



Financial Data 2025

Year ended March 31, 2025

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries

March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Assets			
Cash and due from banks (Note 5)	¥ 3,191,879	¥ 4,550,493	\$ 21,347,511
Call loans and bills bought	122,421	89,733	818,761
Monetary claims bought (Notes 8 and 31)	7,012	10,457	46,897
Trading assets (Notes 6, 8, 31 and 32)	1,131	2,724	7,567
Money held in trust (Note 7)	18,880	17,588	126,277
Securities (Notes 8, 14, and 31)	2,318,732	1,788,022	15,507,842
Loans and bills discounted (Notes 9, 14, 15, and 31)	10,458,581	9,534,210	69,947,707
Foreign exchanges (Note 10)	17,207	19,406	115,082
Other assets (Notes 14 and 32)	162,475	227,763	1,086,647
Tangible fixed assets (Note 11)	110,820	109,330	741,177
Intangible assets (Note 12)	8,876	9,746	59,370
Assets for retirement benefits (Note 18)	17,620	21,768	117,848
Deferred tax assets (Note 28)	5,441	438	36,390
Customers' liabilities for acceptances and guarantees (Note 13)	61,843	61,199	413,611
Allowance for loan losses (Note 3)	(61,704)	(59,997)	(412,681)
Total assets	¥ 16,441,220	¥ 16,382,886	\$ 109,960,006
Liabilities and equity			
Liabilities			
Deposits (Notes 14, 16, and 31)	¥ 14,031,846	¥ 13,873,339	\$ 93,845,950
Call money and bills sold	18,540	83,171	124,000
Payables under repurchase agreements	99,482	51,612	665,344
Payables under securities lending transactions (Note 14)	279,691	157,288	1,870,599
Trading liabilities (Notes 6 and 32)	262	284	1,756
Borrowed money (Notes 14, 17, and 31)	1,095,462	1,389,940	7,326,530
Foreign exchanges (Note 10)	673	667	4,504
Borrowed money from trust account	4,834	5,273	32,333
Other liabilities (Note 32)	171,038	67,056	1,143,917
Liability for retirement benefits (Note 18)	425	634	2,844
Reserve for directors' and audit & supervisory board members' retirement benefits	80	87	538
Reserve for contingent losses	922	1,046	6,167
Reserve for reimbursement of deposits	731	896	4,889
Reserve under the special laws	18	15	126
Deferred tax liabilities (Note 28)	11,781	20,557	78,797
Deferred tax liabilities for revaluation (Note 28)	4,903	4,882	32,797
Acceptances and guarantees (Note 13)	61,843	61,199	413,611
Total liabilities	15,782,539	15,717,953	105,554,702
Equity (Notes 19, 20, and 22)			
Capital stock	70,895	70,895	474,151
Capital surplus	101,770	110,660	680,647
Stock acquisition rights (Notes 21 and 22)	542	504	3,631
Retained earnings	424,103	392,442	2,836,431
Treasury stock	(1,368)	(900)	(9,156)
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities (Note 8)	35,450	67,496	237,098
Deferred gains (losses) on hedges	5,829	(1,242)	38,990
Revaluation reserve for land (Note 11)	7,150	7,563	47,825
Defined retirement benefit plans (Note 18)	9,987	13,567	66,795
Total	654,361	660,987	4,376,412
Non-controlling interests	4,319	3,945	28,892
Total equity	658,681	664,933	4,405,304
Total liabilities and equity	¥ 16,441,220	¥ 16,382,886	\$ 109,960,006

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries

Year ended March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Income			
Interest income:			
Interest on loans and discounts	¥99,196	¥84,635	\$663,434
Interest and dividends on securities	28,075	16,992	187,770
Interest on receivables under resale agreements	—	(11)	—
Interest on deposits with other banks	9,944	4,259	66,510
Other interest income	578	784	3,866
Trust fees	18	26	121
Fees and commissions (Note 33)	42,804	41,129	286,279
Trading income	1,243	1,054	8,318
Other ordinary income (Note 24)	13,890	17,600	92,897
Other income (Note 26)	18,307	27,308	122,441
Total income	214,058	193,779	1,431,636
Expenses			
Interest expense:			
Interest on deposits	9,135	1,018	61,100
Interest on payables under repurchase agreements	3,361	1,015	22,481
Interest on payables under securities lending transactions	7,749	7,844	51,826
Interest on borrowings and rediscounts	1,589	1,401	10,634
Other interest expense	3,442	2,347	23,023
Fees and commissions	16,218	15,094	108,472
Other ordinary expenses (Note 25)	20,488	42,947	137,026
General and administrative expenses	86,138	87,772	576,098
Provision of allowance for loan losses	6,650	—	44,476
Other expenses (Note 27)	5,545	8,539	37,086
Total expenses	160,318	167,979	1,072,222
Income before income taxes	53,739	25,799	359,414
Income taxes (Note 28):			
Current	14,827	3,168	99,169
Deferred	(465)	(661)	(3,115)
Net income	39,377	23,292	263,360
Net income attributable to non-controlling interests	305	243	2,040
Net income attributable to owners of the parent	¥39,072	¥23,048	\$261,320

	Yen	U.S. dollars
Per share of common stock (Notes 2-t and 23)		
Basic net income	¥311.56	¥176.99
Diluted net income	310.29	176.28
Cash dividends applicable to the year	50.00	40.00
		0.33

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries

Year ended March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net income	¥ 39,377	¥ 23,292	\$ 263,360
Other comprehensive income (loss) (Note 29)			
Valuation difference on available-for-sale securities	(28,624)	44,390	(191,439)
Deferred gains (losses) on hedges	(31,961)	30,407	(213,758)
Deferred gains (losses) on hedges	7,072	(1,046)	47,299
Revaluation reserve for land	(140)	—	(942)
Defined retirement benefit plans	(3,579)	14,986	(23,942)
Share of other comprehensive income (loss) of associates accounted for using equity method	(14)	43	(96)
Total comprehensive income (loss)	¥ 10,753	¥ 67,683	\$ 71,921
Comprehensive income (loss) attributable to owners of the parent	10,378	67,332	69,415
Comprehensive income (loss) attributable to non-controlling interests	374	351	2,506

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries

	Thousands		Millions of yen				
	Issued number of shares of common stock	Issued number of shares of preferred stock	Capital stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock
BALANCE, APRIL 1, 2023	128,770	64,469	¥ 70,895	¥ 119,778	¥ 416	¥ 374,971	¥ (675)
Cash dividends						(5,707)	
Net income attributable to owners of the parent						23,048	
Purchases of treasury stock							(9,377)
Disposals of treasury stock				(4)			39
Retirement of treasury stock	(3,400)	(10,743)		(9,113)			9,113
Reversal of revaluation reserve for land						130	
Net changes in the year						87	
BALANCE, MARCH 31, 2024	125,370	53,726	¥ 70,895	¥ 110,660	¥ 504	¥ 392,442	¥ (900)
Cash dividends						(8,551)	
Net income attributable to owners of the parent						39,072	
Purchases of treasury stock							(9,382)
Disposals of treasury stock				(67)			145
Retirement of treasury stock	(1,912)	(10,743)		(8,822)			8,822
Retained earnings increased sales associated with an increase in equity method affiliates						866	
Increase of treasury shares by increasing of entities accounted for using equity method							(55)
Reversal of revaluation reserve for land						272	
Net changes in the year						38	
BALANCE, MARCH 31, 2025	123,458	42,983	¥ 70,895	¥ 101,770	¥ 542	¥ 424,103	¥ (1,368)

	Millions of yen						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Defined retirement benefit plans	Total	Non-controlling interests	Total equity
BALANCE, APRIL 1, 2023	¥ 37,152	¥ (195)	¥ 7,694	¥ (1,419)	¥ 608,617	¥ 3,594	¥ 612,212
Cash dividends					(5,707)		(5,707)
Net income attributable to owners of the parent					23,048		23,048
Purchases of treasury stock					(9,377)		(9,377)
Disposals of treasury stock					35		35
Retirement of treasury stock					—		—
Reversal of revaluation reserve for land					130		130
Net changes in the year	30,343	(1,046)	(130)	14,986	44,240	350	44,591
BALANCE, MARCH 31, 2024	¥ 67,496	¥ (1,242)	¥ 7,563	¥ 13,567	¥ 660,987	¥ 3,945	¥ 664,933
Cash dividends					(8,551)		(8,551)
Net income attributable to owners of the parent					39,072		39,072
Purchases of treasury stock					(9,382)		(9,382)
Disposals of treasury stock					78		78
Retirement of treasury stock					—		—
Retained earnings increased sales associated with an increase in equity method affiliates					866		866
Increase of treasury shares by increasing of entities accounted for using equity method					(55)		(55)
Reversal of revaluation reserve for land					272		272
Net changes in the year	(32,045)	7,072	(413)	(3,579)	(28,927)	374	(28,553)
BALANCE, MARCH 31, 2025	¥ 35,450	¥ 5,829	¥ 7,150	¥ 9,987	¥ 654,361	¥ 4,319	¥ 658,681

	Thousands of U.S. dollars (Note 1)				
	Capital stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock
BALANCE, MARCH 31, 2024	\$ 474,151	\$ 740,104	\$ 3,374	\$ 2,624,685	\$ (6,020)
Cash dividends				(57,190)	
Net income attributable to owners of the parent				261,320	
Purchases of treasury stock					(62,748)
Disposals of treasury stock		(451)			976
Retirement of treasury stock		(59,006)			59,006
Retained earnings increased sales associated with an increase in equity method affiliates				5,794	
Increase of treasury shares by increasing of entities accounted for using equity method					(370)
Reversal of revaluation reserve for land				1,822	
Net changes in the year			257		
BALANCE, MARCH 31, 2025	\$ 474,151	\$ 680,647	\$ 3,631	\$ 2,836,431	\$ (9,156)

	Thousands of U.S. dollars (Note 1)						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Defined retirement benefit plans	Total	Non-controlling interests	Total equity
BALANCE, MARCH 31, 2024	\$ 451,418	\$ (8,308)	\$ 50,588	\$ 90,737	\$ 4,420,729	\$ 26,389	\$ 4,447,118
Cash dividends					(57,190)		(57,190)
Net income attributable to owners of the parent					261,320		261,320
Purchases of treasury stock					(62,748)		(62,748)
Disposals of treasury stock					525		525
Retirement of treasury stock					—		—
Retained earnings increased sales associated with an increase in equity method affiliates					5,794		5,794
Increase of treasury shares by increasing of entities accounted for using equity method					(370)		(370)
Reversal of revaluation reserve for land					1,822		1,822
Net changes in the year	(214,320)	47,298	(2,763)	(23,942)	(193,470)	2,503	(190,967)
BALANCE, MARCH 31, 2025	\$ 237,098	\$ 38,990	\$ 47,825	\$ 66,795	\$ 4,376,412	\$ 28,892	\$ 4,405,304

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries

Year ended March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
1. Cash flows from operating activities:			
Income before income taxes	¥ 53,739	¥ 25,799	\$ 359,414
Depreciation	7,542	6,009	50,448
Impairment losses	789	416	5,283
Amortization of goodwill	875	2,102	5,858
Equity in losses (gains) of affiliates	(2,632)	(31)	(17,607)
Increase (decrease) in allowance for loan losses	1,706	(7,363)	11,413
Increase (decrease) in reserve for contingent losses	(124)	(16)	(834)
Decrease (increase) in asset for retirement benefits	4,147	(14,071)	27,739
Increase (decrease) in liability for retirement benefits	(209)	(2,772)	(1,399)
Increase (decrease) in reserve for directors' and audit & supervisory board members' retirement benefits	(7)	4	(48)
Increase (decrease) in reserve for reimbursement of deposits	(165)	(489)	(1,105)
Interest income	(137,794)	(106,659)	(921,580)
Interest expense	25,278	13,626	169,064
Losses (gains) on securities	(1,880)	9,771	(12,578)
Losses (gains) on money held in trust	(23)	38	(159)
Losses (gains) on foreign exchange	4,509	(16,805)	30,156
Losses (gains) on sales of fixed assets	802	405	5,366
Net decrease (increase) in trading assets	1,592	(504)	10,653
Net increase (decrease) in trading liabilities	(22)	18	(148)
Net decrease (increase) in loans and bills discounted	(924,370)	(745)	(6,182,256)
Net increase (decrease) in deposits	123,718	365,201	827,435
Net increase (decrease) in negotiable certificates of deposit	34,788	(5,587)	232,670
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	(294,477)	37,489	(1,969,484)
Net decrease (increase) in due from banks (excluding deposits with the Bank of Japan)	(728)	5,404	(4,875)
Net decrease (increase) in call loans, bills bought, commercial paper, and other debt purchased	(29,241)	(32,327)	(195,572)
Net increase (decrease) in call money and bills sold	(16,760)	(37,668)	(112,097)
Net increase (decrease) in payables under securities lending transactions	122,403	(155,982)	818,644
Net decrease (increase) in foreign exchanges (assets)	2,199	(1,431)	14,713
Net increase (decrease) in foreign exchanges (liabilities)	5	(67)	38
Net increase (decrease) in borrowed money from trust account	(438)	43	(2,936)
Interest income—cash basis	107,461	88,678	718,710
Interest expense—cash basis	(22,574)	(13,516)	(150,980)
Other, net	175,320	(75,543)	1,172,555
Subtotal	(764,570)	83,425	(5,113,499)
Income taxes paid	(3,110)	(991)	(20,804)
Net cash provided by (used in) operating activities	(767,680)	82,434	(5,134,303)
2. Cash flows from investing activities:			
Purchases of securities	(933,384)	(471,053)	(6,242,540)
Proceeds from sales of securities	180,665	489,523	1,208,304
Proceeds from redemption of securities	160,635	116,888	1,074,339
Purchases of money held in trust	(18,627)	(19,190)	(124,579)
Proceeds from sales of money held in trust	17,639	20,306	117,973
Proceeds from fund management	28,099	16,992	187,930
Purchases of tangible fixed assets	(5,956)	(17,230)	(39,836)
Proceeds from sales of tangible fixed assets	502	742	3,362
Purchases of intangible assets	(2,365)	(5,618)	(15,819)
Payments for purchase of subsidiaries' equity affecting the scope of consolidation	(100)	—	(669)
Purchase of stocks of equity method affiliate	(837)	—	(5,601)
Net cash provided by (used in) investing activities	(573,728)	131,360	(3,837,136)
3. Cash flows from financing activities:			
Dividends paid	(8,551)	(5,707)	(57,190)
Dividends paid to non-controlling shareholders	(0)	(0)	(3)
Purchases of treasury stock	(9,382)	(9,377)	(62,747)
Proceeds from disposals of treasury stock	0	0	1
Net cash provided by (used in) financing activities	(17,933)	(15,085)	(119,939)
4. Effect of exchange rate changes on cash and cash equivalents	—	41	—
5. Net increase (decrease) in cash and cash equivalents	(1,359,342)	198,750	(9,091,378)
6. Cash and cash equivalents at beginning of the period	4,540,390	4,341,640	30,366,446
7. Cash and cash equivalents at end of the period (Note 4)	¥ 3,181,048	¥ 4,540,390	\$ 21,275,068

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries

1. Basis of Presentation

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

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

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen. Accordingly, the total of each account may not be equal to the combined total of the individual items. The U.S. dollar amounts are then rounded to thousand dollars.

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

2. Summary of Significant Accounting Policies

a. Consolidation

The consolidated financial statements as of March 31, 2025 include the accounts of the Company and its 13 subsidiaries (together, the "Group").

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

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

An investment in two associated companies are accounted for by the equity method.

Two companies were not treated as subsidiaries even though the Group owns over 50% of its voting rights because the objective for the Group to own the voting rights is merely to invest business succession and the investment meets the requirement according to Paragraph 16 of the Accounting Standards Board of Japan (the "ASBJ") Guidance No. 22 "Implementation Guidance on Determining a Subsidiary and an Affiliate."

Two companies were not treated as affiliates even though the Group owns 20% to 50% of its voting rights because the objective for the Group to own the voting rights is merely to invest business succession and the investment meets the requirement according to Paragraph 24 of the ASBJ Guidance No. 22 "Implementation Guidance on Determining a Subsidiary and an Affiliate."

Assets and liabilities of newly consolidated subsidiaries are valued at fair value at the respective dates of acquisition, and goodwill is amortized using the straight-line method over 20 years.

b. Cash and Cash Equivalents

For the purpose of reporting cash flows, "Cash and cash equivalents" consists of "Cash" and "Due from the Bank of Japan."

c. Trading Purpose Transactions

"Transactions for trading purposes" (for purposes of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market-related indices or from gaps among markets) are included in "Trading assets" and "Trading liabilities" on a trade-date basis.

Trading securities and monetary claims bought for trading purposes are stated at fair value at the balance sheet date. Trading-related financial derivatives, such as swaps, futures, and options are stated at amounts that would be received or paid for settlement if such transactions were terminated at the balance sheet date. Income and losses on trading purpose transactions are recognized on a trade-date basis and recorded as "Trading income" or "Trading losses."

Trading income and losses include interest received and paid during the fiscal year and unrealized gains and losses resulting from the change in the fair value of securities, monetary claims bought, and derivatives between the balance sheet dates.

d. Securities

Securities are classified and accounted for, based principally on the Group's intent, as follows: (a) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost computed by the straight-line method and (b) available-for-sale securities, which are not classified as trading purpose securities or held-to-maturity securities, are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Nonmarketable available-for-sale equity securities are stated at cost determined by the moving-average method.

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

Securities included in money held in trust are recorded in the same manner as securities mentioned above.

e. Tangible Fixed Assets (excluding Lease Assets)

Tangible fixed assets are stated at cost less accumulated depreciation. The Company and its consolidated banking subsidiaries (the subsidiaries hereafter referred to as the "Banks") depreciate their equipment based on the declining-balance method and their premises principally based on the straight-line method. The estimated useful lives of major assets are as follows: (1) buildings: 6 to 50 years and (2) equipment: 3 to 20 years.

Consolidated non-banking subsidiaries depreciate their equipment and premises principally based on the declining-balance method over their expected useful lives.

f. Intangible Assets (excluding Lease Assets and Goodwill)

Intangible assets are amortized based on the straight-line

method. Capitalized software for internal use owned by consolidated subsidiaries is amortized using the straight-line method over its estimated useful life (mainly five years).

g. Lease Assets

Lease assets under non-transfer ownership finance lease contracts (in which the ownership of leased assets is not transferred to the lessee; included in tangible fixed assets and intangible assets) are depreciated on a straight-line basis over the lease period with a residual value of zero, excepting when contracted amounts for residual value are specified.

h. Long-Lived Assets

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

i. Allowance for Loan Losses

The Banks provide an allowance for loan losses which is determined based on management's judgment and an assessment of future losses based on their self-assessment systems. These systems reflect past experience of credit losses, possible credit losses, business and economic conditions, the character, quality, and performance of the portfolio, the value of collateral or guarantees, and other pertinent indicators.

The Banks have implemented a self-assessment system to determine the quality of their assets. The quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the asset review and inspection division in accordance with the Banks' policy and guidelines for the self-assessment of asset quality.

The Banks have established a credit rating system under which borrowers are classified into five categories based on their financial condition, cash flows, earnings ability and other considerations. The credit rating system is used in the self-assessment of asset quality. All loans are classified into five categories for self-assessment purposes: "Normal," "In need of caution ("Substandard" borrowers with substandard loans or other borrowers in need of caution)," "Possible bankruptcy," "Virtual bankruptcy," and "Legal bankruptcy."

The definitions of these categories are as follows:

Normal:

A "Normal" borrower has strong results and no particular problems with its financial position.

In need of caution:

An "In need of caution" borrower has problems with lending conditions, has problems with fulfillment, has poor results or is unstable, has problems with its financial position, or otherwise requires special attention in future management.

Substandard:

A "Substandard" borrower has substandard loans.

"Substandard" loans are loans to "In need of caution" borrowers that are "three months or more in arrears" or

have restructured loans.

Possible bankruptcy:

A "Possible bankruptcy" borrower is not bankrupt now but is facing business difficulties and has failed to make adequate progress on its business improvement plan, etc., such that there is a strong possibility of it going into bankruptcy in the future.

Virtual bankruptcy:

A "Virtual bankruptcy" borrower is not yet legally and formally bankrupt, but is in serious business difficulties from which it is considered impossible to rebuild. In other words, the borrower is practically bankrupt.

Legal bankruptcy:

A "Legal bankruptcy" borrower is legally and formally bankrupt. This would include bankruptcy, liquidation, corporate reorganization, civil-rehabilitation, composition, and deposition by suspension of business in the clearing house.

For loans to borrowers classified as "Legal bankruptcy" or "Virtual bankruptcy," the Banks fully provide the net amount of loans and estimated collectible amounts by collateral or guarantees.

For borrowers classified as "Possible bankruptcy" with which the unsecured portion of claims exceeds a certain amount, or a large lot borrowers holding substandard loans, if cash flows from collection of principal and interest can be reasonably estimated, the Banks provide the difference between the present values of these cash flows discounted at the initial contractual interest rate and the book values of the loans (the "DCF" method).

For borrowers classified as "Possible bankruptcy" or holding substandard loans without using the "DCF" method, a specific reserve or a general allowance is provided based on three-year expected loan losses. Expected loan losses are measured based on three-year historical loan loss ratio and forward-looking information.

For borrowers classified as "Normal" or "In need of caution" loans, the Banks segregate the loans into two categories "Business loan" or "Consumer loan." General allowance for these categories is provided based on one-year expected loan losses, respectively. Expected loan losses are measured by each categories based on one-year historical loan loss ratios and forward-looking information.

The Company and its consolidated non-banking subsidiaries determine the allowance for loan losses by a similar self-assessment system as that of the Banks.

For collateralized or guaranteed claims to borrowers who are in "Virtual bankruptcy" or "Legal bankruptcy," the amount exceeding the estimated value of collateral or guarantees has been deducted as deemed uncollectible directly from those claims. The deducted amounts were ¥17,489 million (\$116,971 thousand) and ¥17,860 million at March 31, 2025 and 2024, respectively.

j. Accounting Method for Retirement Benefits

In calculating retirement benefit obligations, the benefit formula basis is used as a method of attributing expected retirement benefits to the period up to the end of this fiscal year.

The past service cost is amortized using the straight-line method over nine years within the employees' average remaining service period. It's commenced from the fiscal year of incurrence.

The unrecognized actuarial (gains) losses are amortized using the straight-line method over eight or nine years within the

employees' average remaining service period, commencing from the next fiscal year of incurrence.

k. Reserve for Directors' and Audit & Supervisory Board Members' Retirement Benefits

A reserve for directors' and audit & supervisory board members' retirement benefits is provided for payment of retirement benefits to directors and audit & supervisory board members in the amount deemed accrued at the fiscal year end, based on the estimated amount of benefits.

The Company and the Banks abolished their directors' and audit & supervisory board members' retirement benefits system at the Board of Directors' meeting on May 11, 2012, and resolved to provide a lump-sum payment of retirement benefits of directors and audit & supervisory board members at the general meeting of shareholders on June 26, 2012. According to these resolutions, the lump-sum payment of retirement benefits of directors and audit & supervisory board members shall be effectuated upon the retirement of each individual director and audit & supervisory board member. Reserve for directors' and audit & supervisory board members' retirement benefits was ended in June 2012, and the entire remaining amount is included in "reserve for directors' and audit & supervisory board members' retirement benefits."

l. Reserve for Contingent Losses

A reserve for contingent losses is provided for possible losses in accordance with the Joint Responsibility System of Credit Guarantee Corporations and possible losses from contingencies not covered by other specific reserves.

m. Reserve for Reimbursement of Deposits

A reserve for reimbursement of deposits which were not previously recognized as liabilities under certain conditions is provided for possible losses on the future claims of withdrawal based on historical reimbursement experience.

n. Reserve under the Special Laws

A reserve under the special laws is a reserve for contingent liabilities and provided for compensation for losses from securities related transactions or derivative transactions in accordance with Article 46-5 of the Japanese Financial Instruments and Exchange Act.

o. Stock Options

The companies are required to recognize compensation expense for employee stock options based on the fair value of the stock options at the date of grant and over the vesting period as consideration for receiving goods or services. The companies are also required to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the consolidated balance sheet, the stock options are presented as stock acquisition rights as a separate component of equity until exercised.

p. Income Taxes

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

differences.

q. Translation of Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen mainly at the exchange rate prevailing as of the balance sheet date.

r. Derivatives and Hedging Activities

Derivatives are stated at fair value. Derivative transactions that meet hedge accounting criteria are primarily accounted for under the deferral method whereby unrealized gains and losses are deferred until maturity as deferred gains (losses) on hedge accounting in a separate component of equity.

The Banks hedge interest rate risks arising from their financial assets and liabilities by employing the technique known as "individual hedging" that establishes a specific position to directly hedge a particular item. Such hedges, limited to certain assets and liabilities, are accounted for by the deferred method or, where appropriate interest rate swaps are involved, by the special rule method.

The effectiveness of hedges is assessed as follows: the Banks specify the hedged items according to their risk management regulations, with the aim of centralizing hedging instruments, and verify the extent to which the exposure of interest rate risks on hedged items is mitigated.

The Banks hedge currency exchange fluctuation risks arising from their foreign currency denominated financial assets and liabilities. Such hedges are accounted for by the deferred method specified in the "Accounting and Auditing Treatments in Banking Business in Accounting for Foreign Currency Denominated Transactions and Others" (The Japanese Institute of Certified Public Accountants ("JICPA") Industry Committee Practical Guidelines No. 25).

The effectiveness of these hedges is assessed as follows: where currency swap transactions and exchange swap transactions are used as hedging instruments to offset exchange fluctuation risks arising from foreign currency denominated financial assets and liabilities, hedge effectiveness is assessed by verifying the agreement of the amounts of the designated hedging instruments corresponding to the hedged foreign currency financial assets and liabilities.

The Company and consolidated non-banking subsidiaries are not engaged in hedging operations using derivative transactions.

s. Finance Lease

Sales and cost of sales are accounted for when lease payments are paid.

t. Per Share Information

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of shares of common stock outstanding for the period.

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

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

u. New Accounting Pronouncements

- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)

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

As part of its efforts to make Japanese accounting standards more internationally consistent, the Accounting Standards Board of Japan (ASBJ) has been studying the development of an accounting standard for leases that would require lessees to recognize assets and liabilities for all leases, based on international accounting standards. The basic policy is to adopt the single accounting model in IFRS 16 as a basis, rather than incorporating all of the provisions of IFRS 16, only the main provisions are incorporated, with the aim of creating a simple, convenient accounting standard for leases that does not require any fundamental modifications even when the provisions of IFRS 16 are used for individual financial statements. As for the accounting treatment for lessees, the same as IFRS 16, a single accounting model will be applied to all leases, regardless of whether they are finance leases or operating leases, in which depreciation expenses related to the right-of-use assets and interest expenses related to the lease liabilities are recorded.

The New Accounting Standards are effective for annual periods beginning on or after April 1, 2027.

The Company is in the process of measuring the effects of applying the New Accounting Standards in future applicable periods.

3. Significant Accounting Estimate

The significant accounting estimate that can significantly affect the consolidated financial statements for the next fiscal year is as follows:

Allowance for loan losses

(1) Carrying amount on the consolidated financial statements of fiscal year ended March 31, 2025 and 2024 were as follows.

	Millions of yen	Thousands of U.S. dollars	
	2025	2024	2025
Allowance for loan losses	¥61,704	¥59,997	\$412,681

Recording allowance for loan losses has a significant impact on operating results and financial status because of relatively high percentage of loans and bills discounted on the consolidated balance sheet as March 31, 2025. Therefore, we determined that it was significant accounting estimate.

(2) Information on the significant accounting estimate

(a) Methodology for estimate

The Banks estimate the allowance for loan losses according to the methodology described in Note 2, "Summary of Significant Accounting Policies, i. Allowance for Loan Losses" to the consolidated financial statements.

(b) Principal assumption

Principal assumption is the prospects for recovery of borrowers' business performance in the future periods and the achievability of the borrowers' medium-term to long-term business improvement plans ("Business Improvement Plans").

In case of borrowers whose business results or financial position is currently unfavorable or unstable, the Banks frequently determine the borrowers classifications based on the latest borrowers' business conditions and the borrowers' "Business Improvement Plans" in addition to the borrowers' historical business performance.

About the above, there are no significant changes from previous consolidated fiscal year.

(c) The risk that might affect carrying amount to the consolidated financial statements in next financial year

If the assumption for the evaluation of the achievability of the borrowers' "Business Improvement Plans" changes, it is possible that the situation will have a significant impact on allowance for loan losses.

4. Accounting Change

(Accounting Standard for Corporate Tax, Inhabitant Tax, Enterprise Tax, etc.)

Accounting Standards Board of Japan ("ASBJ") Statement No. 27, "Accounting Standard for Corporate Tax, Inhabitant Tax, Enterprise Tax, etc." (ASBJ, October 28, 2022), etc., have been applied from the beginning of the fiscal year ended March 31, 2025.

The cumulative effect of retroactively applying the new accounting policy to reporting periods prior to the beginning of the fiscal year ended March 31, 2025 was not recognized as an adjustment to retained earnings as of the beginning of the fiscal year ended March 31, 2025.

5. Cash and Cash Equivalents

The reconciliation of “Cash and cash equivalents” in the consolidated statement of cash flows and “Cash and due from banks” in the consolidated balance sheet as of March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash and due from banks	¥3,191,879	¥4,550,493	\$21,347,511
Due from banks except for deposits with the Bank of Japan	(10,831)	(10,102)	(72,443)
Cash and cash equivalents	¥3,181,048	¥4,540,390	\$21,275,068

6. Trading Assets and Liabilities

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

Trading Assets	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Trading securities	¥805	¥2,396	\$5,388
Trading-related financial derivatives	325	328	2,179
Total	¥1,131	¥2,724	\$7,567

Trading Liabilities	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Trading-related financial derivatives	¥262	¥284	\$1,756
Total	¥262	¥284	\$1,756

7. Money Held in Trust

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Amounts recorded in the consolidated balance sheet	¥14,080	¥13,088	\$94,174
Valuation gain (loss) included in consolidated statement of income	—	(3)	—

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Amounts recorded in the consolidated balance sheet	¥4,800	¥4,500	\$32,103
Valuation gain (loss) included in consolidated statement of income	—	—	—

8. Securities

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Japanese national government bonds	¥670,617	¥186,290	\$4,485,135
Japanese local government bonds	581,941	617,550	3,892,066
Japanese corporate bonds	277,337	270,130	1,854,855
Japanese corporate stocks	220,624	223,127	1,475,550
Other securities	568,211	490,923	3,800,236
Total	¥2,318,732	¥1,788,022	\$15,507,842

As of March 31, 2025 and 2024, securities included equity investments in non-consolidated subsidiaries that amounted to ¥6,779 million (\$45,343 thousand) and ¥3,005 million, respectively.

In the following description, in addition to “Securities,” also presented are trading account securities which are classified as “Trading assets” in the consolidated balance sheet and beneficiary claims on loan trusts which are classified as “Monetary claims bought” in the consolidated balance sheet.

(2) Valuation gain or loss on trading account securities included in income before income taxes was ¥(16) million (\$ (111) thousand) and ¥(15) million as of March 31, 2025 and 2024, respectively.

(3) The amounts on the consolidated balance sheet, aggregate fair value, and unrealized gains (losses) on held-to-maturity debt securities as of March 31, 2025 and 2024 were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2025			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥—	¥—	¥—
Japanese local government bonds	—	—	—
Total	¥—	¥—	¥—
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥—	¥—	¥—
Japanese local government bonds	1,500	1,480	(19)
Total	1,500	1,480	(19)
Grand total	¥1,500	¥1,480	¥(19)

	Millions of yen		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2024			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥—	¥—	¥—
Japanese local government bonds	—	—	—
Total	¥—	¥—	¥—
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥—	¥—	¥—
Japanese local government bonds	2,000	1,998	(1)
Total	2,000	1,998	(1)
Grand total	¥2,000	¥1,998	¥(1)

	Thousands of U.S. dollars		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2025			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	\$—	\$—	\$—
Japanese local government bonds	—	—	—
Total	\$—	\$—	\$—
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	\$—	\$—	\$—
Japanese local government bonds	10,032	9,901	(131)
Total	10,032	9,901	(131)
Grand total	\$10,032	\$9,901	\$(131)

(4) The amounts on the consolidated balance sheet, acquisition or amortized cost, and unrealized gains (losses) on available-for-sale securities as of March 31, 2025 and 2024 were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2025			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese corporate stocks	¥170,544	¥60,693	¥109,851
Bonds:			
Japanese government bonds	4,847	4,839	7
Japanese local government bonds	—	—	—
Japanese corporate bonds	22,766	22,627	139
Total bonds	27,613	27,466	147
Other securities:			
Foreign securities	157,246	150,789	6,457
Other	41,714	39,198	2,515
Total other securities	198,961	189,988	8,972
Total	¥397,120	¥278,148	¥118,971
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese corporate stocks	20,737	23,503	(2,765)
Bonds:			
Japanese government bonds	665,770	686,554	(20,784)
Japanese local government bonds	580,441	599,734	(19,293)
Japanese corporate bonds	254,571	260,137	(5,566)
Total bonds	1,500,783	1,546,427	(45,643)
Other securities:			
Foreign securities	212,097	220,378	(8,281)
Other	131,651	146,175	(14,524)
Total other securities	343,748	366,554	(22,806)
Total	1,865,269	1,936,485	(71,216)
Grand total	¥2,262,389	¥2,214,634	¥47,755

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2024			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese corporate stocks	¥192,855	¥70,564	¥122,291
Bonds:			
Japanese government bonds	38,989	38,874	114
Japanese local government bonds	49,857	49,688	169
Japanese corporate bonds	89,227	88,421	805
Total bonds	178,073	176,984	1,089
Other securities:			
Foreign securities	115,393	109,721	5,671
Other	66,805	61,074	5,730
Total other securities	182,199	170,796	11,402
Total	¥553,128	¥418,344	¥134,783
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese corporate stocks	5,240	6,055	(814)
Bonds:			
Japanese government bonds	147,301	150,669	(3,367)
Japanese local government bonds	565,693	574,025	(8,332)
Japanese corporate bonds	180,903	183,355	(2,452)
Total bonds	893,897	908,050	(14,152)
Other securities:			
Foreign securities	170,182	183,409	(13,226)
Other	122,222	137,012	(14,790)
Total other securities	292,405	320,421	(28,016)
Total	1,191,543	1,234,527	(42,983)
Grand total	¥1,744,672	¥1,652,872	¥91,799

	Thousands of U.S. dollars		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2025			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese corporate stocks	\$1,140,615	\$405,921	\$734,694
Bonds:			
Japanese government bonds	32,417	32,367	50
Japanese local government bonds	—	—	—
Japanese corporate bonds	152,266	151,332	934
Total bonds	184,683	183,699	984
Other securities:			
Foreign securities	1,051,678	1,008,492	43,186
Other	278,991	262,165	16,826
Total other securities	1,330,669	1,270,657	60,012
Total	\$2,655,967	\$1,860,277	\$795,690
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese corporate stocks	138,694	157,193	(18,499)
Bonds:			
Japanese government bonds	4,452,718	4,591,725	(139,007)
Japanese local government bonds	3,882,034	4,011,068	(129,034)
Japanese corporate bonds	1,702,589	1,739,817	(37,228)
Total bonds	10,037,341	10,342,610	(305,269)
Other securities:			
Foreign securities	1,418,521	1,473,909	(55,388)
Other	880,492	977,635	(97,143)
Total other securities	2,299,013	2,451,544	(152,531)
Total	12,475,048	12,951,347	(476,299)
Grand total	\$15,131,015	\$14,811,624	\$319,391

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

March 31, 2025	Millions of yen		
	Proceeds	Realized gains	Realized losses
Japanese corporate stocks	¥32,215	¥10,382	¥738
Bonds:			
Japanese government bonds	—	—	—
Japanese local government bonds	57,853	—	3,470
Japanese corporate bonds	241	0	—
Total bonds	58,095	0	3,470
Other securities:			
Foreign securities	29,739	1	3,960
Other	11,869	788	496
Total other securities	41,608	790	4,457
Total	¥131,919	¥11,173	¥8,665

March 31, 2024	Millions of yen		
	Proceeds	Realized gains	Realized losses
Japanese corporate stocks	¥53,937	¥17,064	¥1,773
Bonds:			
Japanese government bonds	183,954	3,697	3,766
Japanese local government bonds	2,230	30	—
Japanese corporate bonds	228	0	—
Total bonds	186,413	3,728	3,766
Other securities:			
Foreign securities	167,251	3,259	27,277
Other	27,234	2,300	2,674
Total other securities	194,486	5,560	29,952
Total	¥434,837	¥26,353	¥35,491

March 31, 2025	Thousands of U.S. dollars		
	Proceeds	Realized gains	Realized losses
Japanese corporate stocks	\$215,459	\$69,437	\$4,939
Bonds:			
Japanese government bonds	—	—	—
Japanese local government bonds	386,926	—	23,208
Japanese corporate bonds	1,619	3	—
Total bonds	388,545	3	23,208
Other securities:			
Foreign securities	198,898	13	26,491
Other	79,384	5,275	3,320
Total other securities	278,282	5,288	29,811
Total	\$882,286	\$74,728	\$57,958

(6) Impairment losses on available-for-sale securities amounted to ¥592 million (\$3,964 thousand) and ¥126 million as of March 31, 2025 and 2024, respectively.

An impairment of securities is recognized if the decline in fair value is substantial and the decline is determined to be other-than-temporary. The assessment of whether or not a decline in fair value is other-than-temporary by classification of the security issuer which is used in the self-assessment of asset quality is as follows:

(i) For issuers who are classified as borrowers under "In need of caution," "Possible bankruptcy," "Virtual bankruptcy," "Legal bankruptcy."

Stocks: where the fair value is lower than the acquisition cost.

Bonds: where the fair value declines by over 30% compared to the amortized cost or acquisition cost.

(ii) For issuers who are classified as borrowers under "Normal."

Stocks and bonds: where the fair value declines by 50% or more compared to the amortized cost or acquisition cost, or the fair value declines by over 30% but less than 50% compared to the amortized cost or acquisition cost and market prices remaining below a certain level.

* In determination of impairment losses, stocks' fair value are determined based on the average quoted market prices in the last month of the consolidated fiscal year.

(7) Reconciliation of valuation difference on available-for-sale securities to the amounts included in "valuation difference on available-for-sale securities," presented as a separate component of net assets as of March 31, 2025 and 2024, in the consolidated balance sheet, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Valuation difference before taxes on available-for-sale securities	¥48,035	¥92,407	\$321,267
Deferred tax liabilities	(12,454)	(24,865)	(83,299)
Valuation difference on available-for-sale securities (before adjustment)	35,581	67,542	237,968
Amounts attributable to non-controlling interests	(447)	(377)	(2,990)
The Company's portion of valuation difference on available-for-sale securities of equity method investees	316	331	2,120
Amounts recorded in the consolidated balance sheet	¥35,450	¥67,496	\$237,098

9. Loans and Bills Discounted

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Bills discounted	¥17,529	¥24,492	\$117,239
Loans on bills	130,908	136,370	875,525
Loans on deeds	9,198,578	8,262,891	61,520,725
Overdrafts	1,111,564	1,110,455	7,434,218
Total	¥10,458,581	¥9,534,210	\$69,947,707

Claims under The Banking Act and the Financial Reconstruction Law include Japanese corporate bonds in securities, which are guaranteed for all or part of the redemption of the principal and the payment of interest, and the issuance of these are limited to a private placement of securities (pursuant to Article 2, Clause 3 of the Japanese Financial Instruments and Exchange Act), loans and bills discounted, foreign exchanges, accrued interest and suspense payments in other assets and customers' liabilities for acceptances and guarantees. The amounts of these claims were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Bankrupt and substantially bankrupt	¥12,990	¥13,524	\$86,882
Doubtful	170,956	167,759	1,143,369
Substandard	31,839	31,429	212,947
Loans past due for 3 months or more	—	310	—
Restructured loans	31,839	31,119	212,947
Non Performing Loans	215,787	212,713	1,443,198
Normal	10,466,840	9,550,286	70,002,947
Total	¥10,682,627	¥9,763,000	\$71,446,145

Bankrupt and substantially bankrupt represent claims to obligors under bankruptcy and similar claims, as provided for under the Bankruptcy Law, the Corporate Reorganization Law, the Civil Rehabilitation Law and similar laws.

Doubtful represent claims to obligors that are not yet in bankruptcy but have experienced deterioration in their financial condition and operating performance and for which there is a high probability of contractual defaults on principal and interest payments.

Loans past due for three months or more represent loans which the principal and/or interest is three months or more past due, but exclude bankrupt and substantially bankrupt and doubtful.

Restructured loans are loans where the Group relaxes lending conditions by reducing the original interest rate or by forbearing interest payments or principal repayments to support the borrower's reorganization. Restructured loans exclude bankrupt and substantially bankrupt, doubtful, loans past due for three months or more.

Normal represent claims to obligors that are experiencing no particular problems with their financial condition or operating performance, other than claims in any of the three categories above.

These amounts represent the gross amounts before deduction of the allowance for loan losses.

Bills discounted are accounted for as financial transactions in accordance with "Accounting and Auditing treatment of Accounting Standards for Financial Instruments in Banking Industry" (JICPA Industry Committee Practical Guidelines No. 24). The Banks have the right to sell or repledge as collateral such discounted bills at their discretion. The total face value of bank acceptance bills, commercial bills, documentary bills and foreign currency bills bought, which were obtained at a discount, were ¥20,868 million (\$139,568 thousand) and ¥27,305 million as of March 31, 2025 and 2024, respectively.

10. Foreign Exchanges

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Assets			
Due from foreign banks	¥12,232	¥14,822	\$81,813
Foreign exchange bills bought	3,338	2,813	22,329
Foreign exchange bills receivable	1,635	1,771	10,940
Total	¥17,207	¥19,406	\$115,082
Liabilities			
Due to foreign banks	¥—	¥30	\$—
Foreign exchange bills sold	55	0	373
Foreign exchange bills payable	617	636	4,131
Total	¥673	¥667	\$4,504

11. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Buildings	¥42,671	¥42,276	\$285,388
Land	57,141	57,449	382,167
Lease assets	2,461	326	16,461
Construction in progress	1,731	2,552	11,578
Other tangible fixed assets	6,815	6,725	45,583
Total	¥110,820	¥109,330	\$741,177

Accumulated depreciation amounted to ¥107,093 million (\$716,251 thousand) and ¥108,359 million as of March 31, 2025 and 2024, respectively.

The book value of tangible fixed assets adjusted for gains on sales of replaced assets amounted to ¥5,646 million (\$37,765 thousand) and ¥5,748 million as of March 31, 2025 and 2024, respectively.

Under the "Act Concerning Land Revaluation," Hokuriku Bank, Ltd. revalued its own land for business operations as of March 31, 1998. The revaluation gain is included in net assets as "Revaluation reserve for land." The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥14,097 million (\$94,283 thousand) and ¥15,026 million as of March 31, 2025 and 2024, respectively.

12. Intangible Assets

Intangible assets as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Software	¥7,624	¥7,344	\$50,996
Goodwill	—	875	—
Lease assets	61	146	409
Other intangible assets	1,190	1,379	7,965
Total	¥8,876	¥9,746	\$59,370

13. Customers' Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees in liabilities on the consolidated balance sheet. As a contra account, customers' liabilities for acceptances and guarantees are also shown in assets, which represent the Banks' right of indemnity from the applicants.

Guarantee obligations on securities issued by private placement (pursuant to Article 2, Clause 3 of the Japanese Financial Instruments and Exchange Act) amounted to ¥140,887 million (\$942,267 thousand) and ¥149,511 million as of March 31, 2025 and 2024, respectively.

14. Assets Pledged

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Assets pledged as collateral:			
Securities	¥901,623	¥781,580	\$6,030,116
Loans and bills discounted	1,807,187	1,037,894	12,086,592
Relevant liabilities to the above assets:			
Deposits	27,601	22,951	184,600
Payables under securities lending transactions	279,691	157,288	1,870,599
Borrowed money	1,087,625	1,383,326	7,274,114

In addition to the assets presented above, the following assets were pledged as collateral relating to transactions on exchange settlements or as substitutes for futures transaction margins as of March 31, 2025 and 2024:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Securities	¥142,965	¥198	\$956,164
Other assets	209	105,209	1,400

In addition to the above, initial margins for futures transactions, cash collateral paid for financial instruments, and guarantee deposits that are included in "Other assets" in the consolidated balance sheet as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash collateral paid for financial instruments	¥14,626	¥8,894	\$97,822
Guarantee deposits	3,436	4,285	22,986

15. Loan Commitments

Overdraft facility and loan commitment contracts with customers to lend up to the prescribed limits in response to customers' applications for a loan, as long as there is no violation of any condition within the contracts. The unused amount of such contracts totaled ¥2,560,854 million (\$17,127,173 thousand) and ¥2,408,204 million as of March 31, 2025 and 2024, respectively, of which amounts with original agreement terms of less than one year are ¥2,403,097 million (\$16,072,082 thousand) and ¥2,256,368 million as of March 31, 2025 and 2024, respectively.

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

16. Deposits

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Current deposits, ordinary deposits, saving deposits and deposits at notice	¥10,656,675	¥10,566,040	\$71,272,578
Time deposits and installment savings	3,157,737	3,145,700	21,119,162
Negotiable certificates of deposit	87,707	52,918	586,593
Other deposits	129,726	108,679	867,617
Total	¥14,031,846	¥13,873,339	\$93,845,950

17. Borrowed Money

As of March 31, 2025 and 2024, the weighted-average annual interest rates applicable to borrowed money were 0.11% and 0.03%, respectively.

Annual maturities of borrowed money as of March 31, 2025 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2025	¥423,382	\$2,831,613
2026	217,461	1,454,399
2027	453,135	3,030,602
2028	898	6,010
2029	398	2,662
2030 and thereafter	186	1,244
Total	¥1,095,462	\$7,326,530

18. Retirement Benefits

Overview of the Group's retirement benefit plans

The Hokuriku Bank, Ltd. and The Hokkaido Bank, Ltd. provided two defined benefit retirement programs, corporate pensions and retirement bonuses, in addition to the defined contribution pension plan. At the time of retirement, employees may be issued a premium retirement grant that is not subject to inclusion in the actuarial computation of projected benefit obligations in conformity with the standards for accounting for retirement benefits. The Banks have established retirement benefit trusts.

The consolidated domestic subsidiaries, other than the two noted above, provide retirement lump-sum grants.

(a) Defined benefit plan

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of year	¥70,954	¥81,733	\$474,549
Service cost	1,421	1,646	9,509
Interest cost	1,121	501	7,502
Actuarial (gains) losses	144	(7,989)	968
Benefits paid	(4,995)	(4,938)	(33,410)
Others	1	1	10
Balance at end of year	¥68,648	¥70,954	\$459,128

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of year	¥92,088	¥86,022	\$615,892
Expected return on plan assets	2,352	2,033	15,735
Actuarial (gains) losses	(1,551)	13,111	(10,374)
Contributions from the employer	572	323	3,826
Benefits paid	(3,841)	(3,979)	(25,694)
Decrease resulting from cancellation of retirement benefit trust	(3,777)	(5,424)	(25,263)
Others	1	1	10
Balance at end of year	¥85,844	¥92,088	\$574,132

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Funded defined benefit obligation	¥56,801	¥58,749	\$379,893
Plan assets	(72,462)	(76,260)	(484,638)
	(15,661)	(17,510)	(104,745)
Unfunded defined benefit obligation	11,847	12,204	79,235
Plan assets	(13,381)	(15,828)	(89,494)
	(1,533)	(3,623)	(10,259)
Net liability (asset) arising from defined benefit obligation	¥(17,195)	¥(21,133)	\$(115,004)

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Liability for retirement benefits	¥425	¥634	\$2,844
Asset for retirement benefits	(17,620)	(21,768)	(117,848)
Net liability (asset) arising from defined benefit obligation	¥(17,195)	¥(21,133)	\$(115,004)

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Service cost	¥1,421	¥1,646	\$9,509
Interest cost	1,121	501	7,502
Expected return on plan assets	(2,352)	(2,033)	(15,735)
Recognized actuarial (gains) losses	(1,077)	2,120	(7,206)
Recognized past service cost	(193)	(193)	(1,295)
Others	35	46	239
Net periodic benefit costs	¥(1,044)	¥2,088	\$(6,986)

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Past service cost	¥(193)	¥(193)	\$(1,295)
Actuarial gains (losses)	(4,763)	21,735	(31,860)
Total	¥(4,957)	¥21,541	\$(33,155)

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized past service cost	¥(1,145)	¥(1,339)	\$(7,662)
Unrecognized actuarial (gains) losses	(13,397)	(18,161)	(89,603)
Total	¥(14,543)	¥(19,500)	\$(97,265)

(7) Plan assets

• Components of plan assets

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

	2025	2024
Bonds	33.59%	33.39%
Stocks	37.35	45.97
Cash and deposits	6.22	0.77
General accounts	7.32	6.76
Other	15.52	13.11
Total	100.00%	100.00%

Note: Plan assets include retirement benefit trusts of 18.29% and 19.86% as of March 31, 2025 and 2024, respectively.

• Method of determining the expected rate of return on plan assets

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

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

	2025	2024
Discount rate	1.55%-1.64%	0.61%-0.63%
Expected rate of return on plan assets	1.3%-3.1%	1.6%-3.6%

(b) Defined contribution pension plan

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Contribution	¥331	¥327	\$2,214

19. Equity

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

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. With respect to the third condition above, the Board of Directors of companies with an audit and supervisory committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by nature, meet the criteria under the Companies Act. The Company is organized as a company with an audit and supervisory committee, effective June 27, 2017. The Company meets all the above criteria, and accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.

Semiannual interim dividends may also be paid once a

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

(b) Increases / decreases and transfer of common stock, reserve, and surplus

The Banking Act requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of the legal reserve and additional paid-in capital equals 100% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

On October 1, 2016, the Company implemented a common stock consolidation at a ratio of ten stocks to one stock based on the resolution of the General Shareholders' meeting held on June 24, 2016.

(d) Appropriations of retained earnings

The following appropriations of retained earnings at March 31, 2025 was approved at the Company's general shareholders' meeting held on June 20, 2025:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥27.50 (\$0.18) per share of common stock	¥3,375	\$22,576
Cash dividends, ¥7.50 (\$0.05) per share of preferred stock (Type 5)	322	2,155

20. Capital Stock

Information with respect to capital stock of the Company as of March 31, 2025 and 2024 is as follows:

	2025	2024
Number of shares:		
Authorized:		
Common	280,000,000	280,000,000
Preferred (Type 5)	110,000,000	110,000,000
Issued and outstanding:		
Common	123,458,714	125,370,814
Preferred (Type 5)	42,983,000	53,726,000
Treasury stock:		
Common	759,674	801,982
Preferred (Type 5)	11,064	11,080

Preferred stock (Type 5)

Preferred stock (Type 5) is noncumulative and nonparticipating. Shareholders of the preferred stock (Type 5) are not entitled to vote at the general meeting of shareholders, except when the proposal to pay the prescribed dividends to shareholders is not submitted to the general meeting of shareholders or is rejected at the general meeting of shareholders.

Annual dividends per share of preferred stock (Type 5) are paid to shareholders at ¥15.00.

The changes in the number of treasury stock for the fiscal years ended March 31, 2025 and 2024 were as follows:

2025	As of April	Changes during the fiscal year		As of March
	1, 2024	Increase*1	Decrease*2	31, 2025
Common	801,982	1,952,951	1,995,259	759,674
Preferred (Type 5)	11,080	10,742,984	10,743,000	11,064

2024	As of April	Changes during the fiscal year		As of March
	1, 2023	Increase*1	Decrease*2	31, 2024
Common	655,341	3,583,172	3,436,531	801,982
Preferred (Type 5)	11,096	10,742,984	10,743,000	11,080

*1 The increase of common represents the acquisition of treasury stock, an increase in equity method affiliates, and odd-lot shares.

The increase of preferred (Type5) represents the acquisition of treasury stock.

*2 The decrease of common represents the retirement of treasury stock and the exercise of stock options.

The decrease of preferred (Type5) represents the retirement of treasury stock.

21. Stock Acquisition Rights

Stock acquisition rights as of March 31, 2025 and 2024 consisted of stock options.

22. Stock Options

The stock option plans grant options to the Company's directors and the Banks' directors and executive officers to purchase certain shares of the Company's common stock in the respective exercise periods. The exercise prices are subject to adjustments for stock issuances below fair value and stock splits.

Stock option expenses in the amount of ¥116 million (\$782 thousand) and ¥123 million were recorded under general and administrative expenses for the years ended March 31, 2025 and 2024, respectively.

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

Stock options	Persons granted	Number of options granted (Shares)	Date of grant	Exercise price	Exercise period
2012 Stock Option	19 directors 23 executive officers	105,850	November 28, 2012	¥1	From November 29, 2012 to November 28, 2042
2013 Stock Option	19 directors 22 executive officers	62,950	August 13, 2013	¥1	From August 14, 2013 to August 13, 2043
2014 Stock Option	19 directors 21 executive officers	55,400	July 11, 2014	¥1	From July 12, 2014 to July 11, 2044
2015 Stock Option	18 directors 24 executive officers	41,730	July 14, 2015	¥1	From July 15, 2015 to July 14, 2045
2016 Stock Option	19 directors 25 executive officers	106,200	August 12, 2016	¥1	From August 13, 2016 to August 12, 2046
2017 Stock Option	20 directors 25 executive officers	75,960	July 14, 2017	¥1	From July 15, 2017 to July 14, 2047
2018 Stock Option	19 directors 24 executive officers	87,420	July 11, 2018	¥1	From July 12, 2018 to July 11, 2048
2019 Stock Option	19 directors 24 executive officers	114,610	July 10, 2019	¥1	From July 11, 2019 to July 10, 2049
2020 Stock Option	19 directors 23 executive officers	138,000	July 10, 2020	¥1	From July 11, 2020 to July 10, 2050
2021 Stock Option	19 directors 24 executive officers	154,930	July 14, 2021	¥1	From July 15, 2021 to July 14, 2051
2022 Stock Option	18 directors 24 executive officers	156,200	July 11, 2022	¥1	From July 12, 2022 to July 11, 2052
2023 Stock Option	18 directors 24 executive officers	110,890	July 14, 2023	¥1	From July 15, 2023 to July 14, 2053
2024 Stock Option	20 directors 25 executive officers	60,700	July 10, 2024	¥1	From July 11, 2024 to July 10, 2054

The stock option activity was as follows:

Year ended March 31, 2025	2012 stock option (Shares)	2013 stock option (Shares)	2014 stock option (Shares)	2015 stock option (Shares)
Non-vested:				
March 31, 2024				
–outstanding	—	—	—	—
Granted	—	—	—	—
Canceled	—	—	—	—
Vested	—	—	—	—
March 31, 2025				
–outstanding	—	—	—	—
Vested:				
March 31, 2024				
–outstanding	4,910	4,870	4,230	4,450
Vested	—	—	—	—
Exercised	—	—	—	1,200
Canceled	—	—	—	—
March 31, 2025				
–outstanding	4,910	4,870	4,230	3,250
Exercise price	¥1	¥1	¥1	¥1
	\$0.01	\$0.01	\$0.01	\$0.01
Average stock price at exercise	¥—	¥—	¥—	¥2,055.0
	\$—	\$—	\$—	\$13.74
Fair value price at grant date	¥1,080	¥1,820	¥2,010	¥2,650
	\$7.22	\$12.17	\$13.44	\$17.72

Year ended March 31, 2025	2016 stock option (Shares)	2017 stock option (Shares)	2018 stock option (Shares)	2019 stock option (Shares)
Non-vested:				
March 31, 2024				
–outstanding	—	—	—	—
Granted	—	—	—	—
Canceled	—	—	—	—
Vested	—	—	—	—
March 31, 2025				
–outstanding	—	—	—	—
Vested:				
March 31, 2024				
–outstanding	15,240	14,110	20,290	36,570
Vested	—	—	—	—
Exercised	2,960	2,140	2,780	3,640
Canceled	—	—	—	—
March 31, 2025				
–outstanding	12,280	11,970	17,510	32,930
Exercise price	¥1	¥1	¥1	¥1
	\$0.01	\$0.01	\$0.01	\$0.01
Average stock price at exercise	¥2,055.0	¥2,055.0	¥2,055.0	¥2,055.0
	\$13.74	\$13.74	\$13.74	\$13.74
Fair value price at grant date	¥1,170	¥1,717	¥1,353	¥1,080
	\$7.83	\$11.48	\$9.05	\$7.22

Year ended March 31, 2025	2020 stock option (Shares)	2021 stock option (Shares)	2022 stock option (Shares)	2023 stock option (Shares)
Non-vested:				
March 31, 2024				
–outstanding	—	—	—	—
Granted	—	—	—	—
Canceled	—	—	—	—
Vested	—	—	—	—
March 31, 2025				
–outstanding	—	—	—	—
Vested:				
March 31, 2024				
–outstanding	58,990	103,360	145,650	110,890
Vested	—	—	—	—
Exercised	6,670	19,540	25,950	18,230
Canceled	—	—	—	—
March 31, 2025				
–outstanding	52,320	83,820	119,700	92,660
Exercise price	¥1	¥1	¥1	¥1
	\$0.01	\$0.01	\$0.01	\$0.01
Average stock price at exercise	¥2,055.0	¥2,055.0	¥2,055.0	¥2,055.0
	\$13.74	\$13.74	\$13.74	\$13.74
Fair value price at grant date	¥802	¥759	¥769	¥1,111
	\$5.36	\$5.08	\$5.14	\$7.43

Year ended March 31, 2025	2024 stock option (Shares)
Non-vested:	
March 31, 2024	
–outstanding	—
Granted	60,700
Canceled	—
Vested	60,700
March 31, 2025	
–outstanding	—
Vested:	
March 31, 2024	
–outstanding	—
Vested	60,700
Exercised	—
Canceled	—
March 31, 2025	
–outstanding	60,700
Exercise price	¥1
	\$0.01
Average stock price at exercise	¥—
	\$—
Fair value price at grant date	¥1,926
	\$12.88

Shares and per share figures have been restated, as appropriate, to reflect a one-for-ten stock consolidation effective October 1, 2016.

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

Estimate method	Black-Scholes option-pricing model
Volatility of stock price	30.216%
Estimated remaining outstanding period	1 year and 8 months
Estimate dividend	¥40.00 per share
Risk-free interest rate	0.269%

In estimating the vested number of stock options, the Company basically reflects only the actual forfeited number since it is difficult to make a reasonable estimate on the future forfeited number.

23. Per Share Information

(1) Net income per share of common stock

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

Year ended	Thousands of		Yen	U.S. dollars
	Millions of yen	shares		
March 31, 2025	Net income attributable to owners of parent	Weighted-average shares		EPS
Basic EPS – Net income available to common shareholders	¥38,347	123,078	¥311.56	\$2.08
Effect of dilutive securities		503		
Diluted EPS – Net income for computation	¥38,347	123,582	¥310.29	\$2.08

Year ended	Thousands of		Yen	EPS
	Millions of yen	shares		
March 31, 2024	Net income attributable to owners of parent	Weighted-average shares		EPS
Basic EPS – Net income available to common shareholders	¥22,162	125,217	¥176.99	
Effect of dilutive securities		500		
Diluted EPS – Net income for computation	¥22,162	125,718	¥176.28	

(2) Net assets per share of common stock

Net assets per share of common stock as of March 31, 2025 and 2024 were as follows:

	Yen		U.S. dollars
	2025	2024	2025
Net assets per share of common stock	¥5,150.89	¥5,083.31	\$34.45

Net assets per share of common stock as of March 31, 2025 and 2024 were calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total equity	¥658,681	¥664,933	\$4,405,304
Deductions from total equity:			
Stock acquisition rights	542	504	3,631
Non-controlling interests	4,319	3,945	28,892
Preferred stock	21,485	26,857	143,700
Preferred dividends	322	402	2,155
Net assets attributable to common stock at the end of the fiscal year	632,009	633,222	4,226,926
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock (shares in thousands)	122,699	124,568	

24. Other Ordinary Income

Other ordinary income for the years ended March 31, 2025 and 2024 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Gains on sales and redemption of bonds and other securities	¥149	¥4,548	\$998
Gains on derivatives	659	334	4,411
Lease receipts	10,671	10,793	71,372
Other	2,409	1,924	16,116
Total	¥13,890	¥17,600	\$92,897

25. Other Ordinary Expenses

Other ordinary expenses for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Losses on foreign exchange transactions – net	¥1,422	¥874	\$9,516
Losses on sales, redemption and devaluation of bonds and other securities	8,187	31,398	54,758
Lease costs	9,848	9,974	65,871
Other	1,028	699	6,881
Total	¥20,488	¥42,947	\$137,026

26. Other Income

Other income for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Gains on sales of stocks	¥11,024	¥21,904	\$73,729
Reversal of allowance for loan losses	—	894	—
Gains on sales of tangible fixed assets	163	326	1,096
Gain on cancellation of retirement benefit trust	2,996	3,348	20,039
Equity in net income of affiliates	2,632	31	17,607
Other	1,490	803	9,970
Total	¥18,307	¥27,308	\$122,441

27. Other Expenses

Other expenses for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Losses on write-offs of loans and bills discounted	¥392	¥317	\$2,627
Losses on sales of stocks	1,061	4,192	7,098
Losses on impairments of stocks and other securities	43	633	293
Losses on sales of loans	262	90	1,758
Losses on waiver of loans	—	56	—
Losses on impairments and disposals of fixed assets	1,756	1,149	11,745
Other	2,028	2,099	13,565
Total	¥5,545	¥8,539	\$37,086

28. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in the normal effective statutory tax rate of approximately 30.45% for the years ended March 31, 2025 and 2024.

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Allowance for loan losses	¥21,979	¥21,574	\$146,999
Depreciation	387	426	2,595
Loss on valuation of securities	7,486	7,715	50,073
Valuation difference on available-for-sale securities	2,150	—	14,385
Other	7,007	5,745	46,868
Operating loss carryforwards	35	1,636	238
Subtotal	39,048	37,098	261,158
Less: Valuation allowance	19,083	19,820	127,631
Total deferred tax assets	19,964	17,278	133,527

Deferred tax liabilities:

Valuation difference on available-for-sale securities	19,762	30,554	132,171
Assets for retirement benefits	339	1,015	2,272
Land transfer through merger	2,351	2,293	15,725
Other	3,852	3,532	25,766
Total deferred tax liabilities	26,305	37,397	175,934
Net deferred tax assets	¥(6,340)	¥(20,118)	\$(42,407)

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

	2025	2024
Normal effective statutory tax rate	30.45%	30.45%
Change in valuation allowance	(1.64)	(20.70)
Permanently non-taxable income	(0.83)	(1.38)
Per capita portion of inhabitants' taxes	0.24	0.52
Permanently non-deductible expenses	0.23	0.41
Increase in deferred tax assets due to changes in tax rate	(0.48)	—
Other	(1.25)	0.41
Actual effective tax rate	26.72%	9.71%

New tax reform laws enacted in 2025 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2026, to approximately 31.35%. The effect of this change on the consolidated balance sheet and consolidated statement of income as of March 31, 2025 is as follows:

	Millions of yen	Thousands of U.S. dollars
Increase deferred tax assets	¥136	\$912
Increase deferred tax liabilities	418	2,799
Decrease valuation difference on available-for-sale securities	344	2,307
Deferred gains (losses) on hedges	16	109
Decrease income taxes-deferred	262	1,758
Increase deferred tax liabilities for revaluation	140	942
Decrease revaluation reserve for land	140	942

29. Other Comprehensive Income (Loss)

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Valuation difference on available-for-sale securities:			
Amount incurred during the fiscal year	¥(45,989)	¥30,169	\$(307,578)
Reclassification adjustment	1,617	14,101	10,816
Prior to deducting tax effect	(44,371)	44,270	(296,762)
Tax effect	12,410	(13,863)	83,004
Total	(31,961)	30,407	(213,758)
Deferred gains (losses) on hedges:			
Amount incurred during the fiscal year	6,158	(2,854)	41,188
Reclassification adjustment	3,331	1,963	22,280
Prior to deducting tax effect	9,489	(890)	63,468
Tax effect	(2,417)	(155)	(16,169)
Total	7,072	(1,046)	47,299
Revaluation reserve for land:			
Amount incurred during the fiscal year	—	—	—
Reclassification adjustment	—	—	—
Prior to deducting tax effect	—	—	—
Tax effect	(140)	—	(942)
Total	(140)	—	(942)
Defined retirement benefit plans:			
Amount incurred during the fiscal year	(6,228)	19,614	(41,657)
Reclassification adjustment	1,271	1,927	8,502
Prior to deducting tax effect	(4,957)	21,541	(33,155)
Tax effect	1,377	(6,555)	9,213
Total	(3,579)	14,986	(23,942)
Share of other comprehensive income (loss) of associates accounted for using the equity method:			
Amount incurred during the fiscal year	(82)	69	(555)
Reclassification adjustment	(4)	(6)	(33)
Prior to deducting tax effect	(87)	63	(588)
Tax effect	73	(19)	492
Total	(14)	43	(96)
Total other comprehensive income (loss)	¥(28,624)	¥44,390	\$(191,439)

30. Leases

(1) Finance lease transactions

(Lessee)

The Group leases ATMs, computer equipment, software, and other assets.

(2) Operating lease transactions

(Lessee)

The minimum rental commitments under noncancellable operating leases as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Within one year	¥123	¥98	\$829
Over one year	676	685	4,523
Total	¥800	¥784	\$5,352

(Lessor)

The minimum rental commitments under noncancellable operating leases as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Within one year	¥138	¥138	\$923
Over one year	414	552	2,769
Total	¥552	¥690	\$3,692

31. Financial Instruments and Related Disclosures

(1) Group policy on financial instruments

The Group provides a wide variety of financial services, centered on banking services such as deposit-taking and lending.

The Group's lending activities are aimed at achieving co-prosperity with the regional economy and the Group endeavors to manage the Group's lending in a sound and appropriate manner, while simultaneously working to strengthen credit risk management.

Investments in securities are strictly managed based on the Group's risk management policies and regulations. Regarding deposit-taking operations, the Group aims to ensure stable fundraising by the expansion and upgrading of financial services for all customers in the region. Borrowed money and corporate bonds are used mainly for medium- to long-term fundraising.

Given the different term structures of the Group's financial assets such as loans and financial liabilities such as deposits, the Group is exposed to interest-rate fluctuation risk in the financial markets. For this reason, the Group conducts comprehensive asset liability management ("ALM") to appropriately control such market risk and ensure stable earnings.

(2) Nature and extent of risks arising from financial instruments

The financial assets held by the Group consist primarily of securities and loans to domestic customers. Loans are subject to credit risks that could cause financial loss to the Group, such as declines or losses in asset value resulting from a possible deterioration in the financial condition of borrowers. With regard to securities, the Group is exposed to the credit risk of issuers, interest-rate risk, and market price volatility risk. However, the Group takes adequate steps to mitigate these risks.

Financial liabilities, including deposits and borrowed money, are exposed to liquidity risk arising from the possibility that the Group

may be obliged to procure funds at interest rates significantly higher than normal owing to a sudden change in the market environment or a deterioration in the Group's financial position.

The Banks make use of currency-related derivatives such as currency swaps, forward exchange contracts, and currency options, as well as interest-related derivatives such as interest-rate swaps, interest-rate futures, and interest-rate caps, to meet the ALM needs of the Banks as well as the various needs of the Banks' customers. These derivatives are exposed to the following risks among others: interest-rate risk, the risk of exchange rate fluctuations, price volatility risk, and credit risk.

However, none of the Group's financial assets and liabilities are attended by notably high risk levels, nor do they include any particular derivatives with high market price volatility.

The Banks apply hedge accounting to hedge the value of some of its assets and liabilities against interest-rate fluctuations. When applying hedge accounting, the Banks adopt integrated management in both hedging instruments and hedged items as long as hedging is managed and evaluates the effectiveness of the hedges.

(3) Risk management for financial instruments

The Group have established risk management departments and have stipulated basic regulations for risk management and other regulations pertaining to risk. In addition, the Group have established an ALM Committee and a Comprehensive Risk Management Committee, where qualified risks and administration matters are discussed regularly to ensure that all categories of risk are managed effectively. Changes in regulations and organizational structures of the Banks are revised or supervised by the Company to ensure conformance to the Group's policies and the results of the above committees are reported to the Company.

(a) Credit Risk Management

The Group's fundamental policy is to strive for improved earnings and ensure sound business operations through the appropriate management of credit risk. In line with this policy, the Company and the Banks collaborated in establishing various regulations, including Credit Risk Management Regulations, and ensuring the effective operation of internal checking functions by separating business promotion departments from credit risk management departments. Rigorous screening is also conducted and credit ratings are granted based on Credit Policy. Additionally, the setting of credit limits is managed on an individual customer basis to avoid the risk of an over concentration of loans in particular sectors. Finally, the Banks carry out self-assessment and credit risk quantification procedures and the risk situation is regularly reported to the Banks' board of directors.

As for the loan screening process of the Banks, the branches concerned carefully analyze each loan application and screen each customer involved. In the event that the decision exceeds the limits of authority of the branch manager, the appropriate loan screening departments at the headquarters of the Banks carry out their own analysis and screening. Specialized staff members in place within the screening departments are responsible for particular industries and geographical areas. These specialists provide the appropriate advice and guidance to the branches

based on the particular features of the customer.

Concerning the creditworthiness of security issuers and counterparty risk in derivative transactions, credit information and the state of transactions are regularly monitored and managed by the risk management departments of the Banks.

(b) Market Risk Management

Having stipulated regulations such as Market Risk Management Regulations and an arranged organizational structure including ALM and other committees, the Banks appropriately control market risk associated with lending and deposit-taking in order to ensure stable earnings.

Interest Rate Risk Management

The risk management departments of the Banks regularly and comprehensively monitor the interest rates and time-frames involved in the Banks' financial assets and liabilities and monitor interest rate risk levels through methods such as gap analysis and sensitivity analysis of interest rates, based on the Banks' Interest Rate Risk Management Regulations and other related regulations where the methods and procedures to be employed for risk management are described in detail.

The Banks set ceiling amounts for each type of interest rate risk to control such risk appropriately. Derivatives such as interest-rate swaps and interest-rate caps are employed from an ALM perspective so that the Banks reduce interest rate risk by hedging against interest rate fluctuations.

Foreign Exchange Risk Management

Using measures such as currency swaps to reduce foreign exchange risk, the Banks manage exchange risk arising from fluctuations in foreign exchange rates that affect the values of assets and liabilities denominated in foreign currencies.

Price Volatility Risk Management

Regarding investments in instruments such as securities, the Banks carry out prior screening and set investment ceilings, and then constantly monitor the investment status to minimize price volatility risk. Every process above has to be strictly managed under the supervision of the Banks' Board of Directors and to be in line with policies laid down by Management Committees. A high percentage of the stocks held by the Banks are acquired and held for long-term strategic purposes. The Banks monitor the market conditions and financial positions of the securities issuers. Value at Risk ("VaR") and other methods are used to determine the amount of market risk for each security held. The staff members of the responsible departments provide regular reports to the Banks' Board of Directors and Management Committees to confirm that price risk is controllable and all rules pertaining to market risk management are being followed correctly.

Derivatives

The Banks arrange their organizational structures securing the separation and internal check-and-balance mechanisms among front sections (specializing in market transactions), middle sections (engaging in risk management), and back sections (responsible for book entries and settlements). Management sections confirm the validity of transactions, value the Banks' daily derivative positions, and measure gains and losses as well as risk levels. Derivative transactions are carefully managed in such a way that losses never exceed a predetermined maximum.

Quantitative Information Related to Market Risk

Hokuriku Bank and Hokkaido Bank measure quantitative

information related to market risk.

- Financial instruments in the trading account

In calculating VaR for trading securities and a portion of currency-related and interest-related derivative transactions held in the trading account, Hokuriku Bank adopts the historical simulation method (a holding period of 1 business day, a confidence interval of 99%, and a main observation period of 1,250 business days).

The market risk amounts (VaR) of the trading business of Hokuriku Bank were ¥87 million (\$582 thousand) and ¥354 million as of March 31, 2025 and 2024, respectively.

Hokkaido Bank has no financial instruments in the trading accounts.

- Financial instruments in the banking account

In the Banks, the main financial instruments affected by interest rate risk are monetary claims bought, loans and bills discounted, bonds, deposits, borrowed money, and transactions of interest rate swaps, interest swaptions, and interest rate caps held in derivative transactions. The main financial instruments affected by market value are listed stocks and investment trust. The Banks use VaR for integrated management of these financial instruments.

For calculating VaR, the Banks adopted the historical simulation method (a holding period of 120 business days, a confidence interval of 99% and main observation period of 1,250 business days) and consider the correlations between interest and the fluctuation of prices of the listed stocks. In addition, Hokkaido Bank has set a holding period of 10 business days for trading account securities (including public bonds traded over the counter) and for specified fund trust as investment securities. Hokkaido Bank also considers the correlation between interest rates and the fluctuation of prices of the listed stocks in calculating VaR of specified fund trust as investment securities.

Hokuriku Bank's VaR of the financial instruments in the banking account was ¥36,248 million (\$242,429 thousand) and ¥37,489 million as of March 31, 2025 and 2024 respectively. Hokkaido Bank's VaR of the financial instruments in the banking account was ¥14,220 million (\$95,104 thousand) and ¥10,974 million as of March 31, 2025 and 2024 respectively. Hokkaido Bank's trading account securities totaled ¥3 million (\$20 thousand) and ¥9 million as of March 31, 2025 and 2024, respectively. Hokkaido Bank's specified fund trust totaled ¥0 million (\$1 thousand) and ¥0 million as of March 31, 2025 and 2024, respectively.

The Banks perform back testing of the VaR measurement model at fixed intervals. VaR measures the amount of market risk by certain occurrence probabilities that are statistically calculated based on past market movements. Therefore, there are cases in which VaR cannot capture risk under sudden and dramatic changes in markets beyond normal circumstances.

VaR shows the maximum loss during the holding period of the financial instruments under a confidence interval (99%) that is statistically calculated based on past market movements. In particular, the Banks calculate 100BPV (100 Basis Point Value) as supplements of the assets and liabilities and change in their present value on the assumption that index interest rate rises by 1.00%.

Hokuriku Bank's 100BPV was a ¥71,759 million increase

(\$479,929 thousand increase) and a ¥97,379 million increase as of March 31, 2025 and 2024, respectively. Hokkaido Bank's 100BPV was a ¥45,853 million increase (\$306,668 thousand increase) and a ¥39,747 million increase as of March 31, 2025 and 2024, respectively.

For calculating 100BPV, the correlations between interest rates and the other parameters are not considered because the 100BPV is measured on the assumption that risk parameters other than interest rate remain unchanged. Actual risk can exceed the calculated 100BPV in the case of a drastic change in interest rates beyond reasonable prior expectations.

(c) Liquidity Risk Management

In accordance with the Banks' rules for management of liquidity risk, the Banks form an accurate appraisal of fund operations and procurement, and take measures to ensure smooth cash flows. Specifically, the Banks set benchmarks in various different categories to check liquidity risk on a daily basis, and maintain adequate levels of high-liquidity assets that are readily convertible into cash, such as government bonds.

The Banks have in place mechanisms for periodically assessing and managing liquidity risk through ALM committees, to prepare for every possible scenario.

(4) Supplementary explanation relating to fair values of financial instruments

The fair values of financial instruments include certain assumptions that are used in the measurement of such amounts. Accordingly, the results of such measurement may vary if different assumptions are used.

(5) Fair value of financial instruments

The fair values of the main financial instruments at March 31, 2025 and 2024 are as follows.

These amounts do not include stocks without a quoted market price and investments in partnerships (see Note 1). In addition, Cash and due from banks, Call loans and bills bought, negotiable certificate of deposit, Call money and bills sold, Payables under securities lending transactions are omitted since these instruments are mainly settled in the short term (within 1 year) and the book values approximate the fair values.

Fair value of financial instruments

	Millions of yen		
	Carrying amount	Fair value	Unrealized gain (loss)
March 31, 2025			
Monetary claims bought *1	¥7,012	¥7,012	¥—
Securities			
Bonds classified as held-to-maturity	1,500	1,480	(19)
Available-for-sale securities	2,250,377	2,250,377	—
Loans and bills discounted	10,458,581		
Allowance for loan losses *1	(60,040)		
	<u>10,398,540</u>	<u>10,320,319</u>	<u>(78,220)</u>
Total assets	<u>¥12,657,429</u>	<u>¥12,579,189</u>	<u>¥(78,240)</u>
Deposits	¥13,944,138	¥13,940,397	¥(3,741)
Borrowed money	1,095,462	1,077,126	(18,336)
Total liabilities	<u>¥15,039,601</u>	<u>¥15,017,524</u>	<u>¥(22,077)</u>
Derivative transactions *2			
Derivative transactions not qualifying for hedge accounting	¥(601)	¥(601)	¥—
Derivative transactions qualifying for hedge accounting*3	8,977	8,977	*4—
Total derivative transactions	<u>¥8,376</u>	<u>¥8,376</u>	<u>¥—</u>

March 31, 2024	Millions of yen		
	Carrying amount	Fair value	Unrealized gain (loss)
Monetary claims bought *1	¥10,457	¥10,457	¥—
Securities			
Bonds classified as held-to-maturity	2,000	1,998	(1)
Available-for-sale securities	1,729,214	1,729,214	—
Loans and bills discounted	9,534,210		
Allowance for loan losses *1	(58,259)		
Total assets	¥11,217,623	¥11,212,066	¥(5,556)
Deposits	¥13,820,420	¥13,820,021	¥(399)
Borrowed money	1,389,940	1,377,778	(12,161)
Total liabilities	¥15,210,360	¥15,197,799	¥(12,561)
Derivative transactions *2			
Derivative transactions not qualifying for hedge accounting	¥(490)	¥(490)	¥—
Derivative transactions qualifying for hedge accounting*3	(2,686)	(2,686)	*4—
Total derivative transactions	¥(3,176)	¥(3,176)	¥—

March 31, 2025	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain (loss)
Monetary claims bought *1	\$46,897	\$46,897	\$—
Securities			
Bonds classified as held-to-maturity	10,032	9,901	(131)
Available-for-sale securities	15,050,677	15,050,677	—
Loans and bills discounted	69,947,707		
Allowance for loan losses *1	(401,556)		
Total assets	\$84,653,757	\$84,130,481	\$(523,276)
Deposits	\$93,259,357	\$93,234,335	\$(25,022)
Borrowed money	7,326,530	7,203,896	(122,634)
Total liabilities	\$100,585,887	\$100,438,231	\$(147,656)
Derivative transactions *2			
Derivative transactions not qualifying for hedge accounting	\$(4,025)	\$(4,025)	\$—
Derivative transactions qualifying for hedge accounting *3	60,045	60,045	*4—
Total derivative transactions	\$56,020	\$56,020	\$—

*1. Allowance for loan losses shown in this table represents the general allowance and specific allowance for loan losses. Figures for allowance for loan losses on monetary claims bought are directly deducted from the balance of monetary claims bought as the amount concerned is insignificant.

*2. Derivative transactions included in trading assets and liabilities and other assets and liabilities are shown together. Assets and liabilities arising from derivative transactions are shown within parentheses with respect to net liabilities.

*3. Transactions to which hedge accounting is applied include interest rate swap transactions designated as hedging instrument for the purpose of balancing interest rate fluctuations in loans, securities, etc. Deferred hedge accounting is applied to these transactions. Of these hedge relationships to which "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No. 40, March 17, 2022) applies are accounted for under the standard as of March 31, 2023.

*4. As interest-rate swaps subject to exceptional treatment are accounted for together with the loans being hedged by the swaps, their fair value is included in the loans in question on the consolidated balance sheet.

*5. Available-for-sale securities include investment trust which consider NAV as fair value applied paragraph 24-9 of "ASBJ Guidance No. 31".

(Note 1) The following are the consolidated balance sheet amounts of stocks without a quoted market price, and investments in partnerships. These amounts are not included in "Available-for-sale securities" in fair value of financial instruments.

Consolidated balance sheet amounts

March 31	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unlisted stocks *1,2	¥29,344	¥25,033	\$196,259
Investments in partnerships *3	37,510	31,774	250,871
Unlisted foreign securities *1	0	0	3
Total	¥66,855	¥56,808	\$447,133

*1. In accordance with paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020), these items are not subject to disclosure of the fair value.

*2. Unlisted stocks were written down by ¥33 million (\$226 thousand) and ¥606 million as of March 31, 2025 and 2024, respectively.

*3. In accordance with paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021), investments in partnerships are not subject to disclosure of the fair value.

	Thousands of U.S. dollars				
March 31, 2025	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years
Monetary claims bought	\$6,935	\$—	\$—	\$—	\$40,848
Securities	1,677,355	4,613,988	2,384,379	1,117,878	3,919,280
Bonds classified as held-to-maturity	—	10,032	—	—	—
Japanese government bonds	—	—	—	—	—
Japanese local government bonds	—	10,032	—	—	—
Available-for-sale securities with maturities	1,677,355	4,603,956	2,384,379	1,117,878	3,919,280
Japanese government bonds	621,990	2,273,943	214,018	—	1,518,192
Japanese local government bonds	463,165	1,153,251	1,411,473	687,414	297,803
Japanese corporate bonds	356,349	702,209	426,828	41,622	366,096
Other	235,851	474,553	332,060	388,842	1,737,189
Loans and bills discounted	24,635,849	9,731,056	8,274,539	5,519,253	20,442,304
Total	\$26,320,139	\$14,345,044	\$10,658,918	\$6,637,131	\$24,402,432

Loans and bills discounted

Claims on "Legal bankruptcy" borrowers, "Virtual bankruptcy" borrowers, and "Possible bankruptcy" borrowers amounted to ¥182,734 million (\$1,222,141 thousand) and ¥180,226 million as of March 31, 2025 and 2024, respectively, and loans with no contractual maturities amounted to ¥18,325 million (\$122,566 thousand) and ¥17,454 million as of March 31, 2025 and 2024, respectively. They are not included in the table above.

(Note 3) Maturity analysis for financial liabilities with contractual maturities

	Millions of yen				
March 31, 2025	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years
Deposits	¥13,083,561	¥655,747	¥194,125	¥2,113	¥8,591
Borrowed money	423,382	670,597	1,296	186	—
Total	¥13,506,944	¥1,326,344	¥195,422	¥2,299	¥8,591

	Millions of yen				
March 31, 2024	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years
Deposits	¥12,983,251	¥661,290	¥171,792	¥1,776	¥2,309
Borrowed money	424,485	512,313	453,140	—	—
Total	¥13,407,736	¥1,173,604	¥624,933	¥1,776	¥2,309

	Thousands of U.S. dollars				
March 31, 2025	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years
Deposits	\$87,503,758	\$4,385,681	\$1,298,324	\$14,134	\$57,459
Borrowed money	2,831,613	4,485,001	8,672	1,244	—
Total	\$90,335,371	\$8,870,682	\$1,306,996	\$15,378	\$57,459

Deposits

Demand deposits are included in "Due in 1 year or less."

(6) Financial Instruments Categorized by Fair Value Hierarchy

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

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

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

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

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

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

March 31, 2025	Millions of yen			Total
	Level 1	Level 2	Level 3	
Monetary claims bought	¥—	¥—	¥7,012	¥7,012
Securities	1,072,017	1,019,392	148,948	2,240,358
Available-for-sale securities	1,072,017	1,019,392	148,948	2,240,358
Japanese government bonds and Japanese local government bonds	670,617	580,441	—	1,251,059
Japanese corporate bonds	—	128,389	148,948	277,337
Japanese stocks	165,481	25,800	—	191,282
Other	235,918	284,760	—	520,679
Total assets	¥1,072,017	¥1,019,392	¥155,960	¥2,247,370
Derivative transactions *1 *2				
Interest rate - related transactions	¥—	¥8,468	¥—	¥8,468
Foreign exchange - related transactions	—	(41)	—	(41)
Commodity - related transactions	—	4	—	4
Credit derivative transactions	—	—	(55)	(55)
Total derivative transactions	¥—	¥8,431	¥(55)	¥8,376

March 31, 2024	Millions of yen			Total
	Level 1	Level 2	Level 3	
Monetary claims bought	¥—	¥—	¥10,457	¥10,457
Securities	537,842	1,022,542	158,954	1,719,338
Available-for-sale securities	537,842	1,022,542	158,954	1,719,338
Japanese government bonds and Japanese local government bonds	186,290	615,550	—	801,841
Japanese corporate bonds	—	111,176	158,954	270,130
Japanese stocks	170,444	27,652	—	198,096
Other	181,108	268,162	—	449,270
Total assets	¥537,842	¥1,022,542	¥169,411	¥1,729,796
Derivative transactions *1 *2				
Interest rate - related transactions	¥—	¥(804)	¥—	¥(804)
Foreign exchange - related transactions	—	(2,341)	—	(2,341)
Commodity - related transactions	—	11	—	11
Credit derivative transactions	—	—	(41)	(41)
Total derivative transactions	¥—	¥(3,135)	¥(41)	¥(3,176)

March 31, 2025	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	\$—	\$—	\$46,897	\$46,897
Securities	7,169,727	6,817,769	996,176	14,983,672
Available-for-sale securities	7,169,727	6,817,769	996,176	14,983,672
Japanese government bonds and Japanese local government bonds	4,485,135	3,882,035	—	8,367,170
Japanese corporate bonds	—	858,679	996,176	1,854,855
Japanese stocks	1,106,752	172,556	—	1,279,308
Other	1,577,840	1,904,499	—	3,482,339
Total assets	\$7,169,727	\$6,817,769	\$1,043,073	\$15,030,569
Derivative transactions *1 *2				
Interest rate - related transactions	\$—	\$56,636	\$—	\$56,636
Foreign exchange - related transactions	—	(276)	—	(276)
Commodity - related transactions	—	32	—	32
Credit derivative transactions	—	—	(373)	(373)
Total derivative transactions	\$—	\$56,392	\$(373)	\$56,019

*1. Derivative transactions included in trading assets and liabilities and other assets and liabilities are shown together. Assets and liabilities arising from derivative transactions are shown within parentheses with respect to net liabilities.

*2. As interest-rate swaps subject to exceptional treatment are included in the loans in question on the consolidated balance sheet.

*3. Investment trust which consider NAV as fair value was excluded in the above. It amounted to ¥10,018 million (\$67,005 thousand), ¥9,875 million as of March 31, 2025 and 2024, respectively.

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

March 31, 2025	Millions of yen			
	Level 1	Level 2	Level 3	Total
Securities	¥—	¥1,480	¥—	¥1,480
Bonds classified as held-to-maturity	—	1,480	—	1,480
Japanese government bonds and Japanese local government bonds	—	1,480	—	1,480
Loans and bills discounted	—	—	10,320,319	10,320,319
Total assets	¥—	¥1,480	¥10,320,319	¥10,321,800
Deposits	—	13,940,397	—	13,940,397
Borrowed money	—	1,069,817	7,308	1,077,126
Total liabilities	¥—	¥15,010,215	¥7,308	¥15,017,524

March 31, 2024	Millions of yen			
	Level 1	Level 2	Level 3	Total
Securities	¥—	¥1,998	¥—	¥1,998
Bonds classified as held-to-maturity	—	1,998	—	1,998
Japanese government bonds and Japanese local government bonds	—	1,998	—	1,998
Loans and bills discounted	—	—	9,470,395	9,470,395
Total assets	¥—	¥1,998	¥9,470,395	¥9,472,394
Deposits	—	13,820,021	—	13,820,021
Borrowed money	—	1,371,747	6,030	1,377,778
Total liabilities	¥—	¥15,191,768	¥6,030	¥15,197,799

March 31, 2025	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Securities	\$—	\$9,901	\$—	\$9,901
Bonds classified as held-to-maturity	—	9,901	—	9,901
Japanese government bonds and Japanese local government bonds	—	9,901	—	9,901
Loans and bills discounted	—	—	69,023,006	69,023,006
Total assets	\$—	\$9,901	\$69,023,006	\$69,032,907
Deposits	—	93,234,335	—	93,234,335
Borrowed money	—	7,155,014	48,882	7,203,896
Total liabilities	\$—	\$100,389,349	\$48,882	\$100,438,231

(Note 1) The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities

Monetary claims bought

Trust beneficiary rights for mortgage and loans are stated at the level 3 fair value based on the price provided by the financial institutions. Trust beneficiary rights for account receivables are stated at the level 3 based on the present value as discounting cash flows by market interest rates in consideration of credit risk.

Securities

When quoted prices are available in an active market, the Group adopts the quoted prices to measure the fair value are classified as Level 1 of the fair value hierarchy that include stocks and investment trusts listed on the Prime Market of the Tokyo Stock Exchange and Japanese Government Bonds.

The fair value of an input that can be directly or indirectly observed other than Level 1 input is classified as Level 2 of the fair value hierarchy.

When a quoted price is not observable, an entity measures fair value using valuation technique such as discount present value method of future cash flows and that maximizes the use of relevant observable inputs which include interest market rates and the probability of default. When an unobservable input is significant to the entire measurement, the fair value is classified as Level 3 of the fair value hierarchy that include privately-placed bonds.

Loans and bills discounted

For loans, the fair value is measured using the total future cash flows from principal and interest discounted by current market interest rates, taking into account the credit risk involved. This measurement is performed separately for each different category of loans, classified by type of loan, internal credit ratings, and maturity length. As loans with variable interest rates reflect short-term market interest rates, the book value will approximate the fair value unless the creditworthiness of the borrower changes subsequent to the grading of the loan. Because of this, the book value is employed as the fair value.

Regarding the fair value of claims on "Legal bankruptcy" borrowers, "Virtual bankruptcy" borrowers, and "Possible bankruptcy" borrowers, credit losses are estimated based on the present value of estimated future cash flows or the estimated value recoverable from collateral and guarantees. Since the book value stated on the consolidated balance sheet as of the consolidated balance sheet date, minus the present value of estimated bad debt, approximates the fair value, this figure is treated as the fair value. These fair values are classified as Level 3 of the fair value hierarchy. Also, fair value of loans are accounted hedged by the swaps for together with the loans are reflected the fair value of such interest-rate swaps.

Deposits

For demand deposits, the amount payable on demand as of the consolidated balance sheet date (i.e., the carrying amount) is considered to be the fair value and is classified as Level 2 of the fair value hierarchy. In addition, the fair value of time deposits is calculated by discounting the estimated future cash flows for each of the specified periods and is classified as Level 2 of the fair value hierarchy. This measurement is performed separately as per the remaining maturity of time deposits. The discount rate employed is the interest rate is available in the market.

Borrowed money

Borrowed money with floating interest rates reflects market interest rates and because the credit standing of the Company and its consolidated subsidiaries has changed little since taking out such loans, the book value is deemed to approximate the fair value and is therefore treated as such. For money borrowed through loans carrying fixed rates, the current value of such loans is determined by discounting the total of their principal plus interest (separately for each specific period) at the rate currently applied to other loans of the same duration and terms. These fair values are mainly classified as Level 2 of the fair value hierarchy.

Derivative transactions

Derivative transactions for which unadjusted quoted prices in active markets are available are classified as Level 1 of the fair value hierarchy. However, since most derivative transactions are over-the-counter transactions and there are no published quoted prices, fair values are measured using valuation techniques such as the discounted present value method and the Black-Scholes model depending on the type of transaction and the period to maturity. The main inputs used in these valuation techniques are interest rates, exchange rates, volatility, etc. When an unobservable input is not entire or is not significant for the fair value measurement, the fair values are classified as Level 2 of the fair value hierarchy that include plain vanilla swap, currency option, and so on.

The fair value used significant unobservable inputs are classified as Level 3 fair value of the fair value hierarchy.

(Note 2) The information of level 3 fair value with the financial assets and liabilities measured at the fair values in the consolidated balance sheet

(a) The quantitative information of fair values measured by using unobservable inputs for the assets or liabilities

March 31, 2025

	valuation method	Unobservable inputs for the assets	Range of valuation input
Monetary claims bought	Discounted cash flow method	Bankruptcy probability by ratings	0.000%-0.653%
		Expected loss ratio	—
		Expense ratio	0.331%
Privately-Placed bonds	Discounted cash flow method	Bankruptcy probability by ratings	0.000%-2.344%
		Expected loss ratio	10.752%-14.298%
		Expense ratio	0.295%-0.331%

March 31, 2024

	valuation method	Unobservable inputs for the assets	Range of valuation input
Monetary claims bought	Discounted cash flow method	Bankruptcy probability by ratings	0.000%
		Expected loss ratio	12.086%
		Expense ratio	0.303%
Privately-Placed bonds	Discounted cash flow method	Bankruptcy probability by ratings	0.000%-2.586%
		Expected loss ratio	12.086%-20.465%
		Expense ratio	0.288%-0.303%

(b) Adjustment sheet from beginning balance to ending balance as of period and unrealized gains (losses) recognized as gains (losses) for the period

	Millions of yen		
March 31, 2025	Monetary claims bought	Privately-Placed bonds	Total
Balance at the beginning of the period	¥10,457	¥158,954	¥169,411
Profit and loss or other comprehensive income at the current period	(49)	(1,381)	(1,430)
Included in profit and loss*1	2	(120)	(118)
Included in other comprehensive income*2	(51)	(1,260)	(1,312)
Purchase, Issue	3,626	39,810	43,436
Sales, Redemption, Settlement	(7,022)	(48,434)	(55,457)
Balance at the end of current period	7,012	148,948	155,960
Unrealized gains (losses) on financial assets and liabilities held as of the consolidated balance sheet date among the amount recorded to gains (losses) or the period	¥—	¥—	¥—

	Millions of yen		
March 31, 2024	Monetary claims bought	Privately-Placed bonds	Total
Balance at the beginning of the period	¥15,519	¥170,446	¥185,965
Profit and loss or other comprehensive income at the current period	(6)	(265)	(271)
Included in profit and loss*1	1	(95)	(93)
Included in other comprehensive income*2	(8)	(169)	(177)
Purchase, Issue	3,611	38,807	42,418
Sales, Redemption, Settlement	(8,666)	(50,035)	(58,701)
Balance at the end of current period	10,457	158,954	169,411
Unrealized gains (losses) on financial assets and liabilities held as of the consolidated balance sheet date among the amount recorded to gains (losses) or the period	¥—	¥—	¥—

	Thousands of U.S. dollars		
March 31, 2025	Monetary claims bought	Corporate bonds sold through private placement	Total
Balance at the beginning of the period	\$69,943	\$1,063,095	\$1,133,038
Profit and loss or other comprehensive income at the current period	(328)	(9,240)	(9,568)
Included in profit and loss*1	14	(807)	(793)
Included in other comprehensive income*2	(342)	(8,433)	(8,775)
Purchase, Issue	24,253	266,252	290,505
Sales, Redemption, Settlement	(46,970)	(323,932)	(370,902)
Balance at the end of current period	46,898	996,175	1,043,073
Unrealized gains (losses) on financial assets and liabilities held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	\$—	\$—	\$—

*1. Those amounts are included in interest income, other ordinary income and other ordinary expenses in the consolidated statement of income.

*2. Those amounts are included in valuation difference on available for sale securities of other comprehensive income in the consolidated statement of comprehensive income.

(c) Description of the valuation processes used by the entity

In accordance with the policies and procedures established by the Corporate Planning Department regarding the fair values, the Banks verifies the appropriateness of the valuation techniques and inputs used in the measurement of fair values by the back offices of the Banks. The report of these verifies is submitted to middle offices, therefore, the appropriateness of fair value hierarchy and policy or process of fair value measurement are securely established.

In measurement of the fair value, the Banks use an evaluation model that is most adequate that reflects the nature, characteristics and risks of each asset. In addition, when using quoted prices provided by the third parties, the appropriateness of prices is verified by appropriate methods such as confirmation of the valuation techniques and inputs used and comparison with the market prices of similar financial instruments.

(d) Description of the sensitivity of the fair value measurement to changes in unobservable inputs

Significant unobservable inputs used in measurement of the fair value of purchased monetary claims and privately-placed bonds are the probability of default by rating, the expected credit loss ratio and the expense ratio. A significant increase (decrease) in these inputs affect mitigate or magnify of the fair value.

(7) Investment trust consider NAV as fair value

Adjustment sheet from beginning balance to ending balance as of period and unrealized gains (losses) recognized as gains (losses) for the period

	Millions of yen	Thousands of U.S. dollars
March 31, 2025		
Balance at the beginning of the period	¥9,875	\$66,049
Profit and loss or other comprehensive income at the current period	222	1,487
Included in profit and loss*1	102	687
Included in other comprehensive income*2	119	800
Purchase, Issue	905	6,055
Sales, Redemption, Settlement	(984)	(6,586)
Balance at the end of current period	10,018	67,005
Unrealized gains (losses) on investment trusts held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	¥—	\$—

	Millions of yen
March 31, 2024	
Balance at the beginning of the period	¥9,776
Profit and loss or other comprehensive income at the current period	44
Included in profit and loss*1	—
Included in other comprehensive income*2	44
Purchase, Issue	951
Sales, Redemption, Settlement	(896)
Balance at the end of current period	9,875
Unrealized gains (losses) on investment trusts held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	¥—

*1. Those amounts are included in other ordinary income in the consolidated statement of income.

*2. Those amounts are included in valuation difference on available for sale securities of other comprehensive income in the consolidated statement of comprehensive income.

32. Derivatives

(1) Derivative transactions to which hedge accounting is not applied

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

• Interest Rate-Related Transactions

March 31, 2025	Millions of yen			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
Over-the-counter transactions				
Swaps				
Receive/fixed and pay/floating	¥21,215	¥12,567	¥(489)	¥(489)
Receive/floating and pay/fixed	21,219	12,567	602	602
Others/sell	83,106	83,106	(1,980)	(949)
Others/buy	83,106	83,106	1,980	1,952
Total	/	/	¥112	¥1,115

March 31, 2024	Millions of yen			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
Over-the-counter transactions				
Swaps				
Receive/fixed and pay/floating	¥26,269	¥22,996	¥(132)	¥(132)
Receive/floating and pay/fixed	26,277	23,009	278	278
Others/sell	24,702	24,431	(371)	(9)
Others/buy	24,702	24,431	371	366
Total	/	/	¥145	¥503

March 31, 2025	Thousands of U.S. dollars			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
Over-the-counter transactions				
Swaps				
Receive/fixed and pay/floating	\$141,889	\$84,050	\$(3,274)	\$(3,274)
Receive/floating and pay/fixed	141,917	84,050	4,030	4,030
Others/sell	555,823	555,823	(13,245)	(6,350)
Others/buy	555,823	555,823	13,245	13,058
Total	/	/	\$756	\$7,464

Note: The above transactions are stated at fair value and unrealized gain or loss is charged to income or expenses in the consolidated statement of income.

• Foreign Exchange-Related Transactions

March 31, 2025	Millions of yen			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
Over-the-counter transactions				
Swaps				
Forward contracts/sell	¥55,376	¥46,350	¥24	¥24
Forward contracts/buy	125,056	6,860	(1,638)	(1,638)
Options/sell	50,723	6,190	949	949
Options/buy	67,760	50,050	(1,990)	267
Total	67,760	50,050	1,990	78
Total	/	/	¥(663)	¥(317)

March 31, 2024	Millions of yen			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
Over-the-counter transactions				
Swaps				
Forward contracts/sell	¥16,876	¥16,233	¥8	¥8
Forward contracts/buy	101,703	7,554	(874)	(874)
Options/sell	44,721	6,268	260	260
Options/buy	61,296	42,084	(1,052)	836
Total	61,296	42,084	1,052	(555)
Total	/	/	¥(605)	¥(324)

March 31, 2025	Thousands of U.S. dollars			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
Over-the-counter transactions				
Swaps				
Forward contracts/sell	\$370,363	\$309,993	\$162	\$162
Forward contracts/buy	836,385	45,883	(10,955)	(10,955)
Options/sell	339,245	41,400	6,353	6,353
Options/buy	453,189	334,739	(13,314)	1,790
Total	453,189	334,739	13,314	527
Total	/	/	\$(4,440)	\$(2,123)

Note: The above transactions are stated at fair value and unrealized gain or loss is charged to income or expenses in the consolidated statement of income.

• Commodity-Related Transactions

March 31, 2025	Millions of yen			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
Over-the-counter transactions				
Swaps				
Receive/fixed and pay/floating	¥97	¥78	¥(5)	¥(5)
Receive/floating and pay/fixed	97	78	10	10
Total	/	/	¥4	¥4

March 31, 2024	Millions of yen			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
Over-the-counter transactions				
Swaps				
Receive/fixed and pay/floating	¥262	¥133	¥(97)	¥(97)
Receive/floating and pay/fixed	262	133	108	108
Total	/	/	¥11	¥11

March 31, 2025	Thousands of U.S. dollars			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
Over-the-counter transactions				
Swaps				
Receive/fixed and pay/floating	\$652	\$527	\$(39)	\$(39)
Receive/floating and pay/fixed	652	527	71	71
Total	/	/	\$32	\$32

Notes: 1. The above transactions are stated at fair value and unrealized gain or loss is charged to income or expenses in the consolidated statement of income.
2. The above derivative transactions consist of those for oil, copper, aluminum, etc.

• Credit Derivative Transactions

March 31, 2025	Millions of yen			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
Over-the-counter transactions				
Credit default options				
Sell	¥—	¥—	¥—	¥—
Buy	3,556	3,547	(55)	(55)
Total	/	/	¥(55)	¥(55)

March 31, 2024	Millions of yen			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
Over-the-counter transactions				
Credit default options				
Sell	¥—	¥—	¥—	¥—
Buy	2,394	2,390	(41)	(41)
Total	/	/	¥(41)	¥(41)

March 31, 2025	Thousands of U.S. dollars			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
Over-the-counter transactions				
Credit default options				
Sell	\$—	\$—	\$—	\$—
Buy	23,786	23,723	(373)	(373)
Total	/	/	\$(373)	\$(373)

Notes: 1. The above transactions are stated at fair value and unrealized gain or loss is charged to income or expenses in the consolidated statement of income.
2. "Sell" and "Buy" indicate assumption and cession of credit risk, respectively

• Others

	Millions of yen			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
March 31, 2025				
Over-the-counter transactions				
Earthquake derivatives				
Sell	¥3,280	¥2,100	¥(17)	¥—
Buy	3,280	2,100	17	—
Total	/	/	¥—	¥—

	Millions of yen			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
March 31, 2024				
Over-the-counter transactions				
Earthquake derivatives				
Sell	¥8,965	¥—	¥(57)	¥—
Buy	8,965	—	57	—
Total	/	/	¥—	¥—

	Thousands of U.S. dollars			
	Notional principal or contract amount		Fair value	Unrealized gain (loss)
	Total	Due after 1 year		
March 31, 2025				
Over-the-counter transactions				
Earthquake derivatives				
Sell	\$21,937	\$14,045	\$(114)	\$—
Buy	21,937	14,045	114	—
Total	/	/	\$—	\$—

Note: The above transactions are stated at fair value and unrealized gain or loss is charged to income or expenses in the consolidated statement of income.

(2) Derivative transactions to which hedge accounting is applied

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

• Interest Rate-Related Transactions

	Hedge accounting method	Type	Hedged item	Millions of yen		
				Notional principal or contract amount		Fair value
				Total	Due after 1 year	
March 31, 2025						
Accounting method employed in principle	Swaps	Receive/floating and pay/fixed	Yen-based bond	¥277,140	¥277,140	¥8,355
Exceptional treatment for interest swaps	Swaps	Receive/floating and pay/fixed	Loans and bills discounted	35,147	35,125	*2
Total				/	/	¥8,355

	Hedge accounting method	Type	Hedged item	Millions of yen		
				Notional principal or contract amount		Fair value
				Total	Due after 1 year	
March 31, 2024						
Accounting method employed in principle	Swaps	Receive/floating and pay/fixed	Yen-based bond	¥95,564	¥95,564	¥(950)
Exceptional treatment for interest swaps	Swaps	Receive/floating and pay/fixed	Loans and bills discounted	33,356	27,365	*2
Total				/	/	¥(950)

	Hedge accounting method	Type	Hedged item	Thousands of U.S. dollars		
				Notional principal or contract amount		Fair value
				Total	Due after 1 year	
March 31, 2025						
Accounting method employed in principle	Swaps	Receive/floating and pay/fixed	Yen-based bond	\$1,853,531	\$1,853,531	\$55,880
Exceptional treatment for interest swaps	Swaps	Receive/floating and pay/fixed	Loans and bills discounted	235,068	234,918	*2
Total				/	/	\$55,880

Notes: 1. Deferred hedge accounting is mainly applied in accordance with JICPA Industry Committee Practical Guidelines No. 24.

2. Amounts resulting from interest swaps with exceptional treatment are accounted for together with the financial instruments hedged. As a result, the fair value is included in the fair value of the loans stated in Note 31, "Financial Instruments and Related Disclosures."

• Foreign Exchange-Related Transactions

March 31, 2025

Hedge accounting method	Type	Hedged item	Millions of yen		
			Notional principal or contract amount		Fair value
			Total	Due after 1 year	
Accounting method employed in principle	Swaps	Foreign loans and foreign securities	¥15,269	¥276	¥129
	Forward contracts	Call loans and due from banks (foreign currencies)	44,815	—	492
Total			/	/	¥622

March 31, 2024

Hedge accounting method	Type	Hedged item	Millions of yen		
			Notional principal or contract amount		Fair value
			Total	Due after 1 year	
Accounting method employed in principle	Swaps	Foreign loans and foreign securities	¥22,982	¥270	¥(831)
	Forward contracts	Call loans and due from banks (foreign currencies)	35,610	—	(904)
Total			/	/	¥(1,735)

March 31, 2025

Hedge accounting method	Type	Hedged item	Thousands of U.S. dollars		
			Notional principal or contract amount		Fair value
			Total	Due after 1 year	
Accounting method employed in principle	Swaps	Foreign loans and foreign securities	\$102,112	\$1,847	\$867
	Forward contracts	Call loans and due from banks (foreign currencies)	299,732	—	3,297
Total			/	/	\$4,164

Note: Deferred hedge accounting is mainly applied in accordance with JICPA Industry Committee Practical Guidelines No. 25.

33. Revenue Recognition

(1) Disaggregation of Revenue from contracts with customers

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

	Millions of yen				
	2025				
	Reportable segment			Other *	Total
Hokuriku Bank	Hokkaido Bank	Total			
Trust fees	¥18	¥—	¥18	¥—	¥18
Fees and commissions	15,301	14,979	30,281	6,858	37,139
Deposits and loan operations	4,528	6,369	10,898	—	10,898
Domestic and foreign exchange operations	5,234	4,075	9,309	—	9,309
Investment operations	1,229	1,549	2,778	1,809	4,588
Agency operations	590	577	1,167	455	1,622
Safe keeping and safe operations	136	70	206	—	206
Other	3,582	2,338	5,921	4,593	10,514
Other ordinary incomes	—	—	—	1,774	1,774
Other incomes	—	—	—	33	33
Ordinary income from contracts with customers	15,319	14,979	30,299	8,665	38,965
Ordinary income except the above	94,388	62,297	156,685	14,529	171,215
Ordinary income from external customers	¥109,707	¥77,277	¥186,985	¥23,194	¥210,180

	Millions of yen				
	2024				
	Reportable segment			Other *	Total
Hokuriku Bank	Hokkaido Bank	Total			
Trust fees	¥26	¥—	¥26	¥—	¥26
Fees and commissions	15,119	14,851	29,970	5,681	35,651
Deposits and loan operations	4,421	5,841	10,263	—	10,263
Domestic and foreign exchange operations	5,176	3,916	9,093	—	9,093
Investment operations	1,022	1,554	2,577	1,745	4,322
Agency operations	549	595	1,144	450	1,594
Safe keeping and safe operations	139	71	211	—	211
Other	3,809	2,870	6,680	3,485	10,166
Other ordinary incomes	—	—	—	1,913	1,913
Other incomes	—	—	—	21	21
Ordinary income from contracts with customers	15,145	14,851	29,996	7,616	37,612
Ordinary income except the above	84,640	57,885	142,526	9,966	152,492
Ordinary income from external customers	¥99,785	¥72,736	¥172,522	¥17,582	¥190,104

	Thousands of U.S. dollars				
	2025				
	Reportable segment			Other *	Total
Hokuriku Bank	Hokkaido Bank	Total			
Trust fees	\$121	\$—	\$121	\$—	\$121
Fees and commissions	102,338	100,187	202,525	45,869	248,394
Deposits and loan operations	30,289	42,601	72,890	—	72,890
Domestic and foreign exchange operations	35,008	27,254	62,262	—	62,262
Investment operations	8,222	10,362	18,584	12,102	30,686
Agency operations	3,946	3,860	7,806	3,043	10,849
Safe keeping and safe operations	912	470	1,382	—	1,382
Other	23,961	15,640	39,601	30,724	70,325
Other ordinary incomes	—	—	—	11,866	11,866
Other incomes	—	—	—	222	222
Ordinary income from contracts with customers	102,459	100,187	202,646	57,957	260,603
Ordinary income except the above	631,276	416,651	1,047,927	97,172	1,145,099
Ordinary income from external customers	\$733,735	\$516,838	\$1,250,573	\$155,129	\$1,405,702

* "Other" was included financial instruments business, consulting, leasing, credit card operations and others without banking.

(2) Basic information to understand the revenue from contracts with customers

The Group recognizes revenue in accordance with that core principle by applying the following 5 steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Accounting Standard for Revenue Recognition is applied to contracts with customers are mainly Fees and commission in the Banks. The Banks provides exchange settlements services such as transfer of fund and deposit services such as account transfers and sales agency services for investment trusts and life insurance contracts. If the performance obligations are satisfied at a point in time such as settlement and conclusion of sales contracts, the fees received in connection with the services are recognized as revenue when the performance obligations satisfied.

In addition, if performance obligations are satisfied for a certain period of time, revenue is recognized as the performance obligations satisfied over time.

The Company and its consolidated non-banking subsidiaries recognize the revenues by a similar method as that of the Banks.

34. Segment Information

An entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors and Management Committees is being performed in order to decide how resources are allocated among the Group and assess performance.

The Group comprehensively conducts banking business as its core business and other financial services under the control of the Company.

The Company recognized each of its consolidated subsidiaries as an operating segment. Therefore, Hokuriku Bank and Hokkaido Bank are reportable segments.

(2) Methods of measurement for the amounts of ordinary income, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies." Profits of reportable segments are the same as net income. Ordinary income from intersegment transactions is based on transaction prices determined in the same manner as ordinary income from external customers.

(3) Information about ordinary income, profit (loss), assets, liabilities, and other items

Segment results for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen						
	2025						
	Reportable segment			Other	Total	Reconciliations	Consolidated
Hokuriku Bank	Hokkaido Bank	Total					
Ordinary income							
Ordinary income from external customers	¥109,707	¥77,277	¥186,985	¥22,101	¥209,087	¥1,093	¥210,180
Ordinary income from intersegment transactions	1,201	1,035	2,237	4,018	6,255	(6,255)	—
Total	110,909	78,313	189,222	26,120	215,342	(5,162)	210,180
Segment profit	24,163	11,944	36,108	2,373	38,481	591	39,072
Segment assets	9,640,778	6,747,139	16,387,918	103,000	16,490,918	(49,698)	16,441,220
Segment liabilities	9,239,592	6,524,925	15,764,517	74,117	15,838,635	(56,096)	15,782,539
Others							
Depreciation	3,835	3,472	7,308	244	7,552	(9)	7,542
Amortization of goodwill	—	—	—	—	—	875	875
Unamortized balance of goodwill	—	—	—	—	—	—	—
Equity in gains of affiliates *1	—	—	—	—	—	2,632	2,632
Increase in tangible fixed assets and intangible assets	¥3,845	¥6,736	¥10,582	¥175	¥10,757	¥(0)	¥10,757
	Millions of yen						
	2024						
	Reportable segment			Other	Total	Reconciliations	Consolidated
Hokuriku Bank	Hokkaido Bank	Total					
Ordinary income							
Ordinary income from external customers	¥99,785	¥72,736	¥172,522	¥23,890	¥196,412	¥(6,307)	¥190,104
Ordinary income from intersegment transactions	1,067	2,553	3,620	3,685	7,305	(7,305)	—
Total	100,853	75,289	176,142	27,575	203,718	(13,613)	190,104
Segment profit	18,264	8,514	26,778	3,794	30,573	(7,524)	23,048
Segment assets	9,510,663	6,816,846	16,327,509	100,609	16,428,118	(45,232)	16,382,886
Segment liabilities	9,111,828	6,591,774	15,703,602	68,990	15,772,593	(54,639)	15,717,953
Others							
Depreciation	3,359	2,446	5,805	214	6,020	(10)	6,009
Amortization of goodwill	—	—	—	—	—	2,102	2,102
Unamortized balance of goodwill	—	—	—	—	—	875	875
Increase in tangible fixed assets and intangible assets	¥10,779	¥16,539	¥27,319	¥237	¥27,557	¥(4,681)	¥22,875
	Thousands of U.S. dollars						
	2025						
	Reportable segment			Other	Total	Reconciliations	Consolidated
Hokuriku Bank	Hokkaido Bank	Total					
Ordinary income							
Ordinary income from external customers	\$733,735	\$516,838	\$1,250,573	\$147,817	\$1,398,390	\$7,312	\$1,405,702
Ordinary income from intersegment transactions	8,037	6,926	14,963	26,875	41,838	(41,838)	—
Total	741,772	523,764	1,265,536	174,692	1,440,228	(34,526)	1,405,702
Segment profit	161,609	79,884	241,493	15,872	257,365	3,955	261,320
Segment assets	64,478,189	45,125,332	109,603,521	688,872	110,292,393	(332,387)	109,960,006
Segment liabilities	61,795,025	43,639,148	105,434,173	495,703	105,929,876	(375,174)	105,554,702
Others							
Depreciation	25,652	23,225	48,877	1,633	50,510	(62)	50,448
Amortization of goodwill	—	—	—	—	—	5,858	5,858
Unamortized balance of goodwill	—	—	—	—	—	—	—
Equity in gains of affiliates *1	—	—	—	—	—	17,607	17,607
Increase in tangible fixed assets and intangible assets	\$25,719	\$45,057	\$70,776	\$1,171	\$71,947	\$(2)	\$71,945

*1. It included gain on bargain purchase amount to ¥2,492 million (\$16,673 thousand).

(4) Information about services

Year ended March 31, 2025	Millions of yen			
	Deposit and loan operations	Investment operations	Other	Total
Ordinary income from external customers	¥110,983	¥45,601	¥53,595	¥210,180

Year ended March 31, 2024	Millions of yen			
	Deposit and loan operations	Investment operations	Other	Total
Ordinary income from external customers	¥97,429	¥49,385	¥43,289	¥190,104

Year ended March 31, 2025	Thousands of U.S. dollars			
	Deposit and loan operations	Investment operations	Other	Total
Ordinary income from external customers	\$742,265	\$304,984	\$358,453	\$1,405,702

(5) Information about geographical areas

There is no geographical segment outside Japan accounting for 10% or more of ordinary income and tangible fixed assets.

(6) Information about major customers

There are no major customers individually accounting for 10% or more of ordinary income.

35. Related Party Transactions

Related party transactions as of March 31, 2025 and 2024 were as follows:

- Officers and principal individual shareholders of the company submitting consolidated financial statements

March 31, 2025

Related party	Account Classification	Transaction amount *4		Balance at end of year	
		Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
Minamidani Kanamono Co., Ltd. *2	Loans and bills discounted	¥9	\$61	¥6	\$46
Yagikuma Co., Ltd *3	Loans and bills discounted	¥50	\$334	¥50	\$339

March 31, 2024

Related party	Account Classification	Transaction amount *4		Balance at end of year	
		Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
Minamidani Kanamono Co., Ltd. *2	Loans and bills discounted	¥13	\$11	¥11	\$11
Yagikuma Co., Ltd *3	Loans and bills discounted	¥73	\$50	¥50	\$50

Notes: 1. Terms and conditions of the transactions are similar to those with unrelated parties.

2. Close relatives of a member of the Group's directors own the majority of the voting rights.

3. A member of the Hokuriku Bank's audit & supervisory board and his close relatives own the majority of the voting rights.

4. Transaction amount was reported at the average balance for the period.

36. Subsequent Events

Acquisition of common stock

The Company resolved to acquire the following preferred (Type5) stock based on Article 107, paragraph (2), No.3, and Article 168 of the Companies Act, and Article 13 of the Company's Articles of Incorporation at the meeting of the Board of Directors held on February 25, 2025, and completed to acquire its own shares by April 1, 2025:

Type of shares to be acquired	Preferred (Type5) stock
Total number of shares to be acquired	42,971,936 shares (Percentage of the total number above excluding own shares 100.00%)
Total acquisition cost	¥21,485 million (\$143,700 thousand)
Acquisition period	April 1, 2025

The Company resolved to acquire the following common stock based on Article 156 of the Companies Act as applied by replacing terms pursuant in accordance with to provisions of Article 165-3 of the Act at the meeting of the Board of Directors held on May 12, 2025:

Type of shares to be acquired	Common Stock
Total number of shares to be acquired	2,000,000 shares (maximum)
Total acquisition cost	¥4,000 million (\$26,752 thousand) (maximum)
Acquisition method	Market purchase on the Tokyo Stock Exchange
Acquisition period	From May 13, 2025 to July 31, 2025

The company completed to acquire its own shares by June 23, 2025 as follows:

Total number of shares acquired	1,456,300 shares
Total acquisition cost	¥3,999 million (\$26,751 thousand)

INDEPENDENT AUDITOR'S REPORT

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

<Audit of Consolidated Financial Statements>

Opinion

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

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

Convenience Translation

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

Basis for Opinion

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

Key Audit Matter

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

Determination of Borrower Classifications in the Estimation of Allowance for Loan Losses	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As of March 31, 2025, the Group recorded loans and bills discounted of ¥10,458,581 million (\$69,947,707 thousand), representing 63% of total assets, and allowance for loan losses of ¥61,704 million (\$412,680 thousand) on the consolidated balance sheet.</p> <p>The subsidiaries of the Group providing banking services (the "Banks") classify borrowers into categories, namely "Normal," "In need of caution" ("Substandard" borrowers with substandard loans or other borrowers in need of caution), "Possible bankruptcy," "Virtual bankruptcy," and "Legal bankruptcy," according to the borrowers' repayment ability based on their financial conditions, cash flows, earnings ability and other considerations, and estimate the allowance for loan losses for each category as described in Note 2, "Summary of Significant Accounting Policies, i. Allowance for Loan Losses" to the consolidated financial statements.</p> <p>In case of borrowers whose business results or financial position is currently unfavorable or unstable, the Banks frequently determine the borrower classifications based on the borrowers' latest business conditions, and the evaluation of the borrowers' future prospects, such as the prospects for recovery of their business performance in the future periods and the achievability of the borrowers' medium term to long term business improvement plans ("Business Improvement Plans"), in addition to the borrowers' historical business performance, as described in Note 3, "Significant Accounting Estimate" to the consolidated financial statements.</p> <p>Loans and bills discounted was the most significant line item on the consolidated balance sheet as of March 31, 2025. The related allowance for loan losses involves significant estimates that could have a significant impact on the consolidated financial statements. The determination of borrower classifications based on the evaluation of the borrowers' future prospects, including their Business Improvement Plans, requires the Banks to have a detailed understanding of the borrowers' external and internal environments as well as advanced financial analytical abilities. Furthermore, it involves subjective judgment regarding the achievability of business improvement measures, such as those related to sales and expenses.</p> <p>We identified the determination of borrower classifications based on the evaluation of the borrowers' future prospects, including their Business Improvement Plans, as a key audit matter.</p>	<p>Our audit procedures to address the key audit matter included the following, among others:</p> <p>(1) Tests of the effectiveness of controls</p> <p>In accordance with the Banks' policies and guidelines for internal controls, borrower classifications are initially determined by the branches. The branches regularly determine borrower classifications based on the borrowers' financial statements, and assess whether to change the borrower classifications, as necessary. The asset review and inspection division, which is independent from the branches, evaluates the appropriateness of such determination.</p> <p>We tested the design and operating effectiveness of the controls over the branches' determination of borrower classifications and the evaluation by the asset review and inspection division by inquiring of the persons in charge and inspecting related documents.</p> <p>(2) Tests of the borrower classifications</p> <p>For borrowers whose classifications are determined based on their future prospects, including their Business Improvement Plans, we tested whether the Banks' management evaluation of the borrowers' future prospects, including their Business Improvement Plans, was conducted based on a reasonable basis by:</p> <p>(i) Comparing the borrowers' Business Improvement Plans with actual results</p> <p>We examined their progress of Business Improvement Plans by inspecting documents related to the self assessment of asset quality prepared by each of the Banks, including those regarding the borrowers' business and current status as well as progress management documents such as the borrowers' financial statements, latest trial balance, and Business Improvement Plans, and by comparing the plans with actual financial position and financial performance.</p>

	<p>(ii) Analyzing external and internal environments</p> <p>We analyzed the reasonableness of the forecasts regarding the borrowers' external and internal environments, which serve as the basis for their Business Improvement Plans, by obtaining information related to the industry or sector in which borrowers operate, such as market price information related to major products sold and purchased, published by external institutions and analyzing the market trends and other factors.</p> <p>(iii) Testing the achievability of the borrowers' Business Improvement Plans</p> <p>We performed the following procedures to test the achievability of the forecasts included in the Business Improvement Plans:</p> <p>For expense forecasts, we tested their consistency with other business improvement measures and the progress of business improvement measures related to expense reduction.</p> <p>(iv) Testing the achievability of financial support from financial institutions or other third parties</p> <p>We tested the status of financial support provided to the borrowers by financial institutions and the prospects for the continuance of such financial support in the future by inquiring of the asset review and inspection division and inspecting relevant documents.</p>
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Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to Hokuhoku Financial Group, Inc. and its subsidiaries were ¥123 million and ¥36 million, respectively.

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

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

Deloitte Touche Tohmatsu LLC
July 11, 2025

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

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

Kentaro Fukada

Designated Engagement Partner

Certified Public Accountant

Satoshi Komatsu

Designated Engagement Partner

Certified Public Accountant

Hirokazu Ishiguro

Designated Engagement Partner

Certified Public Accountant

Deloitte Touche Tohmatsu LLC

July 11, 2025



Hokuhoku Financial Group, Inc.