset value is used as the fair value when there are no restrictions that are significant enough for market participants to require consideration for risk on cancellation or repurchase. They are classified into Level 2 fair value.

The footnote on securities by holding purposes is described in Note “5. Securities.”

Loans and bills discounted

For the loans and bills discounted with short remaining terms (within one year), the carrying amount is used as the fair value since the fair value approximates the carrying amount. For the loans and bills discounted without predetermined maturity because of characteristics such as the loans and bills discounted being limited within the amount of the pledged assets, the carrying amount is used as the fair value since the fair value is deemed to approximate the carrying amount considering the expected repayment term and interest rate conditions.

The fair value of loans and bills discounted with fixed interest rates, categorized by the type, internal rating and term to maturity, is calculated by discounting the total of principal and interest using credit spreads by credit rating and market interest rate.

The fair value of the loans and bills discounted with floating interest rates, categorized by the internal rating and term to maturity, is calculated by discounting the total of principal and interest, basically until the interest maturity date, using credit spreads by credit rating and market interest rate. Credit spreads are calculated by remaining term based on accumulated default rate by credit rating and loss rate.

For loans and bills discounted due from bankrupt, virtually bankrupt or potentially bankrupt borrowers, loan losses are estimated based on factors such as the expected amount to be collected from collaterals and guarantees. Since the fair value of these items approximates the carrying amount net of the recorded amount of allowance for loan losses, such carrying amount is used as the fair value.

The fair value is classified into Level 3 when the impact from unobservable inputs is significant, otherwise it is classified into Level 2.

Liabilities

Deposits and Negotiable certificates of deposit

For demand deposits, the amount payable on demand as of the balance sheet date (i.e., the carrying amount) is used as the fair value. The fair value of time deposit is measured at the present value calculated by discounting future cash flows, grouping by certain maturity length. The discount rate used is the interest rate that would be applied to newly accepted deposits. For deposits whose remaining term is short (within one year), the carrying amount is used as the fair value since the fair value approximates the carrying amount. The said fair value is classified into Level 2.

Borrowed money

The fair value of borrowed money is measured by discounting the aggregate amount of principal and interest, categorized by the term to maturity, at market rates. For borrowed money whose remaining term is short (within one year), the carrying amount is used as the fair value since the fair value approximates the carrying amount.

The said fair value is classified into Level 2.

Derivative transactions

For derivative transactions, the fair value measured by using unadjusted quoted prices in active markets is classified into Level 1, which includes those of bond futures and interest rate futures. However, the Group's derivative transactions are mostly over-the-counter ("OTC") transactions for which quoted prices are not available. Thus, the fair value is measured by using valuation techniques such as option pricing models or the present discounted value technique, depending on the type of transactions or the term to maturity. Major inputs used for the valuation techniques are interest rates, foreign exchange rates, volatilities and other. Adjustments are made to prices based on the credit risks of counterparties and the Group's banks. When unobservable inputs are not used or the impact is not significant, the fair value is classified into Level 2, and such transactions include interest rate swaps and foreign exchange forward contracts. When significant unobservable inputs are used, the fair value is classified into Level 3.

(Note 2) Information on Level 3 fair value, of financial instruments measured at fair value in the consolidated balance sheets

(1) Quantitative information on significant unobservable inputs

March 31, 2025	Valuation techniques	Significant unobservable inputs	Range of inputs	Weighted-average of inputs
Securities:				
Available-for-sale securities:				
Corporate bonds				
Private placement bonds	Present value	Probability of default	0.07% - 100.00%	0.44%
		Loan recovery rate	0.00% - 27.13%	27.12%
March 31, 2024	Valuation techniques	Significant unobservable inputs	Range of inputs	Weighted-average of inputs
Securities:				
Available-for-sale securities:				
Corporate bonds				
Private placement bonds	Present value	Probability of default	0.07% - 100.00%	0.65%
		Loan recovery rate	0.00% - 26.56%	26.49%

(2) Reconciliation from beginning balance to ending balance and valuation gain or loss recognized for the years ended March 31, 2025 and 2024

Millions of yen								
	Beginning of the year	Income or other comprehensive income ("OCI") recognized for the current fiscal year		Purchase, sale, issuance and settlement, net	Reclassification to Level 3 (*3)	Reclassification from Level 3 (*4)	End of the year	Valuation gain (loss) (*5)
		Income (*1)	OCI (*2)					
March 31, 2025								
Securities:								
Available-for-sale securities:								
Corporate bonds	¥ 36,101	¥ (2)	¥ (382)	¥ 2,333	¥ -	¥ -	¥ 38,053	¥ -
Private placement bonds								

Millions of yen								
	Beginning of the year	Income or other comprehensive income ("OCI") recognized for the current fiscal year		Purchase, sale, issuance and settlement, net	Reclassification to Level 3 (*3)	Reclassification from Level 3 (*4)	End of the year	Valuation gain (loss) (*5)
		Income	OCI (*2)					
March 31, 2024								
Securities:								
Available-for-sale securities:								
Corporate bonds	¥ 31,662	¥ -	¥ (73)	¥ 4,512	¥ -	¥ -	¥ 36,101	¥ -
Private placement bonds								

Thousands of U.S. dollars								
	Beginning of the year	Income or other comprehensive income ("OCI") recognized for the current fiscal year		Purchase, sale, issuance and settlement, net	Reclassification to Level 3 (*3)	Reclassification from Level 3 (*4)	End of the year	Valuation gain (loss) (*5)
		Income (*1)	OCI (*2)					
March 31, 2025								
Securities:								
Available-for-sale securities:								
Corporate bonds	\$ 241,429	\$ (13)	\$ (2,554)	\$ 15,602	\$ -	\$ -	\$ 254,484	\$ -
Private placement bonds								

(*1) The amount is included in "Loss on sale of bonds" of "Other expenses" in the consolidated statements of income.

(*2) The amount is included in "Unrealized gain (loss) on available-for-sale securities" of "Other comprehensive income" in the consolidated statements of comprehensive income.

(*3) It presents the reclassification from Level 2 fair value to Level 3 fair value. None for the years ended March 31, 2025 and 2024.

(*4) It presents the reclassification from Level 3 fair value to Level 2 fair value. None for the years ended March 31, 2025 and 2024.

(*5) It presents valuation gain (loss) of financial assets or liabilities held at the consolidated balance sheet date, out of income recognized for the current fiscal year.

(3) Fair value valuation procedures

Each division in charge performs a fair value measurement in accordance with the policies and procedures prepared by the risk management division of the Group. The measured fair value is verified by the independent valuation division for the reasonableness of inputs and valuation techniques used for the measurement and appropriateness of the level categories of the fair value. The verification result is reported to the risk management division every period, and thus, the Group ensures the appropriateness of the policies and procedures of the fair value measurement.

The fair value is measured using a valuation model that most appropriately reflects the nature, characteristics and risk of each asset. In case where quoted prices obtained from third parties are used, the Group verifies the reasonableness of the prices by confirming the valuation techniques and inputs used and by applying appropriate methods including comparison with the market prices of similar financial instruments.

(4) The impact on the fair value in case where any changes made to significant unobservable inputs

The significant unobservable inputs used in measuring the fair value of corporate bonds are probability of default and recovery ratio. Significant increase (decrease) in probability of default results in significant decline (rise) in the fair value, and significant increase (decrease) in recovery ratio. results in significant rise (decline) in the fair value. In general, changes in assumptions used for probability of default have reverse effects on assumptions used for recovery ratio.

(Note 3) Reconciliation of investment trusts for which the treatment prescribed in paragraph 24-3 are applied from beginning balance to ending balance

Millions of yen											
2025											
Beginning of the year	Income or other comprehensive income ("OCI") recognized for the current fiscal year			Purchase, sale and redemption, net	Net asset value deemed as fair value	Net asset value not deemed as fair value	End of the year		Valuation gain (loss) (*3)		
	Income (*1)	OCI (*2)									
¥ 1,848	¥ (179)	¥ (0)		¥ 2,100	¥ -	¥ -	¥ 4,099		¥ -		

Millions of yen											
2024											
Beginning of the year	Income or other comprehensive income ("OCI") recognized for the current fiscal year			Purchase, sale and redemption, net	Net asset value deemed as fair value	Net asset value not deemed as fair value	End of the year		Valuation gain (loss) (*3)		
	Income	OCI (*2)									
¥ 4,040	¥ -	¥ (151)		¥ -	¥ -	¥ 2,040	¥ 1,848		¥ -		

Thousands of U.S. dollars											
2025											
Beginning of the year	Income or other comprehensive income ("OCI") recognized for the current fiscal year			Purchase, sale and redemption, net	Net asset value deemed as fair value	Net asset value not deemed as fair value	End of the year		Valuation gain (loss) (*3)		
	Income (*1)	OCI (*2)									
\$ 12,358	\$ (1,197)	\$ (0)		\$ 14,044	\$ -	\$ -	\$ 27,412		\$ -		

(*1) The amount is included in "Interest and dividends on securities" of "Interest income" in the consolidated statements of income.

(*2) The amount is included in "Unrealized gain (loss) on available-for-sale securities" of "Other comprehensive income" in the consolidated statements of comprehensive income.

(*3) It presents valuation gain (loss) of investment trusts held at the consolidated balance sheet date, out of income recognized for the current fiscal year.

Breakdown of restrictions on cancellation or repurchase at the consolidated balance sheet date

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
	Carrying amount		
Major restrictions on cancellation or repurchase			
For cancellation, a minimum of one month's prior notice is required.	¥ 4,099	¥ 1,848	\$ 27,412

27. Derivatives

Derivative transactions to which hedge accounting is not applied

With respect to derivatives to which hedge accounting is not applied, contract amount or notional principal, fair value and related valuation gain or loss by transaction type at the balance sheet date and calculation method of the fair value were as follows. Note that contract amounts do not represent the market risk exposure associated with the derivative transactions.

Interest rate related derivatives

Interest rate related derivatives at March 31, 2025 were as follows:

		Millions of yen			
		Contract amount			Valuation gain
March 31, 2025		Total	Over one year	Fair value	(loss)
OTC transactions:					
Interest rate swaps:					
	Receive floating / Pay fix	¥ 5,000	¥ 5,000	¥ 0	¥ 0
Total				¥ 0	¥ 0

	Thousands of U.S. dollars			
	Contract amount			Valuation gain
March 31, 2025	Total	Over one year	Fair value	(loss)
OTC transactions:				
Interest rate swaps:				
Receive floating / Pay fix	\$ 33,438	\$ 33,438	\$ 0	\$ 0
Total			\$ 0	\$ 0

Note: Above transactions are stated at the fair value, and the related valuation gain (loss) are reported in the consolidated statements of income.

There was no interest rate related derivative at March 31, 2024.

Currency related derivatives

Currency related derivatives at March 31, 2025 and 2024 were as follows:

	Millions of yen			
	Contract amount			Valuation gain
March 31, 2025	Total	Over one year	Fair value	(loss)
OTC transactions:				
Forward foreign exchange contracts:				
Sold	¥ 29,529	¥ -	¥ 126	¥ 126
Bought	601	-	(3)	(3)
Total			¥ 122	¥ 122

	Millions of yen			
	Contract amount			Valuation gain
March 31, 2024	Total	Over one year	Fair value	(loss)
OTC transactions:				
Forward foreign exchange contracts:				
Sold	¥ 26,944	¥ -	¥ (135)	¥ (135)
Total			¥ (135)	¥ (135)

	Thousands of U.S. dollars			
	Contract amount			Valuation gain
March 31, 2025	Total	Over one year	Fair value	(loss)
OTC transactions:				
Forward foreign exchange contracts:				
Sold	\$ 197,478	\$ -	\$ 842	\$ 842
Bought	4,019	-	(20)	(20)
Total			\$ 815	\$ 815

Note: Above transactions are stated at the fair value, and the related valuation gain (loss) are reported in the consolidated statements of income.

Derivative transactions to which hedge accounting is applied

With respect to derivatives to which hedge accounting is applied, contract amount or notional principal and fair value at the balance sheet date by transaction type and hedge accounting method and calculation method of the fair value were as follows. Note that contract amounts do not represent the market risk exposure associated with the derivative transactions.

Interest rate related derivatives

Interest rate related derivatives at March 31, 2025 and 2024 were as follows:

			Millions of yen		
			Contract amount		Fair value
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	
Deferral hedge accounting	Interest rate swaps:	Available-for-sale securities (Japanese government bonds)			
	Receive floating				
	/ Pay fix		¥ 128,022	¥ 122,840	¥ 4,498
Total					¥ 4,498

			Millions of yen		
			Contract amount		Fair value
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	
Deferral hedge accounting	Interest rate swaps:	Available-for-sale securities (Japanese government bonds)			
	Receive floating				
	/ Pay fix		¥ 143,185	¥ 143,185	¥ 295
Total					¥ 295

			Thousands of U.S. dollars		
			Contract amount		Fair value
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	
Deferral hedge accounting	Interest rate swaps:	Available-for-sale securities (Japanese government bonds)			
	Receive floating				
	/ Pay fix		\$ 856,162	\$ 821,507	\$ 30,080
Total					\$ 30,080

Note: In principle, the deferred hedge accounting is applied in accordance with the JICPA Industry Committee Practical Guideline No. 24 (March 17, 2022).

28. Amounts per Share

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

	Yen		U.S. dollars
	2025	2024	2025
Net assets	¥ 4,285.14	¥ 4,734.81	\$ 28.65
Net income:			
Basic	156.21	65.20	1.04

Notes: (1) Net income per share—basic for the years ended March 31, 2025 and 2024 was calculated based on the following information:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net income attributable to owners of parent —basic:	¥ 2,816	¥ 1,178	\$ 18,832
Amounts not attributed to common stock shareholders	-	-	-
Net income attributable to common stock owners of parent	¥ 2,816	¥ 1,178	\$ 18,832
Average outstanding number of shares of common stock (Unit: thousand shares)	18,028	18,082	

(2) Net assets per share at March 31, 2025 and 2024 were calculated based on the following information:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total net assets	¥ 77,396	¥ 85,824	\$ 517,595
Amounts deducted from total net assets:			
O/W, non-controlling interests	162	155	1,083
Net assets attributable to common stock as of March 31, 2025 and 2024	¥ 77,234	¥ 85,669	\$ 516,511
Number of shares of common stock as of March 31, 2025 and 2024 used to calculate net assets per share (Unit: thousand shares)	18,023	18,093	

(3) Diluted net income is not shown since there are no dilutive shares.

29. Subsequent Events

None to report.

30. Non-Consolidated Financial Statements of Shonai Bank and Hokuto Bank as of March 31, 2025 and 2024 and for the Years Then Ended

The Shonai Bank, Ltd.

**Non-Consolidated Balance Sheets
March 31, 2025 and 2024**

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Assets:			
Cash and due from banks	¥ 90,795	¥ 104,256	\$ 607,202
Monetary claims bought	1,428	1,453	9,549
Trading account securities	314	414	2,099
Money held in trust	25,100	28,819	167,859
Securities	315,316	369,129	2,108,713
Loans and bills discounted	973,922	969,723	6,513,221
Foreign exchange assets	531	675	3,551
Tangible fixed assets:			
Buildings	6,722	7,109	44,954
Land	4,332	4,379	28,970
Lease assets	3	3	20
Other tangible fixed assets	818	899	5,470
Intangible fixed assets:			
Software	399	443	2,668
Other intangible fixed assets	43	65	287
Prepaid pension cost	472	312	3,156
Deferred tax assets	3,629	1,332	24,269
Customers' liabilities for acceptances and guarantees	6,248	6,575	41,784
Other assets	19,842	17,225	132,695
Allowance for loan losses	(5,924)	(6,094)	(39,617)
Total assets	<u>¥ 1,443,998</u>	<u>¥ 1,506,723</u>	<u>\$ 9,656,911</u>

(Continued)

The Shonai Bank, Ltd.

Non-Consolidated Balance Sheets
March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Liabilities:			
Deposits	¥ 1,312,853	¥ 1,325,349	\$ 8,779,863
Negotiable certificates of deposit	14,529	41,388	97,164
Payables under securities lending transactions	-	37,001	-
Borrowed money	42,900	33,400	286,898
Foreign exchange liabilities	18	36	120
Provision for bonuses for directors and other officers	17	15	113
Provision for retirement benefits	7	71	46
Provision for reimbursement of deposits	0	4	0
Provision for contingent loss	218	194	1,457
Deferred tax liabilities for land revaluation	384	382	2,568
Acceptances and guarantees	6,248	6,575	41,784
Other liabilities	14,051	4,739	93,967
Total liabilities	1,391,230	1,449,159	9,304,019
Net assets:			
Common stock	8,500	8,500	56,844
Capital surplus	20,308	20,308	135,812
Retained earnings	28,038	27,434	187,507
Total shareholders' equity	56,847	56,242	380,171
Unrealized gain (loss) on available-for-sale securities	(7,342)	(211)	(49,100)
Deferred gain (loss) on hedges	2,428	667	16,237
Revaluation reserve for land	834	866	5,577
Total valuation and translation adjustments	(4,079)	1,321	(27,278)
Total net assets	52,768	57,564	352,892
Total liabilities and net assets	¥ 1,443,998	¥ 1,506,723	\$ 9,656,911

(Concluded)

The Shonai Bank, Ltd.

Non-Consolidated Statements of Income
Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Income:			
Interest income:			
Interest on loans and discounts	¥ 10,526	¥ 9,548	\$ 70,393
Interest and dividends on securities	4,705	4,701	31,465
Interest income on interest rate swaps	26	22	173
Other	184	44	1,230
Fees and commissions	4,067	4,126	27,198
Other operating income	341	689	2,280
Other income	4,165	2,328	27,853
Total income	24,017	21,462	160,616
Expenses:			
Interest expenses:			
Interest on deposits	860	139	5,751
Interest on negotiable certificates of deposit	20	1	133
Interest on payables under securities lending transactions	1	3	6
Interest on borrowings and rediscounts	23	0	153
Interest on interest rate swaps	451	413	3,016
Other	12	4	80
Fees and commissions	2,192	2,220	14,659
Other operating expenses	4,464	4,367	29,853
General and administrative expenses	10,921	11,174	73,035
Other expenses	2,459	1,836	16,444
Total expenses	21,407	20,160	143,161
Income before income taxes	2,610	1,302	17,454
Income taxes:			
Current	874	105	5,844
Deferred	136	541	909
Total income taxes	1,010	646	6,754
Net income	¥ 1,599	¥ 656	\$ 10,693

The Hokuto Bank, Ltd.

Non-Consolidated Balance Sheets
March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Assets:			
Cash and due from banks	¥ 225,248	¥ 201,209	\$ 1,506,373
Monetary claims bought	919	944	6,145
Trading account securities	339	334	2,267
Money held in trust	14,942	29,871	99,926
Securities	250,407	363,652	1,674,627
Loans and bills discounted	957,945	915,197	6,406,373
Foreign exchange assets	690	582	4,614
Tangible fixed assets:			
Buildings	3,705	3,757	24,777
Land	5,535	5,577	37,015
Lease assets	1	7	6
Other tangible fixed assets	798	1,057	5,336
Intangible fixed assets:			
Software	567	835	3,791
Other intangible fixed assets	61	61	407
Prepaid pension cost	674	586	4,507
Deferred tax assets	2,254	2,444	15,073
Customers' liabilities for acceptances and guarantees	12,648	12,800	84,585
Other assets	11,397	26,058	76,218
Allowance for loan losses	(5,391)	(6,031)	(36,052)
Total assets	<u>¥ 1,482,748</u>	<u>¥ 1,558,945</u>	<u>\$ 9,916,056</u>

(Continued)

The Hokuto Bank, Ltd.

Non-Consolidated Balance Sheets
March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Liabilities:			
Deposits	¥ 1,363,267	¥ 1,392,693	\$ 9,117,013
Negotiable certificates of deposit	6,315	8,365	42,232
Payables under securities lending transactions	-	51,767	-
Borrowed money	60,400	54,300	403,932
Foreign exchange liabilities	10	4	66
Provision for bonuses for directors and other officers	9	19	60
Provision for retirement benefits	280	291	1,872
Provision for reimbursement of deposits	9	17	60
Provision for contingent loss	289	235	1,932
Deferred tax liabilities for land revaluation	777	768	5,196
Acceptances and guarantees	12,648	12,800	84,585
Other liabilities	9,979	4,938	66,735
Total liabilities	1,453,987	1,526,201	9,723,714
Net assets:			
Common stock	12,500	12,500	83,595
Capital surplus	12,500	12,500	83,595
Retained earnings	17,506	16,867	117,073
Total shareholders' equity	42,506	41,867	284,264
Unrealized gain (loss) on available-for-sale securities	(16,086)	(10,471)	(107,577)
Deferred gain (loss) on hedges	793	(253)	5,303
Revaluation reserve for land	1,548	1,601	10,352
Total valuation and translation adjustments	(13,744)	(9,122)	(91,914)
Total net assets	28,761	32,744	192,342
Total liabilities and net assets	¥ 1,482,748	¥ 1,558,945	\$ 9,916,056

(Concluded)

The Hokuto Bank, Ltd.

Non-Consolidated Statements of Income
Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Income:			
Interest income:			
Interest on loans and discounts	¥ 11,136	¥ 9,599	\$ 74,473
Interest and dividends on securities	4,456	4,713	29,800
Interest income on interest rate swaps	18	9	120
Other	468	37	3,129
Fees and commissions	4,181	4,485	27,960
Other operating income	1,308	444	8,747
Other income	2,805	4,179	18,758
Total income	24,376	23,468	163,017
Expenses:			
Interest expenses:			
Interest on deposits	855	23	5,717
Interest on negotiable certificates of deposit	18	2	120
Interest on payables under securities lending transactions	4	42	26
Interest on borrowings and rediscounts	42	0	280
Interest on interest rate swaps	543	431	3,631
Other	1	0	6
Fees and commissions	1,301	1,346	8,700
Other operating expenses	5,797	4,166	38,768
General and administrative expenses	11,315	11,462	75,670
Other expenses	3,691	4,840	24,684
Total expenses	23,571	22,316	157,633
Income before income taxes	805	1,151	5,383
Income taxes:			
Current	156	822	1,043
Deferred	(297)	188	(1,986)
Total income taxes	(141)	1,011	(942)
Net income	¥ 946	¥ 139	\$ 6,326