Financial Data 2025

Year Ended March 31, 2025

Mebuki Financial Group, Inc.

Consolidated Balance Sheet

March 31, 2025 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
ASSETS			
Cash and due from banks (Note 3)	¥ 3,230,771	¥ 4,438,860	$ 21,607,618
Call loans and bills bought	225,831	88,843	1,510,374
Monetary claims bought	5,360	7,302	35,852
Trading assets (Note 4)	6,080	5,316	40,666
Money held in trust (Note 5)	2,830	2,824	18,928
Securities (Notes 4, 10, 12, and 23)	4,213,214	4,133,551	28,178,265
Loans and bills discounted (Notes 7, 12, 23, and 27)	13,203,113	12,658,245	88,303,328
Foreign exchanges (Note 7)	10,967	9,383	73,353
Lease receivables and investments in lease (Note 22)	62,565	60,873	418,445
Other assets (Notes 12 and 24)	300,295	260,188	2,008,399
Tangible fixed assets (Note 8)	101,325	102,511	677,672
Intangible fixed assets (Note 9)	12,156	12,956	81,306
Asset for retirement benefits (Note 14)	76,987	72,065	514,897
Deferred tax assets (Note 21)	10,655	2,878	71,264
Customers' liabilities for acceptances and guarantees (Note 10)	19,789	15,227	132,353
Allowance for loan losses	(73,551)	(84,886)	(491,920)
Allowance for investment losses	(8)	(8)	(59)
TOTAL	¥21,408,384	¥21,786,134	$143,180,743
LIABILITIES AND EQUITY			
LIABILITIES:			
Deposits (Notes 12 and 23)	¥17,574,529	¥17,673,968	$117,539,660
Negotiable certificates of deposit (Note 23)	350,586	126,689	2,344,748
Call money and bills sold	27,946	537,778	186,910
Payables under repurchase agreements (Note 12)	151,947	149,362	1,016,235
Payables under securities lending transactions (Note 12)	231,521	107,444	1,548,429
Trading liabilities	3,904	1,553	26,111
Borrowed money (Notes 12, 13, and 23)	1,853,218	1,975,065	12,394,451
Foreign exchanges	2,112	1,548	14,126
Due to trust account	3,241	3,070	21,682
Other liabilities	209,719	181,578	1,402,618
Provision for bonuses for directors	318	260	2,131
Provision for retirement benefits for directors	40	33	270
Provision for reimbursement of deposits	1,608	1,772	10,755
Provision for contingent losses	1,887	1,882	12,621
Provision for point card certificates	566	592	3,788
Provision for losses on interest repayments	2	5	19
Reserves under special laws	2	2	17
Deferred tax liabilities (Note 21)	1,237	10,658	8,276
Deferred tax liabilities for land revaluation (Note 8)	7,954	7,844	53,197
Negative goodwill	237	395	1,585
Acceptances and guarantees (Note 10)	19,789	15,227	132,353
Total liabilities	20,442,371	20,796,735	136,719,984
EQUITY (Notes 15 and 16):			
Common stock	117,495	117,495	785,818
Capital surplus	80,386	98,980	537,628
Stock acquisition rights	37	43	252
Retained earnings	699,665	654,319	4,679,411
Treasury stock	(1,598)	(316)	(10,688)
Accumulated other comprehensive income:			
Unrealized gains on available-for-sale securities (Note 6)	8,507	77,279	56,898
Deferred gains on derivatives under hedge accounting (Note 24)	28,511	4,980	190,690
Land revaluation surplus (Note 8)	11,454	11,895	76,611
Defined retirement benefit plans (Note 14)	21,519	24,690	143,922
Total accumulated other comprehensive income	69,993	118,845	468,121
Non-controlling interests	32	32	218
Total equity	966,012	989,399	6,460,759
TOTAL	¥21,408,384	¥21,786,134	$143,180,743

See notes to consolidated financial statements.

Consolidated Statement of Income

Year Ended March 31, 2025 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
INCOME:			
Interest income:			
Interest on loans and discounts	¥131,244	¥117,518	$ 877,770
Interest and dividends on securities	82,150	61,260	549,431
Interest on call loans and bills bought	948	406	6,346
Interest on deposits with banks	9,620	3,860	64,339
Other interest income	495	390	3,315
Trust fees	34	31	231
Fees and commissions	64,740	61,275	432,990
Trading income	456	576	3,051
Other operating income	4,224	8,270	28,251
Other income (Note 18)	66,602	56,594	445,439
Total income	360,517	310,183	2,411,163
EXPENSES:			
Interest expenses:			
Interest on deposits	13,790	4,069	92,234
Interest on negotiable certificates of deposit	176	13	1,178
Interest on call money and bills sold	2,405	2,966	16,085
Interest on payables under repurchase agreements	8,144	8,677	54,473
Interest on payables under securities lending transactions	7,471	5,281	49,968
Interest on borrowing and rediscounts	2,206	2,763	14,756
Other interest expenses	29,507	18,783	197,346
Fees and commissions	16,240	15,890	108,618
Other operating expenses	41,133	39,718	275,104
General and administrative expenses (Note 19)	109,974	107,600	735,515
Provision of allowance for loan losses	868	1,549	5,810
Other expenses (Note 20)	46,807	41,009	313,053
Total expenses	278,726	248,323	1,864,141
INCOME BEFORE INCOME TAXES	81,790	61,860	547,022
INCOME TAXES (Note 21):			
Current	21,281	22,459	142,331
Deferred	2,280	(3,966)	15,252
Total income taxes	23,561	18,493	157,583
NET INCOME	58,228	43,366	389,439
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	0	0	4
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 58,228	¥ 43,366	$ 389,435

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 17):			
Basic EPS	¥58.38	¥41.66	$0.39
Diluted EPS	58.37	41.66	0.39
Cash dividends applicable to the year (Note 15)	16.00	12.00	0.11

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year Ended March 31, 2025 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
NET INCOME	¥ 58,228	¥ 43,366	$ 389,439
OTHER COMPREHENSIVE INCOME (LOSS) (Note 25):			
Unrealized (losses) gains on available-for-sale securities	(68,772)	58,587	(459,954)
Deferred gains (losses) on derivatives under hedge accounting	23,531	(2,455)	157,382
Land revaluation surplus	(228)	—	(1,530)
Defined retirement benefit plans	(3,170)	17,085	(21,207)
Total other comprehensive (loss) income	(48,640)	73,217	(325,309)
COMPREHENSIVE INCOME	¥ 9,588	¥116,584	$ 64,130
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 9,588	¥116,583	$ 64,126
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Non-controlling interests	¥ 0	¥ 0	$ 4

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year Ended March 31, 2025 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

Millions of Yen

						Accumulated Other Comprehensive Income						
	Common Stock (Note 15)	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gains (Losses) on Available-for-Sale Securities	Deferred Gains (Losses) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total	Non-controlling interests	Total Equity
BALANCE, APRIL 1, 2023	¥117,495	¥125,705	¥ 62	¥622,845	¥ (7,181)	¥18,692	¥ 7,435	¥12,088	¥ 7,604	¥ 45,821	¥31	¥904,779
Cash dividends				(12,085)						—		(12,085)
Net income attributable to owners of the parent				43,366						—		43,366
Purchase of treasury stock					(20,000)					—		(20,000)
Disposal of treasury stock		15			125					—		140
Retirement of treasury stock		(26,740)			26,740					—		—
Reversal of land revaluation surplus				192						—		192
Net changes during the fiscal year			(19)			58,587	(2,455)	(192)	17,085	73,024	0	73,006
Total changes during the fiscal year	—	(26,725)	(19)	31,473	6,865	58,587	(2,455)	(192)	17,085	73,024	0	84,619
BALANCE, MARCH 31, 2024	**¥117,495**	**¥ 98,980**	**¥ 43**	**¥654,319**	**¥ (316)**	**¥77,279**	**¥ 4,980**	**¥11,895**	**¥24,690**	**¥118,845**	**¥32**	**¥989,399**

Millions of Yen

						Accumulated Other Comprehensive Income						
	Common Stock (Note 15)	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gains (Losses) on Available-for-Sale Securities	Deferred Gains (Losses) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total	Non-controlling interests	Total Equity
BALANCE, APRIL 1, 2024	¥117,495	¥ 98,980	¥43	¥654,319	¥ (316)	¥ 77,279	¥ 4,980	¥11,895	¥24,690	¥118,845	¥32	¥989,399
Cash dividends				(13,094)						—		(13,094)
Net income attributable to owners of the parent				58,228						—		58,228
Purchase of treasury stock					(20,001)					—		(20,001)
Disposal of treasury stock		2			123					—		125
Retirement of treasury stock		(18,596)			18,596					—		—
Reversal of land revaluation surplus				212						—		212
Net changes during the fiscal year			(5)			(68,772)	23,531	(441)	(3,170)	(48,852)	0	(48,857)
Total changes during the fiscal year	—	(18,593)	(5)	45,346	(1,281)	(68,772)	23,531	(441)	(3,170)	(48,852)	0	(23,386)
BALANCE, MARCH 31, 2025	**¥117,495**	**¥ 80,386**	**¥37**	**¥699,665**	**¥ (1,598)**	**¥ 8,507**	**¥28,511**	**¥11,454**	**¥21,519**	**¥ 69,993**	**¥32**	**¥966,012**

Thousands of U.S. Dollar

						Accumulated Other Comprehensive Income						
	Common Stock (Note 15)	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gains (Losses) on Available-for-Sale Securities	Deferred Gains (Losses) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total	Non-controlling interests	Total Equity
BALANCE, APRIL 1, 2024	$785,818	$ 661,985	$289	$4,376,132	$ (2,118)	$ 516,852	$ 33,307	$79,561	$165,129	$794,850	$214	$6,617,170
Cash dividends				(87,576)						—		(87,576)
Net income attributable to owners of the parent				389,435						—		389,435
Purchase of treasury stock					(133,769)					—		(133,769)
Disposal of treasury stock		19			823					—		842
Retirement of treasury stock		(124,376)			124,376					—		—
Reversal of land revaluation surplus				1,420						—		1,420
Net changes during the fiscal year			(37)			(459,954)	157,382	(2,950)	(21,207)	(326,729)	4	(326,762)
Total changes during the fiscal year	—	(124,357)	(37)	303,279	(8,570)	(459,954)	157,382	(2,950)	(21,207)	(326,729)	4	(156,411)
BALANCE, MARCH 31, 2025	**$785,818**	**$ 537,628**	**$252**	**$4,679,411**	**$ (10,688)**	**$ 56,898**	**$190,690**	**$76,611**	**$143,922**	**$468,121**	**$218**	**$6,460,759**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31, 2025 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
OPERATING ACTIVITIES:			
Income before income taxes	**¥ 81,790**	¥ 61,860	**$ 547,022**
Adjustments for:			
Income taxes paid	**(25,964)**	(4,691)	**(173,653)**
Depreciation and amortization	**9,355**	9,278	**62,571**
Impairment loss	**873**	906	**5,844**
Amortization of negative goodwill	**(158)**	(158)	**(1,057)**
Decrease in allowance for loan losses	**(11,334)**	(6,972)	**(75,805)**
Increase in provision for bonuses for directors	**57**	76	**387**
Increase in asset retirement benefits	**(2,696)**	(3,725)	**(18,035)**
Increase in provision for retirement benefits for directors	**6**	4	**45**
Decrease in provision for reimbursement of deposits	**(164)**	(181)	**(1,100)**
Increase (decrease) in provision for contingent losses	**4**	(221)	**32**
(Decrease) increase in provision for point card certificates	**(26)**	27	**(176)**
(Decrease) increase in provision for interest repayments	**(2)**	1	**(18)**
Gains on fund management	**(224,459)**	(183,435)	**(1,501,201)**
Financing expenses	**63,701**	42,554	**426,041**
Losses related to securities	**16,967**	20,012	**113,480**
(Gains) losses on money held in trust	**(3)**	185	**(23)**
Foreign exchange losses (gains)	**12,156**	(91,169)	**81,301**
Losses on disposal of fixed assets	**136**	275	**916**
Net increase in trading assets	**(763)**	(1,354)	**(5,106)**
Net increase in trading liabilities	**2,351**	430	**15,724**
Net increase in loans and bills discounted	**(544,868)**	(222,048)	**(3,644,116)**
Net (decrease) increase in deposits	**(99,438)**	536,682	**(665,052)**
Net increase (decrease) in negotiable certificates of deposit	**223,897**	(244,599)	**1,497,440**
Net decrease in borrowed money (excluding subordinated borrowings)	**(121,847)**	(25,793)	**(814,921)**
Net increase in due from banks (excluding cash equivalents)	**(1,848)**	(946)	**(12,365)**
Net increase in call loans	**(135,045)**	(61,689)	**(903,195)**
Net (decrease) increase in call money	**(507,246)**	18,686	**(3,392,500)**
Net increase (decrease) in payables under securities lending transactions	**124,076**	(4,442)	**829,831**
Net (increase) decrease in foreign exchanges - assets	**(1,584)**	7,832	**(10,597)**
Net increase (decrease) in foreign exchanges - liabilities	**563**	(6,802)	**3,769**
Net increase in lease receivables and investments in lease	**(1,692)**	(418)	**(11,319)**
Net increase in due to trust account	**171**	86	**1,147**
Proceeds from fund management	**220,467**	179,526	**1,474,500**
Payments for finance	**(59,916)**	(42,172)	**(400,726)**
Other-net	**1,078**	(2,793)	**7,214**
Total adjustments	**(1,063,195)**	(87,050)	**(7,110,726)**
Net cash used in operating activities	**¥ (981,405)**	¥ (25,189)	**$ (6,563,704)**
INVESTING ACTIVITIES:			
Purchases of securities	**¥(1,530,419)**	¥(1,298,883)	**$(10,235,553)**
Proceeds from sales of securities	**866,682**	639,179	**5,796,433**
Proceeds from redemption of securities	**475,977**	346,014	**3,183,373**
Increase in money held in trust	**(2)**	—	**(13)**
Purchases of tangible fixed assets	**(4,370)**	(5,766)	**(29,232)**
Proceeds from sales of tangible fixed assets	**318**	196	**2,133**
Purchases of intangible fixed assets	**(3,589)**	(4,188)	**(24,005)**
Other-net	**(156)**	(248)	**(1,046)**
Net cash used in investing activities	**(195,558)**	(323,694)	**(1,307,910)**
FINANCING ACTIVITIES:			
Purchase of treasury stocks	**(20,001)**	(20,000)	**(133,769)**
Proceeds from sales of treasury stocks	**120**	135	**807**
Cash dividends paid	**(13,094)**	(12,085)	**(87,576)**
Net cash used in financing activities	**(32,974)**	(31,950)	**(220,538)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**—**	0	**—**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,209,938)**	(380,835)	**(8,092,153)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**4,421,493**	4,802,328	**29,571,249**
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	**¥ 3,211,554**	¥ 4,421,493	**$ 21,479,097**

NONCASH INVESTING AND FINANCING ACTIVITIES:

Not applicable.

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION

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

In preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2024 consolidated financial statements to conform to the classifications used in 2025.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥149.52 to $1, the approximate rate of exchange at March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation — The consolidated financial statements as of March 31, 2025, include the accounts of the Company and its 16 significant subsidiaries.

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

All consolidated subsidiaries have a fiscal year ending on March 31, which is the same as the fiscal year of the Company.

The consolidated financial statements as of March 31, 2025, do not include the accounts of 11 subsidiaries because the total assets, total income, net income, retained earnings, and accumulated other comprehensive income of those entities would not have had a material effect on the consolidated financial statements.

The following 5 companies are not treated as subsidiaries even though the Group owns more than 50% of their voting rights because the Company's unconsolidated subsidiary in the investment business held its shares for the purpose of growing the investee's business and not for the purpose of controlling the entity:

- Hitachiya Honpo Co., Ltd.
- Mikuni Industrial Co., Ltd.
- Miraie HD, Ltd.
- Kurobane Chip Co., Ltd.
- Suzuya Co., Ltd.

The consolidated financial statements as of March 31, 2025, do not apply to the equity method of accounting of 11 unconsolidated subsidiaries and 5 associated companies because the net income, retained earnings, and accumulated other comprehensive income of those entities would not have had a material effect on the consolidated financial statements.

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.

Negative goodwill represents the difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition. Negative goodwill incurred before March 31, 2010, is amortized using the straight-line method over 20 years.

b. Trading Assets and Trading Liabilities — Transactions for "Trading purposes" (seeking to capture gains arising from short-term changes in interest rates, currency exchange rates, market prices of securities, and other market-related indices or from arbitrage between markets) are valued at fair value and have been included in trading assets and trading liabilities on a trade-date basis. Gains or losses on such trading transactions are reflected as trading income or trading expenses in the consolidated statement of income.

Among the trading assets and liabilities, securities and monetary claims are carried at fair value as of the consolidated balance sheet date. Derivatives, including swaps, futures, and options, are valued assuming settlement on the consolidated balance sheet date.

Trading income or trading expenses include interest received or paid during the fiscal year. The year-on-year valuation differences of securities and monetary claims are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the year-on-year valuation differences are also recorded in the above-mentioned accounts.

c. Securities — Securities are classified and accounted for, depending on management's intent, as follows:

(1) Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost using the straight-line method.
(2) Investments in unconsolidated subsidiaries that are not accounted for by the equity method are stated at cost determined by the moving-average method.
(3) Available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Securities without readily available market prices are stated at cost determined by the moving-average cost method.

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

d.Tangible Fixed Assets — Tangible fixed assets (except for leased assets) are stated at cost, less accumulated depreciation. Depreciation of tangible fixed assets owned by the consolidated banking subsidiaries is computed by the straight-line method.

The range of useful lives is from 3 to 50 years for buildings and from 3 to 20 years for other tangible fixed assets.

Depreciation of tangible fixed assets owned by other subsidiaries is mainly computed by the straight-line method in estimated useful lives.

Note for Changes in Accounting Estimates
(Change in useful life)
The tangible fixed assets of Joyo Bank, Ltd., a subsidiary of the Company, had been depreciated using the straight-line method over their useful lives ranging from 3 to 50 years. However, with the decision on the basic plan for the construction of a new head office building and the relocation/consolidation of the head office, administrative center, and training center (hereinafter referred to as "current head office, etc.") in July 2024, the useful lives of tangible fixed assets related to the current head office, etc. were reduced to the period of the planned relocation. As a result, both ordinary income and income before income taxes for the current fiscal year decreased by ¥286 million ($1,913 thousand) .

Depreciation of leased assets from finance lease transactions that do not deem to transfer ownership of the leased property to the lessee is computed using the straight-line method over the respective lease periods. The residual value of leased assets is determined using the guaranteed residual value indicated on the lease contracts where provided; otherwise, they have a nil residual value.

e. Intangible Fixed Assets — Amortization of intangible fixed assets is computed by the straight-line method. The cost of computer software obtained for internal use is amortized principally using the straight-line method over the estimated useful lives of mainly five years.

f. Long-Lived Assets — The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss 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. Allowance for Loan Losses — The consolidated banking subsidiaries have provided an allowance for loan losses, which is determined based on management's judgment and assessment of future losses based on the write-offs and provision standards. These systems reflect the past experience of credit losses; possible credit losses; business and economic conditions; the character, quality, and performance of the portfolio; the value of collateral or guarantees; and other pertinent indicators.

The quality of all loans performed by the business offices is reviewed by the credit-related divisions in the headquarters and then independently examined by the internal audit division based on the credit rating of asset quality standards.

The classification of borrowers (six categories: "Normal borrowers"; "Borrowers requiring caution, excluding borrowers requiring monitoring"; "Borrowers requiring monitoring"; "Possible bankruptcy"; "Virtual bankruptcy"; and "Legal bankruptcy") is determined in accordance with credit rating standards prescribed by the Group to evaluate the credit losses on loans.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings, or similar legal proceedings ("Legal bankruptcy"), or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("Virtual bankruptcy"), an allowance is provided based on the amount of claims, after the write-offs as stated below, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt, but are likely to become bankrupt in the future ("Possible bankruptcy"), an allowance is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers whose loans are classified as "Restructured loans" over a certain amount, for which future cash flows from the collection of principal and interest are reasonably estimated, an allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claims based on the discounted cash flow method.

For other claims, an allowance is provided, mainly based on expected loan losses for the next three years for claims requiring special caution ("Requiring monitoring") in whole or in part among claims against borrowers requiring caution in future management, such as borrowers with unreasonable loan terms, borrowers with questionable performance, borrowers with weak or unstable business conditions, or borrowers with unfavorable financial conditions ("Requiring caution"), and expected loan losses for the next one year for claims against borrowers other than requiring monitoring and claims against borrowers with good business conditions and no particular financial problems ("Normal"). Expected loan losses are computed using the average historical loan loss ratio of the past one year to three years. Where necessary, the expected loan losses are modified for possible future scenarios.

For collateralized or guaranteed claims of borrowers who are in "Virtual bankruptcy" or "Legal bankruptcy" the amount exceeding the estimated value of collateral or guarantees has been deducted as deemed uncollectible directly from those claims. As of March 31, 2025 and 2024, the deducted amounts were ¥33,930 million ($226,930 thousand) and ¥26,458 million, respectively.

Other consolidated subsidiaries determine allowances for loan losses that are provided for general claims at an amount based on the actual historical rate of loan losses and for specific claims (from potentially bankrupt customers and other) at an estimate of the amounts deemed uncollectible based on the respective assessments.

h. Allowance for Investment Losses — Allowance for investment losses is provided at the amount deemed necessary to cover estimated possible losses on certain type of nonmarketable investments.

i. Provision for Bonuses for Directors — Provision for bonuses for directors (including executive officers) is provided in the amount of the estimated bonuses that are attributable to each fiscal year.

j. Retirement Benefits for Employees — The Group accounts for the liability for retirement benefits based on the projected benefit obligations and the fair value of plan assets at the consolidated 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 from the next year of incurrence and the year of incurrence, respectively, by the straight-line method over a period (mainly 10 years) no longer than the expected average remaining service period of the employees.

k. Provision for Retirement Benefits for Directors — Provision for retirement benefits for directors, which is provided for payments of retirement benefits to directors, is recorded in the amount deemed accrued at the fiscal year end date based on the estimated amount of benefits.

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

m. Provision for Contingent Losses — Provision for contingent losses is provided for possible loan losses guaranteed by the credit guarantee corporations in an amount deemed necessary based on estimated losses in the future, calculated using historical default rates after exclusion of contingent losses covered by other reserves.

n. Provision for Point Card Certificates — Provision for point card certificates, which is provided for the future use of points granted to customers under the credit card points program, is calculated by converting the outstanding points into a monetary amount and rationally estimating and recognizing the amount that will be redeemed in the future.

o. Provision for Losses on Interest Repayments — Certain consolidated subsidiaries provide a provision for losses on interest repayments in an amount deemed necessary based on estimated amounts to be repaid, taking into account historical records of interest repayments on the portion of loans whose interest rates exceeded the maximum interest rate stipulated by the Interest Limitation Law.

p. Reserves under Special Laws — Reserves under special laws are provided for contingent liabilities incurred by an accident in relation to the sales and purchase or other transactions of securities, which amounted to ¥2 million ($17 thousand) and ¥2 million as of March 31, 2025 and 2024, respectively, pursuant to Article 46-5-1 of the Financial Instruments and Exchange Act and Item 175 of the related cabinet order.

q. Stock Options — Compensation expense for employee stock options is recognized based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. In the consolidated balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised.

r. Stock Issuance Costs — Stock issuance costs are charged to income as incurred.

s. Leases — As a lessor, income and expenses are recognized when lease receivables are collected for finance lease transactions that do not transfer ownership of the property.

t. 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.

The Group files a tax return under the group tax sharing system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned subsidiaries.

u. Translation of Foreign Currencies — Assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing as of the consolidated balance sheet date.

v. Derivatives and Hedging Activities — Derivative financial instruments are classified and accounted for as follows: (a) all derivatives, except those entered into for hedging purposes, are recognized as either assets or liabilities and measured at fair value, with gains or losses on derivative transactions recognized in the consolidated statement of income, and the fair value is calculated on a group basis for the financial assets and financial liabilities on the net amount after offsetting the financial assets and financial liabilities, taking into account specific market risks or specific credit risks, or (b) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged transactions (deferral hedge accounting).

The consolidated banking subsidiaries apply deferral hedge accounting based on the rules of the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 24, March 17, 2022, "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry," for interest rate derivatives to manage interest rate risk from various financial assets and liabilities, as a whole. Under these rules, the effectiveness of a fair value hedge is assessed by an identified group of hedge items, such as loans, and by a corresponding group of hedging instruments, such as interest rate swaps in the same maturity category. Also, under these rules, the effectiveness of cash flow hedges is assessed based on the correlation between a base interest rate index of the hedged cash flow and that of the hedging instrument.

The consolidated banking subsidiaries apply deferral hedge accounting based on the rules of the JICPA Industry Audit Committee Report No. 25, October 8, 2020, "Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry," to currency swaps and funding swaps used for the purpose of currency exchange. Under deferral hedge accounting, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions, such as currency swap transactions and foreign exchange swaps, as hedging instruments. Effectiveness of derivative transactions, such as currency swap transactions and foreign exchange swap transactions, is reviewed by comparing the total foreign currency position of the hedged items and the hedging instrument by currency.

One consolidated banking subsidiary applies individual deferral hedge accounting to offset the price fluctuation of the strategic shares that are classified under available-for-sale securities, using stock forward contracts, as hedged items. The hedge effectiveness of derivative transactions is reviewed by comparing the changes in the value of the hedged item and hedging instruments.

The consolidated banking subsidiaries apply individual deferral hedge accounting and exceptional accrual method for interest rate swap to some assets and liabilities.

w. Cash and Cash Equivalents — Cash and cash equivalents in the consolidated statement of cash flows represent cash and due from banks in the consolidated balance sheet, excluding deposits with banks other than the Bank of Japan, of the consolidated banking subsidiaries and exclude the time deposits of the Company and the other consolidated subsidiaries.

x. Consumption Taxes — Consumption tax is excluded from transactions reported by the Group. However, nondeductible consumption tax on tangible fixed assets is charged to income as incurred.

y. Per Share Information — Basic net earnings per share (EPS) of common stocks is computed by dividing net income attributable to common shareholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits.

Diluted EPS reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted EPS of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

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

Significant Accounting Estimates

Accounting estimates recorded in the consolidated financial statements for the current fiscal year that may have a material impact on the consolidated financial statements for the following fiscal year are as follows:

Allowance for loan losses

As the ratio of loans, etc., recorded by the consolidated banking subsidiaries is relatively high in the consolidated balance sheet, the accounting estimate of allowance for loan losses has a significant impact on the results of business performance and financial position.

(i) Amounts recorded in the consolidated financial statements as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Allowance for loan losses	¥73,551	¥84,886	$491,920

(ii) Information on the consolidated financial statements with regard to the accounting estimates

(a) Calculating method

As the calculation method is stated in "G. Allowance for loan losses" in NOTE "2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES," to prepare for loan losses and losses on claims equivalent to loans, The classification of borrowers are determined (six categories: "Normal borrowers"; "Borrowers requiring caution,excluding borrowers requiring monitoring"; "Borrowers requiring monitoring"; "Possible bankruptcy"; "Virtual bankruptcy"; and "Legal bankruptcy") based on predetermined credit rating standards. In determining the classification borrowers, the Group reflects the projections for changes in the performance of borrowers that are expected to be affected by their marketing measure, improvement in productivity and cost reduction measures, financial support from the parent company, etc. or cash flow management through reduction of assets. Based on the classification borrowers determined as above, the Group estimates the allowance for loan losses by estimating the expected loss amount considering the actual historical rate of loan losses for each classification, in accordance with the credit risk.

(b) Significant assumptions

The classification borrowers is determined by comprehensively examining various types of information, including the borrower's past financial information, repayment history, future forecasts, and other qualitative information. Among these, future forecasts are evaluated based on certain assumptions regarding the feasibility of the borrower's marketing measures leading to increasing or maintained sales, expense decrease or consist through improvement in productivity and cost reduction measures, and the maintenance of cash flow through financial support from the parent company, etc. or reduction of assets.

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

The assumptions used in determining the classification of borrowers are uncertain, and changes in the assumptions used in the initial estimation could increase or decrease the amount of loss and have a material impact on the consolidated financial statements.

Unapplied Accounting Standards

Accounting Standards for Leases

- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)
- "Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024), and other related accounting standards, guidance, practical solution reports, and transfer guidelines

(a) Overview

Same as the international accounting standards, this standard requires the treatment of recognizing assets and liabilities for all leases in a lessee's.

(b) Scheduled Application Date

The standard is scheduled to be applied from the beginning of the fiscal year ending March 2028.

(c) Impact of Applying the Accounting Standards

The impact amount is currently being evaluated at the time of preparing the consolidated financial statements.

3. CASH AND CASH EQUIVALENTS

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Cash and due from banks	¥3,230,771	¥4,438,860	$21,607,618
Deposits with banks of the consolidated banking subsidiaries other than the Bank of Japan	(19,216)	(17,367)	(128,521)
Cash and cash equivalents	¥3,211,554	¥4,421,493	$21,479,097

4. TRADING SECURITIES AND SECURITIES

The amounts shown in the following tables include "Securities," trading securities in "Trading assets," and negotiable certificates of deposit in "Cash and due from banks," as described in the consolidated balance sheet.

Valuation differences recognized as income and expenses as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Trading securities	¥5	¥1	$37

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Japanese national government bonds	¥1,236,294	¥ 660,704	$ 8,268,422
Japanese local government bonds	499,163	791,507	3,338,438
Japanese corporate bonds	776,955	911,686	5,196,330
Japanese corporate stocks	248,189	283,019	1,659,907
Other securities	1,452,612	1,486,633	9,715,169
Total	¥4,213,214	¥4,133,551	$28,178,265

The cost and aggregate fair value of available-for-sale securities and held-to-maturity securities as of March 31, 2025 and 2024, were as follows:

	Millions of Yen			
March 31, 2025	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:	¥3,942,215	¥147,832	¥137,186	¥3,952,861
Equity securities	130,182	114,782	1,123	243,841
Debt securities:	2,408,637	42	103,588	2,305,090
Japanese national government bonds	1,174,680	—	55,545	1,119,134
Japanese local government bonds	512,964	6	15,500	497,471
Japanese corporate bonds	720,992	35	32,543	688,484
Others:	1,403,395	33,007	32,473	1,403,928
Foreign bonds	805,936	2,589	10,938	797,588
Others	597,458	30,418	21,535	606,340
Held-to-maturity:	207,322	15	5,960	201,377
Japanese national government bonds	117,159	—	4,803	112,356
Japanese local government bonds	1,692	—	24	1,667
Japanese corporate bonds	88,470	15	1,132	87,353

March 31, 2024	Millions of Yen Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:	¥3,826,296	¥191,028	¥82,343	¥3,934,981
Equity securities	126,827	152,849	877	278,799
Debt securities:	2,242,818	841	34,188	2,209,471
Japanese national government bonds	606,689	411	2,161	604,938
Japanese local government bonds	799,184	217	8,994	790,407
Japanese corporate bonds	836,944	212	23,032	814,124
Others:	1,456,651	37,337	47,277	1,446,710
Foreign bonds	850,652	2,342	16,981	836,012
Others	605,999	34,994	30,295	610,698
Held-to-maturity:	154,427	95	1,498	153,024
Japanese national government bonds	55,766	—	993	54,772
Japanese local government bonds	1,099	—	2	1,096
Japanese corporate bonds	97,562	95	502	97,155

March 31, 2025	Thousands of U.S. Dollars Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:	**$26,365,804**	**$988,714**	**$917,512**	**$26,437,006**
Equity securities	**870,673**	**767,675**	**7,517**	**1,630,830**
Debt securities:	**16,109,129**	**283**	**692,808**	**15,416,605**
Japanese national government bonds	**7,856,342**	**—**	**371,491**	**7,484,850**
Japanese local government bonds	**3,430,742**	**46**	**103,667**	**3,327,121**
Japanese corporate bonds	**4,822,046**	**237**	**217,650**	**4,604,633**
Others:	**9,386,002**	**220,756**	**217,187**	**9,389,571**
Foreign bonds	**5,390,161**	**17,318**	**73,155**	**5,334,325**
Others	**3,995,841**	**203,438**	**144,033**	**4,055,246**
Held-to-maturity:	**1,386,585**	**104**	**39,864**	**1,346,826**
Japanese national government bonds	**783,571**	**—**	**32,124**	**751,447**
Japanese local government bonds	**11,317**	**—**	**163**	**11,154**
Japanese corporate bonds	**591,697**	**104**	**7,576**	**584,225**

Information for available-for-sale securities, which were sold during the years ended March 31, 2025 and 2024, is as follows:

March 31, 2025	Millions of Yen Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	**¥ 39,491**	**¥20,412**	**¥ 1,879**
Debt securities:	**507,498**	**0**	**25,704**
Japanese national government bonds	**149,650**	**—**	**309**
Japanese local government bonds	**180,301**	**—**	**6,853**
Japanese corporate bonds	**177,546**	**0**	**18,542**
Others:	**364,637**	**7,295**	**18,022**
Foreign bonds	**186,296**	**122**	**3,190**
Others	**178,340**	**7,173**	**14,832**
Total	**¥911,627**	**¥27,708**	**¥45,605**

March 31, 2024	Millions of Yen Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 34,371	¥17,235	¥ 345
Debt securities:	406,315	29	23,797
Japanese national government bonds	256,489	28	17,781
Japanese local government bonds	126,801	—	4,494
Japanese corporate bonds	23,024	0	1,521
Others:	175,934	2,255	15,964
Foreign bonds	100,083	—	7,190
Others	75,850	2,255	8,773
Total	¥616,621	¥19,519	¥40,107

March 31, 2025	Thousands of U.S. Dollars Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	**$ 264,122**	**$136,521**	**$ 12,569**
Debt securities:	**3,394,188**	**1**	**171,912**
Japanese national government bonds	**1,000,870**	**—**	**2,067**
Japanese local government bonds	**1,205,872**	**—**	**45,835**
Japanese corporate bonds	**1,187,446**	**1**	**124,010**
Others:	**2,438,718**	**48,792**	**120,533**
Foreign bonds	**1,245,964**	**817**	**21,335**
Others	**1,192,754**	**47,975**	**99,198**
Total	**$6,097,028**	**$185,314**	**$305,014**

Securities other than securities for trading purposes (excluding equity securities without readily available market price and partnership investments), where the fair value of the securities has significantly decreased compared to the acquisition cost and there is no expectation that the fair value will recover to the acquisition cost, are accounted for on the consolidated balance sheet at the fair value. Additionally, the difference in valuation is treated as a loss for the current consolidated fiscal year, a process referred to as "impairment."

There was no impairment amount for the previous fiscal year.

The impairment amount for the current fiscal year is ¥104 million ($701 thousand) (including stocks: ¥104 million ($701thousand)).

The criteria for determining whether the fair value has "significantly declined" are based on the spirit of the "Practical Guidelines on Accounting for Financial Instruments" (Transfer Guidelines No. 9, July 1, 2024), and include cases where the fair value at the end of the consolidated fiscal year has fallen by 30% or more compared to the acquisition cost. Additionally, for available-for-sale securities such as domestic stocks and domestic investment trusts, the judgment is generally based on the average market price for the last month of the consolidated fiscal year.

As of March 31, 2025 and 2024, total amount of shares or capital contributions in non-consolidated subsidiaries and affiliated companies was of ¥7,855 million ($52,537 thousand) and ¥7,528 million, respectively.

5. MONEY HELD IN TRUST

Money held in trust for trading purposes as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen 2025	2024	Thousands of U.S. Dollars 2025
Amounts recorded in the consolidated balance sheet	**¥2,830**	¥2,824	**$18,928**
Valuation loss included in the consolidated statement of income	**4**	(184)	**30**

6. UNREALIZED GAINS ON AVAILABLE-FOR-SALE SECURITIES

Unrealized gains on available-for-sale securities as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen 2025	2024	Thousands of U.S. Dollars 2025
Unrealized gains:	**¥11,520**	¥109,678	**$77,051**
Available-for-sale securities	**11,520**	109,678	**77,051**
Deferred tax liabilities:	**3,013**	32,398	**20,153**
Unrealized gains on available-for-sale securities before adjustments by ownership share	**8,507**	77,279	**56,898**
Noncontrolling interests	**—**	—	**—**
Unrealized gains on available-for-sale securities	**¥ 8,507**	¥ 77,279	**$56,899**

As of March 31, 2025 and 2024, the total unrealized gains include an unrealized gain of ¥874 million ($5,850 thousand) and ¥993 million, respectively, on available-for-sale securities contained in certain fund.

7. LOANS AND BILLS DISCOUNTED

Claims based on the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions as of March 31, 2025 and 2024, are as follows:

The claims consist of those included in the accounts of bonds included in "Securities" (its principal's redemption and interest payments are guaranteed, in whole or in part, and the corporate bonds issue is limited to a private placement of the securities (Article 2, Item 3 of the Financial Instruments and Exchange Act)); "Loans;" "Foreign exchanges assets; accrued interest and suspense payment in "Other assets;" and "Customers' liabilities for acceptances and guarantees" in the consolidated balance sheet, and securities in the notes (limited to those under a loan for use or lease agreement) that are in case of loan.

	Millions of Yen 2025	2024	Thousands of U.S. Dollars 2025
Bankrupt and substantially bankrupt claims	**¥ 13,409**	¥ 14,676	**$ 89,683**
Doubtful claims	**137,976**	151,478	**922,794**
Claims past due for three months or more	**145**	105	**974**
Restructured claims	**27,385**	28,994	**183,158**
Total	**¥178,916**	¥195,255	**$1,196,609**

The amounts above are stated before the deduction of the allowance for loan losses.

"Bankrupt and substantially bankrupt claims" are claims against borrowers in bankruptcy due to the commencement of bankruptcy procedures, the commencement of reorganization proceedings, the petition for the commencement of rehabilitation proceedings, and claims equivalent to these.

"Doubtful claims" are claims that the borrower is not yet in a state of bankruptcy, but its financial position and business performance have deteriorated, and it is highly probable that the principal's collection and interest on claims in accordance with the terms of the contract will not be received. These claims do not fall under the category of "Bankrupt and substantially bankrupt claims."

"Loans past due for three months or more" include accruing loans for which principal or interest is past due three months or more.

"Restructured loans" are loans to borrowers in financial difficulty to whom the Group has provided financial support through modification of the lending terms to be more favorable to the borrower, including reduction of interest rates, suspension of repayment of principal and interest, and debt forgiveness.

Contracts of overdraft facilities and loan commitment limits are contracts under which the consolidated banking subsidiaries and certain consolidated subsidiaries lend to customers up to the prescribed limits in response to customer applications for loans as long as there is no violation of any condition in the contracts. As of March 31, 2025 and 2024, the amounts of unused commitments were ¥2,845,508 million ($19,030,955 thousand) and ¥2,829,195 million, respectively. As of March 31, 2025 and 2024, the amounts of unused commitments whose remaining contract terms were within one year were ¥1,795,866 million ($12,010,880 thousand) and ¥1,852,431 million, respectively.

As many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions whereby the consolidated banking subsidiaries and certain consolidated subsidiaries can refuse customer applications for loans or decrease the contract limits for certain reasons (e.g., changes in a financial situation and deterioration in customers' creditworthiness). At the inception of the contracts, the consolidated banking subsidiaries and certain consolidated subsidiaries obtain real estate, securities, or other assets as collateral if considered to be necessary. Subsequently, the consolidated banking subsidiaries and certain consolidated subsidiaries perform periodic reviews of the customers' business results based on the internal rules and take necessary measures to reconsider conditions in the contracts and/or require additional collateral and guarantees.

Discounting bills are treated as secured lending transactions. As of March 31, 2025 and 2024, consolidated banking subsidiaries have the right to sell or repledge bills discounted and foreign exchange bills bought and their total face value was ¥15,757 million ($105,384 thousand) and ¥27,560 million, respectively.

8. TANGIBLE FIXED ASSETS

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

	Millions of Yen 2025	2024	Thousands of U.S. Dollars 2025
Buildings	**¥ 34,510**	¥ 35,734	**$230,809**
Land	**51,591**	52,116	**345,048**
Leased assets	**10**	25	**69**
Construction in progress	**953**	278	**6,378**
Other	**14,259**	14,356	**95,368**
Total	**¥101,325**	¥102,511	**$677,672**

The accumulated depreciation of tangible fixed assets as of March 31, 2025 and 2024, amounted to ¥123,972 million ($829,136 thousand) and ¥122,999 million, respectively.

Under certain conditions, such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the Equity section. As of March 31, 2025 and 2024, such deferred profit amounted to ¥9,641 million ($64,486 thousand) and ¥9,635 million, respectively, and the amount of the deferred profit recorded for the year ended March 31, 2025, was ¥196 million ($1,315) .

Under the "Law of Land Revaluation," one banking subsidiary elected a onetime revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 1998. The resulting revaluation reserve for land represents an unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the consolidated 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 revaluation reserve for land account and related deferred tax liabilities. As of March 31, 2025 and 2024, the carrying amount of the land after the above onetime revaluation exceeded the fair value by ¥19,962 million ($133,510 thousand) and ¥20,579 million, respectively.

9. INTANGIBLE FIXED ASSETS

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Software	¥ 8,829	¥ 9,491	$59,054
Other	3,327	3,465	22,252
Total	¥12,156	¥12,956	$81,306

10. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees in the consolidated balance sheet. As a contra account, customers' liabilities for acceptances and guarantees are presented as assets, representing the consolidated banking subsidiaries' and certain consolidated subsidiaries' rights of indemnity from the applicants.

Guarantee obligations for private placement bonds included in "Securities" (provided in accordance with Article 2-3 of the "Financial Instruments and Exchange Act") as of March 31, 2025 and 2024, were ¥142,231 million ($951,252 thousand) and ¥160,393 million, respectively.

11. MONETARY TRUST

Consolidated domestic banking subsidiaries guarantee the principals on certain jointly managed trust products. The guaranteed principal amounts held in such trusts were ¥3,226 million ($21,582 million) and ¥3,049 million as of March 31, 2025 and 2024, respectively.

12. ASSETS PLEDGED AS COLLATERAL

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Assets pledged as collateral:			
Securities	¥1,923,901	¥2,112,552	$12,867,186
Loans and bills discounted	1,067,204	455,017	7,137,537
Total	¥2,991,106	¥2,567,569	$20,004,723
Related liabilities to above assets:			
Deposits	¥ 54,936	¥ 166,621	$ 367,419
Payables under repurchase agreements	151,947	149,362	1,016,235
Payables under securities lending transactions	231,521	107,444	1,548,429
Borrowed money	1,850,490	1,972,275	12,376,210

Additionally, securities amounting to ¥72,567 million ($485,338 thousand) and ¥5,316 million as of March 31, 2025 and 2024, respectively, were pledged as collateral for settlements of exchange or as substitute securities for margins on futures transactions.

Moreover, other assets included the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Deposits for central counterparty	¥116,672	¥106,690	$780,315
Cash collateral paid for financial instruments	20,190	34,398	135,032
Cash collateral paid for transactions involving public funds	3,786	2,051	25,326
Guarantee deposits	1,307	1,343	8,746

13. BORROWED MONEY AND LEASE OBLIGATIONS

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Borrowed money for which the weighted-average annual interest rate was 0.13%, due from April 2025 to June 2035	¥1,853,218	¥1,975,065	$12,394,451

Annual maturities of borrowed money as of March 31, 2025, for the next five years were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2026	¥1,688,149	$11,290,460
2027	86,053	575,529
2028	79,001	528,370
2029	1	12
2030	1	12

(2) Obligations under finance lease transactions

The following is a summary of maturities of the finance lease obligations subsequent to March 31, 2025

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2026	¥ 5	$36
2027	2	19
2028	1	12
2029	0	3
2030	—	—
Total	¥10	$70

Regarding the average interest rate of lease obligations, it is not listed because some consolidated subsidiaries engaged in the banking business record the amount before deducting the interest equivalent amount included in the total lease fee as a lease obligation in the consolidated balance sheet.

The finance lease obligations were included in other liabilities in the consolidated balance sheet.

14. RETIREMENT AND PENSION PLANS

(1) Outline of the adopted retirement benefit plans

The Company's banking subsidiary, The Joyo Bank, Ltd. ("Joyo"), and its consolidated subsidiaries have adopted a defined benefit corporate pension system and a lump-sum retirement payment system as defined benefit plans, along with a defined contribution pension system for corporations. Additionally, a retirement benefit trust has been set up for the defined benefit corporate pension system and lump-sum retirement payment system.

Furthermore, when it comes to employee retirements, enhanced severance payments that are not subject to retirement benefit liabilities calculated in accordance with retirement benefit accounting may be paid. Joyo Bank, Ltd. has implemented a revision of the lump-sum retirement payment system as of October 1, 2021, and has communicated changes in regulations associated with the revision as of June 30, 2021. Consequently, an increase in retirement benefit liabilities (past service costs) amounting to 315 million yen occurred, and the cost treatment (increase in expenses) has been conducted since July 2021.

The Company's banking subsidiary, Ashikaga Bank, Ltd. ("Ashikaga"), and its consolidated subsidiaries have adopted funded and unfunded defined benefit plans, as well as defined contribution plans to provide for the employees' retirement benefits. All of the retirement benefit plans are managed in an integrated manner through retirement benefit points that are determined based on years of service and capabilities of employees, as well as employee performance evaluation. The determined points are then allocated to each plan.

The defined benefit pension plans (funded plans) have introduced pension plans similar to cash balance plan-type pension plans. Under the plan, each participant will set up a virtual individual account where pension or lump-sum payments will be made based on the accumulated retirement benefit points allocated. A retirement benefit trust is established for this defined benefit pension plan.

Under the lump-sum retirement benefit plans (unfunded plans that have become funded plans due to the establishment of a retirement benefit trust), lump-sum payments are made based on the accumulated retirement benefit points allocated. In some cases, premium severance payments may be made to employees in conjunction with the employees' retirement and other.

Under the defined contribution plans, the contribution amount is decided based on the accumulated retirement benefit points allocated.

The Company's consolidated subsidiaries are members of the defined benefit pension funds under the multiemployer plans, and as the amount of plan assets corresponding to the contribution of each subsidiary may be reasonably calculated, such information is included in the notes to defined benefit plans.

Regarding the lump-sum retirement benefit plans adopted by certain consolidated subsidiaries, liability for retirement benefits and retirement benefit expenses are calculated by the simplified method.

(2) Defined benefit plans

(a) 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	¥109,842	¥116,588	$734,633
Current service cost	2,269	2,602	15,180
Interest cost	1,434	1,120	9,593
Actuarial losses	(8,227)	(3,824)	(55,023)
Benefits paid	(6,515)	(6,700)	(43,575)
Prior service cost	—	—	—
Others	29	55	198
Balance at end of year	¥ 98,833	¥109,842	$661,005

*Figures above exclude retirement and benefit plans calculated by the simplified method.

(b) 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	¥182,969	¥158,508	$1,223,710
Expected return on plan assets	3,873	3,214	25,905
Actuarial (gains) losses	(9,128)	21,870	(61,054)
Contributions from the employer	3,054	3,144	20,428
Benefits paid	(3,906)	(3,798)	(26,124)
Others	29	30	198
Balance at end of year	¥176,891	¥182,969	$1,183,063

*Figures above exclude retirement and benefit plans calculated by the simplified method.

(c) The changes in liabilities for retirement benefits adopting the simplified method for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥1,045	¥1,113	$ 6,994
Retirement benefit expense	314	280	2,104
Benefits paid	(123)	(157)	(824)
Contribution to the defined benefit pension plan	(178)	(190)	(1,197)
Balance at end of year	¥1,058	¥1,045	$ 7,077

(d) Reconciliation between the liabilities recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Funded defined benefit obligation	¥ 101,444	¥ 112,658	$ 678,471
Plan assets	(179,490)	(185,769)	(1,200,445)
Total	(78,045)	(73,111)	(521,974)
Unfunded defined benefit obligation	1,058	1,045	7,077
Net asset arising from defined benefit obligation	¥ (76,987)	¥ (72,065)	$ (514,897)

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Liability for retirement benefits	¥ —	¥ —	$ —
Asset for retirement benefits	(76,987)	(72,065)	(514,897)
Net asset arising from defined benefit obligation	¥(76,987)	¥(72,065)	$(514,897)

*Figures above include retirement and benefit plans calculated by the simplified method.

(e) 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	¥ 2,269	¥ 2,602	$ 15,180
Interest cost	1,434	1,120	9,593
Expected return on plan assets	(3,873)	(3,214)	(25,905)
Recognized actuarial losses	(3,332)	(1,177)	(22,288)
Amortization of prior service cost	31	31	211
Retirement benefit expense calculated by the simplified method	314	280	2,104
Others	(13)	(14)	(87)
Net periodic benefit costs	¥(3,168)	¥ (370)	$(21,193)

(f) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Prior service cost	¥ (31)	¥ (31)	$ (211)
Actuarial losses (gains)	4,233	(24,517)	28,317
Total	¥4,202	¥(24,548)	$28,106

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unrecognized prior service cost	¥ 197	¥ 228	$ 1,318
Unrecognized actuarial gains	(31,482)	(35,716)	(210,558)
Total	¥(31,285)	¥(35,488)	$(209,240)

(h) Plan assets

a. Components of plan assets

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

	2025	2024
Debt investments	**49.5%**	47.1%
Equity investments	**35.6%**	41.1%
General accounts	**8.5%**	8.2%
Others	**6.2%**	3.3%
Total	**100.0%**	100.0%

* As of March 31, 2025 and 2024, total plan assets that were set up on corporate pension plans include a retirement benefit trust of 35.4% and 37.1%, respectively.

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.

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

	2025	2024
Discount rate	**1.50% — 2.13%**	0.80% — 1.35%
Expected rate of return on plan assets	**2.50%**	2.50%
Expected rate of increase in salary	**4.48% — 7.70%**	4.32% — 9.00%

(3) Defined contribution plans

The amounts of the required contribution to the defined contribution plans of certain consolidated subsidiaries were ¥662 million ($4,429 thousand) and ¥672 million as of March 31, 2025 and 2024, respectively.

15. EQUITY

Japanese companies are subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below.

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria, including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. With respect to the third condition above, the Board of Directors of companies with (a) board committees (namely, appointment committee, compensation committee, and audit committee) or (b) an audit and supervisory committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by nature, meet the criteria under the Companies Act. The Company is organized as a company with an audit and supervisory committee. The Company meets all the above criteria, and accordingly, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year.

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

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account that was charged upon the payment of such dividends until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of capital stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

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

(1) Capital Stock Changes during the Year

The changes in the number and class of issued stock and treasury stock for the year ended March 31, 2025, were as follows:

	Shares in Thousands			
		Changes During the Year		
	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Issued stock:				
Common stock	1,017,055	—	30,000*1	987,055
Total	1,017,055	—	30,000	987,055
Treasury stock:				
Common stock	852	31,943*2	30,218*3	2,578
Total	852	31,943	30,218	2,578

*1 The number of issued stock decreased due to retirement of treasury stock in accordance with Article 178 of the Companies Act.

*2 The number of shares of treasury stock increased by 31,941 thousand shares due to purchase of the Company's own shares and 2 thousand shares due to purchases of shares less than the trading unit.

*3 The number of shares of treasury stock decreased by 0 thousand shares due to sales to shareholders in response to their demand to buy additional shares up to the trading unit, by 197 thousand shares due to the disposal of the Company's own shares as restricted stocks, and by 20 thousand shares due to exercise of the stock acquisition rights. Reduction of 30,000 thousand shares through treasury stock cancellation.

The changes in the number and class of issued stock and treasury stock for the year ended March 31, 2024, were as follows:

	Shares in Thousands			
		Changes During the Year		
	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Issued stock:				
Common stock	1,089,055	—	72,000*1	1,017,055
Total	1,089,055	—	72,000	1,017,055
Treasury stock:				
Common stock	24,621	48,661*2	72,430*3	852
Total	24,621	48,661	72,430	852

*1 The number of issued stock decreased due to retirement of treasury stock in accordance with Article 178 of the Companies Act.

*2 The number of shares of treasury stock increased by 48,658 thousand shares due to purchase of the Company's own shares and 2 thousand shares due to purchases of shares less than the trading unit.

*3 The number of shares of treasury stock decreased by 0 thousand shares due to sales to shareholders in response to their demand to buy additional shares up to the trading unit, by 356 thousand shares due to the disposal of the Company's own shares as restricted stocks, and by 72 thousand shares due to exercise of the stock acquisition rights. Reduction of 72,000 thousand shares through treasury stock cancellation.

(2) Cash Dividends Per Share

Cash dividends per share for the years ended March 31, 2025 and 2024, were as follows:

Year ended March 31, 2025

Dividends paid in the fiscal year ended March 31, 2025

Cash dividends approved at the Board of Directors' meeting held on May 10, 2024:	Total Amount (Millions of Yen/ Thousands of U.S. Dollars)	Per Share Amount (Yen/U.S. Dollars)	Dividend Record Date	Effective Date
Common stock	¥6,097 ($40,779)	¥6.00 ($0.04)	Mar. 31, 2024	Jun. 4, 2024

Cash dividends approved at the Board of Directors' meeting held on Nov. 11, 2024:	Total Amount (Millions of Yen/ Thousands of U.S. Dollars)	Per Share Amount (Yen/U.S. Dollars)	Dividend Record Date	Effective Date
Common stock	¥6,997 ($46,798)	¥7.00 ($0.05)	Sep. 30, 2024	Dec. 3, 2024

Dividends to be paid after March 31, 2025

Cash dividends approved at the Board of Directors' meeting held on May 12, 2025:	Total Amount (Millions of Yen/ Thousands of U.S. Dollars)	Per Share Amount (Yen/U.S. Dollars)	Dividend Record Date	Effective Date
Common stock	¥8,860 ($59,258)	¥9.00 ($0.06)	Mar. 31, 2025	Jun. 3, 2025

Year ended March 31, 2024:

Dividends paid in the fiscal year ended March 31, 2024

Cash dividends approved at the Board of Directors' meeting held on May 12, 2023:	Total Amount (Millions of Yen)	Per Share Amount (Yen)	Dividend Record Date	Effective Date
Common stock	¥5,854	¥5.50	Mar. 31, 2023	Jun. 2, 2023

Cash dividends approved at the Board of Directors' meeting held on Nov. 10, 2023:	Total Amount (Millions of Yen)	Per Share Amount (Yen)	Dividend Record Date	Effective Date
Common stock	¥6,231	¥6.00	Sep. 30, 2023	Dec. 4, 2023

Dividends to be paid after March 31, 2024

Cash dividends approved at the Board of Directors' meeting held on May 10, 2024:	Total Amount (Millions of Yen)	Per Share Amount (Yen)	Dividend Record Date	Effective Date
Common stock	¥6,097	¥6.00	Mar. 31, 2024	Jun. 4, 2024

16. STOCK OPTIONS

The Company's stock option plans grant options to directors and others to purchase certain shares of the Company's common stock in the respective exercise periods.

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

Stock Options	Persons Granted	Number of Options Granted (Shares) *3	Date of Grant	Exercise Price	Exercise Period
Mebuki Financial Group, Inc. 7th Series of Stock Acquisition Rights*1	10 directors of Joyo*2	39,241	July 18, 2013*4	¥1	From October 1, 2016, to July 18, 2043
Mebuki Financial Group, Inc. 9th Series of Stock Acquisition Rights*1	10 directors of Joyo*2	40,656	July 18, 2014*4	¥1	From October 1, 2016, to July 18, 2044
Mebuki Financial Group, Inc. 11th Series of Stock Acquisition Rights*1	10 directors of Joyo*2	40,041	July 17, 2015*4	¥1	From October 1, 2016, to July 17, 2045
Mebuki Financial Group, Inc. 13th Series of Stock Acquisition Rights	29 directors of the Company, Joyo and Ashikaga	142,176	December 6, 2016	¥1	From December 7, 2016, to December 6, 2046
Mebuki Financial Group, Inc. 15th Series of Stock Acquisition Rights	29 directors of the Company, Joyo and Ashikaga	135,990	August 9, 2017	¥1	From August 10, 2017, to August 9, 2047
Mebuki Financial Group, Inc. 16th Series of Stock Acquisition Rights	16 executive officers of Joyo	62,024	August 9, 2017	¥1	From August 10, 2017, to August 9, 2047
Mebuki Financial Group, Inc. 17th Series of Stock Acquisition Rights	24 directors of the Company, Joyo and Ashikaga	127,508	August 14, 2018	¥1	From August 15, 2018, to August 14, 2048
Mebuki Financial Group, Inc. 18th Series of Stock Acquisition Rights	34 executive officers of Joyo and Ashikaga	147,282	August 14, 2018	¥1	From August 15, 2018, to August 14, 2048
Mebuki Financial Group, Inc. 19th Series of Stock Acquisition Rights	23 executive officers of Joyo and Ashikaga	201,104	August 20, 2019	¥1	From August 21, 2019, to August 20, 2049
Mebuki Financial Group, Inc. 20th Series of Stock Acquisition Rights	29 executive officers of Joyo and Ashikaga	193,295	August 20, 2019	¥1	From August 21, 2019, to August 20, 2049

*1 As a result of the share exchange conducted between the Company and Joyo on October 1, 2016, stock acquisition rights of the Company were allotted to the holders of stock acquisition rights of Joyo based on the share exchange ratio.
*2 The classification and number of recipients for this number are based on the status at the time of the grant at The Joyo Bank, Ltd.
*3 This number is listed after being converted into the number of shares.
*4 The date is initially granted by Joyo.

The stock option activity was as follows:

Year ended March 31, 2025

	Mebuki FG 7th	Mebuki FG 9th	Mebuki FG 11th	Mebuki FG 13th
Non-vested (shares):				
April 1, 2024 — Outstanding	—	—	—	—
Granted	—	—	—	—
Canceled	—	—	—	—
Vested	—	—	—	—
March 31, 2025 — Outstanding	—	—	—	—
Vested (shares):				
April 1, 2024 — Outstanding	4,336	4,492	3,302	14,885
Vested	—	—	—	—
Exercised	—	—	—	—
Canceled	—	—	—	—
March 31, 2025 — Outstanding	4,336	4,492	3,302	14,885
Exercise price	¥1	¥1	¥1	¥1
(Yen/US Dollars)	$0.01	$0.01	$0.01	$0.01
Average stock price at exercise	¥—	¥—	¥—	¥—
(Yen/US Dollars)	$—	$—	$—	$—
Fair value price at grant date	¥518	¥500	¥680	¥345
(Yen/US Dollars)	$3.46	$3.34	$4.55	$2.31

	Mebuki FG 15th	Mebuki FG 16th	Mebuki FG 17th	Mebuki FG 18th
Non-vested (shares):				
April 1, 2024 — Outstanding	—	—	—	—
Granted	—	—	—	—
Canceled	—	—	—	—
Vested	—	—	—	—
March 31, 2025 — Outstanding	—	—	—	—
Vested (shares):				
April 1, 2024 — Outstanding	15,599	3,692	32,498	4,137
Vested	—	—	—	—
Exercised	—	3,692	—	4,137
Canceled	—	—	—	—
March 31, 2025— Outstanding	15,599	—	32,498	—
Exercise price	¥1	¥1	¥1	¥1
(Yen/US Dollars)	$0.01	$0.01	$0.01	$0.01
Average stock price at exercise	¥—	¥498	¥—	¥498
(Yen/US Dollars)	$—	$3.33	$—	$3.33
Fair value price at grant date	¥360	¥390	¥319	¥348
(Yen/US Dollars)	$2.41	$2.61	$2.13	$2.33

	Mebuki FG 19th	Mebuki FG 20th
Non-vested (shares):		
April 1, 2024 — Outstanding	—	—
Granted	—	—
Canceled	—	—
Vested	—	—
March 31, 2025 — Outstanding	—	—
Vested (shares):		
April 1, 2024 — Outstanding	59,997	13,090
Vested	—	—
Exercised	—	13,090
Canceled	—	—
March 31, 2025 — Outstanding	59,997	—
Exercise price	¥1	¥1
(Yen/US Dollars)	$0.01	$0.01
Average stock price at exercise	¥—	¥498
(Yen/US Dollars)	$—	$3.33
Fair value price at grant date	¥179	¥206
(Yen/US Dollars)	$1.20	$1.38

The Method Used to Estimate the Number of Stock Options Expected to Vest

Since it is difficult to rationally estimate the number of unexercised options in the future, a method of only reflecting actual unexercised options is adopted.

17. PER SHARE OF COMMON STOCK

(1) EPS

Reconciliation of the differences between basic and diluted 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	**¥58,228**	**997,399**	**¥58.38**	**$0.39**
Effect of dilutive securities:				
Warrants	**—**	**134**	**—**	**—**
Diluted EPS — Net income for computation	**¥58,228**	**997,534**	**¥58.37**	**$0.39**
Year Ended March 31, 2024				
Basic EPS — Net income available to common shareholders	¥43,366	1,040,762	¥41.66	
Effect of dilutive securities				
Warrants	—	167	—	
Diluted EPS — Net income for computation	¥43,366	1,040,929	¥41.66	

(2) Total equity per share

Total equity per share as of March 31, 2025 and 2024, was as follows:

	Yen		U.S. Dollars
	2025	2024	2025
Total equity per share	**¥981.17**	¥973.55	**$6.56**

Total equity per share as of March 31, 2025 and 2024, is calculated based on the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Total equity	**¥966,012**	¥989,399	**$6,460,759**
Deductions from total equity	70	75	469
Stock acquisition rights	37	43	252
Non-controlling interests	32	32	218
Total equity attributable to common shareholders	**¥965,942**	¥989,324	**$6,460,290**

	Number of Shares in Thousands	
	2025	2024
Number of shares of common stock used in computing total equity per share at year-end	**984,477**	1,016,202

18. OTHER INCOME

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Gain on sales of stock and other securities	**¥27,095**	¥19,166	**$181,220**
Recoveries of write-off of claims	**3,290**	2,032	**22,010**
Gain on disposal of fixed assets	**353**	114	**2,366**
Other	**35,861**	35,280	**239,842**
Total	**¥66,602**	¥56,594	**$445,439**

19. GENERAL AND ADMINISTRATIVE EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Salaries and allowances	**¥ 52,771**	¥ 50,545	**$352,940**
Periodic benefit costs	**(2,609)**	201	**(17,451)**
Other	**59,811**	56,853	**400,026**
Total	**¥109,974**	¥107,600	**$735,515**

20. OTHER EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Loss on sales of stocks and other securities	**¥ 4,530**	¥ 427	**$ 30,299**
Write-off of loans	**7,235**	4,698	**48,393**
Impairment on fixed assets*	**873**	906	**5,844**
Loss on disposal of fixed assets	**490**	390	**3,282**
Other	**33,677**	34,586	**225,236**
Total	**¥46,807**	¥41,009	**$313,053**

* "Impairment losses" are recorded mainly for idle assets, etc., located in Tochigi and Ibaraki prefectures, due to the decision to consolidate and close branches, making it unlikely to recover the investment amount. The components of impairment losses on fixed assets for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Buildings	**¥375**	¥413	**$2,511**
Land	**475**	460	**3,180**
Equipment	**22**	17	**152**
Software	**—**	15	**—**

As for the operating assets of the Company, consolidated banking subsidiaries and the others, business branches are grouped into a certain region based on the complementarity of cash flows. As for the idle assets, each asset is treated as separate units. In addition, headquarters, administrative centers, dormitories, corporate housings, and welfare facilities are treated as a corporate assets because they do not generate independent cash flows. The recoverable amount is mainly calculated based on the net sale value by deducting the estimated disposal cost from the real estate appraisal value, etc.

21. INCOME TAXES

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Deferred tax assets:			
Allowance for loan losses	**¥ 31,041**	¥ 32,584	**$ 207,610**
Write-offs of securities	**7,455**	7,627	**49,861**
Unrealized losses on available-for-sale securities	**6,915**	—	**46,253**
Provision for employee bonuses	**2,138**	1,889	**14,304**
Tax loss carryforwards	**805**	1,344	**5,389**
Depreciation	**611**	541	**4,092**
Provision for reimbursement of deposits	**503**	539	**3,368**
Other	**15,208**	14,339	**101,713**
Subtotal deferred tax assets	**64,680**	58,865	**432,590**
Less valuation allowance	**(10,669)**	(11,268)	**(71,361)**
Total deferred tax assets	**54,010**	47,596	**361,229**
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	**(14,055)**	(36,719)	**(94,003)**
Retirement benefit trust	**(3,224)**	(3,400)	**(21,567)**
Other	**(27,313)**	(15,255)	**(182,671)**
Total deferred tax liabilities	**(44,593)**	(55,376)	**(298,242)**
Net deferred tax assets (liabilities)	**¥ 9,417**	¥ (7,779)	**$ 62,987**

Reconciliation of the significant differences between the statutory effective tax rate and the actual effective tax rate after applying tax effect accounting, and the main items causing such differences.

	2025
Statutory effective tax rate	**30.62 %**
Adjustment	
Items such as received dividends that are permanently excluded from taxable income	**(0.73)%**
Tax credit for wage increase promotion	**(0.48)%**
Decrease in valuation allowance amount	**(0.23)%**
Other	**(0.38)%**
Effective tax rate after applying tax effect accounting	**28.80 %**

Since the difference between the statutory effective tax rate and the actual effective tax rate after applying tax effect accounting was 5% or less of the statutory effective tax rate in the previous consolidated fiscal year, the reconciliation has been omitted.

As the Company and some subsidiaries have adopted the group tax-sharing system since the current fiscal year, the accounting treatment and disclosure of corporate tax and local corporate tax, as well as tax-effect accounting relating to these taxes are in accordance with the "Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System" (ASBJ Guidance No. 42, August 12, 2021).

Adjustment of Deferred Tax Assets and Deferred Tax Liabilities Due to Changes in Tax Rates.

With the enactment of the "Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025)" on March 31, 2025, the "Special Defense Corporation Tax" will be imposed from the consolidated fiscal year beginning on or after April 1, 2026. Accordingly, the statutory effective tax rate used for calculating deferred tax assets and deferred tax liabilities will change from the current 30.62% to 31.51% for temporary differences expected to be resolved in the consolidated fiscal years beginning on or after April 1, 2026.

Due to this change in tax rates, deferred tax liabilities for the current consolidated fiscal year increased by ¥135 million ($907 thousand), net unrealized gains on available-for-sale securities decreased by ¥90 million ($608 thousand), deferred hedge gains and losses decreased by ¥374 million ($2,503 thousand), and the accumulated adjustments for retirement benefits decreased by ¥247 million ($1,654 thousand). And the adjustment amount for income taxes decreased by ¥576 million ($3,859 thousand). Deferred tax liabilities related to revaluation increased by ¥228 million ($1,530 thousand), and the revaluation reserve for land decreased by the same amount.

22. LEASES

Future minimum payments under noncancelable operating leases as of March 31, 2025 and 2024, were as follows:

Lessee

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Due within one year	**¥40**	¥77	**$268**
Due after one year	**51**	14	**347**
Total	**¥92**	¥92	**$615**

Lessor

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Due within one year	**¥183**	¥ 85	**$1,230**
Due after one year	**541**	270	**3,624**
Total	**¥725**	¥356	**$4,854**

23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Matters Relating to the Conditions of Financial Instruments

(1) Group Policies for Financial Instruments

The Group provides comprehensive financial services, such as lease and securities centering on banking. As the central business operation of the Group, the consolidated banking subsidiaries raise funds by deposits as its basic function as a bank; the consolidated banking subsidiaries also procure funds by call money transactions from short-term markets to maintain an adequate degree of liquidity. The consolidated banking subsidiaries manage those funds through lending to corporate customers and individuals, such as housing loans; investing in securities, mainly bonds; and investing in money markets.

The Group utilizes Asset Liability Management (ALM) to avoid unfavorable floating interest rate fluctuation of the financial assets and liabilities it holds. As a part of ALM, the Group has entered into derivative transactions.

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

The Group's financial assets are mainly loans made by the consolidated banking subsidiaries to domestic corporations and individuals in Japan, which are exposed not only to interest rate fluctuation risks, but also to customers' credit risks. Securities and investment securities, such as bonds, stocks, and investment trusts, are possessed to trade, to hold to maturity dates to generate stable interest income, and to promote business relationships with the issuers. These securities are exposed to the issuers' credit risks, interest rate fluctuation risks, and market price fluctuation risks.

The Group's main financial liabilities are deposits received by the consolidated banking subsidiaries, which are exposed to interest rate fluctuation risks and liquidity risks. Borrowed money and bonds are exposed to the risks that the Group may not be able to repay them on their maturity dates if, under certain circumstances, the Group is not able to access a capital market.

The consolidated banking subsidiaries utilize derivative transactions to hedge the customers' interest and currency risks and to control the interest rate fluctuation risks in ALM. Derivatives transactions are utilized to hedge interest rate fluctuation risks, foreign currency exchange rate fluctuation risks, and market price fluctuation risks on the Group's financial assets and liabilities.

Derivatives mainly include interest rate swaps, currency swaps, and bond futures, and are exposed to the interest rate fluctuation risks, market price fluctuation risks, foreign currency exchange rate fluctuation risks, and credit risks.

Hedge accounting is applied to certain derivatives.

In hedge transactions against foreign currency fluctuation risks, mainly currency swaps and foreign exchange swaps, the effectiveness of hedging is determined by confirming that the amount of the hedging instruments is generally consistent with that of the hedged items. Regarding an exceptional accounting treatment in interest rate swaps, post testing is conducted to confirm that requirements for the treatment are satisfied.

Derivatives transactions to which hedge accounting is not applied are exposed to interest rate fluctuation risks, foreign currency exchange rate fluctuation risks, price fluctuation risks, and credit risks.

(3) Risk Management for Financial Instruments

(a) Integrated Risk Management

The Group conducts integrated risk management to holistically control risks from various financial assets and liabilities and risks related to the banking business. More specifically, the periodically quantified risks of the Group are controlled so as to not exceed Tier 1 capital allocated by each risk category. The bank assesses unquantifiable risks using stress tests and other measures.

(b) Credit Risk Management

The Group has enacted "Group Guidelines for Credit Risk Management," which provides for basic policies comprising appropriate credit exposure management on individual and portfolio bases. The portfolio-based credit exposure management involves diversification of risks.

Credit risk management divisions have been segregated from the divisions under business headquarters to achieve rigorous credit review and conduct monitoring of borrowers' financial condition to prevent deterioration of loans.

In the credit rating that evaluate the quality of assets, the Group designs and operates controls over credit rating of the quality of assets, which is performed in multiple steps. The assessment of the quality of assets performed by the business offices is reviewed by the credit-related divisions in the headquarters and then independently examined by the internal audit division.

As for credit risks of the issuers of securities and the counterparties of derivatives transactions, global markets and market operation divisions monitor credit information and fair value and give the issuers and counterparties credit ratings, as well as carry out assessments of the issuers and counterparties as general borrowers.

(c) Market Risk Management

① Market Risk Management Measures

The Group manages market risks by ALM. Risk management policies and procedures are prescribed in relevant ALM rules and manuals, and these policies decided in ALM/Risk Management Committee and so forth are closely monitored and regularly discussed. Market risk is measured by using Value at Risk (VaR). In order not to exceed the limit, the ALM/Risk Management Committee monitors the status of conflicts and compliance with the limit on a monthly basis by setting the alarm points.

② Market Risk Quantitative information

(i) Banking Account

a. Interest Rate Risk

The Group adopts the historical simulation method (holding period of six months, confidence interval of 99%, observation period of five years) for VaR measurement related to yen interest rate fluctuation risks of loans, domestic bonds, deposits, borrowed money, and interest rate swap transactions among derivative transactions.

Additionally, for VaR measurement related to foreign currency interest rate fluctuation risks of foreign bonds, trust beneficiary rights, marketable funds transactions, and interest rate swap and currency swap transactions among derivative transactions, historical simulation method (holding period of six months, confidence interval of 99%, observation period of five years) is utilized.

As of March 31, 2025and 2024, the Group's VaR related to interest rate risks, which is a simple sum of its consolidated banking subsidiaries' VaR, were ¥59,229 million ($396,134 thousand) and ¥72,681 million, respectively.

b. Price Fluctuation Risk

The Group adopts the historical simulation method (a holding period of six months, a confidence interval of 99%, and an observation period of five years) for calculating VaR related to price fluctuation risk of listed equities and investment trust.

As of March 31, 2025 and 2024, the Group's VaR related to price fluctuation risk, which is a simple sum of its consolidated banking subsidiaries' VaR, were ¥159,063 million ($1,063,828 thousand) and ¥162,567 million, respectively. Correlation between interest rate risk and price fluctuation risk has not been considered.

(ii) Trading Account

The Group adopts the historical simulation method (a holding period of 10 days, a confidence interval of 99%, and an observation period of five years) for calculating VaR related to trading securities; trading-purpose foreign exchange transactions; and trading-purpose derivatives, such as forward transactions and option transactions. As of March 31, 2025 and 2024, the Group's VaR related to trading account, which is simple sum of its consolidated banking subsidiaries' VaR, were ¥8 million ($56 thousand) and ¥9 million, respectively.

(iii) Validity of VaR

The Group performs backtesting to compare VaR calculated by its internal measurement model with the actual profit and loss to confirm whether the model captures market risks with sufficient accuracy. However, there could be cases in which VaR cannot capture risks under sudden and dramatic changes in market conditions beyond normal circumstances since VaR is statistically calculated based on historical market fluctuation.

(d) Liquidity Risk Management

Under "Group Liquidity Risk Management Rules," the Group conducts financing activities after fully analyzing its cash flows and strives to maintain the diversity and stability of funding sources, while paying continuous attention to the consolidated balance sheet structure, lines of credit provided to the Group, collateral management, and costs to maintain the liquidity.

(4) Supplementary Explanation on Fair Values of Financial Instruments

In the valuation of financial instruments, certain assumptions and conditions are adopted. Therefore, the value may vary if different assumptions and conditions are used.

Matters Relating to Fair Value of Financial Instruments and Others

The carrying amounts in the consolidated balance sheet and the fair values of financial instruments, and unrealized gains or losses on them were as below as of March 31, 2025 and 2024. The table below does not include equity securities and other securities without readily available market prices or investments in partnerships and other investments. Notes to cash and due from banks, call loans and bills bought, foreign exchanges (assets and liabilities), call money and bills sold, payables under repurchase agreements, and payables under securities lending transactions are omitted because these are settled in the short term and their fair values approximate their carrying amounts. Immaterial line items are also omitted.

	Millions of Yen						Thousands of U.S. Dollars		
	2025			2024			2025		
	Carrying Amount	Fair Value	Unrealized Gains/Losses	Carrying Amount	Fair Value	Unrealized Gains/Losses	Carrying Amount	Fair Value	Unrealized Gains/Losses
(1) Securities:									
Held-to-maturity securities	¥ 207,322	¥ 201,377	¥ (5,944)	¥ 154,427	¥ 153,024	¥(1,402)	$ 1,386,585	$ 1,346,826	$ (39,759)
Available-for-sale securities	3,942,861	3,942,861	—	3,924,981	3,924,981	—	26,370,125	26,370,125	—
(2) Loans and bills discounted	13,203,113			12,658,245			88,303,328		
Allowance for loan losses*1	(72,400)			(83,493)			(484,222)		
Net	13,130,712	13,043,987	(86,724)	12,574,751	12,569,098	(5,652)	87,819,106	87,239,084	(580,022)
Total assets	¥17,280,896	¥17,188,226	¥(92,669)	¥16,654,160	¥16,647,104	¥(7,055)	$115,575,817	$114,956,035	$(619,781)
(1) Deposits	¥17,574,529	¥17,569,933	¥ 4,596	¥17,673,968	¥17,674,098	¥ (130)	$117,539,660	$117,508,915	$ 30,744
(2) Negotiable certificates of deposit	350,586	350,586	—	126,689	126,689	—	2,344,748	2,344,748	—
(3) Borrowed money	1,853,218	1,853,217	0	1,975,065	1,975,062	2	12,394,451	12,394,447	5
Total liabilities	¥19,778,334	¥19,773,737	¥ 4,597	¥19,775,723	¥19,775,851	¥ (127)	$132,278,859	$132,248,110	$ 30,749
Derivative instruments*2 :									
Hedge accounting is not applied	¥ 1,174	¥ 1,174	¥ —	¥ 1,213	¥ 1,213	¥ —	$ 7,852	$ 7,852	$ —
Hedge accounting is applied	25,359	25,359	—	(34,269)	(34,269)	—	169,608	169,608	—
Total derivative instruments	¥ 26,533	¥ 26,533	¥ —	¥ (33,055)	¥ (33,055)	¥ —	$ 177,460	$ 177,460	$ —

*1 Allowances for loan losses relevant to loans and bills discounted have been deducted.

*2 Derivative instruments recorded as trading assets, trading liabilities, other assets, and other liabilities include derivative transactions. Derivative instruments are presented as net of assets and liabilities associated with derivative transactions.

(a) The table below shows the carrying amounts of equity securities and other securities without readily available market price and investments in partnerships and other investments in the consolidated balance sheet. These line items are not included in "Available-for-sale securities" stated in information on fair values of financial instruments.

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Equity securities without readily available market price*1*2	¥ 4,347	¥ 4,220	$ 29,078
Investments in partnerships*3	58,683	49,922	392,477

*1 Based on Item 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020), equity securities without readily available market price are out of the scope of the fair value disclosure.

*2 During the year ended March 31, 2025, impairment losses on equity securities without readily available market price of ¥2 million ($17) were recognized.

*3 Based on Item 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter, the "Fair Value Measurement Guidance"), investments in partnerships and other investments are out of the scope of the fair value disclosure.

(b) The scheduled redemption amounts of monetary claims and securities with contractual maturities after the consolidated balance sheet date

	Millions of Yen					
March 31, 2025	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Securities:						
Held-to-maturity securities	¥ 28,109	¥ 40,454	¥ 67,189	¥ 3,304	¥ 133	¥ 74,500
Japanese national government bonds	—	—	50,000	—	—	73,500
Japanese local government bonds	150	1,150	400	—	—	—
Japanese corporate bonds	27,959	39,304	16,789	3,304	133	1,000
Available-for-sale securities with contractual maturities	433,302	391,477	339,528	422,396	473,119	1,558,811
Japanese national government bonds	200,000	—	55,150	79,000	136,500	708,500
Japanese local government bonds	103,507	220,522	49,262	40,813	69,532	29,984
Japanese corporate bonds	114,523	72,360	96,389	91,996	27,194	318,147
Foreign currency bonds	10,176	76,460	63,961	63,219	140,847	458,105
Other	5,095	22,134	74,765	147,366	99,044	44,074
Loans and bills discounted*1	2,826,635	2,161,720	1,854,270	1,173,248	1,279,893	3,471,650
Total	¥3,288,047	¥2,593,653	¥2,260,988	¥1,598,950	¥1,753,146	¥5,104,962

	Millions of Yen					
March 31, 2024	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Securities:						
Held-to-maturity securities	¥ 26,043	¥ 44,875	¥ 22,209	¥ 54,363	¥ 183	¥ 1,000
Japanese national government bonds	—	—	—	50,000	—	—
Japanese local government bonds	150	150	900	—	—	—
Japanese corporate bonds	25,893	44,725	21,309	4,363	183	1,000
Available-for-sale securities with contractual maturities	291,097	804,877	538,409	285,087	553,864	1,073,415
Japanese national government bonds	35,000	350,000	55,150	—	67,000	98,500
Japanese local government bonds	153,155	233,273	214,726	64,121	76,945	55,390
Japanese corporate bonds	71,552	161,930	84,519	36,861	20,836	457,479
Foreign currency bonds	17,025	43,080	114,526	72,827	191,973	421,733
Other	14,362	16,593	69,488	111,276	197,109	40,312
Loans and bills discounted*2	2,867,884	2,027,276	1,725,768	1,062,597	1,212,600	3,343,165
Total	¥3,185,024	¥2,877,029	¥2,286,387	¥1,402,048	¥1,766,647	¥4,417,580

	Thousands of U.S. Dollars					
March 31, 2025	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Securities:						
Held-to-maturity securities	$ 187,995	$ 270,562	$ 449,369	$ 22,103	$ 893	$ 498,261
Japanese national government bonds	—	—	334,403	—	—	491,573
Japanese local government bonds	1,003	7,691	2,675	—	—	—
Japanese corporate bonds	186,992	262,871	112,291	22,103	893	6,688
Available-for-sale securities with contractual maturities	2,897,955	2,618,231	2,270,790	2,825,019	3,164,254	10,425,440
Japanese national government bonds	1,337,614	—	368,847	528,357	912,921	4,738,497
Japanese local government bonds	692,267	1,474,871	329,473	272,966	465,040	200,538
Japanese corporate bonds	765,938	483,949	644,657	615,277	181,879	2,127,791
Foreign currency bonds	68,058	511,374	427,776	422,820	942,000	3,063,840
Other	34,079	148,037	500,037	985,599	662,413	294,775
Loans and bills discounted*1	18,904,735	14,457,736	12,401,485	7,846,768	8,560,014	23,218,637
Total	$21,990,686	$17,346,530	$15,121,645	$10,693,890	$11,725,161	$34,142,338

*1 As of March 31, 2025, loans and bills discounted with no contractual maturities amounting to ¥285,205 million ($1,907,474 thousand) and loans and bills discounted whose cash flow cannot be estimated, such as "Legal bankruptcy," "Virtual bankruptcy," and "Possible bankruptcy" loans, amounting to ¥150,488 million ($1,006,479 thousand) are not included.

*2 As of March 31, 2024, loans and bills discounted with no contractual maturities amounting to ¥253,334 million and loans and bills discounted whose cash flow cannot be estimated, such as "Legal bankruptcy," "Virtual bankruptcy," and "Possible bankruptcy" loans, amounting to ¥165,619 million are not included.

(c) The scheduled repayment amounts of borrowed money and other interest-bearing liabilities after the consolidated balance sheet date

	Millions of Yen					
March 31, 2025	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits *1	¥16,544,980	¥806,322	¥169,901	¥18,386	¥34,938	¥—
Negotiable certificates of deposit	350,586	—	—	—	—	—
Borrowed money	1,688,149	165,054	3	3	5	0
Total	¥18,583,717	¥971,377	¥169,905	¥18,389	¥34,944	¥ 0

	Millions of Yen					
March 31, 2024	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits *1	¥16,716,660	¥765,830	¥132,323	¥25,731	¥33,422	¥—
Negotiable certificates of deposit	126,689	—	—	—	—	—
Borrowed money	1,716,237	179,812	79,003	3	5	2
Total	¥18,559,587	¥945,642	¥211,327	¥25,735	¥33,428	¥ 2

	Thousands of U.S. Dollars					
March 31, 2025	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits *1	$110,653,966	$5,392,742	$1,136,312	$122,968	$233,672	$—
Negotiable certificates of deposit	2,344,748	—	—	—	—	—
Borrowed money	11,290,460	1,103,899	25	25	37	6
Total	$124,289,173	$6,496,640	$1,136,336	$122,993	$233,709	$ 6

*1 In deposits, the cash flow of demand deposits is included in "Due in one year or less."

Matters Relating to Breakdown by Level of the Fair Value Hierarchy of Financial Instruments

The fair values of financial instruments are classified into the following three levels according to the observability and significance of the inputs used for fair value measurement:

Level 1 fair value: Fair value measured by quoted prices of the assets or liabilities being measured that are developed in active markets among the observable inputs for fair value measurement
Level 2 fair value: Fair value measured by inputs for fair value measurement other than the Level 1 inputs among the observable inputs for fair value measurement
Level 3 fair value: Fair value measured by unobservable inputs for fair value measurement

If multiple inputs that significantly impact the fair value measurement are used, the fair value is classified into the level with the lowest priority in the fair value measurement among the levels to which those inputs belong.

(1) Financial instruments recorded at fair value in the consolidated balance sheet

	Millions of Yen			
	Fair Value			
March 31, 2025	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
Japanese national government bonds	**¥1,119,134**	**¥ —**	**¥ —**	**¥1,119,134**
Japanese local government bonds	**—**	**497,471**	**—**	**497,471**
Japanese corporate bonds	**—**	**626,653**	**61,831**	**688,484**
Equity securities	**228,673**	**15,168**	**—**	**243,841**
Foreign currency bonds	**134,223**	**496,962**	**166,401**	**797,588**
Other	**238,040**	**357,996**	**—**	**596,036**
Derivative transactions:				
Interest rate-related	**—**	**50,723**	**—**	**50,723**
Currency-related	**—**	**12,571**	**—**	**12,571**
Other	**—**	**—**	**35**	**35**
Total assets	**¥1,720,072**	**¥2,057,547**	**¥228,268**	**¥4,005,888**
Derivative transactions:				
Interest rate-related	**¥ —**	**¥ 9,050**	**¥ —**	**¥ 9,050**
Currency-related	**—**	**27,710**	**—**	**27,710**
Bond-related	**0**	**—**	**—**	**0**
Other	**—**	**—**	**35**	**35**
Total liabilities	**¥ 0**	**¥ 36,761**	**¥ 35**	**¥ 36,797**

The table above does not include the investment trusts and other securities to which the measures of net asset value of investment trusts as fair value have been applied, which are set forth in Item 24-9 of the Fair Value Measurement Guidance. The amount of the investment trusts and other securities in the consolidated balance sheet is ¥303 million ($2,031 thousand).

	Millions of Yen			
	Fair Value			
March 31, 2024	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
Japanese national government bonds	¥ 604,938	¥ —	¥ —	¥ 604,938
Japanese local government bonds	—	790,407	—	790,407
Japanese corporate bonds	—	744,016	70,107	814,124
Equity securities	262,308	16,491	—	278,799
Foreign currency bonds	119,737	535,360	180,914	836,012
Other	177,313	423,082	—	600,396
Derivative transactions:				
Interest rate-related	—	9,366	—	9,366
Currency-related	—	6,076	—	6,076
Other	—	—	40	40
Total assets	¥1,164,298	¥2,524,802	¥251,063	¥3,940,164
Derivative transactions:				
Interest rate-related	¥ —	¥ 5,638	¥ —	¥ 5,638
Currency-related	—	42,860	—	42,860
Bond-related	0	—	—	0
Other	—	—	40	40
Total liabilities	¥ 0	¥ 48,498	¥ 40	¥ 48,539

The table above does not include the investment trusts and other securities to which the measures of net asset value of investment trusts as fair value have been applied, which are set forth in Item 24-9 of the Fair Value Measurement Guidance. The amount of the investment trusts and other securities in the consolidated balance sheet is ¥301 million.

	Thousands of U.S. Dollars			
	Fair Value			
March 31, 2025	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
Japanese national government bonds	**$ 7,484,850**	**$ —**	**$ —**	**$ 7,484,850**
Japanese local government bonds	**—**	**3,327,121**	**—**	**3,327,121**
Japanese corporate bonds	**—**	**4,191,098**	**413,535**	**4,604,633**
Equity securities	**1,529,384**	**101,446**	**—**	**1,630,830**
Foreign currency bonds	**897,698**	**3,323,722**	**1,112,905**	**5,334,325**
Other	**1,592,030**	**2,394,305**	**—**	**3,986,335**
Derivative transactions:				
Interest rate-related	**—**	**339,243**	**—**	**339,243**
Currency-related	**—**	**84,080**	**—**	**84,080**
Other	**—**	**—**	**239**	**239**
Total assets	**$11,503,962**	**$13,761,016**	**$1,526,678**	**$26,791,657**
Derivative transactions:				
Interest rate-related	**$ —**	**$ 60,531**	**$ —**	**$ 60,531**
Currency-related	**—**	**185,330**	**—**	**185,330**
Bond-related	**2**	**—**	**—**	**2**
Other	**—**	**—**	**239**	**239**
Total liabilities	**$ 2**	**$ 245,861**	**$ 239**	**$ 246,102**

(2) Financial instruments other than those recorded at fair value in the consolidated balance sheet

	Millions of Yen			
	Fair Value			
March 31, 2025	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity securities				
Japanese national government bonds	**¥112,356**	**¥ —**	**¥ —**	**¥ 112,356**
Japanese local government bonds	**—**	**1,667**	**—**	**1,667**
Japanese corporate bonds	**—**	**3,545**	**83,807**	**87,353**
Loans and bills discounted	**—**	**—**	**13,043,987**	**13,043,987**
Total assets	**¥112,356**	**¥ 5,213**	**¥13,127,795**	**¥13,245,365**
Deposits				
Deposits	**¥ —**	**¥17,569,933**	**¥ —**	**¥17,569,933**
Negotiable certificates of deposit	**—**	**350,586**	**—**	**350,586**
Borrowed money	**—**	**1,853,217**	**—**	**1,853,217**
Total liabilities	**¥ —**	**¥19,773,737**	**¥ —**	**¥19,773,737**

	Millions of Yen			
	Fair Value			
March 31, 2024	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity securities				
Japanese national government bonds	¥54,772	¥ —	¥ —	¥ 54,772
Japanese local government bonds	—	1,096	—	1,096
Japanese corporate bonds	—	2,584	94,570	97,155
Loans and bills discounted	—	—	12,569,098	12,569,098
Total assets	¥54,772	¥ 3,681	¥12,663,669	¥12,722,123
Deposits				
Deposits	¥ —	¥17,674,098	¥ —	¥17,674,098
Negotiable certificates of deposit	—	126,689	—	126,689
Borrowed money	—	1,975,062	—	1,975,062
Total liabilities	¥ —	¥19,775,851	¥ —	¥19,775,851

	Thousands of U.S. Dollars			
	Fair Value			
March 31, 2025	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity securities				
Japanese national government bonds	$751,447	$ —	$ —	$ 751,447
Japanese local government bonds	—	11,154	—	11,154
Japanese corporate bonds	—	23,713	560,511	584,225
Loans and bills discounted	—	—	87,239,084	87,239,084
Total assets	$751,447	$ 34,867	$87,799,596	$ 88,585,910
Deposits				
Deposits	$ —	$117,508,915	$ —	$117,508,915
Negotiable certificates of deposit	—	2,344,748	—	2,344,748
Borrowed money	—	12,394,447	—	12,394,447
Total liabilities	$ —	$132,248,110	$ —	$132,248,110

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

Assets

Securities

The fair values of securities for which unadjusted quoted prices in active markets are available are classified as Level 1, which mainly includes listed equities and Japanese national government bonds.

In case the markets are inactive even if the quoted prices are available, the fair values are classified as Level 2, which mainly includes Japanese local government bonds and Japanese corporate bonds.

The fair values of investment trusts for which there are no market transaction price are classified as Level 2 based on the net asset values if there are no significant restrictions on the level at which market participants are required to pay for the risk in relation to cancellation or repurchase requests.

In case the quoted prices are not available, the fair values are the prices valued by an information vendor, a broker or other sources of market information, or the prices determined by valuation techniques, such as the discounted cash flow method. In valuing these prices, observable inputs are used to the maximum, which include market rates, government bond yields, credit spreads, default rates, and recovery rates. When the fair values are measured by significant unobservable inputs, they are classified as Level 3.

The fair values of private placement bonds are measured by reflecting default rates and other credit risk factors in the discounted present value determined by a discount rate adjusted for a market rate. As the discount rate and default rates are unobservable, the fair values are classified as Level 3.

The fair values of securitized products are based on valuations obtained from an information vendor, a broker, or other sources of market information. These fair values are classified as Level 3 when significant unobservable inputs are used and as Level 2 when other inputs are used.

Loans and bills discounted

The fair values of loans and bills discounted are determined by discounting the principal and interest amount at the discount rate reflecting credit risk and other risks in market rates by categories according to the types, internal ratings, and terms of the loans and bills discounted. The carrying amounts of loans and bills discounted with floating -interest rates approximate fair value when customers' credit risks have not changed significantly after lending because the market rates are promptly reflected in the floating-interest rates. The carrying amounts of loans and bills discounted with maturity less than one year approximate fair value because of their short maturities.

For loans to obligors classified as "Legal bankruptcy," "Virtual bankruptcy," and "Possible bankruptcy," an allowance is provided based on the discounted cash flow method or based on amounts expected to be collected through the disposal of collateral or execution of guarantees. The carrying value, net of the allowance as of the consolidated balance sheet date, is a reasonable estimate of the fair values of those loans.

The carrying amounts of loans and bills discounted that do not have fixed maturities due to loan characteristics, such as limited loan amounts within the value of pledged assets, approximate fair value due to their expected repayment periods and interest rate conditions. These fair values are classified as Level 3.

Liabilities

Deposits and negotiable certificates of deposit

The fair values of demand deposits are the amounts paid immediately according to the demands on the consolidated balance sheet date. The fair values of time deposits and negotiable certificates of deposit are determined by discounting the contractual cash flows grouped by the remaining duration at the rates that would be applied for similar new contracts.

The carrying amounts of time deposits whose deposit terms are one year or less approximate fair value because of their short deposit terms. These fair values are classified as Level 2.

Borrowed money

The fair value of borrowed money is determined by discounting the principal and interest amount of the borrowed money grouped by the remaining duration at the rate that would be applied for similar new contracts. The carrying amount of borrowed money with a floating-interest rate is considered to approximate fair value because the market rate is promptly reflected in the floating-interest rate, and the credit risks of the Company and its consolidated subsidiaries have not changed significantly after lending. The carrying amount of borrowed money with maturity of one year or less approximates fair value because of its short maturity period. This fair value is classified as Level 2.

Derivatives

The fair values of derivatives for which unadjusted quoted prices in active markets are available are classified as Level 1, which mainly includes bond futures.

However, since most derivatives are over-the-counter transactions and there are no quoted prices, the fair values of derivatives are measured using valuation techniques, such as the discounted cash flow method and the Black-Scholes model, depending on the type of transaction and the maturity period. The main inputs used in those valuation techniques include interest rates, currency rates, stock prices, and volatility. Price adjustments are also made based on the credit risk of counterparties and the credit risk of the consolidated banking subsidiaries themselves. When unobservable inputs are not used or the impact of unobservable inputs is not material, the fair values are classified as Level 2, which includes such transactions as plain vanilla interest rate swaps and forward exchange contracts. When significant unobservable inputs are used, the fair values are classified as Level 3.

(b) Information on Level 3 fair value of financial instruments recorded at fair value in the consolidated balance sheet

(1) Quantitative information on significant unobservable inputs

March 31, 2025	Valuation Technique	Significant Unobservable Input	Input Range	Weighted-Average Input
Securities:				
Available-for-sale securities				
Japanese corporate bonds	**Discounted cash flow method**	**Discount rate**	**0.921% — 1.431%**	**1.132%**
		Default rate	**0.030% — 2.998%**	**0.197%**

March 31, 2024	Valuation Technique	Significant Unobservable Input	Input Range	Weighted-Average Input
Securities:				
Available-for-sale securities				
Japanese corporate bonds	Discounted cash flow method	Discount rate	0.574% — 0.986%	0. 731%
		Default rate	0.030% — 2.885%	0. 194%

(2) Changes from the beginning balance to the ending balance, and unrealized gains or losses recognized in income or loss

	Millions of Yen							
		Income/Loss or Other Comprehensive Income for the Year						
March 31, 2025	Beginning Balance	Recorded in Income/Loss*1	Recorded in Other Comprehensive Income*2	Net of Purchase, Sale, Issuance, and Settlement	Transfer to Level 3 Fair Value	Transfer from Level 3 Fair Value	Ending Balance	Unrealized Gains/Losses on Financial Assets and Financial Liabilities Held as of the Consolidated Balance Sheet Date, Which are Recorded in Income/Loss for the Year
Securities:								
Available-for-sale securities								
Japanese corporate bonds	**¥ 70,107**	**¥ 0**	**¥(195)**	**¥ (8,080)**	**¥—**	**¥—**	**¥ 61,831**	**¥ —**
Foreign bonds	**180,914**	**(2,375)**	**(127)**	**(12,009)**	**—**	**—**	**166,401**	**(2,387)**
Derivative transactions:								
Other	**(0)**	**(0)**	**—**	**—**	**—**	**—**	**(0)**	**—**

*1 The amounts are included in "Interest and dividends on securities," "Other operating income," in the consolidated statement of income.

*2 The amounts are included in "Unrealized gains (losses) on available-for-sale securities" in the consolidated statement of comprehensive income.

	Millions of Yen							
		Income/Loss or Other Comprehensive Income for the Year						
March 31, 2024	Beginning Balance	Recorded in Income/Loss*1	Recorded in Other Comprehensive Income*2	Net of Purchase, Sale, Issuance, and Settlement	Transfer to Level 3 Fair Value	Transfer from Level 3 Fair Value	Ending Balance	Unrealized Gains/Losses on Financial Assets and Financial Liabilities Held as of the Consolidated Balance Sheet Date, Which are Recorded in Income/Loss for the Year
Securities:								
Available-for-sale securities								
Japanese corporate bonds	¥ 80,561	¥ 0	¥ 56	¥(10,510)	¥—	¥—	¥ 70,107	¥ —
Foreign bonds	119,627	17,876	1,563	41,847	—	—	180,914	17,871
Derivative transactions:								
Other	(0)	0	—	—	—	—	(0)	—

*1 The amounts are included in "Interest and dividends on securities," "Other operating income," and "Other operating expenses" in the consolidated statement of income.

*2 The amounts are included in "Unrealized gains (losses) on available-for-sale securities" in the consolidated statement of comprehensive income.

	Thousands of U.S. Dollars							
		Income/Loss or Other Comprehensive Income for the Year						
March 31, 2025	Beginning Balance	Recorded in Income/Loss*1	Recorded in Other Comprehensive Income*2	Net of Purchase, Sale, Issuance, and Settlement	Transfer to Level 3 Fair Value	Transfer from Level 3 Fair Value	Ending Balance	Unrealized Gains/Losses on Financial Assets and Financial Liabilities Held as of the Consolidated Balance Sheet Date, Which are Recorded in Income/Loss for the Year
Securities:								
Available-for-sale securities								
Japanese corporate bonds	**$ 468,886**	**$ 1**	**$(1,308)**	**$(54,044)**	**$—**	**$—**	**$ 413,535**	**$ —**
Foreign bonds	**1,209,971**	**(15,889)**	**(856)**	**(80,322)**	**—**	**—**	**1,112,905**	**(15,966)**
Derivative transactions:								
Other	**(0)**	**(0)**	**—**	**—**	**—**	**—**	**(0)**	**—**

(3) Explanation of the fair value measurement process
In the Group, the middle and back offices at the consolidated banking subsidiaries have established a fair value measurement policy and procedures. The Group verifies the reasonableness of the valuation techniques and inputs used for fair value measurement and the appropriateness of the fair value-level classification for the measured fair values and level classification.

The Group uses valuation models that most appropriately reflect the nature, characteristics, and risks of individual assets to measure their fair values. When using quoted prices obtained from third parties, the Group also verifies the reasonableness of the prices in an appropriate way; for example, examining valuation techniques and inputs used and comparing the prices with the fair values of similar financial instruments.

(4) Explanation of the impact on fair value when changing significant unobservable inputs
The significant unobservable inputs used to measure the fair values of private placement bonds are the discount rate and default rates. In general, a significant increase or decrease in these inputs causes a significant decrease or increase in these fair values.

24. DERIVATIVES

(1) Derivative Transactions to Which Hedge Accounting Is Not Applied as of March 31, 2025 and 2024

With respect to derivatives to which hedge accounting is not applied, contract amount or notional principal, fair value, and the related valuation gains (losses) at the fiscal year end date by transaction type and valuation method of fair value are described below. Note that contract amounts do not represent the market risk exposure associated with derivatives.

Consolidated banking subsidiaries had the following derivative contracts, which were quoted on listed exchanges, outstanding as of March 31, 2025 and 2024, as follows:

	Millions of Yen				Thousands of U.S. Dollars			
March 31, 2025	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/Losses	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/Losses
Bond-related transactions								
Bond futures:								
Sold	**¥138**	**—**	**¥(0)**	**¥(0)**	**$924**	**—**	**$(2)**	**$(2)**
Bought	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**—**	**—**	**¥(0)**	**¥(0)**	**—**	**—**	**$(2)**	**$(2)**

	Millions of Yen			
March 31, 2024	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/Losses
Bond-related transactions				
Bond futures:				
Sold	¥145	—	¥(0)	¥(0)
Bought	—	—	—	—
Total	—	—	¥(0)	¥(0)

Note:
The above transactions are stated at fair value, and the related valuation gains (losses) are reported in the consolidated statement of income.

Consolidated banking subsidiaries had the following derivative contracts, which were not quoted on listed exchanges, outstanding as of March 31, 2025 and 2024:

	Millions of Yen				Thousands of U.S. Dollars			
March 31, 2025	Contract Amount	Contract Amount Due after One Year	Fair Value*	Unrealized Gains/Losses	Contract Amount	Contract Amount Due after One Year	Fair Value*	Unrealized Gains/Losses
Interest rate-related transactions								
Interest rate swaps:								
Receive fixed and pay floating	**¥293,051**	**¥268,397**	**¥ (8,546)**	**¥ (8,546)**	**$1,959,950**	**$1,795,058**	**$ (57,162)**	**$ (57,162)**
Receive floating and pay fixed	**292,788**	**268,183**	**10,572**	**10,572**	**1,958,191**	**1,793,629**	**70,709**	**70,709**
Cap transactions:								
Sold	**1,185**	**870**	**(24)**	**14**	**7,926**	**5,820**	**(165)**	**99**
Bought	**1,185**	**870**	**25**	**3**	**7,926**	**5,820**	**167**	**25**
Swaption:								
Sold	**107,440**	**106,550**	**(248)**	**941**	**718,566**	**712,614**	**(1,660)**	**6,296**
Bought	**107,440**	**106,550**	**248**	**248**	**718,566**	**712,614**	**1,660**	**1,660**
Total	**—**	**—**	**¥ 2,025**	**¥ 3,233**	**—**	**—**	**$ 13,549**	**$ 21,626**
Currency-related transactions								
Currency swaps	**¥163,055**	**¥118,793**	**¥ 115**	**¥ 115**	**$1,090,529**	**$ 794,500**	**$ 776**	**$ 776**
Forward exchange contracts:								
Sold	**20,542**	**8,049**	**(1,154)**	**(1,154)**	**137,388**	**53,834**	**(7,718)**	**(7,718)**
Bought	**19,646**	**7,726**	**1,363**	**1,363**	**131,398**	**51,676**	**9,119**	**9,119**
Currency option contracts:								
Sold	**384,222**	**307,614**	**(5,568)**	**(302)**	**2,569,709**	**2,057,347**	**(37,243)**	**(2,022)**
Bought	**384,222**	**307,614**	**4,391**	**3,193**	**2,569,709**	**2,057,347**	**29,372**	**21,359**
Total	**—**	**—**	**¥ (851)**	**¥ 3,216**	**—**	**—**	**$ (5,695)**	**$ 21,514**
Other transactions								
Earthquake derivatives:								
Sold	**¥ 3,550**	**—**	**¥ (35)**	**—**	**$ 23,743**	**—**	**$ (239)**	**—**
Bought	**3,550**	**—**	**35**	**—**	**23,743**	**—**	**239**	**—**
Total	**—**	**—**	**¥ (0)**	**—**	**—**	**—**	**$ (0)**	**—**

	Millions of Yen			
March 31, 2024	Contract Amount	Contract Amount Due after One Year	Fair Value*	Unrealized Gains/Losses
Interest rate-related transactions				
Interest rate swaps:				
Receive fixed and pay floating	¥253,227	¥234,321	¥(3,175)	¥(3,175)
Receive floating and pay fixed	253,039	234,144	5,072	5,072
Cap transactions:				
Sold	948	699	(10)	14
Bought	948	699	10	(0)
Swaption:				
Sold	82,280	82,280	(441)	572
Bought	82,280	82,280	441	441
Total	—	—	¥ 1,897	¥ 2,925
Currency-related transactions				
Currency swaps	¥222,327	¥117,617	¥ (329)	¥ (329)
Forward exchange contracts:				
Sold	16,988	9,545	(1,052)	(1,052)
Bought	16,560	9,189	1,196	1,196
Currency option contracts:				
Sold	301,235	229,051	(3,040)	2,482
Bought	301,235	229,051	2,542	1,078
Total	—	—	¥ (683)	¥ 3,374
Other transactions				
Earthquake derivatives:				
Sold	¥ 4,100	—	¥ (40)	—
Bought	4,100	—	40	—
Total	—	—	¥ (0)	—

Note:
* The above transactions are stated at fair value and the related valuation gains (losses) are reported in the consolidated statement of income.

(2) Derivative Transactions to Which Hedge Accounting is Applied as of March 31, 2025 and 2024

With respect to derivatives to which hedge accounting is applied, contract amount or notional principal and fair value at the fiscal year end date by transaction type, hedge accounting method, and valuation method of fair value are as follows. Note that contract amounts do not represent the market risk exposure associated with derivatives.

Consolidated banking subsidiaries had the following derivative contracts, which were accounted for based on the principal method, outstanding as of March 31, 2025 and 2024:

		Millions of Yen			Thousands of U.S. Dollars		
March 31, 2025	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate-related transactions*[1]							
Interest rate swaps:							
Receive floating and pay fixed......	Securities	**¥820,274**	**¥820,274**	**¥ 39,647**	**$5,486,051**	**$5,486,051**	**$ 265,163**
Total...		**—**	**—**	**¥ 39,647**	**—**	**—**	**$ 265,163**
Currency-related transactions*[2]							
Currency swaps..............................	Loans, securities, deposits, foreign exchanges, etc., which are denominated in foreign currencies	**¥234,778**	**¥ 19,463**	**¥ 3,277**	**$1,570,213**	**$ 130,174**	**$ 21,922**
Forward exchange contracts		**—**	**—**	**—**	**—**	**—**	**—**
Foreign exchange swap		**257,088**	**79,544**	**(17,565)**	**1,719,424**	**532,000**	**(117,477)**
Total...		**—**	**—**	**¥(14,287)**	**—**	**—**	**$ (95,555)**

		Millions of Yen		
March 31, 2024	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate-related transactions*[1]				
Interest rate swaps:				
Receive floating and pay fixed......	Securities	¥192,993	¥192,993	¥ 1,831
Total...		—	—	¥ 1,831
Currency-related transactions*[2]				
Currency swaps..............................	Loans, securities, deposits, foreign exchanges, etc., which are denominated in foreign currencies	¥187,804	¥ 29	¥ (5,262)
Forward exchange contracts		—	—	—
Foreign exchange swap		380,660	85,092	(30,837)
Total...		—	—	¥(36,100)

Note: 1. Interest rate-related transactions are primarily accounted for using the deferral method in accordance with "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks" (JICPA Industry Audit Committee Report No. 24, March 17, 2022).

2. Currency-related transactions are primarily accounted for using the deferral method in accordance with "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25, October 8, 2020).

Consolidated banking subsidiaries had the following derivative contracts, which were accounted for by the exceptional accrual method, outstanding as of March 31, 2025:

		Millions of Yen			Thousands of U.S. Dollars		
March 31, 2025	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate-related transactions							
Interest rate swaps:							
Receive fixed and pay floating......	Loans and borrowed money	**¥ —**	**¥ —**	**¥ —**	**$ —**	**$ —**	**$ —**
Receive floating and pay fixed......		**1,495**	**1,495**	**(23)**	**10,000**	**10,000**	**(158)**
Total...		**—**	**—**	**¥(23)**	**—**	**—**	**$(158)**

		Millions of Yen		
March 31, 2024	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate-related transactions				
Interest rate swaps:				
Receive fixed and pay floating......	Loans and borrowed money	¥ —	¥ —	¥ —
Receive floating and pay fixed......		7,419	2,706	363
Total...		—	—	¥363

The exceptional accrual method of hedge accounting, as specifically permitted for certain interest rate swaps, is valued with the hedged items as a whole so that the fair value is included in the fair value of borrowed money and loans and bills discounted ("Note 22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES").

25. 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 gains (losses) on available-for-sale securities:			
Losses (gains) arising during the year	**¥(112,699)**	¥ 68,518	**$(753,745)**
Reclassification adjustments to profit or loss	**14,542**	15,364	**97,262**
Before corporate taxes and tax effect adjustments	**(98,157)**	83,883	**(656,483)**
Corporate taxes and tax effect amount	**29,384**	(25,296)	**196,529**
Total	**¥ (68,772)**	¥ 58,587	**$(459,954)**
Deferred gains (losses) on derivatives under hedge:			
Gains arising during the year	**¥ 41,135**	¥ 3,284	**$ 275,115**
Reclassification adjustments to profit or loss	**(6,780)**	(6,816)	**(45,348)**
Before corporate taxes and tax effect adjustments	**34,354**	(3,531)	**229,766**
Corporate taxes and tax effect amount	**(10,822)**	1,076	**(72,384)**
Total	**¥ 23,531**	¥ (2,455)	**$ 157,382**
Land revaluation excess, net of taxes:			
Gains arising during the year	**¥ —**	¥ —	**$ —**
Reclassification adjustments to profit or loss	**—**	—	**—**
Before corporate taxes and tax effect adjustments	**—**	—	**—**
Corporate taxes and tax effect amount	**(228)**	—	**(1,530)**
Total	**¥ (228)**	¥ —	**$ (1,530)**
Defined retirement benefit plans:			
Gains arising during the year	**¥ (901)**	¥ 25,694	**$ (6,029)**
Reclassification adjustments to profit or loss	**(3,300)**	(1,145)	**(22,077)**
Before corporate taxes and tax effect adjustments	**(4,202)**	24,548	**(28,106)**
Corporate taxes and tax effect amount	**1,031**	(7,463)	**6,898**
Total	**¥ (3,170)**	¥ 17,085	**$ (21,207)**
Total other comprehensive loss (income)	**¥ (48,640)**	¥ 73,217	**$(325,309)**

26. SEGMENT INFORMATION

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

The Group engages in banking and other related activities, such as leasing, securities, and credit card services. Segment information is not disclosed as the operations other than banking are immaterial.

Other segment-related information:
(1) Information by services

	Millions of Yen (Thousands of U.S. Dollars)			
March 31, 2025	Lending Operations	Investment Operations	Other	Total
Total income from external customers	**¥131,244 ($877,770)**	**¥109,859 ($734,748)**	**¥119,059 ($796,279)**	**¥360,163 ($2,408,797)**

	Millions of Yen			
March 31, 2024	Lending Operations	Investment Operations	Other	Total
Total income from external customers	¥117,518	¥80,779	¥111,769	¥310,068

(2) Information by geographic region
Since the ordinary income and total tangible fixed assets attributable to the "Japan" segment account for more than 90% of the total of all geographic segments, geographical segment information has not been presented.

(3) Information by major customers
Since there has been no specific customer to whom the Group sells more than 10% of total ordinary income on the consolidated statement of income, information on major customers has not been presented.

(4) Information on loss on impairment of fixed assets by reportable segment
Information on loss on impairment of fixed assets is not disclosed as it is immaterial, except for the banking business.

(5) Information on amortization and unamortized balance of goodwill by reportable segment
Information on amortization and unamortized balance of goodwill is not disclosed as it is immaterial, except for the banking business.

(6) Information on gain on negative goodwill by reportable segment
Information on gain on negative goodwill is not disclosed as it is immaterial, except for the banking business.

27. RELATED-PARTY TRANSACTIONS

Related-party transactions of consolidated subsidiaries of the Company with its directors or major individual shareholders for the years ended March 31, 2025 and 2024, were as follows:

Year ended March 31, 2025

Type	Name	Location	Capital (Millions of Yen /Thousands of U.S. Dollars)	Business	Owner-ships	Relation-ship		Transactions (Millions of Yen /Thousands of U.S. Dollars)		Outstanding Balance (Millions of Yen /Thousands of U.S. Dollars)
A director or director's close relative	Yuichi Sugita	—	—	—	—	—	Loan	**¥13 ($91)**	Loans and bills discounted	**¥12 ($84)**
	Jinichi Yoshizawa	—	—	—	—	—	Loan	**¥47 ($315)**	Loans and bills discounted	**¥46 ($309)**

Terms and conditions on transactions and transaction policy:
The interest rates are reasonably determined by taking into account market interest rate trends, similar to general business partners. Additionally, the transaction amounts for loans are stated as the average balance during the period.

Year ended March 31, 2024
There was no material information to be stated.

28. SUBSEQUENT EVENTS

Acquisition of treasury stock
The Company, based on a written resolution of the Board of Directors pursuant to Article 370 of the Companies Act and the provisions of the Company's Articles of Incorporation dated April 7, 2025, has resolved to acquire its own shares in accordance with the provisions of Article 459, Paragraph 1 of the Companies Act, with the aim of enhancing shareholder returns and improving capital efficiency, and is implementing this as follows.

1. Contents of the written resolution of the Board of Directors dated April 7, 2025, pursuant to Article 370 of the Companies Act and the provisions of the Company's Articles of Incorporation:

(1) Class of shares to be acquired: Common stock

(2) Total number of shares to be acquired: 45,000,000 shares (upper limit)
(The ratio to number of issued shares, excluding treasury stock, is 4.57%)

(3) Total acquisition cost: ¥23,000 million (upper limit) ($153,826 thousand)

(4) Period of acquisition: From April 8, 2025, to June 20, 2025

(5) Method of acquisition: Market purchases including an off floor own share repurchase trading on the Tokyo Stock Exchange (ToSTNeT-3)

2. Status of the acquisition of own shares based on the above resolution (as of May 31, 2025)

(1) Class of shares acquired: Common stock

(2) Total number of shares acquired: 34,734,000 shares

(3) Total acquisition cost: ¥19,956 million ($133,474 thousand)

(4) Period of acquisition: From April 8, 2025, to May 31, 2025

(5) Method of acquisition: Market purchases including an off floor own share repurchase trading on the Tokyo Stock Exchange (ToSTNeT-3)

Cancellation of Treasury Shares
(Cancellation of treasury shares pursuant to Article 178 of the Companies Act)
Mebuki Financial Group Inc. hereby announces that its board of directors resolved at its meeting held on July 28, 2025 to cancel its treasury shares pursuant to Article 178 of the Companies Act, as follows:

1 Type of shares to be cancelled: Common stock

2 Total number of shares to be cancelled: 40,000,000 shares
(The ratio to number of issued shares before the cancellation is 4.05%)

3 Cancellation date: August 18, 2025

(Reference)
Total number of issued shares after the cancellation: 947,055,218 shares (including treasury shares)

Deloitte.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mebuki Financial Group, Inc.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Mebuki Financial Group, Inc. 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.

Determination of the allowance for loan losses

Mebuki Financial Group, Inc. has Joyo Bank, Ltd. and Ashikaga Bank, Ltd. as its banking subsidiaries. Joyo Bank, Ltd. and Ashikaga Bank, Ltd. perform lending business focusing on the business feasibility evaluation of local companies, such as their potential growth and business sustainability mainly within their core markets, which are Ibaraki Prefecture, Tochigi Prefecture and adjacent areas. Lending business has a potential risk that a credit loss may be incurred when all or part of a loan becomes uncollectible due to the borrower's bankruptcy and other adverse conditions. Joyo Bank, Ltd. and Ashikaga Bank, Ltd. record the allowance for loan losses to provide for such credit losses. As of March 31, 2025, the Group recorded the loans and bills discounted of ¥13,203.1 billion and the allowance for loan losses of ¥73.5 billion on the consolidated balance sheet. Accounting policies of Joyo Bank, Ltd. and Ashikaga Bank, Ltd. for the allowance for loan losses are disclosed in Note 2.g, Summary of Significant Accounting Policies—Allowance for Loan Losses, and the Note, Significant Accounting Estimate—Allowance for Loan Losses, included in the consolidated financial statements.

Key audit matter description

The allowance for loan losses is calculated in accordance with internal policies related to the credit rating of asset quality standards and the write offs and provisions standards. The calculation process includes various estimates, such as the determination of the borrower's credit category based on the evaluation of the borrower's loan service capacity, the assessment of the value of collateral provided by the borrower, and adjustments to future projections for the expected loss rate calculated based on historical credit loss experiences.

With regard to the borrower's credit category among these estimates, there are cases where a borrower is classified as "Borrowers requiring caution, excluding borrowers requiring monitoring" or "Borrowers requiring monitoring," based on an expectation that the borrower's business performance in the future will improve despite its current unfavorable business performance and financial position.

The estimate regarding the expected future recovery of the borrower's business performance is based on the assumption that sales will increase or be maintained as a result of the implementation of marketing measures, the assumption that expenses will decrease or be consistent as a result of improvement in productivity and cost reduction measures or the assumption that cash flow will be maintained through financial support from the parent company, etc. or the reduction of assets. These assumptions are highly uncertain and selected based on management's judgment.

In particular, for such borrowers for whom the amounts of the total loans outstanding less estimated recoveries from disposal of collaterals and execution of guarantees (hereinafter referred to as "Unsecured amounts") are quantitatively significant, if Joyo Bank, Ltd. or Ashikaga Bank, Ltd. fails to correctly estimate the expected future recoveries of the borrowers' business performance when determining the borrowers' credit categories, and classifies the borrowers as "Borrowers requiring caution, excluding borrowers requiring monitoring" or "Borrowers requiring monitoring," who should have been classified as "Possible bankruptcy," the allowance for loan losses may be understated, which could have a significant impact on the Group's consolidated financial statements.

Therefore, we identified, as a key audit matter, the reasonableness of the assumptions selected by the management when determining the borrowers' credit categories for those borrowers with significant unsecured amounts who are classified as "Borrowers requiring caution, excluding borrowers requiring monitoring" or "Borrowers requiring monitoring" based on the expectation of the management that the borrowers' business performance will improve in the future despite their current unfavorable business performance and financial positions.

How the key audit matter was addressed in the audit

We performed the following procedures, among others, to address the key audit matter:

(Test of the effectiveness of internal controls)

Joyo Bank, Ltd. and Ashikaga Bank, Ltd. design and operate controls over the credit rating of the quality of assets. The assessment of the quality of assets performed by the business offices is reviewed by the credit related divisions in the headquarters, and then independently examined by the internal audit division.

We inquired of the personnel who performed the relevant control activities over the credit rating and inspected relevant documents to corroborate the responses to evaluate the design and operating effectiveness of the internal controls, including the approvals by the credit related divisions for the borrowers' credit categories determined by the business offices, and being monitored by the internal audit division.

(Test of the borrower's credit category determination)

We selected, among the borrowers subject to the credit rating of the quality of assets performed by Joyo Bank, Ltd. and Ashikaga Bank, Ltd., the borrowers with significant unsecured amounts classified as "Borrowers requiring caution, excluding borrowers requiring monitoring" or "Borrowers requiring monitoring" based on the expectation of the management that their business performance will improve in the future despite their current unfavorable business performance and financial positions and performed the following procedures, among others, to ensure the reasonableness of the assumptions selected by management:

- For borrowers with the assumption that sales would increase or be maintained as a result of the implementation of marketing measures or the assumption that expenses would decrease or be consistent as a result of improvement in productivity and cost reduction measures, we inquired of the credit related divisions about the Group's assessment and the basis for its assessment of whether the borrowers' marketing measures or improvement in productivity and cost reduction measures were sufficiently specific and feasible in light of the borrowers' business environment. We also inspected the underlying documents for various measures, compared the expected future recoveries of the borrowers' business performance with past business performances and analyzed whether the expected future recoveries of the borrowers' business performance were sufficiently reasonable in light of the demand and supply trends in the industries to which the borrowers belong.

- For borrowers classified based on the assumption that cash flow would be maintained through financial support from the parent company, etc., we inquired of the credit related divisions about the Group's assessment of their willingness and ability to provide support and the basis for its assessment, and also inspected relevant information on their willingness and ability to provide support, such as historical performances of providing support, negotiation records with the parent company , etc., or their financial information.

- For borrowers classified based on the assumption that cash flow would be maintained through the reduction of assets, we inquired of the credit related divisions about the sales of assets in order to examine the Group's assessment of the feasibility of such sales. We also inspected documents relevant to the salability, such as the negotiation processes for sales and the estimates of the sellable prices, and analyzed whether the sellable prices were sufficiently reasonable in light of market prices.

Other Information

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

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

Responsibilities of Management and 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 Mebuki Financial Group, Inc. and its subsidiaries were ¥148 million and ¥5 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 22, 2025