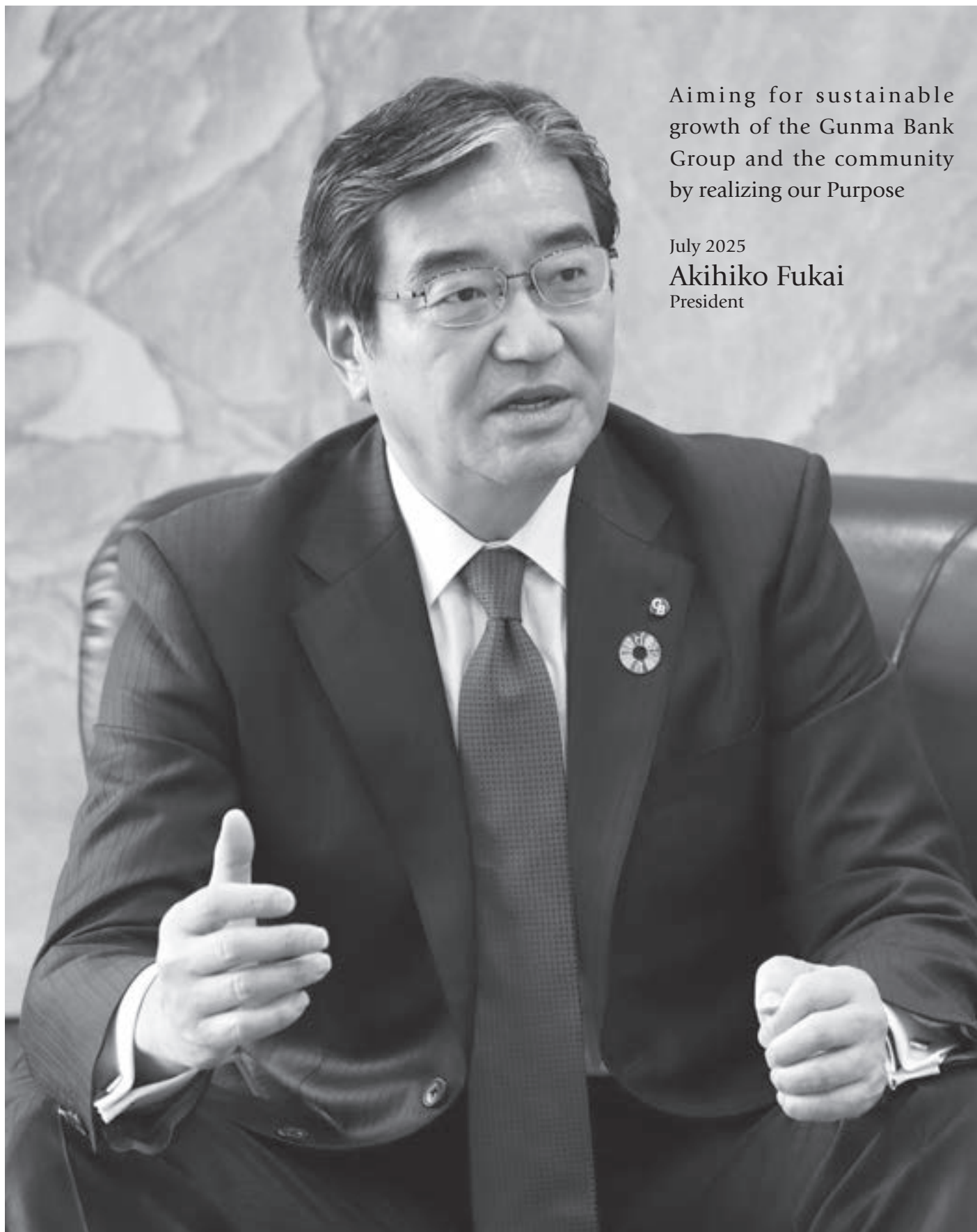


Annual Report 2025

GUNMA BANK REPORT

Year Ended 31st March, 2025

Message from the Management



Aiming for sustainable
growth of the Gunma Bank
Group and the community
by realizing our Purpose

July 2025

Akihiko Fukai
President

Our commitment to “Purpose-Driven Business” and Becoming a Top Regional Financial Group.

FY2024 results of the mid-term business plan “Innovation for ‘Purpose’”

■ Reached record high profits for the second consecutive year

For the fiscal year ended March 31, 2025, the final year of the previous mid-term business plan, consolidated net income increased 41% year-on-year to 43.9 billion yen, achieving the highest profit level ever for the second consecutive year.

The primary reason for this increase is the rise in net interest income. Loan balances have steadily increased for both corporations and individuals, mainly driven by retail loans. Additionally, there was significant growth in the loan balances of high RORA levels, such as large corporate loans in the Tokyo metropolitan area, cross-border loans to foreign companies, and structured finance. The rise in interest rates has also contributed significantly to our profits. Approximately half of our corporate loans are tied to floating interest rates linked to market fluctuations, making them highly sensitive to interest rate changes. Thus the shift towards higher interest rates has been advantageous.

Moreover, non-interest income, particularly from corporate consulting sales, have reached a record high for the sixth consecutive year.

In fact, at the beginning of formulating the previous mid-term business plan, we had concerns that we were setting targets that were too ambitious and challenging. However, we successfully converted our efforts into results, such as building asset allocation based on RORA management, enhancing the profitability of individual companies, and increasing non-interest income by promoting widespread awareness of a full-spec approach using our “connecting process” as a starting point.

■ Significant progress in transforming our profit structure and establishing a robust profit structure resilient to interest rate changes

Over the past six years, since the mid-term business plan preceding the previous one, we have implemented various initiatives under the theme of Innovation, leading to substantial reforms to our profit structure. In a continuously low-interest-rate environment, our primary focus has been on enhancing non-interest income, including revenues derived from corporate services and financial assets under custody. This approach has enabled us to establish a resilient profit framework that can adapt to interest rate fluctuations.

In terms of service channel innovation, we have improved digital platforms, such as the Gungin App and the Business Portal for corporate customers, providing more convenience to our customers. We have also accelerated digitalization by equipping all branches with tablets to boost operational productivity. Simultaneously, we have advanced initiatives to effectively integrate digital and direct sales strategies while diligently managing costs. These initiatives involve optimizing our branch network while maintaining a high quality of service for customers, and establishing Individual Consultation Plazas, which provide one-stop, high-value-added services on Saturdays, Sundays, and national holidays, not only within the Prefecture, but also outside it for the first time.

Through these efforts, we believe that we have made significant advancements in reforming our profit structure by enhancing non-interest income and improving expense efficiency.

Secondly, regarding human capital, we have implemented a job-based personnel system designed to visualize tasks and to ensure that qualified individuals are appointed to appropriate positions. We have laid a solid foundation for the new mid-term business plan, which includes strengthening external collaborations through multiple alliances and investing resources in new businesses and growth areas.

Looking back at the previous mid-term business plan, a significant highlight has been the execution of sales activities centered on our Purpose (hereinafter referred to as purpose-driven business), “By connecting the strands of resources, people, and generations, we weave better futures for our communities.” Since establishing this Purpose in 2021, we have successfully integrated purpose-driven business throughout the organization over the past three years. These business practices start by sharing goals that focus on understanding our customers’ thoughts and objectives. By engaging in business activities that emphasize the “connecting process,” I have consistently stressed the importance of delivering high-quality solutions to address the challenges faced by our customers and local communities. This approach involves leveraging the Bank’s management resources, such as services and information, beyond traditional financial functions, and I have been committed to executing it. As a result of these efforts, I have observed a significant improvement in our earning power over the past three years.

Changes in the external environment and recognition of challenges

■ Sudden increase in uncertainty about the future due to geopolitical risks and trade issues

The landscape surrounding banks is undergoing rapid transformation due to various factors, such as shrinking population, advancements in digital technology, increasing focus on sustainability, escalating labor shortage, and rising costs of raw materials.

In the financial sector, the Bank of Japan's decision to change its negative interest rate policy has facilitated a transition towards higher interest rates. This shift has intensified competition, particularly with the emergence of new financial services from various industries, significantly altering the business landscape.

Moreover, in April 2025, the United States announced the implementation of reciprocal tariffs on all countries and regions, sending shockwaves across the globe and further increasing uncertainties about the future.

In Gunma Prefecture, where secondary industries primarily in manufacturing play a significant role, the automobile sector is thriving, with supply chains concentrated around major manufacturers. Given the high proportion of finished vehicle exports to the United States, the potential for prolonged high tariffs can have further-reaching impacts on the entire supply chain than initially anticipated.

■ Understanding our customers and supporting the region with all available resources

How can we adapt to the recent shifts in the external environment as a financial institution? I believe that the experience of the 2008 financial crisis, often described as a "once-in-a-century crisis," offers valuable lessons. During that period, I served as General Manager at a branch. I was able to respond promptly to the needs and concerns of our customers even amidst the turmoil because I had always focused on communication and had a deep understanding of their business models.

From this experience, I have come to believe that a fundamental responsibility of bank employees is to thoroughly understand our customers' businesses, gather information from diverse perspectives, and feel confident in offering informed opinions on their business strategies.

Regional banks, committed to supporting local communities, have a critical mission to foster the sustainable growth of both our customers and the communities we serve. We will contribute to the development of the region by deepening our efforts in purpose-driven business and the connecting process we have developed over time, ensuring that we stay closely connected to our customers and continuously provide tailored services and solutions.

Gunma Bank's strategic focus for the next three years (new mid-term business plan "Growth with 'Purpose'")

■ Concentrating on deepening our commitment to purpose-driven business and building three ecosystems

Since April 2025, we have started implementing a new mid-term business plan titled "Growth with 'Purpose.'" This plan builds upon the precedents established over the past six years of innovation to develop management strategies and initiatives centered on our Purpose. The plan will accelerate sustainable growth within the region and the Gunma Bank Group, ensuring that the next three-year period becomes a pivotal time to achieve growth.

In the new mid-term business plan, "materiality" has been newly established as a priority issue for the realization of our Purpose. We will address these matters from a medium- to long-term perspective, confronting the challenges associated with achieving sustainable growth of our customers, the region, the Gunma Bank Group, and our executives and employees.

Furthermore, several strategic themes have been established under the basic policies, which aim to deepen our efforts in purpose-driven business developed to date and to create a virtuous cycle of social and economic values. Given the changes in the external environment, the needs and challenges faced by local customers have become increasingly diverse and complex. It is crucial to provide valuable services through proactive dialogue with customers, forming the basis of purpose-driven business, and to resolve the customers' issues while contributing to the Bank's financial performance. We believe that achieving both objectives must be prioritized for sustainable growth.

Additionally, in the new mid-term business plan, we strive to establish three sustainable regional economic zones (Ecosystems).

The first Ecosystem increases the sustainability of regional industries. Gunma Bank will collaborate with leading companies of the regional industry to offer support to companies facing business succession challenges, thereby promoting the sustainability of local industries. For instance, Gunma Regional Advanced Solution Partners, a subsidiary specializing in investment within the Gunma Bank Group, established the Gunma Green Growth Fund in March 2025 in partnership with a large local construction company to foster sustainable development in the regional construction sector. Through business succession initiatives facilitated by this fund, the aim is to support the restructuring and integration of the construction industry's value chain.

While enhancing the sustainability of existing industries is vital, it is equally important to foster the creation of new businesses and provide support to startups. Gunma Prefecture, as our base of operations, boasts a low risk of flood and earthquake disasters, and offers transportation advantages. We will leverage these regional characteristics to facilitate the establishment of new business opportunities and connect venture companies outside the region with local firms, thereby enhancing the sustainability of regional industries.

The second Ecosystem increases the productivity of regional business. Utilizing IT and digital transformation is crucial to enhance productivity. Therefore, we will assist local businesses in improving productivity levels and addressing human resource shortages by collaborating with external partners that possess specialized expertise in supporting digitalization, while also exploring the development of BPO business and other solutions for challenges that cannot be resolved through digital means.

The third Ecosystem enriches regional life. By utilizing data derived from deposit transactions and cashless services, we will provide valuable and timely information services tailored to the specific needs of each customer, ultimately expanding consumption within the region and benefiting both regional businesses and local residents.

We will build upon the foundations established during the previous mid-term business plan to further deepen our commitment to purpose-driven business and construct sustainable regional Ecosystems over the next three years.

■ Aiming for a new stage, simultaneously achieving four key goals. (Benefits for customers and the region, the Gunma Bank Group, employees, and shareholders and investors)

For the fiscal year ending March 2028, the final year of the new mid-term business plan, we have established a target for consolidated net income of 60.0 billion yen and ROE of 10%. While several megabanks and regional banks have also set ROE targets of 10% as their long-term goal, Gunma Bank has defined a clear three-year timeline leading up to the final year of the new mid-term business plan. To reach this new stage and fulfill the goals of our business plan by the final year, it is essential to deepen our commitment to purpose-driven business and build the three Ecosystems. These initiatives aim to foster consistent growth in our main businesses, particularly in profit on loans. We aspire to achieve an industry-leading ROE, driven by increased revenues from corporate services and financial assets under custody.

Furthermore, the new mid-term business plan aims to achieve four key objectives simultaneously for our stakeholders: our customers and the regions we serve, the Gunma Bank Group, our employees, and our shareholders and investors. By leveraging purpose-driven business as a foundation, we seek to address challenges and provide valuable services to our customers and the regions in which we operate. The results will be linked to the profit of Gunma Bank, and its increased profits will contribute to higher employee incomes. Moreover, when our customers are satisfied with our services, it boosts employee motivation. Companies that prioritize strong profitability and employee well-being are often highly regarded in the market, leading to favorable outcomes for shareholders and investors. To create this virtuous cycle, we must achieve these four goals simultaneously, which is a commitment we take seriously in fulfilling our Purpose.

Capital policy and shareholder returns

In February 2025, we revised our shareholder return policy from total shareholder return to dividend payout ratio and introduced a progressive dividend system. These changes were applied from the fiscal year ended March 31, 2025. Our objective is to deliver sustainable profit growth to shareholders and investors while consistently meeting their expectations.

Regarding our engagement with shareholders and investors, we have been participating more actively in Investor Relations and Shareholder Relations events. We have incorporated opinions and feedback obtained through our dialogue with institutional investors and analysts into our strategic policies.

For example, the “CEO Message” videos on our website explain our financial results and mid-term business plan in English. These videos were created following a recommendation from an analyst at a foreign-affiliated company to publish a brief five-minute video in an easily accessible location on our website. This initiative has substantially increased awareness of Gunma Bank among numerous overseas institutional investors, thereby enhancing our corporate value.

The financial results for the fiscal year ended March 31, 2025, show that various initiatives undertaken over the past six years have produced positive outcomes. We are confident that a solid foundation has been established for the successful execution of the new mid-term business plan. All members of Gunma Bank are committed to working together to further enhance corporate value through the execution of initiatives that take us to higher levels, aligned with our Purpose.

Basic agreement for the business integration with Daishi Hokuetsu Financial Group

■ Background regarding this integration

Gunma Bank and Daishi Hokuetsu Financial Group (hereinafter referred to as Daishi Hokuetsu FG) have reached a basic agreement for a business integration scheduled for April 2027.

The background for this integration is rooted in our participation in the TSUBASA Alliance in 2020. Following this involvement, we recognized the potential for a partnership, given our geographical proximity and the ability to leverage each bank’s regional characteristics. In December 2021, the Gunma Daishi Hokuetsu Alliance was formed, further strengthening our relationship.

Over the nearly three years since forming the alliance, Gunma Bank has significantly exceeded initial expectations by achieving the planned collaborative benefits ahead of schedule. This success can be attributed to the distinct nature of our business territories and strengths of the two companies, which complement each other and create synergistic effects.

Meanwhile, various environmental changes have been accelerating, including a shrinking population, advancements in digital transformation, and an increasing focus on sustainability. The financial sector has also been experiencing a shift back to higher interest rates. Consequently, the landscape surrounding financial institutions, along with the challenges faced by customers and local communities, has become increasingly diverse and complex.

In light of these changing conditions, we have concluded that reaching this basic agreement is essential for pursuing new growth strategies. As leading banking groups in Gunma and Niigata Prefectures, the integration aims to advance toward becoming a new financial group among the top regional banks in terms of both management scale and quality.

■ Aiming for maximization of growth synergies

The primary objective of the business integration is to maximize growth synergies. We represent leading banking groups based in Gunma and Niigata Prefectures, and by leveraging our respective strengths, we aim to expand our operating territory from Niigata to the Tokyo metropolitan area and international markets. By uniting our customer bases, we seek to enhance growth, thereby further improving profitability and corporate value. This integration represents a unique approach that has not been previously observed in regional bank reorganizations.

During a recent press conference, I expressed our aspiration by stating, “We aim to enhance the scale and quality of management to create a new financial group that ranks among the top regional banks.” As required by the Tokyo Stock Exchange, Gunma Bank has demonstrated outstanding performance as a regional bank by focusing on management with an awareness of capital cost and stock price. However, through engagement with international institutional investors, it has become evident that scale, not just quality, is a crucial determinant of corporate value.

The forthcoming business integration will allow both companies to collaborate and complement each other’s expertise and strengths, ultimately delivering higher-value-added products and services to a broader customer base across multiple regions, while addressing diverse needs and challenges. Furthermore, as our capital base grows, our capacity for risk-taking will increase, enabling us to explore dynamic inorganic strategies, including the establishment of new ventures in non-financial sectors and potential mergers and acquisitions.

This business integration will also enhance operational efficiencies. In accordance with the basic agreement, Gunma Bank announced its intention to transition to the TSUBASA core banking system, which is scheduled for implementation after January 2029. By integrating with Daishi Hokuetsu FG, which already utilizes this system, we will be able to standardize business subsystems and applications, facilitating the unification and streamlining of back-office operations that were previously unattainable through the alliance.

Looking ahead, we will work together to demonstrate our superiority in scale, network, and information connectivity, capitalizing on our individual strengths. To maximize synergies and ensure the sustainable development of our customers, the region, and both companies, we are committed to leading this integration to success.

Assuming the business integration process progresses smoothly, we will become one integrated company by FY2027, the final year of the new mid-term business plan. We will implement management with an awareness of capital cost, enhance corporate value, and embrace this transitional period with full readiness.

We sincerely appreciate your continued support and look forward to your ongoing cooperation.

July 2025

Akihiko Fukai
President



Consolidated Financial Review

Performance

The Gunma Bank Group comprises six consolidated subsidiaries, two unconsolidated subsidiaries accounted for by the equity method, and one affiliated company accounted for by the equity method. The consolidated business results were as follows.

During the fiscal year, total assets decreased by ¥261.0 billion to ¥10,557.1 billion, while liabilities decreased by ¥250.8 billion to ¥9,994.2 billion. Net assets decreased by ¥10.1 billion to ¥562.9 billion.

Ordinary income increased by ¥20,079 million from the previous fiscal year to ¥220,435 million, mainly due to increases in interest income (interest on loans and discounts, etc.). Ordinary expenses increased by ¥1,838 million from the previous fiscal year to ¥158,405 million, mainly due to an increase in interest expenses (interest on deposits, etc.).

As a result, ordinary profit increased by ¥18,240 million from the previous fiscal year to ¥62,029 million. In

addition, profit attributable to owners of parent increased by ¥12,774 million from the previous fiscal year to ¥43,900 million.

Consolidated Capital Adequacy Ratio (BIS Standards)

	As at March 31, 2024	As at March 31, 2025
1. Consolidated total capital ratio (4/7)	14.86%	13.12%
2. Consolidated Tier 1 ratio (5/7)	13.79%	12.61%
3. Consolidated Common Equity Tier 1 ratio (6/7)	13.52%	12.13%
4. Total capital (consolidated)	570.6	541.4
5. Tier 1 capital (consolidated)	529.5	520.2
6. Common Equity Tier 1 capital (consolidated)	519.5	500.2
7. Risk weighted assets	3,840.1	4,123.4
8. Total Capital requirements (consolidated)	307.2	329.8
9. Consolidated leverage ratio	5.82%	5.52%

Billions of yen

Consolidated Balance Sheets

As at March 31,	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2025	2025
Assets			
Cash and due from banks	¥ 1,844,728	¥ 1,276,230	\$ 8,535,520
Monetary claims bought	—	4,413	29,517
Trading account securities	268	166	1,115
Money held in trust	12,251	10,460	69,957
Securities	2,290,971	2,191,379	14,656,094
Loans and bills discounted	6,406,055	6,769,338	45,273,798
Foreign exchanges	8,445	18,059	120,785
Lease receivables and investment assets	63,506	71,607	478,918
Other assets	109,746	113,812	761,183
Property and equipment	64,772	64,380	430,584
Intangible assets	8,162	7,621	50,973
Net defined benefit asset	40,728	48,972	327,531
Deferred tax assets	1,335	6,094	40,761
Customers' liabilities for acceptances and guarantees	8,609	8,494	56,810
Allowance for loan losses	(41,366)	(33,858)	(226,444)
Total assets	<u>¥10,818,218</u>	<u>¥10,557,174</u>	<u>\$ 70,607,106</u>
Liabilities			
Deposits	¥ 8,477,662	¥ 8,627,167	\$ 57,699,088
Call money and bills sold	40,880	5,233	35,000
Payables under repurchase agreements	136,841	113,982	762,325
Payables under securities lending transactions	283,947	37,236	249,039
Borrowed money	1,122,729	1,041,365	6,964,723
Foreign exchanges	341	452	3,029
Bonds payable	50,000	40,000	267,522
Borrowed money from trust account	13,575	13,635	91,197
Other liabilities	95,309	98,104	656,128
Provision for directors' bonuses	61	77	516
Net defined benefit liability	342	336	2,247
Provision for directors' retirement benefits	140	110	736
Provision for reimbursement of deposits	154	—	—
Provision for contingent loss	915	1,002	6,706
Reserves under special laws	0	1	8
Deferred tax liabilities	6,708	—	—
Deferred tax liabilities for land revaluation	6,902	7,036	47,063
Acceptances and guarantees	8,609	8,494	56,810
Total liabilities	<u>10,245,122</u>	<u>9,994,237</u>	<u>66,842,144</u>
Net assets			
Capital stock	48,652	48,652	325,389
Capital surplus	29,587	29,581	197,845
Retained earnings	452,960	472,175	3,157,939
Treasury shares	(17,146)	(14,639)	(97,909)
Total shareholders' equity	<u>514,053</u>	<u>535,769</u>	<u>3,583,265</u>
Valuation difference on available-for-sale securities	23,617	(8,165)	(54,613)
Deferred gains or losses on hedges	942	(581)	(3,891)
Revaluation reserve for land	12,593	12,251	81,941
Remeasurements of defined benefit plans	21,889	23,663	158,260
Total accumulated other comprehensive income	<u>59,041</u>	<u>27,167</u>	<u>181,697</u>
Total net assets	<u>573,095</u>	<u>562,937</u>	<u>3,764,962</u>
Total liabilities and net assets	<u>¥10,818,218</u>	<u>¥10,557,174</u>	<u>\$ 70,607,106</u>

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

	Millions of yen		Thousands of U.S. dollars (Note 2)
Years ended March 31,	2024	2025	2025
Income			
Interest income:			
Interest on loans and discounts	¥ 68,882	¥ 80,302	\$ 537,066
Interest and dividends on securities	35,820	47,665	318,793
Other interest income	1,104	4,437	29,680
Trust fees	37	22	152
Fees and commissions	28,239	29,557	197,679
Other ordinary income	33,504	34,567	231,188
Other income	32,977	24,050	160,851
Total income	200,566	220,603	1,475,412
Expenses			
Interest expenses:			
Interest on deposits.....	5,309	12,891	86,217
Interest on call money and borrowing	4,550	2,311	15,459
Other interest expenses	29,919	35,071	234,560
Fees and commissions payments	9,129	9,749	65,205
Other ordinary expenses	53,003	40,537	271,120
General and administrative expenses	51,547	51,897	347,090
Other expenses	4,123	6,754	45,173
Total expenses	157,584	159,212	1,064,827
Profit before income taxes	42,982	61,390	410,584
Income taxes:			
Current	11,850	15,185	101,564
Deferred	6	2,304	15,413
Profit	31,125	43,900	293,606
Profit attributable to owners of parent	¥ 31,125	¥ 43,900	\$ 293,606
	Yen		U.S. dollars
Per share amounts			
Profit – primary	¥ 78.43	¥113.82	\$ 0.76

Diluted earnings per share of common stock for the fiscal year ended March 31, 2025 and 2024 are omitted as there are no dilutive shares.

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Years ended March 31,	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2025	2025
Profit	¥ 31,125	¥ 43,900	\$ 293,606
Other comprehensive income			
Valuation difference on available-for-sale securities	25,818	(32,384)	(216,586)
Deferred gains or losses on hedges	691	(1,523)	(10,191)
Revaluation reserve for land	—	(201)	(1,348)
Remeasurements of defined benefit plans	14,870	1,774	11,865
Share of other comprehensive income of entities accounted for by the equity method	719	600	4,018
Total other comprehensive income	42,099	(31,734)	(212,244)
Comprehensive income	73,225	12,165	81,362
(Details)			
Comprehensive income attributable to owners of parent	¥ 73,225	¥ 12,165	\$ 81,362

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 31, 2023	¥48,652	¥29,581	¥429,438	¥ (9,233)	¥498,439
Changes of items during the year					
Dividends of surplus	—	—	(8,033)	—	(8,033)
Profit attributable to owners of parent	—	—	31,125	—	31,125
Purchase of treasury shares	—	—	—	(8,001)	(8,001)
Disposal of treasury shares	—	5	—	88	94
Reversal of revaluation reserve for land	—	—	428	—	428
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	—	5	23,521	(7,913)	15,614
Balance as of March 31, 2024	¥48,652	¥29,587	¥452,960	¥(17,146)	¥514,053

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of March 31, 2023	¥ (2,920)	¥250	¥13,022	¥7,018	¥17,370	¥515,810
Changes of items during the year						
Dividends of surplus	—	—	—	—	—	(8,033)
Profit attributable to owners of parent	—	—	—	—	—	31,125
Purchase of treasury shares	—	—	—	—	—	(8,001)
Disposal of treasury shares	—	—	—	—	—	94
Reversal of revaluation reserve for land	—	—	—	—	—	428
Net changes of items other than shareholders' equity	26,538	691	(428)	14,870	41,670	41,670
Total changes of items during the year	26,538	691	(428)	14,870	41,670	57,285
Balance as of March 31, 2024	¥23,617	¥942	¥12,593	¥21,889	¥59,041	¥573,095

The accompanying notes are an integral part of these statements.

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 31, 2024	<u>¥48,652</u>	<u>¥29,587</u>	<u>¥452,960</u>	<u>¥(17,146)</u>	<u>¥514,053</u>
Changes of items during the year					
Dividends of surplus	—	—	(12,407)	—	(12,407)
Profit attributable to owners of parent	—	—	43,900	—	43,900
Purchase of treasury shares	—	—	—	(10,003)	(10,003)
Disposal of treasury shares	—	35	—	51	86
Retirement of treasury shares	—	(41)	(12,417)	12,459	—
Reversal of revaluation reserve for land	—	—	139	—	139
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	<u>—</u>	<u>(5)</u>	<u>19,214</u>	<u>2,507</u>	<u>21,716</u>
Balance as of March 31, 2025	<u>¥48,652</u>	<u>¥29,581</u>	<u>¥472,175</u>	<u>¥(14,639)</u>	<u>¥535,769</u>

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of March 31, 2024	<u>¥ 23,617</u>	<u>¥942</u>	<u>¥ 12,593</u>	<u>¥21,889</u>	<u>¥ 59,041</u>	<u>¥573,095</u>
Changes of items during the year						
Dividends of surplus	—	—	—	—	—	(12,407)
Profit attributable to owners of parent	—	—	—	—	—	43,900
Purchase of treasury shares	—	—	—	—	—	(10,003)
Disposal of treasury shares	—	—	—	—	—	86
Reversal of revaluation reserve for land	—	—	—	—	—	139
Net changes of items other than shareholders' equity	<u>(31,783)</u>	<u>(1,523)</u>	<u>(341)</u>	<u>1,774</u>	<u>(31,874)</u>	<u>(31,874)</u>
Total changes of items during the year	<u>(31,783)</u>	<u>(1,523)</u>	<u>(341)</u>	<u>1,774</u>	<u>(31,874)</u>	<u>(10,158)</u>
Balance as of March 31, 2025	<u>¥ (8,165)</u>	<u>¥(581)</u>	<u>¥ 12,251</u>	<u>¥23,663</u>	<u>¥ 27,167</u>	<u>¥562,937</u>

The accompanying notes are an integral part of these statements.

Thousands of U.S. dollars

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 31, 2024	<u>\$325,389</u>	<u>\$197,885</u>	<u>\$3,029,429</u>	<u>\$(114,678)</u>	<u>\$3,438,026</u>
Changes of items during the year					
Dividends of surplus	—	—	(82,982)	—	(82,982)
Profit attributable to owners of parent	—	—	293,606	—	293,606
Purchase of treasury shares	—	—	—	(66,900)	(66,900)
Disposal of treasury shares	—	238	—	341	580
Retirement of treasury shares	—	(278)	(83,049)	83,328	—
Reversal of revaluation reserve for land	—	—	935	—	935
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	<u>—</u>	<u>(39)</u>	<u>128,510</u>	<u>16,768</u>	<u>145,239</u>
Balance as of March 31, 2025	<u>\$325,389</u>	<u>\$197,845</u>	<u>\$3,157,939</u>	<u>\$(97,909)</u>	<u>\$3,583,265</u>

Accumulated other comprehensive income

	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
Balance as of March 31, 2024	<u>\$ 157,954</u>	<u>\$ 6,300</u>	<u>\$84,225</u>	<u>\$146,395</u>	<u>\$ 394,876</u>	<u>\$3,832,902</u>
Changes of items during the year						
Dividends of surplus	—	—	—	—	—	(82,982)
Profit attributable to owners of parent	—	—	—	—	—	293,606
Purchase of treasury shares	—	—	—	—	—	(66,900)
Disposal of treasury shares	—	—	—	—	—	580
Reversal of revaluation reserve for land	—	—	—	—	—	935
Net changes of items other than shareholders' equity	<u>(212,568)</u>	<u>(10,191)</u>	<u>(2,283)</u>	<u>11,865</u>	<u>(213,179)</u>	<u>(213,179)</u>
Total changes of items during the year	<u>(212,568)</u>	<u>(10,191)</u>	<u>(2,283)</u>	<u>11,865</u>	<u>(213,179)</u>	<u>(67,939)</u>
Balance as of March 31, 2025	<u>\$ (54,613)</u>	<u>\$ (3,891)</u>	<u>\$81,941</u>	<u>\$158,260</u>	<u>\$ 181,697</u>	<u>\$3,764,962</u>

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended March 31,	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2025	2025
Cash flows from operating activities			
Profit before income taxes	¥ 42,982	¥ 61,390	\$ 410,584
Depreciation	6,193	6,314	42,230
Impairment loss	787	318	2,127
Share of loss (profit) of entities accounted by the equity method	(141)	(81)	(548)
Increase (decrease) in allowance for loan losses	(4,601)	(7,508)	(50,217)
Increase (decrease) in provision for directors' bonuses	4	15	102
Decrease (increase) in net defined benefit asset	(23,764)	(8,244)	(55,137)
Increase (decrease) in net defined benefit liability	(16)	(5)	(40)
Increase (decrease) in provision for directors' retirement benefits	(26)	(30)	(206)
Increase (decrease) in provision for reimbursement of deposits	(110)	(154)	(1,030)
Increase (decrease) in provision for contingent loss	(10)	86	580
Interest and dividend income	(105,807)	(132,405)	(885,539)
Interest expenses	39,779	50,274	336,237
Loss (gain) related to securities	(5,719)	(8,493)	(56,807)
Loss (gain) on money held in trust	(0)	(11)	(80)
Foreign exchange losses (gains)	(1,505)	(2,900)	(19,400)
Loss (gain) on disposal of non-current assets	18	320	2,144
Net decrease (increase) in trading account securities	272	102	683
Net decrease (increase) in loans and bills discounted	(414,758)	(363,282)	(2,429,658)
Net increase (decrease) in deposits	258,420	146,171	977,604
Net increase (decrease) in negotiable certificates of deposit	(25,016)	3,334	22,300
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	195,736	(81,363)	(544,165)
Net decrease (increase) in due from banks (excluding deposits placed with Bank of Japan)	(11,136)	(5,950)	(39,798)
Net decrease (increase) in call loans	—	(4,413)	(29,517)
Net increase (decrease) in call money	12,171	(35,647)	(238,412)
Net increase (decrease) in payables under repurchase agreements	50,275	(22,858)	(152,878)
Net increase (decrease) in payables under securities lending transactions	(439,502)	(246,711)	(1,650,021)
Net decrease (increase) in foreign exchanges - assets	1,599	(9,614)	(64,300)
Net increase (decrease) in foreign exchanges - liabilities	3	111	743
Net decrease (increase) in lease receivables and investment assets	(2,952)	(8,100)	(54,179)
Net increase(decrease) in borrowed money from trust account	587	60	404
Interest and dividend received	108,367	133,536	893,098
Interest paid	(38,513)	(48,515)	(324,473)
Other - net	(28,661)	1	9
Subtotal	(385,043)	(584,258)	(3,907,561)
Income taxes paid	(9,480)	(12,852)	(85,956)
Net cash provided by (used in) operating activities	(394,524)	(597,110)	(3,993,518)
Cash flows from investing activities			
Purchases of securities	(830,733)	(937,339)	(6,268,993)
Proceeds from sales of securities	1,065,544	765,983	5,122,948
Proceeds from redemption of securities	185,624	230,386	1,540,842
Increase in money held in trust	(2,400)	—	—
Decrease in money held in trust	2	1,791	11,978
Purchases of property and equipment	(4,347)	(3,888)	(26,005)
Purchases of intangible assets	(2,941)	(2,170)	(14,515)
Proceeds from sales of property and equipment	252	195	1,306
Net cash provided by (used in) investing activities	411,002	54,957	367,561
Cash flows from financing activities			
Issuance of subordinated bonds	10,000	10,000	66,880
Redemption of subordinated bonds	(10,000)	(20,000)	(133,761)
Cash dividends paid	(8,021)	(12,378)	(82,791)
Purchases of treasury shares	(8,001)	(10,003)	(66,900)
Proceeds from sales of treasury shares	94	86	580
Net cash provided by (used in) financing activities	(15,929)	(32,295)	(215,992)
Net increase (decrease) in cash and cash equivalents	548	(574,448)	(3,841,949)
Cash and cash equivalents at beginning of the year	1,829,954	1,830,503	12,242,531
Cash and cash equivalents at end of the year	¥1,830,503	¥1,256,054	\$8,400,581

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

a. Basis of Presentation

The accompanying consolidated financial statements of The Gunma Bank, Ltd. (the "Bank") and its consolidated subsidiaries (the "Group") have been prepared from the accounts maintained by the Bank in accordance with the provisions set forth in the Banking Law, the Financial Instruments and Exchange Act of Japan and other applicable rules and regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain items have been reclassified from the original consolidated financial statements filed with the Prime Minister as required by the Financial Instruments and Exchange Act for the convenience of readers outside Japan. Certain prior year amounts have been reclassified to comply with the current year presentation.

b. Consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its significant subsidiaries. The number of consolidated subsidiaries as of March 31, 2025 is 6.

The remaining unconsolidated subsidiaries have been excluded from the scope of consolidation because, judging from their assets, ordinary profit, net income or loss (amounts corresponding to the Bank's equity interest), retained earnings (amounts corresponding to the Bank's equity interest) and accumulated other comprehensive income (amounts corresponding to the Bank's equity interest), they do not have a material effect on the accompanying consolidated financial statements.

As of March 31, 2025, the Bank has 2 unconsolidated subsidiaries, which are accounted by the equity method, and 1 affiliate, which is accounted by the equity method.

In reference to the consolidated subsidiaries' closing dates, six companies close accounts at the end of March.

c. Trading Account Securities

Trading securities purchased for trading purpose are stated at market value at the fiscal year end with its related cost of sales being determined mainly by the moving average method.

d. Securities

Securities are classified into four categories: trading, held-to-maturity bonds, equity of unconsolidated subsidiaries and affiliates or securities available for sale. Trading securities are carried at market value and held-to-maturity bonds are carried at amortized cost. Equity of unconsolidated subsidiaries and affiliates are stated at cost and accounted by the equity method, respectively. Marketable securities classified as securities available for sale are carried at market value with changes in unrealized holding gain or loss, net of the applicable income taxes, recorded as a component of net assets.

Stocks and others without a quoted market price are stated at acquisition cost and determined by the moving average method.

Securities comprising the trust asset in money held in trust which is solely managed primarily for the purpose of securities operations are stated at market value.

Regarding foreign currency-denominated available-for-sale debt securities, translation differences arising from changes in fair value are treated as valuation differences, and the remainder is treated as foreign exchange gains or losses.

e. Derivatives

Derivatives are stated at market value.

f. Non-current assets

(1) Property and equipment

Depreciation of Property and equipment of the Bank are computed by the straight line method.

The estimated useful lives principally applied are as follows.

Buildings	6 to 50 years
Equipment and furniture	3 to 20 years

Depreciation of Property and equipment of the consolidated subsidiaries are principally computed by the straight line method based on the estimated useful lives of the respective assets.

(2) Intangible assets

Intangible assets are depreciated using the straight line method. Software used internally is depreciated over its estimated useful life (mainly five years).

(3) Leased assets

Leased assets in "Property and equipment" subject to finance lease transactions other than those under which the title of the leased equipment is transferred to the lessee are depreciated using the straight line method assuming that the lease period is equal to the useful life. If a guarantee for residual value is prescribed by the lease contract, the residual value is equal to such guaranteed residual value; otherwise, the residual value is zero.

g. Foreign Currency Translation

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

h. Allowance for loan losses

An allowance for loan losses is provided in accordance with the internal guidelines regarding write-offs and allowance for loan losses.

- 1) For loans to debtors that are legally bankrupt under the Bankruptcy Law, Special Liquidation under the Commercial Code or other similar laws, and to debtors that are effectively in similar conditions, the allowance is provided at the amount of loan balance less the amount recoverable from the disposal of collateral and/or guarantees.
- 2) For loans to debtors that are not yet legally or substantially bankrupt but are likely to go bankrupt (the "potentially bankrupt debtors"), the allowance is provided at the amount deemed necessary against the credit balance less the amount recoverable from the disposal of collateral and/or guarantees (the "uncovered amount").
 - A For loans to large loan balance debtors with credit exceeding a certain amount, the allowance is provided at the amount calculated by the method whereby the amount of the allowance is set at the uncovered amount less the amount reasonably estimated recoverable from the cash flows ("cash flow deduction method").
 - B For loans to other debtors, the allowance is provided at the amount of losses expected to be incurred from the uncovered amount over the next three years. The amount of expected losses is determined by calculating the long-term average of the ratio of loan losses observed over three years in the past, with the addition of the adjustment based on the recent loan-loss ratio and other necessary adjustments.
- 3) For loans to debtors requiring careful management in the future, such as those with restructured loans (the "debtors requiring caution"), the allowance is provided at the amount deemed necessary against the loan balance.

A For loans to large loan balance debtors with credit exceeding a certain amount, the allowance is provided at the amount calculated by the method whereby the amount of the allowance is set at the difference between the sum of the reasonably estimated cash flows, discounted by the original contractual interest rate and the book value of the loan (the "DCF method").

B For loans to other debtors, the allowance is provided at the amount of losses expected to be incurred over the next three years. The amount of expected loss is determined by calculating the long-term average of the ratio of loan losses observed over three years in the past, with the addition of the adjustment based on the recent loan-loss ratio and other necessary adjustments.

- 4) For loans to debtors other than those in 1) to 3) above, the allowance is provided at the amount of losses expected to be incurred over the next year. The amount of expected loss is determined by calculating the long-term average of the ratio of loan losses observed over one year in the past, with the addition of the adjustment based on the recent loan-loss ratio and other necessary adjustments.

(Note)

Classification for the ratio of expected loss

The ratio of expected loss is calculated based on the ratio of loan losses, which is based on actual loan losses over a set period of time, and is classified into the following four categories: one category for normal debtors, two categories as described below for debtors requiring caution, and one category for potentially bankrupt debtors.

- The debtors requiring caution include those for whom all or part of the loans are substandard loans (loans past due for 3 months or more, or restructured loans) (the "substandard debtors") as well as those who modified contractual terms of loans, but are not considered substandard debtors because their loans are not regarded as restructured loans due to business improvement plans, etc.
- Loans to other debtors requiring caution

All credit is subject to self-assessment of assets by marketing related departments in accordance with the internal guidelines for the self-assessment of assets, and the results of the self-assessment are audited by the department in charge of asset auditing that is independent of the marketing-related departments.

Consolidated subsidiaries record a general reserve for loan losses by applying the historical loan-loss ratio observed over specific periods, and the specific reserve for certain loans at the estimated uncollectible amount based on an assessment of each debtor's ability to repay loans.

i. Provision for directors' bonuses

A provision is provided for the payments of bonuses to directors and the Board of Corporate Auditors Members at the amount of the estimated bonus payments corresponding to the end of the fiscal year.

j. Accounting method for retirement benefits

In calculating retirement benefit obligation, the Bank uses the benefit formula basis for the purpose of attributing expected retirement benefit payment to the period up to the end of the fiscal year. In addition, the accounting method for prior service cost and actuarial gain and loss is as follows:

Prior service cost

Prior service cost is amortized primarily by the straight line method over a fixed period (mainly 10 years) that is shorter than the average remaining service years of the eligible

Actuarial gain and loss

Actuarial gain and loss are amortized from the year following the occurrence primarily by the straight line method over a fixed period (mainly 10 years) that is shorter than the average remaining service years of the eligible employees.

Certain consolidated subsidiaries calculate liability for retirement benefits and retirement benefit expenses by the simplified method, whereby retirement benefit obligation is recognized at the amount that would be paid if eligible employees retired at the end of the fiscal year.

k. Provision for directors' retirement benefits

To prepare for the payment of retirement benefits to directors and the Board of Corporate Auditors Members, a reserve is provided at the amount deemed to have accrued at the end of the fiscal year (the estimated amount payable on the balance sheet date based on the bylaws) out of the estimated amount payable as retirement benefits to directors and the Board of Corporate Auditors Members.

l. Provision for reimbursement of deposits

A provision for reimbursement of deposits accounts is provided for the repayment of dormant deposits which are no longer recorded as liabilities, based on the estimated reimbursement losses that may be incurred should the deposits be withdrawn.

m. Provision for Contingent Loss

A provision for contingent loss is provided for the payment of charges related to the responsibility-sharing system to Credit Guarantee Corporations at the amount expected to be paid based on the past payment experience.

n. Reserves under Special Laws

Reserves under the special laws represents a reserve for financial products transaction liabilities and is provided for compensation for losses from securities-related accidents in the amount computed in accordance with Article 46-5 of the Financial Instruments and Exchange Act and Article 175 of the related cabinet ordinance.

o. Income Taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax basis of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to be reversed.

p. Earnings Per Share

Earnings per share was computed based on the profit available for distribution to shareholders and the number of shares of common stock outstanding during the fiscal year.

q. Hedge Accounting

Hedge Accounting for Interest Rate Risks

The Bank adopted the "Accounting and Auditing Treatment of Accounting Standard for Financial Instruments in the Banking Industry" (Practical Guidance No.24 by the Japanese Institute of Certified Public Accountants (JICPA) Industry-specific Special Committee, March 17, 2022; "Industry-specific Special Committee Practical Guidance No.24").

Under the Industry-specific Special Committee Practical Guidance No.24, the Bank applies the deferred method of hedge accounting for qualifying derivative instruments to mitigate the interest rate risks arising from various financial assets and liabilities.

Hedge effectiveness is assessed for each designated group of hedged items (such as deposits) and the corresponding group of hedging instruments (such as interest rate swaps). Both of the hedged items and hedging instruments are grouped based on their durations and compared for the testing of effectiveness.

In addition to the above, the Bank applies exceptional treatment for certain interest swap contracts that meet the criteria for the exceptional treatment, under which eligible interest rate swap contracts are accounted for on an accrual basis.

Hedge Accounting for Foreign Exchange Risks

For foreign exchange risks arising from financial assets and liabilities denominated in foreign currencies, the Bank adopted the "Accounting and Auditing Treatment of Accounting for Foreign Currency Denominated Transactions, etc. in the Banking Industry" (Practical Guidance No.25 by the JICPA Industry-specific Special Committee, October 8, 2020; "Industry-specific Special Committee Practical Guidance No.25"). Under the Industry-specific Special Committee Practical Guidance No.25, the Bank applies the deferred method of hedge accounting.

The Bank enters into currency-swaps and foreign exchange swaps to mitigate the foreign exchange risks arising from financial assets and liabilities denominated in foreign currencies and assesses, both at the hedge's inception and on an ongoing basis, whether these derivatives are highly effective in offsetting changes in cash flows of hedged items (financial assets and liabilities). Hedge effectiveness is assessed by ensuring that the foreign currency position of the hedging instruments that are designated to hedge foreign exchange risk of the foreign currency-denominated receivables and payables exceeds that of the hedged foreign currency-denominated receivables and payables.

In addition, for available-for-sale securities (except for bonds) denominated in foreign currencies, the Bank applies the fair value hedge accounting for a portfolio hedge on the conditions that the issues of foreign currency denominated securities are designated as hedged items in advance and that the amount of foreign currency payables of spot and forward foreign exchange contracts exceeds the amount of acquisition cost of the hedged items denominated in foreign currencies.

r. Recognition for Income and Expenses

Income and expenses associated with finance lease transactions are recognized when lease fees are receivable and payable.

s. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows consist of cash and deposit with the Bank of Japan which are included in "Cash and due from banks" on the consolidated balance sheets.

(Significant accounting estimates)

Of the items for which amounts based on accounting estimates were recorded in the consolidated financial statements for the fiscal year ended March 31, 2025, the following items may have a material impact on the consolidated financial statements for the fiscal year ended March 31, 2026.

Allowance for loan losses

- (1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2024 and 2025.

Allowance for loan losses as of March 31, 2024	¥41,366 million
Allowance for loan losses as of March 31, 2025	¥33,858 million U.S.\$226,444 thousand

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

1) Calculation method

The calculation method for allowance for loan losses is presented in Notes to Consolidated Financial Statements 1. Summary of Significant Accounting Policies.

2) Major assumptions

Major assumption is the "outlook for debtors' future business performance used to determine the debtor classification." The "outlook for debtors' future business performance used to determine the debtor classification" is established through the individual evaluation of each debtor's business characteristics, financial condition, cash

flow, and earning generating ability, among other factors. In addition, for large loan balance debtors, whose substantial deterioration in business performance will increase the uncertainty about the Bank's financial results, future cash flows are individually estimated using the DCF method or the cash flow deduction method, and allowance for loan losses is recognized. Among them, Reasonable estimates of future cash flows are used in the DCF method and the cash flow deduction method. Reasonable estimates of future cash flows:

- The estimated amount recoverable in case of a radical and feasible business improvement plan or the like and this amount can be reasonably estimated
- The estimated amount recoverable with reference to factors such as past repayments

- 3) Impact on the consolidated financial statements for the next fiscal year ending March 31, 2026.

If the assumptions used for calculating the original estimates change due to factors such as changes in the business performance of individual debtors, then this may have a significant impact on allowance for loan losses in the consolidated financial statements for the fiscal year ending March 31, 2026.

(Accounting standards. etc. not yet effective)

- 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), etc.

(1) Overview

The Accounting Standards Board of Japan has been working to align Japanese standards with international standards. As part of this initiative, they have developed and issued accounting standards for leases that recognize assets and liabilities for all leases by lessees, based on international accounting standards. As a fundamental policy, these standards are based on the single accounting model of IFRS 16. However, instead of including all provisions of IFRS 16, they incorporate only the main provisions, aiming to establish lease accounting standards that are simple, user-friendly, and generally require no modifications when applied to non-consolidated financial statements using IFRS16 provision.

For the lessee's accounting treatment concerning the method of expense distribution for leases, similar to IFRS 16, a single accounting model applies to all leases, regardless of whether they are finance leases or operating leases. Under this model, depreciation for right-of-use assets and interest expense for lease liabilities are recognized.

(2) Scheduled date of application

The Bank plans to apply the accounting standard and related implementation guidance from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of application of this accounting standard, etc.

The impact of the application of the "Accounting Standard for Leases," etc. on the consolidated financial statements is currently under evaluation.

2. Yen and U.S. Dollar Amounts

The Bank maintains its accounting records in yen. The yen amounts included in the accompanying consolidated financial statements are stated in millions of yen, truncating amounts of less than one million yen. Therefore, the totals or subtotals presented in the accompanying consolidated financial statements may not always add up to the sum of the respective account balances. “—” is used to denote nil and “0” is used to denote rounding down to zero.

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥149.52 = U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2025, has been used. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

3. Loans and Bills Discounted

- (1) Loans based on the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. Loans refer to the following items listed on the consolidated balance sheets: corporate bonds shown under “Securities” (limited to bonds for which all or part of the redemption of principal and the payment of interest are guaranteed, and the issuance of the corporate bond takes place via private offering of the securities in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act); loans and bills discounted; foreign exchanges; items recorded in each account under “Other assets” such as accrued interest, suspense payments and customers’ liabilities for acceptances and guarantees; available-for-sale securities indicated in the notes in case of loan of securities (limited to those under a loan-for-use or lease agreement).

	Millions of yen		Thousands of U.S. Dollars
	2024	2025	2025
Loans to bankrupt and substantially bankrupt debtors.....	¥29,228	¥24,016	\$160,621
Loans with collection risk.....	36,684	35,933	240,322
Loans past due for 3 months or more.....	6,385	5,582	37,333
Restructured loans.....	35,778	28,277	189,121
Total.....	¥108,076	¥93,808	\$627,399

Loans to bankrupt and substantially bankrupt debtors refer to loans held by debtors who have fallen into bankruptcy due to having initiated bankruptcy procedures, reorganization procedures, or filed applications to begin rehabilitation procedures, and other similar loans.

Loans with collection risk refer to loans that are not classified as Loans to bankrupt and substantially bankrupt debtors and in which the debtor has not yet fallen into bankruptcy, but their financial situation and business performance have worsened such that there is a high risk that the principal will not be redeemed, and interest will not be received according to contractual terms of loan.

Loans past due for 3 months or more refer to loans and bills discounted that are not classified as either loans to bankrupt and substantially bankrupt debtors or Loans with collection risk, and for which the repayment of principal or interest has been delayed by three months or more from the day after the agreed-upon payment date.

Restructured loans refer to loans and bills discounted that are not classified as loans to bankrupt and substantially bankrupt debtors, loans with collection risk, or loans past due for 3 months or more, and for which the terms of the loan have been restructured to the benefit of the debtor with the goal of reorganizing the debtor’s management or supporting the debtor by means such as the reduction or waiving of interest, the deferment of interest payments, the deferment of principal repayment, and debt forgiveness.

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

- (2) Bills discounted are accounted for as financial transactions in accordance with Industry-specific Special Committee Practical Guidance No.24. The Bank has rights to sell or pledge bank acceptances bought, commercial bills discounted, documentary bills and foreign exchange bought without restrictions. Their total face value as of March 31, 2024 and 2025 were ¥20,553 million and ¥12,716 million (U.S.\$85,047 thousand), respectively.

4. Loan Commitments

Contracts of overdraft facilities and loan commitments are contracts that require the Bank to extend credit to customers up to the prescribed limits in response to customers’ application of loan as long as there is no violation of any condition in the contracts. The unused amount relating to these contracts within the limits was ¥1,350,855 million, ¥1,394,274 million (U.S.\$9,325,000 thousand), respectively at March 31, 2024 and 2025. ¥1,260,473 million, ¥1,304,691 million (U.S. \$8,725,868 thousand), respectively, at March 31, 2024 and 2025 out of these unused balances were for the contracts of which original contractual term are one year or less, or unconditionally cancelable at any time.

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

5. Financial Instruments

- (1) The financial instruments and related disclosures
- a. Policy for financial instruments*
- The Group provides mainly banking services and other financial services including leasing. The Bank engages in fund management including investment in securities and funding in the call market, in addition to the business of accepting deposits and negotiable certificates of deposit as well as provision of loans. With its financial assets and liabilities exposed to interest rate risk, the Bank adopts asset liability management (ALM) to avoid incurring unexpected loss due to fluctuations in interest rates. Thus, the Bank’s

derivative transactions are not only intended to provide solutions to customers' financial needs, but also to conduct ALM within the Bank.

There are the Bank's consolidated subsidiaries that engage in leasing business or securities business.

b. Nature and extent of risks arising from financial instruments

Financial assets held by the Group comprise mainly loans to clients, which are exposed to credit risk. The Group's financial assets also include securities such as stocks and bonds, which are exposed to credit risk of the issuing entities as well as the risk of market price fluctuations.

Assets and liabilities in the forms of loans, bonds and deposits are exposed to interest rate risk, which is partially hedged by interest rate swap transactions. Likewise foreign currency denominated loans and bonds involve foreign currency exchange fluctuation risk, which is mitigated by making it a rule to match the currency of investment and financing, or hedged by the use of currency swap transactions.

Call money and borrowed money, etc. are exposed to cash flow risk, involving inability to settle payments on due dates as a result of the unavailability of market under certain circumstances.

The Bank conducts derivative transactions including interest rate swaps and currency-swaps in an effort to accommodate clients' financial needs, and as part of the Bank's ALM effort. Besides, the Bank engages in proprietary derivative trading with the purpose to earn short-term spread, subject to risk management including the setting of certain position limits and maximum allowable losses, in an effort to prevent losses in excess of certain threshold.

The Bank applies hedge accounting. The Bank confirms that for hedges of interest rate to which exceptional treatment of interest rate swap is applied, the conditions for exceptional treatment are met and that for hedges of the foreign currency exchange fluctuation risk, foreign currency position exceeds the hedged instruments.

c. Risk management for financial instruments

The Bank has formulated the Basic Policy of Risk Management and ancillary rules concerning risks, along with the following structure to enforce adequate risk management.

1) Credit risk management

The Bank has established its credit management structure based on the internal rules concerning credit risks, including the Credit Guideline and the Basic Rules for Credit Risk Management.

Provision of loans and other credit facilities involves credit risk management such as individual credit review, post-origination credit control including the utilization of Debtor Rating System and self assessment, handling of problem loans and monitoring of the credit concentration in particular sectors in loan portfolios.

Credit risks associated with securities investment and market transactions are managed by capturing fair value and credit rating.

Primary credit risk management tools such as credit rating system, self-assessment of the Bank's asset, write-off /reserve provisioning, are developed and examined by Risk Management Department which is independent of the business promotion division and the screening division, and checked by Inspection & Audit Department, for the purpose of proper check and balance. Executive Committee and the Board of Directors are updated on the latest risk situation regularly and as appropriate.

2) Market risk management

Risk management structure is in place, based on the internal rules concerning market risks including the Basic Rules of Market Risk Management.

For market transactions, the department in charge of market transactions is structured in such a way that they check each other: the Treasury & Securities Department serves as the front office department in charge of transactions, whereas the Financial Markets & International Department serves as the middle-office and back-office department in charge of risk management and administrative processing.

In addition, the Bank establishes the risk tolerance and the risk management criteria, conducts monitoring, and reports the monitored information to the ALM & Profit Management Committee via the Risk Management Department.

The principal financial instruments that expose the Bank to market risk include loans, deposits, securities and derivative transactions. In order to monitor the degree of market risk exposure of these financial instruments and financial obligations, the Bank employs the VaR technique as a uniform indicator tool.

It applies the historical-simulation method to the computation of VaR. Its VaR model uses a 99.9% confidence level and a 5-years observation period, with various holding periods depending on the holding purposes.

The total amount of value at risk (VaR) for the Bank as of March 31, 2024 and 2025 was ¥166,996 million ¥211,912 million (U.S. \$ 1,417,281 thousand), respectively.

The Bank conducts back tests by comparing the VaR derived from its measuring model and actual gains or losses, in order to confirm that its measuring model captures the market risk with sufficient adequacy. It should be noted that the VaR represents the amount of market risk under the condition of a certain event probability which was statistically calculated based on historical market fluctuations; therefore the model may not be able to capture sufficiently the risk associated with financial instruments in market turmoil that exceeds historical levels of market fluctuations.

3) Liquidity risk management

Risk management structure is in place, based on the internal rules concerning liquidity risks including the Basic Rules of Liquidity Risk Management.

With respect to liquidity risk, the ALM & Profit Management Committee, which is convened each month, takes every precaution by identifying and analyzing the cash flow status, the balance between investing and funding, interest rate movements and other factors. With respect to cash flow risk, the Bank determines the department in charge of cash flow management, which rigorously manages cash flow periodically (e.g., daily, weekly, monthly) including its overseas bases.

We have also prepared a Contingency Plan to prepare against emergencies, and are taking every precaution including developing systems that enable us to respond appropriately to a wide range of scenarios.

d. Supplementary explanations on fair value of financial instruments

Fair value of financial instruments is measured based on certain assumptions, and the value might differ if different assumptions are used. In addition, the contract amount of the derivative transactions does not represent the market risk of the derivative transactions.

(2) Fair value of financial instruments

The carrying value on the consolidated balance sheet and fair value of financial instruments as of March 31, 2024 and 2025 as well as the differences between these values are described below.

Stocks and others without a quoted market price and Investments in limited partnerships are not included in the following table (see Note1). In addition, Cash and due from banks and Payables under securities lending transaction, Payables under repurchase agreements are omitted since these instruments are mainly settled in the short term and the fair values approximate the book values.

	Millions of yen		
	2024		
	Carrying Value	Market Value	Differences
1. Securities			
Held-to-maturity bonds	¥ 41,058	¥ 41,652	¥ 594
Available-for-sale	2,209,345	2,209,345	—
2. Loans and bills discounted	6,406,055		
Allowance for loan losses	(37,020)		
	6,369,035	6,386,129	17,094
Total assets	¥8,619,438	¥8,637,127	¥17,688
1. Deposits	¥8,303,258	¥8,303,264	¥ 6
2. Negotiable certificates of deposit	174,403	174,403	—
3. Borrowed money	1,122,729	1,122,729	—
Total liabilities	¥9,600,391	¥9,600,397	¥ 6
Derivative transaction			
Derivatives to which hedge accounting is not applied	¥ 214	¥ 214	¥ —
Derivatives to which hedge accounting is applied	(31,451)	(31,451)	—
Total derivatives	¥ (31,236)	¥ (31,236)	¥ —
	Millions of yen		
	2025		
	Carrying Value	Market Value	Differences
1. Securities			
Held-to-maturity bonds	¥ 71,903	¥ 70,914	¥ (988)
Available-for-sale	2,076,461	2,076,461	—
2. Loans and bills discounted	6,769,338		
Allowance for loan losses	(30,342)		
	6,738,995	6,729,423	(9,572)
Total assets	¥8,887,359	¥8,876,798	¥(10,561)
1. Deposits	¥8,449,429	¥8,447,086	¥ (2,342)
2. Negotiable certificates of deposit	177,738	177,738	—
3. Borrowed money	1,041,365	1,041,365	—
Total liabilities	¥9,668,533	¥9,666,190	¥ (2,342)
Derivative transaction			
Derivatives to which hedge accounting is not applied	¥ 9	¥ 9	¥ —
Derivatives to which hedge accounting is applied	(12,435)	(12,435)	—
Total derivatives	¥ (12,426)	¥ (12,426)	¥ —

	Thousands of U.S. dollars		
	2025		
	Carrying Value	Market Value	Differences
1. Securities			
Held-to-maturity bonds	\$ 480,893	\$ 474,280	\$ (6,612)
Available-for-sale	13,887,513	13,887,513	—
2. Loans and bills discounted	45,273,798		
Allowance for loan losses	(202,935)		
	45,070,863	45,006,842	(64,021)
Total assets	\$59,439,270	\$59,368,636	\$(70,634)
1. Deposits	\$56,510,364	\$56,494,696	\$(15,668)
2. Negotiable certificates of deposit	1,188,724	1,188,724	—
3. Borrowed money	6,964,723	6,964,723	—
Total liabilities	\$64,663,812	\$64,648,143	\$(15,668)
Derivative transaction			
Derivatives to which hedge accounting is not applied	\$ 63	\$ 63	\$ —
Derivatives to which hedge accounting is applied	(83,172)	(83,172)	—
Total derivatives	\$ (83,108)	\$ (83,108)	\$ —

(Note 1)

Stocks and others without a quoted market price and Investments in partnerships and others

The following are the consolidated balance sheet amounts of Stocks and others without a quoted market price, and Investments in limited partnerships. These amounts are not included Available-for-sale in fair value information of financial instruments.

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Non-listed stocks	¥ 4,753	¥ 5,411	\$ 36,194
Investments in limited partnerships	35,814	37,603	251,492

Non-listed stocks are not subject to disclosure of the fair value in accordance with Article 5 of Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No.19, March 31, 2020).

Investments in limited partnerships are not subject to disclosure of the fair value in accordance with Article 27 of Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No.31, June 17, 2021)

(Note 2)

Redemption schedules for monetary claims and securities with maturity after the fiscal year-end

	Millions of yen					
	2024					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 year to 5 years	Due from 5 year to 7 years	Due from 7 year to 10 years	Due after 10 years
Securities	¥ 110,303	¥ 233,225	¥ 297,290	¥ 296,642	¥ 502,385	¥ 553,912
Held-to-maturity securities	3,194	5,930	6,921	6,737	18,275	—
National government bonds	—	—	—	—	—	—
Local government bonds	2,586	5,173	6,728	6,728	18,275	—
Corporate bonds	607	757	193	9	—	—
Others	—	—	—	—	—	—
Available-for-sale securities with maturity	107,109	227,294	290,368	289,905	484,109	553,912
National government bonds	—	—	—	55,000	199,000	70,000
Local government bonds	67,627	141,285	197,056	190,470	132,895	3,699
Corporate bonds	18,154	23,776	18,698	3,311	126,749	—
Others	21,327	62,232	74,613	41,123	25,464	480,212
Loans and bills discounted	1,494,064	1,042,033	930,666	586,184	604,023	1,652,968
Total	¥1,604,368	¥1,275,259	¥1,227,956	¥882,826	¥1,106,408	¥2,206,881

Millions of yen						
2025						
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 year to 5 years	Due from 5 year to 7 years	Due from 7 year to 10 years	Due after 10 years
Securities	¥ 110,747	¥ 256,516	¥ 384,663	¥273,035	¥337,318	¥ 523,655
Held-to-maturity securities	4,890	10,366	12,328	12,082	32,235	—
National government bonds	—	—	—	—	—	—
Local government bonds	4,348	9,667	12,070	12,070	32,235	—
Corporate bonds	541	699	257	11	—	—
Others	—	—	—	—	—	—
Available-for-sale securities with maturity	105,856	246,149	372,335	260,952	305,083	523,655
National government bonds	—	—	40,000	48,000	62,000	60,000
Local government bonds	68,279	160,343	211,746	152,938	86,237	3,012
Corporate bonds	14,665	26,085	14,514	811	119,960	—
Others	22,911	59,720	106,074	59,203	36,885	460,643
Loans and bills discounted	1,708,152	1,149,389	1,012,511	516,480	545,358	1,747,228
Total	<u>¥1,818,899</u>	<u>¥1,405,905</u>	<u>¥1,397,175</u>	<u>¥789,515</u>	<u>¥882,677</u>	<u>¥2,270,884</u>

Thousands of U.S. dollars						
2025						
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 year to 5 years	Due from 5 year to 7 years	Due from 7 year to 10 years	Due after 10 years
Securities	\$ 740,683	\$ 1,715,599	\$ 2,572,657	\$ 1,826,078	\$ 2,256,010	\$ 3,502,246
Held-to-maturity securities	32,708	69,332	82,453	80,807	215,590	—
National government bonds	—	—	—	—	—	—
Local government bonds	29,085	64,656	80,729	80,729	215,590	—
Corporate bonds	3,623	4,675	1,724	78	—	—
Others	—	—	—	—	—	—
Available-for-sale securities with maturity	707,974	1,646,266	2,490,203	1,745,270	2,040,419	3,502,246
National government bonds	—	—	267,522	321,027	414,660	401,284
Local government bonds	456,659	1,072,386	1,416,171	1,022,860	576,760	20,145
Corporate bonds	98,080	174,464	97,071	5,424	802,304	—
Others	153,234	399,415	709,436	395,959	246,693	3,080,817
Loans and bills discounted	11,424,238	7,687,194	6,771,747	3,454,258	3,647,394	11,685,584
Total	<u>\$12,164,921</u>	<u>\$9,402,793</u>	<u>\$9,344,404</u>	<u>\$5,280,336</u>	<u>\$5,903,404</u>	<u>\$15,187,831</u>

(Note)

Loans and bills in the above tables exclude loans and bills whose redemption amounts are impossible to estimate (¥65,879 million and ¥59,918 million (U.S.\$400,739 thousand) in 2024 and 2025, respectively), such as credit extended to debtors that are legally bankrupt, those that are effectively in similar conditions, or those that are not yet legally or substantially bankrupt but are likely to be bankrupt, as well as loans and bills with no maturity date (¥30,236 million and ¥30,299 million (U.S.\$ 202,642 thousand) in 2024 and 2025 respectively).

(Note 3)

Repayment schedules for deposits and other interest-bearing debt after the fiscal year-end

Millions of yen						
2024						
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 year to 5 years	Due from 5 year to 7 years	Due from 7 year to 10 years	Due after 10 years
Deposit	¥7,926,870	¥343,551	¥ 23,326	¥3,470	¥6,039	¥ —
Negotiable certificates of deposit	174,403	—	—	—	—	—
Borrowed money	353,429	474,700	294,600	—	—	—
Total	<u>¥8,454,703</u>	<u>¥818,251</u>	<u>¥317,926</u>	<u>¥3,470</u>	<u>¥6,039</u>	<u>¥ —</u>

Millions of yen						
2025						
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 year to 5 years	Due from 5 year to 7 years	Due from 7 year to 10 years	Due after 10 years
Deposit	¥8,049,476	¥352,658	¥35,551	¥3,691	¥8,051	¥ —
Negotiable certificates of deposit	177,738	—	—	—	—	—
Borrowed money	447,265	593,600	500	—	—	—
Total	<u>¥8,674,479</u>	<u>¥946,258</u>	<u>¥36,051</u>	<u>¥3,691</u>	<u>¥8,051</u>	<u>¥ —</u>

Thousands of U.S. dollars						
2025						
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 year to 5 years	Due from 5 year to 7 years	Due from 7 year to 10 years	Due after 10 years
Deposit	\$53,835,447	\$2,358,606	\$237,772	\$24,691	\$53,847	\$ —
Negotiable certificates of deposit	1,188,724	—	—	—	—	—
Borrowed money	2,991,341	3,970,037	3,344	—	—	—
Total	<u>\$58,015,513</u>	<u>\$6,328,643</u>	<u>\$241,116</u>	<u>\$24,691</u>	<u>\$53,847</u>	<u>\$ —</u>

(Note)

The amount of demand deposit, which is a part of deposit, is included in the figure for “Due in 1 year or less.”

(3) Matters regarding to breakdown of fair value of financial instruments by level

Fair values of financial instruments are classified into the following three levels on the basis of the observability and the materiality of the valuation inputs used in fair value measurements.

Fair values of Level 1: Fair values measured by quoted prices of the assets or liabilities being measured which are given in active markets among observable valuation inputs

Fair values of Level 2: Fair values measured by inputs other than inputs included within Level 1 among observable valuation inputs

Fair values of Level 3: Fair values measured by unobservable valuation inputs

When several inputs that have significant impact on fair value measurement are used and those inputs are classified into different levels, the fair value is categorized into the lowest priority level for fair value measurement among the levels in which each of the inputs belongs.

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

Millions of yen				
2024				
	Level 1	Level 2	Level 3	total
Securities				
Other securities				
National government bonds	¥340,465	¥ —	¥ —	¥ 340,465
Local government bonds	—	725,208	—	725,208
Corporate bonds	—	148,166	36,204	184,371
Stocks	215,799	—	—	215,799
Others	82,136	661,163	—	743,299
Derivative Transactions				
Interest Rate Related Transactions	—	557	—	557
Foreign Exchange Related Transactions	—	7,623	—	7,623
Others	—	—	174	174
Total Assets	<u>¥638,402</u>	<u>¥1,542,719</u>	<u>¥36,378</u>	<u>¥2,217,500</u>
Derivative Transactions				
Interest Rate Related Transactions	¥ —	¥ 253	¥ —	¥ 253
Foreign Exchange Related Transactions	—	39,164	—	39,164
Others	—	—	174	174
Total Liabilities	<u>¥ —</u>	<u>¥ 39,417</u>	<u>¥ 174</u>	<u>¥ 39,591</u>

Millions of yen				
2025				
	Level 1	Level 2	Level 3	total
Securities				
Other securities				
National government bonds	¥204,856	¥ —	¥ —	¥ 204,856
Local government bonds	—	656,838	—	656,838
Corporate bonds	—	129,525	33,136	162,662
Stocks	207,676	—	—	207,676
Others	175,606	668,610	—	844,217
Derivative Transactions				
Interest Rate Related Transactions	—	1,277	—	1,277
Foreign Exchange Related Transactions	—	16,406	—	16,406
Others	—	—	154	154
Total Assets	¥588,139	¥1,472,658	¥33,290	¥2,094,088
Derivative Transactions				
Interest Rate Related Transactions	¥ —	¥ 862	¥ —	¥ 862
Foreign Exchange Related Transactions	—	29,247	—	29,247
Others	—	—	154	154
Total Liabilities	¥ —	¥ 30,109	¥ 154	¥ 30,264

Thousands of U.S. dollars				
2025				
	Level 1	Level 2	Level 3	total
Securities				
Other securities				
National government bonds	\$1,370,091	\$ —	\$ —	\$ 1,370,091
Local government bonds	—	4,392,980	—	4,392,980
Corporate bonds	—	866,275	221,620	1,087,896
Stocks	1,388,954	—	—	1,388,954
Others	1,174,470	4,471,715	—	5,646,186
Derivative Transactions				
Interest Rate Related Transactions	—	8,540	—	8,540
Foreign Exchange Related Transactions	—	109,727	—	109,727
Others	—	—	1,031	1,031
Total Assets	\$3,933,516	\$9,849,239	\$222,651	\$14,005,408
Derivative Transactions				
Interest Rate Related Transactions	\$ —	\$ 5,767	\$ —	\$ 5,767
Foreign Exchange Related Transactions	—	195,609	—	195,609
Others	—	—	1,031	1,031
Total Liabilities	\$ —	\$ 201,377	\$ 1,031	\$ 202,408

(Note)

Marketable securities do not include investment trusts to which the treatment prescribed in Article 24-9 of the "Guidance on Accounting Standard for Calculation of Market Value" (ASBJ Guidance No. 31, June 17, 2021) is applied whereby net asset value is treated as fair value. The carrying value of investment trusts to which the treatment prescribed in Article 24-9 is applied is ¥210 million (U.S.\$1,404 thousand).

Reconciliation of beginning and ending balances of investment trusts to which the treatment in Section 24-9 has been applied.

Millions of yen							
2025							
Profit or loss for the year Other comprehensive income							
Balance at beginning of year	Record in profit or loss	Included in other comprehensive income	Net purchases, sales and redemptions	Amount deemed to be the market value of the base value of the investment trust	The amount by which the base value of the investment trust is not considered to be the market value	Ending balance	Unrealized gains (losses) on investment trusts held at the consolidated balance sheet date out of the amount recorded in profit or loss for the period
¥200	¥ —	¥10	¥ —	¥ —	¥ —	¥210	¥ —

Thousands of U.S. dollars							
2025							
Profit or loss for the year Other comprehensive income							
Balance at beginning of year	Record in profit or loss	Included in other comprehensive income	Net purchases, sales and redemptions	Amount deemed to be the market value of the base value of the investment trust	The amount by which the base value of the investment trust is not considered to be the market value	Ending balance	Unrealized gains (losses) on investment trusts held at the consolidated balance sheet date out of the amount recorded in profit or loss for the period
\$1,337	\$ —	\$67	\$ —	\$ —	\$ —	\$1,404	\$ —

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

Millions of yen				
2024				
	Level 1	Level 2	Level 3	total
Securities				
Held-to-maturity bonds				
Local government bonds	¥ —	¥ 40,073	¥ —	¥ 40,073
Corporate bonds	—	—	1,579	1,579
Loans	—	—	6,386,129	6,386,129
Total Assets	¥ —	¥ 40,073	¥6,387,709	¥6,427,782
Deposit	¥ —	¥8,303,264	¥ —	¥8,303,264
Negotiable Certificates of Deposits	—	174,403	—	174,403
Borrowed Money	—	1,120,429	2,300	1,122,729
Total Liabilities	¥ —	¥9,598,097	¥ 2,300	¥9,600,397

Millions of yen				
2025				
	Level 1	Level 2	Level 3	total
Securities				
Held-to-maturity bonds				
Local government bonds	¥ —	¥ 69,401	¥ —	¥ 69,401
Corporate bonds	—	—	1,513	1,513
Loans	—	—	6,729,423	6,729,423
Total Assets	¥ —	¥ 69,401	¥6,730,936	¥6,800,337
Deposit	¥ —	¥8,447,086	¥ —	¥8,447,086
Negotiable Certificates of Deposits	—	177,738	—	177,738
Borrowed Money	—	1,039,065	2,300	1,041,365
Total Liabilities	¥ —	¥9,663,890	¥ 2,300	¥9,666,190

Thousands of U.S. dollars				
2025				
	Level 1	Level 2	Level 3	total
Securities				
Held-to-maturity bonds				
Local government bonds	\$ —	\$ 464,160	\$ —	\$ 464,160
Corporate bonds	—	—	10,120	10,120
Loans	—	—	45,006,842	45,006,842
Total Assets	\$ —	\$ 464,160	\$45,016,962	\$45,481,123
Deposit	\$ —	\$56,494,696	\$ —	\$56,494,696
Negotiable Certificates of Deposits	—	1,188,724	—	1,188,724
Borrowed Money	—	6,949,340	15,382	6,964,723
Total Liabilities	\$ —	\$64,632,760	\$ 15,382	\$64,648,143

(Note 1)

Explanation of valuation techniques and valuation inputs used in fair value measurements

Assets

1) *Securities*

Fair values of securities for which unadjusted quoted market prices in active markets are available are classified as Level 1 which includes mainly stocks and government bonds. In the case the market is inactive even if the quoted market price is available, those securities are classified as Level 2, which includes mainly local government bonds and corporate bonds. For investment trusts for which no market trading prices exist, unit prices are used as fair value and classified as Level 2 fair value if there are no material restrictions for which market participants would demand compensation for risk with respect to cancellation or repurchase requests. If there are material cancellation restrictions, unit prices are used as fair value.

Privately-placed bonds with the Bank's guarantee are stated at the fair value, measured by discounting the expected cash flows estimated to reflect the issuing entity's credit risk as of the closing date, using the market interest rate. Privately-placed bonds with the Bank's guarantee are classified as Level 3.

2) *Loans and bills discount*

Interest rates of variable interest rate loans reflect market interest rate at short intervals, and thus their fair values are stated at book value because of their proximity to fair value, unless there are significant changes to the debtors' credit conditions. Fixed interest rate loans are stated at their fair value as measured by discounting their cash flows, of which those with OTC interest rate are stated at fair value as measured by discounting their scheduled cash flow using the interest rate that would be applicable to similar new loans and is determined by category and by term. Loans not with OTC interest rate are stated at fair value as measured for each credit rating group by discounting their future cash flow estimated to reflect the credit risk of each such group, using the market interest rate. For loans with short-term maturity (1 year or less), book value is recorded as its fair value because of the proximity between the two.

In addition, loans to debtors that are bankrupt or potentially bankrupt are stated at book values that are deemed to approximate their fair values on the consolidated balance sheets as of the consolidated closing date, minus the current amount of estimated loan losses, which are estimated based upon the current values of estimated future cash flows, collateral, guarantees, or estimated collectible amounts.

Loans undated due to their specific attributes, such as a loan amount being limited within the value of collateral assets, are stated at book value which is deemed to approximate their fair value in consideration of factors including estimated payment periods and interest rate conditions.

The fair values concerned are classified as Level 3.

Liabilities

1) *Deposits and 2) Negotiable certificates of deposits*

For demand deposits, fair value is deemed to be the amount payable on demand as of the consolidated closing date (book value).

For time deposits and negotiable certificates of deposits, fair value is measured by discounting future cash flows, using interest rates applicable to new deposits and the market interest rate, respectively.

For these deposits with short-term maturity (1 year or less), book value is recorded as its fair value because of the proximity between the two.

Those fair values are classified as Level 2.

3) *Borrowed Money*

The carrying amount of borrowed money with variable interest rates approximates fair value because the market rates are promptly reflected in the variable interest rate and the credit risks of the Bank and its consolidated subsidiaries have not changed significantly after borrowing. The fair value of borrowed money with fixed interest rates is determined by discounting future cash flows at the rate that would be applied for similar new contracts.

For borrowed money with short-term maturity (1 year or less), book value is recorded as its fair value because of the proximity between the two. The fair values of borrowed money are classified as Level 2 if the effect of unobservable inputs is insignificant.

4) *Derivative Transactions*

Derivative transactions that can be measured at unadjusted quoted prices in active markets are classified as Level 1, which includes such transactions as bonds futures and interest rate futures. However, since most derivative transactions are over-the-counter transactions and there are no quoted market prices, market values are measured using valuation techniques such as the discounted cash flow method and the Black-Scholes model, depending on the type of transaction and the maturity period. The main inputs which are used in those valuation techniques are interest rates, exchange rates, volatility and others. In addition, price adjustments based on credit risk of counterparty and credit risk of majority-owned consolidated subsidiaries and other consolidated subsidiaries themselves and price adjustments for unsecured funding are made. When unobservable inputs are not used or impact of unobservable inputs are not material, transactions are classified as Level 2, which includes such transactions as plain vanilla interest rate swaps and foreign exchange forwards. When significant unobservable inputs are used, transactions are classified as Level 3, which includes Weather Derivatives etc.

(Note 2) Information about fair values of Level 3 from financial instruments carried on the consolidated balance sheets at fair value
(1) Quantitative information on significant unobservable inputs

As of March 31, 2024	Principal valuation technique	Significant unobservable valuation input	Range of valuation input	Weighted average
Securities				
Available-for-sale securities with maturity				
Corporate bonds				
private placement bonds	present value method	default rate	0.0%-100.0%	1.7%
As of March 31, 2025				
Securities				
Available-for-sale securities with maturity				
Corporate bonds				
private placement bonds	present value method	default rate	0.0%-24.5%	1.5%

(2) Adjustment table reconciling the balances at the beginning and end of the fiscal year, and valuation gain or loss recognized in the gain or loss for the fiscal year ended March 31, 2024 and 2025

Millions of yen								
2024								
Gains (losses) / other comprehensive income for the year								
	Balance at the beginning of the fiscal year	Recorded to gains (losses) for the period	Recorded to other comprehensive income	Net amount of purchase, sale, issue, and settlement	Transfer to fair values of Level 3	Transfer from fair values of Level 3	Balance at the end of the fiscal year	Unrealized gains (losses) on financial assets and liabilities held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the year
Securities								
Available-for-sale securities with maturity								
Corporate bonds								
private placement bonds	¥35,071	¥ —	¥(48)	¥1,182	¥ —	¥ —	¥36,204	¥ —

Millions of yen								
2025								
Gains (losses) / other comprehensive income for the year								
	Balance at the beginning of the fiscal year	Recorded to gains (losses) for the period	Recorded to other comprehensive income	Net amount of purchase, sale, issue, and settlement	Transfer to fair values of Level 3	Transfer from fair values of Level 3	Balance at the end of the fiscal year	Unrealized gains (losses) on financial assets and liabilities held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the year
Securities								
Available-for-sale securities with maturity								
Corporate bonds								
private placement bonds	¥36,204	¥ —	¥(261)	¥(2,807)	¥ —	¥ —	¥33,136	¥ —

Thousands of U.S. dollars

2025								
Gains (losses) / other comprehensive income for the year								
	Balance at the beginning of the fiscal year	Recorded to gains (losses) for the period	Recorded to other comprehensive income	Net amount of purchase, sale, issue, and settlement	Transfer to fair values of Level 3	Transfer from fair values of Level 3	Balance at the end of the fiscal year	Unrealized gains (losses) on financial assets and liabilities held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the year
Securities								
Available-for-sale securities with maturity								
Corporate bonds								
private placement bonds	\$242,139	\$ —	\$(1,746)	\$(18,773)	\$ —	\$ —	\$221,620	\$ —

(3) Explanation of the fair value valuation process

The Bank has established policies and procedures regarding the measurements of fair value, and each transaction department measures fair value in accordance with these policies and procedures.

For the fair values and the level classification, the validity of the valuation techniques and valuation inputs used in fair value measurement are verified.

In fair value measurement, valuation models in which the nature, characteristics and risks of individual assets are most appropriately reflected are used.

In addition, when quoted prices obtained from third parties are used, the validity of the prices is verified by appropriate methods such as confirmation of valuation techniques and valuation inputs and comparison with the fair values of similar financial instruments.

(4) Explanation of the effects on fair values when significant unobservable inputs are changed

The default rate indicates the likelihood of a default event occurring, and is an estimate measured based on the actual default rate of our customers. A significant increase (decrease) in the default rate would generally be accompanied by a decrease (increase) in the fair value.

6. Securities

(1) Market Value of Securities

Market value and valuation differences of securities as of March 31, 2024 and 2025 and other related information were as follows. Securities below include trading securities classified as trading account securities, negotiable certificates of deposits classified as Cash and due from banks. The same definition was applied in the following tables (a) to (e).

(a) Trading account securities

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Valuation gain included in income for the year	¥2	¥(8)	\$(59)

(b) Held-to-maturity bonds

The Bank's and its consolidated subsidiaries' investments in held-to-maturity bonds as of March 31, 2024 and 2025 were summarized as follows.

		Millions of yen		
		2024		
		Carrying Value	Market Value	Differences
Securities of which market value exceed carrying value	National government bonds	¥ —	¥ —	¥ —
	Local government bonds	39,491	40,073	582
	Corporate bonds	1,558	1,570	11
	Other securities	—	—	—
	Sub total	¥41,049	¥41,644	¥594
Securities of which market value does not exceed carrying value	National government bonds	¥ —	¥ —	¥ —
	Local government bonds	—	—	—
	Corporate bonds	8	8	—
	Other securities	—	—	—
	Sub total	¥ 8	¥ 8	¥ —
Total		¥41,058	¥41,652	¥594

		Millions of yen		
		2025		
		Carrying Value	Market Value	Differences
Securities of which market value exceed carrying value	National government bonds	¥ —	¥ —	¥ —
	Local government bonds	24,180	24,367	187
	Corporate bonds	1,061	1,064	3
	Other securities	—	—	—
	Sub total	¥25,241	¥25,431	¥ 190
Securities of which market value does not exceed carrying value	National government bonds	¥ —	¥ —	¥ —
	Local government bonds	46,212	45,033	(1,179)
	Corporate bonds	449	448	0
	Other securities	—	—	—
	Sub total	¥46,662	¥45,482	¥(1,179)
Total		¥71,903	¥70,914	¥ (988)

		Thousands of U.S. dollars		
		2025		
		Carrying Value	Market Value	Differences
Securities of which market value exceed carrying value	National government bonds	\$ —	\$ —	\$ —
	Local government bonds	161,717	162,972	1,254
	Corporate bonds	7,096	7,117	21
	Other securities	—	—	—
	Sub total	\$168,813	\$170,090	\$ 1,276
Securities of which market value does not exceed carrying value	National government bonds	\$ —	\$ —	\$ —
	Local government bonds	309,074	301,188	(7,886)
	Corporate bonds	3,005	3,002	(3)
	Other securities	—	—	—
	Sub total	\$312,080	\$304,190	\$(7,889)
Total		\$480,893	\$474,280	\$(6,612)

(c) Available for sale securities

		Millions of yen		
		2024		
		Carrying Value	Cost	Differences
Securities of which market value exceed cost	Stocks	¥ 175,307	¥ 95,749	¥ 79,558
	Bonds	145,893	145,059	834
	National government bonds	—	—	—
	Local government bonds	110,952	110,363	589
	Corporate bonds	34,940	34,696	244
	Other securities	292,858	280,821	12,037
	Foreign bonds	199,825	198,798	1,026
	Other securities	93,033	82,023	11,010
	Sub total	¥ 614,059	¥ 521,630	¥ 92,429
Securities of which market value does not exceed cost	Stocks	¥ 40,491	¥ 43,747	¥ (3,255)
	Bonds	1,104,152	1,133,368	(29,216)
	National government bonds	340,465	354,762	(14,296)
	Local government bonds	614,255	622,576	(8,320)
	Corporate bonds	149,430	156,030	(6,599)
	Other securities	483,112	512,148	(29,035)
	Foreign bonds	303,980	311,495	(7,514)
	Other securities	179,132	200,653	(21,520)
	Sub total	¥1,627,756	¥1,689,264	¥(61,507)
Total		¥2,241,816	¥2,210,894	¥ 30,922

		Millions of yen		
		2025		
		Carrying Value	Cost	Differences
Securities of which market value exceed cost	Stocks	¥ 102,912	¥ 40,898	¥ 62,013
	Bonds	17,817	17,750	66
	National government bonds	—	—	—
	Local government bonds	400	400	0
	Corporate bonds	17,416	17,350	66
	Other securities	398,868	385,142	13,725
	Foreign bonds	310,730	308,370	2,360
	Other securities	88,137	76,772	11,365
	Sub total	¥ 519,597	¥ 443,791	¥ 75,805
Securities of which market value does not exceed cost	Stocks	¥ 104,764	¥ 114,915	¥(10,150)
	Bonds	1,006,539	1,063,117	(56,578)
	National government bonds	204,856	222,326	(17,470)
	Local government bonds	656,438	682,078	(25,640)
	Corporate bonds	145,245	158,712	(13,467)
	Other securities	479,897	504,819	(24,922)
	Foreign bonds	259,804	264,446	(4,642)
	Other securities	220,092	240,372	(20,280)
	Sub total	¥1,591,201	¥1,682,852	¥(91,651)
Total		¥2,110,798	¥2,126,644	¥(15,845)

		Thousands of U.S. dollars		
		2025		
		Carrying Value	Cost	Differences
Securities of which market value exceed cost	Stocks	\$ 688,282	\$ 273,533	\$ 414,748
	Bonds	119,161	118,719	441
	National government bonds	—	—	—
	Local government bonds	2,675	2,675	0
	Corporate bonds	116,485	116,044	441
	Other securities	2,667,657	2,575,857	91,800
	Foreign bonds	2,078,187	2,062,400	15,787
	Other securities	589,470	513,457	76,013
	Sub total	\$ 3,475,101	\$ 2,968,111	\$ 506,990
Securities of which market value does not exceed cost	Stocks	\$ 700,671	\$ 768,561	\$ (67,889)
	Bonds	6,731,806	7,110,205	(378,398)
	National government bonds	1,370,091	1,486,936	(116,845)
	Local government bonds	4,390,304	4,561,788	(171,483)
	Corporate bonds	971,410	1,061,479	(90,069)
	Other securities	3,209,585	3,376,267	(166,681)
	Foreign bonds	1,737,591	1,768,637	(31,046)
	Other securities	1,471,994	1,607,629	(135,635)
	Sub total	\$10,642,064	\$11,255,034	\$ (612,969)
Total		\$14,117,166	\$14,223,145	\$ (105,979)

(d) Available-for-sale securities sold

		Millions of yen		
		2024		
		Proceeds from sales	Gains	Losses
Stocks		¥306,707	¥30,003	¥ 1,683
Bonds		428,958	769	23,330
National government bonds		428,850	769	23,330
Local government bonds		—	—	—
Corporate bonds		108	0	—
Other securities		102,995	2,603	2,112
Foreign bonds		26,113	—	1,975
Other securities		76,882	2,603	136
Total		¥838,661	¥33,376	¥27,125

		Millions of yen		
		2025		
		Proceeds from sales	Gains	Losses
Stocks		¥260,413	¥16,901	¥ 1,885
Bonds		162,438	—	8,556
National government bonds		162,438	—	8,556
Local government bonds		—	—	—
Corporate bonds		—	—	—
Other securities		190,928	5,840	2,996
Foreign bonds		32,537	—	2,507
Other securities		158,390	5,840	488
Total		¥613,780	¥22,742	¥13,438

	Thousands of U.S. dollars		
	2025		
	Proceeds from sales	Gains	Losses
Stocks	\$1,741,662	\$113,039	\$12,610
Bonds	1,086,401	—	57,227
National government bonds	1,086,401	—	57,227
Local government bonds	—	—	—
Corporate bonds	—	—	—
Other securities	1,276,944	39,061	20,043
Foreign bonds	217,615	—	16,773
Other securities	1,059,328	39,061	3,269
Total	<u>\$4,105,008</u>	<u>\$152,101</u>	<u>\$89,880</u>

(e) Guarantee obligations for bonds in private placement

Guarantee obligations for bonds in private placement (defined in Article 2 (3) of the Financial Instruments and Exchange Act) included in Corporate Bonds were ¥37,588 million and ¥34,723 million (U.S.\$232,232 thousand) as of March 31, 2024 and 2025, respectively.

7. Money Held in Trust

Money Held in Trust for Trading Purposes

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Consolidated Balance Sheet Amount	¥3,351	¥3,350	\$22,407
Unrealized Gains Included in the Consolidated Statements of Income	—	—	—

Money Held in Trust for Holding Purposes Nil (as of March, 2024 and 2025)

Money Held in Trust for Other Purposes

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Consolidated Balance Sheet Amount	¥8,900	¥7,109	\$47,550
Cost	8,900	7,109	47,550
Differences	—	—	—
Gains	—	—	—
Losses	—	—	—

8. Valuation Difference on Available-for-sale Securities

Valuation difference on available-for-sale Securities as of March 31, 2024 and 2025 consisted of the following

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Valuation Difference	¥30,744	¥(16,024)	\$(107,171)
Available-for-sale Securities	30,744	(16,024)	(107,171)
Money Held in Trust for Other Purpose	—	—	—
Deferred Tax Assets	—	5,100	34,110
Deferred Tax Liabilities	9,284	—	—
Valuation Difference, Net of Taxes	21,459	(10,924)	(73,060)
Amount Attributable to Non-controlling interests	—	—	—
Net Unrealized Gains on Available-for-sale Securities Owned by Affiliates, which is Attributable to the Parent	2,157	2,758	18,447
Valuation Difference on Available-for-sale Securities	23,617	(8,165)	(54,613)

9. Derivative Financial Instruments Transactions

(1) Derivatives to which hedge accounting is not applied

With respects to the derivatives to which hedge accounting is not applied, contract amount or notional amount set out in the contract, fair value, valuation gain or loss and calculation method of such fair value, by class of underlying asset at the end of the year are as described below. The whole contract amounts and other amounts shown here are not indicative of the market risks associated with these derivative transactions.

(a) Interest Rate Related Transactions

Millions of yen								
As of March 31,	2024				2025			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Interest rate futures:								
Written	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—	—	—	—	—
Total	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

Thousands of U.S. dollars				
As of March 31,	2025			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Interest rate futures:				
Written	\$ —	\$ —	\$ —	\$ —
Purchased	—	—	—	—
Total	\$ —	\$ —	\$ —	\$ —

Millions of yen								
As of March 31,	2024				2025			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Interest rate swaps:								
Receipt fixed								
payments floating ..	¥30,117	¥29,437	¥(160)	¥(160)	¥41,037	¥39,831	¥ (753)	¥ (753)
Receipt floating								
payments fixed	30,117	29,437	464	464	41,037	39,831	1,168	1,168
Total	¥60,234	¥58,874	¥ 304	¥ 304	¥82,074	¥79,663	¥ 414	¥ 414

Thousands of U.S. dollars				
As of March 31,	2025			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Interest rate swaps:				
Receipt fixed				
payments floating	\$274,460	\$266,397	\$(5,039)	\$(5,039)
Receipt floating				
payments fixed	274,460	266,397	7,811	7,811
Total	\$548,920	\$532,794	\$ 2,772	\$ 2,772

Transactions above are stated at the fair value and the related valuation gain or loss is reported in the consolidated statements of incomes.

(b) Foreign Exchange Related Transactions

Millions of yen								
For the years ended March 31,	2024				2025			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit	Contract amounts	Due after 1 year	Fair Value	Valuation profit
currency futures								
Written	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—	—	—	—	—
Total	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

Thousands of U.S. dollars				
For the year ended March 31,	2025			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit
currency futures				
Written	\$ —	\$ —	\$ —	\$ —
Purchased	—	—	—	—
Total	\$ —	\$ —	\$ —	\$ —

As of March 31,	Millions of yen							
	2024				2025			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Currency swaps	¥121,646	¥90,367	¥123	¥144	¥101,563	¥85,587	¥22	¥54

As of March 31,	Thousands of U.S. dollars			
	2025			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Currency swaps	\$679,265	\$572,412	\$153	\$362

For the years ended March 31,	Millions of yen							
	2024				2025			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Forward exchange contracts:								
Written	¥5,266	¥ —	¥(181)	¥(181)	¥ 7,392	¥ —	¥15	¥15
Purchased	2,746	—	145	145	2,841	—	2	2
Total	¥8,013	¥ —	¥ (36)	¥ (36)	¥10,233	¥ —	¥17	¥17
Currency options:								
Written	¥367,051	¥317,726	¥(1,789)	¥ 5,395	¥483,168	¥418,534	¥(6,063)	¥3,390
Purchased	367,051	317,726	1,613	(2,335)	483,168	418,534	5,617	759
Total	¥734,102	¥635,453	¥ (176)	¥ 3,060	¥966,336	¥837,068	¥ (445)	¥4,149

For the year ended March 31,	Thousands of U.S. dollars			
	2025			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Forward exchange contracts:				
Written	\$49,438	\$ —	\$102	\$102
Purchased	19,006	—	15	15
Total	\$68,445	\$ —	\$117	\$117
Currency options:				
Written	\$3,231,463	\$2,799,186	\$(40,550)	\$22,673
Purchased	3,231,463	2,799,186	37,569	5,081
Total	\$6,462,926	\$5,598,372	\$ (2,980)	\$27,755

Transactions above are stated at the fair value and the related valuation gain or loss is reported in the consolidated statements of incomes.

(c) Other

For the years ended March 31,	Millions of yen							
	2024				2025			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Weather derivative, etc.								
Written	¥15,765	¥ —	¥(174)	¥ —	¥14,575	¥ —	¥(154)	¥ —
Purchased	15,765	—	174	—	14,575	—	154	—
Total	¥31,530	¥ —	¥ —	¥ —	¥29,150	¥ —	¥ —	¥ —

For the year ended March 31,	Thousands of U.S. dollars			
	2025			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Weather derivative, etc.				
Written	\$ 97,478	\$ —	\$(1,031)	\$ —
Purchased	97,478	—	1,031	—
Total	\$194,957	\$ —	\$ —	\$ —

(d) Equity Related Transactions Nil

(e) Bond Related Transactions Nil

(f) Commodity Related Transactions ... Nil

(g) Credit Derivatives Nil

(2) Derivatives to which hedge accounting is applied

With respects to the derivatives to which hedge accounting is applied, contract amount or notional amount set out in the contract and the fair value at the end of the year along with the calculation method of such fair value, by class of underlying asset and by method of hedge accounting, are as follows. The whole contract amounts and other amounts shown here are not indicative of the market risks associated with these derivative transactions.

(a) Interest Rate Related Transactions

		Millions of yen						
		Hedged items	2024			2025		
As of March 31,			Contract amounts	Due after 1 year	Fair Value	Contract amounts	Due after 1 year	Fair Value
Standard treatment:	Interest rate swaps:	—	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	Interest rate futures:	—	—	—	—	—	—	—
	Interest rate options:	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—
	Total		¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

		Thousands of U.S. dollars		
		2025		
As of March 31,		Contract amounts	Due after 1 year	Fair Value
Standard treatment:	Interest rate swaps:	\$ —	\$ —	\$ —
	Interest rate futures:	—	—	—
	Interest rate options:	—	—	—
	Others	—	—	—
	Total	\$ —	\$ —	\$ —

			Millions of yen					
			2024			2025		
As of March 31,		Hedged items	Contract amounts	Due after 1 year	Fair Value	Contract amounts	Due after 1 year	Fair Value
Exceptional treatment:	Interest rate swaps:	Loan	¥34,021	¥29,736		¥58,863	¥50,389	
	Receipt fixed							
	payments floating		—	—	*note	—	—	*note
	Receipt floating							
	payments fixed		34,021	29,736		58,863	50,389	
	Total		¥ —	¥ —		¥ —	¥ —	

(Note) As the swaps that qualify for exceptional treatment for interest rate swaps are treated as one combined with hedged loans, fair value of the former is included in that of the latter in the "Financial Instruments"

		Thousands of U.S. dollars		
		2025		
As of March 31,		Contract amounts	Due after 1 year	Fair Value
Exceptional treatment:	Interest rate swaps: Loan	\$393,685	\$337,010	
	Receipt fixed			
	payments floating	—	—	*note
	Receipt floating			
	payments fixed	393,685	337,010	
	Total	\$ —	\$ —	

The Bank mainly treats them under the deferred method of hedge accounting based on Industry-specific Special Committee Practical Guidance No.24.

(b) Foreign Exchange Related Transactions

			Millions of yen					
			2024			2025		
As of March 31,			Contract amounts	Due after 1 year	Fair Value	Contract amounts	Due after 1 year	Fair Value
Standard treatment:	Currency swaps:	Call loans, Loans, Bonds and Foreign exchange	¥395,180	¥281,622	¥(31,177)	¥547,713	¥157,743	¥(12,437)
	Forward exchange contracts:		9,741	—	(274)	439	—	1
Deferred method:	Currency swap:	—	—	—	—	—	—	—
	Forward exchange contracts:	—	—	—	—	—	—	—
	Total		¥ —	¥ —	¥(31,451)	¥ —	¥ —	¥(12,435)

		Thousands of U.S. dollars		
		2025		
As of March 31,		Contract amounts	Due after 1 year	Fair Value
Standard treatment:	Currency swaps: Call loans, Loans,	\$3,663,142	\$1,055,000	\$(83,183)
	Forward exchange contracts: Bonds and Foreign exchange	2,937	—	11
Deferred method:	Currency swap: —	—	—	—
	Forward exchange contracts: —	—	—	—
	Total	\$ —	\$ —	\$(83,172)

The Bank mainly applies the deferred method of hedge accounting based on Industry-specific Special Committee Practical Guidance No.25.

(c) Equity Related Transactions	Nil
(d) Bond Related Transactions	Nil
(e) Equity Related Transactions	Nil (as of March 31, 2024)
(f) Bond Related Transactions	Nil (as of March 31, 2024)

10. Comprehensive income

Amounts of recycling and income taxes, tax effects on other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Net unrealized gains (losses) on securities, net of tax:			
Items recognized during the year	¥ 35,427	¥(40,842)	\$(273,155)
Amounts of recycling	1,721	(5,926)	(39,634)
Before income taxes and tax effect adjustment	37,148	(46,768)	(312,789)
Income taxes and tax effects	(11,329)	14,384	96,202
Net unrealized gains (losses) on securities, net of tax	25,818	(32,384)	(216,586)
Deferred hedge gains (losses):			
Items recognized during the year	(18,734)	(27,223)	(182,075)
Amounts of recycling	19,728	25,020	167,337
Before income taxes and tax effect adjustment	994	(2,203)	(14,738)
Income taxes and tax effects	(303)	679	4,546
Deferred hedge gains (losses)	691	(1,523)	(10,191)
Revaluation reserve for land			
Items recognized during the year	—	—	—
Amounts of recycling	—	—	—
Before income taxes and tax effect adjustment	—	—	—
Income taxes and tax effects	—	(201)	(1,348)
Revaluation Reserve for Land	—	(201)	(1,348)
Remeasurements of defined benefit plans			
Items recognized during the year	22,148	5,739	38,388
Amounts of recycling	(751)	(2,740)	(18,328)
Before income taxes and tax effect adjustment	21,396	2,999	20,059
Income taxes and tax effects	(6,525)	(1,225)	(8,194)
Remeasurements of defined benefit plans	14,870	1,774	11,865
Share of other comprehensive income of entities and affiliates accounted by the equity method			
Items recognized during the year	719	600	4,018
Amounts of recycling	—	—	—
Before income taxes and tax effect adjustment	719	600	4,018
Income taxes and tax effects	—	—	—
Share of other comprehensive income of entities and affiliates accounted by the equity method	719	600	4,018
Total other comprehensive income	¥ 42,099	¥(31,734)	\$(212,244)

11. Property and equipment

Depreciation was computed using the declining-balance method. Property and equipment as of March 31, 2024 and 2025 were expressed at net of the following accumulated depreciation.

Millions of yen		Thousands of U.S. dollars
2024	2025	2025
¥66,332	¥66,582	\$445,305

Deferred gain on real estate deductible for tax purposes amounted to ¥3,449 million and ¥3,110 million (U.S.\$20,803 thousand) on March 31, 2024 and 2025, respectively.

12. Assets Pledged

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

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Securities	¥1,285,112	¥ 918,248	\$ 6,141,308
Loan	859,240	795,590	5,320,960
Other	1,000	1,000	6,688
Total	¥2,145,352	¥1,714,838	\$11,468,957

Liabilities related to the above pledged assets as of March 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Deposits	¥ 166,964	¥ 71,765	\$ 479,972
Payables under repurchase agreements	136,841	113,982	762,325
Payables under securities lending transactions	283,947	37,236	249,039
Borrowed money	1,120,429	1,039,065	6,949,340
Other	449	2,493	16,678

In addition, the following was pledged as collateral for settlements of exchange or margins for futures transactions as of March, 2024 and 2025.

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Other	¥59,956	¥50,199	\$335,734

Guarantee deposits of ¥1,318 and ¥1,263 million (U.S.\$8,448 thousand) were included in Other Assets as of March 31, 2024 and 2025, respectively.

13. Revaluation Reserve for Land

Pursuant to the Law concerning Land Revaluation, premises used for business operations have been revalued as of March 31, 1998. Premises revaluation gain was included in Net Assets, net of income taxes.

Date of the revaluation: March 31, 1998

Revaluation method stipulated in paragraph 3, Article 3 of the Law concerning Land Revaluation Calculated by applying reasonable adjustments to the roadside values such as adjustments for the shape of the land, based on Item 4, Article 2 of the Enforcement Ordinance of the Law concerning Land Revaluation (Enforcement Ordinance No. 119, effective March 31, 1998).

The difference between the revalued carrying amount and the fair value of premises revalued pursuant to Article 10 of the Law was ¥15,349 million and ¥14,271 million (U.S.\$95,449 thousand) as of March 31, 2024 and 2025, respectively

14. Retirement Benefits

Retirement benefit plans

Retirement benefit plans adopted by the Bank and its consolidated subsidiaries

The Bank and its domestic consolidated subsidiaries have established defined benefit plans comprising a retirement lump-sum payment plan and defined benefit welfare pension plan (funded type), as well as defined contribution plan namely defined contribution pension plan. In addition, premium retirement benefits may be payable in certain circumstance at an employees' retirement. The Bank has a retirement benefit trust in place.

The changes in the retirement benefit obligation during the year ended March 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Balance at the beginning of the year	¥82,399	¥76,654	\$512,673
Service cost	1,776	1,476	9,876
Interest cost	852	1,071	7,168
Actuarial loss	(5,171)	(7,100)	(47,490)
Retirement benefits paid	(3,202)	(3,366)	(22,515)
Prior service cost	—	(6,059)	(40,528)
Other	—	—	—
Balance at the end of the year	¥76,654	¥62,676	\$419,183

(Note)

Consolidated subsidiaries use simplified method in calculating retirement benefit obligations.

The changes in plan assets during the year ended March 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Balance at the beginning of the year	¥ 99,004	¥117,041	\$782,780
Expected return on plan assets	2,295	2,701	18,069
Actuarial loss	16,976	(7,117)	(47,604)
Contributions by the Bank	889	856	5,727
Retirement benefits paid	(2,125)	(2,168)	(14,505)
Other	—	—	—
Balance at the end of the year	¥117,041	¥111,312	\$744,467

Reconciliation of ending balances of retirement benefit obligations and plan assets, and net defined liability and net defined asset recorded on the consolidated balance sheets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Funded retirement benefit obligation	¥ 76,654	¥ 62,676	\$ 419,183
Plan assets at fair value	(117,041)	(111,312)	(744,467)
	(40,386)	(48,636)	(325,284)
Unfunded retirement benefit obligation	—	—	—
Net liability (asset) for retirement benefits in the balance sheets	(40,386)	(48,636)	(325,284)
Net defined liability	342	336	2,247
Net defined asset	(40,728)	(48,972)	(327,531)
Net liability (asset) for retirement benefits in the balance sheets	¥ (40,386)	¥ (48,636)	\$(325,284)

Components of retirement benefit expense for the year ended March 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Service cost	¥ 1,776	¥ 1,476	\$ 9,876
Interest cost	852	1,071	7,168
Expected return on plan assets	(2,295)	(2,701)	(18,069)
Amortization of actuarial loss	(751)	(2,740)	(18,328)
Amortization of prior service costs	—	(302)	(2,026)
Other	11	11	74
Retirement benefit expense associated with defined benefit plans	¥ (407)	¥ (3,185)	\$(21,304)

(Note)

Retirement benefit expense at consolidated subsidiaries using the simplified method is collectively included in "Service cost."

Remeasurements of defined benefit plans on other comprehensive income (before corporate tax and tax effect adjustment) were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Prior service cost	¥ —	¥ 5,756	\$ 38,501
Actuarial gain	21,396	(2,757)	(18,442)
Other	—	—	—
Total	¥21,396	¥ 2,999	\$ 20,059

Remeasurements of defined benefit plans were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Unrecognized prior service cost	¥ —	¥ (5,756)	\$ (38,501)
Unrecognized actuarial loss	(31,495)	(28,737)	(192,199)
Other	—	—	—
Total	¥(31,495)	¥(34,494)	\$(230,700)

The fair value of plan assets, by major classification, as a percentage of total plan assets as of March 31, 2024 and 2025 were as follows:

	2024	2025
Bonds	16.0%	18.5%
Stock	52.1%	47.2%
Life insurance company general accounts	15.3%	16.2%
Cash and due from banks	0.3%	9.1%
Other	16.3%	9.0%
Total	100.0%	100.0%

(Note)

Total plan assets included retirement benefit trust of 34.9% and 38.4% as of March 31, 2024 and 2025, respectively, which were set for corporate pension plans and retirement lump-sum payment plan.

The expected long-term return on plan assets has been estimated based on the current and anticipated allocation of plan assets and the current and expected long-term return on various assets which are the components of plan assets.

The assumptions used in accounting for the above plans were as follows:

	2024	2025
1) Discount rates		
Welfare pension plan	1.5%	2.1%
Retirement lump-sum payment plan	1.0%	1.8%
2) Expected long-term return on plan assets		
Welfare pension fund	2.5%	2.5%
Retirement benefit trust	1.8~2.5%	1.8~2.5%
3) Other assumptions		
Expected rate of salary raises	3.9%	3.5%

Defined contribution plan

Amount of contributions required for defined contribution plans at the Bank and its consolidated subsidiaries as of March 31, 2024 and 2025 is ¥10 million and ¥63 million (U.S.\$425 thousand), respectively.

15. Cash and Cash Equivalents

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

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Cash and Due from Banks	¥1,844,728	¥1,276,230	\$8,535,520
Interest-bearing Deposits included in Due from Banks (excluding Due from BO)	(14,225)	(20,176)	(134,937)
Cash and Cash Equivalents	¥1,830,503	¥1,256,054	\$8,400,581

16. Lease Transactions

a. Lessee

Operating leases

Total future lease payments under non-cancelable operating leases at March 31, 2024 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
With one year	¥104	¥104	\$ 696
Over one year	252	190	1,277
Total	¥356	¥295	\$1,974

b. Lessor

Leased investment asset at March 31, 2024 and 2025 were summarized as follows :

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Lease receivables	¥46,513	¥51,159	\$342,158
Estimated residual value	9,364	10,058	67,271
Interest income	(5,383)	(5,974)	(39,956)
Total	¥50,494	¥55,243	\$369,473

The lease receivable amount at March 31, 2024 and 2025, and the amount of lease fees receivable on investment assets, which is scheduled to be collected after the fiscal year-end, were summarized as follows:

	Lease receivables	Lease investment assets
	Millions of yen	Millions of yen
	2024	2024
within 1 year	¥3,682	¥14,149
over 1 year and within 2 years	2,884	11,313
over 2 years and within 3 years	2,098	8,569
over 3 years and within 4 years	1,420	6,130
over 4 years and within 5 years	771	3,466
over 5 years	1,248	2,883

	Lease receivables		Lease investment assets	
	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
	2025	2025	2025	2025
within 1 year	¥4,449	\$29,756	¥15,190	\$101,593
over 1 year and within 2 years	3,602	24,094	12,269	82,058
over 2 years and within 3 years	2,899	19,393	9,649	64,538
over 3 years and within 4 years	2,231	14,922	6,810	45,548
over 4 years and within 5 years	1,314	8,789	3,894	26,044
over 5 years	1,089	7,284	3,345	22,375

17. Income Taxes

Income taxes applicable to the Bank and its consolidated subsidiaries include corporation tax, inhabitants' tax and enterprise tax.

Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation. Deferred tax assets and liabilities as of March 31, 2024 and 2025 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Deferred tax assets:			
Allowance for loan losses	¥ 9,440	¥ 7,499	\$ 50,160
Net defined benefit liability	5,038	5,076	33,952
Valuation difference on available-for-sale securities	—	5,210	34,846
Devaluation loss on securities	562	576	3,852
Depreciation	447	432	2,892
Other	5,754	5,535	37,021
Subtotal	21,244	24,330	162,725
Valuation allowance	(3,117)	(2,521)	(16,864)
Total: Deferred tax assets	18,126	21,809	145,860
Deferred tax liabilities:			
Net unrealized gains on securities available for sale	(9,284)	(110)	(735)
Retirement benefit trust	(3,648)	(4,188)	(28,012)
Remeasurements of defined benefit plans	(9,605)	(10,831)	(72,440)
Other	(960)	(584)	(3,910)
Total: Deferred tax liabilities	(23,499)	(15,714)	(105,098)
Net: Deferred tax assets (liabilities)	¥ (5,372)	¥ 6,094	\$ 40,761

Change in presentation method

"Remeasurements of defined benefit plans", which was included in "Other" in 2024, has become more significant. Therefore, from 2025, it is presented separately.

To reflect this change, the notes for 2024 have been reclassified accordingly.

¥(10,566) million, previously presented as "Other" in 2024, has been reclassified into ¥(9,605) million as "Remeasurements of defined benefit plans" and ¥(960) million as "Other".

The reconciliation between the Japanese statutory tax rate and the Bank's effective tax rate for the year ended March 31, 2024 and 2025 is as follows:

	2024	2025
Japanese statutory tax rate	30.5%	30.5%
(Adjustment)		
Items permanently non-deductible, including entertainment expenses ..	0.2	0.2
Items permanently excluded from profit, including dividend income	(0.9)	(0.6)
Increase in deferred tax assets at the end of year due to changes in tax rates		(0.4)
Increase(decrease)in valuation allowance	(3.2)	(1.1)
Other	1.0	(0.1)
Ratio of income taxes after tax effective accounting	27.6%	28.5%

18. Segment Information

a. Segment information by category of business

Segment information by category of business for the years ended or as of March 31, 2024 and 2025 is summarized as follows:

Year ended or as of March 31, 2024	Millions of yen						
	Banking	Lease	Sub total	Others	Total	Adjustment	Consolidated
Ordinary income generated from businesses with							
External customers	¥ 166,040	¥29,256	¥ 195,296	¥ 5,059	¥ 200,356	¥ —	¥ 200,356
Internal units	861	392	1,253	1,651	2,905	(2,905)	—
	166,902	29,648	196,550	6,711	203,262	(2,905)	200,356
Segment profit	39,348	1,226	40,575	3,275	43,850	(61)	43,788
Segment assets	10,797,074	87,562	10,884,637	52,386	10,937,023	(118,805)	10,818,218
Segment liabilities	10,258,142	71,092	10,329,235	23,104	10,352,340	(107,217)	10,245,122
Others							
Depreciation	5,320	691	6,012	64	6,076	117	6,193
Interest and dividend income	106,109	19	106,128	15	106,143	(335)	105,807
Interest expenses	39,770	320	40,090	—	40,090	(311)	39,779
Equity in earnings of unconsolidated subsidiaries and associated companies	166	—	166	—	166	(24)	141
Extraordinary profit	210	—	210	—	210	—	210
Gains on disposal of noncurrent assets	(210)	—	(210)	—	(210)	—	(210)
Extraordinary loss	1,013	—	1,013	2	1,016	—	1,016
Losses on disposal of noncurrent assets	(226)	—	(226)	(2)	(228)	—	(228)
Impairment losses on of fixed assets	(787)	—	(787)	—	(787)	—	(787)
Tax	10,232	531	10,763	1,093	11,857	(1)	11,856
Investment of unconsolidated subsidiaries and associated companies	1,477	—	1,477	—	1,477	—	1,477
Increase of property and equipment and intangible assets	6,142	825	6,967	32	7,000	288	7,289

Year ended or as of March 31, 2025	Millions of yen						
	Banking	Lease	Sub total	Others	Total	Adjustment	Consolidated
Ordinary income generated from businesses with							
External customers	¥ 183,984	¥ 30,863	¥ 214,847	¥ 5,588	¥ 220,435	¥ —	¥ 220,435
Internal units	1,070	418	1,488	1,887	3,376	(3,376)	—
	185,054	31,281	216,336	7,476	223,812	(3,376)	220,435
Segment profit	57,675	1,151	58,827	3,251	62,078	(48)	62,029
Segment assets	10,533,933	106,656	10,640,589	50,112	10,690,702	(133,527)	10,557,174
Segment liabilities	10,008,534	88,984	10,097,519	18,656	10,116,175	(121,938)	9,994,237
Others							
Depreciation	5,418	696	6,114	69	6,183	130	6,314
Interest and dividend income	132,845	54	132,900	27	132,927	(521)	132,405
Interest expenses	50,281	492	50,773	—	50,773	(499)	50,274
Equity in earnings of unconsolidated subsidiaries and associated companies	106	—	106	—	106	(24)	81
Extraordinary profit	167	—	167	—	167	—	167
Gains on disposal of noncurrent assets	(167)	—	(167)	—	(167)	—	(167)
Extraordinary loss	805	—	805	1	807	—	807
Losses on disposal of noncurrent assets	(487)	—	(487)	0	(488)	—	(488)
Impairment losses on of fixed assets	(318)	—	(318)	—	(318)	—	(318)
Tax	16,511	(98)	16,412	1,075	17,488	2	17,490
Investment of unconsolidated subsidiaries and associated companies	2,180	—	2,180	—	2,180	—	2,180
Increase of property and equipment and intangible assets	4,860	921	5,782	87	5,869	189	6,058

Year ended or as of March 31, 2025	Thousands of U.S. dollars						Consolidated
	Banking	Lease	Sub total	Others	Total	Adjustment	
Ordinary income generated from businesses with							
External customers	\$ 1,230,499	\$206,414	\$ 1,436,913	\$ 37,374	\$ 1,474,288	\$ —	\$ 1,474,288
Internal units	7,160	2,797	9,957	12,625	22,583	(22,583)	—
	1,237,659	209,211	1,446,871	50,000	1,496,871	(22,583)	1,474,288
Segment profit	385,739	7,700	393,439	21,745	415,185	(326)	414,858
Segment assets	70,451,671	713,322	71,164,994	335,156	71,500,150	(893,044)	70,607,106
Segment liabilities	66,937,767	595,132	67,532,899	124,776	67,657,675	(815,531)	66,842,144
Others							
Depreciation	36,237	4,656	40,893	463	41,357	872	42,230
Interest and dividend income	888,479	367	888,846	182	889,029	(3,489)	885,539
Interest expenses	336,286	3,292	339,579	—	339,579	(3,342)	336,237
Equity in earnings of unconsolidated subsidiaries and associated companies	712	—	712	—	712	(164)	548
Extraordinary profit	1,123	—	1,123	—	1,123	—	1,123
Gains on disposal of noncurrent assets	(1,123)	—	(1,123)	—	(1,123)	—	(1,123)
Extraordinary loss	5,390	—	5,390	7	5,397	—	5,397
Losses on disposal of noncurrent assets	(3,262)	—	(3,262)	(5)	(3,267)	—	(3,267)
Impairment losses on of fixed assets	(2,127)	—	(2,127)	—	(2,127)	—	(2,127)
Tax	110,426	(655)	109,771	7,192	116,963	14	116,977
Investment of unconsolidated subsidiaries and associated companies	14,584	—	14,584	—	14,584	—	14,584
Increase of property and equipment and intangible assets	32,506	6,164	38,670	585	39,256	1,264	40,520

(Notes)

- Total income is presented in lieu of sales of companies in other industries.
- "Others" include business segments not included in the reportable segments, such as the delivery of goods, etc., the maintenance of ATMs and operations of securities and guarantees.
- Adjustments are as follows:
 - Adjustment for segment profit of ¥(48) million (U.S.\$(321) thousand) was elimination of intersegment transactions.
 - Adjustment for segment assets of ¥(133,527) million (U.S.\$(893,037)thousand) was elimination of intersegment transactions.
 - Adjustment for segment liabilities of ¥(121,938) million (U.S.\$(815,529)thousand) was elimination of intersegment transactions.
 - Adjustment for depreciation of ¥130 million (U.S.\$869 thousand) was elimination of intersegment transactions and the depreciation related to lease investment assets classified as "property and equipment" and "intangible assets" on a consolidated basis.
 - Adjustment for interest and dividend income of ¥ (521) million (U.S.\$(3,484)thousand), adjustment for interest expenses of ¥(499) million (U.S.\$(3,337)thousand), adjustment for equity in earnings of unconsolidated subsidiaries and associated companies of ¥(24) million (U.S.\$(160) thousand) and adjustment for tax of ¥2 million (U.S.\$14 thousand) were elimination of intersegment transactions.
 - Adjustment for increase of tangible fixed asset and intangible fixed asset of ¥189 million (U.S.\$1,264 thousand) were transferred from lease investment assets.
- Segment profit was adjusted with reference to ordinary profit as stated in the consolidated statements of income.

b. Segment information about services

Year ended or as of March 31, 2024	Millions of yen				
	Lending	Investment	Lease	Others	Total
Ordinary income generated from businesses with external customers	¥ 71,911	¥ 69,197	¥ 29,256	¥ 29,990	¥ 200,356
Year ended or as of March 31, 2025	Millions of yen				
	Lending	Investment	Lease	Others	Total
Ordinary income generated from businesses with external customers	¥ 84,120	¥ 70,409	¥ 30,863	¥ 35,043	¥ 220,435
Year ended or as of March 31, 2025	Thousands of U.S. dollars				
	Lending	Investment	Lease	Others	Total
Ordinary income generated from businesses with external customers	\$ 562,600	\$ 470,901	\$ 206,414	\$ 234,371	\$ 1,474,288

c. Segment information about geographical area

1. Ordinary income

The domestic share of ordinary income from external customers exceeds 90% of ordinary income in the consolidated statement of income, thus information has not been disclosed.

2. Tangible fixed assets

The domestic share of tangible fixed assets exceeds 90% of tangible fixed assets in the consolidated balance sheet, thus information has not been disclosed.

d. Segment information about major customers

Ordinary income from a specific customer does not exceed 10% of ordinary income in the consolidated statements of income, thus information has not been disclosed.

19. Related parties

Transactions between the Bank and its executives or major (individual) shareholders, etc. in the year ended March 31, 2024 were as follows:

Type	Name	Description of business or occupation	Voting rights ownership ratio	Relationship with related party	Transaction detail	Transaction amount		Account name	Balance at the end of the year
						Millions of yen	Thousands of dollars		
Executive	Nobuyuki Horie	Chairman of the Bank	Directly owns 0.0% of the Bank's voting rights	—	Capital contribution in kind of monetary remuneration claims (Note)	¥11	\$73	—	—
Executive	Akihiko Fukai	President of the Bank	Directly owns 0.0% of the Bank's voting rights	—	Capital contribution in kind of monetary remuneration claims (Note)	15	100	—	—

(Note)

Capital contribution in kind of monetary remuneration claims based on the restricted stock remuneration plan and Performance Share remuneration plan.

Transactions between the Bank and its executives or major (individual) shareholders, etc. in the year ended March 31, 2025 were as follows:

Type	Name	Description of business or occupation	Voting rights ownership ratio	Relationship with related party	Transaction detail	Transaction amount		Account name	Balance at the end of the year
						Millions of yen	Thousands of dollars		
Executive	Akihiko Fukai	President of the Bank	Directly owns 0.0% of the Bank's voting rights	—	Capital contribution in kind of monetary remuneration claims (Note)	¥15	\$103	—	—
Executive	Hiroyuki Irisawa	Deputy President of the Bank	Directly owns 0.0% of the Bank's voting rights	—	Capital contribution in kind of monetary remuneration claims (Note)	10	71	—	—

(Note)

Capital contribution in kind of monetary remuneration claims based on the restricted stock remuneration plan and Performance Share remuneration.

20. Earnings per Share

	Yen		U.S. Dollars
	2024	2025	2025
Net Assets per Share of Common Stock	¥1,460.16	¥1,472.16	\$9.84
Earnings per Share of Common Stock	78.43	113.82	0.76

1. Basis on calculating Net Assets per share was follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Consolidated Net Assets	¥573,095	¥562,937	\$3,764,962
Consolidated Net Assets Attributable to Common Shareholders	573,095	562,937	3,764,962
	Thousands of Stocks		
	2024	2025	
Number of Shares of Common Stock. Used for Calculating Net Assets per Share	392,488	382,388	

2. Basis of calculating Earnings per share was follows:

	Millions of yen	Thousands of Stocks	Yen	U.S. Dollars
For the year ended March 31,2024	Net income	Weighted average stocks	EPS	
Earnings available to Common Shareholders	¥31,125	396,851	¥78.43	\$0.51

	Millions of yen	Thousands of Stocks	Yen	U.S. Dollars
For the year ended March 31,2025	Net income	Weighted average stocks	EPS	
Earnings available to Common Shareholders	¥43,900	385,700	¥113.82	\$0.76

3. Diluted earnings per share of common stock for the fiscal year ended March 31,2024 and 2025 are omitted as there are no dilutive shares, etc.

21. Changes in Net Assets

a. Information on type and number of shares issued and treasury shares

Type and number of shares issued and treasury shares in the year ended March 31, 2024 were as follows:

	in thousands			
	Number of shares as of the previous fiscal year-end	Number of shares increased during the accounting period	Number of shares decreased during the accounting period	Number of shares as of the fiscal year-end
Shares issued				
Common stock	425,888	—	—	425,888
Total	425,888	—	—	425,888
Treasury shares				
Common stock	19,344	14,237	182	33,399
Total	19,344	14,237	182	33,399

Type and number of shares issued and treasury shares in the year ended March 31, 2025 were as follows:

	in thousands			
	Number of shares as of the previous fiscal year-end	Number of shares increased during the accounting period	Number of shares decreased during the accounting period	Number of shares as of the fiscal year-end
Shares issued				
Common stock	425,888	—	20,000	405,888
Total	425,888	—	20,000	405,888
Treasury shares				
Common stock	33,399	10,187	20,088	23,499
Total	33,399	10,187	20,088	23,499

b. Information on dividends

The following dividends were paid in the year ended March 31, 2024:

Date of resolution	Type of shares	Amount of dividends	Cash dividends per share	Record date	Effective date
		Millions of yen	Yen		
Annual meeting of shareholders held on June 27, 2023	Common stock	¥4,065	¥10.0	March 31, 2023	June 28, 2023
Directors' meeting held on November 8, 2023	Common stock	¥3,967	¥10.0	September 30, 2023	November 30, 2023

The following dividends were paid in the year ended March 31, 2025:

Date of resolution	Type of shares	Amount of dividends		Cash dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual meeting of shareholders held on June 20, 2024	Common stock	¥4,709	\$31,499	¥12.0	\$0.08	March 31, 2024	June 21, 2024
Directors' meeting held on November 11, 2024	Common stock	¥7,697	\$51,482	¥20.0	\$0.13	September 30, 2024	November 29, 2024

Dividends whose record date is attributable to the year ended March 31, 2024 but which are effective after March 31, 2024

Date of resolution	Type of shares	Amount of dividends		Source of dividends	Cash dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars		Yen	U.S. dollars		
Annual meeting of shareholders held on June 20, 2024	Common stock	¥4,709		Retained earnings	¥12.0		March 31, 2024	June 21, 2024

Dividends whose record date is attributable to the year ended March 31, 2025 but which are effective after March 31, 2025

Date of resolution	Type of shares	Amount of dividends		Source of dividends	Cash dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars		Yen	U.S. dollars		
Annual meeting of shareholders held on June 20, 2025	Common stock	¥9,559	\$63,936	Retained earnings	¥25.0	\$0.17	March 31, 2025	June 23, 2025

22. Stock Options

Not applicable.

23. Corporate bonds

Corporate bonds include subordinated corporate bonds in the amount of ¥50,000 million and ¥40,000 million (U.S.\$267,522 thousand) as of March 31, 2024 and 2025, respectively.

24. Subsequent events

a. Material subsequent events

Memorandum of Understanding regarding Business Integration between The Gunma Bank, Ltd. and Daishi Hokuetsu Financial Group, Inc.

At the board of directors' meeting held on April 24, 2025, The Gunma Bank, Ltd. ("the Bank") resolved to reach a memorandum of understanding aimed at realizing a business integration with Daishi Hokuetsu Financial Group, Inc. ("Daishi Hokuetsu Financial Group") (the Bank and Daishi Hokuetsu Financial Group are hereinafter collectively referred to as the "Two Companies") based on a basic policy of mutual trust and an equal integration as described below (the "Business Integration") and the Two Companies have entered into a memorandum of understanding.

1. Philosophy and objectives of the Business Integration

The aim of the Business Integration is to facilitate the creation of a new financial group that constitutes one of the top regional banks, in terms of both the scale and quality of its management, by integrating the Two Companies, which already possess solid customer bases in their respective business areas and demonstrate strong profitability and solid financial foundations. Based on a basic policy of mutual trust and an equal integration, the Two Companies will work to further contribute to their respective regions and continuously improve corporate value by consolidating their relationships of trust with customers and their understanding of their regions that they have cultivated in their respective business areas and by expanding and enhancing their consulting functions. In addition, the Two Companies will build a sustainable business model for the future by maximizing the benefits of rationalization and efficiency through economies of scale and by providing added value to customers by leveraging their respective strengths. Furthermore, the Two Companies will aim to become a valuable regional financial group that is able to fulfill customer, regional, and stakeholder expectations by developing a strong group management structure to maximize the potential of the Two Companies' management resources and by steadily achieving sustainable growth and enhancing corporate value.

2. Form of integration

The Business Integration will be based on a holding company structure, and from the viewpoint of accelerating the process of business integration, it is planned that commonly used methods will be adopted and that Daishi Hokuetsu Financial Group, which already employs a holding company structure, will be utilized as the holding company of the new financial group. Specifically, it is planned that the Bank will, on or around April 1, 2027, conduct a share exchange with the Integrated Holding Company (defined below) and execute a business integration after the trade name of Daishi Hokuetsu Financial Group has been changed (the specific trade name is scheduled to be determined in a definitive agreement regarding the Business Integration (the "Definitive Agreement"; the holding company after the

change in trade name is hereinafter referred to as the “Integrated Holding Company”), on the condition that approval of the necessary matters for the Business Integration is obtained at the Two Companies’ respective shareholders meetings and that permission and approvals for execution of the Business Integration is obtained from the relevant authorities. Since the Bank will become a wholly-owned subsidiary of the Integrated Holding Company, together with Daishi Hokuetsu bank, through the share exchange, the shares of the Bank will be delisted from the Tokyo Stock Exchange prior to the effective date of the share exchange. It is also planned that the location of the head office of the Integrated Holding Company at the time of the Business Integration will be determined in the Definitive Agreement upon consultation between the Two Companies. The locations of the respective head offices of the Bank and Daishi Hokuetsu Bank, which will become subsidiaries, will not change. It is anticipated that the initial organizational structure adopted will be that of a company with an audit and supervisory committee, and it is planned that the details of this arrangement will be determined in the Definitive Agreement upon consultation between the Two Companies. The form of the Business Integration may be changed in the future through ongoing consultations and deliberations between the Two Companies.

3. Share exchange ratio

The share exchange ratio will be announced as soon as it is decided, based on, among other factors, the results of due diligence to be conducted in the future and the results of the calculation of the share exchange ratio by the third-party appraisers appointed by the Two Companies, respectively, using methods deemed appropriate by those third-party appraisers.

4. Establishment of an integration preparatory committee

In order to facilitate execution of the Business Integration, the Two Companies will establish an integration preparatory committee to hold focused discussions regarding the Business Integration.

5. Upcoming schedule

Mar. 2026	(Scheduled)	Execution of the Definitive Agreement
Dec. 2026	(Scheduled)	Extraordinary general shareholders meetings held by the Two Companies
Apr. 1, 2027	(Scheduled)	Effective date of share exchange

(Note)

The details above constitute the current plan and are subject to change depending on future discussions between the Two Companies. In addition, execution of the Business Integration is subject to obtainment of the authorization or approvals from the relevant authorities (including the filing of a Form F-4 registration statement with the U.S. Securities and Exchange Commission (the “SEC”) and having the registration statement be declared effective), and if any event occurs that delays the schedule of the Business Integration due to the status of obtainment of such authorization or approvals and the like, then an announcement will be promptly made to that effect.

6. Overview of the Two Companies (as of March 31, 2025)

Name	Gunma Bank	Daishi Hokuetsu Financial Group
Location	194 Motosojamachi, Maebashi-shi, Gunma	1071-1 Higashiborimae-dori 7-bancho, Chuo-ku, Niigata-shi, Niigata
Representative’s name and title	Akihiko Fukai, President and Representative Director	Michiro Ueguri, President and Representative Director
Business details	Banking	Management and operation of banks and other companies that Daishi Hokuetsu Financial Group may have as subsidiaries under the Banking Act and any and all businesses incidental or related thereto
Stated capital	48.6 billion yen	30 billion yen
Date of establishment	September 12, 1932	October 1, 2018 (Date of Establishment of Daishi Hokuetsu Bank November 2, 1873)
Number of issued shares	405,888,177 shares	91,885,956 shares
Market capitalization	470,912 million yen	275,302 million yen
Fiscal year end	March 31	March 31
Total assets (consolidated)	10,557.1 billion yen	10,977.7 billion yen
Net assets (consolidated)	562.9 billion yen	478.8 billion yen
Deposits (non-consolidated)	8,672.4 billion yen	8,780.3 billion yen (Daishi Hokuetsu Bank non-consolidated)
Loan balance (non-consolidated)	6,845.1 billion yen	5,614.3 billion yen (Daishi Hokuetsu Bank non-consolidated)
No. of employees (consolidated)	2,927 people	3,504 people
No. of locations (including branch offices)	160 domestic branches (106 locations), 1 overseas branch and 3 overseas branch offices	203 domestic branches (139 locations) and 1 overseas branch office

7. Others

In the event the Business Integration is carried out, the shareholders of the Bank will receive shares of the Integrated Holding Company. In accordance with the U.S. Securities Act of 1933, it is planned that Daishi Hokuetsu Financial Group will file a Form F-4 registration statement with the SEC regarding the Business Integration.

b. Issuance of Basel III-compliant Subordinated Bonds

At the Board of Directors meeting held on June 20, 2025, the Bank resolved to issue unsecured corporate bonds and the payment was completed on July 10, 2025. The outline is as follows:

- (1) Name of the corporate bonds
JPY 10,000,000,000 Subordinated Unsecured Bond due July 10, 2035
- (2) Issue price
¥100 (U.S.\$0.66) per face value ¥100 of each bond
- (3) Total amount of issue
¥10 billion (U.S.\$66,880 thousand)
- (4) Interest rate
 - (a) For the first five years (until July 10, 2030): 1.899% per annum
 - (b) Thereafter, 6-month Japanese Yen TIBOR plus 0.679%
- (5) Collateral
These bonds are not secured by collateral or guarantee and there are no assets pledged for these bonds.
- (6) Maturity date
July 10, 2035
- (7) Use of fund raised
General working capital

c. Acquisition of treasury shares

The bank decided at the Board of Directors meeting held on July 28, 2025 on matters pertaining to the acquisition of treasury shares in accordance with Article 156 of the Companies Act as applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the said Act.

1. Reason for acquisition of treasury shares
To improve shareholder returns through the execution of flexible capital policies and improvement of capital efficiency
2. Details of the acquisition
 - (1) Class of shares to be acquired: common stock
 - (2) Total number of shares to be acquired: 6,000,000 shares
 - (3) Total amount of shares acquisition costs: Up to 6.0 billion yen
 - (4) Acquisition period: From July 30, 2025 to September 19, 2025
 - (5) Method of acquisition of treasury shares: Market purchase on the Tokyo Stock Exchange



Independent Auditor's Report

The Board of Directors
The Gunma Bank, Ltd.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The Gunma Bank, Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2025, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

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 its consolidated financial performance and its consolidated cash flows for the year 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.

Emphasis of Matter

We draw attention to Note 24 to the consolidated financial statements, which describes Memorandum of Understanding regarding Business Integration between The Gunma Bank, Ltd. and Daishi Hokuetsu Financial Group, Inc. Our opinion is not modified in respect of this matter.

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 the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Determination of the debtor classification for the purpose of determining the allowance for loan losses, and the allowance for loan losses using the discounted cash flow method (“the DCF method”) and the cash flow deduction method

Description of Key Audit Matter	Auditor’s Response
<p>The Group is engaged in the banking business primarily in Gunma Prefecture which is its main business base, of which the lending business is its core business activity.</p> <p>The collectability of loans recorded by the Group is affected by changes in economic trends in local areas, changes in the price of real estate and stock prices, and the business circumstances of debtors. As a result, there is a possibility of default by debtors. As such, the Group calculates the amount of expected losses on default and records it as an allowance for loan losses.</p> <p>The allowance for loan losses included in the consolidated balance sheet at the end of the fiscal year ended March 31, 2025 was ¥33,858 million. Information such as a detailed description of the calculation method for the allowance for loan losses is presented in Section h “Allowance for loan losses” and (Significant accounting estimates) of Note 1 “Summary of Significant Accounting Policies” to the consolidated financial statements.</p> <p>The allowance for loan losses is calculated in accordance with the Group's predetermined guidelines for self-assessment and write-offs and allowances. The calculation process includes the determination of the debtor classification which is determined by assessing the relevant debtor's ability to repay loans based on its repayment status, financial position, business performance, and future prospects of debtors, and the provisioning of the allowance for loan losses using the DCF method and the cash flow deduction method.</p> <p>(1) Determination of the debtor classification</p>	<p>In considering the appropriateness of the determination of the debtor classification and the appropriateness of the allowance for loan losses using the DCF method and the cash flow deduction method, we mainly performed the following audit procedures:</p> <p>(1) Assessment of internal controls</p> <ul style="list-style-type: none"> We assessed the Group's internal controls over the Group's debtor classification process. The controls tested included but were not limited to those controls over the accuracy of the schedules used in determining the debtor classification and controls over the underlying credit rating data. Also, we assessed the Group's internal controls over the process of estimating the future cash flows used in the DCF method and the cash flow deduction method. <p>(2) Determination of the debtor classification</p> <ul style="list-style-type: none"> We selected a sample of debtors that we considered necessary by taking into account factors such as the repayment status, financial position, and the degree of deterioration in their business performance as well as the results of our analysis using a self-assessment anomaly detection tool (a tool that assists in the selection of debtors subject to examination by identifying the location of credit risk by visualizing it from the perspective industry, branch office, region, and other components, based on the debtor's credit and financial information in self-assessment audits, and by identifying the differences between the debtor classification based on the debtor classification estimation model using

In determining the debtor classification, the Group sets forth the outlook for debtors' future business performance as a significant assumption. In particular, when assessing the appropriate classification of a debtor whose repayment status, financial position, or business performance is deteriorating, factors such as the reasonableness and feasibility of the business improvement plan, which embodies the prospects for improvement in the future, are important in making the relevant judgments. The reasonableness and feasibility of the business improvement plans are affected by changes in the business environment surrounding the debtor, and the success or failure of the debtor's business strategy. Therefore, they are highly uncertain and highly dependent on management judgement.

(2) Allowance for loan losses using the DCF method and the cash flow deduction method

The Group records an allowance for loan losses using the DCF method and the cash flow deduction method for debtors that are classified as either debtors requiring caution or potentially bankrupt debtors and that, in addition, are large loan balance debtors for which substantial deterioration in their business performance would have a significant impact on the Group's profit or loss. The allowance for loan losses using the DCF method and the cash flow deduction method is determined based on an estimate of future cash flows and, in particular, the repayment schedule based on the business improvement plans included in the estimate of future cash flows is based on management's evaluation of the reasonableness and feasibility of business improvement plans. Therefore, estimating the future cash flows is highly uncertain and dependent on management judgement.

machine learning for each debtor and the debtor classification determined by the company). We also considered the monetary impact of the changes in debtor's classification on the amount recorded in the allowance for loan losses.

- In order to evaluate sampled debtors' recent repayment status, financial position, and business performance, we inspected a set of materials related to the Group's self-assessment, such as explanatory materials including a description of the business, borrowing and repayment status, research materials providing an understanding of substantial financial position, financial statements, and the trial balance. In addition, we made inquiries of the department in charge of the loans as necessary to confirm our understanding, compared financial analysis with that of other companies in the same industry, examined related materials such as tax reports, and examined the consistency between the aforementioned materials and external publications such as external ratings and IR information.
- In order to examine the reasonableness and feasibility of business improvement plans that embody the future outlook for the repayment status, financial position, and business performance of the debtors, we analyzed the trends from past results of the major profit and loss items such as sales, cost of sales, selling, general and administrative expenses of the debtors, and evaluated the precision of the Group's past estimate based on the extent to which the debtors had historically achieved their previous business improvement plans. Further, as necessary, we held discussions with the department in charge of loans and made comparisons with relevant market and industry information, such as performance trends of other companies in the same industry and analyst reports for

<p>Accordingly, in view of the significance of the potential impact on the consolidated financial statements, we have identified the appropriateness of the determination of the debtor classification for the purpose of determining the allowance for loans losses, particularly with respect to debtors displaying a deterioration in repayment status, financial position or business performance, and the appropriateness of the allowance for loan losses using the DCF method and the cash flow deduction method as a Key Audit Matter.</p>	<p>the industry.</p> <p>(3) Allowance for loan losses using the DCF method and the cash flow deduction method</p> <ul style="list-style-type: none"> • In order to examine the accuracy and completeness of the scope of application of the DCF method and the cash flow deduction method in accordance with the Group's predetermined guidelines, we reperformed the selection of debtors subject to these methods from the list of debtors as of the end of the fiscal year ended March 31, 2025. • In order to evaluate the repayment schedule included in the estimate of the future cash flows for the debtors to which the DCF method or the cash flow deduction method are applied, we agreed it with the repayment schedule of the business improvement plan, or compared it with the actual repayment amount.
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Other Information

The other information comprises the information included in the Annual Report that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.

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

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

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

We have nothing to report in this regard.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate 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 in accordance with accounting principles generally accepted in Japan.



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

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

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to 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 to reduce threats to an acceptable level.

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

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 Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of The Gunma Bank, Ltd. and its subsidiaries provided by us and other EY member firms are 79 million yen for the year ended March 31, 2025, and the fees for other services of The Gunma Bank, Ltd. and its subsidiaries provided by us and other EY member firms are 30 million yen for the year ended March 31, 2025.



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

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

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 29, 2025

Toshihiro Morishige

Designated Engagement Partner
Certified Public Accountant

Osamu Yamada

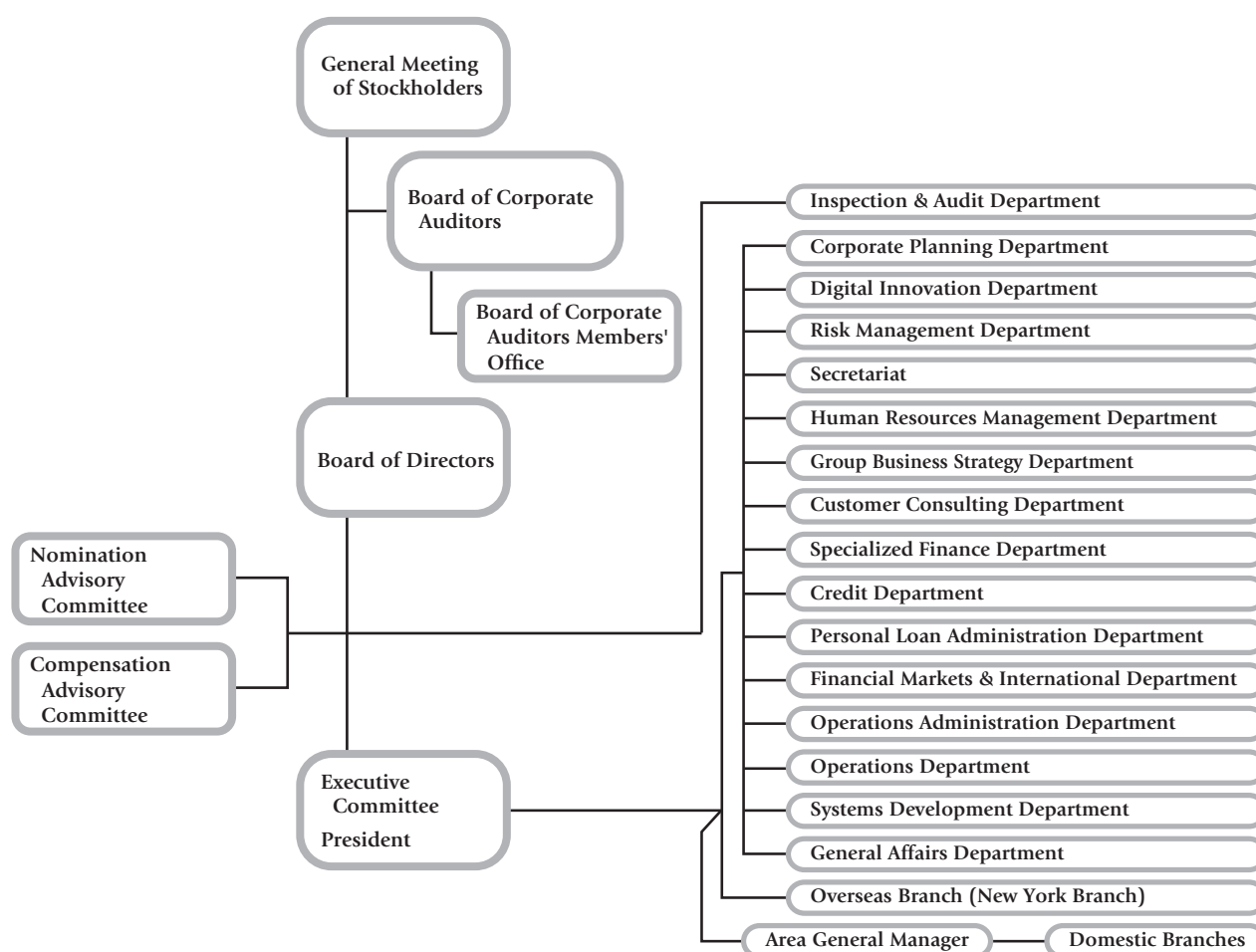
Designated Engagement Partner
Certified Public Accountant

Major Shareholders

(As of 31st March, 2025)

	Number of shares held (in thousands)	%
The Master Trust bank of Japan, Ltd. (Account in trust)	53,461	13.98
Custody Bank of Japan, Ltd. (Account in trust)	25,061	6.55
Sumitomo Life Insurance Company	10,657	2.78
Meiji Yasuda Life Insurance Company	10,015	2.61
Gunma Bank Employees' Shareholding Association	9,872	2.58
STATE STREET BANK AND TRUST COMPANY 505001	8,746	2.28
Toyo Seikan Group Holdings, Ltd.	7,330	1.91
Nippon Life Insurance Company	6,467	1.69
DFA INTL SMALL CAP VALUE PORTFOLIO	5,461	1.42
JP MORGAN CHASE BANK 385781	4,931	1.28
Total	142,004	37.13

Organization Chart



(As of 30th June, 2025)



The Gunma Bank, Ltd.

194, Motosojamachi, Maebashi,
Gunma 371-8611, Japan
<https://www.gunmabank.co.jp/>