

THE FUKUI BANK REPORT
2025.3
Financial Statements



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Profile

Innovative Action

Our Mission as a Regional Bank

Since its establishment in 1899, we at the Fukui Bank, Ltd. (“the Bank”) have worked to develop society and people’s lives in Fukui Prefecture, believing that our mission is to “support regional industry.”

In 2015, we established our corporate philosophy of striving to cultivate and promote regional industry and achieving prosperous living conditions for our region’s population. In 2021, with the aim of sustainable development for our region, we formed the F Project, a united financial group, with THE FUKUHO BANK, LTD. (“the Fukuho Bank”) which is also based here in Fukui Prefecture. We have outlined our long-term vision for where we want to be in ten years’ time—The F Project Vision for 2032—which states that we will be there for our employees and customers and their diverse challenges through a model that brings about a value loop for our region. There are always threats and opportunities present in our business environment so to overcome the former, and seize the latter, we must make full use of the strengths we have built up thus far, and be there for the varied challenges to come. We will also help to create a future where value generated within the region can be funneled back into the region in a value loop.

Corporate Governance

The Fukui Bank uses a committee-based governance structure, characteristics of which include strengthened governance structures through the separation of executive and supervisory functions, accelerated executive functions by delegating decision-making authority, and improved management transparency by establishing three committees on which the majority of members are outside directors. As well as having outside directors chair even those three committees, we are working to put in place comprehensive corporate governance in line with the following fundamental principles.

- (1) The Fukui Bank will respect the rights held by all of its shareholders and will work to guarantee all shareholders are treated equally.
- (2) The Fukui Bank will pay consideration to how to benefit all of its stakeholders, including its shareholders, and, where relevant, will strive to cooperate with said stakeholders.
- (3) The Fukui Bank will disclose all relevant information, including non-financial data, and will endeavor to guarantee corporate information is transparent.
- (4) The Fukui Bank will construct a system in which independent outside directors play a central role and, by utilizing that system, will commit ourselves to improving the efficacy of our auditing capabilities in regards to overseeing the execution of duties by the board of directors.
- (5) The Fukui Bank, in order to increase corporate value in the medium to long term, and to achieve sustainable growth, will undertake to carry out constructive dialogue with all of its shareholders.

The Bank will continue to further strengthen its corporate governance structure and provide a wide range of products and services. This will allow it to fulfill its role as both an incorporated company and a regional financial institution. Going forward, the Bank will continue to strive to be a financial institution that truly deserves your trust.

Sustainability Initiatives

In line with our corporate philosophy of striving to cultivate and promote regional industry and achieving prosperous living conditions for people in our region, we recognize that it is our mission to help address the issues that stand in the way of our communities becoming more sustainable. As such, and with the goal of ensuring the entire Fukui Bank Group is united in its efforts toward sustainability, we have established our Fundamental Policy on Sustainability.

In accordance with this policy, we have identified priority (material) issues related to sustainability, and set ourselves medium- to long-term targets. We have also put in place a variety of regulations that amount to action and policy guidelines for executives and other employees, and we are enacting initiatives to help resolve the various issues that people face in our region.

Consolidated Financial Highlights

The Fukui Bank, Ltd. and its consolidated subsidiaries

Years ended March 31	Millions of yen			Thousands of U.S. dollars
	2025	2024	2023	2025
For the Year:				
Total income	¥ 64,636	¥ 55,505	¥ 54,941	\$ 432,294
Total expenses	55,823	50,024	54,349	373,350
Profit before income taxes	8,813	5,480	591	58,944
Profit attributable to owners of parent	7,166	3,717	1,803	47,932
Basic earnings per share	309.15	160.96	77.14	2.07
At Year-end:				
Deposits	¥ 3,410,934	¥ 3,411,241	¥ 3,370,055	\$ 22,812,561
Loans and bills discounted	2,361,120	2,340,316	2,214,487	15,791,335
Trading securities	—	—	370	—
Securities	940,172	824,467	570,478	6,287,939
Total assets	4,286,795	4,164,371	4,001,760	28,670,385
Total net assets	136,450	141,507	128,710	912,591

Notes:

The U.S. dollar amounts represent translation of Japanese yen at the exchange rate of ¥149.52 per U.S. \$1.00 on March 31, 2025.

The inclusion of such dollar amounts is solely for convenience and is not intended to imply that Japanese yen have been or could be readily converted, realized, or settled in U.S. dollars at this or any other exchange rate.

The Management Environment and Issues to Be Addressed

While the Japanese economy is making steady progress in overcoming deflation, Fukui Prefecture, the Bank's base, is benefitting from significant opportunities for regional revitalization due to the extension of the Hokuriku Shinkansen within the prefecture. On the other hand, uncertainties in the economic environment are increasing due to structural challenges such as a shrinking workforce caused by low birthrates and an aging population, urban concentration, global instability, and reduced consumer purchasing power stemming from rising prices.

Under these circumstances, to steadily prepare for the merger with Fukuho Bank scheduled for May 2026, we have extended part one of our medium-term management plan by one year to March 2026. As a result, the new medium-term management plan will start in fiscal 2026, the same year that our new banking organization will come into being. Through the merger with Fukuho Bank, we aim to evolve into a regional problem-solving institution and realize the regional value loop model advocated by our Group.

In fiscal 2025, through which part one of our medium-term management plan has been extended, we will be working on a number of measures, as detailed below.

We will continue to provide tailored support based on our comprehensive assistance approach, thereby enhancing our presence within the region. For corporate customers, recognizing environmental changes such as the transition to a world of positive interest rates, we will actively increase opportunities for dialogue and leverage the problem-solving capabilities we have developed thus far to strengthen their

financial foundations, including bank deposits, financing, and payments. Meanwhile, for individual customers, we will provide channels that combine peace of mind and digital convenience to enhance the value of their experience. We will also collaborate with Nomura Securities Co., Ltd. to offer high-quality consulting services on topics such as asset management and business succession to pursue maximum benefit for our customers.

We recognize that cooperation with all stakeholders is necessary if we are to address the region's structural problems and ensure it remains dynamic. In line with this belief, we will also cooperate with local authorities and other relevant bodies as we lead efforts to construct problem-solving networks and help to support problem-resolution efforts throughout the entire region, such as by increasing the non-resident population, promoting digital transformations (DX), and decarbonizing.

The starting point for a model that brings about a value loop for our region is the well-being of our employees, and to achieve this we will continue to propose and implement measures that consider four key factors. Alongside this, we will advance initiatives in line with our D&I Declaration.

The biggest project for us in fiscal 2025 is the management merger with Fukuho Bank. In addition to making steady progress on preparations for the merger, we will work to maintain customer convenience and to unlock integration synergies as soon as possible, based on our belief that the management merger is essentially a way of evolving as a regional problem-solver.

As mentioned above, we will continue to unite the full strength of the Group to realize the F Project Vision 2032 and take on a central role in revitalizing the region.

Consolidated Performance Review

The consolidated results of the Bank and its 11 consolidated subsidiaries in the current fiscal year developed as follows.

Total income increased by ¥9,131 million from the previous fiscal year to ¥64,636 million. This was mainly due to an increase in interest on loans and discounts and in income from service transactions, while aiming to improve yields, as a result of the entire Group's efforts as a true problem-solver for the region to work together to closely follow customers' real problems and to offer close, tenacious support. It was also the result of recording income due to recovering liabilities that were amortized in the previous fiscal year. Total expenses increased by ¥5,799 million from the previous fiscal year to ¥55,823 million. This was mainly due to recording losses on sales of government bonds aimed at restructuring the securities portfolio in response to market fluctuations, and because of an increase in interest of deposits.

As a result, we recorded profit before income taxes of ¥8,813 million, an increase of ¥3,333 million from the previous fiscal year. Profit attributable to owners of parent increased by ¥3,449 million from the previous fiscal year to ¥7,166 million.

Moreover, as the Fukui Bank Group's comprehensive financial services business is in a single business segment, segment performance data is not provided.

Cash Flows

In terms of consolidated net cash flows, ¥112,072 million was provided by operating activities, ¥133,386 million was used in investing activities, and ¥2,357 million was used in financing activities. As a result, cash and cash equivalents at the end of the year were ¥871,194 million, which was a decrease of ¥23,671 million compared with the previous year.

Net cash provided by operating activities

Net cash provided by operating activities was ¥112,072 million. The main factor behind this was income provided by increases in cash collateral received for securities lent more than offsetting expenses related to an increase in loans and bills discounted and a decrease in borrowed money.

Net cash used in investing activities

Net cash used in investing activities was ¥133,386 million. This was mainly due to expenses used to purchase securities exceeding income from sales and redemptions of securities.

Net cash used in financing activities

Net cash used in financing activities was ¥2,357 million, mainly for the payment of dividends, expenses related to acquiring additional subsidiary shares, and expenses related to acquiring treasury shares.

Consolidated Financial Statements

The Fukui Bank, Ltd. and its consolidated subsidiaries

Consolidated Balance Sheets

March 31	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Assets:			
Cash and due from banks	¥ 872,378	896,184	\$ 5,834,528
Money held in trust (Note 23)	7,302	7,300	48,842
Securities (Notes 3, 4, 5, 7, 12, 21 and 22)	940,172	824,467	6,287,939
Loans and bills discounted (Notes 5, 6, 7, 8 and 21)	2,361,120	2,340,316	15,791,335
Foreign exchanges (Note 5 and 6)	8,328	7,406	55,702
Other assets (Notes 5, 7 and 25)	68,982	64,248	461,362
Property, plant and equipment (Notes 9, 10, 11, 28 and 29)	29,843	31,170	199,598
Intangible fixed assets	1,234	1,186	8,258
Deferred tax assets (Note 27)	6,347	2,036	42,456
Customers' liabilities for acceptances and guarantees (Note 5)	9,905	8,666	66,247
Allowance for loan losses (Note 21)	(18,821)	(18,614)	(125,882)
Total assets	¥ 4,286,795	¥ 4,164,371	\$ 28,670,385
Liabilities:			
Deposits (Notes 7 and 21)	¥ 3,410,934	¥ 3,411,241	\$ 22,812,561
Securities sold under repurchase agreements (Notes 7 and 21)	804	1,530	5,382
Cash collateral received for securities lent (Notes 7 and 21)	162,554	—	1,087,174
Borrowed money (Notes 7 and 21)	523,514	572,888	3,501,303
Foreign exchanges	34	95	233
Other liabilities (Note 25 and 28)	33,414	19,289	223,475
Provision for bonuses	438	426	2,933
Provision for bonuses for directors (and other officers)	44	19	296
Retirement benefit liability (Note 26)	5,180	5,568	34,646
Provision for retirement benefits for directors (and other officers)	32	27	219
Provision for share awards for directors (and other officers)	267	210	1,786
Provision for reimbursement of deposits	148	170	996
Provision for contingent loss	348	252	2,328
Provision for point card certificates	76	76	513
Allowance for demolition of non-current assets	12	16	86
Deferred tax liabilities (Note 27)	210	—	1,409
Deferred tax liabilities for land revaluation (Note 9)	2,423	2,382	16,207
Acceptances and guarantees	9,905	8,666	66,247
Total liabilities	¥ 4,150,345	¥ 4,022,863	\$ 27,757,794
Net assets (Note 18):			
Share capital	¥ 17,965	¥ 17,965	\$ 120,154
Capital surplus	10,075	6,298	67,389
Retained earnings	101,664	95,603	679,939
Treasury shares	(826)	(1,581)	(5,525)
Total shareholders' equity	128,879	118,286	861,957
Valuation difference on available-for-sale securities (Note 24)	2,103	12,040	14,068
Revaluation reserve for land (Note 9)	5,274	5,408	35,278
Remeasurements of defined benefit plans	121	1	813
Total accumulated other comprehensive income	7,499	17,450	50,159
Non-controlling interests	71	5,770	475
Total net assets	136,450	141,507	912,591
Total liabilities and net assets	¥ 4,286,795	¥ 4,164,371	\$ 28,670,385

Consolidated Statements of Operations

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Income (Note 16):				
Interest on loans and discounts.....	¥ 26,047	¥ 22,954	\$ 174,209	
Interest and dividends on securities	9,472	6,323	63,351	
Other interest income.....	2,804	1,141	18,758	
Fees and commissions.....	11,495	10,384	76,883	
Other operating income.....	10,889	9,742	72,830	
Other income (Note 13).....	3,926	4,958	26,263	
Total income	64,636	55,505	432,294	
Expenses:				
Interest on deposits.....	2,354	675	15,749	
Interest on borrowings.....	477	111	3,194	
Other interest expenses.....	93	7	627	
Fees and commissions payments	3,508	3,481	23,468	
Other operating expenses	15,291	13,448	102,270	
General and administrative expenses (Note 14)	30,773	29,943	205,818	
Other expenses (Note 15)	3,322	2,358	22,224	
Total expenses.....	55,823	50,024	373,350	
Profit before income taxes	8,813	5,480	58,944	
Income taxes—current (Note 27)	1,648	1,445	11,027	
Income taxes—deferred (Note 27)	5	70	36	
Profit	7,159	3,964	47,881	
Profit (loss) attributable to non-controlling interests	(7)	247	(51)	
Profit attributable to owners of parent	¥ 7,166	¥ 3,717	\$ 47,932	
Basic earnings per share (Note 34)	¥ 309.15	¥ 160.96	\$ 2.07	

Consolidated Statements of Comprehensive Income

For the years ended March 31	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Profit	¥ 7,159	¥ 3,964	\$ 47,881	
Other comprehensive income (Note 17):	(9,885)	9,801	(66,115)	
Valuation difference on available-for-sale securities	(9,937)	9,734	(66,462)	
Revaluation reserve for land	(69)	—	(465)	
Remeasurements of defined benefit plans, net of tax	121	67	812	
Comprehensive income	(2,726)	13,766	(18,234)	
Comprehensive income attributable to owners of parent.....	(2,719)	13,585	(18,190)	
Comprehensive income attributable to non-controlling interests	(6)	180	(44)	

Consolidated Statements of Changes in Net Assets

Previous fiscal year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Re-valuation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the start of period	17,965	6,299	93,051	(1,793)	115,522	2,257	5,423	(83)	7,597	5,590	128,710
Changes during period											
Dividends of surplus			(1,180)		(1,180)						(1,180)
Reversal of revaluation reserve for land			14		14						14
Profit attributable to owners of parent			3,717		3,717						3,717
Purchase of treasury shares				(0)	(0)						(0)
Disposal of treasury shares		(0)		212	212						212
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)						(0)
Net changes in items other than shareholders' equity						9,783	(14)	84	9,853	180	10,034
Total changes during period	—	(0)	2,551	211	2,763	9,783	(14)	84	9,853	180	12,797
Balance at the end of period	17,965	6,298	95,603	(1,581)	118,286	12,040	5,408	1	17,450	5,770	141,507

Current fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Re-valuation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the start of period	17,965	6,298	95,603	(1,581)	118,286	12,040	5,408	1	17,450	5,770	141,507
Changes during period											
Dividends of surplus			(1,165)		(1,165)						(1,165)
Reversal of revaluation reserve for land			60		60						60
Profit attributable to owners of parent			7,166		7,166						7,166
Purchase of treasury shares				(1,216)	(1,216)						(1,216)
Disposal of treasury shares		83		1,972	2,055						2,055
Change in ownership interest of parent due to transactions with non-controlling interests		3,693			3,693						3,693
Net changes in items other than shareholders' equity						(9,937)	(134)	120	(9,951)	(5,699)	(15,650)
Total changes during period	—	3,777	6,061	755	10,593	(9,937)	(134)	120	(9,951)	(5,699)	(5,057)
Balance at the end of period	17,965	10,075	101,664	(826)	128,879	2,103	5,274	121	7,499	71	136,450

Current fiscal year (From April 1, 2024 to March 31, 2025)

(Thousands of U.S. dollars)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Re-valuation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the start of period	120,154	42,127	639,400	(10,576)	791,105	80,530	36,175	8	116,713	38,595	946,413
Changes during period											
Dividends of surplus			(7,795)		(7,795)						(7,795)
Reversal of revaluation reserve for land			402		402						402
Profit attributable to owners of parent			47,932		47,932						47,932
Purchase of treasury shares				(8,139)	(8,139)						(8,139)
Disposal of treasury shares		556		13,190	13,746						13,746
Change in ownership interest of parent due to transactions with non-controlling interests		24,706			24,706						24,706
Net changes in items other than shareholders' equity						(66,462)	(897)	805	(66,554)	(38,120)	(104,674)
Total changes during period	—	25,262	40,539	5,051	70,852	(66,462)	(897)	805	(66,554)	(38,120)	(33,822)
Balance at the end of period	120,154	67,389	679,939	(5,525)	861,957	14,068	35,278	813	50,159	475	912,591

Consolidated Statements of Cash Flows

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash flows from operating activities			
Profit before income taxes	¥ 8,813	¥ 5,480	\$ 58,944
Depreciation	1,618	1,563	10,826
Impairment losses	37	125	254
Increase (decrease) in allowance for loan losses	207	196	1,390
Increase (decrease) in provision for bonuses	12	(9)	81
Increase (decrease) in provision for bonuses for directors (and other officers) ..	25	14	168
Increase (decrease) in provision for retirement benefits for directors (and other officers)...	4	(11)	33
Increase (decrease) in net defined benefit liability	(388)	(299)	(2,599)
Increase (decrease) in provision for share awards for directors (and other officers)...	56	11	381
Increase (decrease) in provision for reimbursement of deposits	(21)	(47)	(144)
Increase (decrease) in provision for contingent loss.....	95	25	637
Increase (decrease) in provision for point card certificates.....	(0)	8	(1)
Increase (decrease) in allowance for demolition of non-current assets	(3)	(6)	(26)
Increase (decrease) in provision for allowance for loss on transfer of shares ..	—	(61)	—
Interest income	(38,324)	(30,419)	(256,317)
Interest expenses	2,926	793	19,570
Loss (gain) related to securities.....	4,293	(52)	28,713
Loss (gain) on money held in trust	(68)	(52)	(458)
Foreign exchange losses (gains)	21	(2,736)	143
Loss (gain) on disposal of non-current assets.....	(145)	9	(972)
Net decrease (increase) in loans and bills discounted.....	(20,804)	(125,828)	(139,139)
Net increase (decrease) in deposits	(307)	41,185	(2,056)
Net increase (decrease) in borrowed money (excluding subordinated borrowings) ..	(49,373)	124,570	(330,217)
Net decrease (increase) in due from banks (excluding due from Bank of Japan) ..	133	401	896
Net increase (decrease) in call money.....	(725)	1,530	(4,852)
Net increase (decrease) in cash collateral received for securities lent	162,554	(6,526)	1,087,174
Net decrease (increase) in trading securities	—	370	—
Net decrease (increase) in foreign exchanges - assets	(921)	1,451	(6,164)
Net increase (decrease) in foreign exchanges - liabilities	(61)	(13)	(409)
Net decrease (increase) in lease receivables and investments in leases ...	(3,771)	(2,318)	(25,226)
Interest received	37,846	29,740	253,119
Interest paid.....	(2,220)	(889)	(14,852)
Other	12,540	(7,746)	83,870
Subtotal	114,048	30,457	762,767
Income taxes paid	(1,976)	(80)	(13,218)
Net cash provided by (used in) operating activities.....	112,072	30,377	749,549
Cash flows from investing activities			
Purchase of securities	(314,613)	(438,320)	(2,104,155)
Proceeds from sale of securities.....	122,008	136,866	816,003
Proceeds from redemption of securities	59,585	62,375	398,515
Increase in money held in trust	—	(500)	—
Purchase of property, plant and equipment	(834)	(1,824)	(5,584)
Purchase of intangible fixed assets.....	(392)	(276)	(2,627)
Proceeds from sale of property, plant and equipment.....	866	388	5,797
Proceeds from sale of intangible fixed assets	—	1	—
Payments for asset retirement obligations	(7)	(39)	(47)
Net cash provided by (used in) investing activities.....	(133,386)	(241,327)	(892,098)
Cash flows from financing activities			
Dividends paid.....	(1,165)	(1,180)	(7,795)
Dividends paid to non-controlling interests.....	(81)	—	(542)
Purchase of treasury shares	(1,216)	(0)	(8,139)
Proceeds from sale of treasury shares	2,055	212	13,746
Repayments of lease liabilities	(31)	(32)	(211)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation ...	(1,917)	(0)	(12,828)
Net cash provided by (used in) financing activities	(2,357)	(1,001)	(15,769)
Net increase (decrease) in cash and cash equivalents	(23,671)	(211,952)	(158,318)
Cash and cash equivalents at beginning of period.....	894,866	1,106,819	5,984,928
Cash and cash equivalents at end of period (Note 19)	¥ 871,194	¥ 894,866	\$ 5,826,610

Notes to the Consolidated Financial Statements

Years ended March 31, 2025 and 2024

1. Basis of presentation

The accompanying consolidated financial statements of The Fukui Bank, Ltd. ("the Bank") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law, its related accounting regulation and the Banking Act of Japan, and in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"). Japanese GAAP are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements are a translation of the audited consolidated financial statements of the Bank which were prepared in accordance with Japanese GAAP and were filed with the applicable Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made in the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

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

The consolidated financial statements are stated in Japanese yen. The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2025, which was ¥149.52 to U.S. \$1.00. Such translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Significant accounting policies and practices

(1) Scope of consolidation

The consolidated financial statements as of March 31, 2025 include the accounts of the Bank and its 11 subsidiaries ("the Group").

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

(i) Consolidated subsidiaries: 11 companies

The Fukugin Lease Co., Ltd.
The Fukui Credit Guarantee Service Co., Ltd.
Fukui Card Co., Ltd.
The Fukui Net Co., Ltd.
The Fukui Capital & Consulting Co., Ltd.
THE FUKUHO BANK, LTD.
Fukui Career Management Co., Ltd.
THE FUKUHO CARD CO., LTD.
The Fukui Hito Mono Design Co., Ltd.
Digital for Fukui Co., Ltd.
The Fukui Capital Partners Co., Ltd.

(ii) Unconsolidated subsidiaries: 3 companies

Fukui Regional Revitalization Investment Limited Partnership
Fukui Future Business Support Investment Limited Partnership
Fukui Capital Partners No. 1 Investment Limited Partnership

The accounts of the subsidiary have not been consolidated since its total assets, ordinary revenue, profit (loss), retained earnings and accumulated other comprehensive income did not have a significant impact on the consolidated financial statements.

(2) Application of the equity method

Those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

(i) Unconsolidated subsidiaries accounted for by the equity method

None

(ii) Affiliates accounted for by the equity method

None

(iii) Unconsolidated subsidiaries not accounted for by the equity method: 3 companies

Fukui Regional Revitalization Investment Limited Partnership
Fukui Future Business Support Investment Limited Partnership
Fukui Capital Partners No. 1 Investment Limited Partnership

- (iv) Affiliates not accounted for by the equity method
None
- (v) Names of companies, etc., not recognized as affiliates despite the Bank holding voting rights of between 20 and 50 percent.
Hopnic Labs Inc.
The unconsolidated subsidiary involved in the investment business, etc., holds shares in Hopnic Labs Inc. as a business transaction for the purpose of fostering investment and making capital gains, not for the purpose of making it a subsidiary. Therefore, it is not recognized as an affiliate.
- (3) The Balance sheet date of consolidated subsidiaries
The balance sheet dates of the consolidated subsidiaries are as follows:
March 31: 11 companies
- (4) Significant accounting policies
- (i) Securities
- A. Held-to-maturity debt securities are in general stated using the amortized cost (straight-line) method, calculated via the moving-average method. Other available-for-sale securities are in general stated at fair value (cost of sale calculated according to the moving-average method) indicated according to market price. However, shares, etc., without market prices are valued at cost using the moving-average method.
Valuation difference on available-for-sale securities are reported as a component of net assets.
- B. Securities constituting trust assets within money held in trust are valued using the same methods as those for the above-mentioned A.
- (ii) Derivatives
Derivatives are stated at fair value.
- (iii) Depreciation and amortization methods
- A. Property, plant and equipment (excluding lease assets)
Property, plant and equipment of the Bank and its consolidated subsidiaries involved in banking operations are depreciated using the straight-line method.
Useful lives of major asset categories:
Buildings: 3–50 years
Others: 2–20 years
Property, plant and equipment of consolidated subsidiaries are depreciated mainly using the declining-balance method based on assets' estimated useful lives.
- B. Intangible fixed assets (excluding lease assets)
Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized over the useful life specified by the Bank and its consolidated subsidiaries, generally 5–11 years.
- C. Lease assets
Lease assets included within property, plant and equipment related to finance lease transactions that do not transfer ownership are depreciated over the lease term using the straight-line method. For lease assets with a guaranteed residual value stated in their lease agreements, the residual value is set at the guaranteed amount. Otherwise, the residual value is assumed to be zero.
- (iv) Allowance for loan losses
The Bank and its consolidated subsidiaries involved in banking operations record allowance for loan losses in accordance with internally established criteria for write-offs and allowance.
For claims against borrowers that have initiated special liquidation proceedings or other bankruptcy proceedings ("bankrupt borrowers") and against borrowers that are in substantially similar adverse condition ("substantially bankrupt borrowers"), the allowance is provided based on the amount of claims, net of the write-off stated below, deducted by the expected amount of recoveries from collateral and guarantees.
For claims against borrowers that have not yet initiated bankruptcy proceedings, but are very likely to become bankrupt in the future ("potentially bankrupt borrowers"), the allowance is provided for the amount deemed necessary based on the overall assessment of the borrowers' solvency, and reduced by the amount expected to be collected through the disposal of collateral or execution of guarantees from the claims.
For claims against large potentially bankrupt borrowers with certain outstanding balances or restructured loans or other borrowers who will require management in the future, the allowance is provided for the difference between the present value of expected future cash flows discounted at the contractual interest rate prior to the loan restructuring and the carrying amount of the claim, if future cash flows from collection of the principal and interest can be reasonably estimated (the "cash flow estimation method").
For claims other than those stated above, the allowance is provided for expected loss amounts. These are calculated based on

the average actual loss ratios for the historical one-year or three-year loan loss records, using the lower limit of the average actual loss ratios for the entire measurable period in order to reflect long-term economic fluctuations.

All claims are assessed by sales-related departments, based on the criteria for self-assessment of asset quality. The results are verified by examination management departments and monitored by the auditing department, which is independent of the relevant department.

For claims against bankrupt borrowers or substantially bankrupt borrowers with collateral or guarantees, the write-off amount is determined as the unrecoverable portion, the claims due from borrowers deducted by the amounts expected to be collected through the disposal of collateral or through the execution of guarantees, and is directly deducted from the original balance of claims. The write-off amount was ¥5,705 million (U.S. \$38,156 thousand) and ¥8,699 million for the fiscal year ended March 31, 2025 and 2024, respectively.

For other consolidated subsidiaries, the allowance for loan losses for general claims is provided based on the historical loan-loss ratios, and the allowance for loan losses for specific claims, such as possible uncollectible claims, is provided based on the estimate of unrecoverable amount for each claim.

(v) Provision for bonuses

Provision for bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses that are attributable to the current fiscal year.

(vi) Provision for bonuses for directors (and other officers)

Provision for bonuses for directors (and other officers) is provided for payment of bonuses to directors (and other officers), in the amount of estimated bonuses that are attributable to the current fiscal year.

(vii) Provision for retirement benefits for directors (and other officers)

Provision for retirement benefits for directors (and other officers) is provided for payment of retirement benefits to directors (and other officers) at certain consolidated subsidiaries, an allowance is provided based on the amount recognized for the consolidated fiscal year for the amount to be supplied to directors as retirement benefits.

(viii) Provision for share awards for directors (and other officers)

Provision for share awards for directors (and other officers) is provided for issuance of shares to directors (and other officers) in accordance with the performance-linked stock compensation plan.

(ix) Provision for reimbursement of deposits

Provision for reimbursement of deposits is provided for in order to meet depositor requests for reimbursement on deposits already derecognized as liabilities, in the amount deemed necessary by estimating the losses corresponding to the expected requests for reimbursements in the future.

(x) Provision for contingent loss

Provision for contingent loss is provided to cover payments to credit guarantee corporations under a responsibility-sharing system with the corporations, in the amount deemed necessary based on estimated possible future payments.

(xi) Provision for point card certificates

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

(xii) Allowance for demolition of non-current assets

Allowance for demolition of non-current assets is provided to anticipate future expenses related to the demolition of buildings in certain consolidated subsidiaries.

(xiii) Retirement benefit liability

In determining the retirement benefit obligations, the Bank adopts the benefit formula basis to attribute projected benefit obligations to the period of the year-end. Moreover, for certain consolidated subsidiaries, the straight-line method is used. Past service cost and actuarial gains or losses are expensed using the following methods:

Past service cost: Past service cost is recognized using the straight-line method, over 5 years within the employees' average remaining service period at incurrence. (For certain consolidated subsidiaries, this is processed as expenses for the full amount in the fiscal year in which it occurred)

Actuarial differences: Actuarial differences are expensed using the straight-line method, over 5 or 10 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

(xiv) Foreign currency translation

Foreign currency assets and liabilities are translated into yen at the rates prevailing at the consolidated balance sheet date.

(xv) Accounting standards for recognition of significant revenues and expenses

Revenue from contracts with customers mainly takes the form of deposits and lending operations and foreign exchange operations. The Bank recognizes revenue to the amount expected to be received in exchange for the promised goods or services at the point that control of such goods or services are transferred to customers.

The accounting standard for income related to financial lease transactions is calculated using a method that accounts for sales

and sales prices at the time at which the leasing fee is received.

(xvi) Scope of cash and cash equivalents in the consolidated statement of cash flows

The balance of cash and cash equivalents in the consolidated statements of cash flows consist of cash and due from the Bank of Japan.

(xvii) Accounting policies and procedures adopted in the absence of requirements in relevant accounting standards, etc., that specifically apply to events or transactions that are accounted for

Gains resulting from the cancellation or redemption of investment trusts (excluding exchange-traded funds) are recorded as “Interest and dividends on securities.” Losses, meanwhile, are recorded as “Other operating expenses.”

Significant accounting estimates

Items recorded in the consolidated financial statements for the fiscal year under based on accounting estimates that may have a significant impact on the consolidated financial statements for the next fiscal year are as follows.

Allowance for loan losses

(1) Carrying amounts in consolidated financial statements for the current fiscal year

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Allowance for loan losses	¥ 18,821	¥ 18,614	\$ 125,882	

The amount of the allowance for loan losses recorded at the Bank and its consolidated subsidiaries involved in banking operations was ¥16,921 million (U.S. \$113,169 thousand) and ¥16,999 million for the fiscal years ended March 31, 2025 and 2024, respectively.

The following calculation method for the allowance for loan losses has been set forth with respect mainly to the Bank and its consolidated subsidiaries involved in banking operations.

(2) Information on the nature of significant accounting estimates for identified items

(i) Method of calculation

The calculation method of the allowance for loan losses is described “(iv) Allowance for loan losses” in “(4) Significant accounting policies.”

For calculating the allowance for loan losses, the borrowers are classified into categories based on self-assessment criteria: “normal borrowers,” “borrowers requiring caution,” “potentially bankrupt borrowers,” “substantially bankrupt borrowers,” and “bankrupt borrowers.” Allowance for loan losses is provided for each category of claims according to their assigned credit risk rating.

In the self-assessment, the borrower categories of loans are determined by assessing borrowers’ repayment ability based on various factors such as the outlook for business continuity and profitability, the appropriateness of the business improvement plan, and the financial support provided by other financial institutions, taking into consideration industry specific factors.

Notably, if business restructuring is initiated by implementing financial support in line with a reasonable and feasible business improvement plan or similar, the borrower will be classified as borrowers requiring caution and claims will not constitute restructured loans.

(ii) Key assumptions

Key assumptions are “the business continuity and profitability outlook based on the characteristics of the specific industry with respect to determining borrower categories, the viability of business improvement plans, and the financial support provided by other financial institutions,” especially “prospects for future business recovery and business continuity resulting from a reasonable and feasible business improvement plan.” These assumptions are assessed and individually set for each borrower.

We have recognized an allowance for loan losses for amounts lent to potentially bankrupt borrowers, or similar, whose unsecured amount of borrowing exceeds a certain amount, and for whom we have particular concerns about repayment capacity, which is calculated according to a cash flow estimation method.

If the economic environment suddenly worsens, such as due to the continuing rising cost of living resulting from drastic rises in energy and other prices as well as the weakness of the Japanese yen, credit risks could rise. For loans to those borrowers who require caution (excluding borrowers who require management) and who are expected to be significantly affected by a rapid deterioration in the economic environment, the Bank and its consolidated subsidiaries involved in banking operations calculate a provision for expected losses equivalent to that borrowed by borrowers who require management.

(iii) Impact on consolidated financial statements for the next fiscal year

A change in the assumptions used in the initial estimates due to changes such as those in the economic environment detailed above could have a significant impact, such as requiring an increase in the allowance for loan losses on consolidated accounts in the next fiscal year.

Accounting standards not yet adopted

- Accounting Standard for Leases (ASBJ Statement No. 34, issued on September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, issued on September 13, 2024)
 - (1) Overview

These standards prescribe accounting treatments such as recognizing assets and liabilities for all leases by lessees, similar to international accounting standards.
 - (2) Scheduled date of adoption

The standards are scheduled to be adopted from the beginning of the fiscal year ending March 31, 2028.
 - (3) Effects of adoption

The effects of adopting these standards are currently under evaluation.
- Practical Guidelines on Accounting for Financial Instruments (Revised Transferred Guidance No. 9, issued on March 11, 2025)
 - (1) Overview

Under certain conditions, investments in partnerships or similar entities must be measured at fair value for all unlisted shares included in their underlying assets (excluding shares of subsidiaries and affiliates held by the investing company), and the investor's share of the resulting valuation difference must be recorded under net assets.
 - (2) Scheduled date of adoption

The guidelines are scheduled to be adopted from the beginning of the fiscal year ending March 31, 2027.
 - (3) Effects of adoption

The effects of adopting this guidance are currently under evaluation.

Additional information

Transactions of delivering of the Bank's own stock to employees, etc. through trusts

(1) Trust-type Employee Share Ownership Incentive Plan

The Bank introduced the "Trust-type Employee Share Ownership Incentive Plan" (the "Incentive Plan") in order to provide the Bank's employees with incentives to increase the Bank's corporate value over the mid-to-long term, and to improve the benefits and welfare of the employees of the Bank by promoting asset formation of employees who buy and own shares of the Bank through the Employee Stock Holdings.

The Incentive Plan for all employees participating in the "Fukui Bank Employee Stock Holdings" (the "Employee Stock Holdings"). For the implementation of the Incentive Plan, the Bank has established the "Fukui Bank Stock Holding Partnership Exclusive Trust Account" (the "Trust") at the trust bank. The accounting treatment of the trust agreement conforms to the provisions of "Practical Solution on Transactions of Delivering the Bank's Own Stock to Employees etc., through Trusts" (ASBJ PITF No. 30 of March 26, 2015).

(i) Overview of the transaction process

The "Trust" buys a considerable number of the Bank shares that are expected to be acquired by the Employee Stock Holdings during approximately five years. Subsequently, the Trust is to continuously transfer the Bank shares to the Employee Stock Holdings, and if any gains on sales of shares remain in the Trust account at the Trust's termination, such residual assets are to be distributed to those who meet the requirements of eligible beneficiaries. The Bank is required to guarantee the Trust's debts to acquire the Bank shares. When a decline in the Bank's share price increases losses on sales of shares in the Trust account, and there are any outstanding debts remaining in the Trust account at the Trust's termination, the Bank will repay remaining debts in accordance with the guarantee contract.

(ii) Shares held by the Trust

Shares held by the Trust are recorded as treasury shares in the net assets at their stated book value of the Trust account (excluding incidental cost amounts). The book value and the number of treasury shares are ¥359 million (U.S. \$2,401 thousand) and 208 thousand shares, respectively.

(iii) Book value of borrowings stated in accordance with the gross method ¥339 million (U.S. \$2,273 thousand)

(2) Board benefit trust

The Bank has introduced a performance-linked stock compensation plan using a trust (the "Plan") as a means of compensating executive officers. The accounting treatment of the trust agreement adopt to the provisions of "Practical Solution on Transactions of Delivering the Bank's Own Stock to Employees etc., through Trusts" (ASBJ PITF No. 30 of March 26, 2015).

(i) Overview of the transaction process

The Plan consists of a stock compensation scheme under which a trust established with cash paid by the Bank (the "Trust") acquires shares of the Bank. Shares corresponding to the points awarded to executive officers by the Bank will be transferred to executive officers through the Trust. As a rule, shares will be transferred to the executive officers at the time of their retirement.

(ii) Shares held by the Trust

Shares held by the Trust are recorded as treasury shares in the net assets at their stated book value of the Trust account (excluding incidental cost amounts). The book value and the number of treasury shares are ¥283 million (U.S. \$1,899 thousand) and 155 thousand shares, respectively.

Execution of absorption-type merger agreement with consolidated subsidiary

The Bank and its consolidated subsidiary THE FUKUHO BANK, LTD. (hereinafter “Fukuho Bank;” the Bank and Fukuho Bank collectively referred to as “the two banks”) resolved at the respective Board of Directors meetings held on November 8, 2024, to conduct an absorption-type merger, contingent on obtaining necessary regulatory approvals. Under the agreement, the Bank will be the surviving company and the wholly - owning parent company, while Fukuho Bank will be the absorbed and dissolved company. The merger agreement was signed on the same date.

(1) Outline of the merger

(i) Name and business of the absorbed company:

Name: THE FUKUHO BANK, LTD.

Business: Banking

(ii) Merger date (Scheduled):

May 2, 2026

This merger falls under a simplified merger (Article 796, Paragraph 2 of the Companies Act) for the Bank and a short-form merger (Article 784, Paragraph 1) for Fukuho Bank and will be carried out without obtaining approval at shareholders’ meetings of either company.

(iii) Legal structure of the merger:

An absorption-type merger with the Bank as the surviving company and Fukuho Bank as the absorbed company.

(iv) Name of the surviving entity after the merger:

THE FUKUI BANK, LTD.

(v) Purpose of the merger:

As the largest financial group in Fukui Prefecture, the merger aims to enhance regional value creation, foster a self-sustaining cycle of that value, and achieve transformation through:

- Evolution into a ‘problem-solving partner’ for the region
- Maximization of synergies
- Governance reform

The purpose is to achieve transformation and evolution away from a traditional business model centered on financial services.

(2) Overview of accounting treatment

The merger will be treated as a transaction under common control in accordance with the Accounting Standard for Business Combinations and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.

Notes to the Consolidated Balance Sheets

3. Total amount of capital held in non-consolidated subsidiaries and affiliates

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Investments in capital	¥ 541	¥ 549	\$ 3,624	

4. Securities lent under unsecured loan agreements (i.e. bond-lending transactions) included as securities

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
	¥ —	¥ 828	\$ —	

5. Claims based on the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions

The claims consist of bonds (this is limited to those for which redemption of the principal and payment of interest are guaranteed in whole or in part, and the issuance of bonds is based on private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans, foreign exchange, accrued interest, and customers' liabilities for acceptances and guarantees, which are included in "Securities" in the consolidated balance sheets, and securities (limited to those under loan for use or lease contracts), which are included in the notes to the balance sheets.

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Bankruptcy reorganization loans and corresponding amounts	¥ 6,509	¥ 5,854	\$ 43,534	
Bankruptcy risk loans	33,935	30,047	226,962	
Delinquent loans past due three months or more	71	38	481	
Restructured loans	1,205	2,490	8,063	
Total	¥ 41,722	¥ 38,431	\$ 279,040	

Bankruptcy reorganization loans and corresponding loans are loans to borrowers who have fallen into bankruptcy and filed a petition to commence bankruptcy proceedings, reorganization proceedings, or rehabilitation proceedings, or corresponding loans.

Bankruptcy risk loans are those to borrowers who have not yet become bankrupt, but whose economic situation or business performance has worsened, where the likelihood of not being able to recover the original amount or interest is high, and which are not bankruptcy reorganization loans or corresponding loans.

Delinquent loans past due three months or more are those where the original amount and interest has not been paid for three months or more from the day following the contracted repayment date. These cases are not bankruptcy reorganization loans and corresponding loans, and nor are they bankruptcy risk loans.

Restructured loans are lent with the goal of helping borrowers to support or reorganize their businesses. This type of lending might include a lowering or elimination of interest, a postponement for the repayment of interest or the original amount, an abandonment of the loan, or other measure deemed beneficial to the borrower. These cases are not bankruptcy reorganization loans and corresponding loans, and nor are they bankruptcy risk loans or delinquent loans past due three months or more.

Amounts for the loans detailed above are the amounts before the allowance for loan losses is deducted.

6. Bills discounted

Bills discounted are accounted for as financial transactions in accordance with the JICPA Industry Specific Committee Practical Guidance No. 24, March 17, 2022. The Bank has the right to sell or pledge bills discounted and foreign exchange bills purchased without restrictions. Their total face value is as follows.

Millions of yen		Thousands of U.S. dollars	
2025	2024	2025	
¥ 6,437	¥ 8,047	\$ 43,052	

7. Assets pledged

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Assets pledged as collateral				
Securities	¥ 573,462	¥ 351,865	\$ 3,835,356	
Loans and bills discounted	322,142	360,917	2,154,513	
Other assets	31	31	213	
Total	895,637	712,814	5,990,082	
Corresponding liabilities to assets pledged as collateral				
Deposits	20,673	20,051	138,268	
Securities sold under repurchase agreements	804	1,530	5,382	
Cash collateral received for securities lent	162,554	—	1,087,174	
Borrowed money	521,500	572,100	3,487,828	

In addition to the foregoing, the following assets have been pledged as collateral for operating transactions, such as foreign exchange contracts.

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Other assets	¥ 25,296	¥ 25,296	\$ 169,183	

Other assets include security deposits in the amount stated below.

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Security deposits	¥ 290	¥ 264	\$ 1,944	
Cash collateral for financial instruments etc.	1,462	1,437	9,783	

8. Overdraft facility agreements and commitment lines of credit

Overdraft facility agreements and commitment lines of credit are agreements to extend credit up to a prearranged amount at the customer's request as long as the terms of the agreement have not been violated. The amounts of unutilized commitment balances under such agreements are as follows.

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Unutilized loan commitment lines	¥ 635,141	¥ 626,660	\$ 4,247,873	
Loans for which the term of the agreement is one year or less	584,126	590,229	3,906,676	

The balance of loan commitment lines will not necessarily affect the future cash flows of the Bank and its consolidated subsidiaries because most of these agreements expire without being exercised. Most of these agreements contain clauses allowing the Bank and its consolidated subsidiaries to reject requests for credit outright or reduce the credit limits due to changed financial circumstances, the need to secure claims, or other reasonable causes. Besides requesting collateral, such as real estate or securities, as necessary at the time of entering into the agreement, the Bank has also adopted other measures to keep its credit sound, such as periodically assessing the condition of customers' businesses following the internal procedures and, if necessary, revising agreements.

9. Revaluation reserve for land

Pursuant to the Law concerning Revaluation of Land (Law No. 34, promulgated March 31, 1998, the “Law”), land used for banking operations was revalued. The tax-equivalent portion of this revaluation amount was recorded as “Deferred tax liabilities for land revaluation” in liabilities and remainder as “Revaluation reserve for land” in net assets.

Revaluation date

March 31, 1998

Item 3, Article 3, of the Law establishes the evaluation method as that prescribed by Article 2, Paragraph 4 of the Enforcement Ordinance of Law on Revaluation of Land (Enforcement Ordinance No. 119, promulgated March 31, 1998), and the amount of land tax is calculated on the basis of the land tax amount specified under Article 16 of the Land-holding Tax Act, adjusted rationally in accordance with the basis of calculation announced officially by the National Tax Agency.

Total difference between market value of land for banking operations revalued in accordance with Article 10 of the Law and the total book value of the land after such revaluation are as follows.

Millions of yen		Thousands of U.S. dollars
2025	2024	2025
¥ 7,770	¥ 8,025	\$ 51,970

10. Accumulated depreciation of property, plant and equipment

Millions of yen		Thousands of U.S. dollars
2025	2024	2025
Accumulated depreciation	¥ 23,967 ¥ 23,769	\$ 160,294

11. Amounts of tax purpose reduction entry of property, plant and equipment

Millions of yen		Thousands of U.S. dollars
2025	2024	2025
Amounts of reduction entry	¥ 3,281 ¥ 3,362	\$ 21,948

12. Acceptances and guarantees

The amounts of guarantee obligations on corporate bonds under “Securities” that were placed through private securities offerings are as follows.

Millions of yen		Thousands of U.S. dollars
2025	2024	2025
¥ 10,781	¥ 6,718	\$ 72,105

Notes to the Consolidated Statements of Operations

13. Other income

Other income includes the following.

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Gains on sales of shares	¥ 1,518	¥ 4,253	\$ 10,158	

14. General and administrative expenses

General and administrative expenses include the following.

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Salaries and allowances	¥ 12,487	¥ 12,094	\$ 83,515	

15. Other expenses

Other expenses include the following.

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Losses on devaluation of shares	¥ 0	¥ 3	\$ 1	
Losses on sales of shares	426	124	2,852	

16. Revenue from contracts with customers

For ordinary revenue from sales, revenue from contracts with customers is not listed separately from other income. The amount of revenue from contracts with customers is detailed in Note 31 of the Notes to Consolidated Financial Statements related to revenue recognition: "Breakdown of revenue from contracts with customers."

Notes to the Consolidated Statements of Comprehensive Income

17. Reclassification adjustments and tax effects related to other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Valuation difference on available-for-sale securities			
Gains (losses) arising during the year	¥ (15,686)	¥ 14,874	\$ (104,914)
Reclassification adjustments	1,556	(1,082)	10,413
Amount before Income tax and tax effect	(14,129)	13,791	(94,501)
Income tax and tax effect	4,192	(4,057)	28,039
Total	(9,937)	9,734	(66,462)
Revaluation reserve for land			
Gains (losses) arising during the year	—	—	—
Reclassification adjustments	—	—	—
Amount before Income tax and tax effect	—	—	—
Income tax and tax effect	(69)	—	(465)
Total	(69)	—	(465)
Remeasurements of defined benefit plans			
Gains (losses) arising during the year	163	72	1,092
Reclassification adjustments	11	24	78
Amount before Income tax and tax effect	174	96	1,170
Income tax and tax effect	(53)	(29)	(358)
Total	121	67	812
Total other comprehensive income	(9,885)	9,801	(66,115)

Notes to the Consolidated Statements of Changes in Net Assets

18. Changes in Net Assets

Under the Companies Law and the Banking Law of Japan, the following is provided: the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by a resolution of its board of directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

The Companies Law and the Banking Law provide that an amount equal to at least 20% of cash dividends shall be appropriated and set aside as a legal reserve until the total amount of legal reserve and additional paid-in capital equals 100% of common stock. The legal reserve and additional paid-in capital may be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or may be capitalized by a resolution of the board of directors. On condition that the total amount of legal reserve and additional paid-in capital remains equal to or exceeds 100% of common stock, they are available for distribution by a resolution of the shareholders' meeting. Legal reserve is included in retained earnings in the accompanying financial statements.

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

Previous fiscal year (From April 1, 2023 to March 31, 2024)

(1) Classes and total number of shares issued including treasury shares (Thousands of shares)

	Number of shares outstanding at the beginning of the fiscal year	Increase	Decrease	Number of shares outstanding at the end of the fiscal year	Remarks
Number of shares issued and outstanding					
Common shares	24,144	—	—	24,144	
Total	24,144	—	—	24,144	
Treasury shares					
Common shares	1,100	0	122	978	(Notes 1, 2, 3)
Total	1,100	0	122	978	

Notes:

1. The number of treasury shares includes shares of the Bank held by the employee stock ownership trust (389 thousand shares at the beginning of the fiscal year and 289 thousand shares at the end of the fiscal year) and shares held by the board benefit trust (177 thousand shares at the beginning of the fiscal year and 155 thousand shares at the end of the fiscal year).
2. The number of treasury shares increased due to the purchase of 0 thousand fractional share units.
3. The number of treasury shares decreased due to the transfer of 99 thousand shares of the Bank held by the employee stock ownership trust to the Employee Stock Holdings, the award of 22 thousand shares associated with the retirement of two executive officers based on the board benefit trust, and 0 thousand shares due to requests for share purchases to supplement fractional share units.

(2) Subscription rights to shares

Not applicable.

(3) Dividends

(i) Dividends paid in the fiscal year

(Resolution)	Type of share	Aggregate amount of dividends	Dividends per share (Yen)	Record date	Effective date
		(Millions of yen)			
May 12, 2023 Board of Directors	Common shares	590	25	March 31, 2023	June 2, 2023
November 10, 2023 Board of Directors	Common shares	590	25	September 30, 2023	December 4, 2023

Notes:

1. Total dividend amounts pursuant to the resolutions of the Board of Directors on May 12, 2023, include dividend amounts of ¥9 million paid to shares of the employee stock ownership trust and ¥4 million paid to shares of the board benefit trust.
2. Total dividend amounts pursuant to the resolutions of the Board of Directors on November 10, 2023, include dividend amounts of ¥8 million paid to shares of the employee stock ownership trust and dividend amounts of ¥3 million paid to shares of the board benefit trust.

(ii) Dividends with a record date during the fiscal year ended March 31, 2024, but whose effective date is after March 31, 2024, are as follows:

(Resolution)	Type of share	Aggregate amount of dividends	Dividend resources	Dividends per share (Yen)	Record date	Effective date
		(Millions of yen)				
May 10, 2024 Board of Directors	Common shares	590	Retained earnings	25	March 31, 2024	May 31, 2024

Note: Total dividend amounts include ¥7 million paid to shares of the employee stock ownership trust and ¥3 million paid to shares of the board benefit trust.

Current fiscal year (From April 1, 2024 to March 31, 2025)

(1) Classes and total number of shares issued including treasury shares

(Thousands of shares)

	Number of shares outstanding at the beginning of the fiscal year	Increase	Decrease	Number of shares outstanding at the end of the fiscal year	Remarks
Number of shares issued and outstanding					
Common shares	24,144	—	—	24,144	
Total	24,144	—	—	24,144	
Treasury shares					
Common shares	978	603	1,114	466	(Notes 1, 2, 3)
Total	978	603	1,114	466	

Notes:

1. The number of treasury shares includes shares of the Bank held by the employee stock ownership trust (289 thousand shares at the beginning of the fiscal year and 208 thousand shares at the end of the fiscal year) and shares held by the board benefit trust (155 thousand shares at the beginning of the fiscal year and 155 thousand shares at the end of the fiscal year).
2. The increase in the number of treasury shares was due to the purchase of 600 thousand shares through market transactions for the acquisition of treasury shares, and the purchase of 3 thousand shares resulting from requests to buy back fractional share units.
3. The decrease in the number of treasury shares was due to the disposal of 1,033 thousand shares in connection with the share exchange, the transfer of 80 thousand shares to the Employee Stock Holdings under the stock ownership trust, and the sale of 0 thousand shares in response to requests for share purchases to supplement fractional share units.

(2) Subscription rights to shares

Not applicable.

(3) Dividends

(i) Dividends paid in the fiscal year

(Resolution)	Type of share	Aggregate amount of dividends		Dividends per share (Yen)	Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)			
May 10, 2024 Board of Directors	Common shares	590	3,948	25	March 31, 2024	May 31, 2024
November 8, 2024 Board of Directors	Common shares	575	3,847	25	September 30, 2024	December 3, 2024

Notes:

1. Total dividend amounts pursuant to the resolutions of the Board of Directors on May 10, 2024, include dividend amounts of ¥7 million (U.S. \$48 thousand) paid to shares of the employee stock ownership trust and ¥6 million (U.S. \$42 thousand) paid to shares of the board benefit trust.
2. Total dividend amounts pursuant to the resolutions of the Board of Directors on November 8, 2024, include dividend amounts of ¥3 million (U.S. \$26 thousand) paid to shares of the employee stock ownership trust and dividend amounts of ¥3 million (U.S. \$26 thousand) paid to shares of the board benefit trust.

(ii) Dividends with a record date during the fiscal year ended March 31, 2025, but whose effective date is after March 31, 2025, are as follows:

(Resolution)	Type of share	Aggregate amount of dividends		Dividend resources	Dividends per share (Yen)	Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)				
May 9, 2025 Board of Directors	Common shares	793	5,306	Retained earnings	33	March 31, 2025	May 30, 2025

Note: Total dividend amounts include ¥6 million (U.S. \$46 thousand) paid to shares of the employee stock ownership trust and ¥5 million (U.S. \$34 thousand) paid to shares of the board benefit trust.

Notes to the Consolidated Statement of Cash Flows

19. Reconciliation of cash and cash equivalents

The following table shows reconciliation between “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.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash and due from banks	¥ 872,378	¥ 896,184	\$ 5,834,528
Other deposits	(1,184)	(1,317)	(7,919)
Cash and cash equivalents	871,194	894,866	5,826,609

20. Lease Transactions

(1) Finance lease transactions

Finance leases that do not transfer ownership

(i) As a lessee

A. Description of lease assets

a. Property, plant and equipment

Predominantly vehicles, equipment, and fixtures

b. Intangible fixed assets

None

B. Depreciation method for lease assets

Refer to “(iii) Depreciation and amortization methods” of “(4) Significant accounting policies” in 2. Significant accounting policies and practices.

(ii) As a lessor

This note is omitted, as the total amount is insignificant.

(2) Operating lease transactions

Total lease payments or receivables under non-cancelable operating lease transactions

(i) As a lessee

This note is omitted, as the total amount is insignificant.

(ii) As a lessor

This note is omitted, as the total amount is insignificant.

(3) Sublease transactions

Amounts corresponding to sublease transactions stated on the consolidated sheet before deduction of interest were omitted due to insignificant.

21. Financial Instruments

(1) Circumstances of financial instruments

(i) Policies for engagement with financial instruments

The Group is engaged in a variety of financial services centered on the banking businesses, such as deposit operations, lending operations, and foreign exchange operations. Moreover, in order to acquire stable returns, the Group utilizes the funds of securities on the investment side.

Furthermore, the Group engages in derivative transactions in order to respond to customers' requests on risk hedging related to foreign currency exchange as well as for use in asset liability management (ALM) for the appropriate management of the Group's own market risks, and as a measure for investing with partially mitigated risk. And the Group has determined not to engage in derivative transactions of a complex structure and speculative nature.

Certain consolidated subsidiaries of the Group operate banking and leasing businesses.

(ii) Content and risks of financial instruments

Financial assets held by the Group, principally loans and bills discounted extended to domestic customers are exposed to credit risk and market risk. Securities, principally debt securities, shares, and investment trusts, held by the Group are exposed to credit risk and market risk.

Financial liabilities held by the Group, principally deposits, are exposed to market risk. Borrowed money is subject to market risk and liquidity risk of becoming unable to execute payment on due date, such as that the Group cannot use the market under certain circumstances.

With regard to derivative transactions, the Group employs interest rate swaps in interest-related transactions, currency swaps, currency options, and currency forwards in currency-related transactions. The Group is exposed to credit risk and market risk.

(iii) Risk management structure related to financial instruments

A. Credit risk management

Credit risk means the risk of suffering loss from a decrease or extermination of the value of assets (including off-balance items) of the Group by the deterioration in the creditworthiness of the obligor.

For the Group, credit risk is an unavoidable risk for the purposes of its business operations. The Group aims to create its structure capable of controlling credit risk because the Group is fully aware of the necessity of rapid responsive action to such risk. Specifically, the Group has established the Credit concentration risk management standards and is working to identify and improve upon such risk in order to avoid credit concentration risks and create balanced credit portfolios.

With regard to credit risk measurement, the Group assesses and analyzes its credit risk status according to credit rating, industry and region, and exercises risk-based quantitative management and control in accordance with the Risk capital system.

B. Market risk management

Market risk means the risk of financial loss to the Group through changes in income and value of assets and liabilities held, including off-balance items, due to fluctuations in various market risk factors, such as interest rates, exchange rates, equity prices.

a. Risk management

Market risk mainly consists of interest risk, foreign exchange risk and price fluctuation.

The Group considers market risk as a constituent part of ALM. The Group intends to maintain an appropriate balance of risk and return based on capital adequacy, profitability, trends of loan and deposit, the status of securities holdings.

Specifically, the management committee makes discussions concerning the status of comprehensive risk values, risk values of the market investment division, and quantitative interest rate risk of loans and deposits, as well as discussions of the securities investment plan, which enables the Group to manage integrally the Group's overall risk and market risk. The market investment division establishes its position limits for entire securities and by type of security, and carries out market transaction flexibly within them.

Additionally, the market risk management unit (middle office) is organizationally segregated from the front office operations to maintain the segregation of duties, and conducts daily monitoring of the risk status.

The market risk management unit identifies quantitative market risk using Value at risk (VaR) for the securities, loans and deposits accounts of banking operation, and conduct risk management and analysis.

b. Quantitative information concerning market risk

The variance-covariance method is used to calculate the Group's market risk (VaR).

Investment held in securities accounts

Holding period: 6 months; confidence level: 99.0%; observation period: 5 years

Policy investments held in securities accounts

Holding period: 1 year; confidence level: 99.0%; observation period: 5 years

Loans and deposits accounts

Holding period: 1 year; confidence level: 99.0%; observation period: 5 years

In the calculation of the amount of market risk (VaR) of loans and deposits accounts, the Group considers core deposits and uses an internal model approach to measure core deposits.

At the end of this fiscal year, the total amount of market risk (VaR) of the Group amounted to ¥33,217 million (U.S. \$222,161 thousand)—¥41,744 million at the previous fiscal year-end—and loans and deposit accounts totaled ¥14,574 million (U.S. \$97,475 thousand)—¥18,960 million at the previous fiscal year-end.

In order to verify the reliability of its methods for measuring market risk, the Group performs back testing by comparing VaR calculated for securities accounts for a one-day holding period with the day-to-day declines in market value and checks its validity.

However, VaR measures the market risk under a certain probability statistically calculated based on historical market fluctuations, and risks may not be captured in the event of extraordinarily rapid changes in market conditions.

C. Liquidity risk management relevant to fundraising

Liquidity risk comprises “cash management risk”, the risk of suffering loss when necessary funds cannot be secured or the funds are forced to be raised only at an abnormally high interest rate, due to a period mismatch between investments and funding, or due to unforeseeable fund outflows; “market liquidity risk”, the risk of suffering loss when transactions cannot take place due to market turmoil or can only be conducted at an abnormally inferior price; and “settlement risk”, the risk of suffering loss when funds or assets cannot be received as planned through settlements with counterparties.

Liquidity risk refers to those three comprehensive risks, cash management risk, market liquidity risk, and settlement risk. The Group considers controlling of cash management risk the important management issue since market liquidity risk and settlement risk belong ultimately to cash management risk.

The Group conducts appropriate cash management and reporting to the executive officer in charge of the comprehensive risk management division through management of the fund procurement structure, funding gaps between investments and procurement, and liquidity reserves for Japanese yen and foreign denominated funds.

Specifically, the Group has defined categories rated as “normal,” “alert,” and “crisis” according to the status of cash management and has determined subsets of management methods, reporting frameworks, and approval modes for each category, managed by the organizationally independent front office, back office, and middle office with monitoring mutually.

(iv) Supplementary explanation concerning fair value of financial instruments

The measurement of fair value of financial instruments is based on certain assumptions and may vary when different assumptions are employed.

(2) Fair values of financial instruments

The carrying amounts on the consolidated balance sheets and fair values of financial instruments as of March 31, 2025 and 2024, as well as the differences between these values are presented below. Shares and investments in partnerships without market prices are not included in the following table (See Note 1). Also, as cash and due from banks as well as cash collateral received for securities lent are repaid in a short time frame, their fair values are essentially equivalent to their book values, so these are also omitted. Notes for instruments deemed immaterial are also excluded.

Previous fiscal year (March 31, 2024)

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Securities			
Held-to-maturity debt securities	201,241	201,000	(241)
Available-for-sale securities	609,147	609,147	—
(2) Loans and bills discounted	2,340,316		
Allowance for loan losses ^{*1}	(18,287)		
	2,322,028	2,305,963	(16,065)
Total assets	3,132,418	3,116,110	(16,307)
(1) Deposits	3,411,241	3,410,765	(476)
(2) Borrowed money	572,888	572,888	—
Total liabilities	3,984,130	3,983,654	(476)
Derivative transactions ^{*2}			
Not qualifying for hedge accounting	(176)	(176)	—
Qualifying for hedge accounting	—	—	—
Total derivative transactions	(176)	(176)	—

^{*1}: A general allowance for loan losses and specific allowance for loan losses are deducted from loans and bills discounted.

^{*2}: Derivative transactions recorded in other assets and other liabilities are presented collectively.

Receivables and payables arising from derivative transactions are presented on a net basis, and net payables are presented with parentheses: ()

Current fiscal year (March 31, 2025)

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Securities			
Held-to-maturity debt securities	298,402	293,888	(4,513)
Available-for-sale securities	626,162	626,162	—
(2) Loans and bills discounted	2,361,120		
Allowance for loan losses* ¹	(17,926)		
	2,343,193	2,285,365	(57,828)
Total assets	3,267,758	3,205,416	(62,341)
(1) Deposits	3,410,934	3,410,258	(675)
(2) Borrowed money	523,514	523,514	—
Total liabilities	3,934,448	3,933,773	(675)
Derivative transactions* ²			
Not qualifying for hedge accounting	22	22	—
Qualifying for hedge accounting	—	—	—
Total derivative transactions	22	22	—

*1: A general allowance for loan losses and specific allowance for loan losses are deducted from loans and bills discounted.

*2: Derivative transactions recorded in other assets and other liabilities are presented collectively.

Receivables and payables arising from derivative transactions are presented on a net basis.

Current fiscal year (March 31, 2025)

(Thousands of U.S. dollars)

	Carrying amount	Fair value	Difference
(1) Securities			
Held-to-maturity debt securities	1,995,733	1,965,547	(30,186)
Available-for-sale securities	4,187,817	4,187,817	—
(2) Loans and bills discounted	15,791,335		
Allowance for loan losses* ¹	(119,894)		
	15,671,441	15,284,681	(386,760)
Total assets	21,854,991	21,438,045	(416,946)
(1) Deposits	22,812,561	22,808,041	(4,520)
(2) Borrowed money	3,501,303	3,501,303	—
Total liabilities	26,313,864	26,309,344	(4,520)
Derivative transactions* ²			
Not qualifying for hedge accounting	153	153	—
Qualifying for hedge accounting	—	—	—
Total derivative transactions	153	153	—

*1: A general allowance for loan losses and specific allowance for loan losses are deducted from loans and bills discounted.

*2: Derivative transactions recorded in other assets and other liabilities are presented collectively.

Receivables and payables arising from derivative transactions are presented on a net basis.

Note 1: The amounts for shares and investments in partnerships without market prices on the consolidated balance sheets are as stated below. The fair value of financial instruments is not included in “Available-for-sale securities.”

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Unlisted stocks ^{*1, *2}	¥ 1,218	¥ 2,013	\$ 8,151	
Investments in partnerships ^{*3}	14,389	12,064	96,238	

*1: Unlisted stocks are excluded from fair value disclosure in line with Paragraph 5 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

*2: During the previous fiscal year, an impairment loss of ¥3 million was recognized against unlisted stocks.
During the current fiscal year, an impairment loss of ¥0 million (U.S. \$1 thousand) was recognized against unlisted stocks.

*3: Investments in partnerships are excluded from fair value disclosure in line with Paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

Note 2: Redemption schedule of monetary claims and securities with maturities after March 31, 2025 and 2024

Previous fiscal year (March 31, 2024)

(Millions of yen)

	Within one year	Over one year to three years	Over three years to five years	Over five years to seven years	Over seven years to ten years	Over ten years
Due from banks	870,129	—	—	—	—	—
Securities	53,118	230,613	166,636	40,478	161,802	70,081
Held-to-maturity debt securities	—	100,000	52,500	—	50,000	—
Government bonds	—	100,000	52,500	—	50,000	—
Available-for-sale securities with maturities	53,118	130,613	114,136	40,478	111,802	70,081
Government bonds	—	31,000	—	—	17,500	—
Local government bonds	5,104	2,705	27,005	4,114	30,960	7,833
Corporate bonds	35,370	45,554	43,441	6,867	527	61,255
Others	12,644	51,354	43,689	29,496	62,814	992
Loans and bills discounted*	681,738	454,045	285,619	184,477	179,405	465,484
Total	1,604,987	684,658	452,255	224,955	341,207	535,565

* The balances exclude loans and bills discounted for debtors who are legally bankrupt, substantially bankrupt or likely to become bankrupt that are not expected to be collected, amounting to ¥35,104 million and those without maturity, amounting to ¥54,440 million.

Current fiscal year (March 31, 2025)

(Millions of yen)

	Within one year	Over one year to three years	Over three years to five years	Over five years to seven years	Over seven years to ten years	Over ten years
Due from banks	840,287	—	—	—	—	—
Securities	153,938	328,080	120,364	66,030	170,063	21,716
Held-to-maturity debt securities	100,000	150,000	—	—	50,000	—
Government bonds	100,000	150,000	—	—	50,000	—
Available-for-sale securities with maturities	53,938	178,080	120,364	66,030	120,063	21,716
Government bonds	10,000	78,500	20,500	12,500	31,000	—
Local government bonds	2,163	5,227	42,027	17,303	27,432	7,442
Corporate bonds	24,608	45,894	29,349	2,616	831	12,653
Others	17,166	48,459	28,487	33,611	60,799	1,620
Loans and bills discounted*	646,945	471,224	304,792	189,403	185,669	461,239
Total	1,641,172	799,305	425,156	255,434	355,733	482,956

* The balances exclude loans and bills discounted for debtors who are legally bankrupt, substantially bankrupt or likely to become bankrupt that are not expected to be collected, amounting to ¥39,845 million and those without maturity, amounting to ¥61,999 million.

Current fiscal year (March 31, 2025)

(Thousands of U.S. dollars)

	Within one year	Over one year to three years	Over three years to five years	Over five years to seven years	Over seven years to ten years	Over ten years
Due from banks	5,619,903	—	—	—	—	—
Securities	1,029,553	2,194,226	805,004	441,619	1,137,395	145,242
Held-to-maturity debt securities	668,807	1,003,210	—	—	334,403	—
Government bonds	668,807	1,003,210	—	—	334,403	—
Available-for-sale securities with maturities	360,746	1,191,016	805,004	441,619	802,992	145,242
Government bonds	66,881	525,013	137,105	83,601	207,330	—
Local government bonds	14,470	34,960	281,081	115,729	183,473	49,775
Corporate bonds	164,582	306,944	196,291	17,496	5,559	84,627
Others	114,813	324,099	190,527	224,793	406,630	10,840
Loans and bills discounted*	4,326,816	3,151,581	2,038,474	1,266,744	1,241,774	3,084,804
Total	10,976,272	5,345,807	2,843,478	1,708,363	2,379,169	3,230,046

* The balances exclude loans and bills discounted for debtors who are legally bankrupt, substantially bankrupt or likely to become bankrupt that are not expected to be collected, amounting to U.S. \$266,487 thousand and those without maturity, amounting to U.S. \$414,654 thousand.

Note 3: Repayment schedule of interest-bearing liabilities after March 31, 2025 and 2024

Previous fiscal year (March 31, 2024)

(Millions of yen)

	Within one year	Over one year to three years	Over three years to five years	Over five years to seven years	Over seven years to ten years	Over ten years
Deposits*	3,308,782	87,452	12,122	1,029	1,854	—
Securities sold under repurchase agreements	1,530	—	—	—	—	—
Borrowed money	184,134	140,027	248,726	—	—	—
Total	3,494,447	227,480	260,848	1,029	1,854	—

* The balance of demand deposits is included in "Within one year."

Current fiscal year (March 31, 2025)

(Millions of yen)

	Within one year	Over one year to three years	Over three years to five years	Over five years to seven years	Over seven years to ten years	Over ten years
Deposits*	3,294,742	94,781	17,120	1,058	3,230	—
Securities sold under repurchase agreements	804	—	—	—	—	—
Cash collateral received for securities lent	162,554	—	—	—	—	—
Borrowed money	204,413	319,101	—	—	—	—
Total	3,662,515	413,882	17,120	1,058	3,230	—

* The balance of demand deposits is included in "Within one year."

Current fiscal year (March 31, 2025)

(Thousands of U.S. dollars)

	Within one year	Over one year to three years	Over three years to five years	Over five years to seven years	Over seven years to ten years	Over ten years
Deposits*	22,035,466	633,904	114,505	7,078	21,608	—
Securities sold under repurchase agreements	5,382	—	—	—	—	—
Cash collateral received for securities lent	1,087,174	—	—	—	—	—
Borrowed money	1,367,130	2,134,173	—	—	—	—
Total	24,495,152	2,768,077	114,505	7,078	21,608	—

* The balance of demand deposits is included in "Within one year."

(3) Breakdown for the fair value of financial instruments

The fair value of financial instruments by level of inputs

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

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

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

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

When multiple inputs of different categories are used in measuring fair value, the Bank and its subsidiaries classify the fair value into the category to which the lowest priority is assigned.

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

Previous fiscal year (March 31, 2024)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Available-for-sale securities				
Government and local government bonds	48,195	76,837	—	125,032
Corporate bonds	—	182,784	6,840	189,625
Stocks	49,084	—	—	49,084
Others	39,871	204,931	600	245,404
Total assets	137,151	464,554	7,441	609,147
Derivative transactions				
Currency-related transactions	—	(176)	—	(176)
Total derivative transactions	—	(176)	—	(176)

*1 None of the securities were investment trusts to which Paragraphs 24-3 and 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) apply.

Reconciliation between the balance for investment trusts where the usage defined in Paragraph 24-9 has been applied at the start and end of the period

(Millions of yen)

Balance at the start of the period	Gains/losses during the period and other comprehensive income		Net amount from purchase, sale, and redemption	Amount where the reference price for investment trusts is deemed to represent fair value	Amount where the reference price for investment trusts is not deemed to represent fair value	Balance at the end of the period	Gains/losses from valuation for investment trusts held on the date of the consolidated balance sheet where amounts of gains/losses have been recorded for the current fiscal year
	Recorded as gains/losses (Note 1)	Recorded as other comprehensive income (Note 2)					
444	7	(11)	(440)	—	—	—	—

Note 1: Included in "Other operating income" in the consolidated statements of operation.

Note 2: Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statement of comprehensive income.

*2 Derivative transactions recorded in other assets and other liabilities are presented collectively.

Receivables and payables arising from derivative transactions are presented on a net basis, and net payables are presented with parentheses: ()

Current fiscal year (March 31, 2025)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Available-for-sale securities				
Government and local government bonds	148,611	96,302	—	244,913
Corporate bonds	—	102,484	10,934	113,419
Stocks	44,032	19	—	44,052
Others	38,675	184,500	599	223,776
Total assets	231,319	383,307	11,534	626,162
Derivative transactions				
Currency-related transactions	—	22	—	22
Total derivative transactions	—	22	—	22

*1 None of the securities were investment trusts to which Paragraphs 24-3 and 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) apply.

*2 Derivative transactions recorded in other assets and other liabilities are presented collectively. Receivables and payables arising from derivative transactions are presented on a net basis.

Current fiscal year (March 31, 2025)

(Thousands of U.S. dollars)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Available-for-sale securities				
Government and local government bonds	993,922	644,079	—	1,638,001
Corporate bonds	—	685,424	73,133	758,557
Stocks	294,495	134	—	294,629
Others	258,666	1,233,952	4,012	1,496,630
Total assets	1,547,083	2,563,589	77,145	4,187,817
Derivative transactions				
Currency-related transactions	—	153	—	153
Total derivative transactions	—	153	—	153

*1 None of the securities were investment trusts to which Paragraphs 24-3 and 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) apply.

*2 Derivative transactions recorded in other assets and other liabilities are presented collectively. Receivables and payables arising from derivative transactions are presented on a net basis.

(2) Financial instruments not recorded at fair value on the consolidated balance sheet

Previous fiscal year (March 31, 2024)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Government and local government bonds	201,000	—	—	201,000
Loans and bills discounted	—	—	2,305,963	2,305,963
Total assets	201,000	—	2,305,963	2,506,963
Deposits	—	3,410,765	—	3,410,765
Borrowed money	—	572,888	—	572,888
Total liabilities	—	3,983,654	—	3,983,654

Current fiscal year (March 31, 2025)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Government and local government bonds	293,888	—	—	293,888
Loans and bills discounted	—	—	2,285,365	2,285,365
Total assets	293,888	—	2,285,365	2,579,254
Deposits	—	3,410,258	—	3,410,258
Borrowed money	—	523,514	—	523,514
Total liabilities	—	3,933,773	—	3,933,773

Current fiscal year (March 31, 2025)

(Thousands of U.S. dollars)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Government and local government bonds	1,965,547	—	—	1,965,547
Loans and bills discounted	—	—	15,284,681	15,284,681
Total assets	1,965,547	—	15,284,681	17,250,228
Deposits	—	22,808,041	—	22,808,041
Borrowed money	—	3,501,303	—	3,501,303
Total liabilities	—	26,309,344	—	26,309,344

Note 1: Explanation of evaluation methods used to calculate fair value and inputs related to the calculation of fair value

Assets

Securities

As market fair values for listed stocks in active markets can be used without adjustment, these are classified as Level 1 fair values. Securities with low trading frequency that are not considered to have quoted prices in active markets are classified as Level 2.

The fair values of private placement bonds guaranteed by the Bank are calculated based on the value of expected future cash flows, after deductions for credit risk for the total amount of principal and interest by the issuer's internal rating and certain time period has been applied, discounted at the market interest rate. As credit risk is an input with unobservable significant effect (a "significant unobservable input"), these are classified as Level 3 fair values. For investment trusts for which there is no market fair value, reference prices are used as fair value provided that there are no significant restrictions that would warrant demands from market participants for an amount equivalent to the risk of cancellation or repurchase. These are classified as Level 2 fair values.

Securities not detailed above use fair values based on evaluation amounts provided by third parties. Of those, securities for which there are fair values for equivalent assets or liabilities in active markets and that are not adjusted are classified as Level 1. Those that use significant unobservable inputs are classified as Level 3, while others are classified as Level 2 fair values.

Loans and bills discounted

Loans and bills with fluctuating interest rates can be reflected by market interest rates in the short term, and provided the credit risk of the borrower does not change dramatically, fair values are essentially equivalent to their book values and so fair value is taken to be the relevant book value. The fair values of loans and bills with fixed interest rates are calculated based on the value of expected future cash flows, after deductions for credit risk for the total amount of principal and interest principally by the type of loan, issuer's internal rating and certain time period has been applied, discounted at the market interest rate.

Fair values for loans and bills with short contract periods (a year or less) are essentially equivalent to their book values and so fair value is taken to be the relevant book value. For loans to bankrupt, substantially bankrupt, and potentially bankrupt borrowers, fair value is an amount where the individual allowance for loan losses is deducted from book value. As credit risk is a significant unobservable input, these are classified as Level 3 fair values.

Liabilities

Deposits

For demand deposits paid immediately after a demand on the consolidated balance sheet date, that amount is taken as the fair value. The fair values of time deposits are determined based on the present discounted value of future cash flows by certain time periods discounted by expected future cash flows. The discount rate uses the interest rate required for newly originated deposits. These are classified as Level 2 fair values.

Borrowed money

The fair values of borrowed money are determined based on the present value of the total amount of principal and interest by certain time periods discounted at the interest rate that would be presumably applied for similar borrowings. Fair values for borrowed money with short contract periods (a year or less) are essentially equivalent to their book values and so fair value is taken to be the relevant book value. These are classified as Level 2 fair values.

Derivative transactions

The fair values of derivative transactions are calculated using present value evaluation method, the Black-Scholes model, or other evaluation method depending on the type of transaction or time until completion. Major inputs for these used in these evaluation methods include interest, exchange rates, and volatility. For those where unobservable inputs are not used, or where the influence of such is deemed insignificant, these are classified as Level 2 fair values. These include exchange contract transactions, currency option transactions, and currency swap transactions.

Note 2: Information on Level 3 fair values of financial instruments recorded at fair value on the consolidated balance sheet

(1) Quantitative information related to significant unobservable inputs

Previous fiscal year (March 31, 2024)

Category	Evaluation method	Significant unobservable inputs	Scope of inputs	Input-weighted average
Available-for-sale securities				
Corporate bonds (private placement bonds guaranteed by the Bank)	Present value evaluation method	Default probability	0.0–7.9%	0.5%

Current fiscal year (March 31, 2025)

Category	Evaluation method	Significant unobservable inputs	Scope of inputs	Input-weighted average
Available-for-sale securities				
Corporate bonds (private placement bonds guaranteed by the Bank)	Present value evaluation method	Default probability	0.0–8.0%	0.3%

(2) Reconciliation between the balances at the start and end of the current fiscal year and gains/losses from valuation recognized as gains/losses during the period

Previous fiscal year (March 31, 2024)

(Millions of yen)

	Balance at the start of the period	Gains/losses during the period and other comprehensive income		Net amounts for purchase, sales, issuance, and settlements	Transfer to Level 3	Transfer from Level 3	Balance at the end of the period	Gains/losses from valuation for financial assets and financial liabilities held on the date of the consolidated balance sheet where amounts of gains/losses have been recorded for the current fiscal year
		Recorded as gains/losses	Recorded as other comprehensive income*1					
Securities								
Available-for-sale securities								
Corporate bonds	5,347	—	(18)	1,512	—	—	6,840	—
Others	602	—	(1)	—	—	—	600	—

*1 Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statement of comprehensive income.

Current fiscal year (March 31, 2025)

(Millions of yen)

	Balance at the start of the period	Gains/losses during the period and other comprehensive income		Net amounts for purchase, sales, issuance, and settlements	Transfer to Level 3	Transfer from Level 3	Balance at the end of the period	Gains/losses from valuation for financial assets and financial liabilities held on the date of the consolidated balance sheet where amounts of gains/losses have been recorded for the current fiscal year
		Recorded as gains/losses	Recorded as other comprehensive income*1					
Securities								
Available-for-sale securities								
Corporate bonds	6,840	—	61	4,032	—	—	10,934	—
Others	600	—	(0)	—	—	—	599	—

*1 Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statement of comprehensive income.

Current fiscal year (March 31, 2025)

(Thousands of U.S. dollars)

	Balance at the start of the period	Gains/losses during the period and other comprehensive income		Net amounts for purchase, sales, issuance, and settlements	Transfer to Level 3	Transfer from Level 3	Balance at the end of the period	Gains/losses from valuation for financial assets and financial liabilities held on the date of the consolidated balance sheet where amounts of gains/losses have been recorded for the current fiscal year
		Recorded as gains/losses	Recorded as other comprehensive income*1					
Securities								
Available-for-sale securities								
Corporate bonds	45,752	—	409	26,972	—	—	73,133	—
Others	4,018	—	(6)	—	—	—	4,012	—

*1 Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statement of comprehensive income.

(3) Explanation of the fair value evaluation process

Within the Bank accounting departments set policies and procedures for calculating fair value, and the market departments calculate fair value in accordance with these policies and procedures. For the fair values so calculated, the accounting departments assess the evaluation method used, the validity of the inputs, and the appropriateness of the level into which the value has been categorized.

In calculating fair value, the most appropriate evaluation model, which can reflect the nature, special characteristics, and risks of each individual asset, are used. Even for instances when a market value provided by a third party is used, the evaluation method and the validity of the value are assessed through appropriate methods.

(4) Explanation of effect on fair value when significant unobservable inputs are changed

A significant unobservable input that is used to calculate fair value on private placement bonds guaranteed by the Bank is the default probability. A significant rise (or drop) in the default probability rate will cause a significant drop (or rise) in the fair value.

22. Securities

“Shares of subsidiaries and affiliates” are disclosed in the notes to the financial statements.

(1) Securities for trading purposes

Previous fiscal year (March 31, 2024)

None

Current fiscal year (March 31, 2025)

None

(2) Held-to-maturity debt securities

Previous fiscal year (March 31, 2024)

(Millions of yen)

	Type	Carrying amount	Fair value	Difference
Securities for which fair value exceeds the carrying amounts on the consolidated balance sheets	Government bonds	24,870	24,889	18
	Local government bonds	—	—	—
	Corporate bonds	—	—	—
	Others	—	—	—
	Subtotal	24,870	24,889	18
Securities for which fair value does not exceed the carrying amounts on the consolidated balance sheets	Government bonds	176,371	176,110	(260)
	Local government bonds	—	—	—
	Corporate bonds	—	—	—
	Others	—	—	—
	Subtotal	176,371	176,110	(260)
Total		201,241	201,000	(241)

Current fiscal year (March 31, 2025)

(Millions of yen)

	Type	Carrying amount	Fair value	Difference
Securities for which fair value exceeds the carrying amounts on the consolidated balance sheets	Government bonds	—	—	—
	Local government bonds	—	—	—
	Corporate bonds	—	—	—
	Others	—	—	—
	Subtotal	—	—	—
Securities for which fair value does not exceed the carrying amounts on the consolidated balance sheets	Government bonds	298,402	293,888	(4,513)
	Local government bonds	—	—	—
	Corporate bonds	—	—	—
	Others	—	—	—
	Subtotal	298,402	293,888	(4,513)
Total		298,402	293,888	(4,513)

Current fiscal year (March 31, 2025)

(Thousands of U.S. dollars)

	Type	Carrying amount	Fair value	Difference
Securities for which fair value exceeds the carrying amounts on the consolidated balance sheets	Government bonds	—	—	—
	Local government bonds	—	—	—
	Corporate bonds	—	—	—
	Others	—	—	—
	Subtotal	—	—	—
Securities for which fair value does not exceed the carrying amounts on the consolidated balance sheets	Government bonds	1,995,734	1,965,547	(30,187)
	Local government bonds	—	—	—
	Corporate bonds	—	—	—
	Others	—	—	—
	Subtotal	1,995,734	1,965,547	(30,187)
Total		1,995,734	1,965,547	(30,187)

(3) Available-for-sale securities

Previous fiscal year (March 31, 2024)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Securities for which carrying amount exceeds acquisition cost	Stocks	47,062	22,551	24,511
	Bonds	38,256	38,062	193
	Government bonds	—	—	—
	Local government bonds	18,749	18,713	36
	Corporate bonds	19,506	19,349	157
	Others	117,529	111,975	5,553
	Foreign securities	20,595	20,159	435
	Subtotal	202,848	172,589	30,258
Securities for which carrying amount does not exceed acquisition cost	Stocks	2,021	2,160	(138)
	Bonds	276,402	281,174	(4,771)
	Government bonds	48,195	48,566	(370)
	Local government bonds	58,087	58,931	(843)
	Corporate bonds	170,119	173,677	(3,558)
	Others	127,874	136,565	(8,691)
	Foreign securities	28,653	29,113	(460)
	Subtotal	406,299	419,900	(13,601)
Total		609,147	592,490	16,657

Current fiscal year (March 31, 2025)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Securities for which carrying amount exceeds acquisition cost	Stocks	39,052	17,749	21,303
	Bonds	17,005	16,824	180
	Government bonds	6,496	6,493	2
	Local government bonds	—	—	—
	Corporate bonds	10,508	10,331	177
	Others	37,971	36,500	1,471
	Foreign securities	6,531	6,470	60
	Subtotal	94,029	71,074	22,955
Securities for which carrying amount does not exceed acquisition cost	Stocks	5,000	5,778	(777)
	Bonds	341,328	351,788	(10,460)
	Government bonds	142,114	144,941	(2,826)
	Local government bonds	96,302	101,228	(4,926)
	Corporate bonds	102,910	105,618	(2,708)
	Others	185,804	194,993	(9,189)
	Foreign securities	42,111	42,844	(733)
	Subtotal	532,133	552,560	(20,427)
Total		626,162	623,634	2,527

Current fiscal year (March 31, 2025)

(Thousands of U.S. dollars)

	Type	Carrying amount	Acquisition cost	Difference
Securities for which carrying amount exceeds acquisition cost	Stocks	261,184	118,707	142,477
	Bonds	113,731	112,526	1,205
	Government bonds	43,448	43,431	17
	Local government bonds	—	—	—
	Corporate bonds	70,283	69,095	1,188
	Others	253,959	244,115	9,844
	Foreign securities	43,680	43,273	407
	Subtotal	628,874	475,348	153,526
Securities for which carrying amount does not exceed acquisition cost	Stocks	33,444	38,644	(5,200)
	Bonds	2,282,827	2,352,788	(69,961)
	Government bonds	950,475	969,378	(18,903)
	Local government bonds	644,078	677,025	(32,947)
	Corporate bonds	688,274	706,385	(18,111)
	Others	1,242,672	1,304,132	(61,460)
	Foreign securities	281,645	286,549	(4,904)
	Subtotal	3,558,943	3,695,564	(136,621)
Total		4,187,817	4,170,912	16,905

(4) Held-to-maturity debt securities sold in the current fiscal year

Previous fiscal year (From April 1, 2023 to March 31, 2024)

None

Current fiscal year (From April 1, 2024 to March 31, 2025)

None

(5) Available-for-sale securities sold in the current fiscal year

Previous fiscal year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

Type	Amount sold	Total gain on sales	Total loss on sales
Stocks	11,726	3,730	123
Bonds	84,603	—	3,901
Government bonds	27,528	—	2,164
Local government bonds	57,073	—	1,737
Corporate bonds	0	—	0
Others	20,200	981	815
Foreign securities	722	—	70
Total	116,530	4,712	4,841

Current fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

Type	Amount sold	Total gain on sales	Total loss on sales
Stocks	4,973	582	425
Bonds	42,778	—	3,821
Government bonds	—	—	—
Local government bonds	—	—	—
Corporate bonds	42,778	—	3,821
Others	25,608	1,483	819
Foreign securities	5,258	40	62
Total	73,360	2,066	5,066

Current fiscal year (From April 1, 2024 to March 31, 2025)

(Thousands of U.S. dollars)

Type	Amount sold	Total gain on sales	Total loss on sales
Stocks	33,260	3,898	2,844
Bonds	286,107	—	25,556
Government bonds	—	—	—
Local government bonds	—	—	—
Corporate bonds	286,107	—	25,556
Others	171,271	9,925	5,484
Foreign securities	35,171	268	419
Total	490,638	13,823	33,884

(6) Securities that changed their holding purpose

Previous fiscal year (From April 1, 2023 to March 31, 2024)

None

Current fiscal year (From April 1, 2024 to March 31, 2025)

None

(7) Impairment of securities

Securities other than trading securities, (excluding shares and investments in partnerships without market prices) are treated as impaired when their fair values have declined significantly from the acquisition cost, unless it is deemed that there is a possibility of a recovery in the fair value. Such securities are recorded at their fair values in the consolidated balance sheets. The difference between the acquisition cost and the fair values is recognized as an impairment loss.

In the previous fiscal year, there was no impairment loss.

In the current fiscal year, there was no impairment loss.

The impairment of securities is recognized for all securities when the market value of the securities has fallen by 50% or more compared with the acquisition cost, and for other securities when the market value of the securities has fallen by 30% or more compared with the acquisition cost, unless it is deemed that there is a possibility of a recovery in the fair value in consideration of past reduction rates over a specific period of time and financial conditions of issuing companies.

23. Money held in trust

(1) Money held in trust for trading purposes

Previous fiscal year (March 31, 2024)

None

Current fiscal year (March 31, 2025)

None

(2) Money held in trust held to maturity

Previous fiscal year (March 31, 2024)

None

Current fiscal year (March 31, 2025)

None

(3) Other money held in trust (other than those for trading purposes or held to maturity)

Previous fiscal year (March 31, 2024)

(Millions of yen)

	Carrying amount	Acquisition cost	Difference	Positive difference	Negative difference
Other money held in trust	7,300	7,300	—	—	—

Note: The amount of "Difference" is the net of "Positive Difference" and "Negative Difference."

Current fiscal year (March 31, 2025)

(Millions of yen)

	Carrying amount	Acquisition cost	Difference	Positive difference	Negative difference
Other money held in trust	7,302	7,302	—	—	—

Note: The amount of "Difference" is the net of "Positive Difference" and "Negative Difference."

Current fiscal year (March 31, 2025)

(Thousands of U.S. dollars)

	Carrying amount	Acquisition cost	Difference	Positive difference	Negative difference
Other money held in trust	48,842	48,842	—	—	—

Note: The amount of "Difference" is the net of "Positive Difference" and "Negative Difference."

24. Valuation differences on available-for-sale securities

The following table shows components of Valuation differences on available-for-sale securities in the consolidated balance sheets.

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Valuation differences	¥ 2,527	¥ 16,657	\$ 16,904	
Securities	2,527	16,657	16,904	
Deferred tax liability	(424)	(4,616)	(2,836)	
Valuation differences on available-for-sale securities (before adjustment for non-controlling interests)	2,103	12,040	14,068	
Non-controlling interests	—	—	—	
Valuation differences on available-for-sale securities	2,103	12,040	14,068	

25. Derivatives

(1) Derivative transactions not qualifying for hedge accounting

Derivative transactions not qualifying for hedge accounting are grouped by the type of underlying transactions. The notional amounts (or the amount equivalent to the principal specified in the contracts), the fair values, and the valuation differences as of the consolidated balance sheet date, as well as the methods for determining such fair values are presented below. The notional amounts do not reflect the market risk associated with the derivatives.

(i) Interest-related transactions

Previous fiscal year (March 31, 2024)

None

Current fiscal year (March 31, 2025)

None

(ii) Currency-related transactions

Previous fiscal year (March 31, 2024)

(Millions of yen)

Category	Type	Notional amounts (total)	Notional amounts (over one year)	Fair value	Valuation difference
Listed	Currency futures				
	Sold	—	—	—	—
	Purchased	—	—	—	—
	Currency options				
	Sold	—	—	—	—
	Purchased	—	—	—	—
OTC	Currency swaps	302	302	(4)	(4)
	Forward exchange contracts				
	Sold	16,348	73	(346)	(346)
	Purchased	6,851	—	175	175
	Currency options				
	Sold	36,550	24,112	(851)	235
	Purchased	36,550	24,112	851	(77)
	Others				
	Sold	—	—	—	—
	Purchased	—	—	—	—
Total		—	—	(176)	(17)

Note: The transactions above are stated at their fair values and valuation differences are recorded in the consolidated statement of operations.

Current fiscal year (March 31, 2025)

(Millions of yen)

Category	Type	Notional amounts (total)	Notional amounts (over one year)	Fair value	Valuation difference
Listed	Currency futures				
	Sold	—	—	—	—
	Purchased	—	—	—	—
	Currency options				
	Sold	—	—	—	—
	Purchased	—	—	—	—
OTC	Currency swaps	3,438	3,438	81	81
	Forward exchange contracts				
	Sold	14,631	30	(85)	(85)
	Purchased	8,720	—	27	27
	Currency options				
	Sold	63,158	48,327	(2,002)	(49)
	Purchased	63,158	48,327	2,002	394
	Others				
	Sold	—	—	—	—
	Purchased	—	—	—	—
Total				22	368

Note: The transactions above are stated at their fair values and valuation differences are recorded in the consolidated statement of operations.

Current fiscal year (March 31, 2025)

(Thousands of U.S. dollars)

Category	Type	Notional amounts (total)	Notional amounts (over one year)	Fair value	Valuation difference
Listed	Currency futures				
	Sold	—	—	—	—
	Purchased	—	—	—	—
	Currency options				
	Sold	—	—	—	—
	Purchased	—	—	—	—
OTC	Currency swaps	23,000	23,000	543	543
	Forward exchange contracts				
	Sold	97,858	204	(572)	(572)
	Purchased	58,321	—	182	182
	Currency options				
	Sold	422,406	323,216	(13,392)	(330)
	Purchased	422,406	323,216	13,392	2,639
	Others				
	Sold	—	—	—	—
	Purchased	—	—	—	—
Total				153	2,462

Note: The transactions above are stated at their fair values and valuation differences are recorded in the consolidated statement of operations.

(iii) Stock-related transactions

Previous fiscal year (March 31, 2024)

None

Current fiscal year (March 31, 2025)

None

(iv) Bond-related transactions

Previous fiscal year (March 31, 2024)

None

Current fiscal year (March 31, 2025)

None

(v) Commodity-related transactions

Previous fiscal year (March 31, 2024)

None

Current fiscal year (March 31, 2025)

None

(vi) Credit derivative transactions

Previous fiscal year (March 31, 2024)

None

Current fiscal year (March 31, 2025)

None

(2) Derivative transactions qualifying for hedge accounting

Derivative transactions qualifying for hedge accounting are grouped by the type of underlying transactions. The notional amounts (or the amount equivalent to the principal specified in the contracts) and the fair values as of the consolidated balance sheet date, as well as the methods for determining such fair values are presented below. The notional amounts do not reflect the market risk associated with the derivatives.

(i) Interest-related transactions

Previous fiscal year (March 31, 2024)

None

Current fiscal year (March 31, 2025)

None

(ii) Currency-related transactions

Previous fiscal year (March 31, 2024)

None

Current fiscal year (March 31, 2025)

None

(iii) Stock-related transactions

Previous fiscal year (March 31, 2024)

None

Current fiscal year (March 31, 2025)

None

(iv) Bond-related transactions

Previous fiscal year (March 31, 2024)

None

Current fiscal year (March 31, 2025)

None

26. Retirement benefits

(1) Outline of the retirement benefit plans

The retirement benefits plan of the Bank has a dual structure consisting of a lump-sum benefit program and a defined contribution pension plan.

Notably, the Bank may pay additional retirement benefit payments with premium at the retirement, etc., of employees.

Additionally, a number of consolidated subsidiaries use a defined benefit corporate pension contract system and a lump-sum benefit program, and are entered into the Smaller Enterprise Retirement Allowance Mutual Aid Program.

(2) Defined benefit plans

(i) Reconciliation of retirement benefit obligations

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Retirement benefit obligations (opening balance)	¥ 6,935	¥ 7,065	\$ 46,384	
Service cost-benefits earned during the fiscal year	386	377	2,585	
Interest cost on projected benefit obligations	25	26	167	
Actuarial differences	(225)	96	(1,509)	
Retirement benefits paid	(632)	(630)	(4,229)	
Past service cost	—	—	—	
Other	—	—	—	
Retirement benefit obligations (closing balance)	¥ 6,488	¥ 6,935	\$ 43,398	

(ii) Reconciliation of pension assets

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Pension assets (opening balance)	¥ 1,366	¥ 1,197	\$ 9,139	
Expected return on plan assets	40	35	274	
Actuarial differences	(62)	169	(416)	
Retirement benefits paid	(97)	(95)	(651)	
Contribution from business owners	60	60	407	
Pension assets (closing balance)	¥ 1,308	¥ 1,366	\$ 8,753	

(iii) Reconciliation between closing balances of retirement benefit obligations and pension assets, and liabilities and assets for retirement benefits recorded on the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Funded system retirement benefit obligations	¥ 6,488	¥ 6,935	\$ 43,399	
Pension assets	(1,308)	(1,366)	(8,753)	
	5,180	5,568	34,646	
Non-funded system retirement benefit obligations	—	—	—	
Net amounts of liabilities and assets recorded on the consolidated balance sheet	¥ 5,180	¥ 5,568	\$ 34,646	

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Net defined benefit liability	¥ 5,180	¥ 5,568	\$ 34,646	
Net defined benefit asset	—	—	—	
Net of liabilities and assets recorded in the consolidated balance sheet	¥ 5,180	¥ 5,568	\$ 34,646	

(iv) Breakdown of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Service cost-benefits earned during the fiscal year	¥ 386	¥ 377	\$ 2,585	
Interest cost on projected benefit obligations	25	26	167	
Expected return on plan assets	(40)	(35)	(274)	
Amortization of actuarial differences	(10)	2	(71)	
Amortization of past service cost	22	22	149	
Other	—	—	—	
Retirement benefit expenses for defined benefit obligations	¥ 382	¥ 392	\$ 2,556	

(v) Adjustments for retirement benefits

Details of adjustments for retirement benefits (before tax effects) are as follows.

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Past service cost	¥ 22	¥ 22	\$ 149	
Actuarial differences	152	74	1,021	
Other	—	—	—	
Total	¥ 174	¥ 96	\$ 1,170	

(vi) Accumulated adjustments for retirement benefits

The breakdown of accumulated adjustments for retirement benefits (before tax effects) is as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized past service cost	¥ 44	¥ 66	\$ 299
Unrecognized actuarial differences	(219)	(68)	(1,469)
Other	—	—	—
Total	¥ (175)	¥ (1)	\$ (1,170)

(vii) Matters relating to pension assets

(1) The ratio of each major category from total pension assets is as follows.

	2025	2024
Bonds	30.56%	30.31%
Stocks	43.69%	44.19%
Cash and deposits	2.10%	— %
Others	23.65%	25.50%
Total	100%	100%

(2) Method for setting the expected rate of return on assets

The expected long-term rate of return on pension assets is based on the current and projected allocation of pension assets and the expected long-term rate of return on the various assets comprising pension assets.

(viii) Actuarial assumptions

The major assumptions used for calculating the actuarial gains and losses are as follows.

	2025	2024
Discount rate	Mainly 0.5%	Mainly 0.5%
Expected rate of return on assets	3.0%	3.0%
Expected rate of retirement benefits basis increase	Mainly 4.0%	Mainly 4.0%

Note: Since the Bank and certain consolidated subsidiaries take expected rates for retirement benefit basis increases as a basis for calculating retirement benefits, these expected rates are used in place of expected rates for salary increases.

(3) Defined-contribution pension plans

The required contribution amount for the defined contribution plans of the Bank and its consolidated subsidiaries was ¥63 million in the previous fiscal year, and ¥61 million (U.S. \$415 thousand) in the current fiscal year.

27. Tax effect accounting

(1) Deferred tax assets and liabilities

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Deferred tax assets				
Allowance for loan losses	¥ 6,911	¥ 7,800	\$ 46,226	
Retirement benefit liability	1,621	1,719	10,847	
Devaluation of securities	414	508	2,772	
Impairment loss on land	948	1,070	6,345	
Depreciation	956	923	6,400	
Losses carried forward for tax purposes (Note 2)	1,604	1,467	10,733	
Others	1,432	1,436	9,584	
Subtotal	13,891	14,925	92,907	
Valuation allowance for net loss carried forward (Note 2)	(1,590)	(1,423)	(10,635)	
Valuation allowance for total deductible temporary differences, etc.	(5,384)	(6,433)	(36,009)	
Valuation allowance subtotal (Note 1)	(6,974)	(7,857)	(46,644)	
Total deferred tax assets	6,917	7,068	46,263	
Deferred tax liabilities				
Valuation difference on available-for-sale securities	(424)	(4,616)	(2,836)	
Reserve for advanced depreciation of non-current assets	(158)	(159)	(1,061)	
Revised book values from fair value evaluation	(172)	(235)	(1,153)	
Others	(24)	(20)	(166)	
Total deferred tax liabilities	(779)	(5,031)	(5,216)	
Net deferred tax assets (liabilities)	¥ 6,137	¥ 2,036	\$ 41,047	

Note 1: Valuation allowances decreased by ¥882 million (U.S. \$5,904 thousand). This was mainly due to a reduction in the valuation allowance related to the allowance for loan losses.

Note 2: Net loss carried forward and amounts for each deferred tax asset by deferral period

Previous fiscal year (March 31, 2024)

(Millions of yen)

	Within one year	Over one year to two years	Over two years to three years	Over three years to four years	Over four years to five years	Over five years	Total
Net loss carried forward*	12	0	62	—	1	1,389	1,467
Valuation allowance	(12)	(0)	(20)	—	(1)	(1,388)	(1,423)
Deferred tax assets	—	—	42	—	—	1	44

*Net loss carried forward is multiplied by the statutory effective tax rate.

Current fiscal year (March 31, 2025)

(Millions of yen)

	Within one year	Over one year to two years	Over two years to three years	Over three years to four years	Over four years to five years	Over five years	Total
Net loss carried forward*	0	64	—	1	293	1,243	1,604
Valuation allowance	(0)	(64)	—	(1)	(293)	(1,228)	(1,590)
Deferred tax assets	—	—	—	—	—	14	14

*Net loss carried forward is multiplied by the statutory effective tax rate.

(Thousands of U.S. dollars)

	Within one year	Over one year to two years	Over two years to three years	Over three years to four years	Over four years to five years	Over five years	Total
Net loss carried forward*	6	433	—	13	1,964	8,317	10,733
Valuation allowance	(6)	(433)	—	(13)	(1,964)	(8,219)	(10,635)
Deferred tax assets	—	—	—	—	—	98	98

*Net loss carried forward is multiplied by the statutory effective tax rate.

(2) Effective income tax rate

	2025	2024
Statutory effective tax rate	30.46%	30.46%
(Adjustments)		
Permanent differences such as entertainment expenses	0.73	0.96
Permanent differences such as dividend income	(2.09)	(2.37)
Adjustment to deferred tax assets at year-end due to change in tax rate	(0.96)	—
Change in the valuation allowance amount	(12.22)	(8.30)
Inhabitant tax on per capita basis	0.60	0.97
Reversal of tax effect due to elimination in losses carried forward	0.13	4.02
Tax rate difference from parent	0.42	0.76
Consolidated elimination of dividend income	1.22	1.36
Consolidated adjustments related to fair value evaluation assets	(0.05)	(0.20)
Expenses related to the acquisition of shares of a subsidiary	0.48	—
Others	0.04	0.00
Effective tax rate after adoption of tax effect accounting	18.76%	27.66%

(3) Adjustments to deferred tax assets and deferred tax liabilities due to changes in tax rates

Following the enactment of the Act for Partial Amendment of the Income Tax Act (Act No. 13 of 2025) on March 31, 2025, the Special Defense Corporation Tax will be imposed beginning with consolidated fiscal years starting on or after April 1, 2026. As a result, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities for temporary differences expected to reverse in or after those fiscal years will change from 30.46% to 31.36%.

Due to this change in the tax rate, the following impacts were recognized during the current consolidated fiscal year:

- Deferred tax assets increased by ¥53 million
- Valuation difference on available-for-sale securities decreased by ¥30 million
- Remeasurements of defined benefit plans decreased by ¥0 million
- Income taxes—deferred decreased by ¥84 million
- Deferred tax liabilities for land revaluation increased by ¥69 million
- Revaluation reserve for land decreased by ¥69 million

28. Business combinations and related matters

Acquisition of full ownership through simplified share exchange

At the meetings of the Boards of Directors of the Bank and Fukuho Bank held on May 10, 2024, both parties resolved to conduct a share exchange under which the Bank will become the wholly owning parent company and Fukuho Bank the wholly owned subsidiary, subject to approval by the shareholders' meeting of Fukuho Bank. A share exchange agreement was executed between the two banks on the same date.

The share exchange was carried out on October 1, 2024, following approval at the annual general meeting of shareholders of Fukuho Bank held on June 19, 2024. As a result, Fukuho Bank became a wholly owned subsidiary of the Bank.

(1) Outline of the transaction

- (i) Names and business descriptions of the parties to the combination

Name of wholly owned subsidiary: THE FUKUHO BANK, LTD.

Business: Banking

- (ii) Date of business combination

October 1, 2024

- (iii) Legal form of business combination

The transaction was structured as a share exchange, with the Bank as the wholly - owning parent company and Fukuho Bank as the wholly owned subsidiary. For the Bank, this was a simplified share exchange under Article 796, Paragraph 2 of the Companies Act, and was therefore executed without shareholder approval. For Fukuho Bank, shareholder approval was obtained at its annual general meeting on June 19, 2024. The effective date was October 1, 2024.

- (iv) Name of the combined entity

There is no change to the name.

(v) Other information regarding the transaction

As the largest financial group in Fukui Prefecture, the business integration aims to enhance regional value creation, foster a self-sustaining cycle of that value, and achieve transformation through:

- Evolution into a 'problem-solving partner' for the region
- Maximization of synergies
- Governance reform

The purpose is to achieve transformation and evolution away from a traditional business model centered on financial services.

(2) Overview of accounting treatment

This share exchange has been accounted for as a transaction under common control, and more specifically, as a transaction with non-controlling shareholders, in accordance with the Accounting Standard for Business Combinations and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.

(3) Additional acquisition of subsidiary shares

(i) Acquisition cost and breakdown by type of consideration

Consideration: Fair value of the Bank's common stock deemed issued on the date of business combination — ¥1,915 million

Acquisition cost: ¥1,915 million

(ii) Share exchange ratio, valuation method, and number of shares issued

A. Share exchange ratio:

Each common share of Fukuho Bank was exchanged for 0.038 shares of the Bank's common stock.

B. Method for calculating the share exchange ratio:

The Bank and Fukuho Bank jointly appointed an independent third-party valuation firm to determine the share exchange ratio. Based on the valuation results and through careful consultation, both parties concluded that the ratio was appropriate and in the best interests of their shareholders.

C. Number of shares issued:

1,033,916 shares

(4) Changes in the bank's equity Interest due to transactions with non-controlling shareholders

(i) Primary factor behind changes in capital surplus

Additional acquisition of shares in a subsidiary

(ii) Increase in capital surplus from transactions with non-controlling shareholders

¥3,695 million

29. Asset retirement obligations

Previous fiscal year (From April 1, 2023 to March 31, 2024)

This note is not provided due to its low materiality.

Current fiscal year (From April 1, 2024 to March 31, 2025)

This note is not provided due to its low materiality.

30. Investment and rental property

Previous fiscal year (From April 1, 2023 to March 31, 2024)

This note is not provided due to its low materiality.

Current fiscal year (From April 1, 2024 to March 31, 2025)

This note is not provided due to its low materiality.

31. Revenue recognition

(1) Breakdown of revenue from contracts with customers

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Fees and commissions	¥ 9,920	¥ 9,122	\$ 66,346	
Deposits and lending operations	2,674	2,421	17,888	
Foreign exchange operations	2,237	2,178	14,964	
Securities-related operations	1,782	1,369	11,923	
Agency operations	190	193	1,271	
Insurance sales operations	381	391	2,553	
Other operations	2,653	2,568	17,747	
Ordinary revenue from contracts with customers	9,920	9,122	66,346	
Ordinary revenue other than that detailed above	54,446	46,301	364,142	
Ordinary revenue from external customers	¥ 64,366	¥ 55,423	\$ 430,488	

(2) Information that founds the basis for understanding of revenue from contracts with customers

This information can be found in Accounting Policies: (xv) Accounting standards for recognition of significant revenues and expenses. As such, it is omitted here.

(3) Information for the understanding of income amounts for the current fiscal year and future fiscal years

This information is omitted due to its low materiality.

32. Segment information

Reportable segment information

As the Fukui Bank Group's comprehensive financial services business is in a single business segment, segment information is not provided.

Related information

Previous fiscal year (From April 1, 2023 to March 31, 2024)

(1) Information by service

(Millions of yen)

	Lending business	Securities trading business	Leasing business	Others	Total
Ordinary revenue from external customers	23,955	11,219	8,824	11,423	55,423

Note: The figures represent "revenue" in substitution for net sales to be presented by companies in other industries.

(2) Geographic information

(i) Ordinary revenue

More than 90% of the Group's revenue on the consolidated statement of operations for the fiscal years ended March 31, 2024 is attributable to revenue from external customers in Japan; accordingly, revenue by geographical area is not presented.

(ii) Property, plant and equipment

More than 90% of the Group's property, plant and equipment on the consolidated balance sheets as of March 31, 2024 are located in Japan; accordingly, property, plant and equipment by geographical area are not presented.

(3) Information about major customers

This information is not provided since no outside customers accounted for more than 10% of ordinary revenue of the Group.

Current fiscal year (From April 1, 2024 to March 31, 2025)

(1) Information by services

(Millions of yen)

	Lending business	Securities trading business	Leasing business	Others	Total
Ordinary revenue from external customers	28,872	11,803	9,466	14,223	64,366

Note: The figures represent "revenue" in substitution for net sales to be presented by companies in other industries.

(Thousands of U.S. dollars)

	Lending business	Securities trading business	Leasing business	Others	Total
Ordinary revenue from external customers	193,102	78,940	63,315	95,131	430,488

Note: The figures represent "revenue" in substitution for net sales to be presented by companies in other industries.

(2) Geographic information

(i) Ordinary revenue

More than 90% of the Group's revenue on the consolidated statements of operations for the fiscal years ended March 31, 2025 is attributable to revenue from external customers in Japan; accordingly, revenue by geographical area is not presented.

(ii) Property, plant and equipment

More than 90% of the Group's property, plant and equipment on the consolidated balance sheets as of March 31, 2025 are located in Japan; accordingly, property, plant and equipment by geographical area are not presented.

(3) Information about major customers

This information is not provided since no outside customers accounted for more than 10% of ordinary revenue of the Group.

Information related to losses on impairment of fixed assets by reportable segment

Previous fiscal year (From April 1, 2023 to March 31, 2024)

As the Group only has a single reportable segment—Comprehensive Financial Services—this is omitted.

Current fiscal year (From April 1, 2024 to March 31, 2025)

As the Group only has a single reportable segment—Comprehensive Financial Services—this is omitted.

Information related to amortization of goodwill and unamortized balance of goodwill by reportable segment

Previous fiscal year (From April 1, 2023 to March 31, 2024)

None

Current fiscal year (From April 1, 2024 to March 31, 2025)

None

Information related to gain on negative goodwill by reportable segment

Previous fiscal year (From April 1, 2023 to March 31, 2024)

None

Current fiscal year (From April 1, 2024 to March 31, 2025)

None

33. Related party transactions

(1) Transactions with related parties

(i) Transactions between the Group and related parties

A. Transactions between the Group and the parent company or major corporate shareholders

Previous fiscal year (From April 1, 2023 to March 31, 2024)

Not applicable.

Current fiscal year (From April 1, 2024 to March 31, 2025)

Not applicable.

B. Transactions between the Group and unconsolidated subsidiaries or affiliates

Previous fiscal year (From April 1, 2023 to March 31, 2024)

Not applicable.

Current fiscal year (From April 1, 2024 to March 31, 2025)

Not applicable.

C. Transactions between the Group and companies with the same parent or subsidiaries of the Group's affiliates

Previous fiscal year (From April 1, 2023 to March 31, 2024)

Not applicable.

Current fiscal year (From April 1, 2024 to March 31, 2025)

Not applicable.

D. Transactions between the Group and directors and/or executive officers, or major individual shareholders
Previous fiscal year (From April 1, 2023 to March 31, 2024)

Type	Name (company or individual)	Location	Share capital or equity (Millions of yen)	Business line or occupation	Percentage of voting rights, etc., held (held by the related party)	Relationship with the related party
Company in which more than half of those with voting rights are immediate family members of corporate officers	Kaneichi Co., Ltd. (Note 1)	Sabae, Fukui	80	Real estate transactions	Direct shareholdings by the related party 0.00	Banking transactions

Transaction content	Transaction amount (Millions of yen)	Account	Balance at the end of the period (Millions of yen)
Lending of funds	—	Loans	100

Transaction terms and method of determination of transaction terms, etc.

Identical to terms used with general transaction counterparties.

Note 1: 100% of voting rights in Kaneichi Co., Ltd. are held by an immediate family member of an executive officer of the Bank.

Current fiscal year (From April 1, 2024 to March 31, 2025)

Type	Name (company or individual)	Location	Share capital or equity		Business line or occupation	Percentage of voting rights, etc., held (held by the related party)	Relationship with the related party
			(Millions of yen)	(Thousands of U.S. dollars)			
Company in which more than half of those with voting rights are immediate family members of corporate officers	Kaneichi Co., Ltd. (Note)	Sabae, Fukui	80	535	Real estate transactions	Direct shareholdings by the related party 0.00	Banking transactions

Transaction content	Transaction amount		Account	Balance at the end of the period	
	(Millions of yen)	(Thousands of U.S. dollars)		(Millions of yen)	(Thousands of U.S. dollars)
Lending of funds	100	669	Loans	100	669

Transaction terms and method of determination of transaction terms, etc.

Identical to terms used with general transaction counterparties.

Note: 99% of voting rights in Kaneichi Co., Ltd. are held by an immediate family member of an executive officer of the Bank.

(ii) Transactions between the Group's consolidated subsidiaries and related parties.

Previous fiscal year (From April 1, 2023 to March 31, 2024)

There were no material transactions.

Current fiscal year (From April 1, 2024 to March 31, 2025)

There were no material transactions.

(2) Notes concerning the parent company or important affiliates

Previous fiscal year (From April 1, 2023 to March 31, 2024)

None

Current fiscal year (From April 1, 2024 to March 31, 2025)

None

34. Per-share information

	Yen		U.S. dollars	
	2025	2024	2025	
Net assets per share	¥ 5,759.83	¥ 5,859.28	\$ 38.52	
Basic earnings per share	309.15	160.96	2.07	

Notes 1: Diluted earnings per share in the current fiscal year is not stated as there are no dilutive shares.

2: The basis for calculation of net assets per share and basic earnings per share is as follows.

(1) Net assets per share

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Net assets as reported	¥ 136,450	¥ 141,507	\$ 912,591	
Less	71	5,770	475	
Thereof, non-controlling interests	71	5,770	475	
Net assets attributable to common shares at the end of the period	¥ 136,379	¥ 135,737	\$ 912,116	

(Thousands of shares)

	2025	2024
The number of shares of common stock outstanding	23,677	23,166

(2) Basic earnings per share

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Basic earnings per share				
Profit attributable to owners of parent	¥ 7,166	¥ 3,717	\$ 47,932	
Amount not attributable to common stockholders	—	—	—	
Profit attributable to owners of parent related to common stock	¥ 7,166	¥ 3,717	\$ 47,932	

(Thousands of shares)

	2025	2024
Average number of shares of common stock outstanding	23,181	23,095

Note 3: The Bank's shares remaining in the employee stock ownership trust and the board benefit trust are recorded as treasury shares, which are deducted from the number of shares outstanding at the end of the year when calculating the net assets per share. They are also deducted from the average number of shares outstanding during the year when calculating the basic earnings per share.

(Thousands of shares)

	2025		2024	
	Employee stock ownership trust	Board benefit trust	Employee stock ownership trust	Board benefit trust
Number of treasury shares outstanding at the end of the year, deducted when calculating net assets per share	208	155	289	155
Average number of treasury shares outstanding during the year, deducted when calculating basic earnings per share	257	155	348	166

35. Subsequent events

None



Independent auditor's report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of classification of borrowers in estimating the allowance for loan losses for loans

The key audit matter	How the matter was addressed in our audit
The consolidated financial statements of the Group reported loans and bills discounted of ¥2,361,120 million (55% of consolidated total assets) and allowance for loan losses of ¥18,821	The primary procedures we performed to assess whether classification of borrowers in estimating the allowance for loan losses for loans of the Bank, the consolidated parent company, and the

million in the consolidated balance sheet. Of this, the total amount of allowance for loan losses reported by the Bank, the consolidated parent company, and the Fukuho Bank, a consolidated subsidiary, was ¥16,921 million.

As described in Note 2, “Significant accounting policies and practices (4) Significant accounting policies (iv) Allowance for loan losses” and “Significant accounting estimates - Allowance for loan losses” to the consolidated financial statements, the Bank and the Fukuho Bank classify borrowers into five categories based on its internal self-assessment criteria: “normal borrowers,” “borrowers requiring caution,” “potentially bankrupt borrowers,” “substantially bankrupt borrowers,” and “bankrupt borrowers.” Allowance for loan losses is provided for each category of claims according to their assigned credit risk rating determined in accordance with the write-off and provisions policy.

In the self-assessment, classification of a borrower into a category is determined by assessing the borrowers’ repayment ability based on various factors such as the outlook for business continuity and profitability, the appropriateness of the business improvement plan, and the financial support provided by other financial institutions, taking into consideration industry specific factors. In particular, when assessing the credit risk of borrowers, taking into consideration the prospects for future business recovery and business continuity resulting from a reasonable and feasible business improvement plan, the assessment involves management’s subjective judgment and may have a significant impact on the allowance for loan losses.

We, therefore, determined that our assessment of the appropriateness of classification of borrowers in estimating the allowance for loan losses for loans was the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

Fukuho Bank, a consolidated subsidiary, was appropriate, included the following:

(1) Internal control testing

We tested the design and operating effectiveness of certain of the Bank’s internal controls relevant to classification of borrowers in the self-assessment, which is the basis for calculating the allowance for loan losses. In this assessment, we focused our testing on the following:

- controls to ensure that the internal self-assessment criteria and the write-off and provisions policy were established in compliance with the applicable accounting standards;
- controls to ensure the reliability of the financial information of borrowers that were entered into the self-assessment rating management systems; and
- controls over classification of borrowers based on the internal self-assessment criteria reflecting qualitative factors.

(2) Assessment of the appropriateness of the borrower category of loans

In order to assess whether borrowers were appropriately classified based on the self-assessment criteria, we selected borrowers for which business improvement plans were designed based on certain criteria. In addition, we:

- inspected the documents reviewed by the Examination Management Division and inquired of the responsible personnel to assess the reasonableness and feasibility of the business improvement plan;
- for borrowers for which business improvement plans were designed in and before the previous fiscal year, evaluated the precision of their estimates based on the achievement of the business improvement plans by comparing the planned sales and profits of the business improvement plans in past years with actual results; and
- examined, comprehensively, the feasibility of the business improvement plan based on non-financial information obtained from the sales-related divisions, such as the orders received and sales volumes of the borrower, and the

	financial support provided by other financial institutions, taking into account the business environment surrounding the borrower.
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Other Information

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

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and the Audit 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.

The audit committee is responsible for overseeing the executive officers' and directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

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

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise

professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Bank and its subsidiaries for the current year ¥84 million and ¥1 million, respectively.

Convenience Translation

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

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

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Akimune, Katsuhiko

Designated Engagement Partner

Certified Public Accountant

Ando, Masahiro

Designated Engagement Partner

Certified Public Accountant

Nomura, Minoru

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Hokuriku Office, Japan

August 29, 2025

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Bank and KPMG AZSA LLC.

Corporate Information

Directors and Executive Officers (as of June 30, 2025)

Chairperson and Representative Statutory Executive Officer:	Masahiro Hayashi	Directors:	Masatsugu Fujihara Hiromi Tagawa* Keiko Umeda* Hideichi Okazaki* Shiori Takinami*
Director, President and Representative Statutory Executive Officer:	Eiichi Hasegawa		*Outside Directors
Director and Managing Executive Officer:	Shin Okada		
Director and Managing Executive Officer:	Keisuke Yoshida	Statutory Executive Officers:	Shigeki Maeba Yukinori Taniguchi Yoshimasa Yonemura Hiromu Miyagoshi Hiroto Haruki
Director and Managing Executive Officer:	Kenichi Araki		
Director and Managing Executive Officer:	Yoshihito Kobayashi		

Corporate Data (as of March 31, 2025)

Date of Establishment:	December 19, 1899
Number of Shares Issued and Outstanding:	24,144 thousand shares
Paid-in Capital:	JPY17,965 million
Number of Employees:	1,226

Service Network (as of May 31, 2025)

Head Office:	1-1, Junka 1-chome, Fukui 910-8660, Japan Telephone: +81-776-24-2030																		
International Division:	1-1, Junka 1-chome, Fukui 910-8660, Japan Telephone: +81-776-26-9841 Facsimile: +81-776-26-7605 SWIFT: FKUIJPJT																		
Number of Domestic Offices:	<table> <tr><td>Fukui</td><td>78</td></tr> <tr><td>Ishikawa</td><td>10</td></tr> <tr><td>Toyama</td><td>4</td></tr> <tr><td>Shiga</td><td>2</td></tr> <tr><td>Tokyo</td><td>1</td></tr> <tr><td>Aichi</td><td>1</td></tr> <tr><td>Kyoto</td><td>1</td></tr> <tr><td>Osaka</td><td>1</td></tr> <tr><td>Total</td><td>98</td></tr> </table>	Fukui	78	Ishikawa	10	Toyama	4	Shiga	2	Tokyo	1	Aichi	1	Kyoto	1	Osaka	1	Total	98
Fukui	78																		
Ishikawa	10																		
Toyama	4																		
Shiga	2																		
Tokyo	1																		
Aichi	1																		
Kyoto	1																		
Osaka	1																		
Total	98																		
Correspondent Banking Network:	22 countries 59 cities 115 banks																		

Consolidated Subsidiaries (as of June 30, 2025)

The Fukugin Lease Co., Ltd.	Fukui Career Management Co., Ltd.
The Fukui Credit Guarantee Service Co., Ltd.	The Fukui Hito Mono Design Co., Ltd.
Fukui Card Co., Ltd.	Digital for Fukui Co., Ltd.
The Fukui Net Co., Ltd.	THE FUKUHO BANK, LTD.
The Fukui Capital & Consulting Co., Ltd.	THE FUKUHO CARD CO., LTD.
The Fukui Capital Partners Co., Ltd.	

THE FUKUI BANK, LTD.

1-1, Junka 1-chome, Fukui 910-8660, Japan
Telephone: +81-776-24-2030