

ANNUAL REPORT 2025

THE OITA BANK,LTD.



OITA BANK PROFILE

The Oita Bank, Ltd., was founded in 1893 in Oita Prefecture, Kyushu, in the southwest of the Japanese archipelago. For more than a century, the Bank has provided outstanding financial services to individual and corporate clients, contributing significantly to the economic growth and prosperity of Oita Prefecture and the greater Kyushu region.

In Oita Prefecture, there was a steady stream of capital investment from some of the world's most prominent enterprises in the high-tech and automotive industries, which has had a major impact on the economy of the prefecture. At the same time, the prefecture continues to reinforce infrastructure to support its development as a hub of international business.

As the leading bank native to Oita Prefecture, the Oita Bank strives to strengthen its management structure and enhance financial services, thereby contributing to the region's prosperity.

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HEAD OFFICE



RED BRICK BUILDING

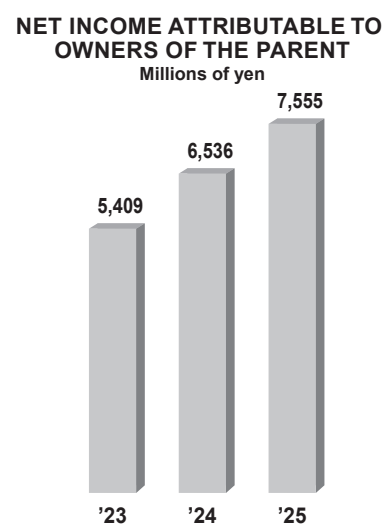
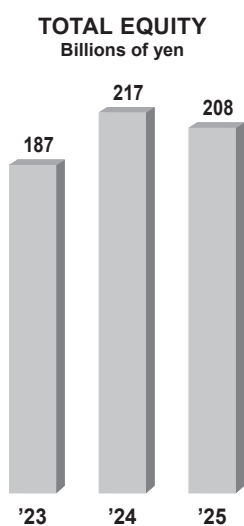
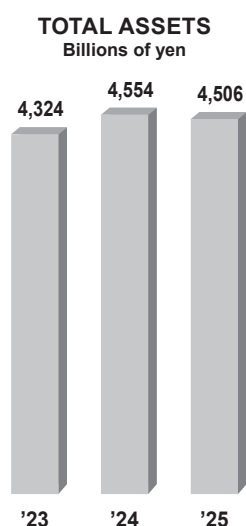


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CONSOLIDATED FINANCIAL HIGHLIGHTS

THE OITA BANK, LTD. and Consolidated Subsidiaries
Years Ended March 31, 2025, 2024 and 2023

	Millions of Yen		
	2025	2024	2023
Deposits	¥3,569,676	¥3,619,630	¥3,540,319
Loans and bills discounted	2,271,271	2,154,042	2,092,111
Investment securities	1,337,002	1,396,627	1,388,202
Common stock	19,598	19,598	19,598
Total equity	208,559	217,880	187,520
Total assets	4,506,698	4,554,183	4,324,388
Net income attributable to owners of the parent	7,555	6,536	5,409
Number of branches (Nonconsolidated)	93	93	93
Number of employees (Nonconsolidated)	1,526	1,573	1,593



Note: All graph figures are for the years ended March 31.

A Value-Creating Company that Enhances Regional Sustainability -Together with Stakeholders-

Oita Bank sincerely appreciates the continued patronage of all our stakeholders.

Since our founding in 1893, Oita Bank has continued to operate as a regional financial institution built on solid foundations. We extend our warmest thanks to all our stakeholders for your support over the years.

Looking at the regional economy, the population of Oita Prefecture is projected to fall below one million by 2035, with a population decline expected across all 18 municipalities. This has created an urgent need to address regional issues such as labor shortages and business succession. In order to enhance the sustainability of the region, we have been working toward Vision 2031: “A Value-Creating Company that Enhances Regional Sustainability -Together with Stakeholders-.” In April 2025, we established Oita Capital Partners Inc. and Oita Plat Co., Ltd. with the aim of ramping up our efforts to solve regional issues. By utilizing these subsidiaries, we will provide more in-depth support through majority investments and hands-on, side-by-side management support, while contributing to regional revitalization by developing applications for the operation and management of regional currency and gift certificates.

Oita Prefecture is blessed with excellent tourism resources, such as fresh agricultural, forestry, and fishery products, hot springs boasting the largest volume of hot spring water output and number of hot spring sources in Japan, and valuable cultural property. It is also a region with charm and potential, containing a variety of industries in a well-balanced manner, including industries that utilize local resources and those that develop electronics and other advanced technology, particularly the semiconductor industry. To leverage these geographical advantages and improve sustainability, we will continue to follow our management philosophy of making every effort to contribute to the prosperity of the regional community through our banking operations. Based on this management philosophy, we will strive to fulfill our responsibilities as a leading regional bank and to enhance our corporate value through balanced management that is mindful of our stakeholders.

FY2024 (Year Ended March 31, 2025) Consolidated Operating Performance

Deposits

As of March 31, 2025, total deposits, including negotiable certificates of deposit, amounted to ¥3,569.6 billion, down ¥49.9 billion from one year earlier.

Loans and Bills Discounted

Total loans and bills discounted outstanding amounted to ¥2,271.2 billion on March 31, 2025, up ¥117.2 billion from one year earlier, owing to an increase in business loans and individual loans.

Investment Securities

Investment securities on March 31, 2025 totaled ¥1,337.0 billion, ¥59.6 billion lower than the previous fiscal year-end, partly due to decreases in Japanese government bonds and local government bonds.

Foreign Exchange

Foreign exchange transactions, including international trade transactions, overseas remittances and foreign currency deposits, totaled US\$1,790 million, US\$363 million higher than the previous fiscal year-end.

Earnings

Ordinary income was up ¥4,681 million year on year, to ¥77,922 million, due to such factors as increases in interest on securities, interest on due from banks, and interest on loans and discounts.

Ordinary profit was up ¥2,005 million year on year, to ¥11,088 million. Net income attributable to owners of the parent rose ¥1,018 million year on year to ¥7,555 million, partly due to an increase in ordinary profit.

Dividend Policy

In due consideration of its responsibility to the public as a financial institution, the Bank's fundamental dividend policy is stable and continuous profit distribution. To this end, we are striving to strengthen its financial structure by reinforcing the long-term stability of its management base, improving management efficiency and building sufficient reserves.

After taking into consideration factors such as our earnings performance for FY2024 and our total payout ratio, we decided to pay a year-end dividend of 60 yen per share for this fiscal year, thereby making the annual dividend 110 yen.

Capital Adequacy Ratio

As of March 31, 2025, the Bank's capital adequacy ratio was 9.21% on a non-consolidated basis and 10.11% on a consolidated basis, both of which easily exceed the domestic standard of 4%.

For customers to be able to do transactions with us with peace of mind, we will strive to further increase our capital adequacy and strengthen our management structure.

Credit Rating

On September 29, 2000, the Bank attained an “A+” long-term issuer rating from Japan Credit Rating Agency, Ltd. (JCR), and the Bank has consistently maintained that rating for the 25 years since. This rank indicates “the highest level of certainty of an obligor to honor its financial obligations,” and, given that “A+” is the highest of the three kinds of “A,” the JCR rating attests to the stability and soundness of the Oita Bank.

Conclusion


Oita Bank recognizes its responsibilities as a regional bank with Oita Prefecture as its base of operations. Accordingly, we work proactively to contribute to regional communities through our banking operations.

We ask our stakeholders for their understanding and support of the Bank's endeavors.

August 2025

Tomiichiro Goto
Chairman

Yasuhide Takahashi
President

Consolidated Balance Sheet

THE OITA BANK, LTD. and Consolidated Subsidiaries
March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
ASSETS:			
Cash and due from banks (Notes 21 and 22)	¥ 781,091	¥ 872,896	\$ 5,223,990
Call loans	5,681	4,845	37,994
Commercial paper and other debt purchased	2,210	3,412	14,780
Money held in trust (Note 5)	3,994	3,987	26,712
Investment securities (Notes 4, 6, 10 and 22)	1,337,002	1,396,627	8,941,960
Loans and bills discounted (Notes 6, 11 and 22)	2,271,271	2,154,042	15,190,415
Foreign exchange assets (Note 6)	3,945	4,605	26,384
Lease receivables and leased investment assets	18,510	17,061	123,796
Other assets (Notes 6 and 10)	41,438	62,608	277,140
Premises and equipment (Note 7)	29,368	29,499	196,415
Intangible assets (Note 8)	842	618	5,631
Asset for retirement benefits (Note 14)	17,051	14,971	114,038
Deferred tax assets (Note 18)	4,725	1,066	31,601
Customers' liabilities for acceptances and guarantees (Notes 6 and 9)	13,036	11,707	87,185
Reserve for loan losses (Notes 3 and 22)	(23,472)	(23,769)	(156,982)
TOTAL	¥4,506,698	¥4,554,183	\$30,141,104
LIABILITIES:			
Deposits (Notes 10, 12 and 22)	¥3,569,676	¥3,619,630	\$23,874,237
Payables under repurchase agreements (Note 10)	68,683	72,927	459,356
Payables under securities lending transactions (Note 10)	193,413	175,065	1,293,559
Borrowed money (Notes 10, 13 and 22)	386,883	402,199	2,587,500
Foreign exchange liabilities	29	70	193
Other liabilities	55,979	41,949	374,391
Liability for retirement benefits (Note 14)	5,332	6,060	35,660
Reserve for reimbursement of deposits	1,064	840	7,116
Deferred tax liabilities (Note 18)		1,917	
Deferred tax liabilities for land revaluation excess	4,039	3,933	27,013
Acceptances and guarantees (Note 9)	13,036	11,707	87,185
Total liabilities	4,298,139	4,336,302	28,746,247
EQUITY (Notes 15 and 27):			
Common stock- authorized, 30,000,000 shares; issued, 15,693,634 shares in 2025 and 16,243,634 shares in 2024	19,598	19,598	131,072
Capital surplus	13,768	13,768	92,081
Stock acquisition rights (Note 16)	271	254	1,812
Retained earnings	160,837	157,053	1,075,688
Treasury stock- at cost, 314,659 shares in 2025 and 443,579 shares in 2024	(1,624)	(1,999)	(10,861)
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities (Note 4)	1,346	17,372	9,002
Deferred gain (loss) on derivatives under hedge accounting (Note 23)	1,145	(225)	7,657
Land revaluation excess	7,672	7,810	51,310
Defined retirement benefit plans (Note 14)	5,474	4,178	36,610
Total	208,490	217,810	1,394,395
Noncontrolling interests	68	69	454
Total equity	208,559	217,880	1,394,856
TOTAL	¥4,506,698	¥4,554,183	\$30,141,104

See notes to consolidated financial statements.

Consolidated Statement of Income

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
INCOME (Note 19):			
Interest on:			
Loans and discounts	¥25,846	¥24,497	\$172,859
Securities	22,260	19,070	148,876
Other	1,882	388	12,586
Total interest income (Note 24)	49,989	43,957	334,329
Fees and commissions	10,726	9,857	71,736
Other operating income	10,294	11,393	68,846
Gain on reversal of reserve for loan losses		831	
Gains on sales of stocks and other securities	6,709	6,828	44,870
Other income	236	453	1,578
Total income	77,955	73,321	521,368
EXPENSES:			
Interest on:			
Deposits	2,312	285	15,462
Securities sold under repurchase agreements	2,814	3,424	18,820
Borrowings and rediscounts	103	24	688
Other	958	553	6,407
Total interest expenses (Note 24)	6,188	4,287	41,385
Fees and commissions	2,241	1,949	14,987
Other operating expenses	28,718	29,299	192,067
General and administrative expenses (Note 17)	26,826	27,512	179,414
Provision for loan losses	774		5,176
Losses on sales of stocks and other securities	921	303	6,159
Impairment losses on stocks and other securities	459	463	3,069
Provision for reimbursement of deposits	476	187	3,183
Impairment losses (Note 24)	30	268	200
Other expenses	262	270	1,752
Total expenses	66,899	64,541	447,425
INCOME BEFORE INCOME TAXES	11,056	8,779	73,943
INCOME TAXES (Note 18):			
Current	3,360	2,142	22,471
Deferred	140	97	936
Total income taxes	3,500	2,240	23,408
NET INCOME	7,555	6,538	50,528
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	0	2	0
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 7,555	¥ 6,536	\$ 50,528
	Yen		U.S. Dollars
	2025	2024	2025
PER SHARE OF COMMON STOCK (Notes 2.q and 26):			
Basic net income	¥485.58	¥413.80	\$ 3.24
Diluted net income	482.12	411.01	3.22
Cash dividends applicable to the year	110.00	95.00	0.73

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
NET INCOME	¥ 7,555	¥ 6,538	\$ 50,528
OTHER COMPREHENSIVE INCOME (LOSS) (Note 20):			
Unrealized gain (loss) on available-for-sale securities	(16,028)	20,313	(107,196)
Deferred gain (loss) on derivatives under hedge accounting	1,371	228	9,169
Land revaluation excess	(115)		(769)
Defined retirement benefit plans	1,295	4,733	8,661
Total other comprehensive income (loss)	(13,476)	25,275	(90,128)
COMPREHENSIVE INCOME (LOSS)	¥ (5,921)	¥31,814	\$ (39,600)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥ (5,920)	¥31,813	\$ (39,593)
Noncontrolling interests	(1)	1	(6)

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2025

	Thousands	Millions of Yen											
		Accumulated Other Comprehensive Income											
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available- for-Sale Securities	Deferred Gain (Loss) on Deriva- tives under Hedge Accounting	Land Revaluation Excess	Defined Retirement Benefit Plans	Total	Non- controlling Interests	Total Equity
BALANCE, MARCH 31, 2023	15,783	¥19,598	¥13,768	¥246	¥151,743	¥(2,078)	¥ (2,941)	¥ (454)	¥8,124	¥ (554)	¥187,451	¥68	¥187,520
Net income attributable to owners of the parent					6,536						6,536		6,536
Cash dividends, ¥95.00 per share					(1,500)						(1,500)		(1,500)
Purchase of treasury stock	(1)					(3)					(3)		(3)
Disposal of treasury stock	18		(41)			82					41		41
Transfer from land revaluation excess					314						314		314
Transfer from retained earnings to capital surplus			41		(41)								
Net change in the year				8			20,314	228	(314)	4,733	24,970	1	24,971
BALANCE, MARCH 31, 2024	15,800	19,598	13,768	254	157,053	(1,999)	17,372	(225)	7,810	4,178	217,810	69	217,880
Net income attributable to owners of the parent					7,555						7,555		7,555
Cash dividends, ¥100.00 per share					(1,577)						(1,577)		(1,577)
Purchase of treasury stock	(620)					(2,064)					(2,064)		(2,064)
Disposal of treasury stock	623		(33)			258					224		224
Cancellation of treasury stock	(550)		(2,181)			2,181							
Transfer from land revaluation excess					21						21		21
Transfer from retained earnings to capital surplus			2,215		(2,215)								
Net change in the year				17			(16,026)	1,371	(137)	1,295	(13,479)	(1)	(13,480)
BALANCE, MARCH 31, 2025	15,252	¥19,598	¥13,768	¥271	¥160,837	¥(1,624)	¥ 1,346	¥1,145	¥7,672	¥5,474	¥208,490	¥68	¥208,559

	Thousands of U.S. Dollars (Note 1)											
	Accumulated Other Comprehensive Income											
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available- for-Sale Securities	Deferred Gain (Loss) on Deriva- tives under Hedge Accounting	Land Revaluation Excess	Defined Retirement Benefit Plans	Total	Non- controlling Interests	Total Equity
BALANCE, MARCH 31, 2024	\$131,072	\$ 92,081	\$1,698	\$1,050,381	\$(13,369)	\$ 116,185	\$(1,504)	\$52,233	\$27,942	\$1,456,728	\$461	\$1,457,196
Net income attributable to owners of the parent				50,528						50,528		50,528
Cash dividends, \$0.66 per share				(10,547)						(10,547)		(10,547)
Purchase of treasury stock					(13,804)					(13,804)		(13,804)
Disposal of treasury stock		(220)			1,725					1,498		1,498
Cancellation of treasury stock		(14,586)			14,586							
Transfer from land revaluation excess				140						140		140
Transfer from retained earnings to capital surplus		14,814		(14,814)								
Net change in the year			113			(107,182)	9,169	(916)	8,661	(90,148)	(6)	(90,155)
BALANCE, MARCH 31, 2025	\$131,072	\$ 92,081	\$1,812	\$1,075,688	\$(10,861)	\$ 9,002	\$ 7,657	\$51,310	\$36,610	\$1,394,395	\$454	\$1,394,856

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
OPERATING ACTIVITIES:			
Income before income taxes	¥ 11,056	¥ 8,779	\$ 73,943
Adjustments for:			
Income taxes-refunded	139	1,592	929
Income taxes-paid	(2,847)	(2,033)	(19,040)
Depreciation and amortization	1,660	1,681	11,102
Impairment losses	30	268	200
Increase (decrease) in reserve for loan losses	(297)	(2,947)	(1,986)
Increase (decrease) in liability for retirement benefits	(820)	46	(5,484)
(Increase) decrease in asset for retirement benefits	(9)	76	(60)
Increase (decrease) in reserve for reimbursement of deposits	223	(38)	1,491
Interest income-accrued basis	(49,989)	(43,957)	(334,329)
Interest expenses-accrued basis	6,188	4,287	41,385
Net (gain) loss on investment securities	5,888	4,793	39,379
Net (gain) loss on money held in trust	(0)	(1)	(0)
Foreign exchange (gains) losses	(10)	(75)	(66)
Net (gain) loss on disposal of fixed assets	2	35	13
Net (increase) decrease in loans and bills discounted	(117,228)	(61,931)	(784,028)
Net increase (decrease) in deposits	(49,954)	79,311	(334,095)
Net increase (decrease) in borrowed money	(15,315)	13,433	(102,427)
Net (increase) decrease in due from banks (excluding due from the Bank of Japan) ...	(133)	(340)	(889)
Net (increase) decrease in call loans	365	(2,409)	2,441
Net increase (decrease) in payables under securities lending transactions	18,348	91,366	122,712
Net (increase) decrease in foreign exchange assets	660	(274)	4,414
Net increase (decrease) in foreign exchange liabilities	(40)	33	(267)
Net (increase) decrease in lease receivables and leased investment assets ..	(1,448)	(1,039)	(9,684)
Interest income-cash basis	50,046	43,551	334,711
Interest expenses-cash basis	(5,528)	(4,131)	(36,971)
Other-net	30,809	2,620	206,052
Total adjustments	(129,260)	123,915	(864,499)
Net cash provided by (used in) operating activities	(118,204)	132,694	(790,556)
INVESTING ACTIVITIES:			
Purchases of investment securities	(305,106)	(403,369)	(2,040,569)
Proceeds from sales of investment securities	146,424	195,068	979,293
Proceeds from maturities of investment securities	189,949	224,613	1,270,391
Payments for increase in money held in trust	(12)		(80)
Purchases of premises and equipment	(1,527)	(1,370)	(10,212)
Purchases of intangible assets	(421)	(148)	(2,815)
Proceeds from sales of premises and equipment	386	663	2,581
Payments for asset retirement obligations		(60)	
Net cash provided by (used in) investing activities	29,691	15,394	198,575
FORWARD	¥ (88,512)	¥ 148,089	\$ (591,974)

(Continued)

Consolidated Statement of Cash Flows

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
FORWARD	¥ (88,512)	¥ 148,089	\$ (591,974)
FINANCING ACTIVITIES:			
Dividends paid	(1,574)	(1,498)	(10,527)
Repayment of lease obligations	(21)	(23)	(140)
Purchases of treasury stock	(2,064)	(3)	(13,804)
Proceeds from sales of treasury stock	224	41	1,498
Net cash provided by (used in) financing activities	(3,435)	(1,483)	(22,973)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	10	75	66
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(91,938)	146,680	(614,887)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	870,366	723,685	5,821,067
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 21)	¥ 778,428	¥ 870,366	\$5,206,179

See notes to consolidated financial statements.

(Concluded)

Notes to Consolidated Financial Statements

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2025

1 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. Amounts of less than one million yen have been omitted in the accompanying consolidated financial statements as permitted by the Japanese Financial Instruments and Exchange Act. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥149.52 to \$1, the approximate rate of exchange at March 31, 2025. Such translations should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation - The consolidated financial statements include the accounts of the Bank and its seven significant subsidiaries (together, the "Group"). The fiscal periods of all consolidated subsidiaries end on March 31.

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

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

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

b. Cash and Cash Equivalents - For the purpose of reporting cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

c. Investment Securities and Money Held in Trust - All applicable securities are classified and accounted for, depending on management's intent, as follows: (i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and (ii) available-for-sale securities, which are not classified as either of trading account securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of available-for-sale securities sold is determined based on the moving-average method.

Nonmarketable available-for-sale equity securities are stated at cost or determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Securities managed through money held in trust accounts are reported at fair value and the related unrealized gains and losses are included in earnings.

d. Premises and Equipment - Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment is principally computed using the declining-balance method over the estimated useful lives of the assets and depreciation of leased premises and equipment is provided on the straight-line method over the lease periods.

e. Software - Cost of computer software obtained for internal use is amortized using the straight-line method over the estimated useful lives of five years.

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

g. Land Revaluation - Under the "Law of Land Revaluation," the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 1998.

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

As of March 31, 2025 and 2024, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥8,452 million (\$56,527 thousand) and ¥8,681 million, respectively.

h. Foreign Currency Items - All assets and liabilities denominated in foreign currencies are translated into Japanese yen at the current exchange rates at each balance sheet date.

i. Reserve for Loan Losses - The Bank determines the amount of the reserve for loan losses by means of management's judgment and assessment of future losses based on the self-assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

The Bank implemented the self-assessment system for its asset quality. The quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the Bank's asset review and inspection division in accordance with the Bank's policy and rules for self-assessment of asset quality.

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

Reserve for loan losses is calculated based on the actual past loss ratio for normal and caution categories, and the fair value of the collateral for collateral-dependent loans and other factors of solvency including value of future cash flows for other self-assessment categories. For loans classified as possible bankruptcy, the reserve for loan losses is provided for in an amount deemed necessary to cover possible loan losses considering the customer's solvency and other factors, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted. For loans classified as virtual bankruptcy or legal bankruptcy, the reserve for loan losses is provided for based upon the

loan amount, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted.

In addition, for loans which are mainly classified into possible bankruptcy and restructured loans as defined in Note 6 below, if the exposure to an obligor exceeds a certain specific amount and if future cash flows of the principal and interest can be reasonably estimated, the discounted cash flow method is used to calculate the reserve for loan losses, under which method the reserve is determined as the difference between the book value of the loan and the present value of future cash flows discounted using the contractual interest rate before the loan is classified as one of the above loans.

The consolidated subsidiaries determine the amount of the reserve for loan losses by a comparable self-assessment system as the Bank.

- j. Retirement and Pension Plans** - The Bank has contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees. Consolidated subsidiaries have unfunded retirement benefit plans.

The Bank accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 years no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

Retirement allowances for directors of consolidated subsidiaries are recorded as a liability at the amount that would be required if all directors retired at the balance sheet date.

- k. Stock Options** - Under Accounting Standards Board of Japan ("ASBJ") Statement No. 8, "Accounting Standard for Share-based Payment," requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock options or the goods or services received. In the balance sheet, stock options are presented as stock acquisition rights as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions.

- l. Revenue Recognition** - The Group recognizes revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for satisfying performance obligations to transfer the goods or services promised in contracts with customers. The nature of performance obligations for each of the Group's major business and when such obligations are satisfied are as follows:

Fees and commissions include administrative fees for deposit and loan businesses, exchange businesses operations and securities-related businesses, and are obligated to provide services based on contracts with customers. These transactions are recognized as revenue as performance obligations are satisfied upon the completion of service delivery.

- m. Income Taxes** - The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

- n. Reserve for Reimbursement of Deposits** - Reserve for reimbursement of deposits is provided for the deposits derecognized from the liabilities at the estimated amount of future claims for withdrawal.

- o. Leases** - As Lessor, lease revenue is recognized at the date of each lease payment according to the lease contracts. As Lessee, all finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet.

- p. Derivatives and Method of Hedge Accounting** - The Bank's policy is to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives as a part of its trading activities. Consolidated subsidiaries do not utilize any derivatives.

The Bank enters into interest rate swaps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into foreign exchange forward contracts and currency swaps, futures and options to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies.

The Bank applies deferred hedge accounting, which is stipulated in the "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (the Japanese Institute of Certified Public Accountants (the "JICPA") Industry Committee Practice Guidance No. 24), to the interest risk caused by its financial assets and liabilities.

In evaluating the effectiveness of a hedge, the hedged item, such as loans, and the hedge instruments, such as interest rate swaps, are specified and evaluated regarding the hedging approach. Effectiveness of the hedging approach is evaluated by verifying the correlation of the interest fluctuation factor of the hedged item and the hedge instruments.

- q. Trust-based Employee Shareholding Incentive Plan** - The Bank has introduced a "Trust-based Employee Shareholding Incentive Plan (E-Ship)" to provide employees with incentives to increase the Bank's corporate value over the medium to long term and to help employees build wealth by encouraging them to acquire and hold shares through the expansion of the share ownership plan as a measure of promoting a welfare program.

The Bank has established the E-Ship Trust whose beneficiaries are persons who satisfy certain requirements to participate in the share ownership plan, and acquires in advance the number of shares of the Bank that is expected to be acquired by the share ownership plan over a certain period after the establishment.

Thereafter, the E-Ship Trust continuously sells shares of the Bank to the share ownership plan. If an amount equivalent to the gain on sale of shares accumulates within the E-Ship Trust at the time of the termination of the trust, the amount equivalent to the gain on sale of shares will be distributed as residual assets to those who satisfy the requirements for eligible beneficiaries. Since the Bank guarantees the borrowings by the E-Ship Trust to acquire shares of the Bank, if an amount equivalent to the loss on sale of shares accumulates within the E-Ship Trust due to a fall in the share price of the Bank and if there is a balance of borrowings equivalent to such loss on sale of shares in the E-Ship Trust at the time of termination of the trust, the Bank will repay such balance.

Shares of the Bank remaining in the trust are recorded as treasury stock under equity at their book value in the trust. As of March 31, 2025, the book value of the shares in the trust was ¥414 million (\$2,768 thousand). The number of shares of the Bank held by the trust as of March 31, 2025 was 126 thousand.

The book value of the borrowings recorded under the gross method as of March 31, 2025 was ¥416 million (\$2,782 thousand).

The total amount of dividends based on the resolution of the Board of Directors meeting held on November 11, 2024 includes dividends of ¥8 million (\$53 thousand) for shares of the Bank held by the E-Ship Trust.

r. Per Share Information - The weighted-average number of shares of common stock used in the computation of basic net income per share during the year excludes treasury stock held by the Bank in its own name, as well as shares of treasury stock owned by the E-Ship Trust (135 thousand shares for the year ended March 31, 2025). The average number of common shares used in the computation was 15,559 thousand shares and 15,796 thousand shares for the years ended March 31, 2025 and 2024, respectively.

Diluted net income per share reflects the potential dilution that could occur if the outstanding stock options and convertible bonds were exercised. Diluted net income per share assumes full exercise of the outstanding stock options and convertible bonds at the beginning of the year (or at the time of grant).

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

s. New Accounting Pronouncements - On September 13, 2024, the ASBJ issued ASBJ Statement No. 34, "Accounting Standard for Leases," ASBJ Guidance No. 33, "Implementation Guidance on Accounting Standard for Leases," as well as related accounting standards, implementation guidance, practical solutions, and transferred guidance, which were revised by the issuance of the Accounting Standard for Leases, etc.

In line with International Financial Reporting Standards, the treatments of all leases for lessees, such as recording of assets and liabilities, were stipulated.

The accounting standards, etc. are effective for the annual periods beginning on or after April 1, 2027. Earlier application is permitted for annual periods beginning on or after April 1, 2025. The Group will begin applying the accounting standards, etc. at the beginning of the fiscal year ending March 31, 2028. The Group is in the process of measuring the effects of applying the accounting standards, etc.

3 SIGNIFICANT ACCOUNTING ESTIMATE

Item for which the amount was recorded in the consolidated financial statements for the covered consolidated fiscal year based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the following fiscal year, was as follows:

Reserve for loan losses

(1) Carrying amount

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Reserve for loan losses	¥23,472	¥23,769	\$156,982

(2) Information on the significant accounting estimate

(a) Calculation method

Debtor categories are determined based on the debtor's financial position and results of operations, as well as its future business plans, and the reserve for loan losses is recorded according to these debtor categories.

The specific method of calculating the reserve for loan losses for each debtor category is disclosed in Note 2. i, "Summary of Significant Accounting Policies - Reserve for Loan Losses."

(b) Significant assumptions

The significant assumptions are the assessment of the reasonableness of the debtors' future business plans, which are used as the basis for determining the debtor categories. In assessing the reasonableness of business plans, achievability of the business plans are considered.

(c) Impact on the consolidated financial statements for the following consolidated fiscal year

If there are changes in the assumptions used in the initial estimates due to changes in the economic environment and the business conditions of debtor, etc., the balance of the reserve for loan losses may fluctuate, which may have an impact on profit or loss.

4 TRADING ACCOUNT SECURITIES AND INVESTMENT SECURITIES

There were no trading account securities as of March 31, 2025 and 2024.

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Japanese government bonds	¥ 210,209	¥ 231,728	\$1,405,892
Local government bonds	281,271	302,502	1,881,159
Corporate bonds	220,262	241,122	1,473,127
Equity securities	112,919	116,577	755,210
Other	512,338	504,696	3,426,551
Total	¥1,337,002	¥1,396,627	\$8,941,960

The costs and aggregate fair value of securities at March 31, 2025 and 2024, were as shown in the table below.

	Millions of Yen			Fair Value
March 31, 2025	Cost	Unrealized Gains	Unrealized Losses	
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 62,814	¥49,636	¥ 1,691	¥110,759
Debt securities	666,311	22	35,250	631,082
Other	512,617	4,206	16,063	500,760
Held-to-maturity:				
Debt securities	80,661		3,563	77,097

	Millions of Yen			Fair Value
March 31, 2024	Cost	Unrealized Gains	Unrealized Losses	
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 57,190	¥58,311	¥ 1,100	¥114,400
Debt securities	710,516	406	17,715	693,207
Other	509,233	5,456	21,449	493,240
Held-to-maturity:				
Debt securities	82,145	11	1,746	80,410

	Thousands of U.S. Dollars			Fair Value
March 31, 2025	Cost	Unrealized Gains	Unrealized Losses	
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 420,104	\$331,968	\$ 11,309	\$ 740,763
Debt securities	4,456,333	147	235,754	4,220,719
Other	3,428,417	28,130	107,430	3,349,117
Held-to-maturity:				
Debt securities	539,466		23,829	515,630

The information related to available-for-sale securities which were sold during the years ended March 31, 2025 and 2024, was as follows:

	Millions of Yen		
March 31, 2025	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 19,051	¥5,740	¥ 921
Debt securities	66,073	12	6,197
Other	47,947	1,167	5,872
Total	¥133,072	¥6,920	¥12,991

	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
March 31, 2024			
Available-for-sale:			
Equity securities	¥ 22,380	¥6,171	¥ 283
Debt securities	4,772	67	2,318
Other	125,804	935	10,765
Total	<u>¥152,957</u>	<u>¥7,175</u>	<u>¥13,367</u>
	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses
March 31, 2025			
Available-for-sale:			
Equity securities	<u>\$127,414</u>	<u>\$38,389</u>	<u>\$ 6,159</u>
Debt securities	<u>441,900</u>	<u>80</u>	<u>41,445</u>
Other	<u>320,672</u>	<u>7,804</u>	<u>39,272</u>
Total	<u>\$889,994</u>	<u>\$46,281</u>	<u>\$86,884</u>

Impairment losses on available-for-sale securities for the year ended March 31, 2025, were not recognized. Impairment losses on available-for-sale securities for the year ended March 31, 2024, were ¥3 million.

Net unrealized gain (loss) on available-for-sale securities for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Valuation differences:			
Available-for-sale securities	¥ 859	¥23,909	\$5,745
Deferred tax liabilities	511	(6,509)	3,417
Noncontrolling interests	(25)	(26)	(167)
Net unrealized gain (loss) on available-for-sale securities	<u>¥1,346</u>	<u>¥17,372</u>	<u>\$9,002</u>

5 MONEY HELD IN TRUST

The carrying amounts and unrealized gains (losses) of money held in trust, as of March 31, 2025 and 2024, were as follows:

Money held in trust held for trading

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Carrying amounts	¥3,994	¥3,987	\$26,712
Unrealized gains (losses) credited to income			

6 LOANS AND BILLS DISCOUNTED

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Bills discounted	¥ 4,102	¥ 5,410	\$ 27,434
Loans on notes	62,205	64,207	416,031
Loans on deeds	2,044,808	1,921,377	13,675,815
Overdrafts	160,155	163,046	1,071,127
Total	<u>¥2,271,271</u>	<u>¥2,154,042</u>	<u>\$15,190,415</u>

Bills discounted are accounted for as financial transactions in accordance with the JICPA Industry Committee Practice Guidance No. 24. The Bank has rights to sell or pledge these bills discounted. The total of the face value of bills discounted was ¥4,102 million (\$27,434 thousand) and ¥5,410 million at March 31, 2025 and 2024, respectively.

Claims based on the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions are as follows. The receivables include corporate bonds (limited to the corporate bonds on which the payment of all or part of the principal and interest is guaranteed by financial institutions holding such bonds and which were issued through private placement as defined in Article 2, Paragraph 3 of the Financial

Instruments and Exchange Act), loans and bills discounted, foreign exchange assets, other assets booked as accrued interests, suspense payments or customers' liabilities for acceptance and guarantee, and securities if the Bank lent such securities which are required to be disclosed in a note to its balance sheets (they are limited to loans for use or lending under rental contract).

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Claims against bankrupt or de facto bankrupt borrowers	¥ 8,273	¥ 6,970	\$ 55,330
Doubtful claims	32,344	35,718	216,318
Accruing loans contractually past due three months or more			
Restructured loans	155	192	1,036
Total	<u>¥40,773</u>	<u>¥42,881</u>	<u>\$272,692</u>

Claims against bankrupt or de facto bankrupt borrowers represent claims held against borrowers who have been declared insolvent or in a substantially similar condition, on the grounds of the commencement of bankruptcy or restructuring proceedings, filing for the proceedings of rehabilitation or other similar legal proceedings.

Doubtful claims are those against borrowers who have not yet failed but their financial condition and business performance have deteriorated, with a high possibility that the principal and interest on these claims will not be received as per agreement. Claims against bankrupt or de facto bankrupt borrower are excluded.

Accruing loans contractually past due three months or more are loans in which the principal or interest is three months or more past due. Claims against bankrupt or de facto bankrupt borrowers and doubtful claims are excluded.

Restructured loans, designed to assist in the recovery of the financial soundness of debtors, are loans on which the Group granted concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount). Claims against bankrupt or de facto bankrupt borrowers, doubtful claims and accruing loans contractually past due three months or more are excluded.

7 PREMISES AND EQUIPMENT

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Buildings	¥ 5,880	¥ 6,063	\$ 39,325
Land	20,071	19,876	134,236
Leased assets	9	17	60
Construction in progress	188	51	1,257
Other	3,218	3,489	21,522
Total	<u>¥29,368</u>	<u>¥29,499</u>	<u>\$196,415</u>

Accumulated depreciation at March 31, 2025 and 2024, amounted to ¥35,695 million (\$238,730 thousand) and ¥35,284 million, respectively.

As of March 31, 2025 and 2024, deferred gains for tax purposes of ¥1,564 million (\$10,460 thousand) and ¥1,564 million on premises and equipment sold and replaced with similar assets have been deducted from the cost of newly-acquired premises and equipment.

8 INTANGIBLE ASSETS

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Software	¥734	¥509	\$4,909
Other	107	108	715
Total	¥842	¥618	\$5,631

9 CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees" are shown on the asset side representing the Bank's right of indemnity from the applicants.

10 ASSETS PLEDGED

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Assets pledged as collateral:			
Investment securities	¥706,958	¥722,582	\$4,728,183
Relevant liabilities to above assets:			
Deposits	12,841	12,673	85,881
Payables under repurchase agreements	68,683	72,927	459,356
Payables under securities lending transactions	193,413	175,065	1,293,559
Borrowed money	381,000	396,000	2,548,154

In addition, investment securities and others totaling ¥44,591 million (\$298,227 thousand) and ¥43,825 million were pledged as collateral or security deposits for exchange settlement and futures contracts at March 31, 2025 and 2024, respectively.

Guarantee deposits on office space amounting to ¥290 million (\$1,939 thousand) and ¥284 million were included in other assets at March 31, 2025 and 2024, respectively.

11 LOAN COMMITMENTS

Contracts of overdraft facilities and loan commitment limits are contracts where the Group lends to customers up to the prescribed limits in response to customers' applications for loans as long as there is no violation of any conditions in the contracts. The unused amounts within the limits totaled ¥664,092 million (\$4,441,492 thousand) at March 31, 2025, and ¥648,099 million at March 31, 2024, for these contracts. Of the above, the amounts for which the original agreement period was within a year or agreements which the Group could cancel at any time without penalty totaled ¥641,127 million (\$4,287,901 thousand) at March 31, 2025, and ¥633,861 million at March 31, 2024.

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

12 DEPOSITS

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Current deposits	¥ 139,978	¥ 165,555	\$ 936,182
Ordinary deposits	2,524,890	2,505,761	16,886,637
Savings at notice	23,842	24,687	159,456
Deposits at notice	4,598	4,657	30,751
Time deposits	750,667	782,943	5,020,512
Installment savings	9,509	9,798	63,596
Negotiable certificates of deposit ..	77,815	83,154	520,432
Other deposits	38,374	43,070	256,647
Total	¥3,569,676	¥3,619,630	\$23,874,237

13 BORROWED MONEY

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Borrowings from other financial institutions	¥386,883	¥402,199	\$2,587,500
Total	¥386,883	¥402,199	\$2,587,500

The weighted average interest rates of borrowings from other financial institutions were 0.05% and 0.00% at March 31, 2025 and 2024, respectively.

Annual maturities of long-term debt as of March 31, 2025, for the next five years and thereafter were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2026	¥145,686	\$ 974,357
2027	189,729	1,268,920
2028	50,836	339,994
2029	501	3,350
2030	129	862
2031 and thereafter		
Total	¥386,883	\$2,587,500

Please see Note 10 for assets pledged as collateral and their relevant borrowed money.

14 RETIREMENT AND PENSION PLANS

Consolidated subsidiaries have severance payment plans for employees, directors and Audit & Supervisory Board members. The Bank terminated its retirement benefits plan for directors and Audit & Supervisory Board members at the Bank's general shareholders meeting held on June 26, 2012.

Under most circumstances, employees whose service with the Group is terminated are entitled to retirement and pension benefits determined by reference to base rates of pay at the time of termination, length of service and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to greater payment than in the case of voluntary termination.

The liability for retirement benefits for directors of consolidated subsidiaries is ¥20 million (\$133 thousand) and ¥32 million at March 31, 2025 and 2024, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥29,372	¥32,030	\$196,441
Current service cost	817	927	5,464
Interest cost	410	447	2,742
Actuarial (gains) losses	(3,554)	(2,489)	(23,769)
Benefits paid	(1,503)	(1,543)	(10,052)
Balance at end of year	¥25,541	¥29,372	\$170,819

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥38,316	¥34,289	\$256,260
Expected return on plan assets ..	985	535	6,587
Actuarial gains (losses)	(1,122)	4,372	(7,504)
Benefits paid	(897)	(881)	(5,999)
Balance at end of year	¥37,281	¥38,316	\$249,337

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Funded defined benefit obligation	¥ 25,257	¥ 29,083	\$ 168,920
Plan assets	(37,281)	(38,316)	(249,337)
Total	(12,024)	(9,232)	(80,417)
Unfunded defined benefit obligation	284	288	1,899
Net liability (asset) arising from defined benefit obligation	¥(11,739)	¥ (8,943)	\$ (78,511)

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Liability for retirement benefits	¥ 5,311	¥ 6,027	\$ 35,520
Asset for retirement benefits	(17,051)	(14,971)	(114,038)
Net liability (asset) arising from defined benefit obligation	¥(11,739)	¥ (8,943)	\$ (78,511)

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Service cost	¥ 817	¥ 927	\$ 5,464
Interest cost	410	447	2,742
Expected return on plan assets ..	(985)	(535)	(6,587)
Recognized actuarial (gains) losses	(465)	(55)	(3,109)
Net periodic benefit costs	¥(223)	¥ 785	\$(1,491)

(5) Amounts recognized in other comprehensive income (before income taxes and tax effects) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Actuarial (gains) losses	¥1,966	¥6,806	\$13,148
Total	¥1,966	¥6,806	\$13,148

(6) Amounts recognized in accumulated other comprehensive income (before income taxes and tax effects) in respect of defined retirement benefit plans as of March 31, 2025 and 2024

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unrecognized actuarial (gains) losses	¥(7,975)	¥(6,008)	\$(53,337)
Total	¥(7,975)	¥(6,008)	\$(53,337)

(7) Plan assets

a. Components of plan assets

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

	2025	2024
Debt investments	16%	16%
Equity investments	43	44
Cash and cash equivalents	0	0
Others	41	40
Total	100%	100%

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

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

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

	2025	2024
Discount rate	2.4%	1.4%
Expected rate of return on plan assets	3.6	2.0
Expected rate of salary increases	6.6	6.7

15 EQUITY

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

(1) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Audit & Supervisory Board members, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semi-annual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act and the Banking Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

(2) Increases / Decreases and Transfer of Common Stock, Reserve and Surplus

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 100% of the common stock. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(3) Treasury Stock and Treasury Stock Acquisition Rights

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

16 STOCK OPTIONS

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

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2013 Stock Option	10 directors (excluding outside directors) of the Bank	14,480 shares	August 19, 2013	¥1 (\$0.00)	From August 20, 2013 to August 19, 2043
2014 Stock Option	8 directors (excluding non-permanent directors) and 8 executive officers of the Bank	16,210 shares	August 18, 2014	¥1 (\$0.00)	From August 19, 2014 to August 18, 2044
2015 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	10,670 shares	August 17, 2015	¥1 (\$0.00)	From August 18, 2015 to August 17, 2045
2016 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	18,300 shares	August 22, 2016	¥1 (\$0.00)	From August 23, 2016 to August 22, 2046
2017 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	12,100 shares	August 28, 2017	¥1 (\$0.00)	From August 29, 2017 to August 28, 2047
2018 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	14,380 shares	August 27, 2018	¥1 (\$0.00)	From August 28, 2018 to August 27, 2048

2019 Stock Option	6 directors (excluding non-permanent directors) and 6 executive officers of the Bank	15,350 shares	August 26, 2019	¥1 (\$0.00)	From August 27, 2019 to August 26, 2049
2020 Stock Option	6 directors (excluding non-permanent directors) and 8 executive officers of the Bank	23,610 shares	August 24, 2020	¥1 (\$0.00)	From August 25, 2020 to August 24, 2050
2021 Stock Option	5 directors (excluding directors serving as Audit and Supervisory Committee members and outside directors) and 8 executive officers of the Bank	31,450 shares	August 23, 2021	¥1 (\$0.00)	From August 24, 2021 to August 23, 2051
2022 Stock Option	5 directors (excluding directors serving as Audit and Supervisory Committee members and outside directors) and 8 executive officers of the Bank	28,330 shares	August 22, 2022	¥1 (\$0.00)	From August 23, 2022 to August 22, 2052
2023 Stock Option	5 directors (excluding directors serving as Audit and Supervisory Committee members and outside directors) and 8 executive officers of the Bank	23,770 shares	August 21, 2023	¥1 (\$0.00)	From August 22, 2023 to August 21, 2053
2024 Stock Option	6 directors (excluding directors serving as Audit and Supervisory Committee members and outside directors) and 7 executive officers of the Bank	15,740 shares	August 19, 2024	¥1 (\$0.00)	From August 20, 2024 to August 19, 2054

The stock option activity during the year ended March 31, 2025, was as follows:

Year Ended March 31, 2025	2013 Stock Option (Shares)	2014 Stock Option (Shares)	2015 Stock Option (Shares)	2016 Stock Option (Shares)
<u>Non-vested</u>				
March 31, 2024- Outstanding	1,460	1,150	2,680	5,050
Granted				
Canceled				
Vested				
March 31, 2025- Outstanding	1,460	1,150	2,680	5,050
<u>Vested</u>				
March 31, 2024- Outstanding				
Vested				
Exercised				
Canceled				
March 31, 2025- Outstanding				
Exercise price	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)
Average stock price at exercise				
Fair value price at grant date	¥2,790 (\$18.65)	¥3,590 (\$24.01)	¥5,210 (\$34.84)	¥2,950 (\$19.72)

Year Ended March 31, 2025	2017 Stock Option (Shares)	2018 Stock Option (Shares)	2019 Stock Option (Shares)	2020 Stock Option (Shares)
<u>Non-vested</u>				
March 31, 2024- Outstanding	5,340	6,360	7,970	12,820
Granted				
Canceled				
Vested	620	740	880	1,220
March 31, 2025- Outstanding	4,720	5,620	7,090	11,600
<u>Vested</u>				
March 31, 2024- Outstanding				
Vested	620	740	880	1,220
Exercised	620	740	880	1,220
Canceled				
March 31, 2025- Outstanding				
Exercise price	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)
Average stock price at exercise	¥3,325 (\$22.23)	¥3,325 (\$22.23)	¥3,325 (\$22.23)	¥3,325 (\$22.23)
Fair value price at grant date	¥3,910 (\$26.15)	¥3,632 (\$24.29)	¥2,819 (\$18.85)	¥2,143 (\$14.33)

Year Ended March 31, 2025	2021 Stock Option (Shares)	2022 Stock Option (Shares)	2023 Stock Option (Shares)	2024 Stock Option (Shares)
<u>Non-vested</u>				
March 31, 2024- Outstanding	22,310	23,680	23,770	
Granted				15,740
Canceled				
Vested	3,600	3,580	3,070	
March 31, 2025- Outstanding	18,710	20,100	20,700	15,740
<u>Vested</u>				
March 31, 2024- Outstanding				
Vested	3,600	3,580	3,070	
Exercised	3,600	3,580	3,070	
Canceled				
March 31, 2025- Outstanding				
Exercise price	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)
Average stock price at exercise	¥3,325 (\$22.23)	¥3,325 (\$22.23)	¥3,325 (\$22.23)	
Fair value price at grant date	¥1,513 (\$10.11)	¥1,701 (\$11.37)	¥2,078 (\$13.89)	¥2,897 (\$19.37)

Shares and per share figures have been restated, as appropriate, to reflect a one-for-ten stock consolidation exercised on October 1, 2017.

The Assumptions Used to Measure the Fair Value of the 2024 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	25.4%
Estimated remaining outstanding period:	Two years and six months
Estimated dividend:	¥95 per share
Risk free interest rate:	0.36%

17 GENERAL AND ADMINISTRATIVE EXPENSES

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

	Millions of Yen	Thousands of U.S. Dollars
	2025	2024
Salary	¥12,128	¥12,057
Other	14,698	15,454
Total	¥26,826	¥27,512
		\$ 81,112
		\$ 98,301
		\$ 179,414

18 INCOME TAXES

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.5% for the years ended March 31, 2025 and 2024.

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

	Millions of Yen	Thousands of U.S. Dollars
	2025	2024
Deferred tax assets:		
Reserve for loan losses	¥ 7,254	¥ 7,167
Liability for employees' retirement benefits		407
Depreciation	1,976	1,893
Unrealized loss on available-for-sale securities	511	
Other	3,757	3,496
Less valuation allowance	(6,233)	(5,795)
Total	7,266	7,169
		\$ 48,515
		\$ 13,215
		\$ 3,417
		\$ 25,127
		\$ (41,686)
		\$ 48,595
Deferred tax liabilities:		
Unrealized gain on available-for-sale securities		(6,509)
Unrealized gain on employees' retirement benefit trust	(1,490)	(1,448)
Asset for employees' retirement benefits	(464)	
Other	(586)	(62)
Total	(2,541)	(8,020)
Net deferred tax assets (liability) ...	¥ 4,725	¥ (850)
		\$ (9,965)
		\$ (3,103)
		\$ (3,919)
		\$ (16,994)
		\$ 31,601

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

	2025	2024
Normal effective statutory tax rate	30.5%	30.5%
Expenses not deductible for income tax purposes ...	0.5	0.6
Income not taxable for income tax purposes	(1.6)	(1.8)
Valuation allowance	2.3	(4.8)
Other-net	(0.0)	1.0
Actual effective tax rate	31.7%	25.5%

New tax reform laws enacted in 2025 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2026, to approximately 31.4%. As a result of the changes in tax rates, for the current fiscal year, deferred tax assets increased by ¥258 million (\$1,725 thousand) (while deferred tax liabilities increased by ¥60 million (\$401 thousand)), unrealized gain (loss) on available-for-sale securities increased by ¥15 million (\$100 thousand), deferred gain (loss) on derivatives under hedge accounting decreased by ¥15 million (\$100 thousand), defined retirement benefit plans increased by ¥71 million (\$474 thousand), and income taxes – deferred decreased by ¥126 million (\$842 thousand). Deferred tax liabilities for land revaluation excess increased by ¥115 million (\$769 thousand), and land revaluation excess decreased by the same amount.

19 REVENUE

(1) Disaggregation of Revenue

Revenues from contracts with customers on a disaggregated basis for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen					
	2025					
	Reportable Segment			Recon-		
	Banking	Leasing	Total	Other	ciliations	Total
Fees and commissions:						
Deposit and loan businesses	¥ 3,464	¥ 0	¥ 3,465	¥ 932		¥ 4,397
Exchange business	2,559		2,559			2,559
Securities-related businesses	1,746		1,746			1,746
Agency businesses	606		606			606
Other	1,282		1,282			1,282
Other than fees and commissions	98		98	565		663
Ordinary income from contracts with customers	9,759	0	9,759	1,497		11,257
Ordinary income other than above	55,836	9,481	65,318	1,400	¥(52)	66,665
Ordinary income from external customers	¥65,595	¥9,481	¥75,077	¥2,897	¥(52)	¥77,922
	Millions of Yen					
	2024					
	Reportable Segment			Recon-		
	Banking	Leasing	Total	Other	ciliations	Total
Fees and commissions:						
Deposit and loan businesses	¥ 2,915	¥ 0	¥ 2,915	¥1,083		¥ 3,999
Exchange business	2,513		2,513			2,513
Securities-related businesses	1,504		1,504			1,504
Agency businesses	617		617			617
Other	1,116		1,116			1,116
Other than fees and commissions	93		93	591		685
Ordinary income from contracts with customers	8,761	0	8,761	1,675		10,437
Ordinary income other than above	52,671	9,007	61,679	1,321	¥(196)	62,803
Ordinary income from external customers	¥61,432	¥9,007	¥70,440	¥2,996	¥(196)	¥73,240

	Thousands of U.S. Dollars					
	2025					
	Reportable Segment			Recon-		
	Banking	Leasing	Total	Other	ciliations	Total
Fees and commissions:						
Deposit and loan businesses	\$ 23,167	\$ 0	\$ 23,174	\$ 6,233		\$ 29,407
Exchange business	17,114		17,114			17,114
Securities-related businesses	11,677		11,677			11,677
Agency businesses	4,052		4,052			4,052
Other	8,574		8,574			8,574
Other than fees and commissions	655		655	3,778		4,434
Ordinary income from contracts with customers	65,268	0	65,268	10,012		75,287
Ordinary income other than above	373,434	63,409	436,851	9,363	\$(347)	445,860
Ordinary income from external customers	\$438,703	\$63,409	\$502,120	\$19,375	\$(347)	\$521,147

- Notes: 1. The "Other" segment is a business segment that is not included in reportable segments and includes credit card services.
2. The "Ordinary income other than above" includes income according to ASBJ Statement No. 10, "Accounting Standard for Financial Instruments" as well as revenue according to ASBJ Statement No. 13, "Accounting Standard for Lease Transactions."
3. A downward reconciliation in ordinary income other than above of ¥52 million (\$347 thousand) and ¥196 million is made to adjust the gain on reversal of reserve for loan losses for the years ended March 31, 2025 and 2024, respectively.

(2) Basic Information to Understand Revenues from Contracts with Customers

The information that provides the basis for understanding the revenue generated from contracts with customers is provided in Note 2.I, "Summary of Significant Accounting Policies - Revenue Recognition."

(3) Contract Balances

Receivables from contract with customers and contract liabilities at the beginning and end of the year were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Receivables from contracts with customers:			
Balance at beginning of year	¥471	¥420	\$3,150
Balance at end of year	428	471	2,862
Contract liabilities:			
Balance at beginning of year	92	90	615
Balance at end of year	89	92	595

Receivables from contract with customers are mainly accounts receivable from fees and commissions received from customers.

Contract liabilities are a portion of the commission income received from customers. Contract liabilities are transferred to income as performance obligations are satisfied in connection with the provision of service transactions, etc.

Of the revenue recognized in the fiscal years ended March 31, 2025 and 2024, the amount included in the contract liabilities at the beginning of the fiscal years was ¥92 million (\$615 thousand) and ¥90 million at March 31, 2025 and 2024, respectively.

(4) Transaction Prices Allocated to Remaining Performance Obligations

In the current consolidated fiscal year, there are no significant contracts with customers that are expected to have an initial term of more than 1 year, and accordingly, such notes are not stated in accordance with the treatment set forth in paragraph 80-22 of the ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition."

20 OTHER COMPREHENSIVE INCOME (LOSS)

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥(30,088)	¥22,508	\$(201,230)
Reclassification adjustments to profit or loss	7,039	6,645	47,077
Amount before income taxes and tax effects	(23,049)	29,153	(154,153)
Income taxes and tax effects	7,021	(8,839)	46,956
Total	¥(16,028)	¥20,313	\$(107,196)
Deferred gain (loss) on derivatives under hedge accounting:			
Gains (losses) arising during the year	¥ 1,877	¥ 128	\$ 12,553
Reclassification adjustments to profit or loss	118	200	789
Amount before income taxes and tax effects	1,995	329	13,342
Income taxes and tax effects	(623)	(100)	(4,166)
Total	¥ 1,371	¥ 228	\$ 9,169
Land revaluation excess:			
Gains (losses) arising during the year			
Reclassification adjustments to profit or loss			
Amount before income taxes and tax effects			
Income taxes and tax effects	¥ (115)		\$ (769)
Total	¥ (115)		\$ (769)
Defined retirement benefit plans:			
Adjustments arising during the year	¥ 2,431	¥ 6,861	\$ 16,258
Reclassification adjustments to profit or loss	(465)	(55)	(3,109)
Amount before income taxes and tax effects	1,966	6,806	13,148
Income taxes and tax effects	(670)	(2,073)	(4,481)
Total	¥ 1,295	¥ 4,733	\$8,661
Total other comprehensive income (loss)	¥(13,476)	¥25,275	\$ (90,128)

21 CASH AND CASH EQUIVALENTS

The reconciliation of cash and due from banks in the consolidated balance sheet to cash and cash equivalents at March 31, 2025 and 2024, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Cash and due from banks	¥781,091	¥872,896	\$5,223,990
Less deposits in other banks except for the Bank of Japan	(2,663)	(2,529)	(17,810)
Cash and cash equivalents, end of year	¥778,428	¥870,366	\$5,206,179

22 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Bank Policy for Financial Instruments

The Bank's operations mainly include accepting deposits, providing loans, discounting bills, and buying and selling marketable securities and other financial instruments. Through these activities, the Bank holds substantial financial assets and financial liabilities that are subject to fluctuations in interest rates. To protect itself from the negative effects of interest rate fluctuations, the Bank conducts derivative transactions as part of its asset and liability management (ALM) activities.

In addition, the consolidated subsidiaries that engage in leasing and credit card businesses handle financial instruments as their principal business.

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

Of the principal financial assets held by the Group, loans are subject to credit risk, or default on the part of the customer. The Group holds trading account securities and investment securities, for holding to maturity and for purely trading purposes, as well as to promote business activities. These securities are subject to issuer credit risk, interest rate fluctuation risk and market price fluctuation risk.

Of financial liabilities, deposits and borrowed money are subject to liquidity risk, or the possibility that the Group may become unable to meet payment obligations when due in the event that they become unable to utilize markets in certain circumstances.

Among derivative transactions, the Bank employs interest rate swap transactions to hedge risk using ALM. To offset the risk of interest rate increases, the Bank employs variable receipt/fixed payment and fixed receipt/variable payment interest rate swap transactions on loans bearing long-term, fixed rates of interest, and securities.

With respect to currencies, the Bank employs currency swap transactions, forward exchange contracts and coupon swap transactions, primarily to hedge the exchange rate fluctuation risks on foreign currency assets and liabilities.

The Bank engages in bond futures transactions, mainly as part of its dealing operations. With regard to the methods of hedge accounting for interest risks on financial assets and liabilities, the Bank employs deferred hedge accounting as provided in the JICPA Industry Committee Practice Guidance No. 24. To evaluate hedging effectiveness, for hedges designed to offset market fluctuations, the Bank performs specified evaluations of hedged loans at individual hedge stages grouped by (remaining) term.

The consolidated subsidiaries do not conduct derivative transactions.

(3) Risk Management for Financial Instruments

Credit risk management

The Bank has in place various provisions, including a Credit Risk Management Policy and Credit Risk Management Provisions. These provisions, which extend beyond lending activities and include market transactions and off-balance-sheet assets, are in place to manage credit risks related to all manners of banking operations. For each activity, the Bank conducts credit screenings, manages credit limits, manages credit information and employs an internal rating system. The Bank also has in place a credit management system to support management improvements and handle loans that have become delinquent or present collection difficulties. The consolidated subsidiaries also have in place various credit risk management and other provisions. They act in accordance with these provisions to manage credit risks appropriately.

To manage these credit risks, the Group has established credit risk management divisions, including screening divisions, credit management divisions and problem loan management divisions. The Bank's Risk Management Division takes overall responsibility for credit risk management, including the status of credit risk and accompanying problems.

With regard to credit screening, the Bank's Audit Division checks the Bank's Risk Management Division and each risk management division to ascertain the appropriateness of credit risk management.

Market risk management

The Bank has in place a system for managing market risks. All items that require market risk management, including deposit and loan transactions, market transactions and off-balance-sheet transactions, are managed in accordance with the Bank's Market Risk Management Policy and Market Risk Management Provisions. The ALM divisions manage market risk related to deposits and loans, while market-related divisions mainly manage market risk related to market transactions. The Bank's Risk Management Division provides comprehensive reports to the Risk Management Committee indicating risk amounts, stress test results and other information. Market Risk Management Policy and Provisions are also in place at consolidated subsidiaries, in line with each companies' risk profile. In this manner, systems are in place to ensure the appropriate management of market risk.

The market risk management divisions of the Group manage market risks in this way and the Bank's Risk Management Division serves as the central division for the management of market risk and addressing related problems.

With regard to audits of market risk management, the Bank's Audit Division checks the Bank's Risk Management Division and each market risk management division to ascertain the appropriateness of market risk management.

(Quantitative information concerning market risks)

Major financial instruments held by the Bank, which are subject to the primary risk parameters such as interest rate risk and price fluctuation risk, are loans, securities (held-to-maturity debt securities and other securities), deposits and negotiable certificates of deposit, and interest rate swap transactions in derivative transactions.

For these financial assets and financial liabilities, the Bank estimates the amount of loss that they will have after specific periods of time by using a statistical method and assumes it as the market risk quantities. Also, the Bank uses it as a quantitative analysis to manage the risk of interest rate and price fluctuation. Value at Risk (VaR) is used to calculate the amount of potential impact.

A historical simulation model has been adopted for the current fiscal year to measure VaR. The conditions are an observation period of 1,250 business days, a confidence interval of 99%, and a holding period of 60 business days (125 business days for strategic holdings).

As of March 31, 2025, the Bank's market risk (estimated loss value) on major financial instruments was ¥44,930 million (\$300,494 thousand). Of this amount, ¥31,255 million (\$209,035 thousand) was attributable to securities and ¥13,675 million (\$91,459 thousand) was attributable to instruments other than securities, such as deposits and loans.

The Bank also conducts back-testing, by comparing the VaR calculated using the model above with actual profits or losses. During the consolidated fiscal year under review, back-testing demonstrated that the approximation model was sufficiently precise to capture market risk.

However, it is important to recognize that VaR estimation is a calculation based on a statistical process, and that results may differ depending on the preconditions and calculation methods used. Further, this process does not forecast maximum losses, and future market conditions may differ substantially from past conditions.

Furthermore, quantitative analysis is not applied to certain financial instruments whose impact is immaterial or those held by consolidated subsidiaries.

Liquidity risk management

The Bank manages liquidity risk in accordance with its Liquidity Risk Management Policy and Liquidity Risk Management Provisions. The Market Financing Division manages cash on a daily basis, and the Bank's Risk Management Division, which serves as the management division, monitors this risk, providing comprehensive reports to the Risk Management Committee including the status of risks, the status of assets available for payment, the results of stress tests and other information.

With regard to audits of liquidity risk management, the Bank's Audit Division checks the Bank's Risk Management Division and each liquidity risk management division to ascertain the appropriateness of liquidity risk management.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are as follows: Investments in equity instruments that do not have a quoted market price in an active market are not included in the following table. The fair values of cash and due from banks, payables under repurchase agreements, and payables under securities lending transactions are not disclosed because their maturities are short and the carrying values approximate fair value. Also, please see Note 23 for details of the fair values of derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
March 31, 2025			
Investment securities:			
Held-to-maturity securities	¥ 80,661	¥ 77,097	¥ (3,563)
Available-for-sale securities	1,242,602	1,242,602	
Loans and bills discounted	2,271,271		
Reserve for loan losses (*1)	(19,137)		
	<u>2,252,133</u>	<u>2,212,078</u>	<u>(40,055)</u>
Total	<u>¥3,575,398</u>	<u>¥3,531,779</u>	<u>¥(43,619)</u>
Deposits	¥3,569,676	¥3,568,242	¥ (1,434)
Borrowed money	386,883	384,488	(2,394)
Total	<u>¥3,956,560</u>	<u>¥3,952,731</u>	<u>¥ (3,828)</u>
Derivative instruments (*2):			
Hedge accounting is not applied	¥ (11,848)	¥ (11,848)	
Hedge accounting is applied	1,843	1,843	
Total	<u>¥ (10,004)</u>	<u>¥ (10,004)</u>	
March 31, 2024			
Investment securities:			
Held-to-maturity securities	¥ 82,145	¥ 80,410	¥ (1,735)
Available-for-sale securities	1,300,849	1,300,849	
Loans and bills discounted	2,154,042		
Reserve for loan losses (*1)	(19,416)		
	<u>2,134,626</u>	<u>2,112,213</u>	<u>(22,412)</u>
Total	<u>¥3,517,621</u>	<u>¥3,493,473</u>	<u>¥(24,147)</u>
Deposits	¥3,619,630	¥3,619,610	¥ (20)
Borrowed money	402,199	402,158	(41)
Total	<u>¥4,021,829</u>	<u>¥4,021,768</u>	<u>¥ (61)</u>
Derivative instruments (*2):			
Hedge accounting is not applied	¥ (19,622)	¥ (19,622)	
Hedge accounting is applied	(60)	(60)	
Total	<u>¥ (19,683)</u>	<u>¥ (19,683)</u>	

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
March 31, 2025			
Investment securities:			
Held-to-maturity securities	\$ 539,466	\$ 515,630	\$ (23,829)
Available-for-sale securities	8,310,607	8,310,607	
Loans and bills discounted	15,190,415		
Reserve for loan losses (*1)	(127,989)		
	15,062,419	14,794,529	(267,890)
Total	\$23,912,506	\$23,620,779	\$ (291,726)
Deposits	\$23,874,237	\$23,864,646	\$ (9,590)
Borrowed money	2,587,500	2,571,482	(16,011)
Total	\$26,461,744	\$26,436,135	\$ (25,601)
Derivative instruments (*2):			
Hedge accounting is not applied	\$ (79,240)	\$ (79,240)	
Hedge accounting is applied	12,326	12,326	
Total	\$ (66,907)	\$ (66,907)	

(*1) Reserve for loan losses relevant to loans and bills discounted have been deducted.

(*2) Derivative instruments are disclosed in the net amount of assets and liabilities.

(b) Carrying amount of investments in equity instruments that do not have a quoted market price in an active market

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Equity securities	¥ 2,160	¥ 2,176	\$14,446
Other	11,577	11,455	77,427
Total	¥13,737	¥13,631	\$91,873

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

	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2025				
Due from banks	¥ 748,520			
Investment securities:				
Held-to-maturity securities	38,500	¥ 14,200	¥ 17,255	¥ 11,000
Available-for-sale securities	77,305	467,001	316,919	261,632
Loans and bills discounted (*) ..	492,181	634,264	434,052	679,124
Total	¥1,356,506	¥1,115,466	¥768,226	¥951,756

	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2024				
Due from banks	¥ 845,174			
Investment securities:				
Held-to-maturity securities	1,500	¥ 49,100	¥ 20,855	¥ 11,000
Available-for-sale securities	81,866	444,905	348,584	274,575
Loans and bills discounted (*) ..	502,456	589,705	407,758	620,414
Total	¥1,430,997	¥1,083,711	¥777,198	¥905,989

	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2025				
Due from banks	\$5,006,153			
Investment securities:				
Held-to-maturity securities	257,490	\$ 94,970	\$ 115,402	\$ 73,568
Available-for-sale securities	517,021	3,123,334	2,119,575	1,749,812
Loans and bills discounted (*) ..	3,291,740	4,242,001	2,902,969	4,542,027
Total	\$9,072,405	\$7,460,313	\$5,137,948	\$6,365,409

(*) Excluded from the loan amount for the years ended March 31, 2025 and 2024, were ¥31,648 million (\$211,663 thousand) and ¥33,707 million, respectively, in loans classified as "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy" on which the redemption amount cannot be forecasted.

(6) Maturity Analysis for Deposits with Contractual Maturities

	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2025				
Deposits	¥3,375,134	¥192,559	¥1,982	
March 31, 2024				
Deposits	¥3,428,737	¥189,773	¥1,119	
	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2025				
Deposits	\$22,573,127	\$1,287,847	\$13,255	

Please see Note 13 for annual maturities of borrowed money.

(7) Financial Instruments Categorized by Fair Value Hierarchy

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

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

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

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

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

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

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
March 31, 2025				
Marketable and investment securities:				
Available-for-sale securities:				
Japanese government bonds	¥199,294			¥ 199,294
Local government bonds		¥228,522		228,522
Corporate bonds		190,101	¥13,163	203,265
Equity securities	110,183	575		110,759
Other	88,244	380,976	31,539	500,760
Total assets	¥397,723	¥800,176	¥44,703	¥1,242,602

Derivative transactions (*):			
Interest rate swaps		¥ 1,851	¥ 1,851
Foreign currency forward contracts		(11,856)	(11,856)
Total liabilities		¥ (10,004)	¥ (10,004)

	Millions of Yen			
March 31, 2024	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Japanese government bonds ...	¥220,819			¥ 220,819
Local government bonds		¥249,267		249,267
Corporate bonds		210,111	¥13,009	223,120
Equity securities	113,737	662		114,400
Other	71,590	391,935	29,714	493,240
Total assets	¥406,147	¥851,977	¥42,724	¥1,300,849
Derivative transactions (*):				
Interest rate swaps		¥ (60)		¥ (60)
Foreign currency forward contracts		(19,622)		(19,622)
Total liabilities		¥ (19,683)		¥ (19,683)

	Thousands of U.S. Dollars			
March 31, 2025	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Japanese government bonds ...	\$1,332,891			\$1,332,891
Local government bonds		\$1,528,370		1,528,370
Corporate bonds		1,271,408	\$ 88,035	1,359,450
Equity securities	736,911	3,845		740,763
Other	590,181	2,547,993	210,934	3,349,117
Total assets	\$2,659,998	\$5,351,631	\$298,976	\$8,310,607
Derivative transactions (*):				
Interest rate swaps		\$ 12,379		\$ 12,379
Foreign currency forward contracts		(79,293)		(79,293)
Total liabilities		\$ (66,907)		\$ (66,907)

(*) Derivative instruments are disclosed in the net amount of assets and liabilities.

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

	Millions of Yen			
March 31, 2025	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Held-to-maturity securities:				
Japanese government bonds ..	¥8,709			¥ 8,709
Local government bonds		¥ 51,473		51,473
Corporate bonds		16,914		16,914
Loans and bills discounted			¥2,212,078	2,212,078
Total assets	¥8,709	¥ 68,388	¥2,212,078	¥2,289,176

Deposits		¥3,568,242		¥3,568,242
Borrowed money		384,488		384,488
Total liabilities		¥3,952,731		¥3,952,731

	Millions of Yen			
March 31, 2024	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Held-to-maturity securities:				
Japanese government bonds ..	¥9,584			¥ 9,584
Local government bonds		¥ 52,874		52,874
Corporate bonds		17,951		17,951
Loans and bills discounted			¥2,112,213	2,112,213
Total assets	¥9,584	¥ 70,826	¥2,112,213	¥2,192,624

Deposits		¥3,619,610		¥3,619,610
Borrowed money		402,158		402,158
Total liabilities		¥4,021,768		¥4,021,768

	Thousands of U.S. Dollars			
March 31, 2025	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Held-to-maturity securities:				
Japanese government bonds ..	\$58,246			\$ 58,246
Local government bonds		\$ 344,254		344,254
Corporate bonds		113,121		113,121
Loans and bills discounted			\$14,794,529	14,794,529
Total assets	\$58,246	\$ 457,383	\$14,794,529	\$15,310,165
Deposits		\$23,864,646		\$23,864,646
Borrowed money		2,571,482		2,571,482
Total liabilities		\$26,436,135		\$26,436,135

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Investment Securities

Securities with unadjusted quoted prices in active markets are categorized as Level 1. Listed stocks, government bonds, and investment trusts are mainly included.

If the market is not active, even if the announced market price is used, it is categorized as Level 2. This mainly includes local government bonds and corporate bonds.

For investment trusts for which there is no market transaction price, if there are no significant restrictions to the extent that market participants are required to pay consideration for the risk in the event of cancellation or repurchase, the net asset value is used as fair value and categorized as Level 2.

In addition, privately placed bonds guaranteed by the Bank for which market prices are not available, the fair value is calculated by discounting the total amount of principal and interest by the interest rate assumed in the case of similar new issuance for each categorization based on internal ratings and maturity, and is categorized as Level 3.

Certain other securities with no published quoted prices are categorized as Level 2 or Level 3 based on the market prices obtained from external traders (brokers, etc.) and the inputs used therein.

Loans and Bills Discounted

The fair value of loans is calculated by discounting the total amount of principal and interest by the discount rate reflecting the credit risk, etc. in the market interest rate for each category based on the type of loan, internal rating and period. In the case of variable interest rates, the fair value is used to reflect market interest rates in a short period of time. Therefore, if the credit status of the borrower does not differ significantly after the loan is executed, the book value is used as the fair value because the book value is similar to the fair value.

The fair value of loans provided to entities that are classified as legal bankruptcy, virtual bankruptcy or possible bankruptcy are determined according to the current value of expected future cash flows or the amount of collateral that is expected to be recoverable or guarantee amounts that are determined to be recoverable. As these amounts are nearly identical to the book value after deducting the allowance for doubtful accounts, these amounts are assumed to be their fair value.

These fair values are categorized as Level 3.

Deposits

For demand deposits, fair value is assumed to be the amount to be paid when demanded on the balance sheet date (i.e., the book value). The fair value of time deposits is determined by segmenting such deposits by term and discounting future cash flows to their current value. The discount rate used is the rate of interest on new deposits of the same type. As the term on the deposits are short-term in nature, book value approximates fair value, so their book value is assumed to be their fair value.

These fair values are categorized as Level 2.

Borrowed Money

For borrowed money, interest rates on floating-rate borrowings reflect short-term market interest rates. The credit conditions of the Group has not changed significantly since the time of borrowing, and as such, book value approximates fair value. So their book value is assumed to be their fair value. Such borrowings with fixed interest rates are segmented by term, the total amount of principal and interest on the borrowed money is divided by time period, and their present value is calculated by discounting according to the assumed interest rate. For items with a short commitment term (within three months), as their book value approximates fair value, their book value is assumed to be their fair value.

These fair values are categorized as Level 2.

Derivatives

Exchange traded transactions are categorized as Level 1, with the fair value being the final price at the exchange.

Over-the-counter transactions are categorized as Level 2, with the fair value calculated using the present value of future cash flows using inputs such as interest rates and foreign exchange rates.

Information on the fair value of Level 3 financial instruments stated on the consolidated balance sheet at fair value.

(c) Quantitative information on important unobservable inputs

	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted-average of inputs
March 31, 2025				
Marketable and investment securities:				
Available-for-sale securities:				
Corporate bonds (privately placed bonds guaranteed by the Bank)	Discounted cash flow	Discount rate	From 0.3% to 1.6%	0.7%
March 31, 2024				
Marketable and investment securities:				
Available-for-sale securities:				
Corporate bonds (privately placed bonds guaranteed by the Bank)	Discounted cash flow	Discount rate	From 0.3% to 1.6%	0.7%

(d) A reconciliation of the beginning balance and the ending balance and unrealized gain (loss) recognized in net income or loss

Millions of Yen								Change in unrealized gains (losses) included in net income for financial assets and liabilities still held a
	April 1, 2024	Included in net income (*1)	Included in other comprehensive Income (loss) (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3	Transfers out of fair value of Level 3	March 31, 2025	March 31, 2025 (*1)
March 31, 2025								
Marketable and investment securities:								
Available-for-sale securities:								
Corporate bonds	¥13,009		¥ (105)	¥ 259			¥13,163	
Other	29,714	¥(27)	(1,147)	3,000			31,539	
March 31, 2024								
Marketable and investment securities:								
Available-for-sale securities:								
Corporate bonds	¥11,712		¥ (38)	¥ 1,336			¥13,009	
Other	39,304	¥449	153	(10,193)			29,714	
Thousands of U.S. Dollars								
	April 1, 2024	Included in net income (*1)	Included in other comprehensive Income (loss) (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3	Transfers out of fair value of Level 3	March 31, 2025	March 31, 2025 (*1)
March 31, 2025								
Marketable and investment securities:								
Available-for-sale securities:								
Corporate bonds	\$ 87,005		\$ (702)	\$ 1,732			\$ 88,035	
Other	198,729	\$(180)	(7,671)	20,064			210,934	

(*1) Included in "Other operating income" and "Other operating expenses" in the consolidated statement of income.

(*2) Included in "Unrealized gain (loss) on available-for-sale securities" in "Other comprehensive income (loss)" in the consolidated statement of comprehensive income.

(e) Explanation about the valuation process of fair value

At the Group, the back division and the middle division establish policies and procedures related to the calculation of fair values and procedures related to the use of the fair value model, and each division calculates fair values in accordance with these policies and procedures. The fair values calculated are verified by an independent valuation department to verify the appropriateness of the valuation techniques and inputs used to calculate the fair values and the appropriateness of the categorization of the level of fair values.

In cases where market prices obtained from third parties are used, the appropriateness of the prices is verified by appropriate methods such as confirmation of the valuation techniques and inputs used and comparison with the market prices of similar financial instruments.

(f) Explanation about effect on fair value of changing a significant unobservable input

The discount rate is an adjustment rate to standard market interest rates such as swap rates, and mainly consists of risk premiums, which are the amount of compensation required by market participants for the uncertainty of cash flows of financial instruments arising from credit risk. In general, a significant increase (decrease) in the discount rate results in a significant decrease (increase) in the fair value.

23 DERIVATIVES

The Bank's policy is to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risk associated with its assets and liabilities.

The Bank enters into interest rate swaps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into foreign exchange forward contracts and currency swaps to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations of market conditions, including interest and foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform under a contract. Because the counterparties to these derivatives are limited to major financial institutions and securities companies, the Bank does not anticipate material losses arising from credit risk.

Concerning risk management associated with derivative transactions, the front and back offices of the trading divisions (the Market Financing Division) are clearly separated, while the Asset and Liabilities Management Office synthetically manages the Bank's market risks. In this manner, an internal monitoring system is effectively secured. Derivative transactions entered into by the Bank have been made in accordance with internal policies, which regulate the trading activities, and credit risk management has formal risk limits and credit lines. The Bank's gains and losses on positions and other conditions are periodically reported to management.

(1) Derivative Transactions to Which Hedge Accounting Is Not Applied

(a) Interest Rate Related Transactions

Millions of Yen				
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
March 31, 2025				
Interest rate swaps				
(floating rate payment, fixed rate receipt)	¥1,925	¥1,925	¥(1)	¥(1)
(fixed rate payment, floating rate receipt)	1,925	1,925	9	9
Thousands of U.S. Dollars				
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
March 31, 2025				
Interest rate swaps				
(floating rate payment, fixed rate receipt)	\$12,874	\$12,874	\$ (6)	\$ (6)
(fixed rate payment, floating rate receipt)	12,874	12,874	60	60

(b) Currency Related Transactions

Millions of Yen				
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
March 31, 2025				
Currency swaps	¥ 57,565	¥ 7,476	¥(10,172)	¥(10,172)
Coupon swaps	315,522	146,233	134	134
Foreign currency forward contracts:				
Selling	97,444		(1,870)	(1,870)
Buying	3,791		51	51
Millions of Yen				
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
March 31, 2024				
Currency swaps	¥ 83,275	¥ 52,993	¥(17,479)	¥(17,479)
Coupon swaps	298,853	192,304	168	168
Foreign currency forward contracts:				
Selling	55,420		(2,315)	(2,315)
Buying	393		3	3
Thousands of U.S. Dollars				
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
March 31, 2025				
Currency swaps	\$ 384,998	\$ 50,000	\$(68,031)	\$(68,031)
Coupon swaps	2,110,232	978,016	896	896
Foreign currency forward contracts:				
Selling	651,712		(12,506)	(12,506)
Buying	25,354		341	341

(2) Derivative Transactions to Which Hedge Accounting Is Applied

Millions of Yen				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2025				
Interest rate swaps (floating rate payment, fixed rate receipt)	Available-for-sale securities (debt securities)			
(fixed rate payment, floating rate receipt)				
		¥34,952	¥34,952	¥1,843
Millions of Yen				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2024				
Interest rate swaps (floating rate payment, fixed rate receipt)	Available-for-sale securities (debt securities)			
(fixed rate payment, floating rate receipt)				
		¥20,000	¥20,000	¥(60)
Thousands of U.S. Dollars				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2025				
Interest rate swaps (floating rate payment, fixed rate receipt)	Available-for-sale securities (debt securities)			
(fixed rate payment, floating rate receipt)				
		\$233,761	\$233,761	\$12,326

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

24 SEGMENT INFORMATION

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

(1) Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors is performed in order to decide how management resources are allocated and in assessing performance. The Group concentrates on the banking business, and also conduct other financial services including the leasing and the credit card businesses. Therefore, the Group's reportable segments consist of Banking and Lease.

(2) Methods of Measurement for the Amounts of Ordinary Income, Profit, Assets and Other Items for Each Reportable Segment

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

(3) Information about Ordinary Income, Profit, Assets and Other Items

	Millions of Yen						
	2025						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Ordinary income from external customers	¥ 65,595	¥ 9,481	¥ 75,077	¥ 2,897	¥ 77,975	¥ (52)	¥ 77,922
Intersegment ordinary income	237	157	394	649	1,043	(1,043)	
Total	¥ 65,832	¥ 9,638	¥ 75,471	¥ 3,547	¥ 79,019	¥ (1,096)	¥ 77,922
Segment profit	¥ 9,725	¥ 335	¥ 10,060	¥ 1,077	¥ 11,137	¥ (49)	¥ 11,088
Segment assets	4,483,758	28,136	4,511,895	22,263	4,534,158	(27,460)	4,506,698
Other:							
Depreciation	1,496	121	1,617	42	1,660	(0)	1,660
Total interest income	48,796	15	48,811	1,267	50,078	(89)	49,989
Total interest expenses	6,163	102	6,265	3	6,268	(80)	6,188
Impairment losses of assets	30		30		30		30
Increase in premises and equipment and intangible assets	1,706	217	1,923	35	1,959		1,959

	Millions of Yen						
	2024						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Ordinary income from external customers	¥ 61,432	¥ 9,007	¥ 70,440	¥ 2,996	¥ 73,437	¥ (196)	¥ 73,240
Intersegment ordinary income	292	156	449	646	1,095	(1,095)	
Total	¥ 61,725	¥ 9,164	¥ 70,890	¥ 3,643	¥ 74,533	¥ (1,292)	¥ 73,240
Segment profit	¥ 7,604	¥ 343	¥ 7,948	¥ 1,146	¥ 9,094	¥ (11)	¥ 9,083
Segment assets	4,530,942	25,482	4,556,425	21,053	4,577,479	(23,296)	4,554,183
Other:							
Depreciation	1,520	108	1,628	53	1,681	(0)	1,681
Total interest income	42,826	12	42,839	1,169	44,008	(51)	43,957
Total interest expenses	4,263	63	4,326	3	4,329	(42)	4,287
Impairment losses of assets	268		268		268		268
Increase in premises and equipment and intangible assets	1,283	210	1,493	31	1,524	(1)	1,523

	Thousands of U.S. Dollars						
	2025						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Ordinary income from external customers	\$ 438,703	\$ 63,409	\$ 502,120	\$ 19,375	\$ 521,502	\$ (347)	\$ 521,147
Intersegment ordinary income	1,585	1,050	2,635	4,340	6,975	(6,975)	
Total	\$ 440,288	\$ 64,459	\$ 504,755	\$ 23,722	\$ 528,484	\$ (7,330)	\$ 521,147
Segment profit	\$ 65,041	\$ 2,240	\$ 67,281	\$ 7,203	\$ 74,485	\$ (327)	\$ 74,157
Segment assets	29,987,680	188,175	30,175,862	148,896	30,324,759	(183,654)	30,141,104
Other:							
Depreciation	10,005	809	10,814	280	11,102	(0)	11,102
Total interest income	326,350	100	326,451	8,473	334,925	(595)	334,329
Total interest expenses	41,218	682	41,900	20	41,920	(535)	41,385
Impairment losses of assets	200		200		200		200
Increase in premises and equipment and intangible assets	11,409	1,451	12,861	234	13,101		13,101

Notes: 1. The "Other" segment contains businesses that are not included in these reporting segments, such as the credit card business.

2. Adjustment amounts for the years ended March 31, 2025 and 2024, were as follows:

- (1) A downward reconciliation in ordinary income other than above of ¥52 million (\$347 thousand) and ¥196 million is made to adjust the gain on reversal of reserve for loan losses.
- (2) Segment profit reconciliations of ¥49 million (\$327 thousand) and ¥11 million were made to eliminate intersegment transactions.
- (3) A downward reconciliation in segment assets of ¥27,460 million (\$183,654 thousand) and ¥23,296 million was made to eliminate intersegment transactions.
- (4) A downward reconciliation in depreciation of ¥0 million (\$0 thousand) and ¥0 million was made to eliminate intersegment transactions.
- (5) A downward reconciliation in total interest income of ¥89 million (\$595 thousand) and ¥51 million was made to eliminate intersegment transactions.
- (6) A downward reconciliation in total interest expenses of ¥80 million (\$535 thousand) and ¥42 million was made to eliminate intersegment transactions.
- (7) A downward reconciliation in increase in premises and equipment and intangible assets of ¥1 million was made to eliminate intersegment transactions for the year ended March 31, 2024.

3. Segment profit is reflected as an adjustment to ordinary profit.

4. Ordinary profits, ordinary income and ordinary expenses are defined as follows:

"Ordinary profits" means "Ordinary income" less "Ordinary expenses."

"Ordinary income" represents total income less certain special income included in other income in the accompanying consolidated statement of income for the years ended March 31, 2025 and 2024.

"Ordinary expenses" represents total expenses less certain special expenses included in other expenses in the accompanying consolidated statement of income for the years ended March 31, 2025 and 2024.

Related Information

(1) Information by Services

Income regarding major service for the years ended March 31, 2025 and 2024, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Loan Businesses	¥25,659	¥24,333	\$171,609
Securities Investment Businesses	29,181	27,759	195,164
Other	23,081	21,147	154,367
Total	¥77,922	¥73,240	\$521,147

(2) Geographical Information

(a) Ordinary income

Ordinary income from external domestic customers exceeded 90% of total ordinary income on the consolidated statement of income for the years ended March 31, 2025 and 2024; therefore, geographical ordinary income information is not presented.

(b) Premises and equipment

The balance of domestic premises and equipment exceeded 90% of total balance of premises and equipment in the consolidated balance sheet at March 31, 2025 and 2024; therefore, geographical premises and equipment information is not presented.

(3) Major Customer Information

Ordinary income from a specific customer did not reach 10% of total ordinary income in the consolidated statement of income for the years ended March 31, 2025 and 2024; therefore, major customer information is not presented.

25 RELATED PARTY TRANSACTIONS

There were no significant related party transactions for the years ended March 31, 2025 and 2024.

26 NET INCOME PER SHARE

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

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares*	EPS*	
Year Ended March 31, 2025				
Basic EPS—Net income available to common shareholders	¥7,555	15,559	¥485.58	\$ 3.24
Effect of dilutive securities:				
Stock Option		111	(3.46)	(0.02)
Diluted EPS—Net income for computation	¥7,555	15,670	¥482.12	\$ 3.22

Year Ended March 31, 2024

Basic EPS—Net income available to common shareholders	¥6,536	15,796	¥413.80	
Effect of dilutive securities:				
Stock Option		107	(2.79)	
Diluted EPS—Net income for computation	¥6,536	15,904	¥411.01	

27 SUBSEQUENT EVENTS

(1) Appropriations of Retained Earnings

At the Bank's general shareholders meeting to be held on June 19, 2025, the Bank will submit a proposal as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥60.00 (\$0.40) per share	¥922	\$6,166

Note: The total amount of dividends based on the resolution of the general shareholders meeting to be held on June 19, 2025 includes dividends of ¥7 million (\$46 thousand) for the shares of the Bank held by the E-Ship Trust.

(2) Establishment of Subsidiaries

(a) At a meeting of the Board of Directors held on January 27, 2025, the Bank resolved to establish a wholly owned subsidiary specializing in investment, and established Oita Capital Partners Inc. on April 1, 2025.

Purpose of establishment

The Bank established a specialized investment subsidiary as a fully owned subsidiary for the purpose of providing side-by-side support that is more in-depth than in the past to address increasingly complex and diverse regional and customer issues. Through the formation and operation of investment limited liability partnerships (funds), this subsidiary will make majority investments and provide hands-on, side-by-side management support.

Going forward, the Group will aim to improve corporate value and create regional value by continuing to work on resolving regional and customer issues.

Overview of the subsidiary

Trade name: Oita Capital Partners Inc.
Location: 4-1 Funaimachi 3-chome, Oita City, Oita Prefecture
Main business activities: Formation, operation, and management of investment limited liability partnerships
Acquisition, holding, and sale of marketable securities
Consulting services
All other operations incidental or related to the above items
Share capital: ¥100 million (\$668 thousand)
Date of establishment: April 1, 2025
Shareholder: THE OITA BANK, LTD. 100%

(b) At a meeting of the Board of Directors held on February 10, 2025, the Bank resolved to establish a majority owned subsidiary through joint investment with OEC Co. Ltd., OITA GODO NEWS COMPANY, Oita Broadcasting System, Inc., and TOKIWA Co., Ltd., which are based in Oita Prefecture, and established Oita Plat Co., Ltd. on April 1, 2025.

Purpose of establishment

Based on the core theme of its Medium-Term Management Plan 2024, "Finance plus added value only we can provide: Making challenges the norm," the Bank will aim to improve corporate value and create regional value by working with companies (software development, publishing and newspaper, broadcasting, department store) that are based in Oita to provide an "Oita Co-creation Platform" that is beneficial to all and deploys digital and in-person services to residents and tourists, government, and regional companies.

Overview of the subsidiary

Trade name: Oita Plat Co., Ltd.
Location: 4-1 Funaimachi 3-chome, Oita City, Oita Prefecture
Main business activities: System planning and operation (regional currency, premium gift certificates, etc.)
Contracted business from government and private sectors
Consulting services
Advertising and marketing
Share capital: ¥100 million (\$668 thousand)
Date of establishment: April 1, 2025
Shareholders: THE OITA BANK, LTD. (banking): 51%
OEC Co. Ltd. (software development): 31%
OITA GODO NEWS COMPANY (publishing and newspaper): 6%
Oita Broadcasting System, Inc. (broadcasting): 6%
TOKIWA Co., Ltd. (retail): 6%



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of THE OITA BANK, LTD.:

<Audit of Consolidated Financial Statements>

Opinion

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

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

Convenience Translation

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

Basis for Opinion

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

Key Audit Matter

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

Member of
Deloitte Touche Tohmatsu Limited

Calculation of Reserve for Loan Losses

The Group provides banking and other financial services primarily in Oita Prefecture. Based on its management philosophy of "to remain one which is committed to making every effort to contribute to the prosperity of the regional community through our banking operations," the Group engages in business activities aimed at becoming a value-creating company that enhances regional sustainability.

The Group has a large share of loans in Oita prefecture. On the other hand, the local economy has been hit hard by changes in the external environment, such as weakening of yen, rising of prices, and increasing of labor costs, in addition to the declining population and aging population.

In the lending business, which is the Group's core banking business, there is a risk that the Group may incur a loss in cases where all or part of a loan becomes uncollectible due to the debtor's credit events such as bankruptcy. The reserve for loan losses is recorded for the portion where such a loss is expected. The Group recorded the reserve for loan losses of ¥23,472 million on the consolidated balance sheet as of March 31, 2025.

The Group's accounting policy and calculation process of the reserve for loan losses are disclosed in Note 2.i, "Summary of Significant Accounting Policies - Reserve for Loan Losses," to the consolidated financial statements.

The reserve for loan losses is calculated on the basis of the debtor category, which is a significant input in the estimates. Significant assumptions and judgments used in the determination of a debtor category are disclosed in Note 3, "Significant Accounting Estimate."

Key Audit Matter Description

The Group estimates the reserve for loan losses in accordance with the internal rules for write-offs and provisions. The estimates include the determination of a debtor category based on the debtor's financial position and results of operations, as well as its reasonable future business plan, the valuation of the collateral pledged by the debtor, and the calculation of the actual past loss ratio adjusted for the future outlook.

Specifically, the determination of a debtor category may depend on significant judgments regarding the expected recovery of the debtor's financial performance in the future based on its business plan if the debtor is facing financial difficulties and its performance is deteriorating.

Debtors that provide products and services rooted in local markets in Oita Prefecture are being affected by changes in the business environment, such as the declining population and aging population. In addition, costs continue to rise due to rising prices, including raw materials and energy prices, and increasing labor costs. There are certain debtors whose business conditions have deteriorated due to these severe business conditions (hereinafter referred to as the "Certain troubled debtors").

Regarding the determination of debtor categories for such Certain troubled debtors, future business plans often include significant assumptions such as prospects for support from financial institutions and debtor-related companies, sales forecasts which are subject to the external business environment and demand trends, and cost reduction efforts which depend on the debtors' internal business environment.

Accordingly, as significant assumptions have high estimation uncertainty, the determination of debtor categories involves significant judgments.

There is a potential risk that the reserve for loan losses may not be appropriately calculated if a debtor category determined based on the debtor's future business plan does not appropriately reflect the debtor's credit risk. Accordingly, we identified the determination of debtor categories for the Certain troubled debtors, which involves significant assumptions used in their future business plans, as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

In order to address the key audit matter, we evaluated the effectiveness of the Group's controls over the determination of debtor categories of the Certain troubled debtors and tested the appropriateness of debtor categories based on the underlying information obtained.

We evaluated the effectiveness of the Group's controls, including review and approval, over the determination of debtor categories in accordance with the internal rules for write-offs and provisions. We also evaluated the effectiveness of the Group's controls over the accuracy and completeness of data, such as financial information about debtors, that was used in these internal controls.

In addition, for the Certain troubled debtors whose categories were highly dependent upon their future business plans, we tested the appropriateness of the information about these debtors underlying the determination of debtor categories. Also, we identified significant assumptions used in their future business plans and evaluated the reasonableness of such assumptions by performing the following:

- We evaluated the historical actual support and the intention and ability to provide support, in cases where support from financial institutions and debtor-related companies is a prerequisite for the business plans.
- We evaluated the reasonableness of significant assumptions by comparing their business plans in prior periods to the recent actual results and analyzing the factors of differences. Also, we examined whether the factors of differences that needed to be reflected in the business plans for the following period were appropriately reflected.
- We evaluated the feasibility of sales forecasts which are subject to the external business environment and demand trends by examining the progress of measures to improve profits and comparing them to externally available information.
- We evaluated that the impact of rising raw material and energy prices and increasing in labor costs was fully reflected in their business plans by examining the recent costs incurred.
- We evaluated the feasibility of cost reduction efforts which depend on the debtors' internal business environment by examining the recent costs incurred, the progress of such measures and the ability for further cost reduction.

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the ANNUAL REPORT, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

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

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

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to THE OITA BANK, LTD. and its subsidiaries were ¥64 million and ¥4 million, respectively.

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

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

Deloitte Touche Tohmatsu LLC
August 1, 2025

Summary of Nonconsolidated Balance Sheet (Unaudited)

THE OITA BANK, LTD.
March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
ASSETS:			
Cash and due from banks	¥ 779,890	¥ 871,733	\$ 5,215,957
Call loans	5,681	4,845	37,994
Commercial paper and other debt purchased	2,210	3,412	14,780
Money held in trust	3,994	3,987	26,712
Investment securities	1,341,145	1,400,720	8,969,669
Loans and bills discounted	2,282,301	2,161,906	15,264,185
Foreign exchange assets	3,945	4,605	26,384
Other assets	27,361	49,897	182,992
Premises and equipment	28,456	28,585	190,315
Intangible assets	756	522	5,056
Prepaid pension cost	10,315	9,494	68,987
Deferred tax assets	6,129		40,991
Customers' liabilities for acceptances and guarantees	13,035	11,706	87,178
Reserve for loan losses	(20,937)	(21,192)	(140,028)
TOTAL	¥4,484,286	¥4,530,227	\$29,991,211
LIABILITIES:			
Deposits	¥3,585,512	¥3,634,295	\$23,980,149
Payables under repurchase agreements	68,683	72,927	459,356
Payables under securities lending transactions	193,413	175,065	1,293,559
Borrowed money	381,438	396,005	2,551,083
Foreign exchange liabilities	29	70	193
Other liabilities	45,450	32,162	303,972
Liability for retirement benefits	6,265	6,270	41,900
Reserve for reimbursement of deposits	1,064	840	7,116
Deferred tax liabilities		81	
Deferred tax liabilities for land revaluation excess	4,039	3,933	27,013
Acceptances and guarantees	13,035	11,706	87,178
Total liabilities	4,298,932	4,333,359	28,751,551
EQUITY:			
Common stock- authorized, 30,000,000 shares; issued, 15,693,634 shares in 2025 and 16,243,634 shares in 2024	19,598	19,598	131,072
Capital surplus	10,582	10,582	70,773
Stock acquisition rights	271	254	1,812
Retained earnings:			
Legal reserve	10,431	10,431	69,763
Unappropriated	136,045	133,190	909,878
Total retained earnings	146,476	143,621	979,641
Unrealized gain (loss) on available-for-sale securities	1,230	17,225	8,226
Deferred gain (loss) on derivatives under hedge accounting	1,145	(225)	7,657
Land revaluation excess	7,672	7,810	51,310
Treasury stock- at cost, 314,659 shares in 2025 and 443,579 shares in 2024	(1,624)	(1,999)	(10,861)
Total equity	185,354	196,867	1,239,660
TOTAL	¥4,484,286	¥4,530,227	\$29,991,211

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥149.52=U.S. \$1, the approximate exchange rate prevailing at March 31, 2025.

Summary of Nonconsolidated Statement of Income (Unaudited)

THE OITA BANK, LTD.
Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
INCOME:			
Interest on:			
Loans and discounts	¥24,656	¥23,367	\$164,901
Securities	22,257	19,069	148,856
Other	1,882	388	12,586
Total interest income	48,796	42,826	326,350
Fees and commissions	9,901	8,965	66,218
Other operating income	211	1,860	1,411
Gain on reversal of reserve for loan losses		936	
Gains on sales of stocks and other securities	6,677	6,724	44,656
Other income	253	468	1,692
Total income	65,841	61,781	440,349
EXPENSES:			
Interest on:			
Deposits	2,321	285	15,523
Securities sold under repurchase agreements	2,814	3,424	18,820
Borrowings and rediscounts	69	0	461
Other	957	553	6,400
Total interest expenses	6,163	4,263	41,218
Fees and commissions	2,241	1,949	14,987
Other operating expenses	19,847	20,893	132,738
General and administrative expenses	25,293	25,994	169,161
Provision for loan losses	648		4,333
Losses on sales of stocks and other securities	920	303	6,153
Impairment losses on stocks and other securities	440	449	2,942
Provision for reimbursement of deposits	476	187	3,183
Impairment losses	30	268	200
Other expenses	128	177	856
Total expenses	56,191	54,488	375,809
INCOME BEFORE INCOME TAXES	9,649	7,292	64,533
INCOME TAXES:			
Current	2,860	1,553	19,127
Deferred	162	178	1,083
Total income taxes	3,023	1,731	20,218
NET INCOME	¥ 6,626	¥ 5,560	\$ 44,315
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK:			
Basic net income	¥425.86	¥352.01	\$ 2.84
Diluted net income	422.82	349.63	2.82
Cash dividends applicable to the year	110.00	95.00	0.73

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥149.52=U.S. \$1, the approximate exchange rate prevailing at March 31, 2025.

Summary of Nonconsolidated Statement of Changes in Equity (Unaudited)

THE OITA BANK, LTD.
Year Ended March 31, 2025

	Thousands Outstanding Number of Shares of Common Stock	Millions of Yen									
		Common Stock	Capital Surplus	Stock Acquisition Rights	Legal Reserve	Retained Earnings Unappropri- ated	Unrealized Gain (Loss) on Available- for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2023	15,783	¥19,598	¥10,582	¥246	¥10,431	¥128,856	¥ (3,017)	¥ (454)	¥8,124	¥(2,078)	¥172,288
Net income						5,560					5,560
Cash dividends, ¥95.00 per share						(1,500)					(1,500)
Purchase of treasury stock	(1)									(3)	(3)
Disposal of treasury stock	18		(41)							82	41
Transfer from land revaluation excess						314					314
Transfer from retained earnings to capital surplus			41			(41)					
Net change in the year				8			20,243	228	(314)		20,166
BALANCE, MARCH 31, 2024	15,800	19,598	10,582	254	10,431	133,190	17,225	(225)	7,810	(1,999)	196,867
Net income						6,626					6,626
Cash dividends, ¥100.00 per share						(1,577)					(1,577)
Purchase of treasury stock	(620)									(2,064)	(2,064)
Disposal of treasury stock	623		(33)							258	224
Cancellation of treasury stock	(550)		(2,181)							2,181	
Transfer from land revaluation excess						21					21
Transfer from retained earnings to capital surplus			2,215			(2,215)					
Net change in the year				17			(15,994)	1,371	(137)		(14,743)
BALANCE, MARCH 31, 2025	15,252	¥19,598	¥10,582	¥271	¥10,431	¥136,045	¥ 1,230	¥1,145	¥7,672	¥(1,624)	¥185,354

	Thousands of U.S. Dollars									
				Retained Earnings		Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
	Common Stock	Capital Surplus	Stock Acquisition Rights	Legal Reserve	Unappropriated					
BALANCE, MARCH 31, 2024	\$131,072	\$ 70,773	\$1,698	\$69,763	\$890,783	\$ 115,201	\$(1,504)	\$52,233	\$(13,369)	\$1,316,659
Net income					44,315					44,315
Cash dividends, \$0.66 per share					(10,547)					(10,547)
Purchase of treasury stock									(13,804)	(13,804)
Disposal of treasury stock		(220)							1,725	1,498
Cancellation of treasury stock		(14,586)							14,586	
Transfer from land revaluation excess					140					140
Transfer from retained earnings to capital surplus		14,814			(14,814)					
Net change in the year			113			(106,968)	9,169	(916)		(98,602)
BALANCE, MARCH 31, 2025	\$131,072	\$ 70,773	\$1,812	\$69,763	\$909,878	\$ 8,226	\$ 7,657	\$51,310	\$(10,861)	\$1,239,660

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥149.52=U.S. \$1, the approximate exchange rate prevailing at March 31, 2025.

CORPORATE DATA

HEAD OFFICE

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Telephone: (097) 534-1111

INTERNATIONAL BUSINESS OFFICE

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Fax: (097) 536-7071
Swift: OITA JPJT

Hong Kong Representative Office

Room 1108, 11/F, The Metropolis Tower,
10 Metropolis Drive, Hung Hom,
Kowloon, Hong Kong
Telephone: 852-2522-8862
Fax: 852-2522-7298

FOREIGN EXCHANGE OFFICES

Main Office

4-1, Funaimachi 3-chome, Oita 870-0021
Telephone: (097) 534-1111

Osaka Branch

8-7, Hiranomachi 1-chome,
Chuo-ku, Osaka 541-0046
Telephone: (06) 6231-6067

Saiki Branch

2-7, Jyokanishimachi,
Saiki, Oita 876-0847
Telephone: (0972) 22-3311

Tokyo Branch

3-4, Nihonbashi 2-chome,
Chuo-ku, Tokyo 103-0027
Telephone: (03) 3273-0081

Fukuoka Branch

10-10, Kamigofukumachi,
Hakata-ku, Fukuoka 812-0036
Telephone: (092) 281-4381

Kokura Branch

1-21, Komemachi 1-chome,
Kokurakita-ku, Kita-Kyusyu 802-0003
Telephone: (093) 521-8336

Beppu Branch

18-21, Noguchinakamachi,
Beppu, Oita 874-0932
Telephone: (0977) 21-2121

Nakatsu Branch

2-10, Toyodamachi,
Nakatsu, Oita 871-0058
Telephone: (0979) 24-2211

Tsurusaki Branch

1-12, Minami-Tsurusaki 3-chome,
Oita 870-0104
Telephone: (097) 527-2121

Hita Branch

1-2, Sanbonmatsu 1-chome,
Hita, Oita 877-0016
Telephone: (0973) 23-2101

NUMBER OF MONEY EXCHANGE OFFICES

33

NUMBER OF OFFICES BY DISTRICT

Oita Prefecture	82
Miyazaki Prefecture	2
Kumamoto Prefecture	1
Fukuoka Prefecture	6
Osaka	1
Tokyo	1
Total	93

(As of Jun 30, 2025)

BOARD OF DIRECTORS AND AUDITORS

Chairman

Tomiichiro Goto

President

Yasuhide Takahashi

Senior Managing Directors

Nobuhiko Okamatsu

Managing Directors

Yasunori Sato
Yu Ikeda
Norio Hamada

Outside Director

Hisatsugu Wada

Full-time Audit and Supervisory Committee Members

Hiroyuki Hirakawa
Takeshi Mori

Outside Audit and Supervisory Committee Members

Mitsuo Kawano
Akiko Yamamoto
Tomoko Noumi

Managing Executive Officers

Yuji Watanabe
Katsuhiko Ueki

Executive Officers

Yusuke Anan
Takashi Inomata
Tetsuya Kanda
Osamu Abe
Masanobu Miura

(As of June 30, 2025)

感 動 を、シ ェ ア し た い 。

Emotions with you.