The Hyakugo Bank, Ltd.

Consolidated Financial Statements

March 31, 2025 and 2024

The Hyakugo Bank, Ltd. and Consolidated Subsidiaries
Consolidated Balance Sheets
As of March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Assets:			
Cash and due from banks (Note 7)	¥ 665,527	¥ 1,411,071	$ 4,451,091
Call loans and bills bought (Note 3)	2,631	5,716	17,600
Monetary claims bought (Note 3)	3,035	8,136	20,304
Trading account securities (Notes 3 and 4)	85	93	571
Money held in trust (Notes 3 and 4)	1,000	1,000	6,688
Securities (Notes 3, 4 and 7)	1,487,165	1,552,223	9,946,266
Loans and bills discounted (Notes 3, 5 and 14)	5,052,036	4,883,888	33,788,365
Foreign exchange (Note 5)	9,587	6,711	64,121
Lease receivables and lease investment assets (Note 15)	31,165	30,473	208,440
Other assets (Notes 3, 7 and 16)	86,694	93,847	579,820
Tangible fixed assets (Note 6)	44,635	43,796	298,523
Intangible fixed assets	4,683	3,561	31,323
Asset for employee retirement benefits (Note 10)	54,757	63,677	366,224
Deferred tax assets (Note 17)	776	762	5,196
Customers' liabilities for acceptances and guarantees (Note 11)	17,115	18,828	114,471
Allowance for loan losses	(27,677)	(26,597)	(185,112)
Total assets (Note 20)	¥ 7,433,220	¥ 8,097,192	$ 49,713,891

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Liabilities:			
Deposits (Notes 3, 7 and 8)	¥ 5,977,719	¥ 5,889,981	$ 39,979,401
Negotiable certificates of deposit (Notes 3 and 8)	166,115	172,888	1,110,989
Call money and bills sold (Note 3)	80,000	629,300	535,045
Payables under securities lending transactions (Notes 3 and 7)	153,547	269,133	1,026,936
Borrowed money (Notes 3, 7 and 9)	470,054	470,557	3,143,756
Foreign exchange	269	196	1,804
Other liabilities (Notes 3, 9, 15, 16 and 17)	74,693	63,071	499,553
Provision for bonuses	278	269	1,863
Liability for employee retirement benefits (Note 10)	597	535	3,997
Provision for directors' retirement benefits	135	111	907
Provision for reimbursement of deposits	1,891	1,753	12,650
Provision for point card certificates	482	482	3,226
Provision for contingent loss	395	372	2,648
Reserves under special laws	3	3	26
Deferred tax liabilities (Note 17)	51,955	80,344	347,479
Deferred tax liabilities for land revaluation (Note 6)	2,515	2,443	16,822
Acceptances and guarantees (Note 11)	17,115	18,828	114,471
Total liabilities	6,997,770	7,600,272	46,801,572
Net assets (Notes 12, 19 and 22):			
Capital stock	20,000	20,000	133,761
Capital surplus	10,384	10,384	69,452
Retained earnings	298,808	284,735	1,998,449
Treasury stock	(4,789)	(2,527)	(32,029)
Total shareholders' equity	324,403	312,592	2,169,633
Valuation difference on available-for-sale securities (Note 4)	95,723	158,561	640,206
Deferred gains/losses on hedges	1,736	1,853	11,613
Revaluation reserve for land (Note 6)	4,102	4,166	27,435
Retirement benefit adjustments (Note 10)	9,346	19,625	62,511
Total accumulated other comprehensive income	110,908	184,207	741,765
Stock acquisition rights (Note 13)	137	119	921
Total net assets	435,449	496,919	2,912,319
Total liabilities and net assets	¥ 7,433,220	¥ 8,097,192	$ 49,713,891

The Hyakugo Bank, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Income
For the Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Income (Note 20):			
Interest income:			
Interest on loans and bills discounted	¥ 51,733	¥ 47,540	$ 345,999
Interest and dividends on securities	27,128	24,484	181,440
Interest on call loans and bills bought	359	316	2,402
Other interest income	2,554	1,273	17,085
Total interest income	81,776	73,613	546,926
Fees and commissions (Note 18)	20,271	20,734	135,575
Other operating income	17,986	17,138	120,298
Other income (Note 10)	4,494	8,009	30,062
Total income	124,529	119,495	832,861
Expenses (Note 20):			
Interest expense:			
Interest on deposits	4,107	415	27,474
Interest on negotiable certificates of deposit	285	13	1,910
Interest on call money and bills sold	1,001	19	6,695
Interest on payables under securities lending transactions	8,198	6,997	54,832
Interest on borrowings and rediscounts	42	26	286
Other interest expense	1,519	1,859	10,164
Total interest expense	15,155	9,333	101,361
Fees and commissions	5,804	5,515	38,819
Other operating expenses	31,804	33,815	212,714
General and administrative expenses	41,354	42,849	276,580
Provision of allowance for loan losses	3,631	6,383	24,285
Other expenses	1,334	1,717	8,927
Total expenses	99,084	99,614	662,686
Income before income taxes (Note 20)	25,444	19,881	170,175
Income taxes (Note 17):			
Current	6,207	6,446	41,514
Deferred	1,194	(846)	7,990
Total income taxes (Note 20)	7,401	5,600	49,504
Net income	18,042	14,281	120,671
Net income attributable to owners of the parent (Note 22)	¥ 18,042	¥ 14,281	$ 120,671

	Yen		U.S. dollars
Per share (Note 22):			
Net income:			
- Basic	¥ 72.87	¥ 56.44	$ 0.49
- Diluted	72.77	56.37	0.49
Cash dividends	21.00	15.00	0.14

See accompanying Notes to Consolidated Financial Statements.

The Hyakugo Bank, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net income	¥ 18,042	¥ 14,281	$ 120,671
Other comprehensive income (loss) (Note 21):			
Valuation difference on available-for-sale securities	(62,838)	77,930	(420,266)
Deferred gains/losses on hedges	(117)	1,831	(785)
Revaluation reserve for land	(72)		(482)
Retirement benefit adjustments	(10,279)	16,988	(68,748)
Total other comprehensive income (loss)	(73,306)	96,750	(490,281)
Comprehensive income (loss) for the year	¥ (55,264)	¥ 111,031	$ (369,610)
Comprehensive income (loss) attributable to:			
Owners of the parent	¥ (55,264)	¥ 111,031	$ (369,610)

See accompanying Notes to Consolidated Financial Statements.

The Hyakugo Bank, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2025 and 2024

		Shareholders' equity					Accumulated other comprehensive income						
	Number of shares of common stock issued	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains/losses on hedges	Revaluation reserve for land	Retirement benefit adjustments	Total accumulated other comprehensive income	Stock acquisition rights	Total net assets
		Millions of yen											
Balance at April 1, 2023	254,119,000	¥ 20,000	¥ 10,385	¥ 274,258	¥ (174)	¥ 304,470	¥ 80,631	¥ 22	¥ 4,166	¥ 2,637	¥ 87,457	¥ 107	¥ 392,035
Net income attributable to owners of the parent	-	-	-	14,281	-	14,281	-	-	-	-	-	-	14,281
Dividends from surplus	-	-	-	(3,804)	-	(3,804)	-	-	-	-	-	-	(3,804)
Reversal of revaluation reserve for land	-	-	-	0	-	0	-	-	-	-	-	-	0
Purchase of treasury stock	-	-	-	-	(2,366)	(2,366)	-	-	-	-	-	-	(2,366)
Disposal of treasury stock	-	-	(1)	-	12	10	-	-	-	-	-	-	10
Net changes in items other than shareholders' equity	-	-	-	-	-	-	77,930	1,831	(0)	16,988	96,750	11	96,761
Balance at March 31, 2024	254,119,000	¥ 20,000	¥ 10,384	¥ 284,735	¥ (2,527)	¥ 312,592	¥ 158,561	¥ 1,853	¥ 4,166	¥ 19,625	¥ 184,207	¥ 119	¥ 496,919
Net income attributable to owners of the parent	-	-	-	18,042	-	18,042	-	-	-	-	-	-	18,042
Dividends from surplus	-	-	-	(3,962)	-	(3,962)	-	-	-	-	-	-	(3,962)
Reversal of revaluation reserve for land	-	-	-	(7)	-	(7)	-	-	-	-	-	-	(7)
Purchase of treasury stock	-	-	-	-	(2,261)	(2,261)	-	-	-	-	-	-	(2,261)
Disposal of treasury stock	-	-	0	-	0	0	-	-	-	-	-	-	0
Net changes in items other than shareholders' equity	-	-	-	-	-	-	(62,838)	(117)	(64)	(10,279)	(73,299)	18	(73,280)
Balance at March 31, 2025	254,119,000	¥ 20,000	¥ 10,384	¥ 298,808	¥ (4,789)	¥ 324,403	¥ 95,723	¥ 1,736	¥ 4,102	¥ 9,346	¥ 110,908	¥ 137	¥ 435,449

	Thousands of U.S. dollars (Note 1)											
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains/losses on hedges	Revaluation reserve for land	Retirement benefit adjustments	Total accumulated other comprehensive income	Stock acquisition rights	Total net assets
Balance at April 1, 2024	$ 133,761	$ 69,452	$ 1,904,333	$ (16,906)	$ 2,090,640	$ 1,060,471	$ 12,399	$ 27,865	$ 131,259	$ 1,231,994	$ 797	$ 3,323,431
Net income attributable to owners of the parent	-	-	120,670	-	120,670	-	-	-	-	-	-	120,670
Dividends from surplus	-	-	(26,502)	-	(26,502)	-	-	-	-	-	-	(26,502)
Reversal of revaluation reserve for land	-	-	(52)	-	(52)	-	-	-	-	-	-	(52)
Purchase of treasury stock	-	-	-	(15,123)	(15,123)	-	-	-	-	-	-	(15,123)
Disposal of treasury stock	-	0	-	0	0	-	-	-	-	-	-	0
Net changes in items other than shareholders' equity	-	-	-	-	-	(420,265)	(786)	(430)	(68,748)	(490,229)	124	(490,105)
Balance at March 31, 2025	$ 133,761	$ 69,452	$ 1,998,449	$ (32,029)	$ 2,169,633	$ 640,206	$ 11,613	$ 27,435	$ 62,511	$ 741,765	$ 921	$ 2,912,319

See accompanying Notes to Consolidated Financial Statements.

The Hyakugo Bank, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from operating activities:			
Income before income taxes	¥ 25,444	¥ 19,881	$ 170,175
Adjustments for:			
Depreciation and amortization	3,854	3,756	25,782
Impairment loss	-	50	-
Increase in allowance for loan losses	1,080	4,957	7,226
Interest income	(81,776)	(73,613)	(546,926)
Interest expense	15,155	9,333	101,361
Gain related to securities	1,712	327	11,457
Net increase in loans and bills discounted	(168,148)	(337,256)	(1,124,587)
Net increase in deposits	87,738	117,001	586,800
Net increase (decrease) in negotiable certificates of deposit	(6,773)	27,329	(45,301)
Net decrease in borrowed money (excluding subordinated borrowings)	(503)	(1,495)	(3,365)
Net decrease in call loans	6,597	9,422	44,122
Net increase (decrease) in call money	(549,300)	263,500	(3,673,756)
Net increase (decrease) in payables under securities lending transactions	(115,585)	33,527	(773,047)
Net increase in lease receivables and investment assets	(692)	(365)	(4,634)
Proceeds from fund management	80,126	70,658	535,895
Payments for financing	(13,212)	(9,524)	(88,369)
Others, net	11,040	(47,883)	73,841
Subtotal	(703,241)	89,605	(4,703,326)
Income taxes paid	(6,930)	(5,442)	(46,350)
Net cash provided by (used in) operating activities	(710,171)	84,162	(4,749,676)
Cash flows from investment activities:			
Purchase of securities	(237,980)	(342,694)	(1,591,629)
Proceeds from sales of securities	121,480	180,305	812,470
Proceeds from redemption of securities	93,519	147,881	625,462
Payments for increase in money held in trust	(13)	(14)	(89)
Proceeds from decrease in money held in trust	-	1,038	-
Purchase of tangible fixed assets	(4,198)	(3,298)	(28,077)
Proceeds from sales of tangible fixed assets	426	322	2,850
Purchase of intangible fixed assets	(2,239)	(1,655)	(14,976)
Others, net	(6)	-	(44)
Net cash used in investment activities	(29,011)	(18,114)	(194,033)
Cash flows from financing activities:			
Cash dividends paid	(3,954)	(3,799)	(26,447)
Payment for purchases of treasury shares	(2,261)	(2,366)	(15,123)
Proceeds from sales of treasury shares	0	0	0
Others, net	-	0	-
Net cash used in financing activities	(6,215)	(6,165)	(41,570)
Net increase (decrease) in cash and cash equivalents	(745,398)	59,883	(4,985,279)
Cash and cash equivalents at beginning of period	1,408,178	1,348,295	9,417,996
Cash and cash equivalents at end of period (Note 2(b))	¥ 662,779	¥ 1,408,178	$ 4,432,717

See accompanying Notes to Consolidated Financial Statements.

1. Basis of Financial Statements

(a) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of The Hyakugo Bank, Ltd. (the "Bank") and its consolidated subsidiaries (together with the Bank, the "Hyakugo Bank Group") have been prepared on the basis of accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been compiled from the original Japanese consolidated financial statements prepared by the Bank as required by the Financial Instruments and Exchange Act of Japan and submitted to the Director of the Kanto Finance Bureau of Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements were made to the original Japanese consolidated financial statements in order to present them in a form that would be more familiar to readers outside Japan. In addition, certain reclassifications have been made in the financial statements for the year ended March 31, 2024 to conform to the classifications used in the financial statements for the year ended March 31, 2025.

The amounts in Japanese yen are presented in millions of yen, rounded down to the nearest million in accordance with applicable law. Accordingly, the total yen amounts may not be equal to the sum of the individual account balances.

(b) U.S. dollar amounts

The Hyakugo Bank Group maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and these accompanying notes represent the conversion of Japanese yen amounts to U.S. dollar amounts using the exchange rate at March 31, 2025, which was ¥149.52 to U.S. $1.00. The inclusion of the dollar amounts is solely for the convenience of the readers and is not intended to imply that the assets and liabilities originated in yen have been, could have been or could in the future be readily converted, realized or settled in dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its 11 significant subsidiaries at March 31, 2025 and 2024. These consolidated subsidiaries are primarily engaged in businesses that provide a wide range of financial services to customers. Under the concept of control, companies over which the Bank directly or indirectly exercises control in regards to operations are fully consolidated. The consolidated financial statements do not include the accounts of six and five subsidiaries at March 31, 2025 and 2024, respectively, because the total assets, total income, net income and retained earnings of the subsidiaries did not have any material impact on the consolidated financial statements. For the years under review, there were no affiliates over which the Bank had significant influence, and all intercompany transactions and accounts have been eliminated.

HM holdings Co., Ltd., TREE CLIMBING WORLD Co., Ltd., Zenoah Environment Equipment Co., Ltd., Asahi Dietec Co., Ltd. and Diatop Corporation, each of which the Bank owns more than 50% of the voting rights, are not recognized as consolidated subsidiaries for the year ended March 31, 2025 because these companies were directly or indirectly held by the Bank's unconsolidated subsidiary for the purpose of incubating the investees and not for the purpose of controlling the entities.

(b) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consisted of cash and due from The Bank of Japan as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash and due from banks	¥ 665,527	¥ 1,411,071	$ 4,451,091
Less due from banks other than The Bank of Japan	(2,747)	(2,892)	(18,374)
Cash and cash equivalents	¥ 662,779	¥ 1,408,178	$ 4,432,717

(c) Trading account securities

Trading account securities are stated at fair value at the fiscal year-end. Related gains and losses, both realized and unrealized, are included in current earnings. Accrued interest on trading account securities is included in "other assets."

(d) Securities

Debt securities for which the Hyakugo Bank Group has both a positive intent and the ability to hold to maturity are classified as held-to-maturity securities and are stated at amortized cost. Marketable securities other than those classified as trading or held-to-maturity securities are carried at fair value as available-for-sale securities, and net unrealized gains and losses reported as valuation differences on available-for-sale securities, net of applicable income taxes, are reported as accumulated other comprehensive income. Available-for-sale securities that are nonmarketable are stated at moving average cost. The carrying values of individual investment securities are reduced, if necessary, through write-downs to reflect other-than-temporary impairment in value. Gains and losses on the disposal of investment securities are computed principally using the moving average method.

Accrued interest on securities is included in "other assets." Funds entrusted to trust banks as securities for the Bank (included in "money held in trust") are stated using the method applicable to the marketable securities described above.

(e) Derivatives and hedge accounting

The Hyakugo Bank Group uses swaps, forwards, options and other types of derivative contracts. These derivative instruments are used to meet customers' needs for risk management, to manage the Hyakugo Bank Group's assets and liabilities and to generate income. Derivatives are recorded at fair value if hedge accounting is not appropriate or when there is no hedge designation. Gains and losses on derivatives are recognized in current earnings.

In connection with interest rate risks arising from financial assets and liabilities, the Bank applies the deferral method of hedge accounting as prescribed in the Industry Audit Committee Practical Guidance No. 24, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry," issued by the Japanese Institute of Certified Public Accountants ("JICPA") on March 17, 2022. The effectiveness of a fair value hedge in offsetting movements in the fair value of hedged items due to changes in interest rates is assessed by classifying the hedged items, such as deposits, loans and similar instruments, and the corresponding hedging instruments, such as interest rate swaps, and grouping those with similar risk characteristics in a maturity bucket. In addition, the effectiveness of a cash flow hedge is assessed by verifying the correlation between the base interest rate index of the hedged cash flow and that of the hedging instrument.

In addition, the Bank applies the portfolio hedge method or the exceptional treatment permitted for interest rate swaps to certain assets and liabilities. The Bank's consolidated subsidiaries also apply methods similar to those of the Bank for hedge accounting.

The Bank also applies the deferral method to account for hedges of foreign exchange risks associated with various foreign currency denominated monetary assets and liabilities in accordance with the standard treatment under JICPA's Industry Audit Committee Practical Guidance No. 25 of October 8, 2020, "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry." The effectiveness of currency swap transactions, exchange swap transactions and similar transactions that hedge the foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed based on a comparison of the foreign currency position of the hedged monetary assets and liabilities and that of the corresponding hedging instruments.

(f) Loans and bills discounted and allowance for loan losses

Loans and bills discounted are stated at the amount of the unpaid principal. Unearned interest and discounts are recorded as liabilities and recognized as income over the term of the loan or bill.

The accounting policy of an allowance for loan losses is stated in (v) Significant accounting estimates.

(g) Tangible fixed assets and depreciation

Except for lease assets, tangible fixed assets are stated at cost, less accumulated depreciation, computed using the straight-line method over the estimated useful life of the asset. For buildings, the useful life ranges from 15 to 50 years. For other assets, the useful life ranges from 4 to 15 years.

(h) Intangible fixed assets

Intangible fixed assets, except for lease assets, are amortized using the straight-line method. Costs of computer software developed or obtained for internal use are deferred and amortized on a straight-line basis over the estimated useful life of five years.

(i) Leases

Under "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 on March 30, 2007), as lessee, all finance leases are capitalized, and the Bank recognizes lease assets and lease obligations in the balance sheet. In addition, as lessor, all finance leases that transfer ownership of the leased property to the lessee ("transferable finance leases") are recognized as lease receivables, and all non-transferrable finance leases are recognized as lease investment assets.

As lessor, revenue from finance lease transactions and the related costs are recognized when the lease payments are received. As lessee, lease assets under non-transferrable finance leases recorded in "tangible fixed assets" or "intangible fixed assets" are depreciated using the straight-line method over the term of the lease with a predetermined residual value of zero or as stated in the applicable lease contract.

(j) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end. Revenues and expenses are translated at the exchange rates prevailing on the applicable transaction dates. Foreign exchange gains and losses resulting from such transactions are included in the determination of net income.

(k) Provision for bonuses

The consolidated subsidiaries provide provisions for bonuses based on the estimated amounts of future payments to employees attributable to the current year.

(l) Provision for directors' retirement benefits

Provisions for the retirement benefits of the directors of the consolidated subsidiaries are provided for the payment of retirement benefits to directors and corporate auditors in the amounts deemed accrued at the fiscal year-end based on internal regulations.

(m) Provision for reimbursement of deposits

A provision for the reimbursement of deposits which had been derecognized from liabilities under certain conditions is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

(n) Provision for point card certificates

A provision for point card certificates is recorded for the future use of point card certificates by card holders in an amount rationally estimated and deemed necessary.

(o) Provision for contingent loss

A provision for contingent loss is provided for contingent liabilities not covered by other provisions in an amount deemed necessary based on future estimated losses.

(p) Reserves under special laws

Reserves under special laws are reserves for contingent liabilities and are provided for compensation for losses from securities related transactions pursuant to Article 46-5-1 of the Financial Instruments and Exchange Act of Japan and Article 175 of the Cabinet Office Ordinance on Financial Instruments Business.

(q) Employee retirement benefits

Employees who terminate their services with the Hyakugo Bank Group are entitled to retirement benefits generally determined based on the basic rate of pay at the time of termination, length of service and conditions under which the termination occurred.

In accordance with the accounting standard for employee retirement benefits, the Hyakugo Bank Group recognizes retirement benefits based on the actuarial present value of the retirement benefit obligations using the actuarial appraisal approach and the fair value of pension plan assets available for benefits at the respective fiscal year-end. In calculating retirement benefit obligations, the Hyakugo Bank Group attributes expected retirement benefits to periods of service on a benefit formula basis. Consolidated subsidiaries use the simplified method to calculate the amounts required to be paid as retirement benefits by determining the benefits that would have to be paid if all the employees retired voluntarily at the fiscal year.

Past service cost that is yet to be recognized is amortized on a straight-line basis over a fixed period of three years, which is within the average remaining service years of the employees, measured from the year in which such cost arises. Actuarial differences arising from changes in retirement benefit obligations or pension plan assets not anticipated under previous assumptions or from changes in the assumptions themselves that are yet to be recognized are amortized on a straight-line basis over a fixed period of 10 years, which is within the average remaining service years of the employees, measured from the year following the year in which such differences arise. Actuarial differences and past service cost that are yet to be recognized in profit or loss are recognized as retirement benefit adjustments under a component of accumulated other comprehensive income within the net assets section, after adjusting for tax effects, and the difference between retirement benefit obligations and plan assets are recognized as an asset or liability for employee retirement benefits, without any adjustments, in the accompanying consolidated balance sheets.

In order to provide for the payment of retirement bonuses to executive officers of the Bank, the amount considered to be incurred up to the end of the year ended March 31, 2025 was recorded in "Liability for employee retirement benefits" on the consolidated balance sheet.

(r) Accounting for revenue and costs

Accounting for revenue from finance leases
Net sales and cost of sales are recognized upon receipt of a lease premium.

Accounting for revenue from transactions with customers
The Bank recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.
The Bank and consolidated subsidiaries recognize revenue by applying the following five steps:
Step 1: Identify the contracts with a customer
Step 2: Identify the performance obligations under the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations under the contract
Step 5: Recognize revenue when (or as) the entity satisfies the performance obligation
Revenue from transactions with customers of the Bank and consolidated subsidiaries is related with transaction services recognized when control of promised goods or services is transferred to the customer and such revenue includes deposit-taking fees, lending business fees, exchange business fees, securities-related business fees, etc.

(s) Income taxes

Income taxes are accounted for using the asset-liability method. Deferred tax assets and liabilities are recognized as future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

(t) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the board of directors and/or shareholders.

(u) Per share data

Net income per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the respective years. Diluted net income per share is calculated to reflect potential dilution assuming that all stock options are exercised at the times of issue, unless such options are anti-dilutive.

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared by the Bank as applicable to the respective years shown.

(v) Significant accounting estimates

Accounting estimates are determined at a reasonable amount based on available information at the time of the preparation of the consolidated financial statements. Of the amounts recorded in the consolidated financial statements for the year ended March 31, 2025 based on accounting estimates, the items below may have a significant effect on the consolidated financial statements for the following fiscal year:

Allowance for loan losses

Allowances for loan losses in the amounts of ¥27,677 million ($185,112 thousand) and ¥26,597 million were recorded in the consolidated financial statements as of March 31, 2025 and 2024, respectively.

An allowance for loan losses of the Bank is recorded in accordance with predetermined criteria on write-offs and provisions. The Bank classified borrowers into five categories: Normal Borrowers, Borrowers Requiring Attention, Potentially Bankrupt Borrowers, Virtually Bankrupt Borrowers and Bankrupt Borrowers. Thereafter, the Bank classifies the related assets examining the degree of risk of default and impairment of the asset value.
Normal Borrowers are borrowers whose business is favorable and whose financial positions have no particular problems. Borrowers Requiring Attention are borrowers whose loans are subject to renegotiation of the contractual terms, including the reduction or exemption of interest, whose loans are under-performing in that repayment of principal or interest payments are substantially in arrears or borrowers requiring attention because their business is slow or unstable or borrowers whose financial positions are otherwise doubtful. Potentially Bankrupt Borrowers are borrowers that are not presently in the situation of a business failure but are likely to go into bankruptcy in the future as they are in financial difficulties and business improvement plans are not working well. Virtually Bankrupt Borrowers are borrowers who are not legally or formally bankrupt but are in serious financial difficulties and are not likely to recover. Bankrupt Borrowers are borrowers who are legally and formally bankrupt.

For claims against Bankrupt Borrowers and Virtually Bankrupt Borrowers, an allowance is provided based on the amounts of the claims, net of amounts expected to be collected through the disposal of collateral or execution of guarantees. For claims against Potentially Bankrupt Borrowers, an allowance is provided based on the amounts of the claims, net of amounts expected to be collected through the disposal of collateral or execution of guarantees, and projected credit losses for the coming three years. Projected credit losses are calculated using the higher of a loss ratio based on the average ratio for the past five calculation periods of loan losses for three years or a loss ratio based on the average ratio of loan losses for a longer period in the past. For claims against other borrowers, an allowance is provided based on projected credit losses for the following year or for the coming three years. Projected credit losses are calculated using the higher of the loss ratio based on the average of one-year or three-year actual loss ratio for the past five calculation periods of loan losses or the loss ratio based on the average of actual loss ratio for the past seven calculation periods and the highest historical loss ratio in the past excluding the past seven calculation periods. The amounts expected to be collected through the disposal of collateral or execution of guarantees are determined according to an assessment of the collateral and/or type of guarantees based on the internal rules for self-assessment of asset quality.

All claims are assessed by the Bank's operating divisions based on the Bank's internal rules for self-assessment of asset quality. The Bank's inspection division, which is independent from the Bank's operating divisions, conducts audits of such assessments, and an allowance is provided based on such audit results.

The allowance for loan losses of the consolidated subsidiaries is recorded in the same manner as that of the Bank in accordance with predetermined criteria on write-offs and provisions.

The management of the Bank has determined that the accounting estimates used for recording the allowance for loan losses are reasonable and appropriately recorded. However, due to possible changes in the assumptions on which the estimates are based, such as changes in the economic environment, changes in the financial conditions of the borrowers and/or a decline in collateral value, the Bank might find it necessary to increase or decrease the amount of allowance for loan losses in future.

(w) Accounting standards and guidance not yet adopted

Following accounting standards and guidance are those issued but not yet adopted.

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

and amendments to the relevant Accounting Standards, Implementation Guidance, Practical Solutions and Transferred Guidance

(1) Overview

These accounting standards, etc. stipulate the same accounting treatments as international accounting standards, which require lessees to recognize assets and liabilities for all leases, etc.

(2) Scheduled date of adoption

The Bank is scheduled to adopt these accounting standards, etc. from the beginning of the year ending March 31, 2028.

(3) Impact of the adoption of the accounting standards, etc.

The impact of the adoption of these accounting standards, etc. is under evaluation.

3. Financial Instruments and Related Disclosures

Outline of financial instruments

(1) Policy for financial instruments

The Hyakugo Bank Group is engaged in financial services centered on banking operations. In addition to investing funds in loans, securities and monetary claims bought for the purpose of earning interest income, the Bank also operates, within defined limits, in securities and money held in trust for the purpose of earning income from price fluctuations. In order to enhance the liquidity of its assets, the Bank also maintains cash deposits and invests funds in call loans and others in short-term markets. These investments are funded almost exclusively through deposits and negotiable certificates of deposit, while from an asset and liability management (ALM) perspective, other sources of funding are used as necessary, including call money and borrowings.

Moreover, the Bank uses derivative transactions in order to meet its customers’ needs for hedging risks and to make use of the Bank’s own ALM. Within defined limits, the Bank also engages in derivative transactions for the purpose of earning income from trading derivatives.

The consolidated subsidiaries of the Bank include companies that engage in securities operations, credit card operations, leasing operations and operations for forming and operating funds. Each of these companies holds various financial assets, such as lease receivables and investment assets, installment receivables, member accounts receivable, investments in capital and cash deposits. Certain consolidated subsidiaries use borrowed money to raise funds.

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

The financial assets held by the Hyakugo Bank Group comprise mainly loans to corporations and individuals located in the area in which the Bank conducts business. It also holds securities, including domestic and foreign bonds and stocks. With regard to bonds, the Bank holds Japanese government bonds, local government bonds and bonds issued by highly creditworthy issuers, such as financial institutions, business entities and foreign governments. The Bank also holds securitized products comprising receivable or real estate backed assets. In terms of monetary claims bought, the Bank maintains lease receivables and investment assets related to the business of holding trust beneficiary rights and monetary claims purchased from customers. Monetary claims bought are exposed to the credit risk of borrowers and issuers. Of such monetary claims bought, fixed interest rate items are exposed to the risk of fluctuation in actual value due to interest rate fluctuations, and marketable securities are exposed to the risk of fluctuation in market value.

The majority of financial liabilities comprise deposits and negotiable certificates of deposit, the majority of which are received from customers located in the area in which the Bank conducts business. A high proportion of financial liabilities consist of short-term deposits, such as liquid deposits with no defined maturity and fixed deposits maturing within one year. Call money and other short-term fund raising sources are used primarily for adjusting yen and foreign currency denominated capital positions.

With financial assets and liabilities, there is risk of loss due to changes in the actual value or capital margins from fluctuations in interest rates or foreign currency exchange rates as a result of differences in interest rate renewal dates, fund settlement dates or transaction currencies between assets and liabilities. Should circumstances significantly impair the short-term liquidity of assets, there is risk that the Bank would be forced to raise additional funds that are costly or dispose of assets at lower than expected prices or the like in order to cover the shortfall.

With regard to derivative transactions, interest related derivatives comprise primarily interest rate swaps, and currency related derivative transactions involve primarily currency swaps and foreign exchange forwards. The majority of these derivatives are used primarily to hedge the Bank's own market risk or that of its customers. Stock futures, bond futures and over-the-counter bond options are used to earn income from trading activities or to hedge risks. In terms of risks arising from transactions, both market and credit risks are limited because the great majority of the transactions are for the purpose of hedging or are covered transactions and all counterparties are highly creditworthy financial institutions or corporations. The Bank does not enter into any high-risk transactions in which the rate of change in fair value corresponding to the price fluctuation of the object is very high.

Hedged items accounted for using hedge accounting consisted of debt securities and loans and bills discounted in the year ended March 31, 2025. Hedging instruments consisted of interest rate swaps and foreign currency swaps. The Bank determines whether to revise its hedging policy every month, and identifies the items to be hedged, hedging instruments and hedging ratios annually. Consolidated subsidiaries sometimes set the above policies for themselves. Hedge effectiveness is assessed using the methods stipulated in "Practical Guidelines on Accounting for Financial Instruments" (ASBJ Transferred Guidance No.9).

(3) Risk management for financial instruments

i. Credit risk management

In order to avoid large-scale losses resulting from the materialization of credit risk, the Hyakugo Bank Group adheres to the basic policy of maintaining the soundness of overall assets by controlling credit risk to within an acceptable level with reference to shareholders' equity. To this end, the Hyakugo Bank Group has prepared various rules and organizational structures on which it bases its credit risk management.

The Bank has established a system in which the ALM Risk Management Committee of each Hyakugo Bank Group company comprehensively gauges, evaluates and monitors the status of various risks, including credit risk, and considers policies and response measures related to risk management on a monthly basis. In addition, the Bank uses Value at Risk (VaR) to measure credit risk in a manner that includes credit concentration risk, which is not included in the calculation of the capital adequacy ratio, based on the framework for integrated risk management. By managing risk within specified limits, the Bank aims to take on appropriate risks and secure stable earnings.

In managing credit risk, the loan screening divisions independent of the sales promotion divisions review and manage loans, and the market risk management department (middle office) manages the same on a day-to-day basis. The Bank has also established a credit risk management department within the risk management division, which is independent from other divisions, thus ensuring a system of mutual checks and balances.

In addition, the Bank has prepared a credit rating system to evaluate credit risk for each borrower and implement comprehensive measures. Credit ratings are used to formulate finance loan policies and to set loan interest rates. The Hyakugo Bank Credit Policy stipulates a basic policy regarding finance loans in managing credit portfolios. Under the policy, the Bank ensures that investments are not concentrated to only certain companies or corporate groups while striving to ascertain and monitor the status of credit by categories such as industry, region, credit rating and level of borrowing and to distribute credits appropriately across the categories.

With regard to loan recipients who are facing difficulties due to worsening business conditions or other reasons, the Bank gauges and monitors the management status and implements guidance on restructuring plans and collecting receivables as needed.

The Bank prepares various rules for and manages the market risk of each of its consolidated subsidiaries and manages the credit risk of the entire Hyakugo Bank Group through its credit risk management department. Furthermore, the Hyakugo Bank Group comprehensively gauges, evaluates and monitors the status of various types of risk, including credit risk, through the Risk Management Committees established at each subsidiary.

ii. Market risk management

The Hyakugo Bank Group works to accurately measure and evaluate the impact of market fluctuations on its business and to conduct appropriate portfolio management by limiting risk and preparing various rules and organizational systems to manage market risk under the basic policy of securing stable revenues.

The Bank has established a system in which the ALM Risk Management Committee of each Hyakugo Bank Group company comprehensively gauges, evaluates and monitors the status of various risks, including market risk, and considers policies and response measures related to risk management on a monthly basis. In addition, the Bank uses VaR to measure market risk in a manner that includes interest rate risk, which is not included in the calculation of the capital adequacy ratio, based on a framework for integrated risk management. By managing risk within specified limits set for each risk type, the Bank aims to take on appropriate risks and secure stable earnings.

The Bank seeks to reduce the risk of loss due to insufficient funds by managing market risk, drawing clear distinctions between the trade execution department (front office) and the administrative processing department (back office) and by establishing a market risk management department (middle office) within the risk management division, which is independent from other divisions. All of the above-mentioned departments are overseen by the risk control management department, thus ensuring a system of mutual checks and balances. The transaction status, fair value and risk exposure are calculated and managed on appropriate dates, and management systems are strengthened at appropriate times in response to situations that arise. In addition, for transactions entered into to secure a profit through purchase and sale, etc., the Bank limits its risk of loss by preparing a management framework tailored to the specific circumstances of each investment, including by establishing position limits, loss cutting rules and cumulative loss limits, and conducting rigorous management on such a framework.

The Bank manages market risk for its overall financial assets and listed liabilities, including deposits and other forms of funds, from an ALM perspective. The Bank seeks to reduce foreign exchange rate fluctuation risk associated with foreign currency denominated products used for procurement of funds through the operation of foreign currency denominated foreign bonds and foreign currency funds by using call money and other forms of procurement. It also uses currency exchange related derivatives to maintain roughly the equivalent operating and procurement amounts in each currency.

The Bank prepares various rules for and manages market risk of each of its consolidated subsidiaries and manages market risk of the entire Hyakugo Bank Group through its market risk management department. Furthermore, the Hyakugo Bank Group comprehensively gauges, evaluates and monitors the status of various types of risk, including market risk, through the Risk Management Committees established at each subsidiary company.

Quantitative information concerning market risk:

Interest rate risk

The main financial instruments used by the Hyakugo Bank Group that are exposed to interest rate risk are bonds included in securities, loans and bills discounted, deposits, negotiable certificates of deposit, borrowed money and interest rate swap contracts included in derivative transactions. Interest rate risks attached to these financial assets and liabilities are managed by monitoring VaR calculated using the historical simulation method (which applies a holding period of three months, confidence interval of 99% and observation period of five years). As of March 31, 2025, the amount of interest rate risk (a predicted amount of loss) the Bank was exposed to was estimated at ¥38,392 million ($256,765 thousand) (¥32,708 million in 2024).

With regard to liquid deposits without maturity dates, VaR is calculated by internal models using due dates estimated with consideration for long-term retention. The interest rate risk the consolidated subsidiaries are exposed to is not included in the calculation as the outstanding balances of their financial instruments that are potentially exposed to interest rate risk are fairly small and their importance minimal.

Stock price risk

The main financial instruments used by the Hyakugo Bank Group exposed to stock price risk are stocks included in securities. Of these financial assets, stock price risks attached to those held for pure investment purposes are managed by monitoring its VaR, which is calculated using the historical simulation method (which applies a holding period of three months, confidence interval of 99% and observation period of five years), and stock price risk attached to those held for purposes other than pure investments purposes are managed by monitoring valuation losses, which may arise as assumed under the VaR model, the VaR of which is calculated using the historical simulation method (which applies a holding period of six months, confidence interval of 99% and observation period of five years). As of March 31, 2025, the total amount of stock price risk (a predicted amount of loss) the Bank was exposed to was estimated at ¥1,450 million ($9,692 thousand) (¥1,224 million in 2024).

The stock price risk the consolidated subsidiaries are exposed to is not included in the calculation as the outstanding balances of their financial instruments that are potentially exposed to stock price risk are fairly small and their importance minimal.

Other price fluctuation risk

The main financial instruments used by the Hyakugo Bank Group exposed to price fluctuation risk are investment trusts included in securities. The price fluctuation risk attached to these financial assets is managed by monitoring the VaR, which is calculated using the historical simulation method (which applies a holding period of three months, confidence interval of 99% and observation period of five years).

As of March 31, 2025, the total amount of other price fluctuation risk (a predicted amount of loss) the Bank was exposed to was estimated at ¥21,807 million ($145,832 thousand) (¥15,523 million in 2024).

Reasonableness of VaR

The Bank conducts back testing which compares the results calculated under the VaR model with changes in present value. As a result of the back testing, if there was a concern about the accuracy of risks captured, the value was computed after an adjustment of multipliers to VaR calculated by the measurement model to secure the capturing accuracy with a confidence level of 99%.

iii. Liquidity risk management

The Hyakugo Bank Group manages liquidity risk through the establishment of relevant internal rules and organizational structures, adherence to the basic policy of maintaining structures that can appropriately respond to a liquidity crisis and by accurately assessing situations involving investment and funding and market trends regarding stable funding.

The Bank has established a system in which the ALM Risk Management Committee of each Hyakugo Bank Group comprehensively gauges, evaluates and monitors the status of various risks, including liquidity risks, and considers risk management policies and response measures on a monthly basis.

In funding operations, the Bank controls and manages daily and future funding requirements in Japanese yen and foreign currencies. The Bank also monitors the availability of funding in the markets and establishes countermeasures, such as the establishment and timely review of maximum funding amounts, based on the availability of funding against unexpected adverse events beforehand to prepare against liquidity risks.

(4) Supplementary explanation concerning fair values of financial instruments

The fair values of financial instruments comprise values determined based on market prices and values determined by other methods when there are no available market prices. Since variable factors are incorporated in computing the relevant fair values, the fair values may vary depending on the application of different assumptions.

Fair values of financial instruments and fair value information by level within the fair value hierarchy

The following tables summarize the amounts stated on consolidated balance sheets and the fair value of financial instruments as of March 31, 2025 and 2024 together with their differences and the fair value of financial instruments by level within the fair value hierarchy.

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

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

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

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety at the level of the lowest-level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

March 31, 2025	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ -	¥ -	¥ 2,369	¥ 2,369
Trading account securities	53	31	-	85
Money held in trust (for investment purposes)	-	1,000	-	1,000
Securities:	456,354	982,339	37,153	1,475,847
Available-for-sale securities	456,354	982,339	37,153	1,475,847
Japanese government bonds	121,073	-	-	121,073
Local government bonds	-	455,392	-	455,392
Corporate bonds	-	212,094	23,212	235,306
Equity securities	240,543	-	-	240,543
Other	94,738	314,852	13,941	423,531
Total assets	¥ 456,408	¥ 983,371	¥ 39,523	1,479,302
Total liabilities	¥ -	¥ -	¥ -	¥ -
Derivative transactions *(*1) (*2)*	¥ -	¥ (498)	¥ (0)	¥ (498)
Interest rate related	-	2,853	-	2,853
Currency related	-	(3,351)	(0)	(3,351)
Other	-	-	(0)	(0)

*(*1) Financial derivatives (assets) of ¥11,452 million and financial derivatives (liabilities) of ¥11,950 million are recorded under "Other assets" and "Other liabilities" in the consolidated balance sheet, respectively. Receivables and payables arising from derivative transactions are presented as net amounts. Net payables are presented in parentheses.*

*(*2) The value of derivatives to which hedge accounting is applied, was ¥(4,880) million, as recorded in the consolidated balance sheet.*

March 31, 2024	Millions of yen							
	Fair value							
	Level 1		Level 2		Level 3		Total	
Monetary claims bought	¥	-	¥	-	¥	5,060	¥	5,060
Trading account securities		56		36		-		93
Money held in trust (for investment purposes)		-		1,000		-		1,000
Securities:		553,930		942,698		44,488		1,541,117
Available-for-sale securities		553,930		942,698		44,488		1,541,117
Japanese government bonds		171,284		-		-		171,284
Local government bonds		-		451,745		-		451,745
Corporate bonds		-		200,500		25,560		226,060
Equity securities		299,263		-		-		299,263
Other *(*1)*		83,382		290,452		18,928		392,762
Total assets	¥	553,986	¥	943,735	¥	49,549		1,547,271
Total liabilities	¥	-	¥	-	¥	-	¥	-
Derivative transactions *(*2) (*3) (*4)*	¥	-	¥	(17,294)	¥	(0)	¥	(17,294)
Interest rate related		-		2,899		-		2,899
Currency related		-		(20,193)		(0)		(20,193)
Other		-		-		(0)		(0)

*(*1) Investment trusts, etc., of which the standard quotation price defined by Paragraph 24-9 Fair Value Measurement Guidance (ASBJ Guidance No. 31, June 17, 2021) is deemed as the fair value, are not included in the above table. The carrying amount of such investment trusts, etc., in the consolidated balance sheet is ¥305 million.*

*(*2) Financial derivatives (assets) of ¥6,023 million and financial derivatives (liabilities) of ¥23,317 million are recorded under "Other assets" and "Other liabilities" in the consolidated balance sheet, respectively.*

Receivables and payables arising from derivative transactions are presented as net amounts. Net payables are presented in parentheses.

*(*3) The value of derivatives to which hedge accounting is applied, was ¥(10,028) million, as recorded in the consolidated balance sheet.*

*(*4) These derivatives refer to interest rate swaps designated as hedging instruments to offset market fluctuations arising from loans, etc., as hedged items, and deferral hedge accounting is applied. Practical Issue Task Force (PITF) No. 40, "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR," March 17, 2022, is applied to these hedging relationships.*

March 31, 2025	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	$ -	$ -	$ 15,850	$ 15,850
Trading account securities	357	214	-	571
Money held in trust (for investment purposes)	-	6,688	-	6,688
Securities:	3,052,132	6,569,952	248,485	9,870,569
Available-for-sale securities	3,052,132	6,569,952	248,485	9,870,569
Japanese government bonds	809,748	-	-	809,748
Local government bonds	-	3,045,697	-	3,045,697
Corporate bonds	-	1,418,500	155,247	1,573,747
Equity securities	1,608,769	-	-	1,608,769
Other	633,615	2,105,755	93,238	2,832,608
Total assets	$ 3,052,489	$ 6,576,854	$ 264,335	$ 9,893,678
Total liabilities	$ -	$ -	$ -	$ -
Derivative transactions *(*1) (*2)*	$ -	$ (3,335)	$ (0)	$ (3,335)
Interest rate related	-	19,082	-	19,082
Currency related	-	(22,418)	(0)	(22,418)
Other	-	-	(0)	(0)

*(*1) Derivative transactions recorded under other assets and liabilities in the consolidated balance sheets have been listed together.*
Receivables and payables arising from derivative transactions are presented as net amounts. Net payables are presented in parentheses.
Financial derivatives (assets) in an amount of $76,593 thousand and financial derivatives (liabilities) in an amount of $79,929 thousand are recorded under "Other assets" and "Other liabilities" in the consolidated balance sheet, respectively.
*(*2) The value of derivatives to which hedge accounting is applied was $(32,644) thousand, as recorded in the consolidated balance sheet.*

(2) Financial instruments other than those measured at fair value

Cash and due from banks, call loans and bills bought, foreign exchange (assets/liabilities), call money and bills sold, agreements, and payables under securities lending transactions are not included in the following as they are short-term (within one year), and their fair values approximate their carrying values.

	Millions of Yen					
	March 31, 2025					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*)	¥ -	¥ -	¥ 665	¥ 665	¥ 665	¥ -
Loans and bills discounted (*)	-	110,091	4,888,172	4,998,264	5,026,110	(27,846)
Total assets	¥ -	¥ 110,091	¥ 4,888,838	¥ 4,998,929	¥ 5,026,776	¥ (27,846)
Deposits	¥ -	¥ 5,975,419	¥ -	¥ 5,975,419	¥ 5,977,719	¥ (2,300)
Negotiable certificates of deposit	-	166,115	-	166,115	166,115	-
Borrowed money	-	456,968	-	456,968	470,054	(13,086)
Total liabilities	¥ -	¥ 6,598,502	¥ -	¥ 6,598,502	¥ 6,613,889	¥ (15,386)

	Millions of Yen					
	March 31, 2024					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*)	¥ -	¥ -	¥ 3,074	¥ 3,074	¥ 3,074	¥ -
Loans and bills discounted (*)	-	108,418	4,739,099	4,847,517	4,858,949	(11,431)
Total assets	¥ -	¥ 108,418	¥ 4,742,173	¥ 4,850,592	¥ 4,862,023	¥ (11,431)
Deposits	¥ -	¥ 5,890,163	¥ -	¥ 5,890,163	¥ 5,889,981	¥ 181
Negotiable certificates of deposit	-	172,888	-	172,888	172,888	(0)
Borrowed money	-	470,557	-	470,557	470,557	-
Total liabilities	¥ -	¥ 6,533,609	¥ -	¥ 6,533,609	¥ 6,533,427	¥ 181

	Thousands of U.S. dollars					
	March 31, 2025					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*)	$ -	$ -	$ 4,451	$ 4,451	$ 4,451	$ -
Loans and bills discounted (*)	-	736,300	32,692,432	33,428,732	33,614,973	(186,241)
Total assets	$ -	$ 736,300	$ 32,696,883	$ 33,433,183	$ 33,619,424	$ (186,241)
Deposits	$ -	$ 39,964,015	$ -	$ 39,964,015	$ 39,979,401	$ (15,386)
Negotiable certificates of deposit	-	1,110,989	-	1,110,989	1,110,989	-
Borrowed money	-	3,056,236	-	3,056,236	3,143,756	(87,520)
Total liabilities	$ -	$ 44,131,240	$ -	$ 44,131,240	$ 44,234,146	$ (102,906)

(*)A general allowance for loan losses and a specific allowance for loan losses corresponding to loans and bills discounted have been deducted.

(Note 1) A description of the valuation technique(s) and inputs used in the fair value measurements

Assets:

Monetary claims bought

For monetary claims bought, the fair value of securitized products is determined by prices obtained from external brokers, etc., referencing analysis of consistency with market published indices, prepayment ratios, etc. Monetary claims purchased from customers are settled over a specified short-term period. The fair value of these claims is, therefore, presented at the carrying amount because the carrying amount approximates the fair value. The fair value is classified as Level 3.

Trading account securities and securities

The fair value of trading account securities and securities is classified as Level 1 if the unadjusted market price in active markets is available. Principally, listed equity securities, listed investment trusts and Japanese government bonds are included in this category. If the market is inactive, even though the published market price is available, the fair value is classified as Level 2. Principally, local government bonds and corporate bonds are included in this category. In addition, the fair value of investment trusts which do not have a market price is determined using the standard quotation price and classified as Level 2, unless there is such significant restriction that consideration for the risk is demanded by market participants regarding cancellation or buy-back claims. The fair value of private placement bonds is calculated by discounting the sum of principal and interest income using the discount rate reflecting credit risk, etc., based on the internal rating, and is classified as Level 3. The fair value of certain Japanese yen-denominated foreign bonds is determined using the price calculated based on the price obtained from external brokers, etc., with reference to the findings of regular monitoring, including analysis of consistency with published market indices, and is classified as Level 3.
For details regarding securities categorized by the purpose for which they are held, see Note 4, “Trading Account Securities, Money Held in Trust and Securities.”

Money held in trust

The fair value of securities that are invested as trust assets within non-consolidated money held in trust is determined by the prices presented by partner financial institutions and principally classified as Level 2 based on the level of components.
For details regarding money held in trust for holding purposes, see Note 4, “Trading Account Securities, Money Held in Trust and Securities.”

Loans and bills discounted

The fair value of loans or bills discounted (excluding loans containing credit derivatives) is determined for each category based on the type, internal rating and maturity, by discounting the sum of principal and interest at the interest rate applied to a new loan of the same type. However, the carrying amount of fixed-rate loans and bills discounted whose contractual maturity or remaining maturity through interest maturity is short (within one year), and of floating-rate loans and bills discounted, is presented as the fair value as long as the credit status of borrowers has not changed significantly since the grant of such loans, because the carrying amount approximates the fair value. Additionally, for loans receivable from bankrupt, virtually bankrupt or potentially bankrupt borrowers, the estimated losses are determined based on the amount expected to be recovered from collateral and guarantees, and the fair value approximates the carrying amount of loans as of the fiscal closing date less allowance for loan losses. Accordingly, such amount is regarded as the fair value, and is classified as Level 3.

The fair value of loans containing credit derivatives is determined using the spread observed from credit default swaps and market interest rates as principal inputs and classified as Level 2.

With respect to the loans and bills discounted of consolidated subsidiaries, the carrying amount is presented as the fair value due to their lower materiality.

Liabilities:

Deposits and negotiable certificates of deposit

For on-demand deposits, the payment obligation existing at the balance sheet date, which is the carrying amount, is regarded as the fair value. The fair value of time deposits and negotiable certificates of deposit is computed using the present value by discounting future cash flows for each category based on the type and maturity period. For deposits whose deposit term or residual maturity is within one year, the carrying amount is presented as the fair value since such carrying amount approximates the fair value. The fair value of these items is classified as Level 2.

Borrowed money

The present value of borrowed money is computed by discounting the sum of principal and interest income to be received, classified by a fixed period, using the rate that would apply to new borrowings of the same type. For borrowed money whose contractual term or residual maturity is within one year, the carrying amount is presented as the fair value since such carrying amount approximates the fair value. The carrying amount of such instruments is presented as the fair value, as the carrying amount approximates the fair value due to the short-term maturity (within one year). The fair value of these items is classified as Level 2.
For borrowed money of consolidated subsidiaries, the carrying amount is presented as the fair value as a minimum requirement.

Derivative transactions:

The fair value of OTC-traded derivatives is determined by the value calculated using the discounted present value of future cash flows or option pricing models, etc., using inputs such as interest rates, foreign exchange rates, volatilities and the like, as the published market price of OTC-traded derivatives does not exist.
If observable inputs solely are used, or if the impact of unobservable inputs is not material, the fair value of such derivatives is classified as Level 2.

(Note 2) Information about fair value of Level 3 for financial instruments stated at fair value in the consolidated balance sheet

(1) Qualitative information about significant unobservable inputs

Year ended March 31, 2025

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted average of inputs
Securities Available-for-sale securities Corporate bonds (private placement bonds)	Discounted present value method	Credit spread	0.215%-1.07%	0.415%

Year ended March 31, 2024

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted average of inputs
Securities Available-for-sale securities Corporate bonds (private placement bonds)	Discounted present value method	Credit spread	0.316%-100%	0.473%

(2) Reconciliation of the beginning balance and the ending balance and unrealized gain (loss) recognized in net income or loss

	Millions of Yen							
	March 31, 2025							
		Net income or other comprehensive income						
	April 1, 2024	Included in net income*1	Included in other comprehensive income*2	Changes due to purchases, issues, sales and settlements	Transfers to fair value of Level 3	Transfers from fair value of Level 3	March 31, 2025	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at March 31, 2025
Monetary claims bought	¥ 5,060	¥ –	¥ (9)	¥ (2,682)	¥ –	¥ –	¥ 2,369	¥ —
Securities								
Available-for-sale securities:								
Corporate bonds (private bonds)	25,560	80	(135)	(2,292)	–	–	23,212	–
Other	18,928	–	12	(5,000)	–	–	13,941	–

	Millions of Yen							
	March 31, 2024							
		Net income or other comprehensive income						
	April 1, 2023	Included in net income*1	Included in other comprehensive income*2	Changes due to purchases, issues, sales and settlements	Transfers to fair value of Level 3	Transfers from fair value of Level 3	March 31, 2024	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at March 31, 2024
Monetary claims bought	¥ 9,420	¥ –	¥ (3)	¥ (4,356)	¥ –	¥ –	¥ 5,060	¥ —
Securities								
Available-for-sale securities:								
Corporate bonds (private bonds)	30,291	(79)	41	(4,693)	–	–	25,560	–
Other	15,970	–	(42)	3,000	–	–	18,928	–

	Thousands of U.S. dollars							
	March 31, 2025							
		Net income or other comprehensive income						
	April 1, 2024	Included in net income*1	Included in other comprehensive income*2	Changes due to purchases, issues, sales and settlements	Transfers to fair value of Level 3	Transfers from fair value of Level 3	March 31, 2025	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at March 31, 2025
Monetary claims bought	$ 33,848	$ –	$ (61)	$ (17,937)	$ –	$ –	$ 15,850	$ —
Securities								
Available-for-sale securities:								
Corporate bonds (private bonds)	170,949	535	(904)	(15,333)	–	–	155,247	–
Other	126,592	–	86	(33,440)	–	–	93,238	—

**1. Included in "Other operating income" in the consolidated statement of income.*

**2. Included in "Unrealized gains on available-for-sale securities" under "Other comprehensive income" in the consolidated statement of comprehensive income.*

(3) Explanation of valuation process used to measure fair value

The Finance Division has established the Hyakugo Bank Group policy and procedures regarding measurement of fair value, and each operating division measures fair value in accordance with said policy and procedures. The measurement of such fair value is validated in terms of the reasonableness of valuation techniques and inputs as well as the appropriateness of the fair value classification level. The results of this validation process are reported to the Finance Division for each period and the appropriateness of the policy and procedures used to measure fair value is confirmed. In measuring fair value, valuation models capable of reflecting the nature, characteristics and risks associated with each asset are used. In addition, when quoted prices obtained from third parties are used as fair value, appropriate steps are taken to substantiate their validity, such as confirming the valuation techniques and inputs used and comparing the fair value with the fair value of similar financial instruments.

(4) Explanation of effects of changes in significant unobservable inputs on fair value

Significant unobservable inputs used in measuring the fair value of privately placed corporate bonds are credit spreads. Significant increases (decreases) in these inputs in isolation will lead to a significant decline (rise) in fair value.

(Note 3) The following table summarizes financial instruments whose fair values were extremely difficult to estimate. These instruments were not included in the above table regarding the fair values of financial instruments.

	Millions of yen				Thousands of U.S. dollars	
Category	2025		2024		2025	
Unlisted stocks *(*1)(*2)*	¥	1,864	¥	1,866	$	12,471
Investments in capital of partnerships, etc. *(*3)*		9,453		8,934		63,226

*(*1) The fair values of unlisted stocks were not disclosed based on Paragraph 5 of "Implementation Guidance on Disclosures of Fair Value of Financial Instruments" (ASBJ Guidance No. 19, September 13, 2024).*

*(*2) The Bank recognized an impairment loss in the amount of nil and ¥38 million on unlisted stock for the years ended March 31, 2025 and 2024, respectively.*

*(*3) The fair values of investments in capital of partnerships were not disclosed in accordance with Paragraph 24-16 of the Fair Value Measurement Guidance (ASBJ Guidance No. 31, June 17, 2021).*

(Note 4) Maturities of financial assets and securities with contractual maturities at March 31, 2025 and 2024

	Millions of yen					
March 31, 2025	Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Due from banks	¥ 595,995	¥ -	¥ -	¥ -	¥ -	¥ -
Call loans and bills bought	2,631	-	-	-	-	-
Monetary claims bought	946	904	-	1,205	-	-
Available-for-sale securities with maturity:	152,643	231,535	245,486	194,984	134,006	254,732
o/w Japanese government bonds	-	-	13,000	12,500	39,000	75,000
Local government bonds	86,440	89,492	77,829	133,286	80,265	5,481
Corporate bonds	28,308	48,395	63,778	29,479	1,100	76,933
Others	37,895	93,647	90,878	19,718	13,641	97,317
Loans and bills discounted (*)	805,818	737,473	601,162	451,532	459,590	1,947,104
Total	¥ 1,558,035	¥ 969,931	¥ 846,648	¥ 647,722	¥ 593,596	¥ 2,201,836

	Millions of yen					
March 31, 2024	Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Due from banks	¥ 1,361,150	¥ -	¥ -	¥ -	¥ -	¥ -
Call loans and bills bought	5,716	-	-	-	-	-
Monetary claims bought	3,390	1,678	1,296	1,783	-	-
Available-for-sale securities with maturity:	86,273	260,167	261,515	152,913	195,500	247,683
o/w Japanese government bonds	-	-	8,000	7,000	93,000	75,000
Local government bonds	38,332	130,883	77,202	109,915	93,669	6,562
Corporate bonds	12,637	40,954	66,686	26,218	3,500	82,027
Others	35,303	88,329	109,626	9,778	5,330	84,093
Loans and bills discounted (*)	801,038	680,554	628,284	443,020	464,554	1,829,136
Total	¥ 2,257,569	¥ 942,400	¥ 891,095	¥ 597,717	¥ 660,054	¥ 2,076,819

March 31, 2025	Thousands of U.S. dollars Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Due from banks	$ 3,986,057	$ -	$ -	$ -	$ -	$ -
Call loans and bills bought	17,600	-	-	-	-	-
Monetary claims bought	6,333	6,048	-	8,062	-	-
Available-for-sale securities with maturity:	1,020,889	1,548,524	1,641,827	1,304,069	896,244	1,703,666
o/w Japanese government bonds	-	-	86,945	83,601	260,835	501,605
Local government bonds	578,118	598,532	520,531	891,432	536,819	36,660
Corporate bonds	189,327	323,674	426,552	197,158	7,357	514,536
Others	253,444	626,318	607,799	131,878	91,233	650,865
Loans and bills discounted (*)	5,389,372	4,932,275	4,020,616	3,019,880	3,073,773	13,022,370
Total	$ 10,420,251	$ 6,486,847	$ 5,662,443	$ 4,332,011	$ 3,970,017	$ 14,726,036

(*) These loans and bills discounted do not include loans in the amount of ¥49,353 million ($330,079 thousand) and ¥37,298 million that did not have specific maturity dates as of March 31, 2025 and 2024, respectively.

(Note 5) Maturities of interest bearing liabilities at March 31, 2025 and 2024

March 31, 2025	Millions of yen Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Deposits (*)	¥ 5,537,109	¥ 251,850	¥ 188,760	¥ -	¥ -	¥ -
Negotiable certificates of deposit	166,115	-	-	-	-	-
Call money and bills sold	80,000	-	-	-	-	-
Payables under securities lending transactions	153,547	-	-	-	-	-
Borrowed money	3,329	464,790	1,883	50	-	-
Total	¥ 5,940,101	¥ 716,641	¥ 190,643	¥ 50	¥ -	¥ -

March 31, 2024	Millions of yen					
	Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Deposits (*)	¥ 5,546,275	¥ 257,160	¥ 86,545	¥ -	¥ -	¥ -
Negotiable certificates of deposit	172,788	100	-	-	-	-
Call money and bills sold	629,300	-	-	-	-	-
Payables under securities lending transactions	269,133	-	-	-	-	-
Borrowed money	3,573	4,653	462,299	31	-	-
Total	¥ 6,621,070	¥ 261,913	¥ 548,845	¥ 31	¥ -	¥ -

March 31, 2025	Thousands of U.S. dollars					
	Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Deposits (*)	$ 37,032,568	$ 1,684,392	$ 1,262,440	$ -	$ -	$ -
Negotiable certificates of deposit	1,110,989	-	-	-	-	-
Call money and bills sold	535,045	-	-	-	-	-
Payables under securities lending transactions	1,026,936	-	-	-	-	-
Borrowed money	22,271	3,108,554	12,598	334	-	-
Total	$ 39,727,809	$ 4,792,946	$ 1,275,038	$ 334	$ -	$ -

(*) On-demand deposits are included in the "Within one year" column.

4. Trading Account Securities, Money Held in Trust and Securities

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Japanese government bonds	¥ 121,073	¥ 171,284	$ 809,748
Local government bonds	455,392	451,745	3,045,697
Corporate bonds	235,306	226,060	1,573,747
Stocks	242,407	301,130	1,621,240
Other securities	432,985	402,002	2,895,834
Total	¥ 1,487,165	¥ 1,552,223	$ 9,946,266

Guarantees provided for certain private placement bonds were included in securities in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act of Japan. The guarantees amounted to ¥23,490 million ($157,105 thousand) and ¥25,783 million at March 31, 2025 and 2024, respectively.

Investments in securities are classified as trading, held-to-maturity or available-for-sale securities. Such classifications determine the respective accounting method to be applied as stipulated under the accounting standards for financial instruments. At March 31, 2025 and 2024, the carrying values of trading account securities, money held in trust for trading purposes, and related net unrealized gains and losses included in current earnings were as follows:

	Carrying value	Unrealized gains (losses)	Carrying value	Unrealized gains (losses)	Carrying value	Unrealized gains (losses)
	Millions of yen				Thousands of U.S. dollars	
	2025		2024		2025	
Trading account securities	¥ 85	¥ (0)	¥ 93	¥ 1	$ 571	$ (1)
Money held in trust	1,000	-	1,000	-	6,688	-

At March 31, 2025 and 2024, gross unrealized gains and losses on marketable available-for-sale securities were as follows.

	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Millions of yen			
As of March 31, 2025				
Securities for which carrying value exceeds acquisition cost:				
Stocks	¥ 49,267	¥ 188,292	¥ -	¥ 237,560
Bonds:				
Japanese government bonds	-	-	-	-
Local government bonds	23,495	2	-	23,497
Corporate bonds	3,905	5	-	3,910
Others	242,193	7,719	-	249,912
Securities for which carrying value does not exceed acquisition cost:				
Stocks	3,406	-	(424)	2,982
Bonds:				
Japanese government bonds	138,453	-	(17,379)	121,073
Local government bonds	448,724	-	(16,828)	431,895
Corporate bonds	243,931	-	(12,535)	231,396
Others	186,713	-	(10,724)	175,988
Total	¥ 1,340,091	¥ 196,019	¥ (57,893)	¥ 1,478,217
As of March 31, 2024				
Securities for which carrying value exceeds acquisition cost:				
Stocks	¥ 52,355	¥ 245,917	¥ -	¥ 298,272
Bonds:				
Japanese government bonds	32,611	73	-	32,685
Local government bonds	138,249	487	-	138,736
Corporate bonds	41,099	106	-	41,205
Others	218,171	9,744	-	227,915
Securities for which carrying value does not exceed acquisition cost:				
Stocks	1,045	-	(54)	991
Bonds:				
Japanese government bonds	149,702	-	(11,103)	138,599
Local government bonds	317,901	-	(4,892)	313,009
Corporate bonds	190,662	-	(5,807)	184,854
Others	177,856	-	(7,643)	170,213
Total	¥ 1,319,655	¥ 256,329	¥ (29,500)	¥ 1,546,484

	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Thousands of U.S. dollars			
As of March 31, 2025				
Securities for which carrying value exceeds acquisition cost:				
Stocks	$ 329,507	$ 1,259,314	$ -	$ 1,588,821
Bonds:				
Japanese government bonds	-	-	-	-
Local government bonds	157,137	16	-	157,153
Corporate bonds	26,118	34	-	26,152
Others	1,619,808	51,625	-	1,671,433
Securities for which carrying value does not exceed acquisition cost:				
Stocks	22,784	-	(2,837)	19,947
Bonds:				
Japanese government bonds	925,985	-	(116,237)	809,748
Local government bonds	3,001,097	-	(112,553)	2,888,544
Corporate bonds	1,631,433	-	(83,838)	1,547,595
Others	1,248,754	-	(71,728)	1,177,026
Total	$ 8,962,623	$ 1,310,989	$ (387,193)	$ 9,886,419

An impairment loss of ¥23 million ($157 thousand) on investment securities (comprising stocks of ¥23 million) was recorded for the year ended March 31, 2025.
An impairment loss of ¥80 million on investment securities (comprising corporate bonds of ¥80 million) was recorded for the year ended March 31, 2024.

If the fair value of a marketable investment security declines to between 30% and 50% of the acquisition cost, recoverability of the security will be determined based on the trend of changes in related fair values over a given period and the financial condition of the issuing company. If the determined amount of decline in the fair value is deemed unrecoverable, impairment loss will be recognized.

At March 31, 2025 and 2024, net unrealized gains on available-for-sale securities, net of applicable income taxes and noncontrolling interests, recorded in the valuation difference on available-for-sale securities in the accompanying consolidated balance sheets were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrealized gains	¥ 138,505	¥ 226,651	$ 926,333
Less applicable income taxes	(42,701)	(68,009)	(285,589)
Less noncontrolling interests portion	(80)	(80)	(538)
Net unrealized gains in net assets	¥ 95,723	¥ 158,561	$ 640,206

(Note) Unrealized gains includes unrealized gain (loss) in the amounts of ¥379 million ($2,538 thousand) and ¥(177) million at March 31, 2025 and 2024, respectively, on available-for-sale securities that are components of partnerships, etc.

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

	Proceeds from sales	Gain on sales	Loss on sales
	Millions of yen		
For the year 2025:			
Stocks	¥ 9,431	¥ 2,918	¥ 460
Bonds:			
Japanese government bonds	60,700	-	4,006
Local government bonds	17,692	62	-
Corporate bonds	243	80	-
Others	19,402	1,108	496
	¥ 107,468	¥ 4,169	¥ 4,963
For the year 2024:			
Stocks	¥ 7,182	¥ 2,973	¥ 267
Bonds:			
Japanese government bonds	19,097	23	453
Local government bonds	50,689	-	851
Corporate bonds	1,161	0	19
Others	70,576	4,629	5,183
	¥ 148,708	¥ 7,626	¥ 6,775

	Proceeds from sales	Gain on sales	Loss on sales
	Thousands of U.S. dollars		
For the year 2025:			
Stocks	$ 63,078	$ 19,522	$ 3,080
Bonds:			
Japanese government bonds	405,966	-	26,797
Local government bonds	118,326	415	-
Corporate bonds	1,626	535	-
Others	129,763	7,413	3,321
	$ 718,759	$ 27,885	$ 33,198

5. Loans and Bills Discounted

At March 31, 2025 and 2024, loans and bills discounted consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Bills discounted	¥ 2,208	¥ 3,804	$ 14,771
Loans on notes	65,450	70,989	437,738
Loans on deeds	4,608,062	4,442,582	30,819,041
Overdrafts	376,314	366,512	2,516,816
	¥ 5,052,036	¥ 4,883,888	$ 33,788,366

Bills discounted are accounted for as financial transactions in accordance with JICPA's Industry Audit Committee Practical Guidance No. 24 of March 17, 2022, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry." The Hyakugo Bank Group has the right to sell or pledge bills discounted without restrictions. The total face value of these bills amounted to ¥2,208 million ($14,771 thousand) and ¥3,804 million at March 31, 2025 and 2024, respectively.

Loans based on the Banking Act and the Law concerning Emergency Measures for the Revitalization of the Financial Functions are as follows:
Loans are defined as corporate bonds included in "Securities" in the consolidated balance sheet (the whole or part of the redemption of the principal and payment of interest are guaranteed and limited to corporate bonds issued through private placement of the securities (as provided in Paragraph 3 of Article 2 of the Financial Instruments and Exchange Act)), loans, foreign exchange, those that are included in the accounts of accrued interest and temporary payments under other assets and customers' liabilities for acceptances and guarantees, and lent securities (limited to loan-for-use contracts or lease contracts).

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Loans under bankruptcy/rehabilitation or similar proceedings	¥ 13,248	¥ 10,893	$ 88,608
Risk loans	48,813	50,099	326,468
Delinquent loans past due over three months	4	-	28
Restructured loans	7,741	8,004	51,773
Total	¥ 69,807	¥ 68,998	$ 466,877

Loans under bankruptcy/rehabilitation or similar proceedings are loans to borrowers under bankruptcy or similar proceedings due to such reasons as commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, petition for rehabilitation proceedings, etc.
Risk loans are loans on which the principal and interest are unlikely to be collectable in accordance with the contract due to deterioration in the financial position and operating performance of the debtors, although they have not been declared bankrupt, and do not fall into the category of loans under bankruptcy/rehabilitation or similar proceedings.
Delinquent loans past due over three months are loans on which the payment of principal and/or interest is past due for three months or more from the due date, and which do not fall into the category of loans under bankruptcy/rehabilitation or similar proceedings, or risky claims.
Restructured loans are loans on which terms and conditions have been amended in favor of borrowers in order to facilitate or assist the borrowers' restructuring efforts by reducing the rate of interest, by providing a grace period for the payment of principal or interest or by loan forgiveness, and are not classified in any of the above categories.
The amounts shown for the above loans are before deducting allowances for credit losses.

6. Tangible Fixed Assets

At March 31, 2025 and 2024, tangible fixed assets, net of accumulated depreciation, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Buildings	¥ 18,392	¥ 18,553	$ 123,013
Land	19,736	19,732	131,999
Construction in progress	565	253	3,780
Other tangible fixed assets	5,940	5,256	39,731
Tangible fixed assets	¥ 44,635	¥ 43,796	$ 298,523

Accumulated depreciation of tangible fixed assets amounted to ¥40,591 million ($271,481 thousand) and ¥40,777 million as of March 31, 2025 and 2024, respectively.

Pursuant to the Act Concerning Revaluation of Land (the "Revaluation Act"), the Bank elected a one-time revaluation to restate the cost of land used for the banking business at values reassessed to reflect adjustments for land shape and other factors based on appraisal values issued by the Japanese National Tax Agency effective March 31, 1998. According to the Revaluation Act, the amount equivalent to the tax effect on the excess of the reassessed value over the original book value is recorded as a deferred tax liability for land revaluation. The remainder of such excess, net of the tax effect, is recorded as a revaluation reserve for land in accumulated other comprehensive income of net assets in the balance sheets. At March 31, 2025 and 2024, the differences in the total carrying value of land used for the banking business after revaluation over the then total current market value at the fiscal year-end amounted to ¥2,117 million ($14,164 thousand) and ¥2,424 million, respectively.

As permitted by the accounting principles and practices generally accepted in Japan, the Bank deducts deferred capital gain on the sale of real property from the original acquisition cost of property newly acquired for replacement purposes in the same line of business as the property sold. At March 31, 2025 and 2024, deferred capital gain in the amount of ¥4,316 million ($28,867 thousand) and ¥4,351 million, respectively, were directly deducted from the acquisition cost of land and buildings.

7. Pledged Assets

At March 31, 2025 and 2024, the following assets were pledged as collateral for liabilities.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Securities	¥ 660,083	¥ 778,529	$ 4,414,687

The above pledged assets secure the following liabilities.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deposits	¥ 68,261	¥ 23,890	$ 456,536
Payables under securities lending transactions	153,547	269,133	1,026,936
Borrowed money	460,000	460,000	3,076,512

In addition, securities amounting to ¥959 million ($6,414 thousand) and ¥980 million at March 31, 2025 and 2024, respectively, and cash and due from banks amounting to ¥200 million ($1,338 thousand) and ¥200 million at March 31, 2025 and 2024, respectively, were pledged as collateral for settlement of exchange, derivatives and other transactions.

Other assets include guarantee money of ¥1,335 million ($8,934 thousand) and ¥1,293 million as of March 31, 2025 and 2024, respectively, margin money deposited with a central clearing organization of ¥25,000 million ($167,202 thousand) and ¥25,000 million as of both March 31, 2025 and 2024, respectively, and margin money deposited for financial instruments of ¥5,549 million ($37,118 thousand) and ¥18,183 million as of March 31, 2025 and 2024, respectively.

8. Deposits and Negotiable Certificates of Deposit

At March 31, 2025 and 2024, deposits consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Demand deposits	¥ 3,943,089	¥ 3,936,771	$ 26,371,655
Time deposits	1,962,954	1,910,389	13,128,372
Other deposits	71,675	42,820	479,374
Deposits	5,977,719	5,889,981	39,979,401
Negotiable certificates of deposit	166,115	172,888	1,110,989
	¥ 6,143,835	¥ 6,062,870	$ 41,090,390

9. Borrowed Money and Lease Obligations

Borrowed money consisted of borrowings from financial institutions with an average interest rate of 0.01% per annum at March 31, 2025 due through April 2030.

Borrowed money due annually through 2030 at March 31, 2025 was as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2026	¥ 3,329	$ 22,270
2027	2,603	17,412
2028	462,187	3,091,142
2029	1,302	8,709
2030 and thereafter	631	4,223
	¥ 470,054	$ 3,143,756

Lease obligations included in “other liabilities” due annually through June 2029 at March 31, 2025 were as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2026	¥ 27	$ 183
2027	27	182
2028	27	182
2029	27	182
2030	6	45
	¥ 115	$ 774

10. Employee Retirement Benefits

(1) Outline of retirement benefit plans

The Bank has corporate pension fund plans and lump-sum retirement benefit plans as its defined benefit pension plans and defined contribution pension plans, which together substantially cover all employees.

Consolidated subsidiaries have lump-sum retirement benefit plans as their defined benefit plans and defined contribution pension plans as defined contribution plans. In addition, the Bank also has retirement benefit trusts.

Under the lump-sum retirement benefit plans of the consolidated subsidiaries, liability for retirement benefits and retirement benefit expenses are computed using the simplified method.

(2) Defined benefit plans

i. Changes in retirement 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
Beginning balance of retirement benefit obligations	¥ 37,141	¥ 38,145	$ 248,408
Service cost	1,235	1,269	8,262
Interest cost	112	115	750
Actuarial differences	(4,282)	171	(28,639)
Retirement benefits paid	(2,502)	(2,559)	(16,739)
Past service cost	-	-	-
Other	0	0	1
Ending balance of retirement benefit obligations	¥ 31,704	¥ 37,141	$ 212,043

ii. The changes in pension 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
Beginning balance of pension plan assets	¥ 100,283	¥ 73,425	$ 670,706
Expected return on pension plan assets	2,421	2,163	16,198
Actuarial differences	(15,862)	25,345	(106,086)
Contribution from the employer	685	1,015	4,587
Retirement benefits paid	(1,665)	(1,665)	(11,136)
Other	0	0	1
Ending balance of pension plan assets	¥ 85,864	¥ 100,283	$ 574,270

iii. Reconciliations between the ending balances of retirement benefit obligations and pension plan assets and the liability or asset for employee retirement benefits recorded in the consolidated balance sheet were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Funded retirement benefit obligations	¥ 31,148	¥ 36,649	$ 208,324
Pension plan assets	(85,864)	(100,283)	(574,270)
	(54,716)	(63,634)	(365,946)
Unfunded retirement benefit obligations	556	492	3,719
Net liability (asset) recorded in the consolidated balance sheet	¥ (54,160)	¥ (63,141)	$ (362,227)

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Liability for employee retirement benefits	¥ 597	¥ 535	$ 3,997
Asset for employee retirement benefits	(54,757)	(63,677)	(366,224)
Net liability (asset) recorded in the consolidated balance sheet	¥ (54,160)	¥ (63,141)	$ (362,227)

iv. The components of retirement benefit expenses 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	¥ 1,235	¥ 1,269	$ 8,262
Interest cost	112	115	750
Expected return on pension plan assets	(2,421)	(2,163)	(16,198)
Amortization of actuarial differences	(2,971)	(838)	(19,876)
Amortization of past service cost	-	-	-
Other	-	-	-
Retirement benefit expenses on defined benefit plans	¥ (4,046)	¥ (1,616)	$ (27,062)

(Note) Retirement benefit expenses of consolidated subsidiaries applying the simplified method were all included in "service cost."

v. The components of retirement benefit adjustments (before tax effect) on other comprehensive income were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Actuarial differences	¥ 14,551	¥ (24,335)	$ 97,323
Other	-	-	-
Total	¥ 14,551	¥ (24,335)	$ 97,323

vi. The components of retirement benefit adjustments (before tax effect) on accumulated other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized actuarial differences	¥ (13,561)	¥ (28,113)	$ (90,701)
Other	-	-	-
Total	¥ (13,561)	¥ (28,113)	$ (90,701)

vii. Pension plan assets

i. Components of pension plan assets

Pension plan assets consisted of the following:

	2025	2024
Bonds	11%	9%
Stocks	55%	62%
Cash and deposits	7%	0%
General account	13%	11%
Other	14%	18%
Total	100%	100%

(Note) At March 31, 2025, the retirement benefit trust established for lump-sum retirement benefit plans and corporate pension fund plans accounted for 45% (53% in 2024) of total pension plan assets.

ii. Method for determining the long-term expected rate of return on pension plan assets

The long-term expected rate of return on pension plan assets is determined by considering the allocation of pension plan assets and long-term rates of return that are expected currently and in the future for various components of the pension plan assets.

viii. Assumptions used for the years ended March 31, 2025 and 2024 were as follows:

		2025	2024
Discount rate	Corporate pension fund plans	1.8%	0.4%
	Lump-sum retirement benefit plans	1.5%	0.0%
Long-term expected rate of return (mainly)		3.5%	3.5%

(Note) In computing retirement benefit obligations, points awarded for the future based on the benefit formula are not factored in, and the expected rate of salary increase is not applied.

(3) Defined contribution plans

The required contribution to the defined contribution plans of the Bank and its consolidated subsidiaries amounted to ¥472 million ($3,160 thousand) and ¥467 million for the years ended March 31, 2025 and 2024, respectively.

11. Acceptances and Guarantees

The Bank provides guarantees with respect to certain liabilities of its customers for the payment of loans and other liabilities from other financial institutions. As a contra account, “customers’ liabilities for acceptances and guarantees” are shown in assets on the accompanying consolidated balance sheets, indicating the Bank’s right of indemnity from its customers.

12. Net Assets

The authorized number of shares of common stock without par value is 396,000,000 shares. At both March 31, 2025 and 2024, the number of shares of common stock issued was 254,119,000 shares. At March 31, 2025 and 2024, the number of shares of treasury stock held by the Hyakugo Bank Group was 8,201,803 shares and 4,214,012 shares, respectively.

At both March 31, 2025 and 2024, capital surplus consisted principally of additional paid-in capital. Retained earnings included legal reserve of the Bank amounting to ¥17,377 million ($116,223 thousand) and ¥17,377 million at March 31, 2025 and 2024, respectively. The Banking Act of Japan provides that an amount equivalent to at least 20% of the cash payments as an appropriation of retained earnings be appropriated as legal reserve until the total amount of additional paid-in capital and legal reserve equals 100% of common stock. The reduction of the legal reserve is restricted under the current circumstances to the proper action of the shareholders of the Bank.

13. Stock Options

On July 28, 2023 and July 28, 2022, stock options were granted to the directors of the Bank. The related costs in the amount of ¥18 million ($124 thousand) and ¥22 million were recorded under general and administrative expenses for the years ended March 31, 2025 and 2024, respectively.

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

	2011 Stock Options	2012 Stock Options	2013 Stock Options	2014 Stock Options	2015 Stock Options
Persons granted	13 directors of the Bank	13 directors of the Bank	13 directors of the Bank (excluding independent directors)	13 directors of the Bank (excluding independent directors)	12 directors of the Bank (excluding independent directors)
Number of options granted*	91,600 shares of common stock of the Bank	94,000 shares of common stock of the Bank	71,700 shares of common stock of the Bank	71,200 shares of common stock of the Bank	48,100 shares of common stock of the Bank
Date of grant	July 25, 2011	July 26, 2012	July 24, 2013	July 31, 2014	July 30, 2015
Vesting conditions	Not defined	Not defined	Not defined	Not defined	Not defined
Eligible service period	Not defined	Not defined	Not defined	Not defined	Not defined
Exercise period	July 26, 2011 through July 25, 2041	July 27, 2012 through July 26, 2042	July 25, 2013 through July 24, 2043	August 1, 2014 through July 31, 2044	July 31, 2015 through July 30, 2045

	2016 Stock Options	2017 Stock Options	2018 Stock Options	2019 Stock Options	2020 Stock Options
Persons granted	12 directors of the Bank (excluding independent directors)	12 directors of the Bank (excluding independent directors)	6 directors of the Bank (excluding independent directors)	6 directors of the Bank (excluding independent directors)	6 directors of the Bank (excluding independent directors)
Number of options granted*	71,400 shares of common stock of the Bank	62,800 shares of common stock of the Bank	43,800 shares of common stock of the Bank	61,700 shares of common stock of the Bank	54,100 shares of common stock of the Bank
Date of grant	July 27, 2016	July 27, 2017	July 30, 2018	July 30, 2019	July 31, 2020
Vesting conditions	Not defined	Not defined	Not defined	Not defined	Not defined
Eligible service period	Not defined	Not defined	Not defined	Not defined	Not defined
Exercise period	July 28, 2016 through July 27, 2046	July 28, 2017 through July 27, 2047	July 31, 2018 through July 30, 2048	July 31, 2019 through July 30, 2049	August 1, 2020 through July 31, 2050

	2021 Stock Options	2022 Stock Options	2023 Stock Options	2024 Stock Options
Persons granted	6 directors of the Bank (excluding independent directors)	6 directors of the Bank (excluding independent directors)	6 directors of the Bank (excluding independent directors)	6 directors of the Bank (excluding independent directors)
Number of options granted*	62,300 shares of common stock of the Bank	66,800 shares of common stock of the Bank	53,000 shares of common stock of the Bank	30,600 shares of common stock of the Bank
Date of grant	July 30, 2021	July 28, 2022	July 28, 2023	July 30, 2024
Vesting conditions	Not defined	Not defined	Not defined	Not defined
Eligible service period	Not defined	Not defined	Not defined	Not defined
Exercise period	July 31, 2021 through July 30, 2051	July 29, 2022 through July 28, 2052	July 29, 2023 through July 28, 2053	July 31, 2024 through July 30, 2054

**The number of options is equal to and is shown as the number of shares.*

The stock option activities were as follows.

Number of stock options (in shares)	2011 Stock Options	2012 Stock Options	2013 Stock Options	2014 Stock Options	2015 Stock Options
Nonvested:					
Outstanding at April 1, 2023	-	-	-	-	-
Granted	-	-	-	-	-
Forfeited	-	-	-	-	-
Vested	-	-	-	-	-
Outstanding at March 31, 2024	-	-	-	-	-
Granted	-	-	-	-	-
Forfeited	-	-	-	-	-
Vested	-	-	-	-	-
Outstanding at March 31, 2025	-	-	-	-	-
Vested:					
Outstanding at April 1, 2023	15,800	16,200	14,700	14,600	12,600
Vested	-	-	-	-	-
Exercised	-	-	-	-	-
Forfeited	-	-	-	-	-
Outstanding at March 31, 2024	15,800	16,200	14,700	14,600	12,600
Vested	-	-	-	-	-
Exercised	-	-	-	-	-
Forfeited	-	-	-	-	-
Outstanding at March 31, 2025	15,800	16,200	14,700	14,600	12,600

Number of stock options (in shares)	2016 Stock Options	2017 Stock Options	2018 Stock Options	2019 Stock Options	2020 Stock Options
Nonvested:					
Outstanding at April 1, 2023	-	-	-	-	-
Granted	-	-	-	-	-
Forfeited	-	-	-	-	-
Vested	-	-	-	-	-
Outstanding at March 31, 2024	-	-	-	-	-
Granted	-	-	-	-	-
Forfeited	-	-	-	-	-
Vested	-	-	-	-	-
Outstanding at March 31, 2025	-	-	-	-	-
Vested:					
Outstanding at April 1, 2023	18,600	20,100	16,400	24,500	38,800
Vested	-	-	-	-	-
Exercised	-	-	-	-	6,800
Forfeited	-	-	-	-	-
Outstanding at March 31, 2024	18,600	20,100	16,400	24,500	32,000
Vested	-	-	-	-	-
Exercised	-	-	-	-	-
Forfeited	-	-	-	-	-
Outstanding at March 31, 2025	18,600	20,100	16,400	24,500	32,000

Number of stock options (in shares)	2021 Stock Options	2022 Stock Options	2023 Stock Options	2024 Stock Options
Nonvested:				
Outstanding at April 1, 2023	-	-	-	-
Granted	-	-	53,000	-
Forfeited	-	-	-	-
Vested	-	-	53,000	-
Outstanding at March 31, 2024	-	-	-	-
Granted	-	-	-	30,600
Forfeited	-	-	-	-
Vested	-	-	-	30,600
Outstanding at March 31, 2025	-	-	-	
Vested:				
Outstanding at April 1, 2023	62,300	66,800	-	-
Vested	-	-	53,000	-
Exercised	16,200	14,800	-	-
Forfeited	-	-	-	-
Outstanding at March 31, 2024	46,100	52,000	53,000	-
Vested	-	-	-	30,600
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at March 31, 2025	46,100	52,000	53,000	30,600

Unit price information:

	2011 Stock Options	2012 Stock Options	2013 Stock Options	2014 Stock Options	2015 Stock Options
Exercise price	¥1	¥1	¥1	¥1	¥1
Average stock price at exercise	-	-	-	-	-
Fair value at grant date	¥302	¥300	¥404	¥396	¥578

	2016 Stock Options	2017 Stock Options	2018 Stock Options	2019 Stock Options	2020 Stock Options
Exercise price	¥1	¥1	¥1	¥1	¥1
Average stock price at exercise	-	-	-	-	¥411
Fair value at grant date	¥377	¥433	¥480	¥303	¥293

	2021 Stock Options	2022 Stock Options	2023 Stock Options	2024 Stock Options
Exercise price	¥1	¥1	¥1	¥1 ($0.01)
Average stock price at exercise	-	-	-	-
Fair value at grant date	¥267	¥294	¥424	¥606 ($4.05)

The method and assumptions used to measure the fair value of stock options granted for the years ended March 31, 2025 and 2024 were as follows.

1) 2024 stock options:

Estimation method:	Black-Scholes option pricing model
Volatility of stock price (Note 1):	24.75%
Estimated remaining outstanding period (Note 2):	2.92 years
Estimated dividend (Note 3):	¥15.0 ($0.10) per share
Risk free interest rate (Note 4):	0.40%

Notes:

1. *Volatility was computed based on actual stock prices during the period corresponding to the estimated remaining outstanding period from August 2021 through July 2024.*
2. *The estimated remaining outstanding period was determined by calculating the period from the date of allotment of the stock options until the first election after each present director's age exceeds the average retirement age of the retired directors with titles and directors who concurrently served as executive officers during the past 10 years, and averaging them. If the current age of a present director exceeds the average retirement age in the past, the period from the date of allotment of the stock options until the next election is used.*
3. *The estimated dividend was determined using the actual dividend payments for the year ended March 31, 2024.*
4. *The risk free interest rate is the yield on Japanese government bonds corresponding to the estimated remaining outstanding period.*

2) 2023 stock options:

Estimation method:	Black-Scholes option pricing model
Volatility of stock price (Note 1):	25.56%
Estimated remaining outstanding period (Note 2):	3.58 years
Estimated dividend (Note 3):	¥13.0 per share
Risk free interest rate (Note 4):	0.00%

Notes:

1. *Volatility was computed based on actual stock prices during the period corresponding to the estimated remaining outstanding period from December 2019 through July 2023.*
2. *The estimated remaining outstanding period was determined by calculating the period from the date of allotment of the stock options until the first election after each present director's age exceeds the average retirement age of the retired directors with titles and directors who concurrently served as executive officers during the past 10 years, and averaging them. If the current age of a present director exceeds the average retirement age in the past, the period from the date of allotment of the stock options until the next election is used.*
3. *The estimated dividend was determined using the actual dividend payments for the year ended March 31, 2023.*
4. *The risk free interest rate is the yield on Japanese government bonds corresponding to the estimated remaining outstanding period.*

14. Loan Commitments

Contracts for overdraft facilities and loan commitment limits represent the maximum amounts the Bank will lend to customers in response to the customers' applications for loans, provided that there are no violations of any conditions in the applicable contracts. At March 31, 2025 and 2024, the total unused amount within the limits of these contracts was ¥1,192,037 million ($7,972,430 thousand) and ¥1,216,691 million, respectively. These unused amounts included amounts related to contracts which will expire within one year or are revocable by the Bank at any time without any conditions in the amount of ¥1,122,375 million ($7,506,525 thousand) and ¥1,134,255 million at March 31, 2025 and 2024, respectively.

Since many of these commitments expire without being drawn down, an unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that permit the Bank to refuse the customers' applications for loans or decrease the contract limit for proper reasons (e.g., changes in the financial situation, deterioration in the customer's creditworthiness or the like). As a condition to entering a contract, the Bank may obtain collateral in the form of real estate, securities, etc., if considered necessary. During the term of the contract, the Bank performs periodic reviews of the customers' business based on internal rules and may take necessary measures that include reconsidering the conditions under the contract and/or requiring additional collateral and/or guarantees.

15. Leases

(1) Finance leases

As a lessor:

Lease investment assets at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Gross lease receivables	¥ 27,601	¥ 27,220	$ 184,598
Estimated residual values	1,289	1,437	8,628
Unearned interest income	(2,116)	(1,956)	(14,153)
Lease investment assets	¥ 26,774	¥ 26,701	$ 179,073

Lease receivables which arose under transferable finance leases that mature subsequent to March 31, 2025 and 2024 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Due within one year	¥ 1,201	¥ 1,112	$ 8,033
More than one year, but within two years	907	874	6,068
More than two years, but within three years	771	574	5,159
More than three years, but within four years	684	439	4,577
More than four years, but within five years	313	290	2,096
More than five years	711	615	4,757
Lease receivables	¥ 4,588	¥ 3,906	$ 30,690

Gross lease receivables under nontransferable finance leases that mature subsequent to March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Due within one year	¥ 8,338	¥ 8,053	$ 55,767
More than one year, but within two years	6,668	6,821	44,601
More than two years, but within three years	5,147	5,115	34,430
More than three years, but within four years	3,375	3,600	22,577
More than four years, but within five years	2,011	1,921	13,454
More than five years	2,058	1,708	13,769
Gross lease receivables of lease investment assets	¥ 27,601	¥ 27,220	$ 184,598

(2) Operating leases

Future minimum lease payments under non-cancellable operating lease transactions were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
As lessee:			
Due within one year	¥ 583	¥ 320	$ 3,905
Due after one year	947	673	6,339
	¥ 1,531	¥ 993	$ 10,244
As lessor:			
Due within one year	¥ 929	¥ 950	$ 6,217
Due after one year	1,332	1,343	8,913
	¥ 2,262	¥ 2,294	$ 15,130

(3) Subleases

Sublease related amounts before deducting interest equivalent amounts recorded in the consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Lease investment assets	¥ 115	¥ 143	$ 774
Lease obligations	115	143	774

16. Derivative Instruments

Derivative instruments involve, in varying degrees, elements of credit and market risk. The Hyakugo Bank Group is exposed to credit loss in the event of nonperformance by the counterparties. However, the Hyakugo Bank Group has not faced and does not expect such nonperformance.

Derivative contracts to which hedge accounting was not applied:

With respect to derivatives to which hedge accounting was not applied, the contract amounts or notional principal amounts as defined in the applicable contracts, the fair values and valuation gains (losses) as of March 31, 2025 and 2024 are set forth in the table below. Note that the contract amounts do not represent the market risk exposure of the derivative transactions themselves.

	Contract amounts	Fair value	Valuation gains (losses)
	Millions of yen		
At March 31, 2025			
Interest rate contracts:			
Swaps	¥ 33,942	¥ 153	¥ 153
Foreign exchange contracts:			
Currency swaps	176,208	813	813
Forwards	185,290	3,415	3,415
Currency options	45,610	-	200
Earthquake derivatives	700	(0)	-
At March 31, 2024			
Interest rate contracts:			
Swaps	¥ 32,071	¥ 164	¥ 164
Foreign exchange contracts:			
Currency swaps	211,017	(3,709)	(3,709)
Forwards	169,170	(3,720)	(3,720)
Currency options	63,893	-	347
Earthquake derivatives	1,450	(0)	-
	Thousands of U.S. dollars		
At March 31, 2025			
Interest rate contracts:			
Swaps	$ 227,010	$ 1,029	$ 1,029
Foreign exchange contracts:			
Currency swaps	1,178,491	5,440	5,440
Forwards	1,239,237	22,840	22,840
Currency options	305,046	-	1,343
Earthquake derivatives	4,682	(0)	-

Notes:
1. The above transactions have been stated at fair value, and valuation gains (losses) have been recorded in the consolidated statements of income.
2. The fair value has been determined using the discounted present value.
3. Since the fair value of earthquake derivatives is difficult to calculate, the acquisition cost is presented as the fair value.

Derivative contracts to which hedge accounting was applied:

With respect to derivatives to which hedge accounting was applied, the contract amounts or notional principal amounts as defined in the applicable contracts and the fair values by transaction type and accounting method as of March 31, 2025 and 2024 are set forth the table below. Note that the contract amounts do not represent the market risk exposure of the derivative transactions themselves.

Hedge accounting method	Transaction type	Major hedged items	Contract amount	Contract amount due after one year	Fair value
			Millions of yen		
At March 31, 2025					
Deferral method	Interest rate swaps: Receivable floating rate/ payable fixed rate	Securities, loans and bills discounted	¥ 98,675	¥ 94,182	¥ 2,699
Interest rate swaps meeting certain conditions	Interest rate swaps: Receivable floating rate/ payable fixed rate	Loans and bills discounted	168	76	*See Note 2*
Deferral method	Foreign currency swaps:		51,715	36,763	(7,580)
	Foreign currency forward contracts:	Loans and bills discounted	-	-	-
At March 31, 2024					
Deferral method	Interest rate swaps: Receivable floating rate/ payable fixed rate	Securities, loans and bills discounted	¥ 83,590	¥ 83,459	¥ 2,734
Interest rate swaps meeting certain conditions	Interest rate swaps: Receivable floating rate/ payable fixed rate	Loans and bills discounted	408	408	*See Note 2*
Deferral method	Foreign currency swaps:		49,663	34,522	(12,763)
	Foreign currency forward contracts:	Loans and bills discounted	-	-	-

Hedge accounting method	Transaction type	Major hedged items	Contract amount	Contract amount due after one year	Fair value
			Thousands of U.S. dollars		
At March 31, 2025					
Deferral method	Interest rate swaps: Receivable floating rate/ payable fixed rate	Securities, loans and bills discounted	$ 659,947	$ 629,900	$ 18,053
Interest rate swaps meeting certain conditions	Interest rate swaps: Receivable floating rate/ payable fixed rate	Loans and bills discounted	1,126	515	*See Note 2*
Deferral method	Foreign currency swaps:	Loans and bills discounted	345,879	245,879	(50,697)
	Forward contracts:		-	-	-

Notes:

1. *Gains and losses on the above contracts are deferred until the maturity of the hedged items pursuant to "Accounting and Auditing Treatment of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA's Industry Audit Committee Practical Guidance No. 24 of March 17, 2022).*
2. *With respect to interest rate swap contracts which meet certain conditions, the fair value of the interest rate swap contract is considered part of the fair value of the relevant loan or bill discounted described in Note 3, "Financial Instruments and Related Disclosures," since such interest rate swap contracts are used for recording loans and bills discounted as hedged items.*
3. *With respect to foreign currency related contracts, the deferral method of hedge accounting is principally applied in accordance with the "Accounting and Auditing Treatment of Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA's Industry Audit Committee Practical Guidance No. 25 of October 8, 2020).*

17. Income Taxes

At March 31, 2025 and 2024, income taxes (including local taxes) payable in the amount of ¥2,712 million ($18,140 thousand) and ¥3,475 million, respectively, were included in "other liabilities" in the accompanying consolidated balance sheets.

At March 31, 2025 and 2024, the tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Allowance for loan losses	¥ 8,120	¥ 7,623	$ 54,308
Deferred losses on hedges	241	132	1,613
Valuation loss on securities	805	854	5,384
Provision for reimbursement of deposits	1,891	1,753	12,650
Others	2,570	2,380	17,189
Subtotal	13,627	12,744	91,144
Less valuation allowance	(1,278)	(1,296)	(8,552)
Total deferred tax assets	12,349	11,447	82,592
Net of deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(42,701)	(68,009)	(285,589)
Retirement benefits	(18,788)	(21,257)	(125,660)
Deferred gains on hedges	(1,024)	(933)	(6,851)
Others	(1,013)	(829)	(6,775)
Total deferred tax liabilities	(63,527)	(91,030)	(424,875)
Net deferred tax assets (liabilities)	¥ (51,178)	¥ (79,582)	$ (342,283)

(Change in presentation)
"Provision for reimbursement of deposits," which was previously included in "Others" under deferred tax assets in the fiscal year ended March 31, 2024, has been separately presented from the fiscal year ended March 31, 2025 due to its increased materiality. To reflect this change in presentation, the notes for the fiscal year ended March 31, 2024 have been reclassified.

As a result, "Others" under deferred tax assets in the fiscal year ended March 31, 2024, which was ¥4,133 million, has been reclassified and presented as "Provision for reimbursement of deposits" of ¥1,753 million and "Others" of ¥2,380 million.

The reconciliation between the Japanese statutory tax rate and the effective tax rate reflected in the consolidated statement of income for the year ended March 31, 2024 was as follows:

	Percentage of pretax income
Statutory tax rate	30.19%
Increase (decrease) due to:	
Permanently nondeductible expenses	0.48%
Tax exempt income	(2.04)%
Local minimum taxes per capita levy	0.29%
Changes in valuation allowance	(0.47)%
Other	(0.29)%
Effective tax rate	28.16%

The reconciliation between the Japanese statutory tax rate and the effective tax rate reflected in the consolidated statement of income for the year ended March 31, 2025 was not presented because the difference was less than 5% of the statutory tax rate.

Revision of the amounts of deferred tax assets and liabilities due to changes in corporation tax rates

In accordance with the “Act Partially Amending the Income Tax Act and Related Acts (Act No. 13 of 2025)” enacted on March 31, 2025, the “Special Corporation Tax for Defense” will be imposed for fiscal years beginning on or after April 1, 2026. Accordingly, the statutory tax rate used to calculate deferred tax assets and liabilities will be changed from the previous 30.19% to 31.08% for temporary differences, etc. expected to reverse in or after the fiscal year beginning on April 1, 2026. As a result of this tax rate change, for the fiscal year ended March 31, 2025, deferred tax assets increased by ¥11 million ($76 thousand), deferred tax liabilities increased by ¥1,581 million ($10,576 thousand), valuation difference on available-for-sale securities decreased by ¥1,187 million ($7,945 thousand), deferred gains/losses on hedges decreased by ¥22 million ($150 thousand), retirement benefit adjustments decreased by ¥120 million ($807 thousand), and income taxes-deferred increased by ¥238 million ($1,597 thousand). In addition, deferred tax liabilities for land revaluation increased by ¥72 million ($482 thousand) and revaluation reserve for land decreased by the same amount.

18. Revenue Recognition

(1) Information on disaggregated revenue from contracts with customers

Year ended March 31, 2025	Reportable segment			Others	Total
	Banking business	Leasing	Total		
	Millions of yen				
Fees and Commissions Income					
Deposit-taking business	¥ 1,902	¥ -	¥ 1,902	¥ 231	¥ 2,134
Lending business	4,198	-	4,198	-	4,198
Foreign exchange business	3,132	-	3,132	-	3,132
Securities-related business	1,531	-	1,531	1,544	3,075
Agency business	253	-	253	-	253
Custody, safe-deposit boxes	124	-	124	-	124
Insurance sales	1,028	-	1,028	-	1,028
Other	3,386	-	3,386	2,019	5,405
Ordinary income from contracts with customers	¥ 15,558	¥ -	¥ 15,558	¥ 3,795	¥ 19,354
Other ordinary income	87,194	16,568	103,763	1,374	105,137
Ordinary income from external customers	¥ 102,753	¥ 16,568	¥ 119,322	¥ 5,169	¥ 124,491

Year ended March 31, 2024	Reportable segment			Others	Total
	Banking business	Leasing	Total		
	Millions of yen				
Fees and Commissions Income					
Deposit-taking business	¥ 1,862	¥ -	¥ 1,862	¥ 226	¥ 2,088
Lending business	4,982	-	4,982	-	4,982
Foreign exchange business	3,019	-	3,019	-	3,019
Securities-related business	1,432	-	1,432	1,369	2,802
Agency business	245	-	245	-	245
Custody, safe-deposit boxes	130	-	130	-	130
Insurance sales	1,272	-	1,272	-	1,272
Other	3,305	-	3,305	1,881	5,187
Ordinary income from contracts with customers	¥ 16,250	¥ -	¥ 16,250	¥ 3,476	¥ 19,727
Other ordinary income	82,579	15,708	98,288	1,471	99,759
Ordinary income from external customers	¥ 98,830	¥ 15,708	¥ 114,538	¥ 4,948	¥ 119,487

Year ended March 31, 2025	Reportable segment: Banking business	Reportable segment: Leasing	Reportable segment: Total	Others	Total
	Thousands of U.S. dollars				
Fees and Commissions Income					
Deposit-taking business	$ 12,726	$ -	$ 12,726	$ 1,551	$ 14,277
Lending business	28,077	-	28,077	-	28,077
Foreign exchange business	20,952	-	20,952	-	20,952
Securities-related business	10,241	-	10,241	10,329	20,570
Agency business	1,697	-	1,697	-	1,697
Custody, safe-deposit boxes	836	-	836	-	836
Insurance sales	6,879	-	6,879	-	6,879
Other	22,650	-	22,650	13,505	36,155
Ordinary income from contracts with customers	$ 104,058	$ -	$ 104,058	$ 25,385	$ 129,443
Other ordinary income	583,164	110,812	693,976	9,192	703,168
Ordinary income from external customers	$ 687,222	$ 110,812	$ 798,034	$ 34,577	$ 832,611

(Note) "Other" refers to business segments that do not belong to any other reportable segment and include credit card business and financial instrument business.

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

This information is omitted as it is presented in (r) "Accounting for revenue and costs" under Note 2 "Summary of Significant Accounting Policies."

19. Subsequent Events

Acquisition of treasury stock

The Bank resolved, at the Board of Directors meeting held on May 9, 2025, to acquire treasury stock pursuant to Article 156 of the Companies Act, as applied by reference to Article 165, Paragraph 3 of the same Act.

1. Reason for acquisition of treasury stock
   In order to implement a flexible capital policy in response to changes in the business environment

2. Details of the acquisition

(1)	Type of shares to be acquired:	Common stock
(2)	Total number of shares to be acquired:	Up to 4,000,000 shares (Ratio to the total number of shares issued (excluding treasury stock): 1.62%)
(3)	Total amount of shares to be acquired:	Up to ¥2.5 billion ($16,720 thousand)
(4)	Period of share acquisition:	From May 12, 2025 to September 30, 2025
(5)	Method of acquisition:	Purchase on the Tokyo Stock Exchange

Appropriation of retained earnings

The shareholders of the Bank approved the following appropriation of retained earnings at the annual general shareholders' meeting on June 23, 2025.

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥12.00 ($0.08) per share)	¥ 2,951	$ 19,737

20. Segment Information

(a) Description of reportable segments

The reportable segments of the Hyakugo Bank Group are business units for which separate financial information is available and whose results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to such segments.

The Hyakugo Bank Group's business centers on banking operations, but the Hyakugo Bank Group also engages in financial service operations, such as leasing operations.

The Hyakugo Bank Group's segments are based on its business activities related to financial services, and its reportable segments comprise the "banking" and "leasing" segments.

The "banking" segment includes deposit taking and lending operations, and the "leasing" segment includes leasing operations.

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

The accounting treatment of the business segments reported in this section is the same as that stated in Note 2, "Summary of Significant Accounting Policies." Segment profit is based on ordinary profit, which represents ordinary income less ordinary expenses. Ordinary income represents total income less special gains included in other income. Ordinary expenses represent total expenses less special losses included in other expenses.

Intersegment ordinary income is valued at market prices.

(c) Ordinary income, profit (loss), assets and other items.

For the year ended March 31, 2025

	Reportable segments			Others	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
	Millions of yen						
Ordinary income:							
External customers	¥ 102,753	¥ 16,568	¥ 119,322	¥ 5,169	¥ 124,491	¥ -	¥ 124,491
Intersegment	1,005	252	1,258	1,254	2,513	(2,513)	-
Total	103,759	16,821	120,580	6,424	127,005	(2,513)	124,491
Segment profit	¥ 24,679	¥ 694	¥ 25,373	¥ 940	¥ 26,314	¥ (609)	25,704
Special gains (losses), net							(259)
Income before income taxes							¥ 25,444
Segment assets	¥ 7,407,405	¥ 48,807	¥ 7,456,212	¥ 24,758	¥ 7,480,970	¥ (47,749)	¥ 7,433,220
Others:							
Depreciation	2,966	811	3,777	77	3,854	-	3,854
Interest income	82,303	90	82,393	123	82,517	(740)	81,776
Interest expense	15,119	171	15,290	0	15,290	(134)	15,155
Special gain:	37	-	37	-	37	-	37
Gain on disposal of fixed assets	37	-	37	-	37	-	37
Special loss:	296	-	296	0	297	-	297
Loss on disposal of fixed assets	296	-	296	0	296	-	296
Impairment loss	-	-	-	-	-	-	-
Provision of reserves under special laws	-	-	-	0	0	-	0
Income tax expense	6,907	203	7,110	291	7,401	0	7,401
Amount of increase in tangible and intangible fixed assets (capital expenditure)	5,343	1,040	6,384	53	6,437	-	6,437

Notes:
(1) The "others" business segment includes credit card operations and financial instruments business operations.
(2) Reconciliations consist of the following:
a. Reconciliation of segment profit of ¥(609) million consists of elimination of intersegment profits.
b. Reconciliation of segment assets of ¥(47,749) million consists of elimination of intersegment assets.
c. Reconciliation of interest income of ¥(740) million consists of elimination of intersegment interest income.
d. Reconciliation of interest expense of ¥(134) million consists of elimination of intersegment interest expense.

For the year ended March 31, 2024

	Reportable segments						
	Banking	Leasing	Total	Others	Total	Reconciliations	Consolidated
	Millions of yen						
Ordinary income:							
External customers	¥ 98,830	¥ 15,708	¥ 114,538	¥ 4,948	¥ 119,487	¥ -	¥ 119,487
Intersegment	1,007	248	1,255	1,286	2,542	(2,542)	-
Total	99,838	15,956	115,794	6,235	122,030	(2,542)	119,487
Segment profit	¥ 19,199	¥ 537	¥ 19,736	¥ 952	¥ 20,688	¥ (634)	20,054
Special gains (losses), net							(173)
Income before income taxes							¥ 19,881
Segment assets	¥ 8,073,917	¥ 49,910	¥ 8,123,828	¥ 24,994	¥ 8,148,822	¥ (51,630)	¥ 8,097,192
Others:							
Depreciation	2,939	751	3,690	65	3,756	-	3,756
Interest income	74,119	73	74,193	156	74,349	(735)	73,613
Interest expense	9,306	128	9,435	-	9,435	(101)	9,333
Special gain:	8	-	8	-	8	-	8
Gain on disposal of fixed assets	8	-	8	-	8	-	8
Special loss:	180	-	180	0	181	-	181
Loss on disposal of fixed assets	130	-	130	0	130	-	130
Impairment loss	50	-	50	-	50	-	50
Provision of reserves under special laws	-	-	-	0	0	-	0
Income tax expense	5,164	159	5,323	276	5,600	-	5,600
Amount of increase in tangible and intangible fixed assets (capital expenditure)	3,474	1,298	4,773	180	4,953	-	4,953

Notes:
(1) The "others" business segment includes credit card operations and financial instruments business operations.
(2) Reconciliations consist of the following:
a. Reconciliation of segment profit of ¥(634) million consists of elimination of intersegment profits.
b. Reconciliation of segment assets of ¥(51,630) million consists of elimination of intersegment assets.
c. Reconciliation of interest income of ¥(735) million consists of elimination of intersegment interest income.
*d. Reconciliation of interest expense of ¥(101) million consists of elimination of intersegment interest exp*ense.

For the year ended March 31, 2025

	Reportable segments: Banking	Reportable segments: Leasing	Reportable segments: Total	Others	Total	Reconciliations	Consolidated
	Thousands of U.S. dollars						
Ordinary income:							
External customers	$ 687,222	$ 110,812	$ 798,034	$ 34,577	$ 832,611	$ -	$ 832,611
Intersegment	6,726	1,690	8,416	8,393	16,809	(16,809)	-
Total	693,948	112,502	806,450	42,970	849,420	(16,809)	832,611
Segment profit	$ 165,057	$ 4,643	$ 169,700	$ 6,290	$ 175,990	$ (4,077)	$ 171,913
Special gains (losses), net							(1,738)
Income before income taxes							$ 170,175
Segment assets	$ 49,541,232	$ 326,429	$ 49,867,661	$ 165,585	$ 50,033,246	$ (319,355)	$ 49,713,891
Others:							
Depreciation	19,838	5,429	25,267	515	25,782	-	25,782
Interest income	550,452	603	551,055	826	551,881	(4,955)	546,926
Interest expense	101,119	1,145	102,264	0	102,264	(903)	101,361
Special gain:	251	-	251	-	251	-	251
Gain on disposal of fixed assets	251	-	251	-	251	-	251
Special loss:	1,984	-	1,984	5	1,989	-	1,989
Loss on disposal of fixed assets	1,984	-	1,984	1	1,985	-	1,985
Impairment loss	-	-	-	-	-	-	-
Provision of reserves under special laws	-	-	-	4	4	-	4
Income tax expense	46,195	1,359	47,554	1,951	49,505	0	49,505
Amount of increase in tangible and intangible fixed assets (capital expenditure)	35,740	6,958	42,698	355	43,053	-	43,053

Notes:
(1) The "others" business segment includes credit card operations and financial instruments business operations.
(2) Reconciliations consist of the following:
a. Reconciliation of segment profit of $(4,077) thousand consists of elimination of intersegment profits.
b. Reconciliation of segment assets of $(319,355) thousand consists of elimination of intersegment assets.
c. Reconciliation of interest income of $(4,955) thousand consists of elimination of intersegment interest income.
d. Reconciliation of interest expense of $(903) thousand consists of elimination of intersegment interest expense.

(d) Related information

a. Information for individual services

	Loan business		Securities investment		Leasing		Others		Total	
	Millions of yen									
Ordinary income from external customers:										
For the year ended March 31, 2025	¥	56,421	¥	31,813	¥	16,568	¥	19,688	¥	124,491
For the year ended March 31, 2024	¥	53,095	¥	32,585	¥	15,708	¥	18,097	¥	119,487
	Thousands of U.S. dollars									
For the year ended March 31, 2025	$	377,354	$	212,769	$	110,812	$	131,676	$	832,611

b. Geographical information

(1) Ordinary income

Geographical information for ordinary income for each of the years ended March 31, 2025 and 2024 was not disclosed because the income from external customers located in Japan was more than 90% of total ordinary income.

(2) Tangible fixed assets

Geographical information for tangible fixed assets for each of the years ended March 31, 2025 and 2024 was not disclosed because the assets located in Japan were more than 90% of total tangible fixed assets.

c. Main customers

Information for main customers for each of the years ended March 31, 2025 and 2024 was not disclosed because the Hyakugo Bank Group had no customers which accounted for 10% or more of total ordinary income.

(e) Impairment loss on fixed assets for reportable segments

	Reportable segments						Others		Total	
	Banking		Leasing		Total					
	Millions of yen									
Impairment loss:										
For the year ended March 31, 2025	¥	-	¥	-	¥	-	¥	-	¥	-
For the year ended March 31, 2024	¥	50	¥	-	¥	50	¥	-	¥	50
	Thousands of U.S. dollars									
For the year ended March 31, 2025	$	-	$	-	$	-	$	-	$	-

21. Other Comprehensive Income

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Valuation difference on available-for-sale securities:			
Gain (loss) incurred during the year	¥ (88,949)	¥ 112,532	$ (594,899)
Reclassification adjustment to net income	803	(1,173)	5,374
Amount before tax effect	(88,145)	111,358	(589,525)
Tax effect	25,307	(33,428)	169,259
Valuation difference on available-for-sale-securities	(62,838)	77,930	(420,266)
Deferred gains/losses on hedges:			
Gain (loss) incurred during the year	(1,646)	1,194	(11,014)
Reclassification adjustment to net income	1,510	1,429	10,104
Amount before tax effect	(136)	2,623	(910)
Tax effect	18	(792)	125
Deferred gains/losses on hedges	(117)	1,831	(785)
Revaluation reserve for land:			
Gain (loss) incurred during the year	-	-	-
Reclassification adjustment to net income	-	-	-
Amount before tax effect	-	-	-
Tax effect	(72)	-	(482)
Revaluation reserve for land	(72)	-	(482)
Retirement benefit adjustments:			
Gain (loss) incurred during the year	(11,579)	25,174	(77,447)
Reclassification adjustment to net income	(2,971)	(838)	(19,876)
Amount before tax effect	(14,551)	24,335	(97,323)
Tax effect	4,272	(7,346)	28,575
Retirement benefits adjustment	(10,279)	16,988	(68,748)
Total other comprehensive income (loss)	¥ (73,306)	¥ 96,750	$ (490,281)

22. Per Share Information

Net assets per share at March 31, 2025 and 2024 and net income per share for the years then ended were as follows:

	Yen		U.S. dollars
	2025	2024	2025
Net assets per share	¥ 1,770.15	¥ 1,987.95	$ 11.84
Net income per share – basic	72.87	56.44	0.49
Net income per share – diluted	72.77	56.37	0.49

Computing the above per share data was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
(Net assets per share)			
Net assets per balance sheet	¥ 435,449	¥ 496,919	$ 2,912,319
Amounts to be attributed to subscription rights to shares	(137)	(119)	(921)
Net assets attributed to common stock	435,312	496,800	2,911,398
Outstanding number of common stocks at end of year (unit: thousand shares)	245,917	249,904	
(Net income per share - basic)			
Net income attributable to owners of the parent per income statement	18,042	14,281	120,671
Net income attributable to owners of the parent regarding common stock	18,042	14,281	120,671
Average outstanding number of shares during the year (unit: thousand shares)	247,578	252,993	
(Net income per share - diluted)			
Increase in common stock (unit: thousand shares)	358	332	
Of which, subscription rights to shares (unit: thousand shares)	358	332	

23. Related Party Transactions

Transactions between the Bank and related parties (officers and major individual shareholders, etc. of the Bank) for the year ended March 31, 2025 were as follows:

Type	Name	Address	Capital stock	Business description or occupation	Ratio of voting rights ownership (%)	Relationship with related parties
Companies, etc. in which close relatives of officers own a majority of voting rights	MEIWA Co., Ltd.	Meiwa-cho, Taki-gun, Mie Prefecture	¥20 million ($134 thousand)	General civil engineering and construction work	-	-

Details of transaction	Transaction amount		Account item	Balance as of March 31, 2025
Loan of funds	Average balance:	¥143 million ($957 thousand)	Loans and bills discounted	¥139 million ($932 thousand)
	Interest on loans and bills discounted:	¥1 million ($12 thousand)		

Notes:

1. MEIWA Co., Ltd. is a company in which a close relative of Corporate Auditor Masato Urade owns a majority of the voting rights.

2. Transaction terms and conditions and policy for determining transaction terms and conditions
Transactions are conducted in accordance with the transaction standards established by the Bank.
The policy for determining transaction terms and conditions is the same as that applied to general transactions.

24. Financial Information of the Hyakugo Bank, Ltd. (Parent)

Presented below are the nonconsolidated balance sheets, nonconsolidated statements of income and changes in net assets of the Bank, the parent company.

Nonconsolidated Balance Sheets (Unaudited)
The Hyakugo Bank, Ltd. (Parent)
As of March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Assets:			
Cash and due from banks	¥ 663,111	¥ 1,408,552	$ 4,434,936
Call loans	2,631	5,716	17,600
Monetary claims bought	3,035	8,136	20,304
Trading account securities	85	93	571
Money held in trust	1,000	1,000	6,688
Securities	1,497,146	1,562,196	10,013,018
Loans and bills discounted	5,078,171	4,910,914	33,963,158
Foreign exchange	9,587	6,711	64,121
Other assets	60,905	68,964	407,341
Tangible fixed assets	41,107	40,294	274,932
Intangible fixed assets	4,509	3,350	30,157
Prepaid pension cost	41,196	35,644	275,523
Customers' liabilities for acceptances and guarantees	17,115	18,828	114,471
Allowance for loan losses	(25,757)	(24,510)	(172,271)
Total assets	¥ 7,393,846	¥ 8,045,893	$ 49,450,549
Liabilities:			
Deposits	¥ 5,984,365	¥ 5,899,067	$ 40,023,844
Negotiable certificates of deposit	170,515	177,288	1,140,416
Call money	80,000	629,300	535,045
Payables under securities lending transactions	153,547	269,133	1,026,936
Borrowed money	460,534	460,777	3,080,086
Foreign exchange	269	196	1,804
Other liabilities	60,590	48,736	405,232
Provision for employee retirement benefits	147	206	990
Provision for reimbursement of deposits	1,891	1,753	12,650
Provision for point card certificates	321	330	2,151
Provision for contingent loss	385	355	2,576
Deferred tax liabilities	47,732	71,849	319,236
Deferred tax liabilities for land revaluation	2,515	2,443	16,822
Acceptances and guarantees	17,115	18,828	114,470
Total liabilities	6,979,931	7,580,266	46,682,258
Net assets:			
Capital stock	20,000	20,000	133,761
Capital surplus	7,560	7,560	50,565
Retained earnings	289,620	276,079	1,937,001
Treasury stock	(4,789)	(2,527)	(32,029)
Total shareholders' equity	312,391	301,111	2,089,298
Valuation difference on available-for-sale securities	95,546	158,376	639,025
Deferred gains/losses on hedges	1,736	1,853	11,613
Revaluation reserve for land	4,102	4,166	27,435
Total valuation and translation adjustments	101,385	164,396	678,073
Stock acquisition rights	137	119	920
Total net assets	413,914	465,627	2,768,291
Total liabilities and net assets	¥ 7,393,846	¥ 8,045,893	$ 49,450,549

Nonconsolidated Statements of Income (Unaudited)
The Hyakugo Bank, Ltd. (Parent)
For the Years Ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Income:			
Interest income:			
Interest on loans and bills discounted	¥ 51,839	¥ 47,617	$ 346,709
Interest and dividends on securities	27,639	24,974	184,857
Interest on call loans	359	316	2,402
Others	2,554	1,273	17,083
Total interest income	82,393	74,181	551,051
Fees and commissions	16,654	17,435	111,385
Other operating income	225	142	1,507
Other income	4,619	8,141	30,896
Total income	103,892	99,900	694,839
Expenses:			
Interest expense:			
Interest on deposits	4,114	416	27,518
Interest on negotiable certificates of deposit	285	13	1,911
Interest on call money	1,001	19	6,695
Interest on payables under securities lending transactions	8,198	6,997	54,832
Interest on borrowings and rediscounts	0	0	2
Others	1,519	1,859	10,164
Total interest expense	15,119	9,306	101,122
Fees and commissions	6,176	5,880	41,310
Other operating expenses	16,065	18,865	107,448
General and administrative expenses	37,153	38,894	248,485
Provision of allowance for loan losses	3,683	6,385	24,638
Other expenses	1,318	1,693	8,819
Total expenses	79,518	81,025	531,822
Income before income taxes	24,374	18,874	163,017
Income taxes:			
Current	5,653	5,928	37,808
Deferred	1,209	(841)	8,091
Total income taxes	6,862	5,086	45,899
Net income	¥ 17,511	¥ 13,787	$ 117,118

Nonconsolidated Statements of Changes in Net Assets (Unaudited)
The Hyakugo Bank, Ltd. (Parent)
For the Years Ended March 31, 2025 and 2024

	Number of shares of common stock issued	Shareholders' equity					Valuation and translation adjustments					
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Stock acquisition rights	Total net assets
		Millions of yen										
Balance at April 1, 2023	254,119,000	¥ 20,000	¥ 7,561	¥ 266,095	¥ (174)	¥ 293,483	¥ 80,520	¥ 22	¥ 4,166	¥ 84,709	¥ 107	¥ 378,300
Net income	-	-	-	13,787	-	13,787	-	-	-	-	-	13,787
Dividends from surplus	-	-	-	(3,804)	-	(3,804)	-	-	-	-	-	(3,804)
Reversal of revaluation reserve for land	-	-	-	0	-	0	-	-	-	-	-	0
Purchase of treasury stock	-	-	-	-	(2,366)	(2,366)	-	-	-	-	-	(2,366)
Disposal of treasury stock	-	-	(1)	-	12	10	-	-	-	-	-	10
Net changes in items other than shareholders' equity	-	-	-	-	-	-	77,855	1,831	(0)	79,687	11	79,698
Balance at March 31, 2024	254,119,000	¥ 20,000	¥ 7,560	¥ 276,079	¥ (2,527)	¥ 301,111	¥ 158,376	¥ 1,853	¥ 4,166	¥ 164,396	¥ 119	¥ 465,627
Net income	-	-	-	17,511	-	17,511	-	-	-	-	-	17,511
Dividends from surplus	-	-	-	(3,962)	-	(3,962)	-	-	-	-	-	(3,962)
Reversal of revaluation reserve for land	-	-	-	(7)	-	(7)	-	-	-	-	-	(7)
Purchase of treasury stock	-	-	-	-	(2,261)	(2,261)	-	-	-	-	-	(2,261)
Disposal of treasury stock	-	-	0	-	0	0	-	-	-	-	-	0
Net changes in items other than shareholders' equity	-	-	-	-	-	-	(62,829)	(117)	(64)	(63,011)	18	(62,992)
Balance at March 31, 2025	254,119,000	¥ 20,000	¥ 7,560	¥ 289,620	¥ (4,789)	¥ 312,391	¥ 95,546	¥ 1,736	¥ 4,102	¥ 101,385	¥ 137	¥ 413,914
		Thousands of U.S. dollars										
Balance at April 1, 2024		$ 133,761	$ 50,565	$ 1,846,437	$ (16,906)	$ 2,013,857	$ 1,059,235	$ 12,398	$ 27,865	$ 1,099,498	$ 796	$ 3,114,151
Net income		-	-	117,118	-	117,118	-	-	-	-	-	117,118
Dividends from surplus		-	-	(26,502)	-	(26,502)	-	-	-	-	-	(26,502)
Reversal of revaluation reserve for land		-	-	(52)		(52)	-	-	-	-	-	(52)
Purchase of treasury stock		-	-	-	(15,123)	(15,123)	-	-	-	-	-	(15,123)
Disposal of treasury stock		-	0	-	0	0	-	-	-	-	-	0
Net changes in items other than shareholders' equity		-	-	-	-	-	(420,210)	(785)	(430)	(421,425)	124	(421,301)
Balance at March 31, 2025		$ 133,761	$ 50,565	$ 1,937,001	$ (32,029)	$ 2,089,298	$ 639,025	$ 11,613	$ 27,435	$ 678,073	$ 920	$ 2,768,291

Independent Auditor's Report

The Hyakugo Bank, Ltd. and its subsidiaries

For the Years ended March 31,
2025 and 2024

KPMG AZSA LLC
August 2025

This independent auditor's report prepared by KPMG AZSA LLC (including the one that is signed with electoronic signatures) shall not be reprinted, disclosed, quoted, summarized, translated, cited, circulated or otherwise used, in whole or in part, to any third party including posting on the web without prior written consent as specified by KPMG AZSA LLC, except for the purpose of compliance with laws, regulations and the like, or for usage in response to an order or request from an administrative or judicial body.

Independent auditor's report

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Reasonableness of the Company's judgments on the classification of borrowers	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated financial statements of the Group, for the year ended March 31, 2025, loans and bills discounted of ¥5,052,036 million are recognized, representing a significant proportion of total assets of ¥7,433,220 million. In addition, allowance for loan losses of ¥27,677 million is recognized, mainly provided for loans and	In order to assess the reasonableness of the Company's judgments on the classification of borrowers, we performed the following procedures among others: **(1) Internal control testing** We assessed the design and operating effectiveness of relevant internal controls over the judgments on

bills discounted.

Of these amounts, loans and bills discounted of ¥5,078,171 million and allowance for loan losses of ¥25,757 million (including the intercompany balances for consolidated subsidiaries) are recognized in the Company's nonconsolidated balance sheet as at March 31, 2025, respectively. These balances are of significance to the consolidated financial statements of the Group.

As described in Note 2.(v) "Significant accounting estimates" to the consolidated financial statements, the Company assessed asset quality based on its internal rules on self-assessment of asset quality. An allowance for loan losses is provided for each borrower category based on the result of the asset assessment in accordance with internal rules set out for write-offs and provisions of allowance.

The classification of a borrower into a borrower category is based on parameters defined in the system using quantitative information such as financial information of the borrower, but also takes into account qualitative factors such as future projections of business performance, and accordingly involves subjective judgment of the Company's management.

The classification of borrowers may have a significant impact on the consolidated financial position and financial performance of the Group, particularly with respect to: large borrowers with a significant amount of unsecured loans (downward change in the classification of the borrower may result in a significant change in allowance for loan losses of the Company); borrowers for whom the Company needs to make judgments based on the estimates of future events under their business improvement plans.

We, therefore, determined that our assessment of the reasonableness of the Company's judgments on the classification of borrowers was of the most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

the classification of borrowers, primarily performing procedures set our below:

i. Evaluation of whether the relevant internal rules on self-assessment was set out in compliance with relevant accounting standards.

ii. evaluation of the reliability of financial information of borrowers that were entered into the IT system.

iii. evaluation relating to judgments on the classification of borrowers, including qualitative judgments.

(2) Substantive procedures relevant to the reasonableness of the judgments on the classification of borrowers

With respect to the reasonableness of the judgements on the classification of borrowers, we primarily performed the procedures set out below, and assessed quantitative and qualitative judgements on the classification of borrowers made by the Company, referring to the relevant internal rules on self-assessment;

i. We selected certain borrowers to be assessed by us from among the borrowers of which downward change in the classification of the borrower may potentially impact allowance for loan losses of the Company, particularly with respect to the following:

- Large borrowers with a significant amount of unsecured loans,
- Borrowers, whose classification was determined based on their business improvement plans,

ii. For the selected borrowers, we examined the analysis of their financial results performed by the Company by comparing it with their financial statements.

iii. For the selected borrowers, we evaluated their current business conditions and future projections of business performance, by inspecting the self-assessment documents prepared by the Company and the documents that the Company obtained from them, as well as inquiring of relevant personnel.

iv. For the selected borrowers whose classification was determined based on their business improvement plans, we evaluated the

	reasonableness and feasibility of those plans, primarily by analyzing the details of their countermeasures for business improvement, comparing the details of their plans with actual results in the past and available external information, and analyzing the progress of their plans.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited financial statements, but does not include the financial statements and our auditor's report thereon.We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors 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.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures

that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 67 million yen and 2 million yen, respectively.

Convenience Translation

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

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

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

Tetsuya Nakamura

Designated Engagement Partner

Certified Public Accountant

Hideki Okada

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Nagoya Office, Japan

August 8, 2025