

Consolidated Balance Sheets  
The Kiyo Bank, Ltd. and its consolidated subsidiaries  
As of March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
<b>Assets:</b>			
Cash and due from banks (Note 3)	¥ 807,017	¥ 983,679	\$ 5,397,384
Monetary claims bought	0	0	0
Money held in trust (Note 4)	8,497	8,872	56,828
Securities (Notes 4, 5, 7, 11, 22 and 23)	832,041	882,430	5,564,747
Loans and bills discounted (Notes 5, 7, 21, 22, 23 and 27)	4,146,094	3,832,494	27,729,360
Foreign exchanges (Note 5)	4,367	3,317	29,206
Other assets (Notes 5 and 7)	61,926	65,489	414,165
Tangible fixed assets (Note 6)	36,016	34,362	240,877
Intangible fixed assets	4,155	4,522	27,788
Net defined benefit asset (Note 10)	29,501	31,058	197,304
Deferred tax assets (Note 18)	8,302	4,394	55,524
Customers' liabilities for acceptances and guarantees (Notes 5 and 11)	8,643	6,987	57,804
Reserve for possible loan losses	(20,222)	(26,231)	(135,246)
<b>Total assets</b>	<b>¥ 5,926,341</b>	<b>¥ 5,831,379</b>	<b>\$ 39,635,774</b>
<b>Liabilities:</b>			
Deposits (Notes 7, 8 and 22)	¥ 4,737,607	¥ 4,684,682	\$ 31,685,440
Securities sold under repurchase agreements (Note 7)	4,278	4,309	28,611
Payables under securities lending transactions (Note 7)	119,763	52,724	800,983
Borrowed money (Notes 7, 9 and 22)	762,999	803,279	5,102,989
Foreign exchanges	931	213	6,226
Other liabilities (Note 9)	55,135	40,213	368,746
Net defined benefit liability (Note 10)	23	26	153
Reserve for reimbursement of deposits	112	226	749
Provision for contingent losses	407	384	2,722
Deferred tax liabilities (Note 18)	260	217	1,738
Acceptances and guarantees (Note 11)	8,643	6,987	57,804
<b>Total liabilities</b>	<b>5,690,163</b>	<b>5,593,266</b>	<b>38,056,199</b>
<b>Net assets (Notes 12 and 13):</b>			
Common stock	80,096	80,096	535,687
Capital surplus	2,499	2,495	16,713
Retained earnings	175,994	162,918	1,177,059
Treasury stock	(5,327)	(2,630)	(35,627)
<b>Total shareholders' equity</b>	<b>253,262</b>	<b>242,879</b>	<b>1,693,833</b>
Net unrealized gains (losses) on available-for-sale securities (Note 4)	(23,038)	(13,406)	(154,079)
Net deferred gains (losses) on hedging instruments	10	306	66
Remeasurements of defined benefit plans	4,888	7,290	32,691
<b>Total accumulated other comprehensive income (loss)</b>	<b>(18,139)</b>	<b>(5,808)</b>	<b>(121,314)</b>
Subscription rights to shares (Notes 13 and 14)	69	78	461
Non-controlling interests	985	964	6,587
<b>Total net assets</b>	<b>236,178</b>	<b>238,113</b>	<b>1,579,574</b>
<b>Total liabilities and net assets</b>	<b>¥ 5,926,341</b>	<b>¥ 5,831,379</b>	<b>\$ 39,635,774</b>

See accompanying notes.



Consolidated Statements of Income  
The Kiyo Bank, Ltd. and its consolidated subsidiaries  
Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
<b>Income</b>			
Interest income:			
Interest on loans and bills discounted	¥ 42,690	¥ 36,470	\$ 285,513
Interest and dividends on securities	14,034	8,594	93,860
Other interest income	2,407	1,174	16,098
Fees and commissions (Note 25)	18,465	17,528	123,495
Other operating income	12,585	10,520	84,169
Other income (Note 15)	8,718	10,529	58,306
Total income	98,902	84,818	661,463
<b>Expenses</b>			
Interest expenses:			
Interest on deposits	2,851	121	19,067
Interest on payables under securities lending transactions	4,733	4,873	31,654
Interest on borrowings	0	0	0
Other interest expenses	801	612	5,357
Fees and commissions payments	5,739	5,444	38,382
Other operating expenses	21,470	16,425	143,592
General and administrative expenses (Note 16)	34,961	33,018	233,821
Other expenses (Note 17)	5,062	4,287	33,855
Total expenses	75,621	64,784	505,758
<b>Profit before income taxes</b>	23,281	20,034	155,704
<b>Income taxes</b> (Note 18):			
Current	4,203	5,057	28,109
Deferred	1,436	(80)	9,604
Total income taxes	5,639	4,976	37,714
<b>Profit</b>	17,641	15,058	117,984
<b>Profit attributable to non-controlling interests</b>	23	37	153
<b>Profit attributable to owners of parent</b>	¥ 17,618	¥ 15,020	\$ 117,830
	Yen		U.S. dollars
<b>Per share of common stock:</b>			
Basic earnings per share (Note 20)	¥ 272.51	¥ 229.70	\$ 1.82
Diluted earnings per share (Note 20)	272.32	229.52	1.82
Dividends (Note 13)	110.00	50.00	0.73

See accompanying notes.



Consolidated Statements of Comprehensive Income  
The Kiyo Bank, Ltd. and its consolidated subsidiaries  
Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Profit	¥ 17,641	¥ 15,058	\$ 117,984
Other comprehensive income (loss) (Note 19):			
Net unrealized gains (losses) on available-for-sale securities	(9,633)	(1,925)	(64,426)
Net deferred gains (losses) on hedging instruments	(296)	(141)	(1,979)
Remeasurements of defined benefit plans	(2,402)	3,835	(16,064)
Total other comprehensive income (loss)	(12,331)	1,768	(82,470)
Comprehensive income (loss)	¥ 5,310	¥ 16,826	\$ 35,513
Total comprehensive income (loss) attributable to:	¥ 5,310	¥ 16,826	\$ 35,513
Comprehensive income (loss) attributable to owners of parent	5,287	16,862	35,359
Comprehensive income (loss) attributable to non-controlling interests	22	(36)	147

*See accompanying notes.*



Millions of yen											
Shareholders' equity					Accumulated other comprehensive income (loss)						
Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedging instruments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Subscription rights to shares	Non-controlling interests	Total net assets
¥ 80,096	¥ 1,722	¥ 150,853	¥ (3,081)	¥ 229,591	¥ (11,554)	¥ 448	¥ 3,455	¥ (7,650)	¥78	¥ 1,774	¥ 223,792
-	-	(2,956)	-	(2,956)	-	-	-	-	-	-	(2,956)
-	-	15,020	-	15,020	-	-	-	-	-	-	15,020
-	-	(4)	(4)	(4)	-	-	-	-	-	-	(4)
-	0	-	455	456	-	-	-	-	-	-	456
-	772	-	-	772	-	-	-	-	-	-	772
-	-	-	-	-	(1,852)	(141)	3,835	1,842	-	(810)	1,031
-	772	12,064	451	13,288	(1,852)	(141)	3,835	1,842	-	(810)	14,320
80,096	2,495	162,918	(2,630)	242,879	(13,406)	306	7,290	(5,508)	78	964	238,115
80,096	2,495	162,918	(2,630)	242,879	(13,406)	306	7,290	(5,508)	78	964	238,115
-	-	(4,542)	-	(4,542)	-	-	-	-	-	-	(4,542)
-	-	17,618	-	17,618	-	-	-	-	-	-	17,618
-	-	(3,003)	(3,003)	(3,003)	-	-	-	-	-	-	(3,003)
-	4	-	306	311	-	-	-	-	-	-	311
-	-	-	-	-	(9,632)	(296)	(2,402)	(12,330)	(8)	21	(12,317)
-	4	13,076	(2,687)	10,383	(9,632)	(296)	(2,402)	(12,330)	(8)	21	(1,934)
80,096	2,499	¥ 175,994	¥ (6,327)	¥ 253,262	¥ (23,038)	¥ 10	¥ 4,888	¥ (18,139)	¥ 69	¥ 985	¥ 236,178

Thousands of U.S. dollars (Note 1)

Accumulated other comprehensive income (loss)											
Shareholders' equity											
Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedging instruments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Subscription rights to shares	Non-controlling interests	Total net assets
\$ 535,687	\$ 16,686	\$ 1,089,606	\$ (17,589)	\$ 1,624,391	\$ (69,660)	\$ 2,046	\$ 48,756	\$ (38,844)	\$ 521	\$ 6,447	\$ 1,592,516
-	-	(30,377)	-	(30,377)	-	-	-	-	-	-	(30,377)
-	-	117,880	-	117,880	-	-	-	-	-	-	117,880
-	-	(20,084)	(20,084)	(20,084)	-	-	-	-	-	-	(20,084)
-	26	-	2,046	2,079	-	-	-	-	-	-	2,079
-	-	-	-	-	(64,419)	(1,979)	(16,064)	(82,463)	(63)	140	(82,376)
-	26	87,453	(18,037)	69,442	(64,419)	(1,979)	(16,064)	(82,463)	(63)	140	(12,934)
\$ 535,687	\$ 16,713	\$ 1,177,059	\$ (35,627)	\$ 1,693,833	\$ (154,079)	\$ 66	\$ 32,691	\$ (121,314)	\$ 461	\$ 6,587	\$ 1,579,574

Balance at April 1, 2024	
Cash dividends	
Profit attributable to owners of parent	
Purchase of treasury stock	
Disposal of treasury stock	
Net changes in items other than shareholders' equity	
Total changes during the year	
Balance at March 31, 2025	

See accompanying notes.



Consolidated Statements of Cash Flows  
The Kiyo Bank, Ltd. and its consolidated subsidiaries  
Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 23,281	¥ 20,034	\$ 155,704
Depreciation	3,222	2,882	21,548
Impairment loss on fixed assets	157	66	1,050
Increase (decrease) in reserve for possible loan losses	(6,008)	(2,025)	(40,181)
(Increase) decrease in net defined benefit asset	(1,819)	(1,962)	(12,165)
Increase (decrease) in net defined benefit liability	(3)	(1)	(20)
Increase (decrease) in reserve for reimbursement of deposits	(114)	(178)	(762)
Increase (decrease) in provision for contingent losses	22	47	147
Interest income	(59,132)	(46,240)	(395,478)
Interest expenses	8,386	5,607	56,086
(Gains) losses on securities transactions	9,028	3,802	60,379
(Gains) losses on money held in trust	331	278	2,213
(Gains) losses on foreign exchange transactions	2,413	(17,598)	16,138
(Gains) losses on sales and disposal of fixed assets	(130)	35	(869)
Net (increase) decrease in trading account securities	-	28	-
Net (increase) decrease in loans and bills discounted	(313,599)	(239,317)	(2,097,371)
Net increase (decrease) in deposits	52,924	92,440	353,959
Net increase (decrease) in borrowed money (excluding subordinated loans)	(40,280)	272,967	(269,395)
Net increase (decrease) in call money	(31)	4,309	(207)
Net increase (decrease) in payables under securities lending transactions	67,038	(11,378)	448,354
Net (increase) decrease in foreign exchange assets	(1,049)	(665)	(7,015)
Net increase (decrease) in foreign exchange liabilities	718	(70)	4,802
Interest received	56,415	45,632	377,307
Interest paid	(7,163)	(5,594)	(47,906)
Other, net	26,561	(6,657)	177,641
Subtotal	(178,830)	116,441	(1,196,027)
Income taxes paid	(7,351)	(1,373)	(49,163)
Net cash provided by (used in) operating activities	(186,181)	115,068	(1,245,191)
<b>Cash flows from investing activities:</b>			
Purchases of securities	(225,383)	(367,569)	(1,507,376)
Proceeds from sales of securities	161,946	167,993	1,083,105
Redemption of securities	84,143	72,524	562,754
Purchases of tangible fixed assets	(2,823)	(1,838)	(18,880)
Proceeds from sales of tangible fixed assets	256	116	1,712
Purchases of intangible fixed assets	(1,186)	(1,776)	(7,932)
Other, net	-	(2)	-
Net cash provided by (used in) investing activities	16,952	(130,553)	113,376
<b>Cash flows from financing activities:</b>			
Purchase of treasury stock	(3,003)	(4)	(20,084)
Proceeds from sales of treasury stock	311	456	2,079
Payment of cash dividends	(4,542)	(2,956)	(30,377)
Payment of cash dividends to non-controlling shareholders	(0)	(0)	(0)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(75)	-
Other, net	(187)	(160)	(1,250)
Net cash provided by (used in) financing activities	(7,423)	(2,741)	(49,645)
<b>Foreign currency translation adjustments of cash and cash equivalents</b>	<b>(8)</b>	<b>49</b>	<b>(53)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(176,661)</b>	<b>(18,176)</b>	<b>(1,181,520)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>983,679</b>	<b>1,001,855</b>	<b>6,578,912</b>
<b>Cash and cash equivalents at the end of year (Note 3)</b>	<b>¥ 807,017</b>	<b>¥ 983,679</b>	<b>\$ 5,397,384</b>

See accompanying notes.



## Notes to Consolidated Financial Statements

The Kiyo Bank, Ltd. and its consolidated subsidiaries  
Years ended March 31, 2025 and 2024

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### 1. Basis of presenting consolidated financial statements

The Kiyo Bank, Ltd. (the “Bank”) and its consolidated subsidiaries (the “Group”) maintain their official accounting records in Japanese yen, in accordance with the provisions set forth in the Japanese Corporate Law and the Japanese Banking Law, in general conformity with the Japanese regulatory authorities and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. The accompanying consolidated financial statements have been restructured and translated into English, with some expanded descriptions, from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements. In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made in order to present them in a form which is more familiar to readers outside Japan.

Amounts of less than one million yen have been rounded down. As a result, the totals shown in the financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

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

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### 2. Significant accounting policies

**(a) Consolidation** — The consolidated financial statements include the accounts of the Bank and eight (eight in 2024) subsidiaries for the year ended March 31, 2025. All significant intercompany transactions and unrealized profits have been eliminated. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling interests, are evaluated using the fair value at the time the Bank acquired control of the respective subsidiary.

#### (Unconsolidated company)

There are three (three in 2024) unconsolidated companies (Kiyo 6th Industrialization Investment Limited Partnership, Kiyo 1st Growth Support Investment Limited Partnership and Kiyo 2nd Growth Support Investment Limited Partnership) at March 31, 2025. These companies are excluded from the scope of consolidation because the results of the company’s operations have no material effect on the consolidated financial position and operating results of the Group in terms of total assets, profit (corresponding to the share), retained earnings (corresponding to the share) and accumulated other comprehensive income (corresponding to the share). These companies are not accounted for by the equity method.

#### (Affiliate)

There is one company (SHOKU EN Co., Ltd.), of which the Bank owns the voting rights between 20% and 50% but which is not recognized as an affiliate, because it is held by an unconsolidated subsidiary, which is engaged in investment business, for the purpose of incubating its investee, not for the purpose of controlling the company.

The fiscal closing date of all the consolidated subsidiaries is March 31.

**(b) Trading account securities** — Trading account securities are stated at fair value. Gains and losses realized on the sale of such securities and unrealized gains and losses from fair value fluctuations are recognized as gains and losses in the period of the change. Realized gains and losses on the sale of such securities are computed using the moving average cost.



**(c) Securities** — The Bank and its consolidated subsidiaries classify securities as (1) debt securities intended to be held to maturity (“held-to-maturity debt securities”), (2) equity securities issued by subsidiaries and affiliated companies and (3) all other securities that are not classified in any of the above categories (“available-for-sale securities”).

Held-to-maturity debt securities are stated at amortized cost. Available-for-sale securities are stated at fair value, except for equity and other securities without fair market value, which are stated at acquisition cost determined by the moving average method. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders’ equity. Realized gains and losses on the sale of such securities are computed using the moving average cost.

Securities invested as trust assets in the individually managed money held in trust whose primary purpose is to manage securities are stated at fair value.

**(d) Derivatives and hedge accounting** — Derivatives are stated at fair value, except when the derivatives are used for hedging purposes. If derivatives are used for hedging purposes and meet certain hedging criteria, recognition of gains and losses resulting from changes in fair value are deferred until the related losses and gains on the hedged items are recognized.

The following hedge accounting is applied to derivatives:

(Foreign exchange fluctuation risk hedge)

To hedge foreign exchange fluctuation risk arising from foreign currency denominated assets and liabilities of the Bank, the Bank applies the deferral method in accordance with “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry” (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020). Hedge effectiveness is assessed by ensuring the existence of the corresponding foreign currency positions as hedging instruments, such as currency swaps and foreign exchange swaps conducted to mitigate foreign currency exchange fluctuation risk arising from foreign currency denominated monetary receivables and payables, equivalent to foreign currency denominated monetary receivables and payables as hedged items.

(Hedging relationships that apply “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR”)

For the year ended March 31, 2024, among the above-mentioned hedging relationships, all the hedging relationships subject to the application of “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (PITF No. 40, March 17, 2022) have adopted the special treatment prescribed in PITF No. 40. The details of the hedging relationships applying PITF No. 40 are as follows:

Hedge accounting method:	Deferral hedge accounting
Hedging instruments:	Currency swaps
Hedged items:	Monetary receivables and payables denominated in foreign currencies
Type of hedging transactions:	Those which offset market fluctuations

**(e) Depreciation and amortization**

(Tangible fixed assets (excluding lease assets))

Depreciation of tangible fixed assets held by the Bank is generally computed by the declining balance method. However, buildings (excluding attached facilities) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method. The useful life of tangible fixed assets ranges from 8 to 50 years for buildings and 5 to 20 years for equipment. Tangible fixed assets held by the consolidated subsidiaries are mainly depreciated using the declining balance method based on the estimated useful life of the asset.

(Intangible fixed assets (excluding lease assets))

Intangible fixed assets are amortized by the straight-line method. Software developed or obtained for internal use is amortized by the straight-line method over an estimated useful life of 5 years.

(Lease assets)

Depreciation and amortization of lease assets, including both “Tangible fixed assets” and “Intangible fixed assets,” under leasing transactions that are not deemed to transfer ownership of the leased property to the lessee are computed by the straight-line method over the lease period with a residual value of zero.



**(f) Reserve for possible loan losses** — Based on its predetermined standards, the Bank makes provisions for possible loan losses.

For loans to insolvent customers who are undergoing bankruptcy or other collection proceedings (“bankrupt borrowers”) or who are in a similar financial condition (“effectively bankrupt borrowers”), the reserve for possible loan losses is provided for the full amount of such loans, excluding the portion that is estimated to be recoverable due to any underlying collateral or guarantees. For the unsecured and unguaranteed portions of loans to customers not presently in the above circumstances but for whom there is a high probability of so becoming (“likely to become bankrupt borrowers”), the reserve for possible loan losses is provided for the amount of loans excluding the portion that is estimated to be recoverable due to any underlying collateral or guarantees (“unsecured amount”) after an evaluation of each customer’s overall financial condition. In addition to these, for loans to likely to become bankrupt borrowers whose possibility of bankruptcy is higher than that of other likely to become bankrupt borrowers in respect of certain financial indicators, the Bank records an additional reserve for the unsecured amount deemed necessary after making a well-rounded judgement from historical records of downgrading of the borrower category, etc., in order to work to strengthen preparations for future uncertainties due to deterioration in borrowers’ business results and secure soundness, and thereby ensuring to fulfill a financial intermediary function continuously. Accordingly, the additional reserve for possible loan losses was provided in the amount of ¥1,687 million (\$11,282 thousand) as of March 31, 2025.

For loans to borrowers who are in good business condition and whose financial condition is not particularly problematic (“normal borrowers”) and other borrowers requiring attention for future management, such as those with problematic lending conditions, performance problems, weak or unstable business conditions, or with problematic financial conditions (“borrowers requiring attention”), the reserve for possible loan losses is provided principally based on the estimated losses for the coming one year or three years. The estimated losses are computed using the loss ratio based on the average loan loss ratio for the past definite period based on the actual losses for the past one or three years, with necessary adjustments such as future projections.

For the year ended March 31, 2024, the Bank provides a preventive reserve for possible loan losses on certain borrowers who are not classified as bankrupt borrowers or effectively bankrupt borrowers and who are affected by COVID-19 (“borrowers affected by COVID-19”). The purpose of this provision is to provide for future uncertainties arising from the deterioration of business performances of borrowers affected by COVID-19 and secure the Bank’s soundness and thereby take all possible efforts to demonstrate a sustainable financial intermediary function.

Specifically, for loans to borrowers affected by COVID-19 who are either normal borrowers or borrowers requiring attention in specific sectors who are expected to be affected by COVID-19 based on the historical damage to their credit, the reserve is computed using a loss rate applied to the category of borrowers one level below the current category. In addition, for loans to borrowers affected by COVID-19 who are likely to become bankrupt, reserve for possible loan losses is provided in the amount of unsecured amount deemed necessary by comprehensively assessing the downgrading of the category of borrowers in the past and other matters.

As a result, the Bank recorded preventive reserve for possible loan losses in the amount of ¥2,783 million as of March 31, 2024.

All loans are subject to asset assessment by the business-related divisions based on the self-assessment standards for assets. The assessment results are audited by the Asset Audit Department independent from the divisions concerned.

Reserves for possible loan losses of the consolidated subsidiaries are provided for general claims in the amount deemed necessary based on the rate of losses in the past and for certain doubtful claims in the amount deemed uncollectible based on assessments of the respective claims.

For claims against “bankrupt borrowers” and “effectively bankrupt borrowers,” in principle, the amount exceeding the estimated value of collateral and guarantees deemed uncollectible is deducted directly from those claims. At March 31, 2025 and 2024, the deducted amounts were ¥11,639 million (\$77,842 thousand) and ¥9,543 million, respectively.

**(g) Reserve for reimbursement of deposits** — Provision is made for future losses from claims on dormant accounts based on historical refund records.

**(h) Provision for contingent losses** — Provision is made for payment on loan-loss burden sharing to credit guarantee corporations in an amount estimated to be paid in the future.



**(i) Accounting for employees' severance and retirement benefits** — In determining retirement benefit obligations, the estimated amount of retirement benefits is attributed to periods on a benefit formula basis.

Differences generated from changes in actuarial assumptions are charged or credited to income in an amount allocated by the straight-line method over 9 years, which is shorter than the average remaining service period of the employees, beginning with the term following that when the differences are generated.

In calculating the net defined benefit liability and retirement benefit expenses, some consolidated subsidiaries have adopted a simplified method in which the amount required to be paid if all the employees retired voluntarily at the fiscal year end is regarded as retirement benefit obligations.

**(j) Foreign currency translation** — Receivables and payables in foreign currencies of the Bank and its consolidated subsidiaries are translated into Japanese yen at the year-end rates.

**(k) Income taxes** — Income taxes comprise corporation, inhabitants and enterprise taxes. Deferred tax assets are recorded by the asset-liability approach based on carryforward loss and the temporary differences between the financial statement bases and tax bases of assets and liabilities.

**(l) Significant accounting for revenue and costs**

**Finance leases** — As lessor, revenue and cost of sales are recognized upon the receipt of lease charges.

**Revenue from contracts with customers** — The Bank recognizes revenue when control of a promised good or service is transferred to the customer.

**(m) Statements of cash flows** — Cash and deposits with the Bank of Japan that are included in the consolidated balance sheets under cash and due from banks are considered to be cash and cash equivalents in the statements of cash flows.

**(n) Earnings per share** — Basic earnings per share is computed by deducting dividends for preferred stock from profit attributable to owners of parent and dividing the balance by the weighted average number of shares of common stock, excluding treasury stock, outstanding during the reporting period. Diluted earnings per share reflect the potential dilution that could occur if preferred stock were converted into common stock.

**(o) Accounting principles and procedures applied in the absence of relevant accounting standards** — For the year ended March 31, 2024, gains or losses on redemption of investment trusts is recorded in "Interest and dividends on securities" for gains on a transaction basis and "Other operating expenses" for losses on a transaction basis.

**(p) Significant accounting estimates**

**Reserve for possible loan losses:**

- a. The Bank recorded reserve for possible loan losses of ¥20,222 million (\$135,246 thousand) and ¥26,231 million in the consolidated financial statements as of March 31, 2025 and 2024, respectively.

As stated in Note 2 (f), "Significant accounting policies-Reserve for possible loan losses," the additional reserve for possible loan losses was provided in the amount of ¥1,687 million (\$11,282 thousand) as of March 31, 2025, and the preventive reserve for possible loan losses was provided in the amount of ¥2,783 million as of March 31, 2024 in connection with borrowers affected by COVID-19.

- b. Significant accounting estimates related to the identified items:

**Calculation method:**

Information regarding the methods used to calculate amounts is provided in Note 2 (f), "Significant accounting policies-Reserve for possible loan losses."

Self-assessment stated in Note 2 (f) refers to the process of examining and analyzing each asset held individually and classifying them according to the degree of risk of non-recovery or impairment of value. Borrowers are categorized as "normal," "requiring attention," "likely to become bankrupt," "effectively bankrupt" or "bankrupt" through a multi-step assessment process: 1) determine the repayment ability based on the borrower's financial condition, cash flows, earning capacity, etc.; 2) confirm the terms of the loan to the borrower and the performance status of the loan; 3) evaluate the characteristics of the industry, etc., the outlook for business continuity and profitability, the ability of the borrower to repay debt based on annual repayable amounts, and the appropriateness of the business improvement plan, etc. The Bank makes appropriate write-offs and provisions according to the



borrower category. For delinquent loans past due three months or more and restructured loans to borrowers requiring attention, the Bank classifies them as borrowers requiring control and makes write-offs and provisions separately.

Reserves for possible loan losses of the consolidated subsidiaries are provided for general claims for the amount deemed necessary based on the rate of loss in the past and for certain doubtful claims in the amount deemed uncollectible based on individual assessments of the respective claims.

**Main assumptions:**

For the year ended March 31, 2025

The main assumption used is the “credit risk of borrowers in assessment of the borrower category.” “Credit risk of borrowers in assessment of the borrower category” is determined by assessing the repayment capability of the borrower based on the borrower’s financial condition, cash flows, earning capacity, etc. In addition, for loans to likely to become bankrupt borrowers whose possibility of bankruptcy is higher than that of other likely to become bankrupt borrowers in respect of certain financial indicators, the Bank deems their credit risk to be higher. Under this assumption, the Bank determines the borrower category, taking into consideration available information that affects the estimates and records reserve for possible loan losses.

For the year ended March 31, 2024

The main assumption used is the “credit risk of borrowers in assessment of the borrower category.” “Credit risk of borrowers in assessment of the borrower category” is determined by assessing the repayment capability of the borrower based on the borrower’s financial condition, cash flows, earning capacity, etc. In addition, for borrowers affected by COVID-19, future financial conditions, cash flows, earning capacity, etc., are more likely to deteriorate compared with those of other borrowers, and therefore the Bank assumes that the borrower category will worsen for certain borrowers. Under this assumption, the Bank determines the borrower category, taking into consideration available information that affects the estimates and records reserve for possible loan losses.

**Impact on the consolidated financial statements for the following year:**

Major customers may experience deterioration in operating performance or bankruptcy, decrease in collateral value, changes in economic circumstances, or other unforeseen events.

If events and/or changes in circumstances such as those described above indeed occur, and the categories of borrowers, the amounts estimated to be recoverable from underlying collateral or guarantees, the estimated loss ratio and other major assumptions used to calculate reserve for possible loan losses undergo change, the reserve may need additional provisions, and there may be other significant impacts on the reserve for possible loan losses in the consolidated financial statements for the following year.

**(q) New accounting standards 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 other related ASBJ Statements and Guidance

**(1) Overview**

As part of its efforts to ensure consistency between Japanese GAAP and global standards, ASBJ had been working to develop the accounting standard for leases that lessees recognize all leases as assets and liabilities, taking into consideration accounting principles generally accepted internationally. The new standards and implementation guidance are based on the single lessee accounting model of IFRS 16, in principle, applying not all but only the main provisions of IFRS 16. The aim is to provide simple and convenient guidelines that requires no fundamental modifications when applying the provisions of IFRS 16 in non-consolidated financial statements.

Regarding the method for allocating the lease expenses in the lessee’s accounting treatment, the same approach is used as IFRS 16. This means that a single accounting model is applied for recording depreciation associated with the right-of-use assets and the amount equivalent to the interest on the lease liabilities for all leases, regardless of whether the lease is a finance lease or an operating lease.

**(2) Effective date**

These statements and guidance are scheduled to be adopted from the beginning of the year ending March 31, 2028.

**(3) Effects of adoption**

The Bank is currently evaluating the effects of the adoption of these on the consolidated financial statements.



#### **(r) Changes in accounting estimates**

For loans to normal borrowers and borrowers requiring attention excluding borrowers requiring control (“other borrowers requiring attention”), the reserve for possible loan losses is provided principally based on the estimated losses for the coming one year. The estimated losses are computed using the loss ratio based on the average loan loss ratio for the past definite period based on the actual losses for the past one year, with necessary adjustments such as future projections. Concerning the average loan loss ratio for the past definite period, the Bank previously used the larger of either the short-term average loan loss ratio, or the average loan loss ratio for the period after the integration with The Wakayama Bank Ltd., April 2007, that was set as a calculation period. However, it was changed to employ the larger of either the short-term average loan loss ratio, or the average loan loss ratio for a long-term considered as a reasonable calculation period that is adjusted to business cycles, in order to make the provision for possible loan losses reflect more reality by incorporating economic trends, etc.

In addition, for the year ended March 31, 2024, the Bank provided the preventive reserve for possible loan losses on borrowers affected by COVID-19. Socioeconomic activities suspended due to the COVID-19 pandemic have been normalized greatly since COVID-19 was reclassified into Category V Infectious Diseases. On the other hand, the Bank assesses that the credit risk of some borrowers is still high considering their financial condition. Therefore, for the year ended March 31, 2025, for loans to likely to become bankrupt borrowers whose possibility of bankruptcy is higher than that of other likely to become bankrupt borrowers in respect of certain financial indicators, the Bank changed to record the additional reserve for the unsecured amount deemed necessary after making a well-rounded judgement from historical records of downgrading of the borrower category, etc.

As a result of the above changes, reserve for possible loan losses decreased by ¥3,034 million (\$20,291 thousand) as of March 31, 2025, and profit before income taxes increased ¥3,034 million (\$20,291 thousand) for the year then ended.

#### **(s) Additional information**

(Issuance of Treasury Stock to the Employees through the Trust)

The Bank has introduced “Trust-Type Employee Stock Incentive Plan” to fulfill welfare program for the Group employees and to improve business performances by granting incentives to the Group employees toward enhancement of medium and long-term corporate value and enhancing the employees’ awareness of participation in management.

##### **(1) Overview of transactions**

The Plan is an incentive plan for all the employees that participate in either “Kiyo Financial Group Employee Stock Ownership Association” or “Kiyo Information System Employee Stock Ownership Association” (collectively “both Associations”).

The Bank has established “Kiyo Financial Group Employee Stock Ownership Association Trust” (hereinafter referred to as the “Trust”). The Trust will acquire in advance the Bank’s shares approximate to the number of shares both Associations may acquire over three years after its inception. Subsequently, the Bank’s shares will be regularly transferred from the Trust to both Associations at market value. When the amounts corresponding to gains on sales of shares are accumulated within the Trust at the termination of the Trust, such amounts will be distributed to the qualified employees who satisfy the requirements as a beneficiary.

In addition, the Bank will assume the obligation to pay for the remaining loan balances pursuant to the guarantee agreement since the Bank guarantees the loans for the Trust in purchasing the Bank’s shares. As such, when the amounts corresponding to losses on sales of shares due to decline in the Bank’s share value are accumulated in the Trust and the loan balances remain within the Trust upon termination of the Trust, the Bank will repay the remaining balance.

The Trust terminated in December 2024.

##### **(2) The Bank’s shares remaining in the Trust**

The Bank’s shares remaining in the Trust are recorded as “Treasury stock” under “Net assets” at the carrying amount (excluding incidental expenses) recorded at the Trust. During the year ended March 31, 2025, all of the Bank’s shares held by the Trust were sold, therefore there were no shares in the Trust as of March 31, 2025. The carrying amount of such treasury stock as of March 31, 2024 was ¥270 million, respectively, while the number of shares of such treasury stock was 172 thousand.

##### **(3) The carrying amount of the borrowed money recorded by applying the gross amount method as of March 31, 2025 and 2024 was nil and ¥278 million, respectively.**



### 3. Cash and cash equivalents

As of March 31, 2025 and 2024, the amounts of cash and cash equivalents at end of year in the consolidated statements of cash flows were in agreement with the amounts of cash and due from banks in the consolidated balance sheets.

### 4. Trading account securities, money held in trust and other securities

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

Investments in unconsolidated subsidiaries (three in 2025 and 2024) in the amounts of ¥1,414 million (\$9,456 thousand) and ¥1,253 million are included in “Securities” as of March 31, 2025 and 2024, respectively.

Fair values and unrealized gains and losses on held-to-maturity debt securities and available-for-sale securities as of March 31, 2025 and 2024 were as follows:

#### (a) Held-to-maturity debt securities

Type	Millions of yen					
	2025					
	Carrying amount		Fair value		Difference	
Held-to-maturity debt securities whose fair value exceeds the carrying amount:						
Bonds						
Local government bonds	¥	-	¥	-	¥	-
Subtotal	¥	-	¥	-	¥	-
Held-to-maturity debt securities whose fair value does not exceed the carrying amount:						
Bonds						
Local government bonds	¥	16,490	¥	15,670	¥	(819)
Corporate bonds		800		776		(23)
Subtotal	¥	17,290	¥	16,447	¥	(842)
Total	¥	17,290	¥	16,447	¥	(842)

Type	Millions of yen				
	2024				
	Carrying amount		Fair value		Difference
Held-to-maturity debt securities whose fair value exceeds the carrying amount:					
Bonds					
Local government bonds	¥	2,590	¥	2,608	¥ 18
Subtotal	¥	2,590	¥	2,608	¥ 18
Held-to-maturity debt securities whose fair value does not exceed the carrying amount:					
Bonds					
Local government bonds	¥	2,000	¥	1,990	¥ (9)
Corporate bonds		2,500		2,490	(9)
Subtotal	¥	4,500	¥	4,480	¥ (19)
Total	¥	7,090	¥	7,089	¥ (0)



Type	Thousands of U.S. dollars			
	2025			
	Carrying amount		Fair value	Difference
Held-to-maturity debt securities whose fair value exceeds the carrying amount:				
Bonds				
Local government bonds	\$ -	\$ -	\$ -	-
Subtotal	\$ -	\$ -	\$ -	-
Held-to-maturity debt securities whose fair value does not exceed the carrying amount:				
Bonds				
Local government bonds	\$ 110,286	\$ 104,802	\$ (5,477)	
Corporate bonds	5,350	5,189	(153)	
Subtotal	\$ 115,636	\$ 109,998	\$ (5,631)	
Total	\$ 115,636	\$ 109,998	\$ (5,631)	

**(b) Available-for-sale securities**

Type	Millions of yen			
	2025			
	Carrying amount		Acquisition cost	Difference
Available-for-sale securities whose carrying amount exceeds acquisition cost:				
Stocks	¥ 19,791	¥ 7,205	¥ 12,586	
Bonds	19,929	19,877	51	
Local government bonds	12,782	12,765	17	
Corporate bonds	7,146	7,112	33	
Other	48,472	46,556	1,916	
Foreign bonds	34,138	33,425	712	
Other	14,334	13,130	1,203	
Subtotal	¥ 88,193	¥ 73,639	¥ 14,553	
Available-for-sale securities whose carrying amount does not exceed acquisition cost:				
Stocks	¥ 4,327	¥ 6,054	¥ (1,726)	
Bonds	486,691	520,987	(34,295)	
Japanese government bonds	194,816	214,585	(19,769)	
Local government bonds	143,991	148,386	(4,395)	
Corporate bonds	147,884	158,015	(10,130)	
Other	227,953	240,277	(12,323)	
Foreign bonds	146,135	150,963	(4,827)	
Other	81,817	89,313	(7,495)	
Subtotal	¥ 718,973	¥ 767,319	¥ (48,345)	
Total	¥ 807,166	¥ 840,958	¥ (33,791)	



Type	Millions of yen					
	2024					
	Carrying amount		Acquisition cost		Difference	
Available-for-sale securities whose carrying amount exceeds acquisition cost:						
Stocks	¥	25,675	¥	9,660	¥	16,014
Bonds		63,906		63,449		456
Japanese government bonds		10,876		10,849		27
Local government bonds		21,989		21,887		102
Corporate bonds		31,039		30,712		327
Other		58,781		56,944		1,836
Foreign bonds		36,857		36,239		618
Other		21,923		20,705		1,218
Subtotal	¥	148,362	¥	130,055	¥	18,307
Available-for-sale securities whose carrying amount does not exceed acquisition cost:						
Stocks	¥	4,787	¥	5,578	¥	(790)
Bonds		489,502		508,087		(18,584)
Japanese government bonds		232,916		245,482		(12,566)
Local government bonds		134,234		135,919		(1,684)
Corporate bonds		122,351		126,685		(4,333)
Other		226,533		245,433		(18,900)
Foreign bonds		118,641		126,619		(7,978)
Other		107,892		118,814		(10,922)
Subtotal	¥	720,823	¥	759,098	¥	(38,275)
Total	¥	869,185	¥	889,154	¥	(19,968)

	Thousands of U.S. dollars				
	2025				
Type	Carrying amount		Acquisition cost		Difference
Available-for-sale securities whose carrying amount exceeds acquisition cost:					
Stocks	\$	132,363	\$	48,187	\$ 84,176
Bonds		133,286		132,938	341
Local government bonds		85,486		85,373	113
Corporate bonds		47,792		47,565	220
Other		324,184		311,369	12,814
Foreign bonds		228,317		223,548	4,761
Other		95,866		87,814	8,045
Subtotal	\$	589,840	\$	492,502	\$ 97,331
Available-for-sale securities whose carrying amount does not exceed acquisition cost:					
Stocks	\$	28,939	\$	40,489	\$ (11,543)
Bonds		3,255,022		3,484,396	(229,367)
Japanese government bonds		1,302,942		1,435,159	(132,216)
Local government bonds		963,021		992,415	(29,394)
Corporate bonds		989,058		1,056,815	(67,750)
Other		1,524,565		1,606,989	(82,417)
Foreign bonds		977,360		1,009,650	(32,283)
Other		547,197		597,331	(50,127)
Subtotal	\$	4,808,540	\$	5,131,882	\$ (323,334)
Total	\$	5,398,381	\$	5,624,384	\$ (225,996)

Securities other than trading account securities (excluding equity and other securities without fair market value and investments in partnerships) that has declined significantly from the acquisition cost and for which there is deemed to be no likelihood of the fair value recovering to the acquisition cost level are recorded on the balance sheet at the fair value. In addition, the difference between acquisition cost and fair value is posted as a loss in the consolidated accounts for the fiscal year (this process is known as “impairment accounting”). No impairment loss was recognized for the years ended March 31, 2025 and 2024.



The criteria for determining when available-for-sales securities have “significantly declined” are cases in which the fair value has fallen below 70% of the acquisition cost; or the fair value of a debt security under available-for-sales securities has fallen not below 70%, but the credit worthiness of the issuing company has worsened. In these cases, impairment loss is recognized as follows:

- (1) For all the securities whose fair value has fallen below 50% of the acquisition cost, impairment accounting is implemented.
- (2) For securities whose fair value has fallen below 70% but not below 50%, impairment accounting is implemented taking into account internal and external factors such as the business performance of the issuing company, the market price movements, trends of the market environments, etc. For bonds, impairment accounting is implemented taking into account credit worthiness of the issuing company with respect to those whose market prices are deemed unlikely to recover to the acquisition cost.
- (3) For securities whose fair value has fallen, but not below 70% of the acquisition cost and the credit worthiness of the issuing company has worsened, impairment accounting is implemented, if necessary, taking into account its credit worthiness, etc.

(c) There were no bonds classified as held-to-maturity sold during the years ended March 31, 2025 and 2024.

(d) Total sales of available-for-sale securities in the years ended March 31, 2025 and 2024 amounted to ¥167,021 million (\$1,117,047 thousand) and ¥125,910 million, respectively. The related gains and losses for the year ended March 31, 2025 amounted to ¥3,576 million (\$23,916 thousand) and ¥12,570 million (\$84,069 thousand), respectively. The related gains and losses for the year ended March 31, 2024 amounted to ¥4,551 million and ¥6,244 million, respectively.

(e) Money held in trust

Money held in trust for trading purpose as of March 31, 2025 and 2024 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Money held in trust for trading purpose	¥ 8,497	¥ 8,872	\$ 56,828
Unrealized gains (losses) included in earnings	-	-	-

There was no money held in trust held to maturity as of March 31, 2025 and 2024.

There was no money held in trust held for other purposes than trading and held-to-maturity as of March 31, 2025 and 2024.

(f) Net unrealized gains (losses) on available-for-sale securities as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Difference between acquisition cost and fair value:			
Available-for-sale securities	¥ (33,731)	¥ (19,901)	\$ (225,595)
Deferred tax assets (liabilities)	10,808	6,611	72,284
Difference between acquisition cost and fair value (prior to adjustment for non-controlling interests)	(22,923)	(13,290)	(153,310)
Amount corresponding to non-controlling interests	115	116	769
Net unrealized gains (losses) on available-for-sale securities	¥ (23,038)	¥ (13,406)	\$ (154,079)

Note: Net unrealized gains as of March 31, 2025 and 2024 included net unrealized gains of ¥60 million (\$401 thousand) and ¥67 million, respectively, on available-for-sales securities which are components of partnerships, etc.



## 5. Loans and bills discounted

Loans under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are shown in the following table. These loans include the following:

- Corporate bonds included in “Securities” in the consolidated balance sheets (limited to those that are guaranteed for all or part of the redemption of principal and payment of interest and issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act))
- Loans and bills discounted
- Foreign exchange
- Those accounted for as accrued interest and suspense payments under “Other assets,” and customers’ liabilities for acceptances and guarantees
- Loans of securities described in the accompanying notes, if there is any, limited to those under a loan-for-use or a lease agreement

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Bankrupt and quasi-bankrupt loans	¥ 2,826	¥ 13,990	\$ 18,900
Doubtful loans	47,228	53,539	315,864
Delinquent loans past due three months or more	-	3	-
Restructured loans	10,556	9,540	70,599
Total	¥ 60,611	¥ 77,074	\$ 405,370

Bankrupt and quasi-bankrupt loans are loans to borrowers who have fallen into bankruptcy due to initiation of bankruptcy proceedings, reorganization proceedings, petition for commencement of rehabilitation proceedings, and other similar loans.

Doubtful loans are loans for which the borrower has not yet entered into bankruptcy, but the borrower’s financial condition and business performance have deteriorated, it is highly probable that the principal of or interest on the loan will not be collected as agreed, and are loans which do not fall under bankrupt and quasi-bankrupt loans.

Delinquent loans past due three months or more are loans with principal or interest unpaid for three months or more from the day after the agreed-upon payment date and which do not fall under bankrupt and quasi-bankrupt loans or doubtful loans.

Restructured loans are loans on which the terms and conditions have been amended in favor of the borrowers in order to facilitate or assist the borrowers’ restructuring by reducing the rate of interest, by providing a grace period for the payment of principal or interest, or by providing loan forgiveness, and which do not fall under any of the above categories.

The amounts of the above loans are before deducting any reserve for possible loan losses.

The Bank applies “Accounting and Auditing Treatment of Accounting Standard for Financial Instruments in the Banking Industry” (JICPA Industry Committee Practical Guidelines No. 24, March 17, 2022) and accounts for bills discounted as financial transactions. The face value of bank acceptances, bills of exchange and bills of lading which were permitted to be sold or pledged without restrictions and which were acquired at a discount amounted to ¥6,451 million (\$43,144 thousand) and ¥10,180 million at March 31, 2025 and 2024, respectively.

The carrying amount of loan participation, which was accounted for as loans to original borrowers in accordance with “Accounting and Presentation of Loan Participations” (ASBJ Transferred Guidance No. 1, July 1, 2024), was ¥437 million (\$2,922 thousand) and ¥520 million at March 31, 2025 and 2024, respectively.

## 6. Tangible fixed assets

Accumulated depreciation for tangible fixed assets at March 31, 2025 and 2024 was ¥41,962 million (\$280,644 thousand) and ¥42,180 million, respectively. The amount of accumulated contributions deducted from the acquisition cost of tangible fixed assets was ¥3,931 million (\$26,290 thousand) and ¥3,971 million at March 31, 2025 and 2024, respectively.



## 7. Assets pledged as collateral

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Securities	¥ 477,996	¥ 441,731	\$ 3,196,869
Loans and bills discounted	693,777	674,796	4,640,028
Other assets	299	298	1,999
Total	¥ 1,172,073	¥ 1,116,826	\$ 7,838,904

The above pledged assets secured the following liabilities:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deposits	¥ 25,232	¥ 25,323	\$ 168,753
Securities sold under repurchase agreements	4,278	4,309	28,611
Payables under securities lending transactions	119,763	52,724	800,983
Borrowed money	762,400	802,400	5,098,983
Total	¥ 911,673	¥ 884,757	\$ 6,097,331

In addition to the above assets, the following assets were pledged as collateral for transaction guarantees of foreign exchanges, etc.:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Securities	¥ 25,776	¥ 686	\$ 172,391
Other assets	-	20,000	-

Other assets included the following guarantee and leasehold deposits and cash collateral paid for financial instruments:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Guarantee and leasehold deposits	¥ 1,029	¥ 1,027	\$ 6,882
Cash collateral paid for financial instruments	5,793	3,722	38,743

## 8. Deposits

Deposits at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Liquid deposits	¥ 3,196,793	¥ 3,190,095	\$ 21,380,370
Fixed-term deposits	1,311,284	1,313,943	8,769,957
Other deposits	158,430	121,315	1,059,590
Negotiable certificates of deposit	71,099	59,328	475,514
Total	¥ 4,737,607	¥ 4,684,682	\$ 31,685,440



## 9. Borrowed money and lease obligations

The weighted average interest rate on the term-end balance of borrowed money was 0.00%. Borrowed money consisted of loans from other financial institutions. Annual maturities of borrowed money and lease obligations as of March 31, 2025 were as follows:

Years ending March 31	Borrowed money		Lease obligations	
	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
2026	¥ 762,602	\$ 5,100,334	¥ 241	\$ 1,611
2027	161	1,076	235	1,571
2028	122	815	234	1,565
2029	82	548	217	1,451
2030	31	207	173	1,157
2031 and thereafter	-	-	325	2,173
Total	¥ 762,999	\$ 5,102,989	¥ 1,427	\$ 9,543

## 10. Employees' severance and retirement benefits

### (a) Overview of the retirement benefit plans adopted by the Bank and its consolidated subsidiaries

The Bank has defined benefit pension plans consisting of a corporate pension plan and a lump-sum payment plan, and established a corporate-type defined contribution pension plan. In addition, the Bank has set up a retirement benefit trust.

A consolidated subsidiary has adopted a defined contribution pension plan, and participated in defined benefit pension funds under multi-employer plans and it is accounted for in the same manner as the defined contribution plan since the amount of plan assets corresponding to its contribution cannot be reasonably determined.

Other consolidated subsidiaries have adopted lump-sum payment plans, and net defined benefit liability and severance and retirement benefit expenses are calculated using a simplified method.

### (b) Defined benefit plans, including the plans to which a simplified method is applied

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of year	¥ 24,614	¥ 28,032	\$ 164,620
Service cost	673	837	4,501
Interest cost	305	95	2,039
Actuarial differences	67	(2,680)	448
Benefits paid	(1,733)	(1,669)	(11,590)
Balance at end of year	¥ 23,927	¥ 24,614	\$ 160,025

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of year	¥ 55,647	¥ 51,590	\$ 372,170
Expected return on plan assets	378	323	2,528
Actuarial differences	(2,154)	4,191	(14,406)
Contribution from employers	444	447	2,969
Benefits paid	(910)	(905)	(6,086)
Balance at end of year	¥ 53,405	¥ 55,647	\$ 357,176



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

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Funded benefit obligation	¥ 23,904	¥ 24,588	\$ 159,871	
Plan assets	(53,405)	(55,647)	(357,176)	
	(29,501)	(31,058)	(197,304)	
Unfunded benefit obligation	23	26	153	
Net liability (asset)	¥ (29,477)	¥ (31,032)	\$ (197,144)	

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Net defined benefit liability	¥ 23	¥ 26	\$ 153	
Net defined benefit asset	(29,501)	(31,058)	(197,304)	
Net liability (asset)	¥ (29,477)	¥ (31,032)	\$ (197,144)	

4. The components of severance and 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	¥ 673	¥ 837	\$ 4,501	
Interest cost	305	95	2,039	
Expected return on plan assets	(378)	(323)	(2,528)	
Recognized actuarial differences	(1,156)	(1,361)	(7,731)	
Other	52	43	347	
Severance and retirement benefit expenses	¥ (503)	¥ (707)	\$ (3,364)	

5. The components of remeasurements of defined benefit plans (before income taxes and tax effects) for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Actuarial differences	¥ (3,377)	¥ 5,511	\$ (22,585)	
Total	¥ (3,377)	¥ 5,511	\$ (22,585)	

6. The components of accumulated remeasurements of defined benefit plans (before income taxes and tax effects) as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Unrecognized actuarial differences	¥ 7,097	¥ 10,475	\$ 47,465	
Total	¥ 7,097	¥ 10,475	\$ 47,465	



7. Plan assets

(1) Components of plan assets as of March 31, 2025 and 2024

Plan assets consisted of the following:

	2025	2024
Stocks	48%	52%
Cash and deposits	14%	14%
Bonds	12%	13%
General accounts	12%	12%
Other	14%	9%
Total	100%	100%

Note: Total plan assets include the assets of the retirement benefit trust established for corporate pension plans and lump-sum payment plans representing 50% and 51% of total assets as of March 31, 2025 and 2024, respectively.

(2) Method of determining the long-term expected rate of return on plan assets

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

8 Assumptions used for the years ended March 31, 2025 and 2024 were as follows (presented at weighted average rates):

	2025	2024
Discount rate	1.2%	1.2%
Long-term expected rate of return on plan assets	0.6%	0.6%
Expected rate of salary increase	7.3%	7.1%

(c) Defined contribution plans

The required contribution to the defined contribution plans of the Bank and its consolidated subsidiaries was ¥215 million (\$1,437 thousand) and ¥210 million for the years ended March 31, 2025 and 2024, respectively.

The multi-employer plan under which the amount of the required contribution is treated as retirement benefit expense is as follows:

(1) Latest funding status of the entire plan

	Millions of yen		Thousands of U.S. dollars	
	2025	2024	2025	
Amount of plan assets	¥ 277,016	¥ 268,557	\$ 1,852,701	
Total amount of actuarial obligations for pension financing calculation purposes	225,121	216,580	1,505,624	
Net amount	¥ 51,895	¥ 51,976	\$ 347,077	

Notes: 1. The latest funding status as of March 31, 2025 is based on the information available as of March 31, 2024.

2. The latest funding status as of March 31, 2024 is based on the information available as of March 31, 2023.

(2) The share of contribution of pension premiums of the Group against the whole plan for the years ended March 31, 2025 and 2024 (based on the information for the periods from March 1, 2024 through March 31, 2024 and from March 1, 2023 through March 31, 2023) was 0.1%.

(3) Supplementary explanation

Major factors in the net amount above (1) were past service liabilities for the purpose of pension financing calculation in the amount of ¥184 million (\$1,230 thousand) and general reserve of ¥52,079 million (\$348,307 thousand) as of March 31, 2025 (based on information as of March 31, 2024); past service liabilities for the purpose of pension financing calculation in the amount of ¥102 million and general reserve of ¥52,079 million as of March 31, 2024 (based on information as of March 31, 2023).



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## 11. Guarantee obligations for bonds

Guarantee obligations for privately placed bonds (Article 2, Paragraph 3 of the Financial Instruments and Exchange Law) stood at ¥28,564 million (\$191,037 thousand) and ¥29,498 million as of March 31, 2025 and 2024, respectively.

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## 12. Shareholders' equity

### (a) Capital stock

The number of shares of the Bank's capital stock as of March 31, 2025 and 2024 was as follows:

	Thousands of shares	
	2025	2024
Authorized:		
Common	120,000	120,000
Total	120,000	120,000

### (b) Retained earnings

Japanese banks are subject to the Corporate Law of Japan (the "Law") and the Banking Law. The Law requires that all shares of common stock be recorded with no par value and that at least 50% of the issue price of new shares be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Law permits Japanese companies, upon approval of their Boards of Directors, to issue shares to existing shareholders without limitation. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

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

The Law allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus the amount of stated capital, additional paid-in capital or legal reserve to be reduced in cases in which a reduction was resolved at the shareholders' meeting.

In addition to requiring an appropriation for a legal reserve in connection with cash payments, the Law imposes certain limitations on the amount of retained earnings available for dividends.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year for which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Law.



### 13. Changes in net assets

#### (a) Type and number of shares issued and treasury stock

At March 31, 2025 and 2024, the number of shares was as follows:

	Thousands of shares			2025
	2024	Increase	Decrease	
Shares issued:				
Common	67,300	-	-	67,300
Total	67,300	-	-	67,300
Treasury stock:				
Common (*1) (*2)	1,769	1,661	195	3,235
Total	1,769	1,661	195	3,235

(\*1) The number of shares of treasury stock at April 1, 2024 includes 172 thousand shares of the Bank held by Kiyo Financial Group Employee Stock Ownership Association Trust (hereinafter referred to as the "Trust").

(\*2) The increase in the number of common stock in treasury was due to the acquisition based on the resolution at the Board of Directors' meeting (1,655 thousand shares), the acquisition without consideration of stocks disposed under the restricted stock compensation system (4 thousand shares), and the purchase of shares of less than one unit (2 thousand shares). The decrease in the number of common stock in treasury was due to the sale by the Trust of common stock (172 thousand shares), the disposition as the restricted stock compensation (17 thousand shares), and transfers resulting from the exercise of stock options (5 thousand shares).

	Thousands of shares			2024
	2023	Increase	Decrease	
Shares issued:				
Common	67,300	-	-	67,300
Total	67,300	-	-	67,300
Treasury stock:				
Common (*1) (*2)	2,057	2	291	1,769
Total	2,057	2	291	1,769

(\*1) The number of shares of treasury stock at April 1, 2023 and March 31, 2024 includes 442 thousand shares and 172 thousand shares of the Bank held by the Trust, respectively.

(\*2) The increase in the number of common stock in treasury was due to the purchase of shares of less than one unit (2 thousand shares). The decrease in the number of common stock in treasury was due to the sale by the Trust of common stock (269 thousand shares), and the disposition as the restricted stock compensation (21 thousand shares).

#### (b) Subscription rights to shares

The outstanding balance of subscription rights to shares of the Bank as of March 31, 2025 and 2024 was ¥69 million (\$461 thousand) and ¥78 million, respectively

#### (c) Information on dividends

Dividends paid during the year ended March 31, 2025 were as follows:

Resolution:	Type of shares:	Millions of yen (Thousands of U.S. dollars)	Yen (U.S. dollars)	Record date	Effective date
		Amount of dividends	Cash dividends per share		
Ordinary general meeting of shareholders held on June 27, 2024	Common	¥ 1,642 (\$ 10,981)	¥ 25.00 (\$ 0.16)	March 31, 2024	June 28, 2024
Board of Directors' meeting held on November 11, 2024	Common	¥ 2,899 (\$ 19,388)	¥ 45.00 (\$ 0.30)	September 30, 2024	December 5, 2024

Notes: 1. The amount of dividends resolved by the ordinary general meeting of shareholders held on June 27, 2024 included dividends in an amount of ¥4 million (\$26 thousand) related to the Bank's shares held by the Trust.

2. The amount of dividends resolved by the Board of Directors' meeting held on November 11, 2024 included dividends in an amount of ¥2 million (\$13 thousand) related to the Bank's shares held by the Trust.

Dividends applicable to the year ended March 31, 2025 and whose effective date (i.e., initial payment date) falls after March 31, 2025 were as follows:



Resolution:	Type of shares:	Millions of yen (Thousands of U.S. dollars)	Yen (U.S. dollars)	Record date	Effective date
		Amount of dividends	Cash dividends per share		
Ordinary general meeting of shareholders held on June 27, 2025	Common	¥ 4,164 (\$ 27,849)	¥ 65.00 (\$ 0.43)	March 31, 2025	June 30, 2025

Dividends paid during the year ended March 31, 2024 were as follows:

Resolution:	Type of shares:	Millions of yen	Yen	Record date	Effective date
		Amount of dividends	Cash dividends per share		
Ordinary general meeting of shareholders held on June 29, 2023	Common	¥ 1,313	¥ 20.00	March 31, 2023	June 30, 2023
Board of Directors' meeting held on November 13, 2023	Common	¥ 1,642	¥ 25.00	September 30, 2023	December 5, 2023

Notes: 1. The amount of dividends resolved by the ordinary general meeting of shareholders held on June 29, 2023 included dividends in an amount of ¥8 million related to the Bank's shares held by the Trust.

2. The amount of dividends resolved by the Board of Directors' meeting held on November 13, 2023 included dividends in an amount of ¥7 million related to the Bank's shares held by the Trust.

#### 14. Stock options

##### (1) Stock option expense

Stock option expenses were not recorded for the years ended March 31, 2025 and 2024.

##### (2) Stock options outstanding at March 31, 2025 were as follows:

###### a. Outline of stock options

	1st Stock Options	2nd Stock Options	3rd Stock Options
Persons to whom stock subscription rights were allocated	9 directors and 5 executive officers of the Bank; a total of 14 persons	9 directors and 6 executive officers of the Bank; a total of 15 persons	9 directors (excluding directors serving as audit and supervisory committee members) and 6 executive officers of the Bank; a total of 15 persons
Number of options granted	Common stock of the Bank 17,300 shares	Common stock of the Bank 26,600 shares	Common stock of the Bank 18,400 shares
Date of grant	July 27, 2015	July 29, 2016	July 31, 2017
Vesting conditions	Not defined	Not defined	Not defined
Applicable service period	Not defined	Not defined	Not defined
Exercise period	From July 28, 2015 to July 27, 2045	From July 30, 2016 to July 29, 2046	From August 1, 2017 to July 31, 2047
	4th Stock Options	5th Stock Options	6th Stock Options
Persons to whom stock subscription rights were allocated	7 directors (excluding directors serving as audit and supervisory committee members) and 8 executive officers of the Bank; a total of 15 persons	6 directors (excluding directors serving as audit and supervisory committee members) and 11 executive officers of the Bank; a total of 17 persons	6 directors (excluding directors serving as audit and supervisory committee members) and 9 executive officers of the Bank; a total of 15 persons
Number of options granted	Common stock of the Bank 20,700 shares	Common stock of the Bank 26,400 shares	Common stock of the Bank 17,500 shares
Date of grant	July 27, 2018	July 26, 2019	July 22, 2020
Vesting conditions	Not defined	Not defined	Not defined
Applicable service period	Not defined	Not defined	Not defined
Exercise period	From July 28, 2018 to July 27, 2048	From July 27, 2019 to July 26, 2049	From July 23, 2020 to July 22, 2050

Note: Number of stock options is converted into number of shares.

###### b. Stock option activity

The following table summarizes the movement of stock options outstanding for the year ended March 31, 2025, in which the number of stock options is converted into the number of shares.



(i) Number of stock options

	Number of shares					
	1st Stock Options	2nd Stock Options	3rd Stock Options	4th Stock Options	5th Stock Options	6th Stock Options
Non-vested:						
Outstanding as of March 31, 2024	-	-	-	-	-	-
Granted	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Vested	-	-	-	-	-	-
<b>Outstanding as of March 31, 2025</b>	-	-	-	-	-	-
Vested:						
Outstanding as of March 31, 2024	4,200	5,800	6,300	8,300	13,700	12,900
Vested	-	-	-	-	-	-
Exercised	-	-	-	1,000	2,700	2,200
Forfeited	-	-	-	-	-	-
<b>Outstanding as of March 31, 2025</b>	4,200	5,800	6,300	7,300	11,000	10,700

(ii) Price information

	Yen					
	1st Stock Options	2nd Stock Options	3rd Stock Options	4th Stock Options	5th Stock Options	6th Stock Options
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average stock price at exercise	-	-	-	1,935	1,935	1,935
Fair value at date of grant	1,678	1,382	1,727	1,823	1,347	1,457

  

	U.S. Dollars					
	1st Stock Options	2nd Stock Options	3rd Stock Options	4th Stock Options	5th Stock Options	6th Stock Options
Exercise price	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Average stock price at exercise	-	-	-	12.94	12.94	12.94
Fair value at date of grant	11.22	9.24	11.55	12.19	9.00	9.74

(3) Estimation of number of stock options vested

The method the Bank uses to estimate the number of stock options vested reflects actual forfeited options since it is difficult to reasonably estimate the number of stock options to be forfeited in the future.

## 15. Other income

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Reversal of reserve for possible loan losses	¥ 3,088	¥ 1,078	\$ 20,652
Recovery of written-off claims	1,243	4,400	8,313
Gain on sales of stocks and other securities	3,091	4,047	20,672
Gain on disposal of fixed assets	182	35	1,217

## 16. General and administrative expenses

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Salaries and allowances	¥ 14,000	¥ 13,301	\$ 93,632



## 17. Other expenses

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Loss on the loans written-off	¥ 3,347	¥ 2,832	\$ 22,384
Loss on sales of stock and other securities	687	447	4,594
Loss on money held in trust	311	278	2,079
Loss on the transfer/sale of loan obligations	107	140	715
Loss on the devaluation of stocks	34	155	227
Loss on disposal of fixed assets	51	71	341
Impairment loss on fixed assets	157	66	1,050

### Impairment loss on fixed assets

The Bank reduced the book value to the amounts deemed recoverable and posted the reduced amount of ¥157 million (\$1,050 thousand) and ¥66 million for the years ended March 31, 2025 and 2024, respectively. Details are as follows:

Location	Major use	Asset category	Impairment loss on fixed assets	
			Millions of yen	Thousands of U.S. dollars
			2025	2025
Wakayama Prefecture	Operating offices: 2 locations	Buildings and movables	¥ 18	\$ 120
Wakayama Prefecture	Idle assets: 4 locations	Land and buildings	14	93
Wakayama Prefecture	Business assets	Movables and software	38	254
Osaka Prefecture	Operating offices: 3 locations	Buildings and movables	86	575
Total	-	-	¥ 157	\$ 1,050

Location	Major use	Asset category	Impairment loss on fixed assets	
			Millions of yen	
			2024	
Wakayama Prefecture	Operating offices: 5 locations	Buildings and movables	¥ 15	
Wakayama Prefecture	Idle assets: 3 locations	Land	2	
Wakayama Prefecture	Business assets	Software	15	
Osaka Prefecture	Operating offices: 1 location	Buildings and movables	33	
Total	-	-	¥ 66	

With respect to the calculation of impairment loss on fixed assets, the minimum operational unit recognized for management accounting purposes by the Bank is the single bank branch. However, where a number of branches operate as a group at the managerial level, the accounting unit is the group rather than the individual branch. Each unit of idle assets (one “unit” is defined as one plot of land or one building) is treated as a separate and individual unit for accounting purposes. Because the head office, administration center and Bank provided housing and dormitories for the staff of the Bank do not independently generate any cash flows, they are treated as assets held in common by the Bank for accounting purposes. With respect to the consolidated subsidiaries, each company is treated as a separate and individual unit for impairment accounting purposes.



In calculating impairment loss on fixed assets for the reporting period, the amount deemed recoverable, i.e., the net proceeds from sale, was estimated by deducting the cost of disposal from the real estate appraisal value based on official appraisal standards. For immaterial assets, the recoverable value is determined by deducting the estimated cost of disposal from the appraisal value based on the roadside land prices, etc.



## 18. Income taxes

The Bank is subject to a number of taxes based on income, which, in the aggregate, indicate a statutory rate in Japan of approximately 30.4% for the years ended March 31, 2025 and 2024. The table below summarizes the significant differences between the statutory tax rate and the Bank's effective tax rate for financial statement purposes for the years ended March 31, 2025 and 2024.

	2025	2024
Statutory tax rate	30.4%	30.4%
Adjustments:		
Nondeductible expenses for tax purpose (entertainment expenses, etc.)	0.3	0.1
Dividend income that is not taxable for income tax purposes	(0.2)	(0.9)
Change in valuation allowance	(4.5)	(6.1)
Other	(1.7)	1.3
Effective tax rate	24.2%	24.8%

Significant components of deferred tax assets and liabilities at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
<b>Deferred tax assets:</b>			
Carryforward tax loss	¥ 14	¥ 19	\$ 93
Nondeductible reserve for possible loan losses	8,323	9,200	55,664
Net unrealized (gains) losses on available-for-sale securities	11,348	6,918	75,896
Write-down of securities	1,438	1,498	9,617
Other	3,671	4,420	24,551
Subtotal	24,796	22,056	165,837
Valuation allowance for carryforward tax loss	(14)	(19)	(93)
Valuation allowance for deductible temporary differences	(9,732)	(10,574)	(65,088)
Subtotal	(9,746)	(10,593)	(65,181)
Deferred tax assets	15,049	11,462	100,648
<b>Deferred tax liabilities:</b>			
Net unrealized (gains) losses on available-for-sale securities	(239)	(216)	(1,598)
Net defined benefit asset	(5,423)	(5,830)	(36,269)
(Gains) losses on retirement benefit trust	(224)	(218)	(1,498)
Other	(1,120)	(1,020)	(7,490)
Deferred tax liabilities	(7,007)	(7,286)	(46,863)
Net deferred tax assets (liabilities)	¥ 8,041	¥ 4,176	\$ 53,778

Note: As of March 31, 2025, valuation allowance decreased by ¥847 million (\$5,664 thousand). This decrease was due mainly to a decrease in valuation allowance of reserve for possible loan losses of the Bank in the amount of ¥903 million (\$6,039 thousand).

As of March 31, 2024, valuation allowance decreased by ¥1,139 million. This decrease was due mainly to decreases in valuation allowances for debt-equity swaps and reserve for possible loan losses of the Bank in the amount of ¥656 million and ¥487 million, respectively.

Net amounts recorded in the consolidated balance sheets after offsetting by each taxable entity at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets	¥ 8,302	¥ 4,394	\$ 55,524
Deferred tax liabilities	260	217	1,738

Following the enactment of the Act for Partial Revision of the Income Tax Act (Act No. 13 of 2025) on March 31, 2025, a new special defense surtax shall be imposed on corporate income tax for fiscal years beginning on or after 1 April 2026. Consequently, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from 30.4% to 31.3% for those expected to be realized or settled for the year beginning on April 1, 2026 and thereafter. The effects on the consolidated financial statements for the year ended March 31, 2025 due to this change were immaterial.



## 19. Other comprehensive income (loss)

Amounts reclassified to profit in the current period that were recognized in other comprehensive income (loss) in the current or previous periods, as well as income taxes and tax effects for each component of other comprehensive income (loss) were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net unrealized gains (losses) on available-for-sale securities:			
Increase (decrease) during the year	¥ (22,825)	¥ (6,253)	\$ (152,655)
Reclassification adjustments	8,994	3,646	60,152
Subtotal before income taxes and tax effects	(13,830)	(2,606)	(92,495)
Income taxes and tax effects	4,196	681	28,063
Net unrealized gains (losses) on available-for-sale securities	(9,633)	(1,925)	(64,426)
Net deferred gains (losses) on hedging instruments:			
Increase (decrease) during the year	(993)	(830)	(6,641)
Reclassification adjustments	568	627	3,798
Subtotal before income taxes and tax effects	(425)	(203)	(2,842)
Income taxes and tax effects	129	61	862
Net deferred gains (losses) on hedging instruments	(296)	(141)	(1,979)
Remeasurements of defined benefit plans:			
Increase (decrease) during the year	(2,221)	6,872	(14,854)
Reclassification adjustments	(1,156)	(1,361)	(7,731)
Subtotal before income taxes and tax effects	(3,377)	5,511	(22,585)
Income taxes and tax effects	975	(1,675)	6,520
Remeasurements of defined benefit plans	(2,402)	3,835	(16,064)
Total other comprehensive income (loss)	¥ (12,331)	¥ 1,768	\$ (82,470)

## 20. Per share information

	Yen		U.S. dollars
	2025	2024	2025
Net assets per share	¥ 3,670.12	¥ 3,617.69	\$ 24.54
Basic earnings per share	272.51	229.70	1.82
Diluted earnings per share	272.32	229.52	1.82

(Note 1) The calculation of net assets per share as of March 31, 2025 and 2024 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total net assets	¥ 236,178	¥ 238,113	\$ 1,579,574
Amount to be deducted from total net assets:	1,055	1,042	7,055
Subscription rights to shares	69	78	461
Non-controlling interests	985	964	6,587
Net assets attributable to common stock	235,123	237,070	1,572,518
Number of shares of common stock as of the fiscal year end used in computing net assets per share (thousands of shares)	64,064	65,530	-



(Note 2) The calculation of earnings per share for the years ended March 31, 2025 and 2024 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
<b>Basic earnings per share:</b>			
Profit attributable to owners of parent	¥ 17,618	¥ 15,020	\$ 117,830
Amount not attributable to common shareholders	-	-	-
Profit attributable to common shareholders of parent	17,618	15,020	117,830
Average number of shares of common stock during the term (thousands of shares)	64,650	65,392	-
<b>Diluted earnings per share:</b>			
Adjustment to profit attributable to owners of parent	-	-	-
Increase in number of shares of common stock (thousands of shares)	46	51	-
Subscription rights to shares (thousands of shares)	46	51	-
Overview of potential shares not included in computing diluted earnings per share due to having no dilutive effect	-	-	-

(Note 3) In computing net assets per share, the Bank's shares held by Kiyo Financial Group Employee Stock Ownership Association Trust, which are recorded as treasury stock under shareholders' equity, are included in the number of treasury stock to be deducted from the total number of issued shares at the fiscal year end, and are included in the number of treasury stock to be deducted from the average number of shares during the term in computing basic earnings per share and diluted earnings per share.

There was no such treasury stock deducted in computing net assets per share as of March 31, 2025 because all of the said shares had been sold. The number of those as of March 31, 2024 was 172 thousand shares.

The average number of shares of such treasury stock during the term deducted in computing basic earnings per share and diluted earnings per share for the years ended March 31, 2025 and 2024 was 66 thousand shares and 305 thousand shares, respectively.

## 21. Overdraft agreements and commitment line agreements

Overdraft agreements and commitment line agreements are agreements which oblige the Bank to lend funds up to a certain limit agreed to in advance. The Bank makes the loans upon a borrower's request to draw down funds under the agreements as long as there is no breach of the various terms and conditions stipulated in the agreements. The unused balances within the lending limits related to these agreements at March 31, 2025 and 2024 amounted to ¥508,595 million (\$3,401,518 thousand) and ¥487,583 million, respectively. Of this amount, those with terms of one year or less or that were unconditionally cancelable at any time totaled ¥402,762 million (\$2,693,699 thousand) and ¥390,096 million, respectively.

In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused balances within the lending limits will not necessarily affect future cash flows. Conditions are included in certain loan agreements which allow the Bank to decline a request to draw down funds or to reduce the agreed limit amount when there is a cause to do so, such as when there is a change in the financial condition of the borrower or when it is necessary to protect the Bank's credit. The Bank makes various measures to protect its credit, including having the obligor pledge collateral in the form of real estate, securities, etc., on signing the loan agreement or confirming the obligor's financial condition in accordance with the Bank's established internal procedures.



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## 22. Financial instruments and related disclosures

### 1. Disclosure about financial instruments

#### (1) Policy on financial instruments

The Group provides comprehensive financial services such as deposit-taking and lending services, leasing operations, credit card business and others. Since the Group is exposed to the market risk of fluctuation in interest rates arising from deposit-taking, lending services and securities investment operations, the Group conducts comprehensive asset and liability management (ALM) and engages in derivative transactions.

#### (2) Nature and risk of financial instruments

Financial assets held by the Group consist mainly of loans to domestic customers that are exposed to credit risk arising from the customers' nonperformance of contractual obligations and the risk of interest rate fluctuations. Securities held by the Group consist mainly of debt securities, equity securities and investment trusts, which are held for the purpose of holding to maturity, pure investment, strategic investment and trading purposes. These securities are exposed to the credit risk of the issuers, interest rate fluctuation risk and price fluctuation risk.

Financial liabilities consist mainly of deposits, which are exposed to liquidity risk and interest rate fluctuation risk, as with financial assets.

Major risks inherent in derivative transactions include the market risk of fluctuation in interest rates, foreign exchange, stock prices and other market instruments and the credit risk arising from customers' nonperformance of contractual obligations. The Group employs derivative transactions mainly to hedge these risks, and the market risk of the hedged items is almost entirely offset by the derivatives. Hedging instruments to which hedge accounting is applied are currency swaps, etc. The corresponding hedged items are securities.

#### (3) Risk management system for financial instruments

##### ***Credit risk management***

The Group has established a credit risk management system that includes the "Credit Risk Control Rule" and other various rules and defines the basic credit risk control policy and management system. Specifically, the Review Department conducts reviews according to the risk characteristics of the credit items by identifying the financial position, use of funds, repayment resources and other factors related to credit customers. The Credit Control Department sets up and controls limits to avoid the concentration of credit risk and identifies the quantitative level of credit risk. The Department is also responsible for the maintenance of the credit rating system and reports the measured volume of credit risk to the Board of Directors and the Risk Management Committee so that credit risk management may be discussed within the framework of integrated risk control.

##### ***Market risk management***

The Group has established a market risk management system that includes the "Market Risk Control Rule" and other various rules and defines the basic market risk control policy and management system.

##### (i) Interest rate risk management

With respect to interest rate management, the Group regularly measures the volume of interest rate risk arising from assets and liabilities such as securities, loans and deposits and conducts interest rate gap analysis and interest rate sensitivity analysis and reports the outcome to the ALM Strategy Committee and the Risk Control Committee. The Group also has established specific limits on the level of interest rate risk.

##### (ii) Price fluctuation risk management

With respect to price fluctuation risk, the Group controls the level of risk on a daily basis by measuring the risk volume and setting up limits on the level of risk. Securities held for pure investment purposes are controlled by setting up limits on transactions and losses above those set up by the Executive Committee in addition to the risk volume control. With respect to shares held for strategic investment purposes, the Group tries to reduce the risk level by limiting the balance and using hedge transactions, etc.

##### (iii) Foreign exchange risk management

The Group identifies the fluctuation risk associated with foreign currency denominated assets and liabilities, controls the risk within the limit determined by the Executive Committee and works to mitigate the risk using currency swaps, etc.



(iv) Derivative transactions

Derivatives transactions are employed principally and limitedly for hedging purposes. An internal control system has been established by segregating the functions of executing derivative transactions, evaluating hedge effectiveness and controlling operations.

(v) Quantitative information on market risk

Major financial instruments that are affected by interest rate risk that is regarded as major risk factors are call loans, monetary claims bought, bonds and investment trusts included in securities, loans and bills discounted, deposits, call money, payables under securities lending transactions and borrowed money. Financial instruments that are affected by price fluctuation risk consist of stocks and investment trusts included in securities.

The Bank calculates Value at Risk (VaR) to capture the effects of income and economic value from interest rate fluctuation and price fluctuation. VaR is made available to internal management. To calculate VaR, the Bank applies the variance and covariance method, using 3 to 6 months as the holding period based on risk characteristics, 99% as the confidence interval and 1 to 5 years as the observation period based on risk characteristics. The amount of risk at March 31, 2025 and 2024 was ¥16,864 million (\$112,787 thousand) and ¥20,255 million, respectively, for interest rate risk and ¥17,097 million (\$114,345 thousand) and ¥8,866 million, respectively, for price fluctuation risk.

In addition, the Bank verifies the effectiveness of risk measurement under the variance and covariance method by a back testing protocol that compares VaR to actual income.

In calculating VaR on interest rate risk, the core deposits of liquid deposits are adjusted. Core deposits do not have a specified interest rate adjustment interval and are demand deposits that are expected to be held for the long term without withdrawal. VaR is a statistical measure of market risk volume under a certain probability of occurrence based on the past market fluctuations. Accordingly, it may be impossible to capture the risk if the market fluctuates rapidly under extraordinary circumstances.

***Liquidity risk management***

The Group has established a liquidity risk management system that includes the “Liquidity Risk Control Rule” and other various rules and defines the basic liquidity risk control policy and management system. The Group tries to control liquidity risk by maintaining stable cash management, securing highly liquid reserves and strengthening preliminary controls.

(4) Supplementary explanation about fair value of financial instruments

In addition to fair values based on the market price, the calculation of fair values of financial instruments involves reasonable alternative valuation methods if no market price is available. Since certain assumptions are used in calculating the values, the outcome of such calculations may vary if different assumptions are used.

2. Fair value of financial instruments

The carrying amount, the fair value and any difference as of March 31, 2025 and 2024 are set forth in the tables below. Note that equity and other securities without fair market value and investments in partnerships were not included in the following table (See Note 1).

Notes on cash and due from banks, foreign exchange (asset/liability), securities sold under repurchase agreements and payables under securities lending transactions are omitted because their fair values approximate their carrying values due to their short maturities (within one year). Insignificant items are also omitted.



Millions of yen				
2025				
	Carrying amount	Fair value	Unrealized gains (losses)	
Securities (*1):				
Held-to-maturity debt securities	¥ 17,290	¥ 16,447	¥	(842)
Available-for-sale securities	807,166	807,166		-
Loans and bills discounted	4,146,094			
Reserve for possible loan losses (*2)	(20,086)			
	4,126,007	4,093,029		(32,978)
Total assets	¥ 4,950,464	¥ 4,916,643	¥	(33,820)
Deposits	¥ 4,737,607	¥ 4,736,591	¥	(1,016)
Borrowed money	762,999	762,999		-
Total liabilities	¥ 5,500,607	¥ 5,499,591	¥	(1,016)
Derivative transactions (*3)				
Hedge accounting not applied	¥ 3,671	¥ 3,671	¥	-
Hedge accounting applied	(3,095)	(3,095)		-
Total derivative transactions	¥ 575	¥ 575	¥	-

(\*1) Securities include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

(\*2) General and specific reserves for possible loan losses corresponding to loans and bills discounted are deducted.

(\*3) Derivative transactions recorded under “Other assets” and “Other liabilities” are presented collectively. Net receivables and payables incurred from derivative transactions are presented in net amounts, and net payables are presented in parentheses.

Millions of yen				
2024				
	Carrying amount	Fair value	Unrealized gains (losses)	
Securities (*1):				
Held-to-maturity debt securities	¥ 7,090	¥ 7,089	¥	(0)
Available-for-sale securities	869,185	869,185		-
Loans and bills discounted	3,832,494			
Reserve for possible loan losses (*2)	(25,941)			
	3,806,552	3,799,786		(6,766)
Total assets	¥ 4,682,828	¥ 4,676,060	¥	(6,767)
Deposits	¥ 4,684,682	¥ 4,684,740	¥	57
Borrowed money	803,279	803,279		-
Total liabilities	¥ 5,487,962	¥ 5,488,019	¥	57
Derivative transactions (*3)				
Hedge accounting not applied	¥ 1,482	¥ 1,482	¥	-
Hedge accounting applied (*4)	(3,390)	(3,390)		-
Total derivative transactions	¥ (1,908)	¥ (1,908)	¥	-

(\*1) Securities include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

(\*2) General and specific reserves for possible loan losses corresponding to loans and bills discounted are deducted.

(\*3) Derivative transactions recorded under “Other assets” and “Other liabilities” are presented collectively. Net receivables and payables incurred from derivative transactions are presented in net amounts, and net payables are presented in parentheses.

(\*4) Derivatives to which hedge accounting is applied are currency swaps designated as hedging instruments to offset market fluctuations associated with foreign currency denominated monetary assets and liabilities, etc., which are the hedged items, and to which deferral hedge accounting is applied. “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (PITF No. 40, March 17, 2022) is applied to these hedging relationships.



	Thousands of U.S. dollars		
	2025		
	Carrying amount	Fair value	Unrealized gains (losses)
Securities (*1):			
Held-to-maturity debt securities	\$ 115,636	\$ 109,998	\$ (5,631)
Available-for-sale securities	5,398,381	5,398,381	-
Loans and bills discounted	27,729,360		
Reserve for possible loan losses (*2)	(134,336)		
	27,595,017	27,374,458	(220,559)
Total assets	\$ 33,109,042	\$ 32,882,845	\$ (226,190)
Deposits	\$ 31,685,440	\$ 31,678,644	\$ (6,795)
Borrowed money	5,102,989	5,102,989	-
Total liabilities	\$ 36,788,436	\$ 36,781,641	\$ (6,795)
Derivative transactions (*3)			
Hedge accounting not applied	\$ 24,551	\$ 24,551	\$ -
Hedge accounting applied	(20,699)	(20,699)	-
Total derivative transactions	\$ 3,845	\$ 3,845	\$ -

(\*) Securities include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

(\*2) General and specific reserves for possible loan losses corresponding to loans and bills discounted are deducted.

(\*)3 Derivative transactions recorded under “Other assets” and “Other liabilities” are presented collectively. Net receivables and payables incurred from derivative transactions are presented in net amounts, and net payables are presented in parentheses.

(Note 1) The carrying amounts of equity and other securities without fair market value and investments in partnerships are as follows. These securities are not included in “Available-for-sale securities” in the information regarding the fair value of financial instruments.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unlisted equity securities (*1) (*2)	¥ 1,342	¥ 1,351	\$ 8,975
Investments in partnerships (*3)	6,242	4,802	41,746

(\*) Unlisted equity securities are not subject to disclosure of fair value based on Paragraph 5 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

(\*)2 The Bank recognized impairment loss on unlisted equity securities in an amount of ¥34 million (\$227 thousand) and ¥155 million for the years ended March 31, 2025 and 2024, respectively.

(\*) Investments in partnerships are not subject to disclosure of fair value based on Paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).



(Note 2) Repayment schedule of monetary receivables and securities with contract maturities subsequent to the balance sheet date

Millions of yen						
2025						
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Securities:	¥ 52,507	¥ 119,725	¥ 81,442	¥ 33,017	¥ 194,594	¥ 222,897
Held-to-maturity debt securities:	-	-	800	-	16,490	-
Local government bonds	-	-	-	-	16,490	-
Corporate bonds	-	-	800	-	-	-
Available-for-sale securities with contract maturities, of which:	52,507	119,725	80,642	33,017	178,104	222,897
Japanese government bonds	-	19,636	11,687	10,788	70,939	81,763
Local government bonds	31,450	54,574	29,883	17,854	20,140	2,869
Corporate bonds	6,104	19,948	23,281	4,374	756	100,565
Other	14,952	25,566	15,789	-	86,267	37,698
Foreign bonds	14,952	25,566	15,789	-	86,267	37,698
Loans and bills discounted (*)	820,360	756,685	535,643	440,753	556,548	963,168
Total	¥ 872,867	¥ 876,411	¥ 617,086	¥ 473,771	¥ 751,142	¥ 1,186,065

(\*) Loans and bills discounted at March 31, 2025 do not include ¥50,048 million of those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers whose repayment schedules cannot be estimated and ¥22,886 million of those which have non-defined maturities.

Millions of yen						
2024						
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Securities:	¥ 30,946	¥ 128,386	¥ 86,099	¥ 58,710	¥ 154,257	¥ 257,597
Held-to-maturity debt securities:	1,700	-	800	-	4,590	-
Local government bonds	-	-	-	-	4,590	-
Corporate bonds	1,700	-	800	-	-	-
Available-for-sale securities with contract maturities, of which:	29,246	128,386	85,299	58,710	149,667	257,597
Japanese government bonds	-	-	31,773	6,356	85,580	120,083
Local government bonds	6,884	69,751	20,579	40,768	14,998	3,241
Corporate bonds	7,228	21,699	18,923	10,634	197	94,708
Other	15,133	36,935	14,023	951	48,891	39,563
Foreign bonds	15,133	36,935	14,023	951	48,891	39,563
Loans and bills discounted (*)	825,149	696,898	467,900	396,056	464,691	891,751
Total	¥ 856,095	¥ 825,284	¥ 554,000	¥ 454,767	¥ 618,948	¥ 1,149,349

(\*) Loans and bills discounted at March 31, 2024 do not include ¥67,439 million of those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers whose repayment schedules cannot be estimated and ¥22,605 million of those which have non-defined maturities.

Thousands of U.S. dollars						
2025						
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Securities:	\$ 351,170	\$ 800,728	\$ 544,689	\$ 220,819	\$ 1,301,457	\$ 1,490,750
Held-to-maturity debt securities:	-	-	5,350	-	110,286	-
Local government bonds	-	-	-	-	110,286	-
Corporate bonds	-	-	5,350	-	-	-
Available-for-sale securities with contract maturities, of which:	351,170	800,728	539,339	220,819	1,191,171	1,490,750
Japanese government bonds	-	131,326	78,163	72,150	474,444	546,836
Local government bonds	210,339	364,994	199,859	119,408	134,697	19,188
Corporate bonds	40,823	133,413	155,704	29,253	5,056	672,585
Other	100,000	170,987	105,597	-	576,959	252,126
Foreign bonds	100,000	170,987	105,597	-	576,959	252,126
Loans and bills discounted (*)	5,486,623	5,060,761	3,582,417	2,947,786	3,722,231	6,441,733
Total	\$ 5,837,794	\$ 5,861,496	\$ 4,127,113	\$ 3,168,612	\$ 5,023,689	\$ 7,932,483

(\*) Loans and bills discounted at March 31, 2025 do not include \$334,724 thousand of those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers whose repayment schedules cannot be estimated and \$153,063 thousand of those which have non-defined maturities.



(Note 3) Repayment schedule of bonds, borrowed money and other interest-bearing liabilities subsequent to the balance sheet date

Millions of yen						
2025						
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Deposits (*1)	¥ 4,401,022	¥ 198,827	¥ 66,657	¥ -	¥ -	¥ -
Borrowed money	762,602	284	113	-	-	-
Total	¥ 5,163,624	¥ 199,111	¥ 66,771	¥ -	¥ -	¥ -

(\*1) Negotiable certificates of deposit are excluded from the above deposits. Demand deposits are shown under “Due within 1 year.”

(\*2) Interest-bearing liabilities that are scheduled to be repaid in full within 1 year are not presented.

Millions of yen						
2024						
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Deposits (*1)	¥ 4,393,865	¥ 184,507	¥ 46,981	¥ -	¥ -	¥ -
Borrowed money	802,582	562	124	11	-	-
Total	¥ 5,196,447	¥ 185,069	¥ 47,105	¥ 11	¥ -	¥ -

(\*1) Negotiable certificates of deposit are excluded from the above deposits. Demand deposits are shown under “Due within 1 year.”

(\*2) Interest-bearing liabilities that are scheduled to be repaid in full within 1 year are not presented.

Thousands of U.S. dollars						
2025						
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Deposits (*1)	\$ 29,434,336	\$ 1,329,768	\$ 445,806	\$ -	\$ -	\$ -
Borrowed money	5,100,334	1,899	755	-	-	-
Total	\$ 34,534,670	\$ 1,331,668	\$ 446,569	\$ -	\$ -	\$ -

(\*1) Negotiable certificates of deposit are excluded from the above deposits. Demand deposits are shown under “Due within 1 year.”

(\*2) Interest-bearing liabilities that are scheduled to be repaid in full within 1 year are not presented.

### 3. Fair value 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 the 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 that have a material impact on the fair value measurement are used, the fair value is categorized by the lowest level in the fair value hierarchy from which inputs were used.



(1) Financial instruments stated at fair value

	Millions of yen						
	2025						
	Fair value						
	Level 1		Level 2		Level 3		Total
Securities:							
Available-for-sale securities							
Japanese government bonds	¥	194,816	¥	-	¥	-	¥ 194,816
Local government bonds		-		156,773		-	156,773
Corporate bonds		-		126,811		28,219	155,030
Equity securities		22,426		1,692		-	24,119
Other (*)		131,237		144,496		66	275,800
Derivative transactions:							
Currency related		-		5,460		-	5,460
Total assets	¥	348,480	¥	435,234	¥	28,285	¥ 812,000
Derivative transactions:							
Currency related	¥	-	¥	4,884	¥	-	¥ 4,884
Total liabilities	¥	-	¥	4,884	¥	-	¥ 4,884

(\*) "Other" does not include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021). The carrying amount of the investment trusts to which the treatment in Paragraph 24-9 is applied was ¥626 million.

	Millions of yen						
	2024						
	Fair value						
	Level 1		Level 2		Level 3		Total
Securities:							
Available-for-sale securities							
Japanese government bonds	¥	243,792	¥	-	¥	-	¥ 243,792
Local government bonds		-		156,224		-	156,224
Corporate bonds		-		124,018		29,372	153,391
Equity securities		28,337		2,125		-	30,462
Other (*)		86,211		197,666		836	284,714
Derivative transactions:							
Currency related		-		3,430		-	3,430
Total assets	¥	358,341	¥	483,465	¥	30,208	¥ 872,015
Derivative transactions:							
Currency related	¥	-	¥	5,338	¥	-	¥ 5,338
Total liabilities	¥	-	¥	5,338	¥	-	¥ 5,338

(\*) "Other" does not include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021). The carrying amount of the investment trusts to which the treatment in Paragraph 24-9 is applied was ¥600 million.



	Thousands of U.S. dollars				
	2025				
	Fair value				
	Level 1	Level 2	Level 3	Total	
Securities:					
Available-for-sale securities					
Japanese government bonds	\$ 1,302,942	\$ -	\$ -	\$	1,302,942
Local government bonds	-	1,048,508	-		1,048,508
Corporate bonds	-	848,120	188,730		1,036,851
Equity securities	149,986	11,316	-		161,309
Other (*)	877,722	966,399	441		1,844,569
Derivative transactions:					
Currency related	-	36,516	-		36,516
Total assets	\$ 2,330,658	\$ 2,910,874	\$ 189,172	\$	5,430,711
Derivative transactions:					
Currency related	\$ -	\$ 32,664	\$ -	\$	32,664
Total liabilities	\$ -	\$ 32,664	\$ -	\$	32,664

(\*) "Other" does not include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021). The carrying amount of the investment trusts to which the treatment in Paragraph 24-9 is applied was \$4,186 thousand.

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

	Millions of yen						
	2025						
	Fair value						
	Level 1		Level 2		Level 3		Total
Securities:							
Held-to-maturity debt securities							
Local government bonds	¥	-	¥	15,670	¥	-	¥ 15,670
Corporate bonds		-		776		-	776
Loans and bills discounted		-		-		4,093,029	4,093,029
Total assets	¥	-	¥	16,447	¥	4,093,029	¥ 4,109,476
Deposits	¥	-	¥	4,736,591	¥	-	¥ 4,736,591
Borrowed money		-		762,999		-	762,999
Total liabilities	¥	-	¥	5,499,591	¥	-	¥ 5,499,591

	Millions of yen						
	2024						
	Fair value						
	Level 1		Level 2		Level 3		Total
Securities:							
Held-to-maturity debt securities							
Local government bonds	¥	-	¥	4,598	¥	-	¥ 4,598
Corporate bonds		-		2,490		-	2,490
Loans and bills discounted		-		-		3,799,786	3,799,786
Total assets	¥	-	¥	7,089	¥	3,799,786	¥ 3,806,875
Deposits	¥	-	¥	4,684,740	¥	-	¥ 4,684,740
Borrowed money		-		803,279		-	803,279
Total liabilities	¥	-	¥	5,488.019	¥	-	¥ 5,488.019



	Thousands of U.S. dollars			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities				
Local government bonds	\$ -	\$ 104,802	\$ -	\$ 104,802
Corporate bonds	-	5,189	-	5,189
Loans and bills discounted	-	-	27,374,458	27,374,458
Total assets	\$ -	\$ 109,998	\$ 27,374,458	\$ 27,484,456
Deposits	\$ -	\$ 31,678,644	\$ -	\$ 31,678,644
Borrowed money	-	5,102,989	-	5,102,989
Total liabilities	\$ -	\$ 36,781,641	\$ -	\$ 36,781,641

(Note 1) Methods and inputs used in the fair value measurements

### **Assets:**

#### **Securities**

The fair value of securities for which unadjusted quoted market prices in active markets are available is classified as Level 1. This mainly includes listed equity securities and Japanese government bonds.

Even if quoted market prices are used, if they are from inactive markets, the fair value is classified as Level 2. This mainly includes local government bonds and corporate bonds.

For investment trusts in cases where there is no transaction price in the market and there are no material restrictions on cancellation or repurchase request such that market participants demand compensation for the risk, the standard price is their fair value and classified as Level 2.

The fair value of private placement bonds is calculated by discounting the sum of principal and interest income using the discount rate reflecting the credit risk, etc., based on the internal rating and period to maturity and is classified as Level 3 since the discount rate is unobservable.

If the quoted market price is not available, except for with private placement bonds, the fair value is determined using valuation methods, such as discounting the future cash flows. In the measurement, observable inputs are used to the maximum and include inputs such as TIBOR, swap rates, credit spread, bankruptcy probability and the loss ratio at bankruptcy. If significant unobservable inputs are used in the measurement, the fair value is classified as Level 3.

#### **Loans and bills discounted**

For loans and bills discounted, the fair value is the present value of the sum of the principal and interest discounted using the discount rate reflecting market interest rates plus credit risk, etc., based on the type, internal rating and period to maturity, and is classified as Level 3. For those with floating interest rates, since they reflect market interest rates in a short period of time, their carrying amounts approximate their fair value unless credit conditions of the borrower have changed significantly since the loans were made. Therefore, the carrying amount is used as fair value and is classified as Level 3.

For loans to bankrupt borrowers, effectively bankrupt borrowers, or borrowers likely to become bankrupt, estimated doubtful accounts are calculated based on the present value of future cash flows or the amount expected to be collected through collateral and guarantees. The fair value of such loans approximates the carrying amount less any reserve for possible loan losses, and this amount is used as the fair value and classified as Level 3.

### **Liabilities:**

#### **Deposits**

For demand deposits that are payable immediately on demand on the consolidated balance sheet date, the amount in the demand deposit account is taken as the fair value. The fair value of time deposits is determined by segmenting



the deposits by their terms and discounting the future cash flows to the present value using the interest rate that would apply when accepting new deposits of the same type. The fair value is classified as Level 2.

For short-term deposits of one year or less, the carrying amount is used as the fair value since they approximate each other. The fair value is classified as Level 2.

### **Borrowed money**

For borrowed money with floating interest rates, since they reflect market interest rates in a short period of time and the credit conditions of the Group have not changed significantly after executing the borrowings, the carrying amount is used as the fair value as they are considered to approximate each other. As for those with short contractual terms of one year or less, the carrying amount is used as the fair value as they approximate each other and is classified as Level 2.

### **Derivatives**

The fair value of derivatives is classified as Level 1 when an unadjusted market price in active markets is available, including stock price index futures and bond futures.

However, as most derivatives are traded over the counter and there are no published quoted market prices, the fair value is measured using the present value and valuation methods such as the Black-Scholes Model, according to the type and remaining period to maturity. The main inputs used in such valuation methods include interest rates, foreign exchange rates, and volatility. If unobservable inputs are not used or their impact is immaterial, the fair value is classified as Level 2, including currency swaps and foreign exchange forward contracts.

Price adjustments based on the credit risk of counterparties or the Bank are not made because they are immaterial.

(Note 2) Information about financial instruments with Level 3 fair values in the consolidated balance sheets

(1) Quantitative information about significant unobservable inputs

#### **March 31, 2025**

Category	Valuation method	Significant unobservable inputs	Range of inputs	Weighted-average of inputs
Securities Corporate bonds (private placement bonds)	Discounted present value method	Discount rates	1.1%-1.9%	1.2%

#### **March 31, 2024**

Category	Valuation method	Significant unobservable inputs	Range of inputs	Weighted-average of inputs
Securities Corporate bonds (private placement bonds)	Discounted present value method	Discount rates	0.5%-1.6%	0.7%

(2) Reconciliation of beginning balances to ending balances and valuation gains and losses recognized in profit or loss for the period

#### **March 31, 2025**

	Beginning balance	Included in profit or loss or other comprehensive income		Net amount of purchase, sale, issue and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value (*2)	Ending balance	Valuation gains (losses) on financial assets and assets held at March 31, 2025 recognized in profit or loss
		Included in profit or loss	Included in other comprehensive income (*1)					
Securities								
Corporate bonds	¥ 29,372	¥ -	¥ (219)	¥ (934)	¥ -	¥ -	¥ 28,219	¥ -
Other	836	-	(0)	(17)	-	(751)	66	-

(\*1) These are included in "Net unrealized gains (losses) on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.

(\*2) It was a transfer from Level 3 fair value to Level 2 fair value because observable inputs became available. This transfer was made during the year ended March 31, 2025.



### March 31, 2024

	Beginning balance	Included in profit or loss or other comprehensive income		Net amount of purchase, sale, issue and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value	Ending balance	Valuation gains (losses) on financial assets and assets held at March 31, 2024 recognized in profit or loss
		Included in profit or loss (*1)	Included in other comprehensive income (*2)					
Securities								
Corporate bonds	¥ 32,029	¥ 0	¥ 71	¥ (2,727)	¥ -	¥ -	¥ 29,372	¥ -
Other	2,119	-	196	(1,479)	-	-	836	-

(\*1) These are included in “Interest income” and “Other operating income” under “Income” in the consolidated statements of income.

(\*2) These are included in “Net unrealized gains (losses) on available-for-sale securities” under “Other comprehensive income” in the consolidated statements of comprehensive income.

### March 31, 2025

	Beginning balance	Included in profit or loss or other comprehensive income		Net amount of purchase, sale, issue and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value (*2)	Ending balance	Valuation gains (losses) on financial assets and assets held at March 31, 2025 recognized in profit or loss
		Included in profit or loss (*1)	Included in other comprehensive income (*1)					
Securities								
Corporate bonds	\$ 196,441	\$ -	\$ (1,464)	\$ (6,246)	\$ -	\$ -	\$ 188,730	\$ -
Other	5,591	-	(0)	(113)	-	(5,022)	441	-

(\*1) These are included in “Net unrealized gains (losses) on available-for-sale securities” under “Other comprehensive income” in the consolidated statements of comprehensive income.

(\*2) It was a transfer from Level 3 fair value to Level 2 fair value because observable inputs became available. This transfer was made during the year ended March 31, 2025.

### (3) Valuation process for fair value

The Group’s Risk Management Division has established policies and procedures regarding fair value measurement, and each operating division measures fair value in accordance with such policies and procedures. Fair values measured are verified by the Risk Management Division in terms of validity of the valuation methods and inputs used to calculate the fair values and the appropriateness of the classification of fair value levels.

In fair value measurement, valuation models that most appropriately reflect the nature, characteristics, and risks of individual assets are used. In addition, in cases in which quoted market prices obtained from third parties are used as the fair value, the prices are verified such as by confirming the valuation methods and inputs used and comparing them with fair values of similar financial instruments.

### (4) Effect of changes in significant unobservable inputs on fair values

#### Discount rate

Discount rates reflect percentage-based adjustments that are applied to standard market rates such as TIBOR and swap rates, and are mostly determined from risk premiums on uncertainties in cash flows of financial instruments arising principally from credit risk. A significant increase or decrease in the discount rate would result in a significant decrease or increase in fair value.

## 23. Derivative transactions

Information regarding derivative transactions, such as the types of derivatives, the policies and purpose for using derivatives and the risks and risk control systems for derivatives are described in Note 22, “Financial instruments and related disclosures.”

Outstanding derivative contracts which were revalued at fair value as of March 31, 2025 and 2024 and the gains and losses recognized in the consolidated statements of income for the years then ended are set forth in the tables below.

### Derivatives to which hedge accounting is not applied:

With respect to derivatives to which hedge accounting is not applied, the contract amount, fair value and recognized gain (loss) at the balance sheet date designated by transaction type are set forth in the table below. Note that the contract amounts do not reflect the market risk exposure associated with the derivatives themselves.



## Currency related:

	Millions of yen							
	2025				2024			
	Contract amount		Fair value	Recognized gain (loss)	Contract amount		Fair value	Recognized gain (loss)
	Total	Over one year			Total	Over one year		
Currency swaps	¥ 1,694,874	¥ 1,657,508	¥ 3,083	¥ 3,083	¥ 1,251,748	¥ 1,190,601	¥ 2,128	¥ 2,128
Forward foreign exchanges:								
Sell	44,053	-	582	582	90,920	-	(767)	(767)
Buy	2,964	-	5	5	2,678	-	121	121
Total	-	-	¥ 3,671	¥ 3,671	-	-	¥ 1,482	¥ 1,482

Note: The transactions are valued at fair value, and valuation gains and losses are credited or charged to income.

	Thousands of U.S. dollars			
	2025			
	Contract amount		Fair value	Recognized gain (loss)
	Total	Over one year		
Currency swaps	\$ 11,335,433	\$ 11,085,527	\$ 20,619	\$ 20,619
Forward foreign exchanges:				
Sell	294,629	-	3,892	3,892
Buy	19,823	-	33	33
Total	-	-	\$ 24,551	\$ 24,551

Note: The transactions are valued at fair value, and valuation gains and losses are credited or charged to income.

## Derivatives to which hedge accounting is applied:

With respect to derivatives to which hedge accounting is applied, the contract amount and fair value at the balance sheet date by transaction type and by hedge accounting method are set forth in the table below. Note that the contract amounts do not reflect the market risk exposure associated with the derivatives themselves.

## Currency related:

Hedge accounting method	Type	Major hedged items	Millions of yen		
			2025		
			Contract amount		
			Total	Over one year	Fair value
Fundamental method	Currency swaps:	Foreign currency denominated loans, securities	¥ 13,209	¥ 7,368	¥ (3,095)

Note: The above transactions are accounted for by deferral hedge accounting in accordance with “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry” (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020).

Hedge accounting method	Type	Major hedged items	Millions of yen		
			2024		
			Contract amount		
			Total	Over one year	Fair value
Fundamental method	Currency swaps:	Foreign currency denominated loans, securities	¥ 14,381	¥ 13,326	¥ (3,390)

Note: The above transactions are accounted for by deferral hedge accounting in accordance with “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry” (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020).

Hedge accounting method	Type	Major hedged items	Thousands of U.S. dollars		
			2025		
			Contract amount		
			Total	Over one year	Fair value
Fundamental method	Currency swaps:	Foreign currency denominated loans, securities	\$ 88,342	\$ 49,277	\$ (20,699)

Note: The above transactions are accounted for by deferral hedge accounting in accordance with “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry” (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020).



## 24. Business combinations

Year ended March 31, 2025

There were no items to be reported.

Year ended March 31, 2024

Transactions under common control

Additional acquisition of shares of consolidated subsidiary by the Bank

### 1. Outline of the transaction

#### (1) Name and business of the company subject to the business combination

Name	Business
The Kiyo Lease Co., Ltd.	Lease business

#### (2) Effective date of the business combination

September 25, 2023

#### (3) Legal form of the business combination

Share acquisition from non-controlling shareholders

#### (4) Company name following the business combination

The company name has not been changed following the business combination.

#### (5) Other matters about the transaction outline

Under the circumstances where customer needs have become more diversified and sophisticated, the Bank acquired shares of The Kiyo Lease Co., Ltd. held by non-controlling shareholders for the purpose of strengthening its comprehensive financial services as the Group. As a result, the ratio of the Bank's voting rights in The Kiyo Lease Co., Ltd. increased to 100%. Taking this opportunity, the Bank is working to enhance its corporate value by promoting group-wide management swiftly and effectively.

### 2. Outline of accounting treatment applied

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the transaction was treated as a transaction with non-controlling shareholders among transactions under common control.

### 3. Matters on additional acquisition of the subsidiary's shares

Breakdown of acquisition cost and consideration by type

	Millions of yen	
Consideration paid for acquisition:		
Cash and due from banks	¥	75
Acquisition cost	¥	75

### 4. Matters on changes in interests of the Bank related to the transactions with non-controlling shareholders

#### (1) Reason for changes in capital surplus

Additional acquisition of the subsidiary's shares

#### (2) Amount of increase in capital surplus due to the transactions with non-controlling shareholders

¥772 million



## 25. Disaggregation of revenue from contracts with customers

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Income:	¥ 98,720	¥ 84,872	\$ 660,246
Of which, fees and commissions:	18,465	17,528	123,495
Deposit-taking and lending business	7,093	6,344	47,438
Sales business of investment trusts and insurance	4,219	4,290	28,216
Foreign exchanges business	2,437	2,351	16,298
Guarantee business	613	694	4,099
Other	4,100	3,847	27,421

Note: The above table includes revenue accounted for under ASBJ Statement No. 10, “Accounting Standard for Financial Instruments.”



## 26. Segment information

### (a) General information about reportable segments

The Group's reportable segment is defined as an operating segment for which discrete financial information is available and examined by the Board of Directors meeting, etc. regularly in order to make decisions about the allocation of resources and assess performance. The Group comprises of the Bank and the eight consolidated subsidiaries, and engages mainly in the banking business, and financial information is controlled based on figures provided by the Bank, which operates the banking business. So, the Group defines the banking business as a reportable segment.

### (b) Basis of measurement for reportable segment profit and loss, segment assets, segment liabilities and other material items

The accounting methods used for the reportable segments are the same as those used for the preparation of the consolidated financial statements. Profits for reportable segments are ordinary profit. Ordinary profit is profit derived from regular business activities, including wages, dividends and interest. Profits and transfer sums of intersegment transactions within the Group are based on market prices.

### (c) Information about reportable segment profit or loss, segment assets, segment liabilities and other items

Segment information as of and for the year ended March 31, 2025 was as follows:

	Millions of yen				
	2025				
	Banking business	Other business	Total	Reconciliation	Consolidated
Ordinary income:					
Outside customers	¥ 86,325	¥ 12,394	¥ 98,720	¥ -	¥ 98,720
Intersegment	404	1,871	2,275	(2,275)	-
Total	86,730	14,265	100,995	(2,275)	98,720
Segment profit	20,897	2,426	23,323	(14)	23,308
Segment assets	5,918,819	55,937	5,974,757	(48,415)	5,926,341
Segment liabilities	5,700,597	34,021	5,734,618	(44,455)	5,690,163
Others					
Depreciation	¥ 3,002	¥ 219	¥ 3,222	¥ -	¥ 3,222
Interest income	59,170	73	59,244	(111)	59,132
Interest expense	8,396	98	8,495	(108)	8,386
Gain on disposal of fixed assets	182	-	182	-	182
Loss on disposal of fixed assets	44	6	51	-	51
Impairment loss on fixed assets	157	-	157	-	157
Income taxes	5,027	612	5,639	-	5,639
Increase in tangible and intangible fixed assets	4,536	344	4,881	-	4,881

- Notes:
1. Ordinary income represents total income less certain specific income.
  2. The "Other" category incorporates operations not included in any of the reportable segments reported, including the credit assurance business, job referral services, clerical work agency industry, leasing business, investment business, credit card services, program creation and sales services, and contracted calculation services.
  3. (1) "Reconciliation" of "Intersegment" under "Ordinary income" in the amount of ¥(2,275) million represents intersegment elimination.  
 (2) "Reconciliation" of "Segment profit" in the amount of ¥(14) million represents intersegment elimination.  
 (3) "Reconciliation" of "Segment assets" in the amount of ¥(48,415) million represents intersegment elimination.  
 (4) "Reconciliation" of "Segment liabilities" in the amount of ¥(44,455) million represents intersegment elimination.  
 (5) "Reconciliation" of "Interest income" in the amount of ¥(111) million represents intersegment elimination.  
 (6) "Reconciliation" of "Interest expense" in the amount of ¥(108) million represents intersegment elimination.
  4. Segment profit is reconciled to ordinary profit in the consolidated statements of income.



Segment information as of and for the year ended March 31, 2024 was as follows:

	Millions of yen				
	2024				
	Banking business	Other business	Total	Reconciliation	Consolidated
Ordinary income:					
Outside customers	¥ 73,299	¥ 11,483	¥ 84,782	¥ -	¥ 84,782
Intersegment	771	1,699	2,471	(2,471)	-
Total	74,071	13,182	87,254	(2,471)	84,782
Segment profit	18,319	2,251	20,570	(434)	20,136
Segment assets	5,824,981	49,988	5,874,970	(43,591)	5,831,379
Segment liabilities	5,603,020	29,889	5,632,910	(39,643)	5,593,266
Others					
Depreciation	¥ 2,658	¥ 224	¥ 2,882	¥ -	¥ 2,882
Interest income	46,717	37	46,754	(514)	46,240
Interest expense	5,606	61	5,668	(61)	5,607
Gain on disposal of fixed assets	35	-	35	-	35
Loss on disposal of fixed assets	71	0	71	-	71
Impairment loss on fixed assets	66	-	66	-	66
Income taxes	4,255	721	4,976	-	4,976
Increase in tangible and intangible fixed assets	4,030	73	4,103	-	4,103

- Notes:
1. Ordinary income represents total income less certain specific income.
  2. The “Other” category incorporates operations not included in any of the reportable segments reported, including the credit assurance business, job referral services, clerical work agency industry, leasing business, investment business, credit card services, program creation and sales services, and contracted calculation services.
  3. (1) “Reconciliation” of “Intersegment” under “Ordinary income” in the amount of ¥(2,471) million represents intersegment elimination.  
 (2) “Reconciliation” of “Segment profit” in the amount of ¥(434) million represents intersegment elimination.  
 (3) “Reconciliation” of “Segment assets” in the amount of ¥(43,591) million represents intersegment elimination.  
 (4) “Reconciliation” of “Segment liabilities” in the amount of ¥(39,643) million represents intersegment elimination.  
 (5) “Reconciliation” of “Interest income” in the amount of ¥(514) million represents intersegment elimination.  
 (6) “Reconciliation” of “Interest expense” in the amount of ¥(61) million represents intersegment elimination.
  4. Segment profit is reconciled to ordinary profit in the consolidated statements of income.



Thousands of U.S. dollars					
2025					
	Banking business	Other business	Total	Reconciliation	Consolidated
Ordinary income:					
Outside customers	\$ 577,347	\$ 82,891	\$ 660,246	\$ -	\$ 660,246
Intersegment	2,701	12,513	15,215	(15,215)	-
Total	580,056	95,405	675,461	(15,215)	660,246
Segment profit	139,760	16,225	155,985	(93)	155,885
Segment assets	39,585,466	374,110	39,959,584	(323,802)	39,635,774
Segment liabilities	38,125,983	227,534	38,353,517	(297,318)	38,056,199
Others					
Depreciation	\$ 20,077	\$ 1,464	\$ 21,548	\$ -	\$ 21,548
Interest income	395,733	488	396,227	(742)	395,478
Interest expense	56,153	655	56,815	(722)	56,086
Gain on disposal of fixed assets	1,217	-	1,217	-	1,217
Loss on disposal of fixed assets	294	40	341	-	341
Impairment loss on fixed assets	1,050	-	1,050	-	1,050
Income taxes	33,620	4,093	37,714	-	37,714
Increase in tangible and intangible fixed assets	30,337	2,300	32,644	-	32,644

Notes: 1. Ordinary income represents total income less certain specific income.  
2. The "Other" category incorporates operations not included in any of the reportable segments reported, including the credit assurance business, job referral services, clerical work agency industry, leasing business, investment business, credit card services, program creation and sales services, and contracted calculation services.  
3. (1) "Reconciliation" of "Intersegment" under "Ordinary income" in the amount of \$(15,215) thousands represents intersegment elimination.  
(2) "Reconciliation" of "Segment profit" in the amount of \$(93) thousand represents intersegment elimination.  
(3) "Reconciliation" of "Segment assets" in the amount of \$(323,802) thousand represents intersegment elimination.  
(4) "Reconciliation" of "Segment liabilities" in the amount of \$(297,318) thousand represents intersegment elimination.  
(5) "Reconciliation" of "Interest income" in the amount of \$(742) thousand represents intersegment elimination.  
(6) "Reconciliation" of "Interest expense" in the amount of \$(722) thousand represents intersegment elimination.  
4. Segment profit is reconciled to ordinary profit in the consolidated statements of income.

#### (d) Information about services

Millions of yen				
2025				
	Loan services	Securities investment	Other	Total
Ordinary income:				
Outside customers	¥ 50,543	¥ 17,635	¥ 30,541	¥ 98,720

Millions of yen				
2024				
	Loan services	Securities investment	Other	Total
Ordinary income:				
Outside customers	¥ 45,181	¥ 12,867	¥ 26,734	¥ 84,782

Thousands of U.S. dollars				
2025				
	Loan services	Securities investment	Other	Total
Ordinary income:				
Outside customers	\$ 338,035	\$ 117,944	\$ 204,260	\$ 660,246

Note: Ordinary income represents total income less certain specific income.



**(e) Information about geographic areas**

The information is not required to be disclosed because the amounts of ordinary income and tangible fixed assets in Japan exceeded 90% of the respective total amount for all segments.

**(f) Information about major customers**

The information is not required to be disclosed because ordinary income from any particular outside customer represented less than 10% of consolidated ordinary income.

**(g) Segment information for impairment loss on fixed assets by reportable segment**

	Millions of yen		
	<b>2025</b>		
	Banking business	Other business	Total
Impairment loss on fixed assets	¥ 157	¥ -	¥ 157

	Millions of yen		
	2024		
	Banking business	Other business	Total
Impairment loss on fixed assets	¥ 66	¥ -	¥ 66

	Thousands of U.S. dollars		
	<b>2025</b>		
	Banking business	Other business	Total
Impairment loss on fixed assets	\$ 1,050	\$ -	\$ 1,050

**(h) Segment information on amortization and the unamortized portion of goodwill by reportable segment**

There was no applicable information for the years ended March 31, 2025 and 2024.



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## 27. Related party transactions

Significant transactions with the directors of the Bank or major shareholders for the years ended March 31, 2025 and 2024 were as follows:

### Year ended March 31, 2025

Type	Name	Business/ Occupation	Ownership	Relationship	Transactions	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
*1	Akira Danbooru Kogyo Co., Ltd. (Notes 2 and 3)	Production of cardboard boxes	Held 0.06%, directly	Loans	Loan (Note 1)	¥ (57)	Loans and bills discounted	¥ 96

\*1 A company in which an officer or his or her relative owns a majority interest

Notes:

1. The terms and conditions of the transactions were the same as those applied to general third parties with which the Bank enters into ordinary transactions.
2. Mr. Yasuhiko Akira, a senior managing executive officer of the Bank, directly owns 100% of the voting rights of this company.
3. The Bank took out a revolving mortgage on its real estate to secure the loans.

### Year ended March 31, 2024

Type	Name	Business/ Occupation	Ownership	Relationship	Transactions	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
*1	Akira Danbooru Kogyo Co., Ltd. (Notes 2 and 3)	Production of cardboard boxes	Held 0.06%, directly	Loans	Loan (Note 1)	¥ (18)	Loans and bills discounted	¥ 154

\*1 A company in which an officer or his or her relative owns a majority interest

Notes:

1. The terms and conditions of the transactions were the same as those applied to general third parties with which the Bank enters into ordinary transactions.
2. Mr. Yasuhiko Akira, a senior managing executive officer of the Bank, directly owns 100% of the voting rights of this company.
3. The Bank took out a revolving mortgage on its real estate to secure the loans.

### Year ended March 31, 2025

Type	Name	Business/ Occupation	Ownership	Relationship	Transactions	Transaction amount (Thousands of U.S. dollars)	Account	Outstanding balance (Thousands of U.S. dollars)
*1	Akira Danbooru Kogyo Co., Ltd. (Notes 2 and 3)	Production of cardboard boxes	Held 0.06%, directly	Loans	Loan (Note 1)	\$ (381)	Loans and bills discounted	\$ 642

\*1 A company in which an officer or his or her relative owns a majority interest

Notes:

1. The terms and conditions of the transactions were the same as those applied to general third parties with which the Bank enters into ordinary transactions.
2. Mr. Yasuhiko Akira, a senior managing executive officer of the Bank, directly owns 100% of the voting rights of this company.
3. The Bank took out a revolving mortgage on its real estate to secure the loans.

## Information about parent company or significant affiliates

Years ended March 31, 2025 and 2024

Not applicable

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## 28. Subsequent events

There were no significant subsequent events to be noted.





# Independent auditor's report

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

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of The Kiyo 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.

#### Assessment of loans and bills discounted to small and medium-sized enterprises (SMEs)

The key audit matter	How the matter was addressed in our audit
The Kiyo Bank, Ltd. (the Bank) and its consolidated subsidiaries reported loans and bills discounted of ¥4,146.0 billion, accounting for 69% of total assets and a related reserve for possible loan losses of ¥20.0 billion in the consolidated balance sheet as	The primary procedures we performed to assess whether the Bank's assessment of loans and bills discounted to SMEs was reasonable included the following:



of March 31, 2025. Of the amount of loans and bills discounted, the balance of loans and bills discounted to SMEs amounting to ¥3,153.1 billion (76% of the total balance of loans and bills discounted) accounted for a significant portion of the balance of loans and bills discounted. Loans and bills discounted to SMEs are loans extended to companies with share capital of ¥300 million or less (¥100 million or less for wholesalers; ¥50 million or less for retailers, restaurants, and goods rental and leasing services) or companies or individuals with the number of regular employees of 300 or less (100 or less for wholesalers and goods rental and leasing services; 50 or less for retailers and restaurants).

As described in Note 2. “Significant accounting policies” under (f) Reserve for possible loan losses, and (p) Significant accounting estimates to the Consolidated Financial Statements, the Bank conducts asset assessment based on its internal self-assessment criteria for all loans including loans and bills discounted, in order to classify borrowers into the borrower categories according to their assigned credit risk rating.

When determining the borrower category, the Bank assesses the borrowers’ ability to repay based mainly on their substantive financial condition, financing, and profitability. The Bank also gives comprehensive consideration, in light of industry and other business characteristics, to their projected business continuity and profitability, ability to repay obligations based on their annual debt repayment capacity, and the appropriateness of their business improvement plans, after confirming the terms and conditions of the loans and their delinquency status.

For each category of borrowers, the Bank recognizes a reserve for possible loan losses or makes direct write-offs for expected credit losses based on the historical experience of loan losses or probability of default, in accordance with the methods specified in its policy for write-offs and provisions.

### **(1) Internal control testing**

We tested the design and operating effectiveness of certain of the Bank’s internal controls relevant to the assessment of loan quality. In this assessment, we tested the following controls:

- controls to validate whether the internal self-assessment criteria, and the policy for write-offs and provisions complied with the accounting standards;
- controls to ensure the reliability of the borrowers’ financial information entered into the financing support system;
- IT application controls over the quantitative determination of credit rating; and
- controls to ensure the appropriateness of the monitoring of borrowers including the qualitative assessment.

### **(2) Assessment of the determination of the borrower category**

We assessed the appropriateness of the determination of the borrower category by performing the following procedures for a selection of SME borrowers, who were deemed to have a higher risk of improper classification, specifically, large borrowers with a large amount of total credit or unsecured amount among borrowers requiring a business improvement plan:

- assessed the appropriateness of the results of the determination of the borrower category by inspecting relevant documents, comparing selected information used for the determination with available external information as necessary, and inquiring of personnel in the Credit Review Department;
- assessed the appropriateness of the determination of the borrower category by evaluating financial and other information of the borrowers and, for the borrowers requiring a business improvement plan, by analyzing the feasibility of the business improvement plan and assessing their cash flows, among others;
- assessed the appropriateness of the determination of the borrower category based on our understanding of their recent business condition and our analysis of their cash flows, including requests for modification of the terms of loans; and
- assessed whether there was any management bias in determining the borrower category in the prior year by evaluating the appropriateness of historical changes in the borrower category.



<p>The Bank has set its core principle of "co-creating value with local communities by fulfilling its role as a leading regional financial group," and is transforming its business model into one that starts from transactions with SMEs.</p> <p>Since the business foundation of SMEs is generally more vulnerable than that of large enterprises, the Bank determines the category of SME borrowers based not only on their financial condition but also comprehensive assessment of various factors including their technical capabilities, sales capacity and growth potential, their representatives' income status, asset quality, and guarantee status and capacity, in light of the substance of their business.</p> <p>Accordingly, the determination of the borrower category for loans and bills discounted to SMEs was highly dependent upon management's judgment, which had a significant effect on the recognized amount of reserve for possible loan losses.</p> <p>We, therefore, determined that our assessment of the appropriateness of the Bank's assessment of loans and bills discounted to SMEs, especially management's determination of the borrower category, was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	
<b>Appropriateness of the estimate of the reserve for possible loan losses for certain borrowers among those classified as "likely to become bankrupt borrowers"</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>As described in Note 2. "Significant accounting policies" under (f) Reserve for possible loan losses, and (p) Significant accounting estimates to the Consolidated Financial Statements, the Bank recognized a reserve for possible loan losses (¥1.6 billion) for loans to certain borrowers among those classified as "likely to become bankrupt borrowers." These borrowers were deemed as having a higher risk of bankruptcy than others in the same "likely to become bankrupt</p>	<p>The primary procedures we performed to assess whether the Bank's estimate of the reserve for possible loan losses for specific likely to become bankrupt borrowers was appropriate included the following:</p> <p><b>(1) Internal control testing</b></p> <p>We tested the design and operating effectiveness of certain of the Bank's internal controls relevant to the estimate of the reserve for possible loan losses for specific likely to become bankrupt borrowers. In this assessment, we tested the following controls:</p>



<p>borrowers” category based on specific financial indicators (hereinafter, “specific likely to become bankrupt borrowers”). This reserve was recognized in order for the Bank to strive to prepare for future uncertainties arising from the deterioration of those borrowers’ business performance and to maintain its financial soundness, and thereby to ensure the Bank’s continuing ability to fulfil its financial intermediary functions.</p> <p>The reserve for possible loan losses was estimated using the assumption that specific likely to become bankrupt borrowers would have a higher credit risk due to significant concerns over their future financial condition, cash flows and profitability compared to other likely to become bankrupt borrowers.</p> <p>For loans to specific likely to become bankrupt borrowers, the Bank recognized an additional reserve deemed necessary for the unsecured amount based on a comprehensive assessment of factors including the historical downgrading of the borrower category.</p> <p>Identifying specific likely to become bankrupt borrowers and estimating their possible loan losses involved estimation uncertainty and management’s subjective judgment. If the assumptions used for the estimate were not appropriate, it may have a significant effect on the consolidated financial statements.</p> <p>We, therefore, determined that our assessment of the appropriateness of the estimate of the reserve for possible loan losses for specific likely to become bankrupt borrowers was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<ul style="list-style-type: none"> <li>• controls over the review and approval within the Bank that ensure the proper recognition of the reserve for possible loan losses for specific likely to become bankrupt borrowers in accordance with its internal policy; and</li> <li>• controls to ensure the accuracy and completeness of important basic data, such as information of borrowers, used for the above internal controls.</li> </ul> <p><b>(2) Assessment of the appropriateness of the estimate of the reserve for possible loan losses for specific likely to become bankrupt borrowers</b></p> <p>We assess the appropriateness of management's estimation methods, assumptions and data used to identify borrowers deemed to have a higher credit risk based on their financial indicators, and to estimate their possible loan losses, by performing the following procedures:</p> <ul style="list-style-type: none"> <li>• inspected the materials of the board of directors’ meeting and the management meeting where the recognition of the reserve for possible loan losses was discussed and approved, and inquired of personnel in relevant departments (the Loan Department and the Risk Management Department);</li> <li>• assessed the appropriateness of assumptions used to identify borrowers deemed to have a higher credit risk based on their financial indicators and to estimate their possible loan losses, by comparing the correlation with historical records of default; and</li> <li>• assessed the appropriateness of data used for certain financial indicators, by performing recalculation.</li> </ul>
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## 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 the audit and supervisory committee for the Consolidated Financial Statements**

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

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

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

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

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

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

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



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

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

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

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

### Fee-related Information

Fees 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 74 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.



Yukihisa Tatsumi

Designated Engagement Partner

Certified Public Accountant

Takuya Obata

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Osaka Office, Japan

September 24, 2025

**Notes to the Reader of Independent Auditor's Report:**

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