

INTEGRATED REPORT 2025

百十四銀行



The Hyakujushi Bank, Ltd.

For Our Stakeholders

By fulfilling our role as a regional financial institution, the Hyakujushi Bank aims for the sustainable growth of local communities together with stakeholders.

Our purpose of this Integrated Report is to obtain the understanding of our shareholders and investors, as well as our customers and local residents regarding the Bank's initiatives, in addition to conveying our commitment to you all.

Corporate Philosophy

1
Prosper together with customers and communities

2
Create a vigorous corporate culture

3
Ensure sound business management and enhance corporate value



Code of Conduct

- Promote close dialogue to deepen mutual trust
- Spare no effort to grow as professionals
- Understand diversity and respect human rights
- Strive to reduce environmental burden and contribute to regional vitalization
- Take actions that exceed our shareholders' expectations



Contents

Introduction

- 01 For Our Stakeholders
- 03 At a Glance

Message from Management

- 05 Message from the President



- 11 Message from the Director in Charge of Finance
- 15 Communication with Stakeholders
- 16 Special Feature: Initiation of Future-Focused Projects in Preparation for the 150th Anniversary

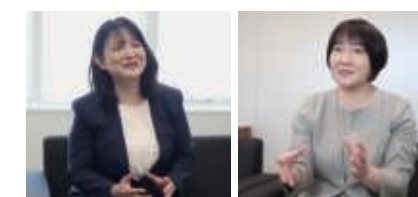
Hyakujushi Group's Value Creation Story

- 17 Hyakujushi Group's History
- 19 Hyakujushi Group's Strengths
- 21 Hyakujushi Group's Value Creation Process
- 23 Long-term Vision
- 25 Hyakujushi Group Material Issues



Strategies for Practicing Value Creation

- 27 Medium-term Management Plan
- Business Deployment Based on Material Issues**
- 29 Driving the Revitalization of the Regional Economy
- 33 Empowering Lives in the 100-Year Life Era
- 35 Fostering an Environment Where Diverse Talent Can Thrive and Grow
- 39 Driving DX and the Digital Transformation of the Regional Community
- 43 Addressing Climate Change and Other Environmental Challenges



Foundation Supporting Value Creation

- 49 Corporate Governance
- 53 Outside Director Interview
- 55 Enhancing Risk Management and Compliance
- 59 Board of Directors and Audit and Supervisory Committee Members



Main Points of Integrated Report 2025

In the current fiscal year, with the aim of realizing Long-term Vision 2030, this report describes the Group's main initiatives through business development based on our value creation process, in line with the material issues (Group Material Issues) identified in consideration of the external environment. We recognize that dialogue with our stakeholders is essential for enhancing corporate value. As such, we have newly established a "Communication with Stakeholders" section outlining our main initiatives for dialogue.

In addition, this report contains the first public disclosure of a project led mainly by young employees in preparation for the 150th anniversary of our founding in November 2028.

We sincerely hope that this report will serve as an opportunity to further enhance our dialogue with stakeholders.

Scope Covered in this Report

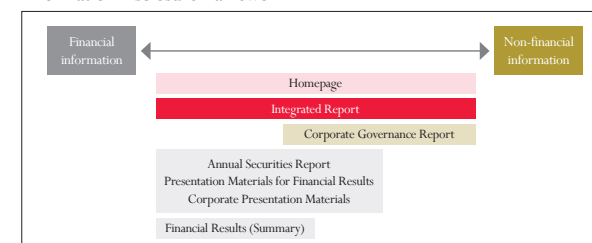
Hyakujushi Bank and group companies

Reporting Period

FY 2024 (April 1, 2024 to March 31, 2025)

Certain content includes information pertaining to FY 2025.

Information disclosure framework



Editing Policy

The Hyakujushi Bank has prepared this report with the aim of communicating to our stakeholders in straightforward terms the Group's initiatives for sustainable value creation from both the perspective of financial and non-financial information.

When editing this report, we referred to the Integrated Reporting Framework established by the International Integrated Reporting Council, and the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry, etc.

The Japanese version of this integrated report consists of the informative and reporting editions, and also integrates disclosure materials in accordance with Article 21 of the Banking Act (explanatory documents related to the status of performance and financial condition of the bank). For figures, please see the reporting component (pages 62–97) of this report.



The Hyakujushi Bank, Ltd.
百十四銀行 (as of March 31, 2025)

Head Office	5-1, Kamei-cho, Takamatsu, Kagawa
Established	November 1, 1878
Total assets	¥5,712.9 billion
Deposits and negotiable certificates of deposit	¥4,711.2 billion
Loans and bills discounted	¥3,512.8 billion
Paid-in capital	¥37.3 billion
Total shares issued	28,630 thousand shares
Employees	1,940
Offices	133 (Head Office, 100 branches, 22 sub-branches, 6 Quick Square, 5 Consulting Plaza)
Non-branch ATMs and CDs	131 locations

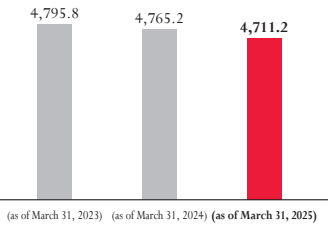
At a Glance

Financial Highlights

Deposits and negotiable certificates of deposit
(non-consolidated)

¥4,711.2 billion

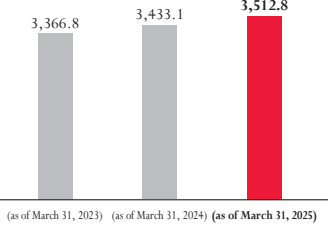
(Billions of yen)



Loans and bills discounted
(non-consolidated)

¥3,512.8 billion

(Billions of yen)

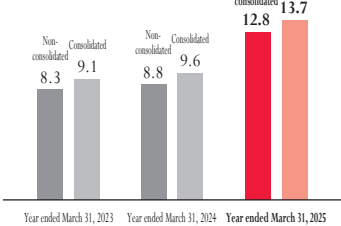


Profit (non-consolidated/consolidated*)

(Non-consolidated) (Consolidated)

¥12.8 billion ¥13.7 billion

(Billions of yen)

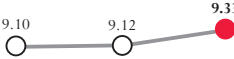


* Consolidated profit is “Profit attributable to owners of parent”

Consolidated capital ratio

9.33%

(%)

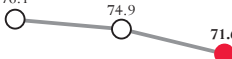


OHR (non-consolidated)

* Gross operating profit basis

71.6%

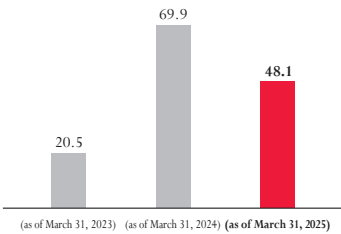
(%)



Valuation gains (losses) on securities
(non-consolidated)

¥48.1 billion

(Billions of yen)



Return on equity (consolidated)
(ROE)

4.16%

(%)



Earnings per share (consolidated)
(EPS)

¥481

(Yen)



Credit rating

(as of March 31, 2025)



Long-term Issue Rating

Issue Rating

Non-Financial Highlights

• • • Hyakujushi • • •

Established

147 years ago



Since November 1878

Employees

(as of March 31, 2025)

Non-consolidated

1,940



• • • Employees • • •

No. of customers

(as of March 31, 2025)

Retail customers

Approx. 1.19 million

Corporate customers

53,658



Share of females in management and junior management
(as of April 1, 2025)

Management

16.6%



Junior management

31.3%

Management (Assistant General Managers, Group Leaders and above)
Junior management (Deputy Branch Managers, Deputy Chiefs and above)

Investment in human capital
(FY 2024)

¥0.33 billion



Expenses include fees for external lecturers, costs for dispatching employees to off-site training programs, subsidies for examinations and online courses, personnel expenses for long-term trainees, and management costs for training facilities, etc.

Male childcare leave participation rate
(FY 2024)

100%



• • • Local Communities • • •

CO₂ emissions reduction rate
(as of March 31, 2025)

vs. FY 2013

55.1% reduction



Sustainable finance working budget
(FY 2021 – FY 2024 cumulative)

¥243.8 billion



No. of people who have completed financial education courses
(FY 2023 – FY 2024 cumulative)



11,119 persons

• • • Customer • • •

Growth rate of outstanding corporate loans
(as of March 31, 2025)



vs. FY 2022

+9.4%

Growth rate during the current medium-term management plan period

Number of corporate consultations
(FY 2024)

1,497 cases



Balance of assets related to retail customers' life design
(as of March 31, 2025)

¥937.9 billion



Balance of personal loans and deposited assets for long-term asset formation

● Message from the President

Building on a history of **challenges**, we will
strive with a **forward-looking** spirit to **create**
a bright future for the communities.

July 2025

森 匠史

Masashi Mori, President

As **interest rates** become established, our perspective moves to a higher stage.

It has been more than one year since I was appointed as President in April 2024. During this period, the Bank of Japan gradually raised its policy interest rate. The arrival of a full-fledged era of positive interest rates has been a significant tailwind for us as a bank, which had been struggling with diminished profitability under the negative interest rate environment. Our market capitalization has recovered to a stable level exceeding ¥100 billion, and we are acutely aware of rising expectations from the market.

At the same time, the environment surrounding banks is in the midst of constant and dramatic change such as further heightened competition due to the entry of major capital and paradigm shifts driven by technological innovations including generative AI in addition to structural issues such as population decline in addition to a falling birthrate and aging population. Therefore, we are keenly aware that unless we respond to these issues with a strong sense of speed, our stakeholders' expectations will quickly fade.

Amid a changing environment, there are things that our bank must change, and things that must never be changed. In particular, the latter is our sense of gratitude toward local communities, which serves as the most important foundation of our business activities and the source of our growth. We will once again take to heart the spirit embodied in our corporate vision of "Prosper together with customers and communities," and continue to dedicate ourselves wholeheartedly to management.

On another note, FY 2025 marks not only the final year of our current medium-term management plan, but also the launchpad for the next one. Therefore, it is an extremely important year for clearly charting the growth curve of the Group going forward. With our sights set on a more advanced stage than ever before, the entire Group is committed to efforts to achieve significant growth and enhance corporate value as we strive toward reaching new heights.

Message from the President

Steady advancement toward mid-term goals, yet human capital and digital transformation still developing.

Reflecting on the two years since the launch of our medium-term management plan, “創ろうイ・イ・ヨ” which started in April 2023, we have worked diligently to address various challenges faced by local communities and customers together with our stakeholders for realizing a society with well-being, and have steadily enhanced the quality of solutions provided by the Hyakujushi Group under the theme of “Evolution of the general consulting group” depicted in our long-term vision. In November last year, due to changes in the interest rate environment, synergy between the finance areas, where profitability was increasing, and the consulting areas, which accurately capture customer needs, was realized earlier than expected. As a result, the profitability of our main business improved, allowing us to significantly increase the management target for “Profit attributable to owners of parent” from ¥8.5 billion to ¥13.5 billion.

On the other hand, regarding human capital and digital transformation, which we position as growth drivers, there remains considerable room for further efforts.

Human capital are the most important form of capital that supports the core of the Bank’s management. However, it is our belief that individual abilities and personalities are not necessarily being utilized to their fullest potential. In the current medium-term management plan, although we have been advancing various initiatives to enhance employees’ motivating and comfortable work environment, which are gradually leading to increased employee engagement, efforts to accurately understand each individual’s abilities and personality and to help them realize their potential are still underway. Currently, we are working toward the early introduction of a new AI-powered skills assessment tool and a skill visualization system.

Regarding digital transformation, as it is inevitable to implement DX across the entire organization, we feel that many aspects of our operations and mindset remain bound by traditional methods. In particular, as we explore new areas such as generative AI, management will take the lead in showing their intentions, and we will promote a digital shift in the mindset across the Bank.



Through these initiatives, we have had the opportunity to hear not only the thoughts and aspirations of our young employees, but also, at times, their dissatisfactions and concerns. To bring about a shift in our mindset toward a higher perspective, it is essential to accurately understand those who will lead the Bank in the future, foster a spirit of mutual understanding, and create relationships and, in particular, a corporate culture that make this possible.

We strongly hope to foster a long-term and outward mindset that asks, “What can we do for the community and our customers?” and “Is our presence in the community truly increasing?” while encouraging behavior changes whereby each workplace can autonomously consider and implement ways to create value unique to the Hyakujushi Group, in collaboration with various people in the communities, going beyond the boundaries of branches and even of the bank itself.

By steadily engaging in dialogue with employees, we aim to promote a shift in mindset

Before being appointed President, I served as the executive officer in charge of human resources, and as such, I had many opportunities to speak with students coming in for recruitment interviews and young employees with access to a wide selection of training opportunities. For these reasons, even after my appointment as President, I continue to place importance on having as many opportunities as possible to communicate directly with employees. As part of this commitment, last fiscal year we held a “Town hall meeting” attended by over 100 young employees, at which I was able to personally communicate our management policies and expectations to the employees. In addition, we organized a lecture by our business partner and a social gathering attended by executive officers, general managers and branch managers. In the post-event survey, we received positive feedback such as “my

understanding of management policies deepened” and “it was a good opportunity to reflect on my own career.”We also heard encouraging comments like “this helped to reduce the distance between us and management.”These responses made us feel that holding the event was truly worthwhile.

Furthermore, since sales branches are at the frontline of customer interaction, I believe it is important to directly experience the unique atmosphere of each workplace. To that end, I personally visit sales branches and have started holding “Mini town hall meetings” as opportunities to deepen exchanges with small groups of young employees. During the period of roughly one year from February of this year, I plan to hold dialogues with around 20 young employees per one session, reaching a total of over 300 employees.

Custody and asset management services enter a new era through partnership with Nomura Securities Co., Ltd.

We signed a “Basic agreement on a comprehensive business alliance aimed at providing financial intermediary services” with Nomura Securities Co., Ltd. in March 2025. The Bank has identified “Empowering lives in the 100-year life era” as one of its material issues. However, Kagawa Prefecture faces a characteristic problem in that the proportion of savings and deposits in household assets is high, making it relatively more vulnerable to the impact of rising prices and other inflationary pressures. With the diversification of values, individual customers’ needs have become increasingly complex. To respond to customers’ expectations in the future as a regional financial institution, we decided to carefully consider all possible options regarding our ideal

vision and based on that, proceed with discussions toward a partnership with the company. Through this partnership, the value the Bank provides to customers will significantly improve both in quality and quantity. In addition, one of the major objectives is to enhance the skills of our employees through collaboration. The Bank will continue to maintain direct contact with local customers, as we have in the past, and as a regional financial institution, we aim to take the lead in the realization of financial wellness for local customers in a more vigorous manner than ever. Together with the company, we plan to increase our combined assets under custody from approximately ¥600 billion to ¥1 trillion in the near future.

Message from the President

Supporting the vitality of our home community in Kagawa to drive the growth of our Group.

In Kagawa Prefecture, redevelopment of physical infrastructure that will lead to an increase in related population is progressing at an unprecedented pace. This includes the opening of a prefectural arena with a maximum capacity of 10,000, which is one of the largest in the Chugoku and Shikoku regions, as well as the relocation of a private university that can accommodate approximately 3,000 students. Additionally, the Setouchi Triennale, an art event held on the islands of the Seto Inland Sea, is thriving this year with over one million visitors expected, including many inbound tourists. There is no shortage of positive news for the local economy in the future, such as the planned opening of a GPU data center for AI development utilizing a closed school, and a new foreign-owned hotel. On the other hand, it would be meaningless if this hard-earned momentum ends as a temporary phenomenon. Kagawa Prefecture faces several challenges, including a relatively low proportion of overnight visitors that makes up around 30% of all tourists, low spending per visitor, and limited transportation access especially to the isolated islands. Additionally, issues such as

over-tourism are also becoming apparent. Therefore, in order to sustain this vibrant atmosphere, it is necessary to properly address these challenges. This is not just the role of the administration, and local companies such as us that conduct business activities rooted in the community have to offer insights and engage in addressing these challenges.

“The Hyakujushi Regional Future Design Co., Ltd.,” established in April this year is a regional vitalization business company that enables business development beyond the traditional scope of banking. By collaborating with various players in communities, the Hyakujushi Group aims to become a leading force in creating a bright future for the community through area-wide revitalization such as solving administrative challenges and developing original tourism content that leverages the area’s unique attractions. Building on the creation of a vibrant atmosphere in Kagawa Prefecture, our home location, we will continue to drive the sustainable growth of the Group.

Formed a large community-wide cheering squad

In June this year, the “Hyakujushi Bank 2025 First Half Japan Table Tennis League Kagawa Tournament” for which the Bank served as the title sponsor, was held. As the top league in domestic table tennis, the tournament was held in Kagawa Prefecture for the first time in 34 years. In addition, being hosted at a newly opened arena contributed to making it a “big event” that attracted significant attention both inside and outside the prefecture.

On the day of the event, over 1,700 officers, employees, and their families came out to show support with the cheers of local people joining in. They formed a true “large cheering squad” with the full support of the local community. It was a truly invaluable opportunity to share an atmosphere brimming with passionate support together with the local people who always support us, and to once again realize the immense energy that Kagawa Prefecture, our home location, possesses. We are confident that we can overcome any challenges faced by our

community by sustaining this enthusiasm and uniting the hearts of people from various positions.



Projects launched for the next medium-term management plan and the 150th anniversary.

A project team has been established to formulate the next medium-term management plan, which is scheduled to commence in April 2026. The next medium-term management plan is positioned as the second phase toward realizing our long-term vision. While responding to various external changes, including the interest rate environment, a key point in drawing up a grand design will be how to further refine and elevate our identity as a “General consulting group,” which we have been steadily developing. On the other hand, and most importantly, the employees on site who put the plan into action play the leading role in the medium-term management plan. Therefore, if they do not fully understand the intentions behind the plan, as well as its content and their own roles, the plan will remain nothing more than an empty vision. Given the recognition of the issues, we kicked off the project considerably earlier than usual this time.

We plan to listen to the opinions of employees from various positions, ensure time for trial and error, and proceed with discussions in a way that allows all employees to feel personally engaged.

Furthermore, in November 2028, the final year of the upcoming medium-term management plan, we will commemorate the 150th anniversary of our founding. A project led primarily by young employees has also been launched, and we are seriously considering how we must evolve so that the Hyakujushi Group continues to be valued by the community for the next 50, 100 years and more. With the determination to be reborn as a new Hyakujushi Group, it has developed into a large-scale project where bold ideas and opinions from young employees are actively exchanged about what is lacking and what strengths and traditions must be preserved. I myself am greatly looking forward to it.

We believe that these two projects will enable us to demonstrate our collective strength as a “team” at an unprecedented level by involving all employees across the head office, sales branches, and group companies.

Opening a new chapter in our history of challenges.

Finally, I would like to touch upon the history of challenges the Bank has undertaken over the past 150 years. Since the transfer of banking branch administration in 1949, the Bank has been developing its branch network. In 1950, we became the first regional bank to expand into Osaka Prefecture from outside the area. We have a history of challenges to develop branches in major metropolitan areas such as Tokyo and Aichi. We have built strong, long-term relationships with clients across a wide area by responding to the financing needs of businesses driving Japan’s postwar reconstruction. These relationships are a significant asset for the Group today and serve as a source of competitive advantage.

Now, as the environment surrounding banks undergoes significant change, I believe it is my great responsibility as a leader to add a new page to the history of challenges built by our predecessors and to pass it on to the next generation.

Driven by the spirit of challenge that runs through our DNA, we will strive to support the communities, customers, and future generations more firmly than ever before with the aim of growing together with the region. We sincerely ask all our stakeholders for their continued and even greater support.

Message from the Director in Charge of Finance



Hyakujushi Group’s efforts to enhance corporate value are entering a new stage through business development based on a “logic tree.”

Masaaki Iwane,
Director and Managing Executive Officer

Performance

Reflecting on FY 2024 performance

In FY 2024, non-consolidated ordinary income increased by ¥7.8 billion year on year to ¥81.3 billion, profit increased by ¥4 billion year on year to ¥12.8 billion, and profit attributable to owners of parent also increased by ¥4 billion to ¥13.7 billion, marking the first increase in both revenue and profit in three years.

The factor contributing to our strong performance is the two interest rate hikes by the Bank of Japan, marking the full-fledged arrival of a world with interest rates. As a result, interest income increased mainly due to improvements in interest income on loans and bills discounted, leading to a substantial improvement in our core gross business profit, which indicates the profitability of our core business.

Forecast of performance for FY 2025

The economic outlook remains uncertain. However, as real interest rates are still deeply negative, policy rate hikes are likely to continue. In FY 2025, we expect an increase in interest income driven by the gradual realization of the effects of last year’s policy rate hikes, resulting in a second consecutive year of revenue and profit growth, and reaching a record-high profit on ordinary profit basis. However, the U.S. tariff policy may have a significant impact on businesses, including SMEs and micro businesses, and thus the situation warrants careful attention. We will commit to providing management support tailored to the characteristics and business conditions of each business as the general consulting group, aiming to overcome this challenging situation.

The Bank’s ability to generate income from financial activities has been constrained at a low level under the prolonged low interest rate environment. We believe we are now entering a phase of regaining our fundamental earning power. In addition, taking a comprehensive view that includes strengthening fee businesses cultivated as the “general consulting group,” the rebalancing of the securities portfolio, and shortening of durations in response to domestic and international interest rate trends, we evaluate the revenue base of the Group as having been steadily strengthened.

Fiscal year 2025 is the final year of our current medium-term management plan. While addressing the outstanding issues, we aim to deliver results that exceed our management targets in conjunction with the announcement of the next medium-term management plan.

Status of progress on the management targets in the medium-term management plan

Management target	Result	Result	Forecast	Target
	FY 2023 (1st year)	FY 2024 (2nd year)	FY 2025 (3rd year)	
Consolidated profit*	¥9.6 billion	¥13.7 billion	¥15.5 billion	¥ 13.5 billion or more
Consolidated capital ratio	9.12%	9.33%	—	Around 9.0 %
Non-consolidated OHR	74.9%	71.6%	—	Around 65.0 %

* Profit attributable to owners of parent

Performance trends

Non-consolidated financial results (Billions of yen)	FY 2023	FY 2024		FY 2025 forecast	
			YoY		YoY
Ordinary income	73.5	81.3	7.8	88.0	6.6
Core business gross profit	50.0	53.8	3.8	59.0	5.2
Interest income	38.1	41.9	3.7	47.0	5.0
Profit from fees and commissions	6.9	6.6	(0.2)	7.9	1.3
Other operating income (excluding gains or losses on bond transactions)	4.9	5.2	0.3	4.0	(1.1)
Of which gains on foreign exchange transactions	3.7	5.4	1.6	4.5	(0.8)
Of which gains or losses on financial derivatives	1.1	(0.1)	(1.3)	(0.4)	(0.3)
Management expenses	32.1	32.8	0.6	34.6	1.8
Core business net income	17.9	21.0	3.1	24.4	3.3
Gains or losses on bond transactions	(7.1)	(8.0)	(0.8)	(4.5)	3.5
Credit-related expenses	1.1	3.8	2.6	4.3	0.4
Ordinary profit	13.2	18.5	5.2	22.4	3.8
Profit	8.8	12.8	4.0	14.5	1.6
Customer-oriented services business profit	10.3	11.4	1.1	11.7	0.3
Net loss related to securities transactions	(4.7)	(0.6)	4.1	0.9	1.6

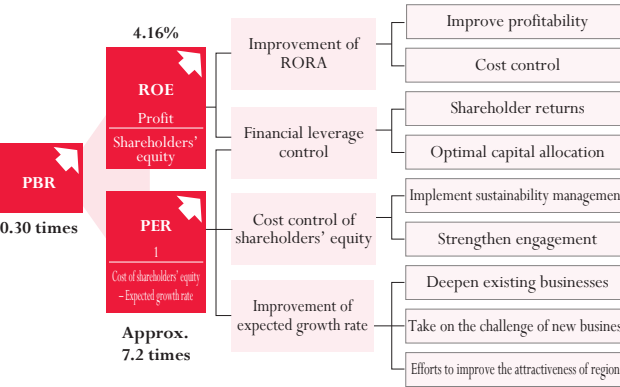
Consolidated financial results (Billions of yen)	FY 2023	FY 2024	YoY	FY 2025 forecast	YoY
Ordinary income	82.1	90.0	7.8	98.5	8.4
Ordinary profit	14.5	19.9	5.3	24.1	4.1
Profit attributable to owners of parent	9.6	13.7	4.0	15.5	1.8

Enhancement of Hyakujushi Group’s corporate value

In our long-term vision, we strive to balance both “Environment and social values” and “Economic values.” We believe that by contributing to the well-being of our stakeholders, including local communities and our customers, and realizing a virtuous cycle in which these benefits lead to the enhancement of the Group’s management sustainability, we can achieve medium- to long-term and sustainable improvement of corporate value.

Although our PBR has remained below 1 time for a long time, the external environment, including the interest rate environment, is entering a turning point. By capturing this trend and conducting business operations with awareness of the logic tree shown on the right, we will step into a new stage aimed at enhancing corporate value.

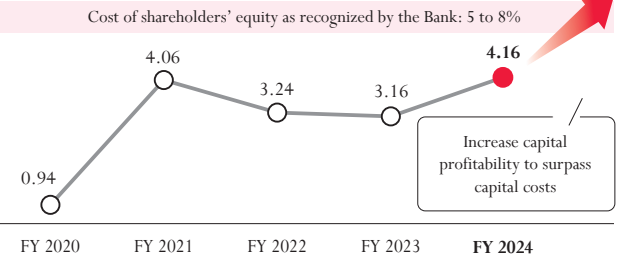
Logic tree for enhancing corporate value



Enhancing ROE

For achieving a PBR of 1, the enhancement of ROE beyond the cost of shareholders’ equity is our most critical challenge. We recognize that the cost of our shareholders’ equity is around 5 to 8%. As an interim milestone, we aim to achieve the 5% target set forth in our Long-term Vision 2030 at an early stage, and thereafter, strive for an accelerated improvement in capital profitability. To that end, we will engage in optimizing asset allocation, strengthening our fee businesses, and enhancing shareholder returns.

ROETrends (%)

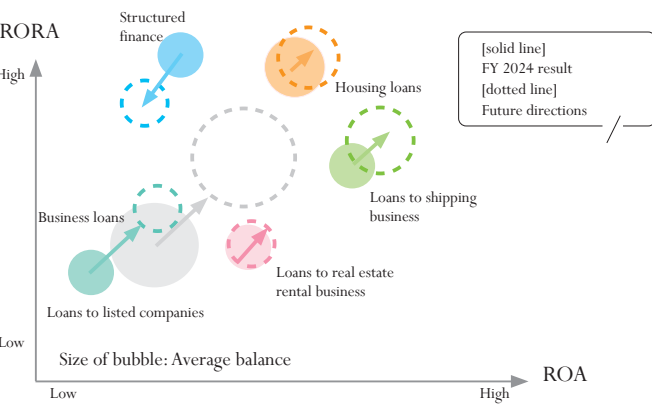


Message from the Director in Charge of Finance

Management with a focus on RORA

In a world with interest rates, it is required to operate the business with a focus on RORA. Focusing mainly on business loans, which are our main assets, we will seek optimal asset allocation to maximize the positive impact of rising interest rates on revenue. At the same time, we will promote the optimal allocation of human resources by leveraging our extensive branch network, which is one of our strengths as well as the utilization of RORA for each company and case under examination, thereby ensuring penetration of these initiatives at our sales branches.

Result and future direction of RORA by major asset class



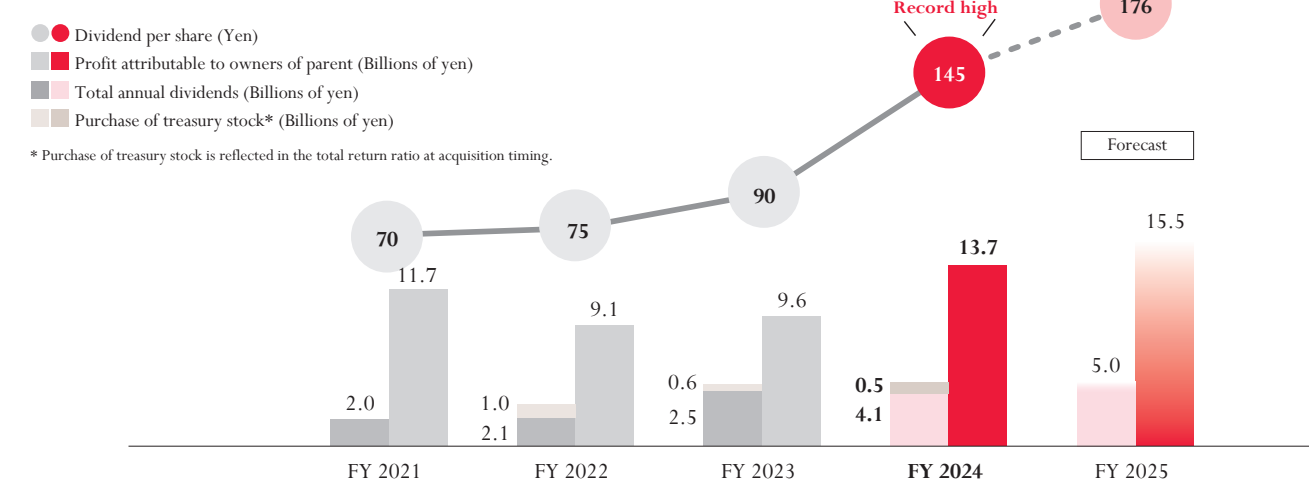
Shareholder returns

As our basic policy, we aim to provide stable returns to shareholders, with a target total return ratio of approximately 30%, taking into consideration our profit situation, business environment, and other relevant factors in a comprehensive manner.

In FY 2024, profits were better than expected due to improvements in the financial and economic environment, and dividends per share reached a record high.

Going forward, we will strive to further enhance returns through profit growth, with the aim of meeting the expectations of our stakeholders.

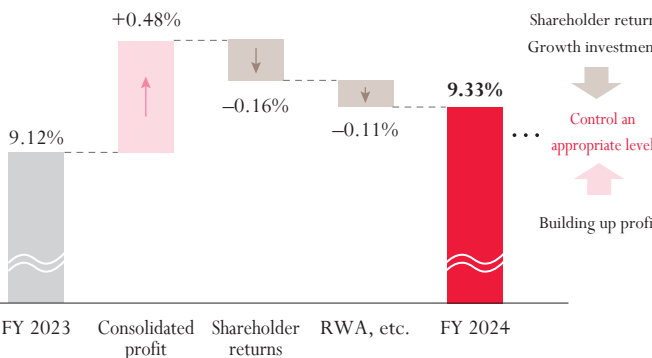
Trends of shareholder return



Capital control

The consolidated capital ratio at the end of FY 2024 is 9.33%, significantly exceeding the level required for domestic standard bank. It is necessary to hold appropriate levels of capital as a regional financial institution in order to fulfill our mission of supporting local communities through the supply of risk money. On the other hand, excess capital would lead to a decline in capital efficiency; therefore, we will manage our capital ratio appropriately, including by executing growth investments necessary for the sustainable enhancement of corporate value.

Capital allocation

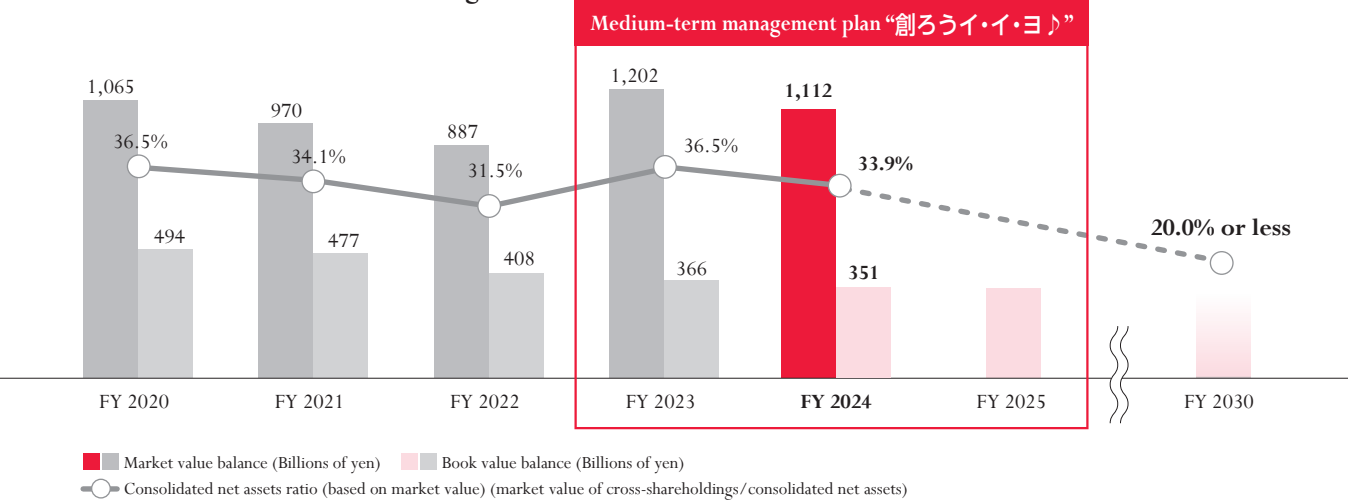


Reduction of cross-shareholdings

The reduction of cross-shareholdings is an extremely important theme from the perspective of capital efficiency and the control of price fluctuation risks. We aim to reduce the carrying amount of cross-shareholdings to 20% or less of consolidated net assets ratio based on market value in the future. Under this policy, the medium-term management plan aims for reducing ¥6.0 billion in book value, and as of the end of the second year, the reduction results reached ¥5.7 billion.

We regularly assess the rationale for each stock from the perspective of its “significance of holding,” based on factors such as the sustainability of the local economy and the enhancement of our corporate value, and its “economic rationale,” using RORA.

Status of reduction of cross-shareholdings



Enhancing PER

In addition to improving our financial position, including profitability, it is important that we gain a certain level of recognition from investors for our future growth potential. To this end, we believe it is necessary to formulate

concrete and highly feasible growth strategies, including in non-financial areas, and present them both internally and externally. We will therefore continue to engage proactively in dialogue with our stakeholders.

Driving growth through the collective strength of our group.

In the past two years, we have launched a local subsidiary in Vietnam to support SMEs’ overseas expansion, an investment company that provides equity for business succession and new businesses, and a regional vitalization business company that carries out initiatives beyond traditional bank operations for regional vitalization.

As regional issues and customer needs diversify, we will implement a growth strategy that fulfills stakeholder expectations by leveraging our group comprehensive strength, including in non-financial areas, through new business initiatives that drive regional revitalization, particularly in Kagawa Prefecture in addition to our traditional banking operations.

Engagement with investors and shareholders

We regard providing opportunities for dialogue with a wide range of investors and shareholders as an important initiative. Such dialogue fosters understanding of our management policies, strategies, and performance, and reduces information asymmetry to lower our capital cost, and helps us gather valuable insights for enhancing the Group’s corporate value.

Based on this approach, in FY 2024 we held financial results briefings for institutional investors and analysts hosted by the President, as well as one-on-one meetings. We also live-streamed company presentations for individual investors with the aim of providing information to more investors and shareholders. For more details on dialogue, please refer to page 15, “Communication with Stakeholders.”

Communication with Stakeholders

Communication with investors and shareholders

Initiatives for IR activities

In order to promote understanding of the Bank's business performance, management policy, and management strategy, we provide opportunities for dialogue with investors. In addition to holding financial results briefings for institutional investors and corporate presentations for individual investors, we also arrange one-on-one meetings with institutional investors.

Feedback obtained through dialogue is provided to management, and we actively incorporate proposals that contribute to enhancing the corporate value of the Group.

Status of IR activities in FY 2024

	Number of times	Presenter
Financial results briefing for institutional investors	1	President
Corporate presentation for individual investors	3*	President and Executive Officer
One-on-one meeting with institutional investors	9	Executive Officer

*One of the presentations was live-streamed.

Main improvements, etc through dialogue

- Revised the Board of Directors skills matrix
- Accelerating the timeline for achieving ROE target
- Disclosed the level of capital cost recognized by the Bank, etc.

The Bank's annual calendar of IR activities, which are conducted with the purpose of providing timely and appropriate information, is available here:



Shareholder benefit program

As a way of expressing our appreciation to our shareholders for their ongoing support, increasing the attractiveness of investing in our shares, and encouraging more people to hold our shares over the long term, the Bank has introduced a shareholder benefit program.

A summary of the Bank's shareholder benefit program is available here:



Communication with customers

Current situation meeting

We hold an annual current situation meeting aimed at introducing our management situation and main initiatives to customers, mainly from the local community, and fostering closer relationships.

Event location

Event venue	Four venues in Kagawa, one venue in Okayama
Attendees from the Bank	Executive Directors



Implementation of customer questionnaires

In the customer questionnaires conducted to further enhance the quality of our services, about 70% of customers responded that they are satisfied with transaction status and details with the Bank.

Corporate customers:



Satisfied/Somewhat satisfied

Retail customers:



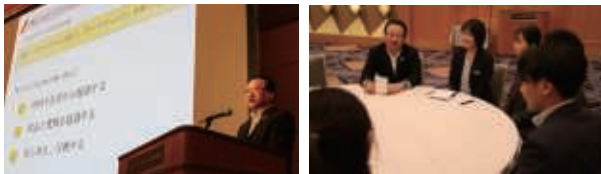
Sufficient/Mostly sufficient

Communication with employees

Town hall meeting/Mini town hall meeting

We held a town hall meeting for 3rd and 6th year employees where the President personally spoke about the current status and management policies of the Bank and engaged in discussions with the attendees. This meeting aims to enable young employees who will lead the future of the Bank, to gain an overall understanding of the Bank, think from a higher-level perspective, and cultivate a spirit of challenge toward higher goals.

Based on the positive feedback received from participants following the event, we have begun holding mini town hall meetings with a limited number of participants, where the President visits each branch.



A closer relationship with the executives has been established.



It allowed us to identify our strengths and position.

Special feature!

The Hyakujushi Group will celebrate the 150th anniversary since its establishment on November 1, 2028.

Initiation of Future-Focused Projects in Preparation for the 150th Anniversary

- Connecting community's wishes and creating new Hyakujushi Group -



Message from Project Secretariat

This project is not only a reflection on our history but also the first step toward new challenges for the future. For the future 50 and 100 years ahead, what can we do now? How do we need to change? We believe that each employee should seriously confront the future and work together with the communities and our customers to overcome challenges.



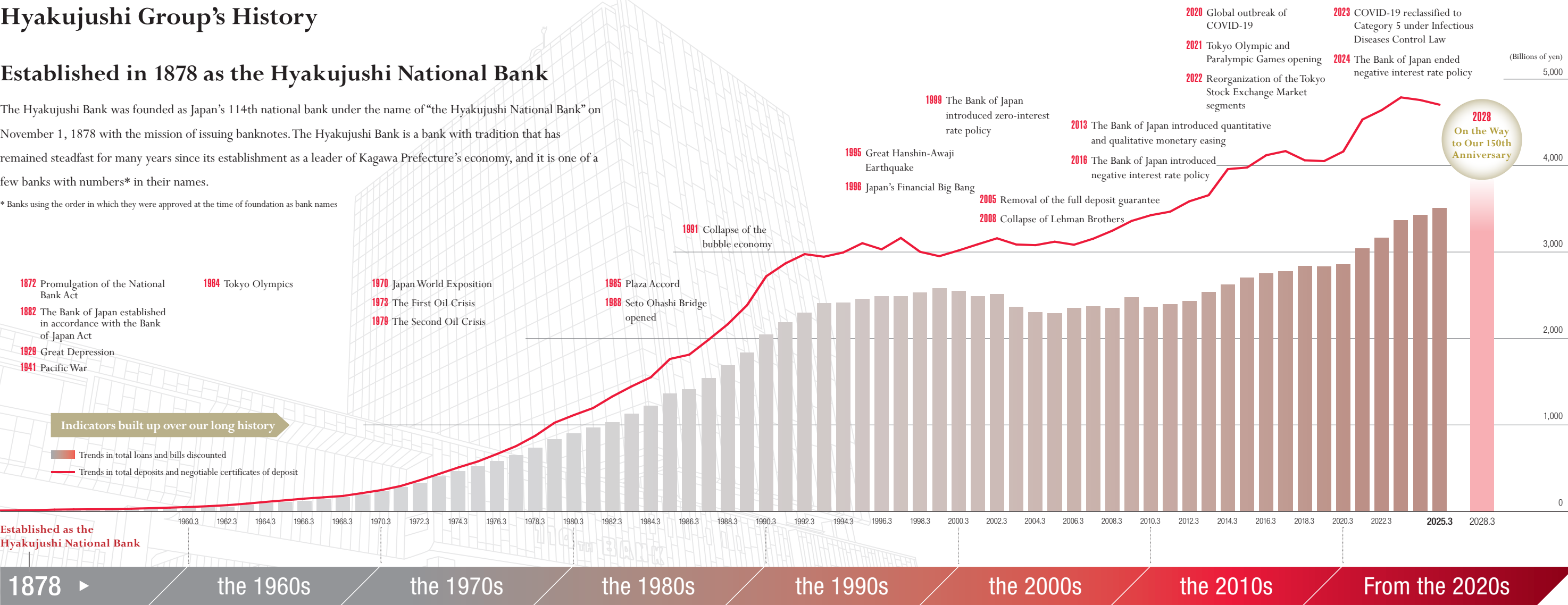
Yuka Kuriu, Corporate Planning Division, Public Relations Group

Hyakujushi Group's History

Established in 1878 as the Hyakujushi National Bank

The Hyakujushi Bank was founded as Japan's 114th national bank under the name of "the Hyakujushi National Bank" on November 1, 1878 with the mission of issuing banknotes. The Hyakujushi Bank is a bank with tradition that has remained steadfast for many years since its establishment as a leader of Kagawa Prefecture's economy, and it is one of a few banks with numbers* in their names.

* Banks using the order in which they were approved at the time of foundation as bank names



Main events



Building used at the time of the establishment (around 1887)
"View of prosperous Hyakujushi Bank" by Mitsui Atsuo



Former head office (1926)



Former head office damaged by air raids in World War II (1945)



Relocated to the newly-constructed head office at the current location (Kamei-cho, Takamatsu) (1966)



The Bank's first ATM was installed at the head office (1980)



Started the cooperation on mainframe system for regional bank project, named "Chance" (2007)



The four regional banks in Shikoku concluded a comprehensive partnership agreement for revitalization of Shikoku (Shikoku Alliance) (2016)



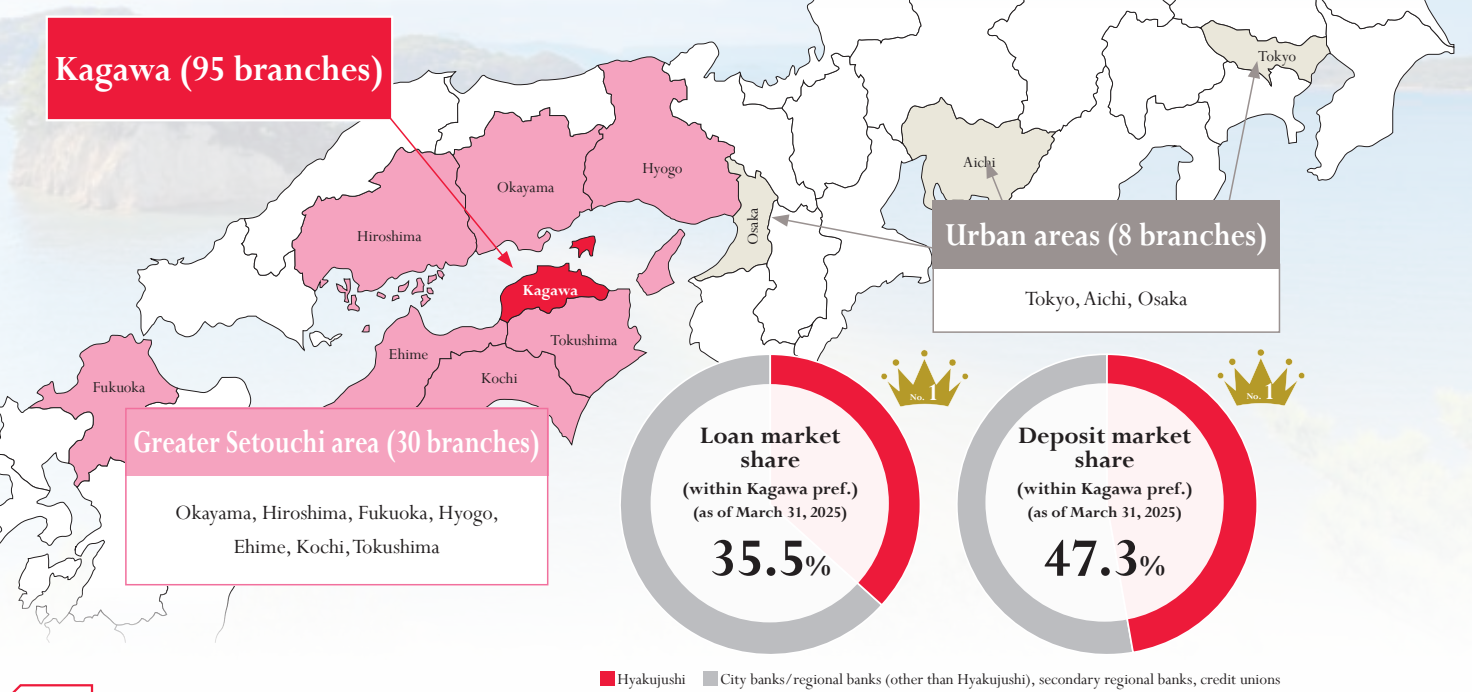
Signed a "Basic Agreement on a Comprehensive Business Partnership for Financial Product Intermediation Services" with Nomura Securities (2025)

1878 Established	1945 The head office was damaged by air raids on Takamatsu in World War II but survived the fire.	1973 Was listed on the First Section of Tokyo and Osaka Stock Exchanges	2015 Introduced shareholder benefit program	2020 Established SHIKOKU BRAND inc., a local trading company jointly funded by the four Shikoku Alliance banks	2023 Formulated Long-term Vision 2030 Launched Medium-Term Management Plans (April 2023 to March 2026) Established a local consulting subsidiary in Vietnam, HBCV
1898 Reorganized as The Takamatsu Hyakujushi Bank, Ltd.	1948 The trade name was changed to The Hyakujushi Bank, Ltd.	1978 100th anniversary	2017 Shifted to a company with Audit and Supervisory Committee	Established "Environmental and Social Management Policy for Financing and Investment Activity"	
	1950 Opened Osaka Branch	2005 Opened Shanghai Representative Office	2018 Established Shikoku Alliance Capital Company Limited, a fund management company jointly funded by the four Shikoku Alliance banks	2021 Committed to TCFD (Task Force on Climate-related Financial Disclosures) Recommendations	2024 Established an investment company, Hyakujushi Growth Investment & Assistance Co., Ltd.
	1952 Opened Tokyo Branch		2019 Released the Hyakujushi Bank's SDGs Declaration	2022 Listed on the Prime Market of the Tokyo Stock Exchange	2025 Established a regional vitalization business company, The Hyakujushi Regional Future Design Co., Ltd.

Hyakujushi Group's Strengths

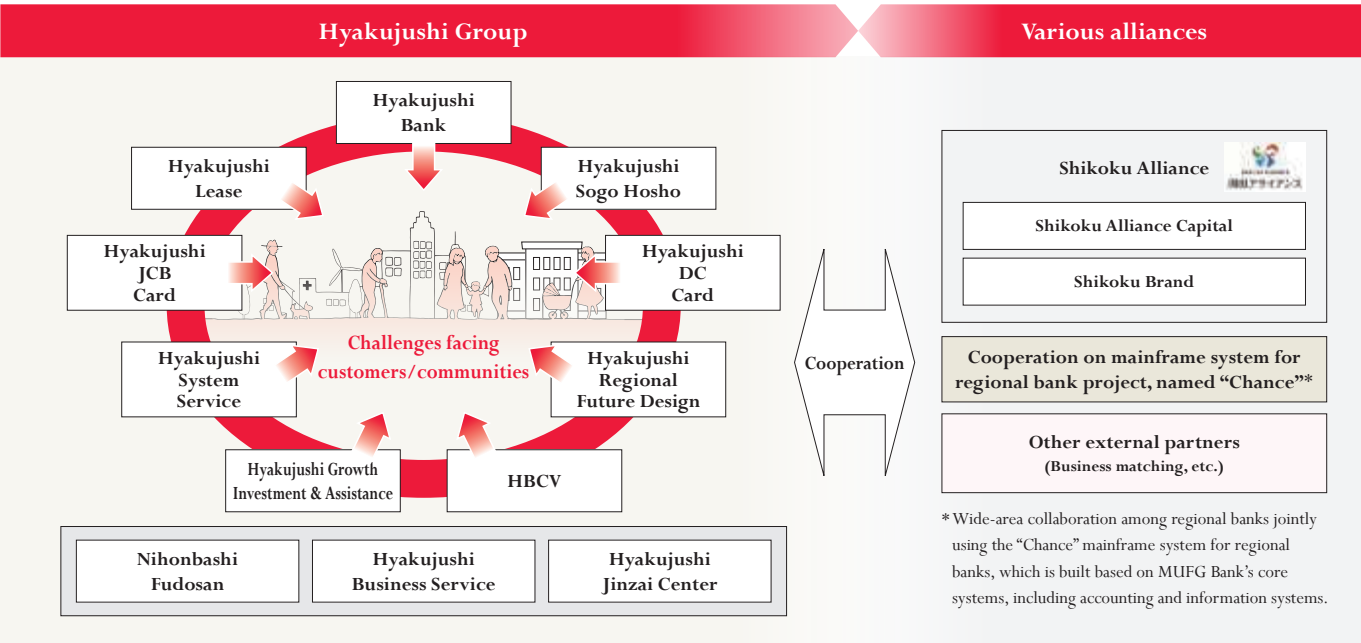
1 Far-reaching network and solid customer foundation

Although we are a regional bank with Kagawa Prefecture as our operational foundation, we have been branching out of our home location from an early stage. In 1923, we opened our first branch in Shikoku outside of Kagawa Prefecture. With the expansion into Osaka in 1950 as the first regional bank to open a branch out of its home prefecture in Honshu, we opened branches in Tokyo, Okayama, and Hiroshima. We have built an extensive network with 133 branches in 11 prefectures, with our operations firmly rooted in each locality.



2 Group comprehensive strength

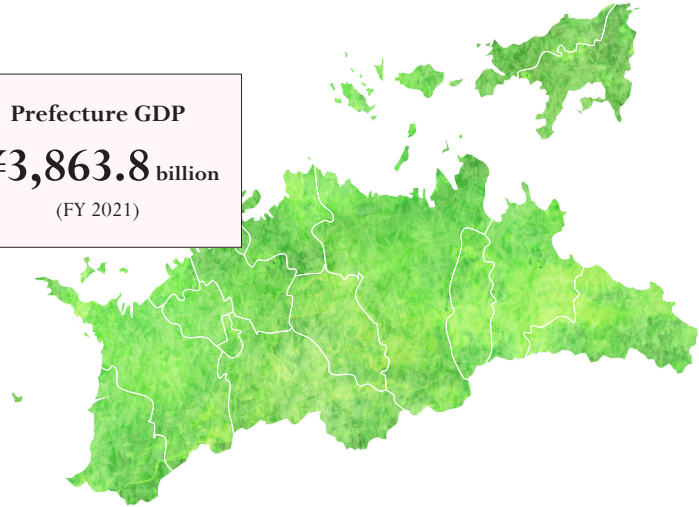
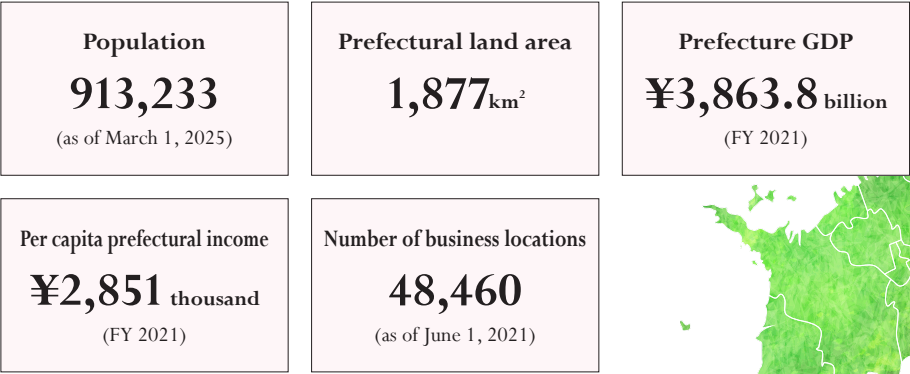
Centered on bank operations, in addition to traditional financial sectors such as leasing and card services, the Hyakujushi Group has established new types of companies in recent years, such as an overseas consulting local subsidiary and a regional vitalization business company, in order to provide unique value addressing the increasingly diverse challenges faced by local communities and customers. In order to generate new value for our customers and offer optimal solutions, we strive to reinforce the group comprehensive strength by broadly leveraging external alliances, including the Shikoku Alliance comprised of four regional banks in Shikoku.



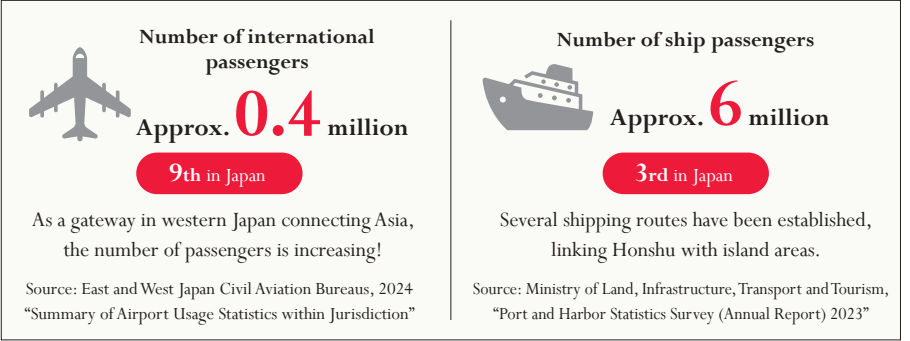
3 The potential of Kagawa Prefecture - the Bank's home location

Kagawa Prefecture, our home location, is the smallest prefecture in Japan by geographic area. However, it has distinctive characteristics across multiple sectors in addition to its low incidence of natural disasters and excellent transportation infrastructure. The region is also gaining international attention in industry and tourism, demonstrating significant potential.

Basic data



Transportation infrastructure



Disaster



Household finance



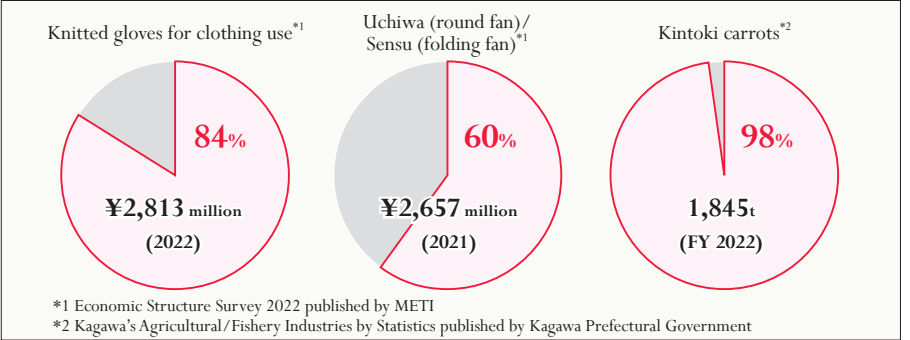
Culture and art



Local specialties



Other industrial products and agricultural/fishery products of which Kagawa Prefecture has Japan's top share



Extra edition: Shikoku



Hyakujushi Group's Value Creation Process

INPUT

Hyakujushi Group's strengths

Social and relational capital

- Overwhelming market share and presence in Kagawa Prefecture
Loans and deposits shares: No.1
- Customer base
Retail customers: Approx. 1,190,000
Corporate customers: Approx. 50,000
- Extensive network of branches 11 prefectures

Human capital

- Personnel with advanced qualifications
SME management consultants: 29
1st grade Certified Skilled Professional of Financial Planning: 130
 - 114 Meister system^{*1}
Certified Meisters: 95
- *1 The Bank's internal system for certifying three levels of qualification, with Meister being the highest level, in each of the eight operations related to banking services.

Intellectual capital

- Provision of solutions as Group-wide efforts
- Financial and non-financial services and knowledge

Financial capital

- Deposits and negotiable certificates of deposit: ¥4.7 trillion
 - Loans and bills discounted: ¥3.5 trillion
 - Consolidated capital ratio 9.33%
 - External ratings^{*2}: "A" (JCR), "A-" (R&I)
- *2 as of March 31, 2025

Natural capital

- Regional environment with few natural disasters
- Warm and rich natural environment
- Transportation and logistics hub
- Abundant tourism resources

ACTIVITY

Management strategy

Corporate Vision

- 1 Prosper together with customers and communities
- 2 Create a vigorous corporate culture
- 3 Ensure sound business management and enhance corporate value

Business deployment based on the Hyakujushi Group Material Issues

Driving the Revitalization of the Regional Economy	Empowering lives in the 100-year life era
Fostering an environment where diverse talent can thrive and grow	Digital transformation of our operations and local communities
Addressing climate change and other environmental challenges	Establish a sustainable management foundation

Medium-term management plan 創るうい・い・え

As Phase 1 of our Long-term Vision, we will advance transformation based on the three growth engines (SX, HRX, and DX), and accelerate initiatives aimed at the evolution of the general consulting group.

The 3 transformations that will serve as growth engines



Key strategies

Evolution of the general consulting group	Dramatic improvement of productivity
Enhancement of employee well-being	Establishment of a sustainable management foundation

Foundation supporting business activities

Corporate governance, Risk management, Compliance and Internal audit

OUTPUT

The value we offer

Enhance local community well-being

- Create unique local industries
- Discover attractive local resources
- Solve key environmental and social issues



Enhance corporate customer well-being

- Exercise a financial intermediary function
- Support the solving of financial and non-financial-related management issues



Enhance retail customer well-being

- Improve financial literacy
- Offer financial services by the best balance of real and digital
- Support total life design



Enhance employee well-being

- Reform corporate culture by encouraging employees to take on challenges
- Promote DE&I
- Establish a comfortable workplace environment
- Professional development
- Enhance health management



Enhancement of shareholder value

- Enhance mid- to long-term corporate value
- High-transparency information disclosure
- Implement sustainability management
- Enhance shareholder return



OUTCOME

The values we want to achieve

Environment and social values

Realize a society with well-being where local community members can continue enjoying a better life.

Achieve sustainability KPIs

Long-term Vision 2030

Through evolution of the general consulting group, we will create a society with well-being together with local community members

Achieve environmental/ social values at the same time as economic values



Economic values

Enhance the Hyakujushi Group's management sustainability through improving profitability and strengthening management foundation.

Long-term target levels

Consolidated ROE of around 5%
(Strive for early attainment)
Consolidated capital ratio of around 10%

External environment

Low regional economic growth

Declining population, declining birthrate and aging population

Shift to decarbonization and a circular economy

Social and economic digital shift

Shift in monetary policy

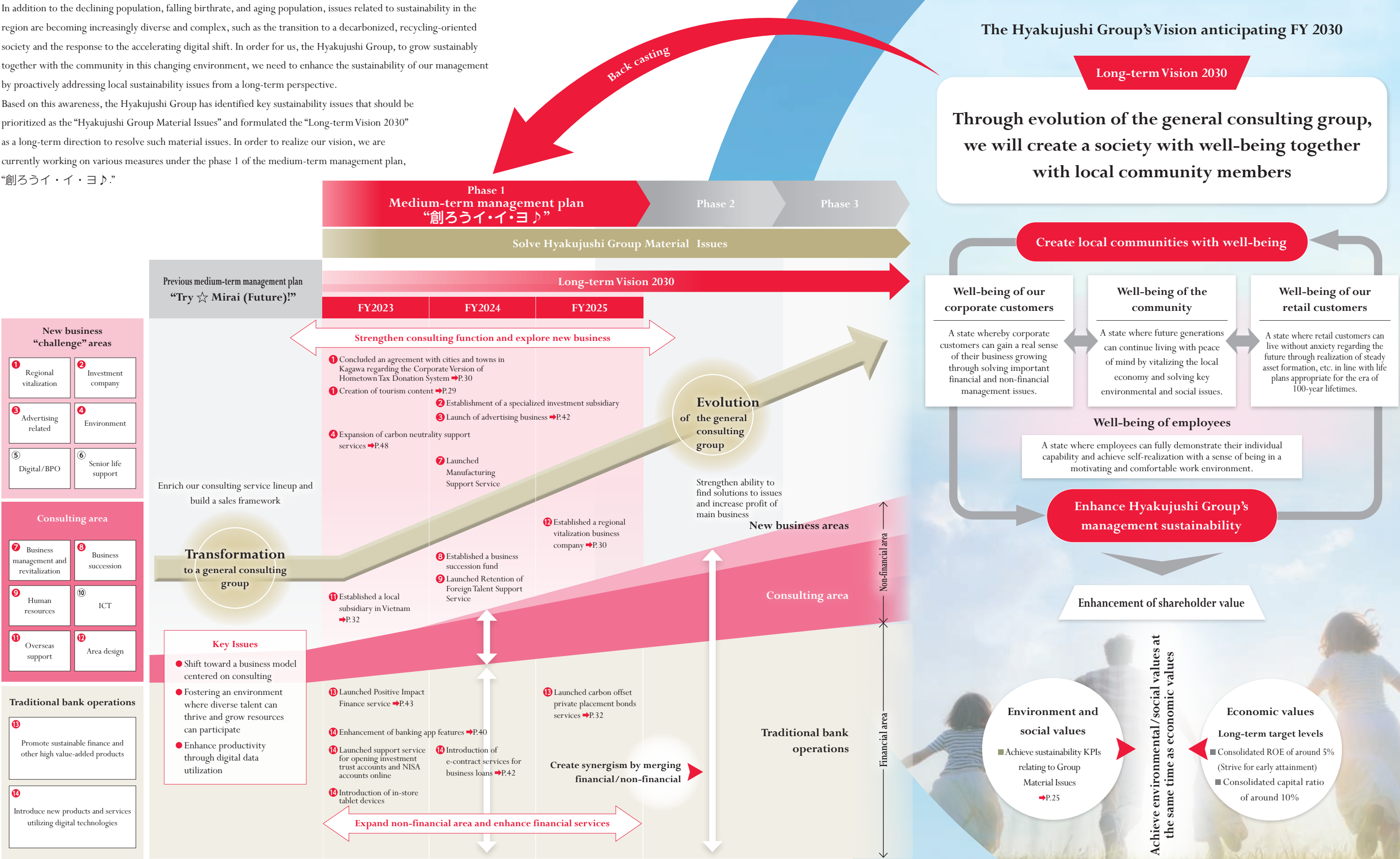
Intensified competition due to entrants from outside the industry

Expansion of business areas due to deregulation

Long-term Vision (the Vision Hyakujushi Group Aims for over the Long Term)

In addition to the declining population, falling birthrate, and aging population, issues related to sustainability in the region are becoming increasingly diverse and complex, such as the transition to a decarbonized, recycling-oriented society and the response to the accelerating digital shift. In order for us, the Hyakujushi Group, to grow sustainably together with the community in this changing environment, we need to enhance the sustainability of our management by proactively addressing local sustainability issues from a long-term perspective.

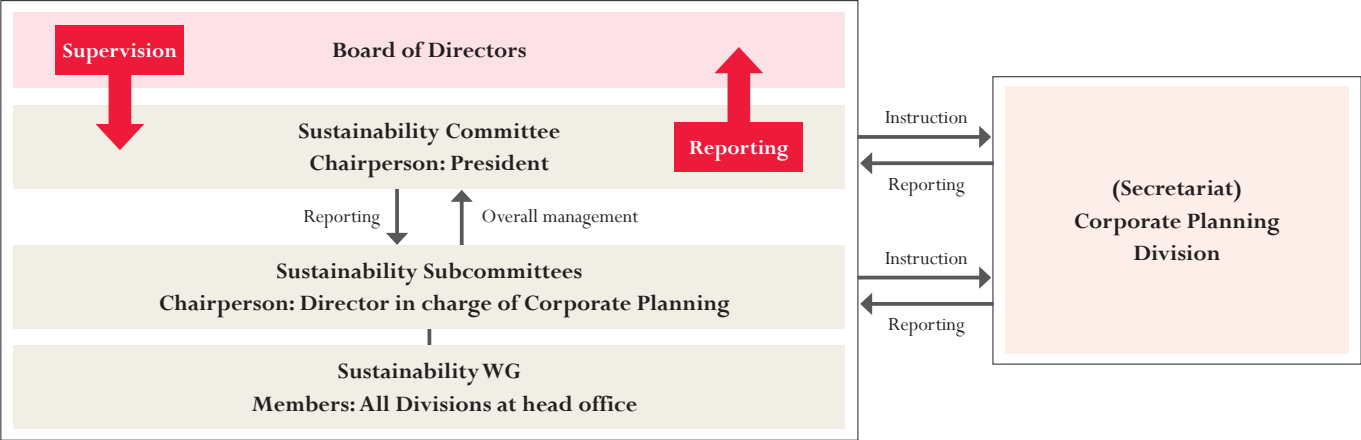
Based on this awareness, the Hyakujushi Group has identified key sustainability issues that should be prioritized as the “Hyakujushi Group Material Issues” and formulated the “Long-term Vision 2030” as a long-term direction to resolve such material issues. In order to realize our vision, we are currently working on various measures under the phase 1 of the medium-term management plan, “創ろうイ・イ・ヨ♪”



Hyakujushi Group Material Issues

With the aim of realizing our corporate vision, the Bank has prioritized key issues that the Group should address and has identified them as the “Hyakujushi Group Material Issues,” taking into account factors such as external environment and expectations of stakeholders from a long-term perspective in order to solve various challenges facing the local community. Through various initiatives aimed at addressing materiality issues, we are practicing sustainability management by contributing to the sustainability of our customers and the local communities.

Governance system related to sustainability



Roles of Sustainability Committee and main matters deliberated

Roles of Sustainability Committee	● Formulating policies on efforts to resolve various sustainability-related issues in such realms as the environment, society, and economy ● Deliberating on strategy and measures and managing progress of the implementation thereof
Main matters deliberated in FY 2024	● Progress status of sustainability KPI, etc. ● Review of long-term CO₂ emission reduction targets and the formulation of a transition plan ● Establishment of Sustainability Subcommittees

Status of sustainability KPIs and Hyakujushi Group material Issues

Material issue			Opportunity and risk		Main initiatives	Sustainability KPI	FY 2030 target	FY 2024 result	Corresponding SDGs
			Opportunities	Risks					
Society	Efforts to revitalize the local economy		● Expansion of areas for industry-academia-government-finance collaboration for regional revitalization ● Expansion of consulting needs due to the increasing sophistication and diversity of management issues of local companies	● Reduced sustainability due to declining local population and sluggish economy ● Deterioration of corporate performance due to delayed response to local companies' management issues	● Revitalize “towns” by establishing co-creation frameworks with local public authorities, etc. ● As the Hyakujushi Group overall, support corporate customers in solving the issues they face	Total number of initiatives aimed at solving local issues	150	43	
						No. of consultations, etc. provided to corporate customers	3,000	1,497	
	Empowering lives in the 100-year life era		● Greater asset formation/asset management needs in anticipation of the era of 100-year lifetimes	● Reduced competitiveness due to delayed response to social structure changes triggered by further progression of the aging society	● As the Hyakujushi Group overall, support retail customers with their total life design ● Provide financial education to future generations	No. of customers provided with asset formation support:	160,000	118,000	
						No. of people who have completed financial education courses (cumulative total since FY 2023)	30,000	11,119	
Society	Fostering an environment where diverse talent can thrive and grow		● Sustainable growth of human resource capability by giving employees a sense of well-being ● Create new values through promoting participation by a diversity of human resources	● Decline in engagement and outflow of human resources due to delayed response to changes in social structure and diversification of values ● Decline in human resource capability due to reduced QOL (quality of life) of employees	● Through promotion of D&I, establish a workplace environment in which diverse human resources can participate ● Improve motivation by creating challenging opportunities and improve work comfortability by enriching work-life balance ● Implement health enhancement promotion measures aimed at promoting health management	Sustain improvement of the engagement score	Sustainable improvement	67pt	
						Share of females in junior management* (FY 2026)	30% or more	31.3%	
Society	Driving DX and the digital transformation of the regional community		● Digital shift of work and services through advancements in digital technologies ● Increased solution needs in anticipation of digital transformation of local communities	● Reduced competitiveness due to delayed response to digital transformation and new entrants from outside the industry	● Work process reform leveraging digital technologies and sophistication of digital channels ● Enrich social media/website content, etc. ● As the Hyakujushi Group overall, support digital transformation of customer operations	No. of digitally-connected customers	400,000	104,000	
						Double the number of ICT consulting business partners	100	108	
Environment	Addressing climate change and other environmental challenges		● Greater needs for finance solutions aimed at solving environmental issues	● Weakened social confidence due to insufficient response to climate change, etc. ● Deterioration of local business performance due to extreme weather events and inability to adapt to a decarbonized society	● Leading initiatives aimed at achieving a decarbonized/circular society for the 2050 carbon neutrality target pledged by the Japanese government ● Strengthen initiatives aimed at decarbonization of customers' operations through sustainable finance, etc.	CO ₂ emissions (Scope 1 and 2)	vs. FY 2013 75% reduction	vs. FY 2013 55.1% reduction	
						Sustainable finance working budget (of which allocated to environmental initiatives) (cumulative total since FY 2021)	¥500.0 billion (¥200.0 billion)	¥243.8 billion (¥102.0 billion)	
Corporate governance	Establishment of a sustainable management foundation		● Stronger business foundation through sophistication of governance system and profit structure reforms, etc.	● Weakened social confidence due to insufficient governance ● Suspension of business activities or weakened social confidence due to delayed response to cyberattacks, disasters, etc.	● Strengthen governance ● Enhance corporate value through profit structure reforms ● Strengthen capital strategy and sophisticated risk management system ● Strengthen system/digital foundations	Systematic reduction of cross-shareholdings	Consolidated net asset ratio of 20% or less	Consolidated net asset ratio of 33.9%	
						Enhance dialogue with stakeholders	—	—	

* Junior management refers to positions of Deputy Branch Managers, Deputy Chiefs or above (and includes management positions)

Medium-term Management Plan

In the medium-term management plan, which covers the three-year period from FY 2023, we will accelerate business development based on materiality and initiatives aimed at the “evolution of the general consulting group,” with the three transformations of SX, HRX, and DX as growth engines, toward the realization of our Long-term Vision 2030.

Overview of medium-term management plan

Name

「創ろうイ・イ・ヨ♪」

Significance of name

This name contains our sentiment of offering high value-added services to customers and communities so that they may come to say, “Hyakujushi is good!,” thus creating a “good world” in which local community members can enjoy a true sense of well-being.

Period: April 2023 to March 2026

Basic policy

As Phase 1 of our Long-term Vision, we will advance transformation based on the three growth engines (SX, HRX, and DX), and accelerate initiatives aimed at the evolution of the general consulting group.

Key strategies

■ Evolution of the general consulting group

■ Enhance employee well-being

■ Dramatically improve productivity

■ Establishment of a sustainable management foundation

Growth engines supporting strategies

Promoting three transformations – Transformation –

SX [Sustainability]

HRX [Human Resources]

DX [Digital]

SX (Sustainability)

HRX (Human Resources)

DX (Digital)

: Achieve sustainability for both Hyakujushi Group and local communities

: Maximize human capital by linking management strategy with human resource strategy

: Transform business through data and digital technology

Strategic framework of medium-term management plan

The diagram illustrates the strategic framework of the medium-term management plan, centered around four key strategies that drive the evolution of the general consulting group and enhance Hyakujushi Group's management sustainability.

- Key Strategy 1: Evolution of the general consulting group**
 - Community co-creation
 - Corporate customer strategy
 - Retail customer strategy
 - Group strategies
- Key Strategy 2: Enhancement of employee well-being**
 - Foster engagement
 - Strengthen human resource capability
- Key Strategy 3: Dramatic improvement of productivity**
 - Work reform
 - Channel reform
- Key Strategy 4: Establishment of a sustainable management foundation**
 - Stabilize securities management
 - Build system/digital foundations
 - Ensure thorough cost return management
 - Strengthen governance

The framework is supported by three main pillars: **HRX strategy** (Human Resources), **DX promotion** (Digital), and **SX promotion** (Sustainability). These pillars contribute to the overall goal of **Enhance Hyakujushi Group's management sustainability**, which is further supported by **Enhancement of shareholder value**.

The diagram also highlights the **Business deployment based on the Material issue**, which includes:

- Driving the Revitalization of the Regional Economy (P29)
- Empowering lives in the 100-year life era (P33)
- Fostering an environment where diverse talent can thrive and grow (P35)
- Driving DX and the digital transformation of the regional community (P39)
- Addressing climate change and other environmental challenges (P43)
- Establishment of a sustainable management foundation

Progress on management target

Reflecting the steady progress in our initiatives to evolve into a general consulting group, as well as taking into account changes in the external environment such as the shift to a world with interest rates, we have revised upward our forecasts for consolidated profit and OHR. Currently, we are progressing at a pace exceeding even the post-revision targets.

Target item/fiscal year	FY 2022 (final year of previous medium-term management plan)	FY 2023 (1st year)	FY 2024 (2nd year)	FY 2025 (3rd year)
	Result	Result	Result	Management target
Profitability Consolidated Profit (Profit attributable to owners of parent)	¥9.1 billion	¥9.6 billion	¥13.7 billion	¥13.5 billion or more
Soundness Consolidated Capital ratio	9.10%	9.12%	9.33%	Around 9.0%
Efficiency Non-consolidated OHR (gross operating profit basis)	76.1%	74.9%	71.6%	Around 70.0%

Revised upward the November 2024 target

27 The Hyakujushi Bank, Ltd. Integrated Report 2025

The Hyakujushi Bank, Ltd. Integrated Report 2025 28



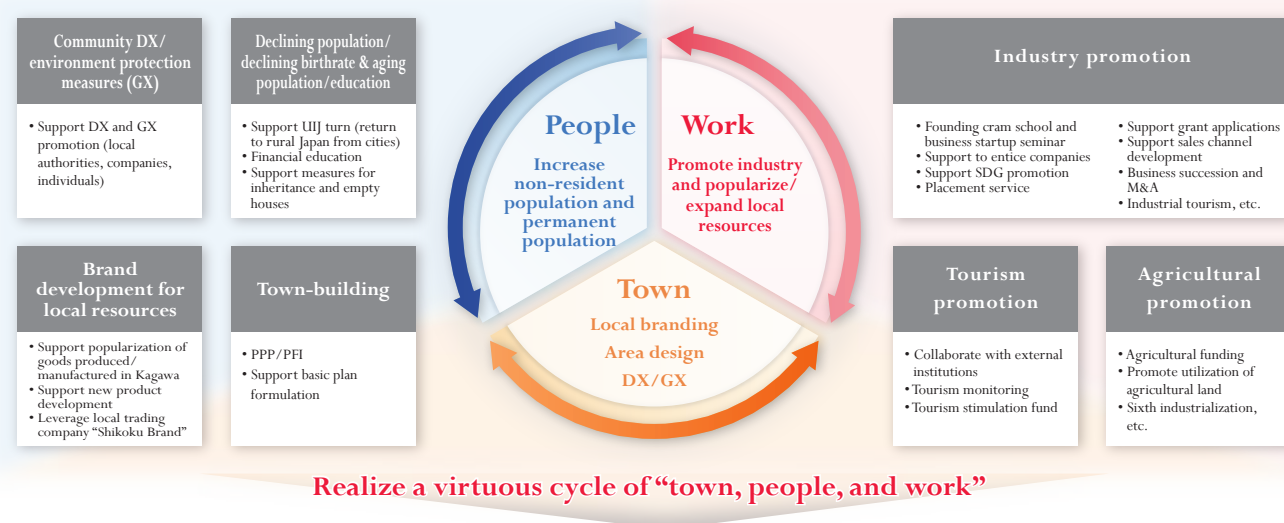
Driving the Revitalization of the Regional Economy

Amid concerns over the sustainability of regional economies due to factors such as population decline, declining birthrate and aging population, and the overconcentration of population and industry in Tokyo, we are committed to actively promoting initiatives to revitalize regional economies by supporting customers engaged in community-based business activities to solve financial and non-financial-related management issues.

Community co-creation strategy

Revitalize “towns” by establishing co-creation frameworks with local public authorities, etc.

By strengthening collaboration with local public authorities and external companies and organizations who engage in regional revitalization, we aim to create a co-creation system that generates new value for the region, and revitalize “towns” that support the circulation of work and people in the region.



◆ Promote attractive local products beyond the area

We contribute to the expansion of attractive local products by promoting unique local specialties both within and beyond the area.

● Shikoku Product Fair

Together with Nippon Life Insurance Company, with which we have established a “partnership agreement for the promotion of regional sustainability,” we organized the “Shikoku Product Fair” to actively promote sales opportunities for food and other products from the Shikoku area in the Tokyo metropolitan region.

✓ Total of 809 visitors on the day!



Scene from the fair

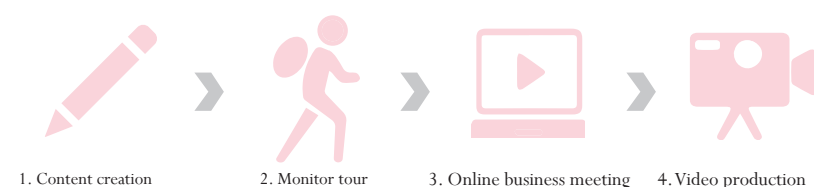


Flyer

◆ Efforts to improve the attractiveness of regions as a tourism site

● Creation of tourism content

We are working on regional rebranding by analyzing local characteristics and issues, and creating tourism content aimed at attracting new visitors, including inbound tourists.



Upper part: 1. Creating tourism content in collaboration with a local sake brewery

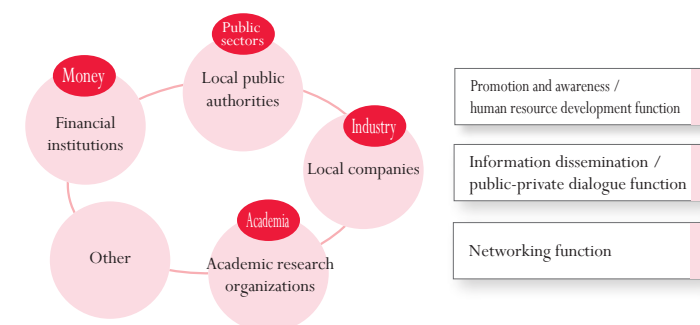


Lower part: 2. Monitor tour (Kanonji City, Kagawa Prefecture)

◆ Building a Sustainable “Town”

● Kagawa PPP/PFI Regional Platform

Leveraging the platform established with the aim of strengthening public-private partnerships, we conduct seminars to promote awareness and dissemination of PPP/PFI, and carry out soundings for dialogue between the public and private sectors on individual projects.



● Corporate Version of Hometown Tax Donation System

We have entered into agreements with local public authorities in Kagawa Prefecture, contributing to securing financial resources for new initiatives of local public authorities and creating opportunities to contribute to the achievement of the SDGs through regional revitalization projects undertaken by businesses from outside the region.

✓ A total of ¥50 million in donations since December 2023



Scene from awarding ceremony of certificate of appreciation

◆ Resolve labor shortages for local businesses

In light of concerns about the future contraction of the local economy and a decline in the number of businesses, we are contributing to the maintenance and creation of local employment by supporting business operators facing challenges in retaining talent.



● Shikoku Alliance support for scholarship repayment

In order to support the retention and development of young talent for local businesses suffering from severe labor shortages, the Shikoku Alliance has jointly launched a scholarship repayment support program.

✓ As of February 2025, more than 120 companies have expressed their agreement for the Shikoku Alliance's four banks.

PICK UP !! Launched a business of “regional vitalization business company”

With the aim of contributing to the comprehensive revitalization of local communities, we established “Hyakujushi Regional Future Design Co., Ltd.,” a regional vitalization business company within the Group, in order to deepen cooperation with local public authorities and key regional players, and to develop businesses that go beyond the traditional bank operations.

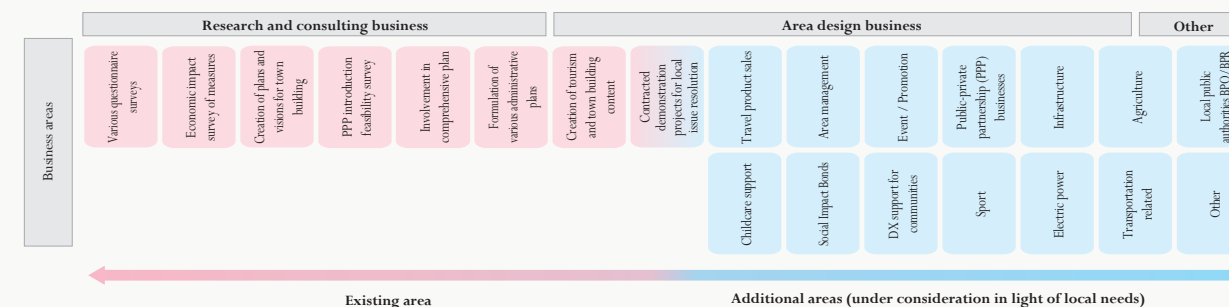
▶ Company profile

Company name	Hyakujushi Regional Future Design Co., Ltd.
Established	April 2025
Business	- Research and consulting business - Research services, public-private partnership consulting, etc. - Area design business - Tourism and town building businesses, and new business

Starting from local issues and needs, we intend to expand into business areas we have not previously been able to engage with.

Akimasa Omori,
President and CEO

▶ Target business areas

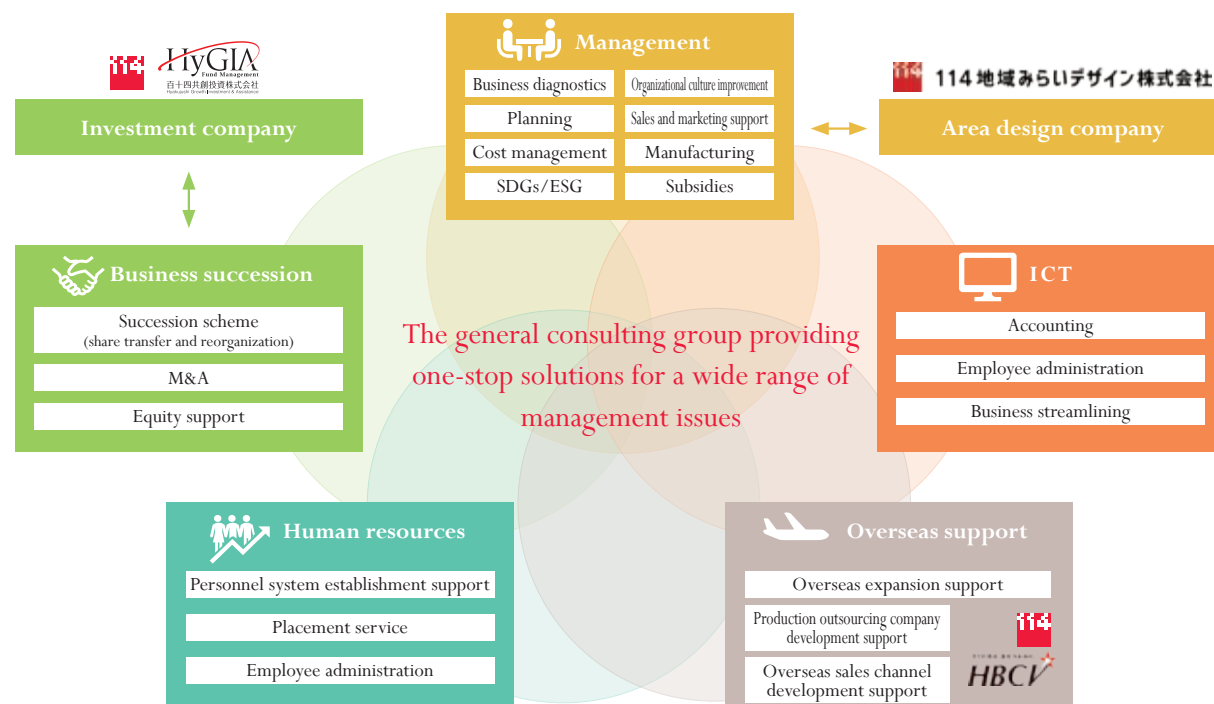


Driving the Revitalization of the Regional Economy

Corporate customer strategy

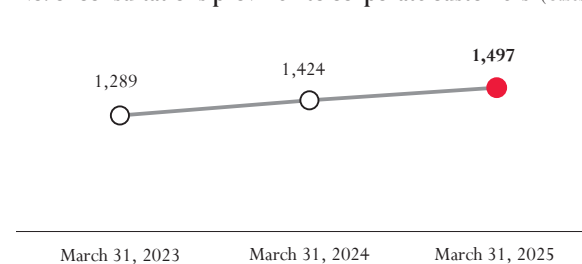
Strengthen our corporate consulting function

By providing multifaceted and advanced management support to address the increasingly diverse and complex issues faced by our corporate customers, we aim to evolve our functions as a general consulting group. At the same time, through contributing to the core business growth of local business operators, we strive to maximize the synergy between our consulting and finance areas.

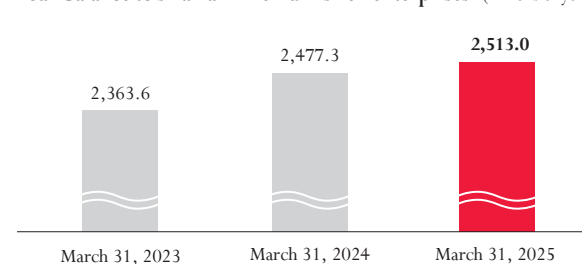


◆ Status of support for businesses

No. of consultations provided to corporate customers (Cases)



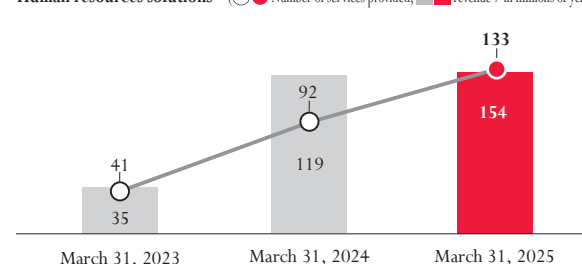
Loan balance to small and medium-sized enterprises (Billions of yen)



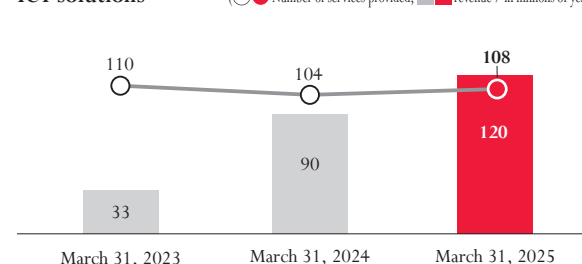
◆ Resolution of management issues faced by businesses

We offer a variety of consulting services to support the resolution of all management issues faced by businesses.

Human resources solutions (○● Number of services provided, ■ revenue / in millions of yen)



ICT solutions (○● Number of services provided, ■ revenue / in millions of yen)

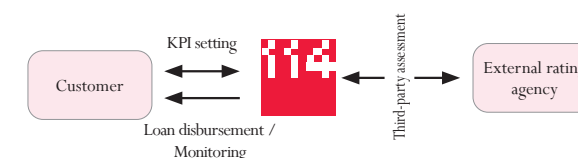


◆ Support the improvement of business operators' sustainability

We provide a variety of financial products to support business operators' sustainable management.

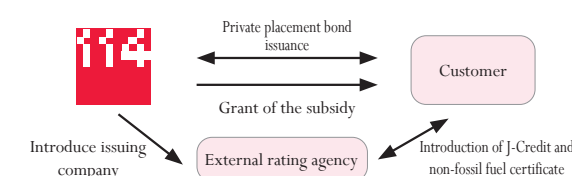
Positive Impact Finance

We evaluate external impacts of our business partners' activities and promote the creation of positive impacts and the reduction of negative impacts.



Carbon offset private placement bonds

We contribute to regional decarbonization through a scheme that provides subsidies to cover a part of the costs for decarbonization initiatives, based on the issuance amount.



◆ Support for overseas business expansion of SMEs

In order to respond to our customers' needs for overseas market entry and expansion, we maintain a robust network comprising overseas subsidiaries, resident employees, and affiliated business partners.

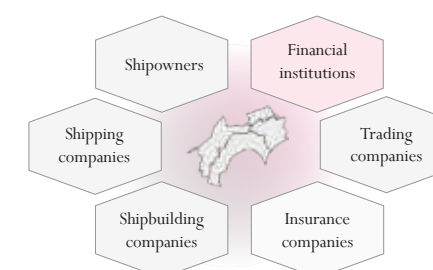


◆ Support through equity investment

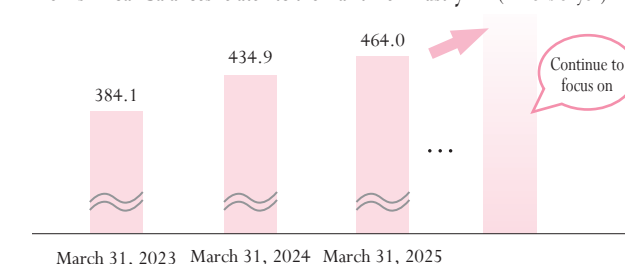
By leveraging equity investments, we actively support businesses engaged in business succession, new business development, and regional vitalization, etc., partnering closely with our customers and local communities to solve their challenges.

◆ Initiatives in ship finance

The Setouchi area, our local location, is one of the world's leading maritime industry hubs. As part of the "maritime cluster," we have long focused on ship finance, building deep relationships with customers in the maritime sector, including shipowners and shipbuilders.



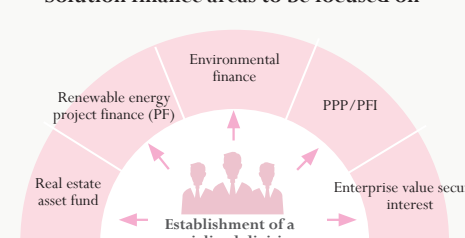
Trends in loan balances related to the maritime industry (Billions of yen)



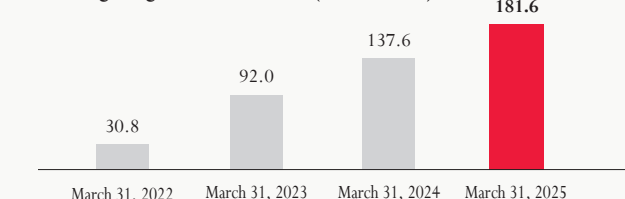
PICK UP!! Advancement of solution-based finance!

We have newly established a "Solution Finance Division" that leverages rapidly advancing financial technologies to address the increasingly varied needs of our customers and communities through diverse and advanced financing solutions.

Solution finance areas to be focused on



Sustainable finance (excluding investment management) working budget cumulative total (since FY 2021) (Billions of yen)





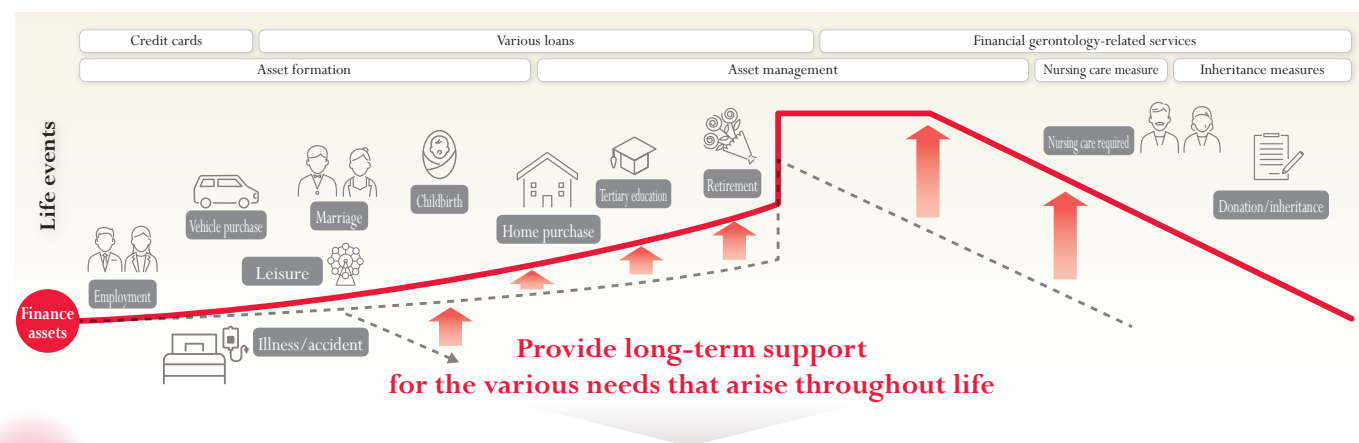
Empowering Lives in the 100-Year Life Era

As society faces super-aging and the era of 100-year lifetimes becomes a reality, we strive to support our retail customers' total life designs. In addition, to promote steady asset building that enables a secure life without future worries, we are also committed to financial education for future generations in the region.

Retail customer strategy

Supporting customers' total life designs through strengthening our consulting function

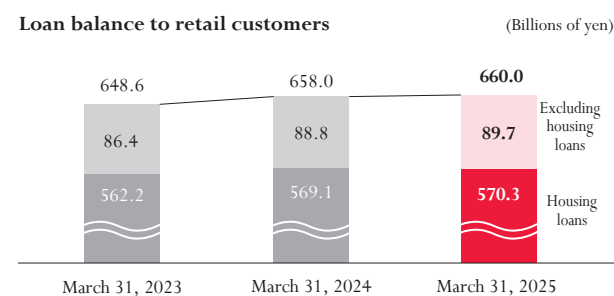
Amid this era of 100-year lifetimes, in order to respond to the various needs that arise over the course of our customers' lives, we will strengthen our consulting function and provide support for steady asset formation so that retail customers may live without anxiety in the future, and ultimately enhance their lifetime value.



Support for asset formation

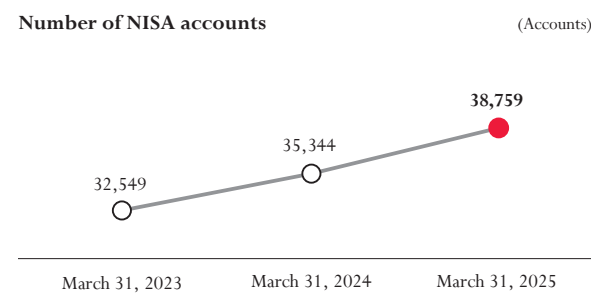
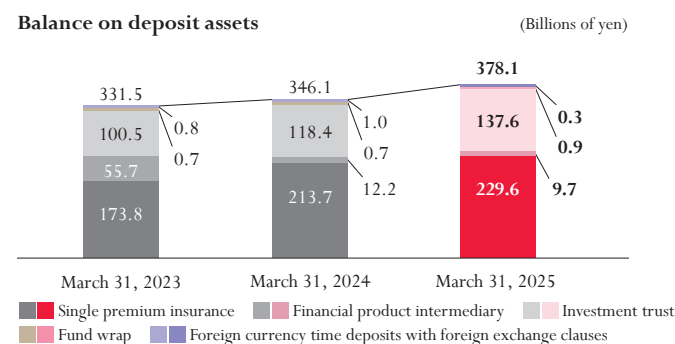
◆ Responding to financial needs based on life stages

In order to address the varied financial needs and enhance the quality of life for retail customers in the era of 100-year lifetimes, we offer a wide range of loan products, starting with housing loans. Through ongoing efforts to improve product features as appropriate, loan balances to retail customers have maintained stable growth.



◆ Supporting planned asset formation

We provide asset formation support tailored to individual life plans and strive to be a lifelong partner for our customers, supporting their lives in the era of 100-year lifetimes.



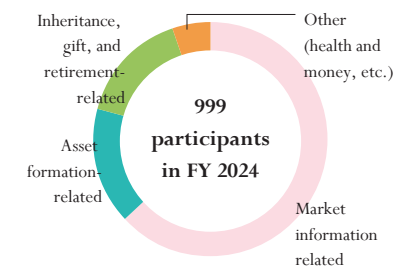
◆ Holding financial seminars for customers

We set seminar themes based on current financial and economic conditions and actively utilize online platforms to enhance the opportunities for providing information to our customers.

✓ Seminar hosting results for FY 2024: 12 times



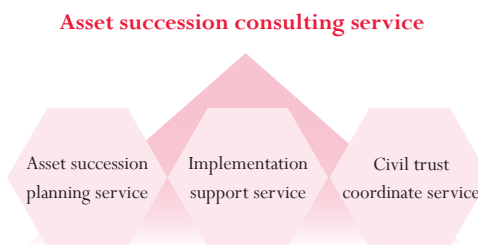
Customer seminar participation status



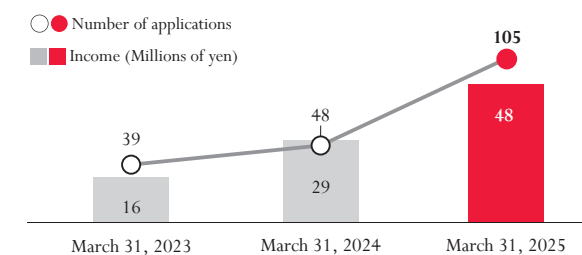
Support for customers with asset succession

◆ Efforts toward asset succession consulting services

We provide advanced solutions to meet the needs of high-net-worth customers and business owners in areas such as financial asset management and personal asset succession. Our specialized team, "Private Banking and Business Succession Team" offers one-stop consulting services for asset succession.



Result of asset succession consulting service



Support for future generations

◆ Initiatives for financial education to enhance financial literacy

● Providing financial education and on-site lectures

With the aim of improving financial literacy in the region, we are focusing on financial education aimed at students and working adults through ways such as directly visiting high schools in the prefecture and giving lectures for students.

● Economics Koshien

We held the Kagawa Division of the National High School Financial and Economic Quiz Championship, "Economics Koshien," in order to provide students who will work as members of society an enjoyable learning experience and develop their interest in finance and economics.



Scene from Economics Koshien



Scene from financial education

PICK UP !! Signed a basic agreement on a comprehensive business partnership with Nomura Securities Co., Ltd.!

In order to realize financial wellness for our regional customers in the era of 100-year lifetimes, we signed a Basic Agreement on a Comprehensive Business Partnership for Financial Product Intermediation Services with Nomura Securities Co., Ltd., a leading company in the securities industry. Moving forward, we will engage in detailed discussions regarding the respective roles of both parties post-partnership, with the goal of finalizing the agreement within FY 2025 and commencing operations under the new framework in FY 2026.



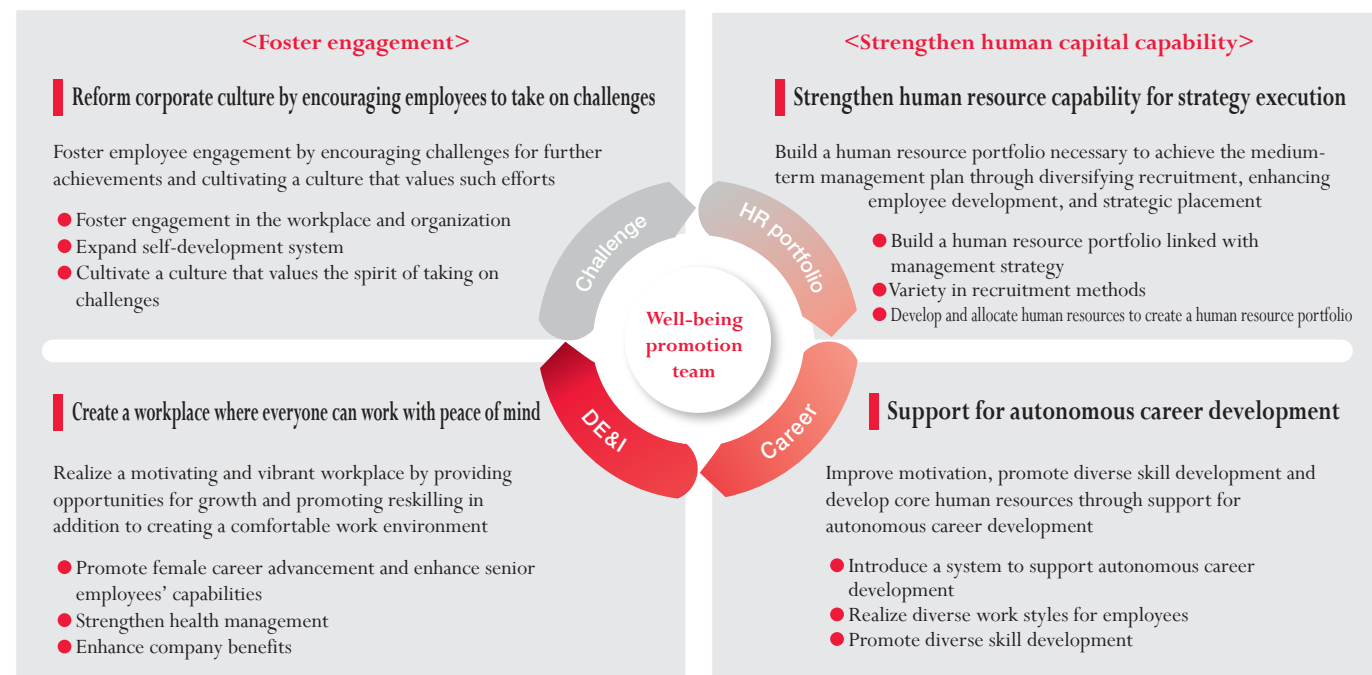
Signed a basic agreement with Nomura Securities Co., Ltd.



Fostering an Environment Where Diverse Talent Can Thrive and Grow

We will strive to Fostering an environment where diverse talent can thrive and grow with a goal of realizing a motivating and comfortable work environment. By enhancing employees' enthusiasm and capabilities, we aim to maximize each individual's potential and serve as a driving force for solving customers' and regional issues through talent allocation linked with management strategy.

Hyakujushi Group's HRX



Reform corporate culture by encouraging employees to take on challenges

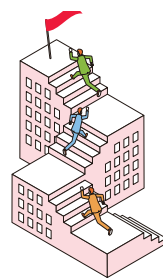
◆ Revision of personnel systems

We have revised our personnel system to support challenges across all age groups, from young employees to seniors, aiming to enhance employee engagement and strengthen human resource capability.

● Post Challenge System (revised)

Employees who possess the motivation and capabilities are encouraged to apply for bank positions regardless of age!

- Target positions: General Managers, other branch executive positions and headquarters management positions
- Candidates for the challenge: Employees holding one rank below the target positions, as well as retired employees who have experience in the target positions



● Senior Challenge System (newly established)

Senior expert employees with specific roles and responsibilities have voluntarily applied for positions open for recruitment!

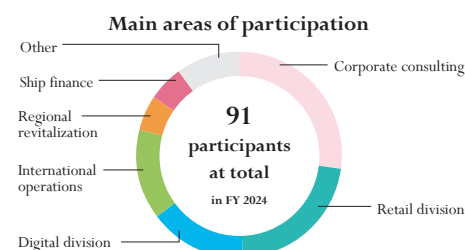
- Target positions: A total of six positions from management positions to junior executive positions
- Candidates for the challenge: Senior employees



◆ Introduction of an intra-bank exchange system

Since May 2022, we have also implemented the intra-bank exchange system, designed to discover and train specialists by providing short-term work experience at head office, which allows each employee to broaden their scope and perspective in their work, and actively form their external career.

In FY 2024, we had 91 participants (an increase of 32 from the previous year).



Strengthen human capital capability for strategy execution

◆ 114 Meister system

In addition to numerous practical training programs, we are also focused on producing certified professionals such as 1st grade Certified Skilled Professionals of Financial Planning, SME management consultants, and management consultants. Furthermore, through our 114 Meister system for certifying the knowledge and business proficiency of employees in each area, we are encouraging employees to autonomously develop their careers and take initiative with respect to self-development. We will continue strengthening our professional human resource base by increasing the number of employees with the top level of "Meister."



(Certified fields) Consulting, financing management, foreign exchange, life planning, loans, deposit & remittance, digital transformation, and head office operations

◆ Securing specialized human resources

● Strengthening mid-career recruitment

We are focusing on mid-career recruitment activities targeting personnel who can contribute immediately, such as specialized professionals with advanced skills and experienced personnel in head office and bank sales operations.

Main business areas where personnel have been recently hired	- ALM - Medical care and nursing care - Placement service - Management consulting - Data analysis	Regional revitalization
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● Variety in recruitment methods

We have introduced a referral recruitment system in which our employees personally share our appeal and corporate culture with their friends and acquaintances expected to thrive with us, aiming to achieve well-matched recruitment. Since the introduction of the system in April 2024, we have successfully hired two individuals with advanced skills and experience.



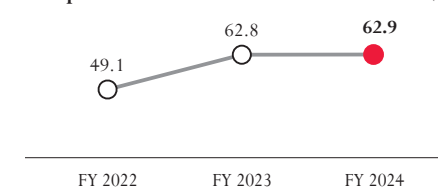
Create a workplace where everyone can work with peace of mind

◆ Implement health management

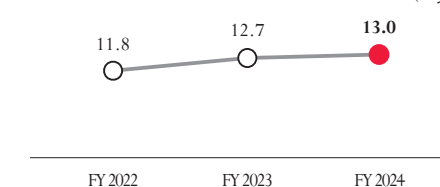
We issued a Health Management Declaration in August 2018. The Bank believes the physical and mental health of our employees and their families to be important and has been working organization-wide to maintain and enhance the health of employees and their families and to create a comfortable work environment. As a result, the Bank has been certified as a KENKO Investment for Health Outstanding Organization for seven consecutive years. Additionally, in FY 2025, we were the only company in Kagawa Prefecture to be certified as "White 500," the top 500 in the Large Enterprise Category (for the second consecutive year).

* Active promotion to receive regular health checkups and comprehensive medical examinations, establishment of consultation services for nursing care, introduction of no-smoking days, and enhancement of leave systems, etc.

Percentage of employees receiving follow-up comprehensive medical examinations (%)



Number of days of annual paid leave taken (days)



Leave systems recently established

Leave systems	Purpose of acquisition
Childbirth support leave	Hospital visits for infertility treatment, etc.
Family support leave	Spouse, child, or child's spouse's childbirth
Medical checkup leave	Health check-up, follow-up examination

Fostering an Environment Where Diverse Talent Can Thrive and Grow

◆ Initiatives for DE&I

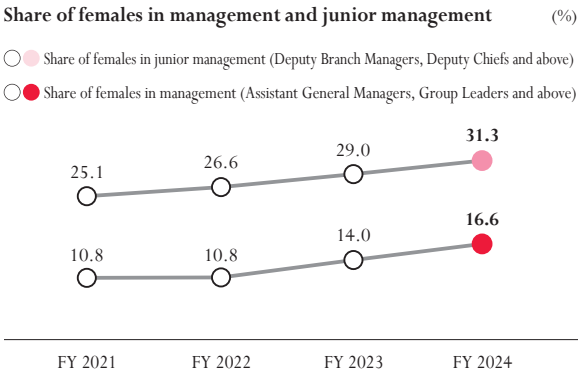
● Establishment of “Human Rights Policy”

The respect for human rights is essential to achieve a safe, secure, and prosperous society. Recognizing this as an important management issue for the Bank as a member of the local community, we established our “Human Rights Policy” in April 2020.

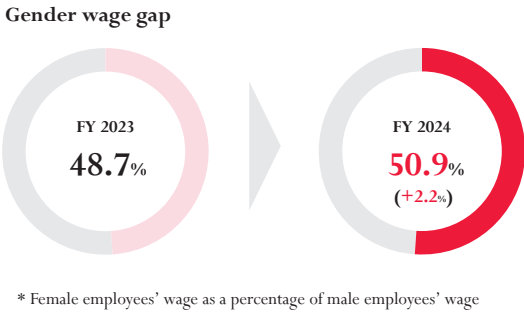


● Promote female career advancement

We are promoting the active participation of employees with diverse attributes and values by engaging in planned development and appointment efforts aimed at increasing the “share of females in management” and “share of females in junior management” who are candidates for management positions.



* Results for each fiscal year are as of April 1 of the following fiscal year.



Applicable welfare (examples)

Salary	Family allowance and relocation allowance, etc.
Leave	Marriage leave, bereavement leave, etc.
Childcare	Childcare leave, etc.
Housing	Company house, etc.

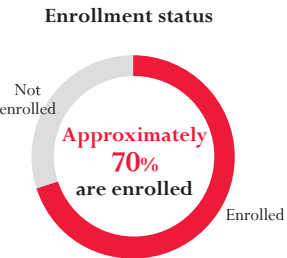
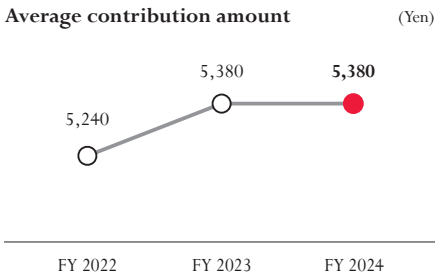
◆ Initiatives to achieve employees' financial wellness

In response to recent inflation and with the aim of securing and retaining talented personnel, we implemented a base salary increase for the third consecutive year in FY 2025, with an approximate 3.2% raise including non-regular employees. Furthermore, with the aim of supporting employees' asset formation and fostering their awareness of corporate management participation, we are enhancing the employee shareholding association system and engaging in initiatives toward employees' financial wellness.

● Employee shareholding association

Main measures undertaken

Increase in incentive rate	5%→10%
Granting of special incentives	Stock equivalent to ¥10,000 will be provided to members who join or increase their shares.
Management via smartphone	Integration with securities company's application

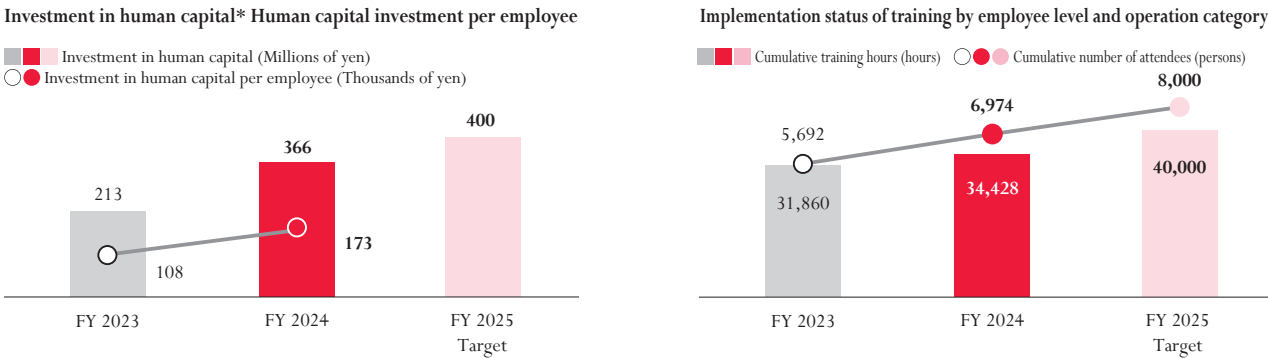


Support for autonomous career development

◆ Establish an environment where employees can grow and achieve self-fulfillment

● Investment in human capital

We are committed to strengthening various human capital investments, including expanding training programs, to support the autonomous growth of our employees, who are the source of the Group's corporate value, and to help each individual improve their abilities and skills.



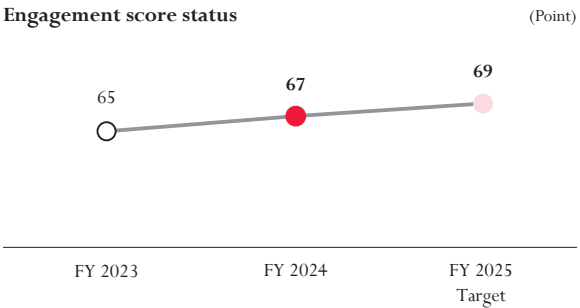
* Expenses include fees for external lecturers, costs for dispatching employees to off-site training programs, subsidies for examinations and online courses, personnel expenses for long-term trainees, and management costs for training facilities, etc.

● Side job system

Since April 2023, we have established a “side job system” to support diverse working styles of employees and contribute to both the Bank's performance and regional development. As of March 2025, 24 employees have utilized this system, with an increasing number engaging in unique side jobs such as Shinto priests and movie directors.

Engagement score

The Bank regularly measures and monitors employees' voluntary engagement toward the organization by scoring the results of the engagement survey provided by Atræ, Inc. The obtained scores are analyzed to identify issues and are leveraged in formulating measures aimed at further improving employee well-being.



PICK UP!!

For the first time in our history, two female employees have been appointed as executive officers!



Q1. What kind of workplace environment do you want to create to support more female employees to play an active role in the Bank?

(Shigeri Manabe, Executive Officer and General Manager, Compliance Management Division)

My lifelong commitment is to create a workplace environment where women can pursue their careers and realize their dreams and ambitions without having to give up or sacrifice anything. In order to achieve this, I hope that flexible work styles become more widespread, allowing women to feel their growth, enjoy their work, and take on challenges, thereby increasing the number of women taking on important roles in diverse sectors.

Q2. Could you please share a message for the young female employees who are actively making contributions at the Bank?

(Sanae Kita, Executive Officer and General Manager, Auditing Division)

If you give 120% effort in your own role, the results will naturally follow. By building your near-future career with an eye toward the near future, new career opportunities are likely to open up. Please don't hesitate to take on new challenges.



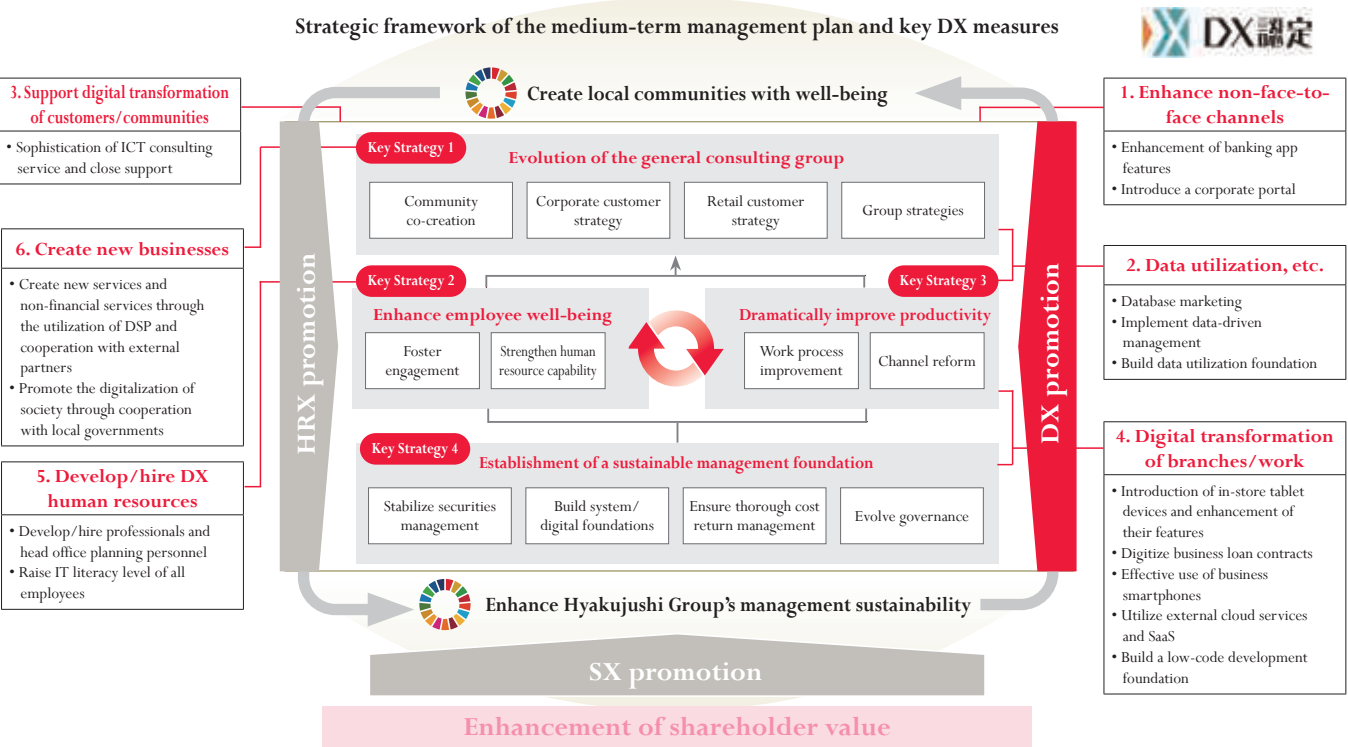
We have positioned digital transformation (DX) as one of the three growth engines in our medium-term management plan, and are working to enhance customer services and improve the efficiency of our internal operations by leveraging data and digital technologies. By promoting transformation of each employee and the organization, we aim to become the bank of choice for our local customers while contributing to the digital shift of local communities.

Overview of DX strategy

With the aim of effectively advancing each strategy in our medium-term management plan, we are implementing DX initiatives leveraging data and digital technologies to drive business transformation.

Hyakujushi Group's DX

The Group has defined the growth engine that will transform business through data and digital technology, and works to provide customers and communities with new values and experiences as well as dramatically improve productivity.



Key focus areas	Value offered
1. Enhance non-face-to-face channels	Create an environment in which customers can access our services anywhere, anytime
2. Data utilization, etc.	Personalized proposals and services based on data
3.Support digital transformation of customers/communities	Utilize DX to solve customers' management issues and social issues in the community
4.Digital transformation of branches/work	Alleviate the burden of customers' procedural tasks, reduce wait times and streamline branch/head office operations
5. Develop/hire DX human resources	An organization where all employees leverage DX to proactively bring about change
6. Create new businesses	Promote digital transformation of local communities and economic revitalization through creation of new businesses

Status of DX strategy

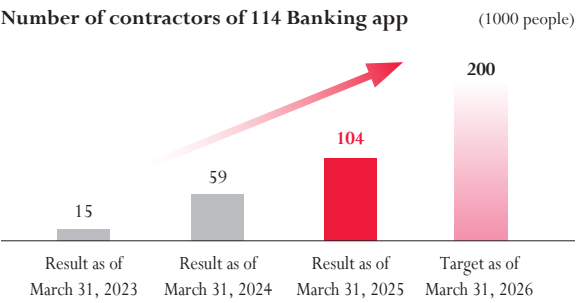
	Indicator	KPI	FY 2024 result
Sustainability KPI (FY 2030)	No. of digitally-connected customers	400,000	105,000
	ICT consulting business partners	100	108
DX strategy KPI (FY 2025)	No. of users	200,000	104,000
	Ratio of active users	70%	76.9%
	Ratio of transactions through Banking app	30%	11.1%
	Reduction of administrative work related to deposits and loans at branches	-20%	-18%
	Increase in DX human resources (compared to FY 2022)	Up by 10 employees	Up by 5 employees
	Average of self-diagnosis results using the DX Promotion Index	3.0	2.1

Key focus area 1: Enhance non-face-to-face channels

Secure diverse touchpoints with retail customers

Regarding the 114 Banking app, released in February 2023, we have been steadily enhancing its features with the aim of becoming the core channel for non-face-to-face channels for retail customers. It has been downloaded by more than 100,000 customers to date.

We will continue to work on increasing the number of users through further functional enhancements, and by organically linking with face-to-face channels to create a customer experience that is seamless between real and digital channels.



Enhancing touchpoints with corporate customers and individual business owners

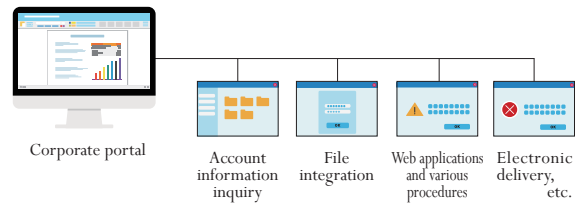
The Bank has started development of a corporate portal with features to support the digitalization of transactions for business owners.

The corporate portal is scheduled to incorporate a feature for delivering personalized information for each customer in addition to the functions such as confirmation of account balance and transaction details, internet banking, electronic contracts for business loans, and electronic delivery of documents. It greatly expands the range of transactions that can be conducted without visiting a branch and leads to greater business efficiency for customers.

The Bank positions the corporate portal as the core channel for corporate transactions, serving as the gateway to all digital services, and will work to enhance customer experience and productivity by progressively adding functions that are useful to our customers.

Enhancement of 114 Banking app features

March 2024	Features for card loan borrowing, repayment, and inquiries
November 2024	Features for checking the performance of investment trusts, purchasing and selling investment trusts, and starting, modifying, or cancelling periodic investment trusts
March 2025	Features for multiple account inquiries, searching and downloading ordinary deposit transaction details, switching to passbook-less accounts, and easy login to 114 Direct
FY 2025 (schedule)	Features for transfer reservation inquiries and cancellations, family account inquiries, and preferential interest rates on time deposits

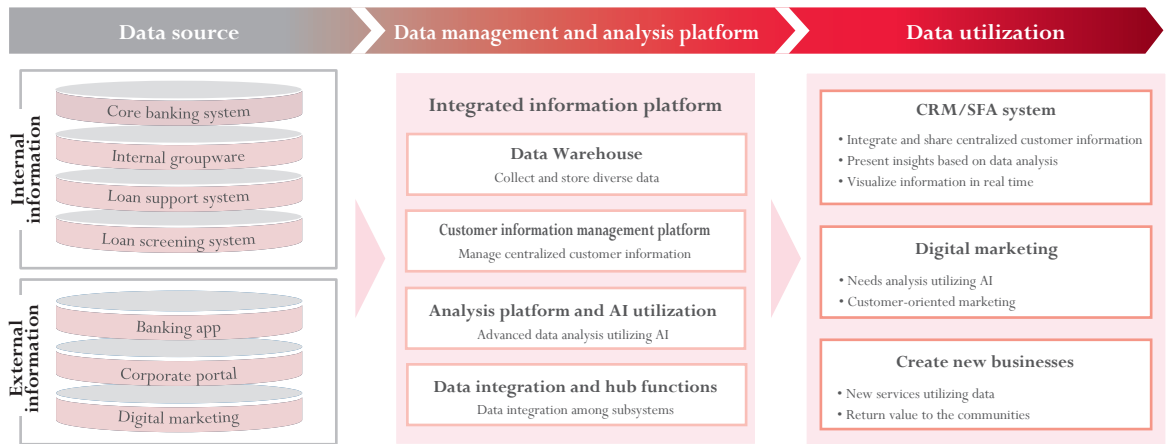


Key focus area 2: Data utilization, etc.

Toward advanced utilization of data

Data utilization extends beyond marketing to a wide range of areas, including strategic planning and decision-making, improving operational efficiency, strengthening sales capabilities, and developing human resources. Achieving centralized data management and leveraging advanced digital technologies, including AI, are essential.

The Group is currently considering the introduction of a next-generation CRM* aimed at transforming our sales style. In order to ensure its effective utilization, we are also considering the development of a new integrated information platform.

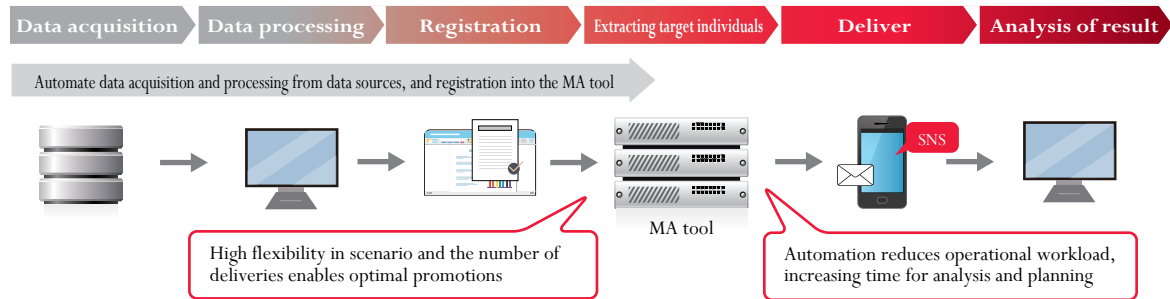


* CRM: Customer Relationship Management system primarily aimed at strengthening relationships with customers.

Driving DX and the Digital Transformation of the Regional Community

● Introduction of MA (Marketing Automation) tool

In order to further advance the digital marketing initiatives we have been pursuing, the Bank launched the operation of a Marketing Automation (MA) tool in April 2024. As a result, we can now automate personalized promotions through email and SMS based on data acquisition. In the future, we will enhance cooperation across various channels, including face-to-face, to deliver proposals and services that meet each customer’s needs through the optimal channel at the optimal timing.



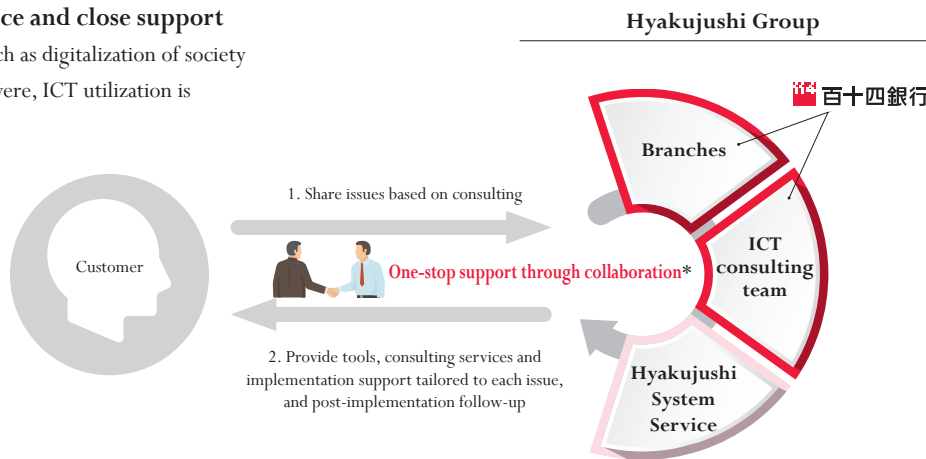
◆ Key focus area 3: Support digital transformation of customers/communities

● Sophistication of ICT consulting service and close support

As the management issues faced by customers such as digitalization of society and labor shortages are becoming increasingly severe, ICT utilization is becoming increasingly important in order to solve them.

The Bank is actively responding to customers’ digitalization needs in cooperation with branches, headquarters ICT consulting team at head office, and group companies.

* Providing one-stop system development and consulting services for customers by engineers



◆ Key focus area 4: Digital transformation of branches/work

● Reduction of administrative workload

Toward the realization of the key strategy of the medium-term management plan of “dramatically improve productivity,” we are continuously promoting the enhancement of non-face-to-face channels and the digitalization of operations to reduce administrative tasks at branches.

As of December 2025, the KPI of “reduction rate of branch deposit-related administrative workload” is targeted at 20% reduction compared with December 2022, and 18% reduction compared with December 2024.

● Improvement of productivity utilizing digital technology

With the aims of alleviating the burden of customers filling out forms in the branch and reducing wait times, we introduced in-store tablet devices in March 2024 and have been gradually expanding our services.

By automating back-office data entry tasks, operational efficiency and paperless operations at branches have advanced, making a significant contribution to productivity improvement.

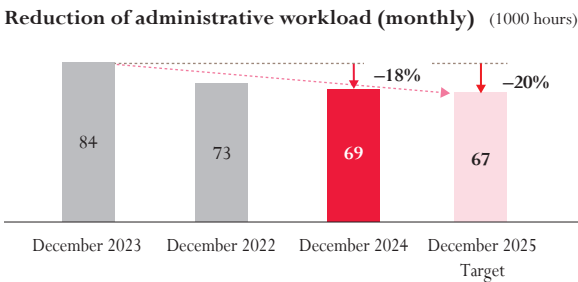
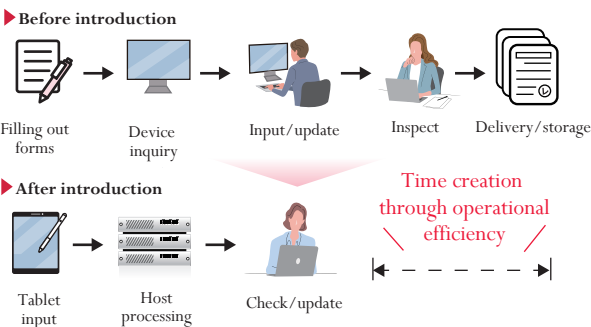


Image of operational efficiency using in-store tablet devices



● Initiatives for utilizing and developing digital technology

We are actively incorporating rapidly evolving generative AI and smartphone app technologies, advancing the utilization and development of digital technologies across all organizational functions. We are developing a chat tool that connects to existing generative AI models via our account on a public cloud to organize and generate information through interactive dialogue, with the aim of using it for internal information search and other uses in the future.

We are also advancing the in-house development of smartphone app for internal use. By organizing initiatives such as “ideathons*” to incorporate employees’ ideas, we are working to develop applications that contribute to further operational efficiency.

* An event that gathers diverse participants and solicits ideas intensively over a short period, aimed at generating new ideas and solutions

Examples of generative AI chat tools

Use case	Easy ← Difficulty level → Difficult
Testing ideas and draft	Project plan, proposal document, meeting materials
Translation and summary	Meeting minutes, translation, text correction
Research and studies	Industry research, legal and regulatory research, project proposals, and other various information
	Internal information search (internal rules, customer information, management information, etc.)

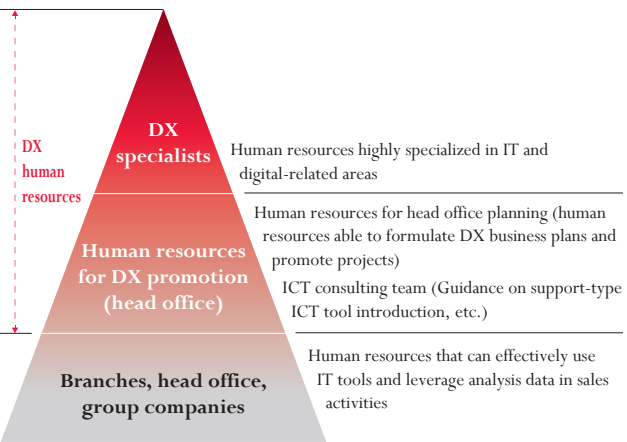
◆ Key focus area 5: Develop/hire DX human resources

In order to systematically develop human resources to promote our DX strategy, we have established categories of “DX specialists” and “Human resources for DX promotion.” As of FY 2024 year end, the number of DX human resources has increased by 5 compared with the KPI of creating 10 more DX human resources (compared to FY 2022 year-end) .

We are reviewing the entire DX human resources development system, including expected roles and training programs currently in place as well as the human resource system in order to keep pace with the rapidly progressing digital technologies.

Direction of the review	Strengthening training for all employees to promote a shift in mindset
	Introduction of training programs for executive positions to promote proactive engagement
	Setting expected roles and skills for each operation

DX human resources system of the Bank



◆ Key focus area 6: Create new businesses

Starting in August 2024, we launched our “114 digital signage advertising service.” For customers visiting our branches, our customers and local governments can utilize the digital signage installed at our branches in Kagawa Prefecture to promote their products and events, as well as to share local information.

In the future, we will focus on creating new business by utilizing the data and systems held by the Bank and its group companies.

PICK UP !! Introduction of e-contract services for business loans!

In November 2024, we introduced an electronic contract service for business loans, “Hyakujushi Bank MyPage Service (business loans).” Customers are able to execute contracts anytime and anywhere without revenue stamps, signatures, seals, or necessary documents such as a registered seal certificate, leading to substantial improvements in operational efficiency.



Addressing Climate Change and Other Environmental Challenges

The Group regards addressing environmental and climate change issues as one of its key management issues. We expressed our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD)* recommendations, and are advancing initiatives toward the realization of a decarbonized society.



* International advocacy organization established in 2015 by the Financial Stability Board (FSB) to address climate change as a global challenge. It recommends disclosures to financial aspects based on the risks and opportunities of climate change from the perspective of financial market stabilization.

Initiatives toward TCFD recommendations

Governance

The Group has clearly stated in Hyakujushi Bank’s Environmental Policy that it supports customers engaged in alleviating environmental burden and conserving the environment, while contributing to the realization of a sustainable society. Please see P. 25 “Hyakujushi Group Material Issues” for information on climate-related risks and opportunities.



“Hyakujushi Bank’s Environmental Policy” is available here:



Strategy

The Group has identified Addressing climate change and other environmental challenges as one of its material issues, and we recognize that supporting our customers and communities in their efforts to combat climate change and transition to a decarbonized society from a medium- to long-term perspective will lead to the creation and expansion of business opportunities for financial institutions. We recognize the potential impact of risks and opportunities resulting from climate change on our business activities, and manage these risks properly. We also provide a range of financial and non-financial solutions that support our customers and communities in their efforts for transition to a decarbonized society.

Identified opportunities and risks

Type		Potential events and impacts	Timeline*
Opportunities		- Financing renewable energy businesses - Assisting customers to reduce their greenhouse gas emissions - Providing services aimed at alleviating environmental burden	Short to medium term Short to long term Short to medium term
Risks	Transition risks	- More stringent climate-related policy/regulation - Increase in credit risk for customers affected by factors such as the advance of technological innovation aimed at decarbonization	Medium to long term Medium to long term
	Physical risks	- Damage to customers’ assets resulting from abnormal weather conditions - Increase in credit risk due to stagnation of business activities, and operational risk due to causes such as damage to the Bank’s branches	Medium to long term Medium to long term

Short term: 3 years Medium term: 10 years Long term: 30 years

Response to opportunities arising from climate change

To support our customers’ efforts towards decarbonization management and environmental protection, we have expanded a range of finance products and offered services that support communities’ decarbonization.

Financing aimed at solving environmental issues	114 Green Loans, 114 Social Loans, 114 Sustainability-Linked Loans 114 Positive Impact Finance
Supporting communities’ decarbonization	114 Decarbonization Consulting Service Hyakujushi Carbon Neutral Initiatives Support Package

Response to risks related to climate change

We conduct quantitative scenario analysis on the financial impact of climate change. Based on the following analysis conducted in FY 2024, we have concluded that the financial impact of physical and transition risks was limited. As the analysis is based on certain assumptions, we intend to continue refining our methods of analysis and broaden the scope.

Type	Transition risks	Physical risks
Scenario	2°C and 1.5°C scenarios of the International Energy Agency (IEA)	2°C and 4°C scenarios of the Intergovernmental Panel on Climate Change (IPCC)
Method of analysis	We analyzed the situation of our credit portfolio in the event that a carbon tax is introduced and estimated the impact on the Bank’s finances.	We analyzed the impact on our credit portfolio of large-scale floods expected to occur by 2050 in all of our business areas and estimated the degree of impact on our financial condition.
Subject of analysis	Electricity, gas, and marine transportation sectors	All companies provided with credit
Applicable period	Until 2050	Until 2050
Result of analysis	Increase in credit costs: Up to approximately ¥3.2 billion (cumulative)	Increase in credit costs: Up to approximately ¥2.3 billion (cumulative) The impact of losses at the Bank’s business branches, and other facilities: Up to ¥0.5 billion (cumulative)

Carbon-related assets

As of March 31, 2025, loans to carbon-related assets as recommended for disclosure by TCFD accounted for 42.0% of the Bank’s loan balance.

Moving forward, through engagement with the relevant sectors, in addition to sustainable finance, we will strive to provide various solutions aimed at decarbonization, etc.

* Loans to the energy, transportation, materials/buildings, and agriculture/food & forestry sectors (excluding renewable energy businesses) based on the industry classification table of the Ministry of the Environment

Risk management

We recognize that the transition risks caused by climate change may significantly impact the Bank’s business operations, strategies, and financial planning, and we are developing frameworks to manage these risks. In order to clarify the Group’s policy for financing and investment activity for addressing environmental and social issues, we have formulated the “Environmental and Social Management Policy for Financing and Investment Activity” as follows.

Environmental and Social Management Policy for Financing and Investment Activity
The Hyakujushi Bank supports businesses striving to resolve environmental and social issues, while also working to mitigate or avoid the impact of transactions with businesses and business operators with a significant negative impact. 1. We will actively support the following businesses and initiatives that contribute to mitigating climate change risks or addressing social issues. - Businesses toward the realization of a decarbonized society such as renewable energy businesses - Businesses toward biodiversity conservation, including the protection of water and forest resources - Businesses toward disaster prevention/mitigation and prevention/control of infectious disease outbreaks 2. We will not engage in financing or investment activities for the following businesses that have significant negative impacts on the environment and society. - New construction projects of coal fired power plant However, as for projects that are consistent with national energy policy and meet strict standards that take environmental burden into account, we will handle such projects carefully on an individual basis, considering the specific characteristics of each project. - Logging companies engaged in illegal deforestation, and companies complicit in human rights violations such as human traffic, forced labor, or child labor With respect to palm oil plantation developers, we will carefully respond, taking into full consideration factors such as their acquisition of international certification and conflicts with indigenous peoples and local communities. - Businesses engaged in the development or manufacturing of inhumane weapons such as nuclear weapons, cluster munitions, and biological or chemical weapons

Addressing Climate Change and Other Environmental Challenges

◆ Metrics and targets

● Long-term targets for the reduction of CO₂ emissions

We have established long-term targets for the reduction of CO₂ emissions from our business activities to mitigate climate change risks with the aim of contributing to the goal, established by the Japanese government, of achieving carbon neutrality by 2050.

In order to achieve the targets, we have implemented a range of measures including the use of eco-friendly company vehicles, the use of renewable energy and the utilization of the electricity generated by solar power generating facilities (Tsuda, Sanuki City, Kagawa Prefecture) owned by the Bank.

In FY 2024, we achieved a 55.1% group-wide reduction compared with FY 2013 (a non-consolidated reduction result is 59.3%), showing steady progress.

As our efforts for the reduction have been progressing smoothly, starting in FY 2024 we extended the coverage of our CO₂ emissions reduction target to the entire Group and revised our FY 2030 reduction targets upward to a 75% reduction compared with FY 2013.



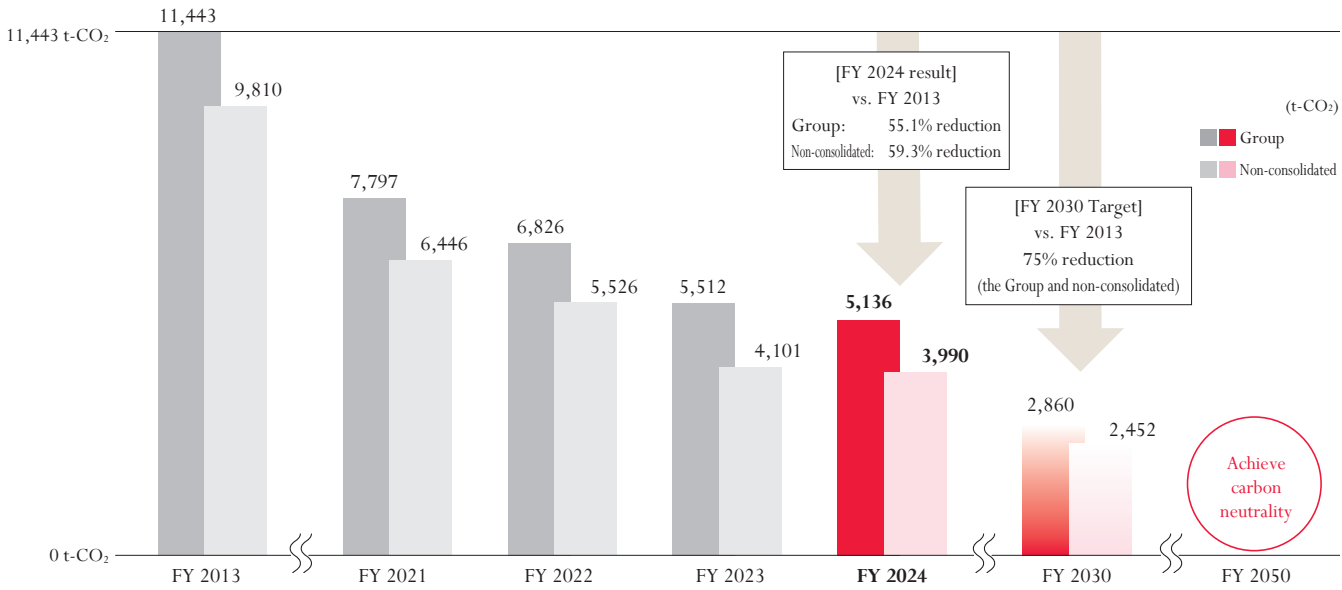
Solar power generating facilities (Tsuda, Sanuki City, Kagawa Prefecture) utilized by the Bank

Hyakujushi Group's targets	Definition	Scope 1 and Scope 2* CO ₂ emissions*
	Target	[Interim target] 75% reduction vs. FY 2013 by FY 2030 [Ultimate target] Achieve carbon neutrality by 2050

* Scope 1: CO₂ emissions directly resulting from such processes as the combustion of fuel (gasoline, etc.) by the Bank.
Scope 2: CO₂ emissions indirectly resulting from the use of electricity, etc. provided by other companies to the Bank.

Result		Scope 1 (direct emissions)	Scope 2 (indirect emissions)	Total	Reduction (vs. FY 2013)
	FY 2024	889 t-CO ₂	4,247 t-CO ₂	5,136 t-CO ₂	55.1%
	(Non-consolidated)	548 t-CO ₂	3,442 t-CO ₂	3,990 t-CO ₂	59.3%

CO₂ emissions (Scope 1 and Scope 2)



<Third-party verification>

To ensure the reliability in calculating and disclosing our CO₂ emissions data, we obtained third-party verification from the Japan Quality Assurance Organization for our actual emissions in FY 2023. Regarding the FY 2024 results, we have extended the scope to a part of Scope 3 in addition to Scope 1 and 2, and are in the process of obtaining the verification.

● Transition plan toward a decarbonized society

The Group is formulating a transition plan toward a decarbonized society, aiming to promote organization-wide efforts for carbon neutrality and to lead engagement for reducing CO₂ emissions of local customers.

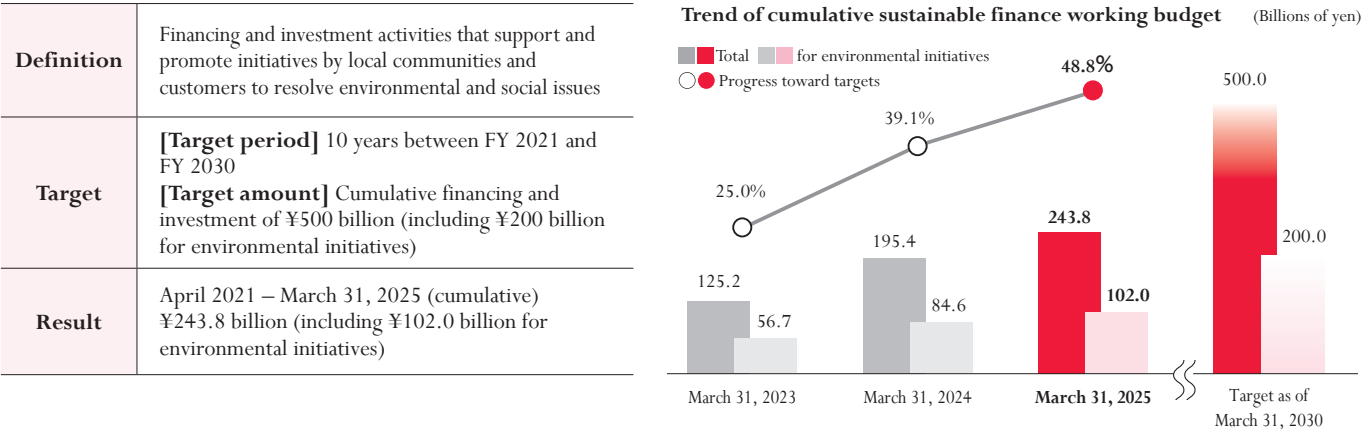


“Hyakujushi Group Transition Plan Toward a Decarbonized Society” is available here:



● Long-term targets for sustainable finance

In order to support our customers and local communities in improving sustainability through financing and investment activities, we have defined the Bank’s sustainable finance as described below and are advancing initiatives to achieve the long-term targets.



● Initiatives to track Scope 3 emissions

In addition to Scope 1 and 2, categories 1-14 of Scope 3 were included in the scope of calculation from FY 2021, and from FY 2023, the scope of calculation was further expanded to category 15 of Scope 3.

CO₂ emission results (Scope 3)

Measurement category		FY 2024
1. Purchased products and services	Photocopy paper, data communication cost, postage, books and subscription costs, stationary, etc.	3,133
2. Capital goods	Buildings for business, real estate, software	7,212
3. Fuel-and energy-related activities not covered in Scopes 1 and 2	Upstream emissions of purchased electricity, steam, and fuel	598
4. Upstream transportation and distribution	Shipping fees (other company transportation, the Bank is the consigner)	736
5. Waste generated by operations	General waste	340
6. Business travel	Employee business trips	252
7. Employee commuting	Employee commute	897
8–14. Upstream leased assets, downstream transportation and processing of sold products, etc.	(Not applicable)	(Not applicable)
Subtotal (excluding category 15)		13,168
15. Investments	Finance for corporations	6,999,774
Total		7,012,942

The Scope 3 calculation method, emissions coefficient, etc. are in line with the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain and Database on Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain.

Addressing Climate Change and Other Environmental Challenges

About Scope 3 category 15 (Financing and investment activities)

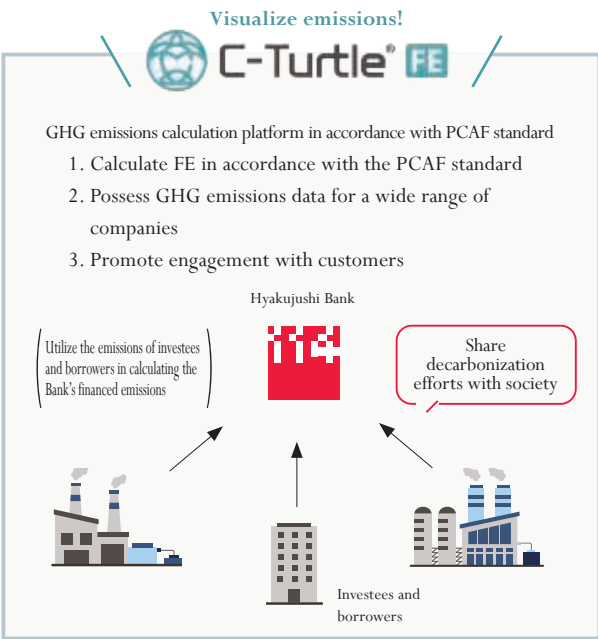
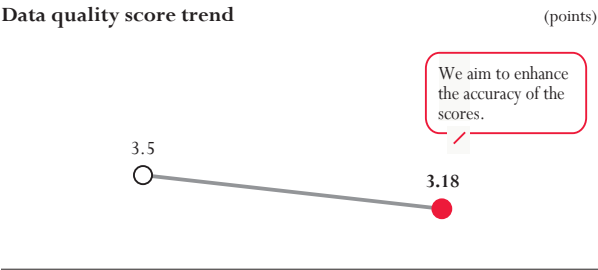
Indirect emissions from financing and investment activities account for a large proportion of Scope 3 for financial institutions. Therefore, we see this as a key metric in our efforts to address climate change. We calculate emissions for category 15 (financing and investment activities) using the PCAF Standard*.

* A standard created by the PCAF (Partnership for Carbon Accounting Financials), an international initiative, for measuring and disclosing GHG emissions in financial institutions’ financing and investment portfolios.

Scope of calculation	Finance for corporations * Targeting domestic businesses, excluding project finance and those lacking sufficient financial data
Calculation method	Based on the PCAF standard, we have calculated emissions for each borrower using the following formula. * The emissions of each borrower (Financed emissions <FE>) = $\frac{\text{The emissions of each borrower}}{\text{Loan balance to borrowers}} \times \frac{\text{Total funds raised to borrowers}}{\text{Total funds raised to borrowers}}$ * FY 2024 result was calculated using a calculation tool “C-Turtle® FE” provided by NTT DATA Japan.
Tracking emissions	The emissions of each borrower were calculated using a combination of bottom-up and top-down methods. • Bottom-up method: Emissions disclosed by each company were adopted. • Top-down method: Estimates were made by multiplying each company’s revenue by the average emissions coefficient for its industry (using data from the Ministry of the Environment’s emissions unit database.)
Base date	As of March 31, 2025
Data quality score	3.18 (It is a measure of data quality, with values closer to Score 1 indicating higher quality.)
Coverage rate	88% of the Hyakujushi Bank’s finance for corporations on a non-consolidated basis

Sector	Loan balance (Millions of yen)	Emissions*1 (t-CO ₂)	<Reference> Carbon intensity*2 (t-CO ₂ /millions of yen)
Petroleum and gas	37,590	147,320	3.9
Coal	1,653	8,962	5.4
Power utilities	96,880	671,026	6.9
Air freight transportation	1,411	3,375	2.4
Air passenger transportation	753	7,702	10.2
Sea transportation	118,207	863,620	7.3
Rail transportation	20,003	526,463	26.3
Road freight transportation	74,752	157,617	2.1
Automobiles and parts	42,391	61,348	1.4
Metals and mining	44,527	311,332	7.0
Chemicals	70,294	215,295	3.1
Construction materials	15,200	309,635	20.4
Capital goods	380,697	1,519,158	4.0
Real estate management and development	193,711	66,264	0.3
Beverages	1,988	2,423	1.2
Agriculture	7,853	151,633	19.3
Processed foods and processed meats	42,327	269,330	6.4
Paper and forestry products	43,689	222,606	5.1
Other	859,220	1,484,663	1.7
Total	2,053,147	6,999,774	3.4

*1 The emissions of each borrower
*2 It represents the scale of impact of indirect emissions resulting from loans, expressed as emissions per ¥ 1 million of loans.



Main matters deliberated in FY 2024

Initiatives to alleviate environmental burden

Signing of a cooperation agreement with Takamatsu City for the realization of a decarbonized society

Toward the realization of Takamatsu City’s proposal of achieving a “2050 Zero Carbon City,” we will strive to realize a decarbonized society by utilizing our solutions and networks. As the first initiative, a seminar targeting local SMEs was conducted to promote the realization of carbon neutrality.



Acquisition of ZEB certification

The newly built Higashi Kagawa Branch (right figure) and Mishima Branch earned ZEB* certification for energy saving by introducing high-efficiency facilities and energy creation by solar power, resulting in the energy consumption of net-zero.



* Abbreviation for Net Zero Energy Building

Establishment of “Policy on Procurement and Purchasing”

In August 2024, we established the “Policy on Procurement and Purchasing,” which sets forth that we promote initiatives to alleviate environmental burden, and also engage in transactions, procurement and purchasing with suppliers that contribute to control and mitigation of environmental issues such as climate change and biodiversity conservation.

Initiatives for biodiversity conservation

Alongside efforts to tackle climate change, we see efforts to conserve biodiversity as a key issue for achieving a sustainable society. Through our involvement in the TNFD (Taskforce on Nature-related Financial Disclosures) Forum, which we joined in April 2024, we are working to understand international trends and gather information. We are also striving to disclose nature-related financial information, address regional climate change, and protect the natural environment.



An international initiative officially launched in June 2021 by United Nations Environment Programme Finance Initiative (UNEP FI), United Nations Development Programme (UNDP), the UK-based environmental NGO Global Canopy, and World Wildlife Fund for Nature (WWF). It aims to develop and provide a comprehensive framework for disclosure related to natural capital and biodiversity.

Hyakujushi no Mori forest conservation activities

Since our first participation in the “Green Creation in Naoshima” event in 2004, we have implemented forest conservation activities every year since 2008. Forty-one employees from the Bank and the Shikoku Alliance, along with their families, carried out tree thinning activities in November 2024.



As stated above, through the implementation of various initiatives in FY 2024, we received a “B” rating from CDP*, the third highest out of eight levels. (up one level compared to the previous year)



* An international NGO that evaluates corporate environmental initiatives

PICK UP !! Participation in “Setouchi Nagisa Forum”

We have participated in the “Setouchi Nagisa Forum,” beginning with the regeneration of seaweed beds that play an important role for cleaning seawater, marine biodiversity maintenance, and coastal protection, etc., aiming to work together with local communities to safeguard the rich Seto Inland Sea over the long term.



Corporate Governance

Basic stance on corporate governance

Centered on the Board of Directors and Audit and Supervisory Committee system, the Bank effectively utilizes its Sustainability Committee, Revenue Management Committee, Risk Management Committee, Compliance Committee, etc., to swiftly respond to cross-organizational matters and secure effective corporate governance.

WEB The "Corporate Governance Guidelines," which set out the basic principles and operational policies to ensure the effectiveness of corporate governance, are available here:

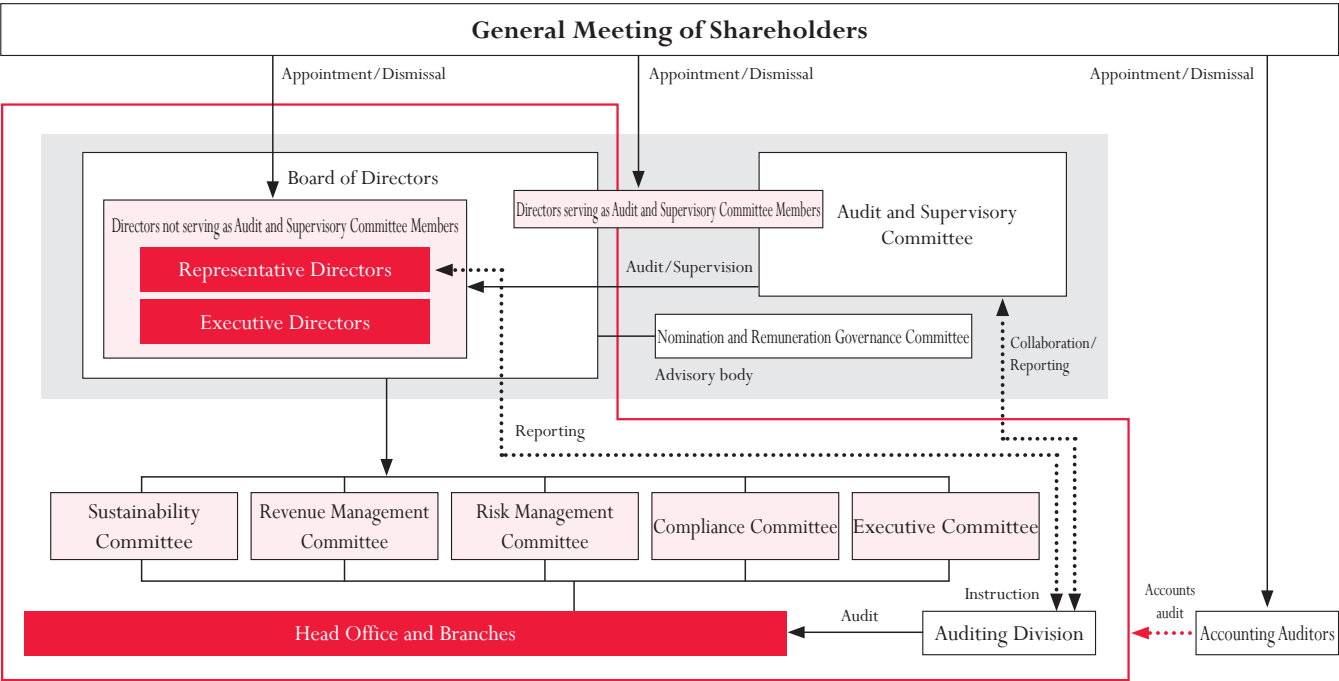


Corporate governance framework

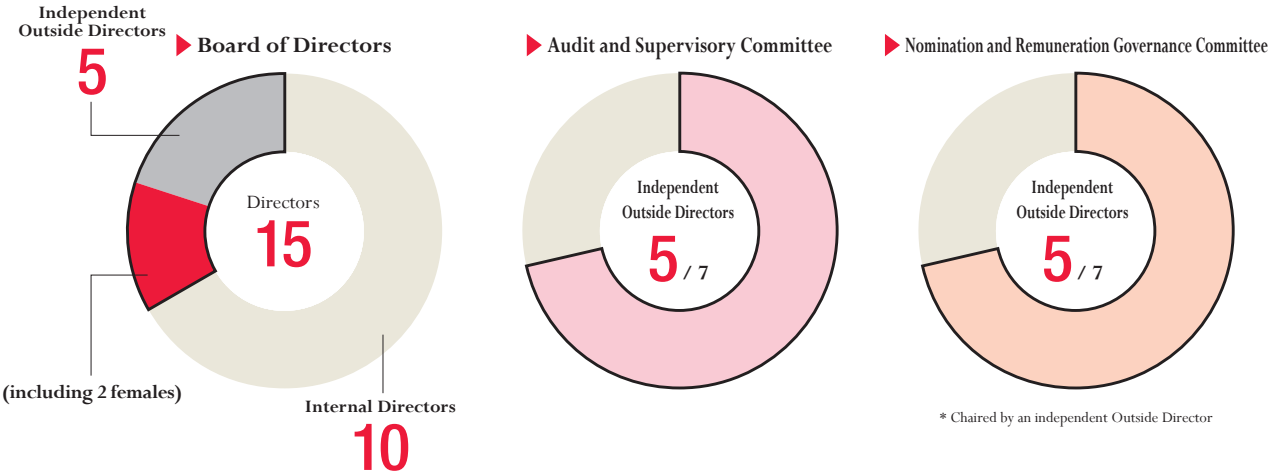
The Bank is a company with an Audit and Supervisory Committee and strengthens its auditing and supervising functions in relation to the execution of duties by Directors through the granting of voting rights at Board of Directors Meetings to the Directors serving as Audit and Supervisory Committee members. In addition, for the purpose of improving objectivity and transparency of the governance system, the Nomination and Remuneration Governance Committee has been established, the majority of whose members are independent Outside Directors.

Furthermore, the Bank has introduced an Executive Officer System whereby the Executive Directors appointed by the Board of Directors are in charge of business execution, and important business execution matters are discussed and determined by the Executive Committee, which consists of Managing Executive Officers and above, as well as the Sustainability Committee, Revenue Management Committee, Risk Management Committee, Compliance Committee and other committees established in order to swiftly respond to cross-organizational matters.

Corporate governance framework



Configuration of each meeting body



Board of Directors

The Board of Directors consists of 8 Directors (excluding Directors serving as Audit and Supervisory Committee members) and 7 Directors serving as Audit and Supervisory Committee members (including 5 Outside Directors). Directors are selected based on their expertise and skills that the Bank expects with consideration to the business environment and management strategy, and care is taken to ensure that the entire Board of Directors maintains a balance of skills that contributes to the sustainable development of the Bank's group. We also pay attention to diversity when configuring the Board of Directors, including factors such as gender, internationalism, occupational history, and age. In principle, the Board of Directors meets once a month and in addition to matters stipulated by laws and regulations or the Articles of Incorporation, passes resolutions on important matters concerning management and oversees business execution by Directors.

No. of meetings in FY 2024	12	Attendance rate of members	100%
<Main matters deliberated in FY 2024>			
● Overview and Response to Board of Directors effectiveness assessment results			
● Review of shareholder returns, including distribution policy and acquisition of treasury stock			
● Status of initiatives for realizing management that is conscious of capital costs and stock prices			
● Comprehensive business partnership for financial product intermediation services with Nomura Securities Co., Ltd.			
● Review of the management targets in the medium-term management plan			
● Review of CO ₂ emission reduction targets and the formulation of a transition plan			
● Initiatives related to cyber security management system			
● Results of verifications of the rationality for cross-shareholdings			
● Formulation of FY 2025 "Top risks"			
etc.			

Assessment of Board of Directors' effectiveness

The Bank conducts an annual questionnaire targeting all Directors to evaluate the effectiveness of the Board of Directors based on an analysis of the results. The FY 2024 questionnaire covered the composition and operation of the Board of Directors, involvement in management strategy, the appointment, dismissal and remuneration of Directors, response to innovation, etc., and matters considered important for the Board of Directors to fulfill its roles and responsibilities. The Board of Directors strives to improve its effectiveness by addressing issues identified in the assessment.

FY 2023 assessment results		FY 2024 initiatives		FY 2024 assessment results	
Issues	① Involvement in effective progress management toward achieving the targets of our Long-term Vision and medium-term management plan	Measures	● At the Board of Directors, discussions are held based on progress reports on the medium-term management plan and the sustainability plan. ● Measures including the restructuring of head office and the establishment of subsidiaries are carried out in accordance with our medium- to long-term strategy. ● With a view to formulating the next medium-term management plan, we discussed and identified the Bank's top risks.	Assessment	● The KPIs set forth in the current medium-term management plan are generally progressing as planned. ● Given the identified top risks, additional discussions are required concerning the Bank's future direction. ● Further initiatives are needed to ensure that employees empathize with management's vision and translate it into action.
	② Discussions utilizing management indicators including stock prices and sustainability-related metrics		● To review measures for improving management indicators and enhancing our stock price, discussions were held using a logic tree. ● We reviewed the officer's remuneration framework and added sustainability-related financial indicators. ● The long-term targets for the reduction of CO₂ emissions were reviewed.		● Further discussions at the Board of Directors, etc. are needed to realize the management that is conscious of capital costs and stock prices.
	③ Systematic efforts to develop diverse management personnel, including women and young employees		● The President and officers held town hall meetings multiple times to exchange opinions. ● We actively promoted women and young human resources to management and executive positions.		● For the first time in our history, two female employees have been appointed as executive officers. ● The share of females in management and junior management has increased. ● It is necessary to implement systematic human resource development and promotion with reference to the skills matrix.

Issues the Bank recognized in FY 2024	
1 Considering a growth strategy to achieve a mode change in anticipation of our 150th anniversary in 2028	
2 Conducting discussions with a focus on management indicators and stock price in the process of formulating the next medium-term management plan (2026–2028) to realize the growth strategy	
3 Reviewing our successor training policy and systematic efforts to develop diverse management personnel	
4 Promoting AI utilization and DX toward work process improvement and realizing innovation	

Board of Directors skills matrix

Name	For Internal Directors: Areas where they have a high level of expertise or work experience For Outside Directors: Areas where they have deep insight and can demonstrate their expertise						
	Corporate management/management strategy	Financial/accounting	Risk management/compliance/legal affairs	Human capital/DE&I	ICT/digital	Sustainability/regional revitalization/consulting	Investment management/international operations
Yujiro Ayada	●	●	●	●		●	●
Masashi Mori	●	●	●	●	●	●	
Masakazu Toyoshima	●	●	●		●	●	●
Kazuhito Tada			●			●	●
Hiroshi Suga			●			●	
Masaaki Iwane	●	●	●	●		●	●
Hideki Oda			●	●		●	●
Tetsuya Iwase	●	●	●		●	●	●
Tatsuya Sakuma	●	●	●		●	●	
Takao Tsushima	●		●			●	
Yasuko Yamada		●	●			●	
Tomoko Fujimoto			●	●		●	
Noriyuki Konishi	●	●	●	●		●	
Yasushi Marumori	●	●	●	●		●	●
Seiji Kito	●	●	●	●	●	●	

(Note) The above skills matrix does not represent all the expertise and experience each Director has.

(Criteria for satisfying the requirements for each skill item, etc.)

Expected areas of expertise (skills)	Criteria for satisfying the requirements for each skill item, etc.
Corporate management/management strategy	Having deep insight into corporate management, management strategy, and corporate governance through experience as a senior management team member or in sectors supervising management strategy, sustainability management, management control, corporate governance, and internal controls or sectors equivalent to them.
Financial/accounting	Having experience in sectors in charge of finance, accounting, and budgeting or sectors equivalent to them, and having deep insight into finance and accounting as demonstrated by qualifying as a certified public accountant, a certified tax accountant, etc.
Risk management/compliance/legal affairs	Having experience in sectors in charge of risk management, compliance management, and credit assessment or sectors equivalent to them, and having deep insight into risk management, compliance, and legal affairs as demonstrated by qualifying as a lawyer.
Human capital/DE&I	Having experience in the personnel sector, operations as a senior management team member, or sectors equivalent to them, and having deep insight into human capital and DE&I through experience in education at universities, etc.
ICT/digital	Having deep insight into ICT and digital technology through experience in sectors in charge of information systems and developing and planning strategies in the digital field or sectors equivalent to them.
Sustainability/regional revitalization/consulting	Having deep insight into sustainability, regional revitalization, and consulting through hands-on experience in sectors in charge of marketing (including experience as a General Manager at sales branches), consulting, and developing and planning sustainability and regional revitalization measures, and corporate support or sectors equivalent to them, or in public administration agencies, etc.
Investment management/international operations	Having deep insight into investment management and international operations through experience in sectors in charge of securities investment management and international operations or sectors equivalent to them.

Corporate Governance

● Audit and Supervisory Committee

The Audit and Supervisory Committee consists of 7 Directors (including 5 Outside Directors) serving as Audit and Supervisory Committee Members. In principle, the committee meets once a month, and occasionally as necessary to audit and supervise the execution of duties by Directors.

● Nomination and Remuneration Governance Committee (Voluntary committee)

The Nomination and Remuneration Governance Committee is chaired by an independent Outside Director and comprises of the President of the Bank, the Chairperson of the Audit and Supervisory Committee, and 5 independent Outside Directors. In principle, it meets at least twice per year as a general rule. As an advisory body to the Board of Directors, the committee deliberates on the following: nomination of candidate Directors and dismissal of Directors; nomination and dismissal of Representative Directors; remuneration and other matters concerning Directors not serving as Audit and Supervisory Committee Members; and other important matters in terms of governance and management. The Board of Directors is to respect the findings of the committee.

● Reason for appointment as an Outside Director

Name (Date of appointment)		Reason for appointment	Attendance (FY 2024)	
			Board of Directors	Audit and Supervisory Committee
	Yasuko Yamada (Jun. 2019)	Yasuko Yamada worked for the Kagawa Prefectural Government, holding a number of important positions in departments and divisions relating to the environment, welfare, accounting, and so forth. As such, she has ample experience in local government, possesses expertise in particular on regional revitalization and financial accounting, and has excellent personality and insights.	12/12	13/13
	Tomoko Fujimoto (Jun. 2021)	Tomoko Fujimoto not only possesses highly specialized knowledge as a lawyer, but has also served in a number of public positions including the Kagawa Local Labor Council and the Takamatsu City Environment Council. As a result, she has diverse perspectives and ideas developed on the front line of local government, along with a jurist's perspective, and has excellent personality and insight.	12/12	13/13
	Noriyuki Konishi (Jun. 2022)	Noriyuki Konishi possesses a high level of expertise in particular on accounting, audit, governance and regional revitalization as an academic expert, has held important posts as Vice President of Aoyama Gakuin University and Chairperson of Japanese Association for International Accounting Studies, etc., and has excellent personality and insight.	12/12	13/13
	Yasushi Marumori (Jun. 2023)	Yasushi Marumori has ample experience as a corporate manager at MUFG Bank, Ltd. and Mitsubishi UFJ Research and Consulting Co., Ltd., etc., possesses expertise in particular on finance, financial accounting and consulting, as well as experience as an outside corporate auditor of a regional bank, and has excellent personality and insight.	12/12	13/13
	Seiji Kito (Jun. 2024)	Seiji Kito has ample experience as a corporate manager at Nippon Life Insurance Company and Nissay Information Technology Co., Ltd., possesses a wealth of knowledge in particular of finance, legal affairs, compliance, risk management and information systems, and has excellent personality and insight.	9/9	9/9

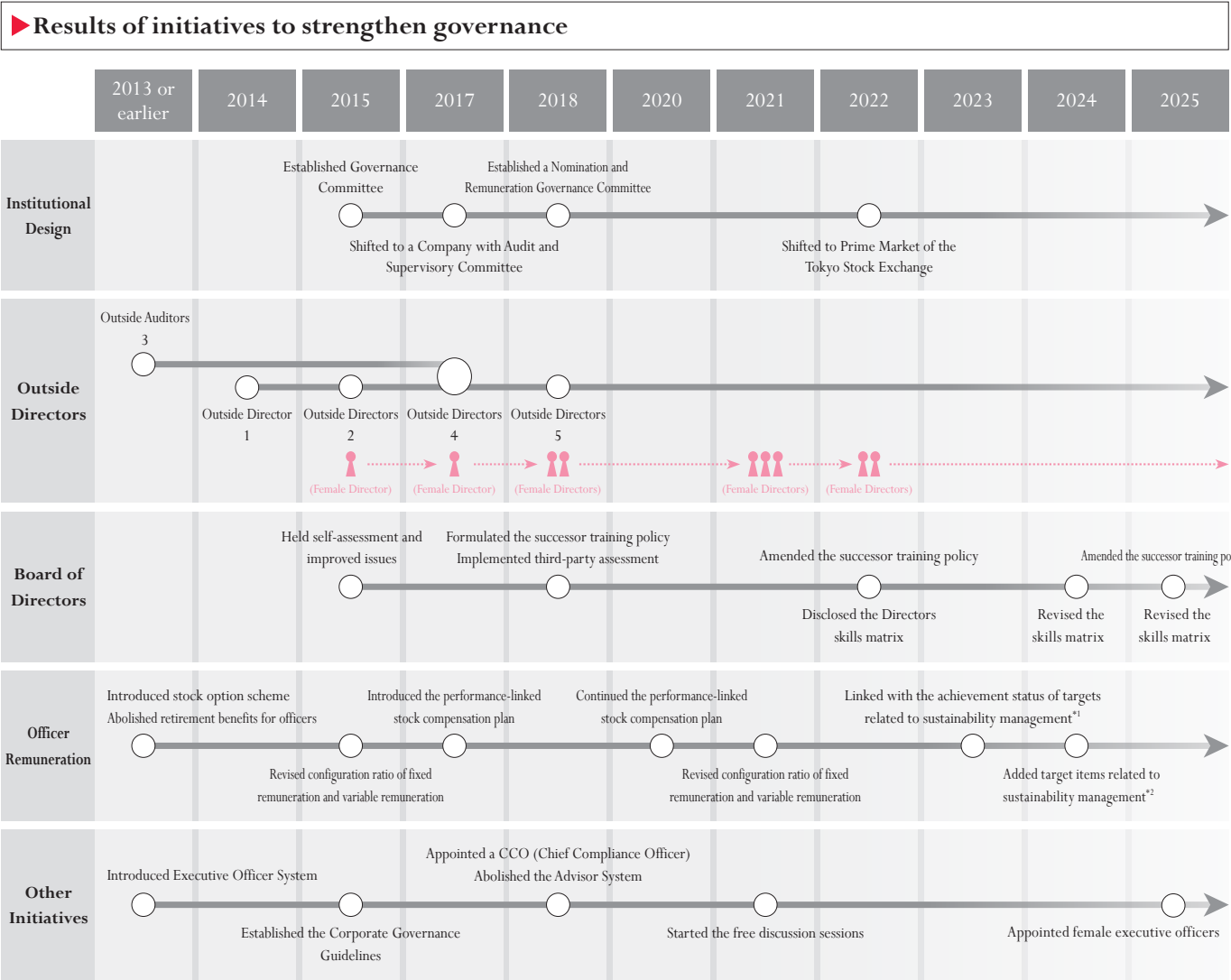
● Support system for Outside Directors

To provide support for Outside Directors serving as Audit and Supervisory Committee Members, we have set up the “Audit and Supervisory Committee Office” with exclusive personnel. In order to ensure the effectiveness and the smooth operation of the Board of Directors, we distribute tablets and provide prior explanations of agenda items. Furthermore, for the purpose of freely and openly exchanging opinions, we have held informal free discussion sessions as needed with the participation of Outside Directors, internal Directors, Executive Officers, as well as department and branch managers.

No. of meetings in FY 2024	13	Attendance rate of members	100%
<Main matters deliberated in FY 2024>			
● Formulation of audit policy and audit plans			
● Preparation of audit reports			
● Determination of opinions regarding the appointment and remuneration of Directors not serving as Audit and Supervisory Committee Members			
● Appointment of Accounting Auditor			
● Consensus regarding remuneration, etc. for Accounting Auditor, etc.			
● Audit of the contents of proposals to be submitted to the Regular Annual General Meeting of Shareholders			
etc.			

No. of meetings in FY 2024	10	Attendance rate of members	97%
<Main matters deliberated in FY 2024>			
● Results of the candidate selection survey based on the succession plan			
● Our approach on structuring the organization for future fiscal years			
● Partial revision of the officer remuneration framework with the review of management targets			
● Overview of questionnaire to assess effectiveness of Board of Directors and results thereof			
● Partial revision of the successor training policy			
etc.			

Free discussion sessions	No. of meetings in FY 2024: 5
<Main themes of FY 2024>	
● Organizational response to harassment	
● Comprehensive business partnership with Nomura Securities Co., Ltd.	
etc.	



*1 Reduce CO₂ emissions (E) Improve share of females in management (S) Reduce cross-shareholdings (G)
*2 Sustainable finance working budget (E) Engagement score (S)

● Successor training plan

The Bank has established a basic policy that sets forth the fundamental approach to developing management personnel up to the position of President and Directors as well as the requirements expected of successors. The Board of Directors recognizes that systematic successor training is important to ensure the sustainability of management, and oversees the progress of training with the support of the Nomination and Remuneration Governance Committee. In addition to Directors, we conduct initiatives aimed at developing future management personnel, including the organizing of “Management Study Sessions” for managerial position such as General Managers of each division/office and branch in order to foster shared values among officers and employees, while enhancing the sense of ethics, human capabilities, and quality of education required to earn the trust of stakeholders.

● Director remuneration

The remuneration for the Bank’s Directors (excluding Directors serving as Audit and Supervisory Committee Members) mainly consists of “basic remuneration,” “bonuses,” and “performance-linked stock compensation (officer remuneration BIP trust).” The proportion of each remuneration is determined with consideration to ensuring that Directors are incentivized to enhance corporate value. With respect to bonuses, we determine the position-specific remuneration based not only on the achievement status of profit attributable to owners of parent intended to clarify the Directors’ accountability for the performance of a single fiscal year, but also on progress toward sustainability management targets, aiming for promoting challenges to realize the Bank’s long-term vision and striving to balance the environment and social values created in the communities and the Bank’s economic value.

● Total remuneration by officer category, total remuneration by type, and the number of applicable officers (April 1, 2024 to March 31, 2025)

Officer category	Number of applicable officers	Total remuneration (Millions of yen)	Fixed remuneration	Performance-linked remuneration	
			Monetary remuneration		Nonmonetary remuneration
			Basic remuneration	Bonus	Performance-linked stock compensation
Directors (excluding Directors serving as Audit and Supervisory Committee Members) (excluding Outside Directors)	10	319	192	70	57
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	2	39	39	—	—
Outside Directors	6	39	39	—	—

(Note) 1. The number of applicable officers and the total remuneration include three Directors who retired as of the conclusion of the 155th Annual General Meeting of Shareholders held on June 27, 2024.
2. Outside Officers are six Outside Directors (Audit and Supervisory Committee Members)
3. The amounts for “performance-linked remuneration” include provision for bonuses for directors (and other officers) for the current fiscal year and share-based payment expenses.
4. There are no company officers who also serve as employees of the Bank.
5. There were no officers whose total consolidated remuneration for the fiscal year amounted to ¥100 million or more.

Outside Director Interview



Yasushi Marumori,
Outside Director

Q1

Please tell us your assessment of the Bank’s corporate governance.

At the Board of Directors’ meetings, Outside Directors with diverse knowledge and experience actively participate in discussions with a healthy sense of skepticism. Company executives take our recommendations seriously, which leads us to believe that the Bank’s governance functions effectively.

Upon assuming the role of Outside Director, I requested opportunities to speak freely with a wide range of employees. Thanks to arrangements to meet with division general managers, branch managers and others, I feel that I have been able to communicate with personnel from various positions. Going forward, I will have opportunities to speak

with personnel from our group companies, and I hope to identify further areas for improvement from the perspective of internal controls across the entire group.

In April 2025, two women were appointed as executive officers. Since the Bank’s succession plan lists candidates well into the future, and we, as outside directors, are shared information at an early stage, I believe it is managed in a careful manner. I feel that the Bank is focusing on developing its management, which builds a deep pool of future candidates for management and executive employees and maintains a steady cycle of promotions.

Q2

Looking back on the first year under the new President, what changes have you seen in the Hyakujushi Group?

I believe it is good for management to have diverse characters and ways of thinking, but what the Bank’s successive management have consistently shared is a commitment to the spirit of good for everyone. Among them, President Mori values the spirit that has been carried down over the years, and also considers what is required in today’s rapidly changing environment. My impression is that he places particular importance on

practical abilities and a sense of speed without fear of failure. I feel that he also expects the same from employees, and I fully support his belief and style.

He is also a person with great passion, as shown by his willingness to personally travel to Hokkaido to support the Bank’s table tennis team. During my previous career at the Mitsubishi Bank, Ltd. (currently,

MUFG Bank), I expressed my opinion that each general manager of a given branch represents the President. Since last fiscal year, the Bank has been holding town hall meetings where President Mori personally visits and passionately conveys his vision to young employees. This is of course

important, however, I would also like the general managers of each branch and division to recognize that they are “messengers” who should convey the passion to customers and subordinates as the President’s representatives.

Q3

How do you evaluate the progress made over the past two years of the medium-term management plan “創ろうイ・イ・ヨ”？ In addition, could you share your expectations for the final year of the current medium-term management plan and for the next one?

With the transition to a world with interest rates, the management targets are progressing smoothly for now, however, I consider that a key issue will be securing human resources sustainably to execute the strategies.

In environmental changes, including interest rates, I believe it is important to carefully discuss the future role of our branches, which are vital touchpoints with customers. In the area of asset management services for retail customers, we are entering a new phase by the business alliance with Nomura Securities Co., Ltd. It is important to clearly define each party’s role, strengthen our presence, and establish a framework that enables us to proactively support the life planning needs of our local customers.

To adapt to various environmental changes, it is required to develop human resources who have strengths in specific fields after getting a broad range of experiences. Since the launch of the current medium-term management plan, three new group companies have been established, and in all three companies, young employees in their 40s have been appointed as the president. In today’s rapidly changing environment, we need to make sure not to fall behind the pace of change. To that end, we need to rely on their sensitivity, and ensure that the right people are placed in the right positions. I believe this will be one of the most important issues for considering the next medium-term management plan.

Q4

In your view, what will be important for the Hyakujushi Group to focus on in order to enhance its corporate value in the future? How do you plan to leverage your past experience in contributing to the Group?

From my experience, “corporate value” from the perspective of investors and shareholders mainly means an increase in stock price driven by enhancing performance and expected growth rate, as well as strengthening shareholder returns. I hope that its shares will be held for the long term by communicating with investors and shareholders and further promoting the Bank’s strengths and potential through IR and SR activities.

I cherish the phrase “Give, Give and Give” which was taught to me by a former supervisor. I hope that we create a virtuous cycle in which the Hyakujushi Group gains more supporters and enhances its corporate value by not only serving our customers, but also offering value that exceeds their expectations. In order to achieve this, for example, in loans to the maritime industry, which is the Bank’s traditional strength, we need to change in thinking to add new values and proactively support companies’ initiatives that contribute to regional revitalization as the

bank group without being satisfied with the status quo. I believe that we can create an even stronger virtuous cycle by reinvesting a part of the profits generated in the development of young and mid-career human resources.



Enhancing Risk Management and Compliance

While the growing globalization of economic and financial affairs, together with the increasing sophistication of financial technology, are creating new business opportunities for financial institutions, the risks faced by financial institutions are also becoming more varied and complex. In order to achieve sustainable growth and development together with local communities and customers, we have integrated the execution of business and financial strategies with risk management operations through our Risk Appetite Framework, and we are striving for appropriate risk-taking and risk control.

► Risk Appetite Framework

We introduced the “Risk Appetite Framework” as a management control framework to control risks by clarifying the type and amount of risk (risk appetite) we are willing to accept to achieve our business strategies and financial plans.

Specifically, we have identified, among the risks surrounding the Bank, the most critical ones that have a significant impact on management (hereinafter referred to as “top risks”) at the Board of Directors. By understanding their potential impact and timing, we anticipate possible risk scenarios and implement countermeasures in advance to avoid or mitigate these risks. At the same time, we strive to enhance corporate value by executing business strategies that take top risks into account.

● Top risks identified by the Bank (FY 2025)

Risk Factor			Risk Scenario
Management Risk	BCP Risk	Major disasters, pandemics, system outages, and other events that could impede business operations	● Suspension of transactions and services ● Damage to the Bank's physical and human capital ● Increase in credit costs due to impact of disasters on customers
Strategic Risk	Market Fluctuation Risk	Intensifying competition in a world with interest rates	● Changes in asset and liability composition ● Decline in loan share and compression of spreads ● Profit and loss impact from changes in the yield curve
		Sharp fluctuations in financial markets by geopolitical risks, etc.	● Changes for the worse in valuation gains (losses) on securities due to market turmoil (e.g., sudden fall in stock prices)
	Technological Transformation Risk	Acceleration of social and economic digital shift	● Outflow of funds to other banks ● Declining market position in our service areas
	Growth Opportunity Risk	Economic contraction in the region, falling birthrate and aging populations in the region, and declining population	● Business contraction due to a decrease in the number of customers ● Decrease in personal transactions (deposits and loans) caused by the decline of the working-age population
		Introverted and conservative corporate culture	● Decline in employee engagement ● Loss of human resources
Financial Risk	Credit Risk	Economic slowdown in Japan or globally, rising inflation, and prolonged support for major borrowers	● Increase in credit costs due to decline in earnings of customers ● Continued management support costs ● Large credit costs due to worsening creditworthiness of supported borrowers
	Liquidity Risk	Changes in customer behavior	● Rising deposit funding costs and outflow to other banks
Operational Risk	Information Security Risk	Increase and sophistication of cyberattacks	● Suspension of transactions and services and leak of customer information
			● Loss of customer trust
	Compliance Risk	Occurrence of crimes and compliance violations by officers and employees	● Administrative disposition due to violation of laws and regulations ● Loss of trust from stakeholders
		Increase and complexity of financial crimes	● Increase in customers' special fraud damage ● Administrative disposition due to inadequate anti-money laundering measures ● Loss of trust from stakeholders
Reputation Risk	Governance Risk	Low profitability (capital efficiency) and productivity	● Decline in our corporate value ● Decline in market valuation and our stock price ● Rising opposition ratio on shareholder meeting proposals
		High ratio of cross-shareholdings	● Decline in market valuation ● Rising opposition ratio on shareholder meeting proposals ● Significant impairment losses due to sudden fall in stock prices
ESG Risk	Environmental Risk	Intensification of climate change and other environmental issues	● Decline in social trust due to delays in decarbonization ● Business suspension of customers due to abnormal weather ● Increase in credit costs due to decline in collateral value ● Decline in earnings of customers due to delays in decarbonization
	Social Responsibility Risk	Increasing focus on DE&I and human rights, and human resource mobility	● Decline in employee engagement ● Difficulty in securing human resources

► Risk management system

Within the structure of the Risk Appetite Framework, we have established a management framework (risk management system) in order to strike a balance between improving profitability and maintaining soundness.

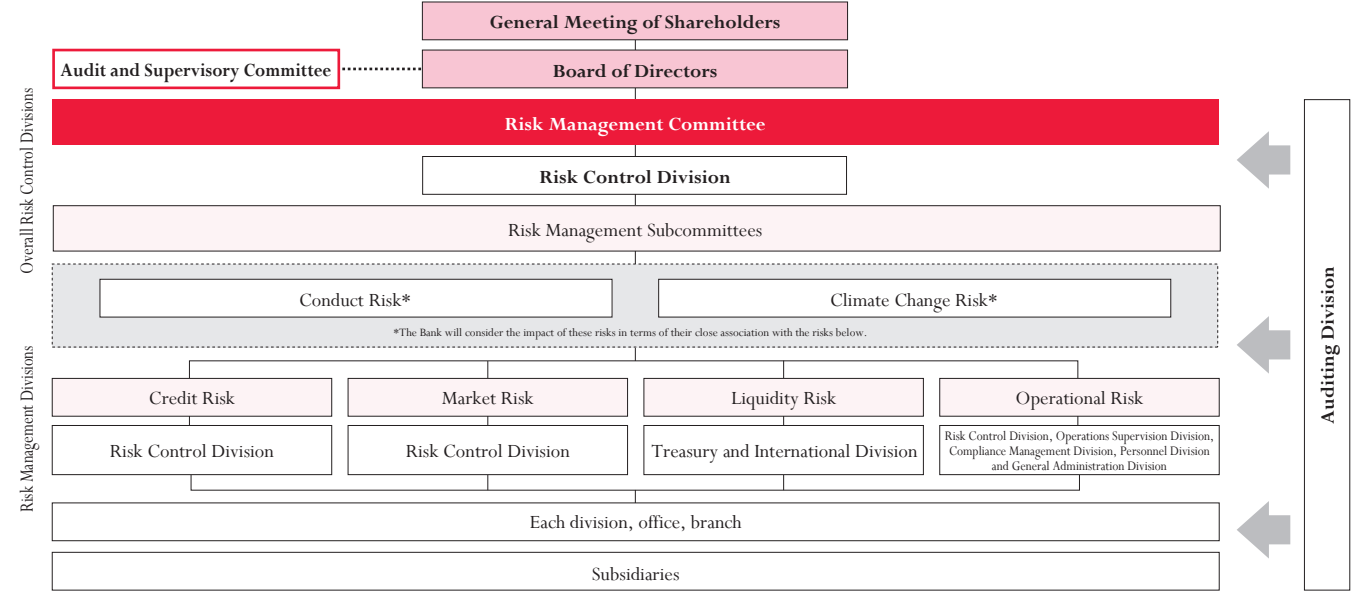
● Basic concepts

By identifying and managing various risks associated with banking operations such as credit risk, market risk, liquidity risk, and operational risk, and ascertaining risks in a comprehensive manner and comparing them to our level of capital adequacy, we aim to achieve stability and soundness in our overall management while achieving our business strategies and financial plans.

● Management framework

We determine the category to which each risk belongs, and decide the divisions responsible for managing each category appropriately, along with management rules. We have also established an independent Risk Control Division to integrate risk management and carry out comprehensive management. Additionally, through the establishment of the Risk Management Committee and its subordinate Risk Management Subcommittees, and cross-sectional consultations on matters regarding risk management, we strive to improve and sophisticate our risk management system.

● Risk management framework chart



► Business continuity system

In order to maintain a minimum level of financial services and contribute to the livelihood and economic activities of local communities in the event of an emergency that threatens business continuity, such as earthquakes, storms, floods, the spread of infectious diseases, or system failures, we are developing and continuously improving systems based on our business continuity plan (BCP).

In the event of an emergency, a comprehensive task force with the president as the general manager is established to centrally manage information and promptly issue instructions to branches.

We regularly conduct our own drills to improve the effectiveness of our business continuity system, and we work to ensure that all officers and employees fully understand our business continuity system and to foster crisis awareness.

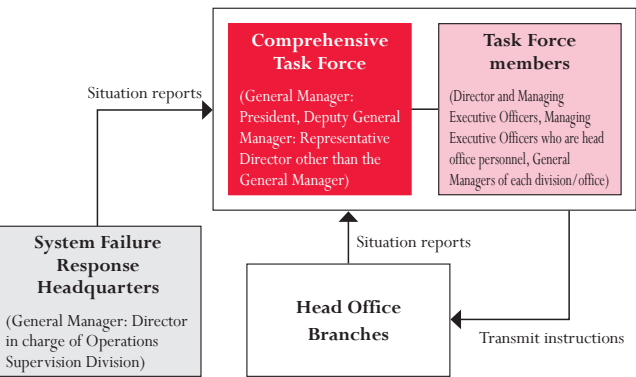
● Status of equipment installed for business continuity purposes

- Stockpiles of water, food, helmets, and other items necessary for business continuity
- Installation of damp proof barriers at the entrances and exits of branches liable to flooding
- Installation of independent power generators at key locations
- Introduction of EVs with power supply functions (at some branches)

● Initiatives for business continuity in the event of an emergency

- Identification of priority branches and operations
- Practice of ongoing business continuity drills
- Introduction of business chat for quick information sharing

● Comprehensive task force organization



Enhancing Risk Management and Compliance

▶Compliance system

At the Bank, under the oversight of CCO (Chief Compliance Officer), who has the highest responsibility for compliance, the Compliance Management Division centrally manages all compliance-related issues.

We also appoint a manager or a person in charge at each department, office, and branch to put into practice and instill compliance, while aiming to spread compliance culture by checking the compliance status with a checklist and conducting study sessions. Furthermore, the Compliance Committee, chaired by the CCO, holds cross-organizational discussions to improve and upgrade the system.

● Formulation of the Compliance Program

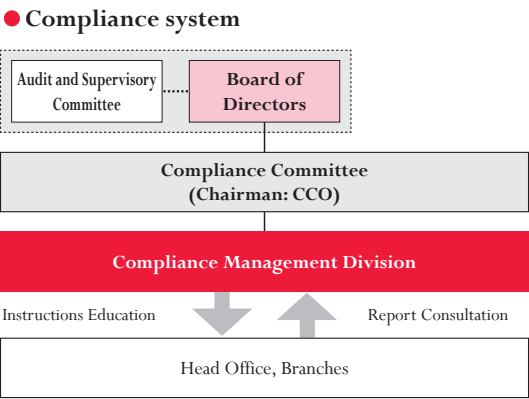
We have formulated a Compliance Program as a specific implementation plan to ensure effective compliance. The formulation and reviews of the Compliance Program are determined by the Board of Directors and reports on the program’s progress and achievements are made to the Board of Directors.

●Whistleblowing system

We have established a whistleblower hotline (‘hot’ dial) and developed a system to accept reports from all officers and employees, thereby ensuring early detection of misconduct and prompt implementation of corrective measures.

● Compliance with policy for preventing money laundering and related activities

The Group strongly recognizes the importance of preventing money laundering, terrorist financing, and the financing of activities related to the proliferation of weapons of mass destruction, as well as of compliance with economic sanctions (hereinafter referred to as “money laundering and related activities”). The Group positions the prevention of money laundering and related activities as a key management priority and has established the following internal control framework to ensure proper execution of its operations in order to respond to stringent international requirements.



● Information exchange meetings between the CCO and Audit & Supervisory Committee members

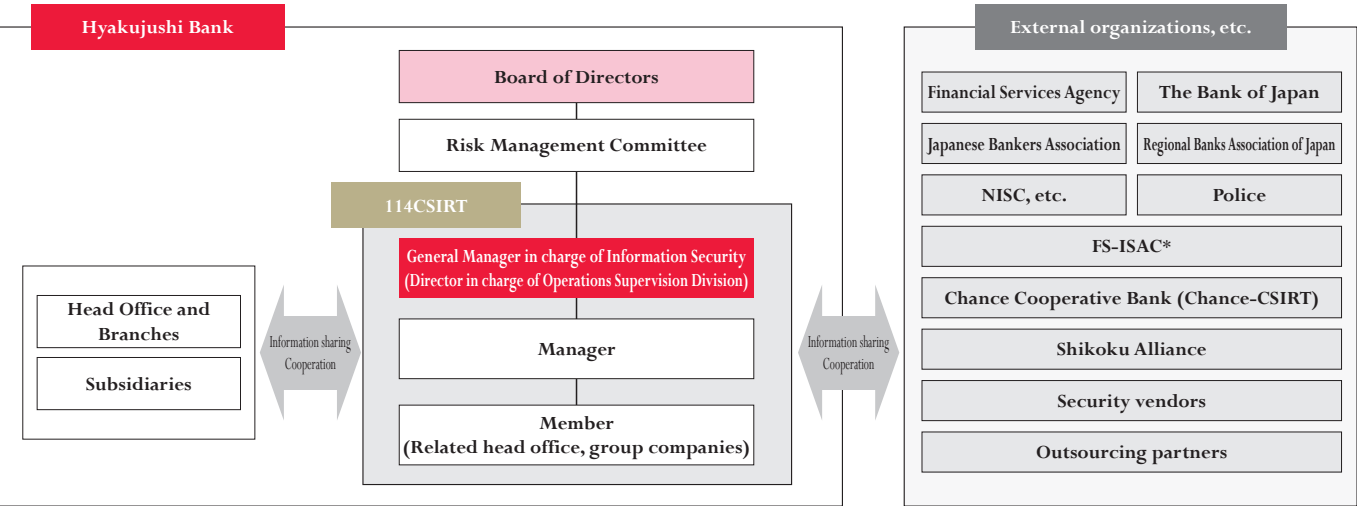
Meetings between the CCO and Audit & Supervisory Committee members are held on a regular basis to exchange opinions and information. In addition to sharing the content discussed and reported at the Compliance Committee, issues and future actions, etc., are also discussed at these meetings.

Main themes of FY 2024

● Compliance on-site guidance results	
● Tiered compliance training	
● Workplace survey results	
	etc.

▶Cybersecurity management system

We are continuously strengthening our cybersecurity measures to protect the information assets of our customers and ourselves from cyberattacks, which are becoming more and more sophisticated each year. Under the leadership of management, we have established “114 CSIRT (Computer Security Incident Response Team),” a team dedicated to addressing cybersecurity for the entire Group, to collect and analyze threat information, respond to incidents, and establish systems for recovery. Furthermore, we focus on strengthening its management framework and enhancing its effectiveness by appointing responsible officers for cybersecurity, collaborating with external organizations, providing regular training and education to improve officer and employee cybersecurity literacy, and developing specialized personnel.



* An organization for information sharing and analysis on cybersecurity by Japanese financial institutions.

▶Internal audit

We conduct audits that contribute to the achievement of our management targets by verifying and assessing the appropriateness and effectiveness of internal management systems in the audited departments, making recommendations to improve problems and following up on the status of improvements.

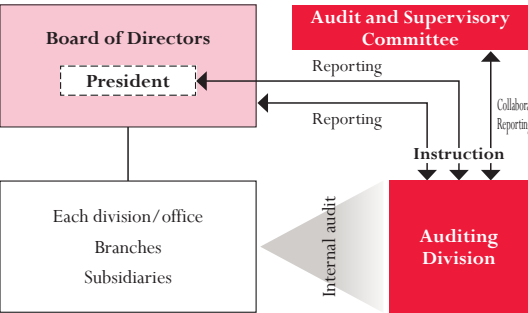
● Ensuring independence and check-and-balance function

To ensure the objectivity and effectiveness of the internal audit department, the department is independent from the audited department and we enable internal audits to be conducted without undue restrictions.

● Reporting system

Problems identified through internal audits are verified and reported to the President, the Board of Directors, and the Audit and Supervisory Committee. Moreover, problems such as those deemed to have a significant impact on management are immediately reported to the President, the Board of Directors, and the Audit and Supervisory Committee.

● Internal audit system



Policy for preventing money laundering and related activities

Operation policy

The Hyakujushi Group complies with all laws, regulations, and rules to prevent money laundering and related activities.

Organizational structure

The Hyakujushi Group has established a structure to integrate risk management by designating responsible officers and an overall control division for preventing money laundering and related activities. Furthermore, under the active leadership of management, we promote the enhancement of measures across the entire organization.

Risk-based approach

The Hyakujushi Group identifies and assesses its own risks related to money laundering and related activities and implements appropriate measures in order to effectively mitigate them.

Customer Management Policy

To protect our customers from money laundering and related activities, the Hyakujushi Group has established a customer acceptance policy and conducts investigations and analyses of customer information and transactions. Based on these, it determines and implements appropriate risk mitigation measures to ensure proper customer management.

Reporting of suspicious transactions

The Hyakujushi Group has established a framework for accurately detecting, monitoring, and analyzing suspicious customers and transactions through the use of IT systems and other tools. When a transaction is considered suspicious, the Group promptly reports it to the relevant authorities without delay.

Management of correspondent banks

The Hyakujushi Group collects information on correspondent banks, conducts proper evaluations, and implements appropriate measures to the risks. In addition, the Group severs relationships with fictitious banks that have no actual business operations.

Training for officers and employees

The Hyakujushi Group provides appropriate and continuous training to all officers and employees to deepen the organization-wide, specialized understanding of the prevention of money laundering and related activities.

Internal audit

The Group conducts regular audits of measures to prevent money laundering and related activities through an independent internal audit department and, based on the results, implements improvements to its framework.

Board of Directors and Audit and Supervisory Committee Members (as of July 1, 2025)

Directors (excluding Directors serving as Audit and Supervisory Committee Members)



Yujiro Ayada
Chairman

- Apr. 1982 Joined the Bank
- Mar. 2006 General Manager, Ritsurin Branch, the Bank
- Apr. 2008 General Manager, Nagoya Branch, the Bank
- Apr. 2010 General Manager, Business Management Division, the Bank
- Apr. 2012 Executive Officer and General Manager, Tokyo Branch and General Manager in charge of Tokyo Public Affairs, the Bank
- Apr. 2014 Managing Executive Officer, the Bank
- Jun. 2015 Director and Managing Executive Officer, the Bank
- Apr. 2016 Director and Senior Managing Executive Officer, the Bank
- Apr. 2017 President, the Bank
- Apr. 2024 Chairman, the Bank (to present)



Masashi Mori
Representative Director
President

- Apr. 1989 Joined the Bank
- Apr. 2011 Deputy General Manager, Osaka Branch, the Bank
- Oct. 2013 General Manager, Akashi Branch, the Bank
- Apr. 2016 Assistant General Manager, Credit Supervision Division, the Bank
- Apr. 2018 General Manager, Executive Secretariat Office, the Bank
- Apr. 2020 General Manager, Business Strategy Division, the Bank
- Apr. 2021 Executive Officer and General Manager, Corporate Planning Division, the Bank
- Apr. 2022 Managing Executive Officer, the Bank
- Jun. 2022 Director and Managing Executive Officer, the Bank
- Apr. 2024 President, the Bank (to present)



Masakazu Toyoshima
Representative Director
Director, Senior Managing
Executive Officer and CCO

- Apr. 1985 Joined the Bank
- Oct. 2011 Deputy General Manager, Business Management Division, the Bank
- Apr. 2012 Deputy General Manager, Credit Supervision Division, the Bank
- Apr. 2013 General Manager, Corporate Planning Division, the Bank
- Apr. 2015 Executive Officer and General Manager, Corporate Planning Division, the Bank
- Apr. 2017 Managing Executive Officer, the Bank
- Jun. 2017 Director and Managing Executive Officer, the Bank
- Apr. 2024 Director, Senior Managing Executive Officer and CCO, the Bank (to present)



Kazuhito Tada
Representative Director
Director and Senior Managing
Executive Officer

- Apr. 1990 Joined the Bank
- Apr. 2015 General Manager, Matsuyama Branch, the Bank
- Apr. 2017 General Manager, Kobe Branch, the Bank
- Apr. 2019 Executive Officer and General Manager, Tokyo Branch and General Manager in charge of Tokyo Public Affairs, the Bank
- Apr. 2021 Executive Officer and General Manager, Business Strategy Division, the Bank
- Apr. 2022 Managing Executive Officer, the Bank
- Jun. 2022 Director and Managing Executive Officer, the Bank
- Apr. 2025 Director and Senior Managing Executive Officer, the Bank (to present)



Hiroshi Suga
Director and Managing
Executive Officer

- Apr. 1988 Joined the Bank
- Jul. 2009 Deputy General Manager, Mizushima Branch, the Bank
- Oct. 2011 Deputy General Manager, Central Business Division, the Bank
- Apr. 2014 General Manager, Fukuoka Branch, the Bank
- Apr. 2017 General Manager, Marugame Branch, the Bank
- Apr. 2019 Executive Officer and General Manager, Marugame Branch, the Bank
- Apr. 2021 Executive Officer and General Manager, Imabari Branch, the Bank
- Apr. 2024 Managing Executive Officer, the Bank
- Jun. 2024 Director and Managing Executive Officer, the Bank (to present)



Masaaki Iwane
Director and Managing
Executive Officer

- Apr. 1994 Joined the Bank
- Oct. 2013 Deputy General Manager, Nagoya Branch, the Bank
- Oct. 2016 General Manager, Mizushima Branch, the Bank
- Apr. 2020 General Manager, Executive Secretariat Office, the Bank
- Apr. 2022 General Manager, Treasury and International Division, the Bank
- Apr. 2023 Executive Officer and General Manager, Treasury and International Division, the Bank
- Apr. 2024 Managing Executive Officer, the Bank
- Jun. 2024 Director and Managing Executive Officer, the Bank (to present)



Hideki Oda
Director and Managing
Executive Officer

- Apr. 1990 Joined the Bank
- Oct. 2013 General Manager, Tokushima-Kita Branch, the Bank
- Apr. 2016 Group Manager, Personnel Division, the Bank
- Oct. 2019 Deputy General Manager, Personnel Division, the Bank
- Apr. 2021 General Manager, Personnel Division, the Bank
- Apr. 2023 Executive Officer and General Manager, Osaka Branch, the Bank
- Apr. 2025 Managing Executive Officer, the Bank
- Jun. 2025 Director and Managing Executive Officer, the Bank (to present)



Tetsuya Iwase
Director and Managing
Executive Officer

- Apr. 1991 Joined the Bank
- Oct. 2015 Group Manager, Corporate Planning Division, the Bank
- Apr. 2020 Deputy General Manager, Corporate Planning Division, the Bank
- Oct. 2022 General Manager in charge of Risk Control Division, the Bank
- Apr. 2023 General Manager, Risk Control Division, the Bank
- Apr. 2024 Executive Officer and General Manager, Risk Control Division, the Bank
- Apr. 2025 Managing Executive Officer, the Bank
- Jun. 2025 Director and Managing Executive Officer, the Bank (to present)

Directors serving as Audit and Supervisory Committee Members



Tatsuya Sakuma
Director (Audit and Supervisory
Committee Member)

- Apr. 1986 Joined the Bank
- Apr. 2010 General Manager, Ota Branch, the Bank
- Apr. 2012 Deputy General Manager, Corporate Planning Division, the Bank
- Apr. 2013 General Manager, Executive Secretariat Office, the Bank
- Jan. 2017 Deputy General Manager, Corporate Planning Division, the Bank
- Apr. 2017 Executive Officer and General Manager, Corporate Planning Division, the Bank
- Apr. 2021 Executive Officer and General Manager, Operations Supervision Division, the Bank
- Apr. 2023 Managing Executive Officer and Advisor to Auditing Division, the Bank
- Jun. 2023 Director (Audit and Supervisory Committee Member), the Bank (to present)



Takao Tsushima
Director (Audit and Supervisory
Committee Member)

- Apr. 1987 Joined the Bank
- Apr. 2013 General Manager, Kakogawa Branch, the Bank
- Oct. 2015 Deputy General Manager, Credit Supervision Division, the Bank
- Apr. 2016 General Manager, Credit Supervision Division, the Bank
- Apr. 2018 General Manager, Regional Vitalization Division, and General Manager, Solution Promotion Division, the Bank
- Apr. 2020 Executive Officer and General Manager, Osaka Branch, the Bank
- Apr. 2023 Managing Executive Officer and General Manager, Auditing Division, the Bank
- Apr. 2025 Managing Executive Officer and Advisor to Auditing Division, the Bank
- Jun. 2025 Director (Audit and Supervisory Committee Member), the Bank (to present)



Yasuko Yamada
Director (Audit and Supervisory
Committee Member)
Part-time/Outside

- Apr. 1982 Joined the Kagawa Prefectural Government
- Apr. 2008 Director, General Affairs Concentration Division, General Affairs Department, Kagawa Prefectural Government
- Apr. 2009 Deputy Director, Environmental Policy Division, Environmental and Forestry Department, and Deputy Director, Human Rights and Social Integration Policy Division, General Affairs Department, Kagawa Prefectural Government
- Apr. 2012 Director, General Affairs and Education Division, General Affairs Department, and Deputy Director, Human Rights and Social Integration Policy Division, General Affairs Department, Kagawa Prefectural Government
- Apr. 2013 Secretary-General, Kagawa Prefectural University of Health Sciences
- Apr. 2014 Deputy Director-General, Health and Welfare Department, Kagawa Prefectural Government
- Apr. 2015 Treasurer and Chief, Accounting Bureau, Kagawa Prefectural Government
- Apr. 2018 Director, The Kagawa Museum
- Jun. 2019 Outside Director (Audit and Supervisory Committee Member), the Bank (to present)



Tomoko Fujimoto
Director (Audit and Supervisory
Committee Member)
Part-time/Outside

- Nov. 2006 Registered as a lawyer
- Sep. 2007 Founded Tomoko Fujimoto Law Firm (to present)
- Apr. 2015 Vice Chairperson, Kagawa Bar Association
- Jul. 2017 Member of Kagawa Prefecture Public Interest Corporation Authorization Council (to present)
- May 2018 Member of Kagawa Prefecture Gender Equality Council (to present)
- Jul. 2018 Member of Kagawa Prefecture Environment Council (to present)
- Mar. 2019 Member of Kagawa Prefecture Expropriation Committee
- Apr. 2019 Chairperson, Kagawa Prefecture Dispute Coordinating Committee (Kagawa Labor Bureau)
- Apr. 2019 Member of Compliance Advisory Committee, Shikoku Regional Development Bureau (to present)
- Nov. 2019 Takamatsu City Environment Council
- Apr. 2020 Trustee and Vice President (responsible for internal control and diversity promotion), Kagawa University
- Apr. 2020 Member of Kagawa Prefecture Next-term General Plan Formulation Conference
- Jun. 2021 Outside Director (Audit and Supervisory Committee Member), the Bank (to present)
- Nov. 2021 Chairperson, Kagawa Local Labor Council (Kagawa Labor Bureau)
- Apr. 2025 Vice Chairperson, Kagawa Bar Association (to present)



Noriyuki Konishi
Director (Audit and Supervisory
Committee Member)
Part-time/Outside

- Apr. 2004 Professor, Faculty of Economics and Concurrent Professor, School of Law, Okayama University
- Apr. 2008 Head of Management Sciences, Graduate School of Humanities and Social Sciences, Okayama University
- Apr. 2009 Professor, Graduate School of Professional Accountancy, Aoyama Gakuin University Professional Graduate Schools (to present)
- Apr. 2012 Visiting Senior Scholar, Research Institute of Capital Formation, Development Bank of Japan
- Apr. 2016 Head, Graduate School of Professional Accountancy, Aoyama Gakuin University Professional Graduate Schools
- Apr. 2018 Trustee, Aoyama Gakuin School Corporation
- May 2018 Chairman of Japan Association of Graduate Schools for Professional Accountancy
- Dec. 2019 Vice President, Aoyama Gakuin University
- Oct. 2021 Chairperson, Japanese Association for International Accounting Studies
- May 2022 Auditor, Japan Association of Corporate Directors (to present)
- Jun. 2022 Outside Director (Audit and Supervisory Committee Member), the Bank (to present)
- Dec. 2023 Advisor to the President, Aoyama Gakuin University
- Apr. 2024 Advisor, Research Institute of Capital Formation, Development Bank of Japan (to present)
- Oct. 2024 Director, Tokyo Women's Medical University



Yasushi Marumori
Director (Audit and Supervisory
Committee Member)
Part-time/Outside

- Apr. 1981 Joined The Mitsubishi Bank, Ltd. (currently, MUFG Bank, Ltd.)
- Apr. 2008 Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently, MUFG Bank)
- May 2011 Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- Jun. 2012 Director & Senior Executive Vice President, Mitsubishi UFJ Research and Consulting Co., Ltd.
- Jun. 2013 Outside Corporate Auditor, The Nanto Bank, Ltd.
- Dec. 2014 Director, Mitsubishi UFJ Research and Consulting Co., Ltd.
- Mar. 2015 Full-time Audit & Supervisory Board Member (Outside), Asahi Glass Co., Ltd. (currently, AGC Inc.)
- Jun. 2019 Vice Chairman (Representative Director), The Mitsubishi Economic Research Institute (to present)
- Jun. 2019 Outside Audit & Supervisory Board Member, TOTO LTD.
- Jun. 2022 Outside Director (Audit and Supervisory Committee Member), TOTO LTD. (to present)
- Jun. 2023 Outside Director (Audit and Supervisory Committee Member), the Bank (to present)

Consolidated Financial Highlights

For the years ended or as of March 31	Millions of yen					Thousands of U.S. dollars (Note 1)
	2025	2024	2023	2022	2021	2025
FOR THE YEAR:						
Total income	¥90,098	¥82,172	¥84,949	¥73,147	¥68,989	\$602,581
Total expenses	70,560	67,890	71,739	58,108	63,877	471,910
Profit before income taxes	19,537	14,281	13,209	15,039	5,111	130,664
Income taxes-current	5,700	4,337	3,056	1,705	3,402	38,121
Income taxes-deferred	136	301	979	1,631	(855)	909
Profit attributable to non-controlling interests	—	—	—	—	—	—
Profit attributable to owners of parent	13,700	9,642	9,172	11,702	2,565	91,626
AT YEAR-END:						
Loans and bills discounted	3,506,645	3,428,362	3,362,245	3,159,889	3,035,782	23,452,681
Securities and trading account securities	1,189,932	1,117,828	1,044,674	1,274,877	1,272,956	7,958,346
Foreign exchange assets	4,373	4,793	19,938	6,236	9,429	29,246
Other assets	1,052,627	1,289,663	1,382,497	1,306,258	1,057,396	7,040,041
Total assets	5,753,583	5,840,650	5,809,359	5,747,266	5,375,569	38,480,357
Deposits and negotiable certificates of deposit	4,695,040	4,749,635	4,780,670	4,632,815	4,525,292	31,400,749
Foreign exchange liabilities	181	180	248	321	1,341	1,210
Other liabilities	730,080	761,641	747,336	829,786	557,229	4,882,825
Total liabilities	5,425,309	5,511,464	5,528,260	5,462,929	5,083,870	36,284,838
Common stock	37,322	37,322	37,322	37,322	37,322	249,612
Capital surplus	30,486	30,486	30,486	30,486	30,486	203,892
Retained earnings	204,899	194,802	187,908	183,444	173,620	1,370,378
Treasury stock	(565)	(569)	(513)	(2,030)	(2,071)	(3,778)
Total stockholders' equity	272,143	262,041	255,204	249,223	239,357	1,820,111
Net unrealized gains on available-for-sale securities, net of taxes	35,766	49,774	14,669	25,891	42,595	239,205
Net deferred gains (losses) on hedging instruments, net of taxes	(16)	(11)	138	2,611	2,720	(107)
Revaluation reserve for land	7,593	7,865	7,952	7,927	7,928	50,782
Remeasurements of defined benefit plans	12,778	9,494	3,113	(1,339)	(945)	85,460
Total accumulated other comprehensive income	56,121	67,123	25,873	35,091	52,299	375,341
Share subscription rights	8	21	21	21	41	53
Non-controlling interests	—	—	—	—	—	—
Total net assets	328,273	329,186	281,098	284,336	291,699	2,195,512
Total liabilities and net assets	¥5,753,583	¥5,840,650	¥5,809,359	¥5,747,266	¥5,375,569	\$38,480,357

Notes: 1. Yen figures have been rounded, omitting numbers below the million mark, in accordance with the Japanese Commercial Code and the common accounting practice in Japan.
2. U.S. dollar amounts represent translations of Japanese yen at the exchange rate of ¥149.52 to US\$1.00 on March 31, 2025.

Attention regarding forward-looking statements

The reader is advised that this report contains forward-looking statements, which are not statements of historical fact but constitute estimates or projections based on facts known to the Bank's management as of the time of writing. Actual results may therefore differ substantially from such statements.

Consolidated Balance Sheets

As of March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Assets:			
Cash and due from banks	¥861,929	¥1,080,562	\$5,764,640
Call loans and bills bought	1,644	5,829	10,995
Monetary claims bought	25,488	40,659	170,465
Securities (Notes 6, 8, 9 and 10)	1,189,932	1,117,828	7,958,346
Loans and bills discounted (Notes 8, 10 and 11)	3,506,645	3,428,362	23,452,681
Foreign exchange assets (Note 8)	4,373	4,793	29,246
Lease receivables and investments in leases	20,665	18,020	138,208
Other assets (Notes 8 and 10)	64,452	71,965	431,059
Tangible fixed assets (Notes 13 and 14)	37,520	37,348	250,936
Intangible fixed assets	5,407	4,841	36,162
Net defined benefit asset	35,377	27,207	236,603
Deferred tax assets	732	722	4,895
Customers' liabilities for acceptances and guarantees (Note 8)	17,702	19,808	118,392
Reserve for possible loan losses	(18,289)	(17,298)	(122,318)
Total assets	¥5,753,583	¥5,840,650	\$38,480,357

As of March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Liabilities and net assets			
Liabilities:			
Deposits (Note 10)	¥4,572,471	¥4,676,957	\$30,580,999
Negotiable certificates of deposit	122,569	72,678	819,749
Call money and bills sold	8,286	15,673	55,417
Borrowed money (Notes 10 and 30)	613,505	615,210	4,103,163
Foreign exchange liabilities	181	180	1,210
Other liabilities	66,679	83,654	445,953
Reserve for bonuses for directors and corporate auditors	70	58	468
Net defined benefit liability	275	270	1,839
Reserve for retirement benefits for directors and corporate auditors	34	41	227
Reserve for claims on dormant accounts	174	117	1,163
Reserve for contingent liabilities	156	121	1,043
Reserve for stock-based compensation plan	216	216	1,444
Deferred tax liabilities	17,865	21,446	119,482
Deferred tax liability for land revaluation (Note 14)	5,118	5,027	34,229
Acceptance and guarantees	17,702	19,808	118,392
Total liabilities	5,425,309	5,511,464	36,284,838

Net assets :

Stockholders' equity:			
Common stock	37,322	37,322	249,612
Capital surplus	30,486	30,486	203,892
Retained earnings	204,899	194,802	1,370,378
Treasury stock	(565)	(569)	(3,778)
Total stockholders' equity	272,143	262,041	1,820,111
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities, net of taxes	35,766	49,774	239,205
Net deferred losses on hedging instruments, net of taxes	(16)	(11)	(107)
Revaluation reserve for land (Note 14)	7,593	7,865	50,782
Remeasurements of defined benefit plans	12,778	9,494	85,460
Total accumulated other comprehensive income	56,121	67,123	375,341
Share subscription rights	8	21	53
Total net assets	328,273	329,186	2,195,512
Total liabilities and net assets	¥5,753,583	¥5,840,650	\$38,480,357

As of March 31	Yen		U.S. dollars (Note 1)
	2025	2024	2025
Per share			
Net assets	¥11,550.34	¥11,527.06	\$77.249

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

For the years ended March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Income:			
Interest on loans and bills discounted	¥41,015	¥38,696	\$274,311
Interest and dividends on securities	12,186	12,159	81,500
Other interest income	2,816	1,489	18,833
Fees and commissions	12,685	12,445	84,838
Other operating income	5,503	4,996	36,804
Other income (Note 17)	15,889	12,383	106,266
Total income	90,098	82,172	602,581
Expenses:			
Interest on deposits and negotiable certificates of deposit	6,661	5,166	44,549
Interest on call money and bills sold	446	1,359	2,982
Interest on borrowed money	1,233	2,510	8,246
Other interest expenses	5,891	5,234	39,399
Fees and commissions	3,732	3,373	24,959
Other operating expenses	8,333	7,254	55,731
General and administrative expenses (Note 18)	33,337	33,470	222,960
Other expenses (Note 19)	10,922	9,521	73,047
Total expenses	70,560	67,890	471,910
Profit before income taxes	19,537	14,281	130,664
Income taxes :			
Current	5,700	4,337	38,121
Deferred	136	301	909
Subtotal	5,836	4,639	39,031
Profit	13,700	9,642	91,626
Profit attributable to owners of parent	¥13,700	¥9,642	¥91,626

For the years ended March 31	Yen		U.S. dollars (Note 1)
	2025	2024	2025
Per share			
Basic earnings	¥481.23	¥336.20	\$3.218
Diluted earnings	¥481.16	¥336.12	\$3.218

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Profit	¥13,700	¥ 9,642	\$91,626
Other comprehensive income (loss) (Note 20)	(10,876)	41,336	(72,739)
Net unrealized gains (losses) on available-for-sale securities, net of taxes	(14,008)	35,105	(93,686)
Net deferred losses on hedging instruments, net of taxes	(5)	(150)	(33)
Revaluation reserve for land	(147)	—	(983)
Remeasurements of defined benefit plans	3,283	6,381	21,956
Total comprehensive income	¥ 2,823	¥50,978	\$18,880
Total comprehensive income attributable to:			
Owners of parent	¥ 2,823	¥50,978	\$18,880

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

For the years ended March 31	Millions of yen				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of March 31, 2023	¥37,322	¥30,486	¥187,908	¥(513)	¥255,204
Changes in items during the period					
Dividends from surplus	—	—	(2,163)	—	(2,163)
Profit attributable to owners of parent	—	—	9,642	—	9,642
Purchase of treasury stock	—	—	—	(727)	(727)
Disposal of treasury stock	—	—	(0)	0	0
Cancellation of treasury stock	—	—	(670)	670	—
Transfer from retained earnings to capital surplus	—	—	—	—	—
Transfer from revaluation reserve for land	—	—	86	—	86
Net changes in items other than stockholders' equity	—	—	—	—	—
Total changes in items during the period	—	—	6,893	(56)	6,837
Balance as of March 31, 2024	¥37,322	¥30,486	¥194,802	¥(569)	¥262,041
Changes in items during the period					
Dividends from surplus	—	—	(3,289)	—	(3,289)
Profit attributable to owners of parent	—	—	13,700	—	13,700
Purchase of treasury stock	—	—	—	(504)	(504)
Disposal of treasury stock	—	3	—	66	70
Cancellation of treasury stock	—	(441)	—	441	—
Transfer from retained earnings to capital surplus	—	438	(438)	—	—
Transfer from revaluation reserve for land	—	—	124	—	124
Net changes in items other than stockholders' equity	—	—	—	—	—
Total changes in items during the period	—	—	10,097	4	10,101
Balance as of March 31, 2025	¥37,322	¥30,486	¥204,899	¥(565)	¥272,143

For the years ended March 31	Millions of yen						
	Accumulated other comprehensive income					Share subscription rights	Total net assets
	Net unrealized gains on available-for-sale securities, net of taxes	Net deferred losses on hedging instruments, net of taxes	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of March 31, 2023	¥14,669	¥138	¥7,952	¥ 3,113	¥25,873	¥21	¥281,098
Changes in items during the period							
Dividends from surplus	—	—	—	—	—	—	(2,163)
Profit attributable to owners of parent	—	—	—	—	—	—	9,642
Purchase of treasury stock	—	—	—	—	—	—	(727)
Disposal of treasury stock	—	—	—	—	—	—	0
Cancellation of treasury stock	—	—	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—
Transfer from revaluation reserve for land	—	—	—	—	—	—	86
Net changes in items other than stockholders' equity	35,105	(150)	(86)	6,381	41,250	—	41,250
Total changes in items during the period	35,105	(150)	(86)	6,381	41,250	—	48,087
Balance as of March 31, 2024	¥49,774	¥(11)	¥7,865	¥ 9,494	¥67,123	¥21	¥329,186
Changes in items during the period							
Dividends from surplus	—	—	—	—	—	—	(3,289)
Profit attributable to owners of parent	—	—	—	—	—	—	13,700
Purchase of treasury stock	—	—	—	—	—	—	(504)
Disposal of treasury stock	—	—	—	—	—	—	70
Cancellation of treasury stock	—	—	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—
Transfer from revaluation reserve for land	—	—	—	—	—	—	124
Net changes in items other than stockholders' equity	(14,008)	(5)	(271)	3,283	(11,001)	(12)	(11,014)
Total changes in items during the period	(14,008)	(5)	(271)	3,283	(11,001)	(12)	(912)
Balance as of March 31, 2025	¥35,766	¥(16)	¥7,593	¥12,778	¥56,121	¥ 8	¥328,273

Consolidated Statements of Changes in Net Assets

	Thousands of U.S. dollars (Note 1)				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
For the years ended March 31					
Balance as of March 31, 2024	\$249,612	\$203,892	\$1,302,849	\$(3,805)	\$1,752,548
Changes in items during the period					
Dividends from surplus	—	—	(21,997)	—	(21,997)
Profit attributable to owners of parent	—	—	91,626	—	91,626
Purchase of treasury stock	—	—	—	(3,370)	(3,370)
Disposal of treasury stock	—	20	—	441	468
Cancellation of treasury stock	—	(2,949)	—	2,949	—
Transfer from retained earnings to capital surplus	—	2,929	(2,929)	—	—
Transfer from revaluation reserve for land	—	—	829	—	829
Net changes in items other than stockholders' equity	—	—	—	—	—
Total changes in items during the period	—	—	67,529	26	67,556
Balance as of March 31, 2025	\$249,612	\$203,892	\$1,370,378	\$(3,778)	\$1,820,111

	Thousands of U.S. dollars (Note 1)						
	Accumulated other comprehensive income						
	Net unrealized gains on available-for-sale securities, net of taxes	Net deferred losses on hedging instruments, net of taxes	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share subscription rights	Total net assets
For the years ended March 31							
Balance as of March 31, 2024	\$332,891	\$ (73)	\$52,601	\$63,496	\$448,923	\$140	\$2,201,618
Changes in items during the period							
Dividends from surplus	—	—	—	—	—	—	(21,997)
Profit attributable to owners of parent	—	—	—	—	—	—	91,626
Purchase of treasury stock	—	—	—	—	—	—	(3,370)
Disposal of treasury stock	—	—	—	—	—	—	468
Cancellation of treasury stock	—	—	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—
Transfer from revaluation reserve for land	—	—	—	—	—	—	829
Net changes in items other than stockholders' equity	(93,686)	(33)	(1,812)	21,956	(73,575)	(80)	(73,662)
Total changes in items during the period	(93,686)	(33)	(1,812)	21,956	(73,575)	(80)	(6,099)
Balance as of March 31, 2025	\$239,205	\$(107)	\$50,782	\$85,460	\$375,341	\$ 53	\$2,195,512

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
For the years ended March 31			
Cash flows from operating activities			
Profit before income taxes	¥ 19,537	¥ 14,281	\$ 130,664
Depreciation	2,936	2,850	19,636
Impairment losses	259	236	1,732
Net change in reserve for possible loan losses	991	(215)	6,627
Net change in reserve for bonuses for directors and corporate auditors	11	9	73
Net change in net defined benefit asset	(3,211)	(2,090)	(21,475)
Net change in net defined benefit liability	5	21	33
Net change in reserve for retirement benefits for directors and corporate auditors	(7)	3	(46)
Net change in reserve for claims on dormant accounts	56	(46)	374
Net change in reserve for contingent liabilities	35	51	234
Net change in reserve for stock-based compensation plan	(0)	35	(0)
Interest income	(56,019)	(52,347)	(374,658)
Interest expenses	14,233	14,271	95,191
Net loss related to securities transactions	702	4,783	4,695
Net gain related to foreign exchange	(237)	(17,333)	(1,585)
Net gain on disposal of fixed assets	(133)	(238)	(889)
Net change in trading account securities	—	9	—
Net change in loans and bills discounted	(78,282)	(66,117)	(523,555)
Net change in deposits	(104,485)	(19,445)	(698,802)
Net change in negotiable certificates of deposit	49,890	(11,589)	333,667
Net change in borrowed money excluding subordinated borrowings	(1,704)	(9,221)	(11,396)
Net change in due from banks other than Bank of Japan	(9,946)	5,379	(66,519)
Net change in call loans and others	19,355	(11,537)	129,447
Net change in call money and others	(7,386)	(4,687)	(49,398)
Net change in foreign exchange assets	420	15,144	2,808
Net change in foreign exchange liabilities	0	(67)	0
Net change in lease receivables and investments in leases	(2,645)	657	(17,689)
Proceeds from fund operations	56,366	51,809	376,979
Payments on fund procurement	(14,236)	(14,974)	(95,211)
Other	(12,100)	10,670	(80,925)
Subtotal	(125,596)	(89,695)	(839,994)
Payment of income taxes	(5,104)	(2,756)	(34,135)
Net cash used in operating activities	(130,700)	(92,451)	(874,130)
Cash flows from investing activities			
Purchase of securities	(299,297)	(289,156)	(2,001,718)
Proceeds from sales of securities	116,573	115,069	779,648
Proceeds from redemption of securities	92,544	161,096	618,940
Purchases of tangible fixed assets	(2,153)	(2,210)	(14,399)
Purchases of intangible fixed assets	(2,005)	(1,714)	(13,409)
Proceeds from sales of tangible fixed assets	228	338	1,524
Net cash used in investing activities	(94,110)	(16,577)	(629,414)
Cash flows from financing activities			
Purchase of treasury stock	(504)	(727)	(3,370)
Proceeds from sales of treasury stock	29	0	193
Dividends paid	(3,289)	(2,163)	(21,997)
Net cash used in financing activities	(3,764)	(2,891)	(25,173)
Effect of exchange rate changes on cash and cash equivalents	(2)	8	(13)
Net change in cash and cash equivalents	(228,578)	(111,912)	(1,528,745)
Cash and cash equivalents at beginning of year	1,046,479	1,158,391	6,998,923
Cash and cash equivalents at end of year (Note 3 (16))	¥ 817,900	¥1,046,479	\$ 5,470,171

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of The Hyakujushi Bank, Ltd. (hereinafter the “Bank”) and its consolidated subsidiaries (hereinafter collectively the “Group”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Bank as required by the Financial Instruments and Exchange Act of Japan.

The Japanese yen figures in the consolidated financial statements are in millions, with fractions omitted.

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

2. Fiscal year ends

The annual closing date of the Bank and its consolidated subsidiaries is the same.

3. Significant accounting policies

(1) Consolidation

The consolidated financial statements include the accounts of the Bank and 8 subsidiaries.
[Establishment of non-consolidated subsidiaries]

Hyakujushi Growth Investment and Assistance Co., Ltd. and Hyakujushi Business Succession and Growth Support Fund Limited Partnership were established on April 1, 2024 and July 1, 2024, respectively.

HYAKUJUSHI BUSINESS CONSULTING VIETNAM COMPANY LIMITED, Hyakujushi Growth Investment and Assistance Co., Ltd. and Hyakujushi Business Succession and Growth Support Fund Limited Partnership are excluded from the scope of consolidation because its assets and operating income and the Bank’s interests in its respective amounts of net profit or loss, retained earnings or accumulated other comprehensive income are not material to the extent that exclusion from consolidation would impede reasonable judgment concerning the financial position and operating results of the Group.

There are no affiliates accounted for by the equity method as of March 31, 2025.

Shikoku Alliance Capital Co., Ltd. and SHIKOKU BRAND inc. are affiliates not accounted for by the equity method. The non-consolidated subsidiary and the affiliated companies not accounted for by the equity method are excluded from the scope of the equity method because the Bank’s interests in their respective amounts of net profits or losses, retained earnings or accumulated other comprehensive income do not have a material impact on the consolidated financial statements.

(2) Trading account securities

Under the Accounting Standards for Financial Instruments, trading account securities are stated at fair value (cost of sales is calculated by the moving-average cost method).

(3) Securities

Held-to-maturity debt securities are stated at amortized cost using the moving-average cost method. Investments in non-consolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost by the moving-average cost method. Available-for-sale securities are stated at fair value (cost of sales is calculated by the moving-average cost method), whereas shares, etc. that do not have a market price are stated at cost by the moving-average cost method.

Unrealized gain or loss on available-for-sale securities (net of the related tax effect) has been reported as a component of net assets.

(4) Derivatives

Under the Accounting Standards for Financial Instruments, derivatives are stated at fair value.

(5) Depreciation

(a) *Tangible fixed assets (excluding lease assets)*

Depreciation of tangible fixed assets is calculated principally using the declining-balance method (However, the straight-line method is used for facilities attached to buildings and structures acquired on or after April 1, 2016). Useful lives of tangible fixed assets are as follows:

Buildings: 10 to 50 years
Equipment: 5 to 15 years

Tangible fixed assets held by the consolidated subsidiaries are depreciated, in principle, by the declining-balance method, based on the respective estimated useful lives of the assets.

(b) *Intangible fixed assets (excluding lease assets)*

Intangible fixed assets are amortized by the straight-line method. Depreciation of software for internal use is calculated using the straight-line method over the useful lives (principally 5 years).

(c) *Lease assets*

Lease assets held by the Bank are depreciated over the leasing contract periods by the straight-line method with residual value at zero.

(6) Reserve for possible loan losses

Reserve for possible loan losses is provided as follows, based on the defined rules for write-offs and provisioning.

Reserve for possible loan losses for bankrupt or substantially bankrupt debtors is provided based on the amount after deducting the collectible portion, based on the fair value of any underlying collateral or guarantees, except for a portion written-off, as explained below.

Reserve for possible loan losses for debtors not currently bankrupt but likely to go bankrupt is provided considering the overall solvency assessment after deducting the collectible portion, based on the fair value of any underlying collateral or guarantees.

Reserve for possible loan losses on loans other than the above is provided principally at the amounts of expected losses over the next 1 year or 3 years, which are determined by making necessary adjustments considering forecasts of loss rates calculated based on the average historical default rates corresponding to a certain period consistent with those for 1 year or 3 years.

In accordance with the Bank’s asset self-assessment standards, loans are assessed by branch staff and head office staff in charge of inspection, the results of which are audited by independent staff in charge of audits. Provision is made to reflect these assessment procedures.

In the case of loans to debtors who are bankrupt or substantially bankrupt, the amount remaining after deduction of the amount of collateral considered to be disposable and the amount recoverable under guarantees is set off from the original outstanding loan balance. The amount of such write-offs totaled ¥9,140 million (\$61,128 thousand) and ¥7,682 million as of March 31, 2025 and 2024, respectively.

A reserve for possible losses on ordinary loans held by the Bank’s consolidated subsidiaries is provided based on loan loss experience as calculated using the historical default rates. A reserve for possible losses on specific loans held by the Bank’s consolidated subsidiaries is provided based on the amount deemed irrecoverable after careful examination of the recoverability of the loans in question on an individual basis.

(7) Reserve for bonuses for directors and corporate auditors

A provision is made for the payments of bonuses to directors and corporate auditors of the Bank based on an estimated amount deemed necessary.

(8) Reserve for retirement benefits for directors and corporate auditors

In order to provide for the payment of retirement benefits to directors and corporate auditors of consolidated subsidiaries, a provision is made based on the estimated amount incurred at the end of the consolidated reporting period.

(9) Reserve for claims on dormant accounts

A provision is made for losses on claims on dormant accounts in the future in an amount deemed necessary, taking into account the Bank’s historical refund record.

(10) Reserve for contingent liabilities

A provision is made for an estimated amount considered necessary for losses which may occur in the future due to contingencies other than those covered for in other reserves.

(11) Reserve for stock-based compensation plan

In order to provide for the delivery of the Bank’s shares from the BIP Trust, a provision is made for an estimated amount of benefits corresponding to the number of points allotted to directors in accordance with BIP Trust’s share delivery rules.

(12) Accounting method for retirement benefits

To calculate retirement benefit obligations, the Bank used the benefit formula as a method for attributing estimated retirement benefits over the period until March 31, 2025. The amortization method for prior service costs and actuarial differences is as follows:

Prior Service Costs:
Prior service costs are charged fully to income at the time of occurrence.
Actuarial Differences:

Actuarial differences of the plans are to be amortized from the fiscal year following their occurrence by the straight-line method over a fixed period of 10 years, which is within the average remaining service period of the employees at the time of occurrence in each fiscal year.

In calculating net defined benefit liability and retirement benefit costs, consolidated subsidiaries apply a simplified method that provides their retirement benefit obligation at an amount to be paid for voluntary termination at the balance sheet date.

(13) Basis for recognizing significant earnings and expenses

(a) *Finance lease transactions*

The corresponding amounts are recognized in “Other income” and “Other expenses” at the time of receipt of lease payments.

(b) *Revenue from contracts with customers*

Revenue from contracts with customers is the revenue recognized from service provision related to financial services such as deposit and loan services, foreign currency exchange services, and securities-related services, and is recognized at the amount expected to be received in exchange for goods or services when control of such goods or services promised by such service provision is transferred to the customer.

(14) Foreign currency translation

Receivables and payables in foreign currencies are translated into Japanese yen primarily at the year-end rates. Translation differences arising from available-for-sale securities (bonds), including the effect of changes in exchange rates, are accounted for as net unrealized gains/losses on available-for-sale securities.

(15) Hedge accounting

(a) *Hedges against interest rate fluctuations*

The Bank applies the deferred hedge accounting method to interest rate swaps used to hedge interest rate risk on certain financial assets when the critical terms of the underlying hedged items (Japanese Government Bonds and U.S. Treasury Bonds) and hedging instruments (interest rate swap transactions) match.

Evaluation of hedge effectiveness is omitted as material terms related to the hedged items and hedging instruments are substantially identical and the market fluctuations or cash flow fluctuations are offset at the time of commencement and continuously thereafter.

(b) *Hedging against currency fluctuations*

The Bank applies the deferred hedge accounting stipulated in the basic provisions of JICPA Industry Committee Practical Guideline No. 25 issued on October 8, 2020 to currency swap and foreign exchange swap transactions executed for the purpose of lending or borrowing funds in different currencies.

Pursuant to JICPA Industry Committee Practical Guideline No. 25, the Bank assesses the effectiveness of currency swap and foreign exchange swap transactions executed for the purpose of offsetting the risk of changes in currency exchange rates by verifying that there are foreign currency monetary claims and debts (foreign securities and foreign currency loans) corresponding to the foreign-currency positions.

(16) Statements of cash flows

The reconciliations between cash and due from banks in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	2025	2024	2025
Cash and due from banks.....	¥861,929	¥1,080,562	\$5,764,640
Time deposits with banks other than Bank of Japan.....	(43,000)	(33,040)	(287,586)
Deposits with banks other than Bank of Japan.....	(669)	(665)	(4,474)
Other	(359)	(377)	(2,401)
Cash and cash equivalents	¥817,900	¥1,046,479	\$5,470,171

(17) Other significant accounting policies adopted

Net gains from the cancellation and redemption of investment trusts (excluding ETF) are included in “Interest and dividends on securities” in the case of gains on the investment trusts as a whole, and net losses from the cancellation and redemption of investment trusts (excluding ETF) are included in “Loss on redemption of bonds” under “Other operating expenses” in the case of losses.

Gains on cancellation and redemption of investment trusts of ¥1,563 million (\$10,453 thousand) and ¥2,592 million were recorded in “Interest and dividends on securities” for the fiscal years ended March 31, 2025 and 2024, respectively.

(18) Significant accounting estimates

Reserve for possible loan losses

(i) Amounts recognized in the consolidated financial statements at the end of fiscal year
Reserve for possible loan losses: ¥18,289 million (\$122,318 thousand) and ¥17,298 million as of March 31, 2025 and 2024, respectively.

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

(1) Method used in making the accounting estimates
The collectability of loans and other receivables fluctuates depending on factors such as domestic and international economic trends, the business conditions of the debtors operating in areas where the Bank’s wide-area network exists, mainly in its home prefecture of Kagawa, the decline in the value of real estate used as collateral, and other factors. For this reason, the Group mainly calculates the amount of expected losses from future bad debts for each debtor category and records it as reserve for possible loan losses.

The method of calculating the reserve for possible loan losses is described in “3. Significant accounting policies (6) Reserve for possible loan losses.”

(2) Key assumptions used in making accounting estimates
The main assumptions used in the calculation of the reserve for possible loan losses are “the future business prospects of each debtor in determining the debtor classification.”

The “future business prospects of each debtor in determining the debtor classification” consist of the assessment of the financial condition and repayment capacity of each debtor based on the impact of high prices and resources and changes in local economy. In addition to this, individual assessment of debt repayment capacity of each debtor based on the progress of each debtor’s management improvement plan and other factors is conducted.

(3) Impact on the consolidated financial statements for the next fiscal year
The above “2) Key assumptions used in making accounting estimates” is subject to uncertainty as it will be affected by changes in the business environment surrounding the debtors and the success or failure of their business strategies. Therefore, in the event of an unexpected deterioration in the business conditions of major debtors or other factors that affect the assumptions used for the initial estimate, there may be a significant impact on the reserve for possible loan losses in the consolidated financial statements for the next fiscal year.

(19) Accounting Standards Issued but Not Effective
“Accounting Standard for Leases”(ASBJ Statement No. 34 issued on September 13, 2024)
“Implementation Guidance on Accounting Standard for Leases”(ASBJ Guidance No. 33 issued on September 13, 2024)
and other revisions of related Accounting Standards, Implementation Guidance, Practical Solutions, and Transferred Guidance

- (i) Overview
These standards stipulate the accounting treatment for leases whereby a lessee is required to recognize assets and liabilities for all leases, etc., consistent with international accounting standards.
- (ii) Scheduled date of adoption
The Group expects to adopt the accounting standards, etc., from the beginning of the fiscal year ending March 31, 2028.

- (iii)Impact of adopting the accounting standards, etc.
The Group is currently assessing the impact of adopting “Accounting Standard for Leases”, etc.

4. Additional information

Board Incentive Plan (BIP) Trust
The Bank has introduced a BIP Trust for directors (excluding directors serving as audit and supervisory committee members, outside directors and non-residents of Japan; hereinafter collectively referred to as the “Bank’s directors”).

(i) Transaction overview
The BIP Trust is a stock incentive plan for directors, aimed at further raising motivation to contribute to the medium- to long-term improvement of business performance and enhance the Bank’s corporate value. Under the plan, a certain number of points are granted to the Bank’s directors based on their ranks and the level of achievement of performance targets, and the Bank’s shares corresponding to the aggregate number of points or money equivalent to the value of the Bank’s shares are granted or delivered to the Bank’s directors upon their retirement.

(ii) Accounting treatment for transactions delivering the Company’s own stock through the trust
The Bank applies the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc., through Trusts” (ASBJ PITF No. 30, March 26, 2015).

- (iii)Matters relating to the Bank’s shares held by the trust
- (1) The book values of the shares held by the trust were ¥292 million (\$1,952 thousand) and ¥350 million as of March 31, 2025 and 2024, respectively.
- (2) The Bank’s shares held by the trust have been recorded as treasury stock in stockholders’ equity.
- (3) The numbers of shares at year-end were 111 thousand and 133 thousand as of March 31, 2025 and 2024, respectively. The average numbers of shares during the year were 117 thousand and 109 thousand for the fiscal years ended March 31, 2025 and 2024, respectively.
- (4) The number of shares at year-end and the average number of shares during the year in 3) above are included in the number of treasury stock to be deducted in the calculation of per share information.

5. Changes in net assets

(1) Type and number of shares issued and treasury shares are as follows:

2025	Thousands of shares			
	March 31, 2024	Increase	Decrease	March 31, 2025
Shares issued				
Common stock (Note 1)	28,790	—	160	28,630
Total	28,790	—	160	28,630
Treasury stock				
Common stock (Notes 2, 3 and 4)	234	161	185	209
Total	234	161	185	209

- Notes: 1. The 160 thousand share decrease in the number of common shares is due to the cancellation of treasury stock.
2. The number of shares of common stock at the end of the fiscal years ended March 31, 2025 and 2024 includes 111 thousand and 133 thousand shares, respectively, of the Bank’s shares held by the BIP Trust.
3. The 161 thousand share increase in the number of common shares of treasury stock consists of increases of 159 thousand shares due to an acquisition based on a resolution of the Board of Directors and 1 thousand shares due to a purchase demand for fractional shares from shareholders.
4. The 185 thousand share decrease in the number of common shares of treasury stock consists of decreases of 160 thousand shares due to the cancellation of treasury stock, 21 thousand shares due to the delivery of shares to the beneficiaries from the BIP Trust, and 3 thousand shares due to the exercise of share subscription rights.

2024	Thousands of shares			
	March 31, 2023	Increase	Decrease	March 31, 2024
Shares issued				
Common stock (Note 1)	29,100	—	310	28,790
Total	29,100	—	310	28,790
Treasury stock				
Common stock (Notes 2, 3 and 4)	180	363	310	234
Total	180	363	310	234

- Notes: 1. The 310 thousand share decrease in the number of common shares is due to the cancellation of treasury stock.
2. The number of shares of common stock at the end of the fiscal years ended March 31, 2024 and 2023 includes 133 thousand and 76 thousand shares, respectively, of the Bank’s shares held by the BIP Trust.
3. The 363 thousand share increase in the number of common shares of treasury stock consists of increases of 306 thousand shares due to an acquisition based on a resolution of the Board of Directors, 56 thousand shares due to an acquisition of the BIP Trust, and 1 thousand shares due to a purchase demand for fractional shares from shareholders.
4. The 310 thousand share decrease in the number of common shares of treasury stock consists of decreases of 310 thousand shares due to the cancellation of treasury stock and 0 thousand shares due to an additional purchase demand for fractional shares from shareholders.

(2) Matters concerning share subscription rights and own share options

The balance of share subscription rights (for stock options) as of March 31, 2025 and 2024 stood at ¥8 million (\$53 thousand) and ¥21 million, respectively. At the end of the current and previous fiscal years, no shares had been earmarked for share subscription rights.

(3) Information on dividends

(a) Dividends paid

2025					
Resolution	Type of share	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
June 27, 2024 (Regular Annual General Meeting of Shareholders) (Note 1)	Common stock	¥1,577	¥55.0	March 31, 2024	June 28, 2024
November 8, 2024 (Meeting of the Board of Directors) (Note 2)	Common stock	1,711	60.0	September 30, 2024	December 10, 2024

2024					
Resolution	Type of share	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
June 29, 2023 (Regular Annual General Meeting of Shareholders) (Note 1)	Common stock	¥1,159	¥40.0	March 31, 2023	June 30, 2023
November 10, 2023 (Meeting of the Board of Directors) (Note 2)	Common stock	1,004	35.0	September 30, 2023	December 8, 2023

2025					
Resolution	Type of share	Total dividend amount (Thousands of U.S. dollars)	Dividend per share (U.S. dollars)	Record date	Effective date
June 27, 2024 (Regular Annual General Meeting of Shareholders) (Note 1)	Common stock	\$10,547	\$0.367	March 31, 2024	June 28, 2024
November 8, 2024 (Meeting of the Board of Directors) (Note 2)	Common stock	11,443	0.401	September 30, 2024	December 10, 2024
Notes: 1. In accordance with the resolutions approved at the Bank's Regular Annual General Meetings of Shareholders held on June 27, 2024 and June 29, 2023, total amount of dividends paid includes the dividend payment to the BIP Trust of ¥7 million (\$46 thousand) and ¥3 million, respectively. These exclusions reflect the Bank's classification of the shares held by the Trust as treasury stock. 2. In accordance with the resolutions approved at the Meetings of the Board of Directors held on November 8, 2024 and November 10, 2023, total amount of dividends paid includes the dividend payment to the BIP Trust of ¥6 million (\$40 thousand) and ¥4 million, respectively. These exclusions reflect the Bank's classification of the shares held by the Trust as treasury stock.					

(b) Dividends paid after the balance-sheet date

2025					
Resolution	Type of share	Total dividend amount (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date Effective date
June 27, 2025 (Regular Annual General Meeting of Shareholders) (Note)	Common stock	¥2,425	Retained earnings	¥85.0	March 31, 2025 June 30, 2025
2024					
Resolution	Type of share	Total dividend amount (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date Effective date
June 27, 2024 (Regular Annual General Meeting of Shareholders) (Note)	Common stock	¥1,577	Retained earnings	¥55.0	March 31, 2024 June 28, 2024

2025					
Resolution	Type of share	Total dividend amount (Thousands of U.S. dollars)	Source of dividends	Dividend per share (U.S. dollars)	Record date Effective date
June 27, 2025 (Regular Annual General Meeting of Shareholders) (Note)	Common stock	\$16,218	Retained earnings	\$0.568	March 31, 2025 June 30, 2025
Note: The total dividend amounts resolved on June 27, 2025 and June 27, 2024 include the dividends for the BIP Trust of ¥9 million (\$60 thousand) and ¥7 million, respectively.					

6. Securities

(1) Investments in affiliates

Stocks in non-consolidated subsidiaries and affiliates amounted to ¥234 million (\$1,565 thousand) and ¥86 million as of March 31, 2025 and 2024, respectively.

Investments in non-consolidated subsidiaries and affiliates amounted to ¥168 million (\$1,123 thousand) and nil as of March 31, 2025 and 2024, respectively.

(2) Securities lending transactions

Not applicable.

(3) Trading account securities

Not applicable.

(4) Held-to-maturity debt securities

Consolidated balance sheet amount and fair value of held-to-maturity securities and their difference as of March 31, 2025 and 2024 were as follows:

					Millions of yen		
					Consolidated balance sheet amount	Fair value	Difference
2025							
Fair value not exceeding consolidated balance sheet amount							
Bonds:							
National					¥108,823	¥108,325	¥ (497)
Local					91,507	89,568	(1,938)
Corporate					30,187	29,532	(655)
Subtotal					230,519	227,427	(3,092)
Total					¥230,519	¥227,427	¥(3,092)
2024							
Fair value not exceeding consolidated balance sheet amount							
Bonds:							
Local					¥ 89,662	¥ 89,442	¥(219)
Corporate					30,055	29,972	(82)
Subtotal					119,717	119,414	(302)
Total					¥119,717	¥119,414	¥(302)

				Thousands of U.S. dollars		
				Consolidated balance sheet amount	Fair value	Difference
2025						
Fair value not exceeding consolidated balance sheet amount						
Bonds:						
National				\$ 727,815	\$ 724,485	\$ (3,323)
Local				612,005	599,036	(12,961)
Corporate				201,892	197,512	(4,380)
Subtotal				1,541,726	1,521,047	(20,679)
Total				\$1,541,726	\$1,521,047	\$(20,679)

(5) Available-for-sale securities

(a) Consolidated balance sheet amount and acquisition cost of available-for-sale securities and their difference as of March 31, 2025 and 2024 were as follows:

				Millions of yen		
				Consolidated balance sheet amount	Acquisition cost	Difference
2025						
Consolidated balance sheet amount exceeding acquisition cost						
Equity stock				¥133,618	¥ 41,195	¥ 92,422
Bonds:						
Corporate				50	50	0
				50	50	0
Other				58,429	56,548	1,880
Subtotal				192,097	97,794	94,303
Consolidated balance sheet amount not exceeding acquisition cost						
Equity stock				2,836	3,454	(618)
Bonds:						
National				88,732	89,604	(872)
Local				313,317	335,232	(21,914)
Corporate				140,872	148,584	(7,712)
				542,921	573,421	(30,499)
Other				212,477	223,820	(11,343)
Subtotal				758,235	800,697	(42,461)
Total				¥950,333	¥898,491	¥ 51,841

				Millions of yen		
				Consolidated balance sheet amount	Acquisition cost	Difference
2024						
Consolidated balance sheet amount exceeding acquisition cost						
Equity stock				¥146,017	¥ 44,609	¥101,407
Bonds:						
Local				10,557	10,544	12
Corporate				9,192	9,178	14
				19,750	19,723	27
Other				85,145	82,409	2,735
Subtotal				250,913	146,742	104,170
Consolidated balance sheet amount not exceeding acquisition cost						
Equity stock				3,702	4,595	(892)
Bonds:						
National				18,048	18,075	(27)
Local				327,688	338,966	(11,277)
Corporate				165,105	169,801	(4,695)
				510,843	526,842	(15,999)
Other				224,414	240,388	(15,973)
Subtotal				738,960	771,826	(32,865)
Total				¥989,873	¥918,568	¥ 71,304

				Thousands of U.S. dollars		
				Consolidated balance sheet amount	Acquisition cost	Difference
2025						
Consolidated balance sheet amount exceeding acquisition cost						
Equity stock				\$ 893,646	\$ 275,514	\$ 618,124
Bonds:						
Corporate				334	334	0
				334	334	0
Other				390,777	378,196	12,573
Subtotal				1,284,757	654,052	630,704
Consolidated balance sheet amount not exceeding acquisition cost						
Equity stock				18,967	23,100	(4,133)
Bonds:						
National				593,445	599,277	(5,831)
Local				2,095,485	2,242,054	(146,562)
Corporate				942,161	993,739	(51,578)
				3,631,092	3,835,078	(203,979)
Other				1,421,060	1,496,923	(75,862)
Subtotal				5,071,127	5,355,116	(283,982)
Total				\$6,355,892	\$6,009,169	\$ 346,716

(b) Gains and losses on sale of available-for-sale securities for the fiscal years ended March 31, 2025 and 2024 are as follows:

				Millions of yen		
				Proceeds from sale	Gains on sale	Losses on sale
2025						
Equity stock				¥ 12,049	¥7,405	¥ 60
Bonds:						
Local				40,820	—	2,818
Corporate				27,772	—	1,676
				68,592	—	4,494
Other				36,039	87	3,535
Total				¥116,681	¥7,493	¥8,091

				Millions of yen		
				Proceeds from sale	Gains on sale	Losses on sale
2024						
Equity stock				¥ 6,512	¥3,753	¥ 791
Bonds:						
National				20,089	—	2,763
Local				13,749	16	104
Corporate				13,382	0	147
				47,221	16	3,014
Other				62,850	74	4,175
Total				¥116,584	¥3,844	¥7,981

				Thousands of U.S. dollars		
				Proceeds from sale	Gains on sale	Losses on sale
2025						
Equity stock				\$ 80,584	\$49,525	\$ 401
Bonds:						
Local				273,006	—	18,846
Corporate				185,741	—	11,209
				458,747	—	30,056
Other				241,031	581	23,642
Total				\$780,370	\$50,113	\$54,113

(6) Impairment losses on securities

For securities other than trading securities (excluding shares, etc. that do not have a market price and investments in partnerships), if the fair value has fallen significantly below their acquisition cost and the fair value is not expected to recover, said securities are recorded at fair value on the consolidated balance sheet and the valuation difference is treated as loss for the fiscal year (“impairment loss”).

Impairment losses were nil and ¥581 million (impairment losses on equity stock of ¥581 million) in the fiscal years ended March 31, 2025 and 2024, respectively.

The Bank determines whether fair value has decreased significantly based on the degree of such decrease. If the fair value as of the end of the fiscal year has decreased by 50 percent or greater than acquisition cost, all securities are deemed to have decreased materially. And if the fair value has decreased by 30 percent or more but less than 50 percent, the determination shall be made by taking into account changes in fair value over a certain period in the past and the performance of the issuing company concerned.

7. Net unrealized gains on available-for-sale securities

The following is a breakdown of net unrealized gains on available-for- sale securities recorded in the consolidated balance sheet:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Valuation difference	¥51,841	¥71,304	\$346,716
Available-for-sale securities...	51,841	71,304	346,716
Money held in trust	—	—	—
Deferred tax liabilities.	(16,075)	(21,530)	(107,510)
Net unrealized gains on available-for-sale securities (before equity equivalent)	35,766	49,774	239,205
Net unrealized gains attributable to non-controlling interests	—	—	—
Parent’s ownership interest of affiliates’ unrealized gains on available-for-sale securities	—	—	—
Net unrealized gains on available-for-sale securities	¥35,766	¥49,774	\$239,205

8. Loans and bills discounted

Claims under the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions are as follows. Claims include corporate bonds in “Securities” in the consolidated balance sheets (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part, and for which the bonds were issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans and bills discounted, foreign exchange assets, accrued interest and suspense payments in “Other assets,” and customers’ liabilities for acceptances and guarantees, as well as the securities in the case of a loan of securities (limited to those under a loan-for-use or lease agreement) that are indicated in the notes.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto	¥ 4,885	¥ 5,229	\$ 32,671
Claims with risks	25,477	24,343	170,391
Claims requiring management	17,306	22,673	115,743
Loans overdue for three months or more	151	186	1,009
Restructured loans	17,155	22,486	114,733
Sub-total	47,670	52,246	318,820
Ordinary claims.....	3,498,792	3,419,858	23,400,160
Total	¥3,546,462	¥3,472,105	\$23,718,980

Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto mean the claim held against debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claims equivalent thereto.

Claims with risks mean the claims whose debtor is not yet in the status of failure in business although such debtor’s financial status and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible, excluding the claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto.

Loans overdue for three months or more mean loans for which payment of principal or interest has been delayed for three months or more from the date following the agreed payment date, excluding the claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto and the claims with risks.

Restructured loans mean loans on which creditors grant concessions (e.g, reduction of the stated interest rate, deferral of interest payment, concessions of principal repayment, waiver of the face amount, or other concessive measures) to the debtors to assist them in recovering from financial difficulties and eventually being able to pay creditors, excluding the claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto, the claims with risks and the loans overdue for three months or more.

Ordinary claims mean the claims categorized as those other than the claims set forth above, whose debtors are not found to be problematic in terms of the financial status and business performance.

The above claim amounts are before deduction of reserve for possible loan losses.

Bills discounted are treated as financial transactions in accordance with “Accounting and Auditing Treatment Relating to Adoption of Accounting Standards for Financial Instruments for Banks (JICPA Industry Committee Practical Guideline No. 24, March 17, 2022),” Commercial bills and foreign bills bought are permitted to be sold or pledged and their total face value was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Bills discounted	¥11,105	¥13,259	\$74,271

9. Guarantee obligations

Guarantee obligations for bonds in private placement (defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act of Japan) included in corporate bonds under “Securities” in the consolidated balance sheets were ¥18,616 million (\$124,505 thousand) and ¥20,492 million as of March 31, 2025 and 2024, respectively.

10. Assets pledged as collateral

Assets pledged as collateral as of March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Assets pledged as collateral:			
Securities	¥568,912	¥583,033	\$3,804,922
Loans and bills discounted	110,238	65,118	737,279
Cash (other assets)	536	537	3,584
Total	679,687	648,689	4,545,793
Liabilities corresponding to assets pledged as collateral:			
Deposits	29,205	10,934	195,325
Borrowed money	591,952	595,134	3,959,015

In addition to the assets presented above, the following assets were pledged as collateral for exchange clearance transactions and futures contracts at March 31, 2025 and 2024:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Securities.....	¥12,951	¥ —	\$ 86,617
Other assets	20,000	30,000	133,761

As of March 31, 2025 and 2024, in addition to the items presented above, other assets included cash collateral paid for financial instruments of ¥7,270 million (\$48,622 thousand) and ¥4,901 million, and guarantees and household deposits of ¥984 million (\$6,581 thousand) and ¥1,033 million, respectively.

11. Commitment line agreements on overdrafts and loans

Commitment line agreements on overdrafts and loans are agreements to lend funds to customers upon application up to a prescribed amount as long as there is no violation of any condition established in the contract. The balance of unused loans under these agreements as of March 31, 2025 and 2024 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unused commitments	¥1,030,480	¥1,008,134	\$6,891,920
Contracts with less than a year of contract period or contacts that are cancellable unconditionally at any time	938,393	928,079	6,276,036

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily have effect on the future cash flow of the Group. Many of these commitments have clauses that allow the Group to refuse an application from customers or reduce the limit amount with proper reasons (e.g. changes in financial situation, to secure claims, etc.). In addition, the Group may request the customers to pledge collateral such as real estate and securities at the time of the contracts if necessary and take necessary measures periodically based on a prescribed internal procedure after conclusion of contracts such as monitoring customers’ business status, revising contracts and securing claims.

12. Income taxes

(1) Deferred tax assets and liabilities

Major components of Deferred tax assets and liabilities as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Net unrealized losses on available-for-sale securities	¥ 13,290	¥ 9,991	\$ 88,884
Excess reserve for possible loan losses.....	7,320	6,551	48,956
Excess depreciation	939	970	6,280
Net deferred losses on hedging instruments.....	566	321	3,785
Reserve for bonuses.....	433	446	2,895
Loss on devaluation of equity securities	364	342	2,434
Other	2,423	2,272	16,205
Subtotal	25,337	20,895	169,455
Valuation reserve	(7,035)	(6,728)	(47,050)
Deferred tax assets	18,302	14,167	122,405
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	(29,365)	(31,521)	(196,395)
Net defined benefit asset	(5,310)	(2,883)	(35,513)
Net deferred gains on hedging instruments.....	(558)	(315)	(3,731)
Reserve for advanced depreciation of non-current assets.....	(123)	(119)	(822)
Other	(78)	(51)	(521)
Deferred tax liabilities	(35,436)	(34,891)	(236,998)
Net deferred tax liabilities	¥(17,133)	¥(20,724)	\$(114,586)

(2) Income taxes

The following table shows the major items responsible for the difference between the statutory tax rate and the effective tax rate after application of tax-effect accounting for the fiscal years ended March 31, 2025 and 2024.

	2025	2024
Statutory income tax rate	30.4%	30.4%
Reconciliation:		
Non-deductible expenses, including entertainment expenses	0.5	0.5
Non-taxable income, including dividend income	(2.2)	(3.0)
Per-capita resident tax	0.3	0.4
Increase in term-end balance of deferred tax assets due to tax rate changes	(0.4)	—
Increase (decrease) of valuation reserve	0.5	2.6
Other	0.7	1.5
Effective income tax rate under tax-effect accounting	29.8%	32.4%

“Act on Partial Amendment to the Income Tax Act, etc.” (Act No.13 of 2025) was enacted on March 31, 2025, and accordingly, the “Defense Special Corporate Tax” will be imposed from fiscal years beginning on or after April 1, 2026. As a result, the statutory tax rate used by the Group for the calculation of deferred tax assets and deferred tax liabilities has been revised from the previous rate of 30.4%. The new rate of 31.3% has been applied to the temporary differences expected to be either deductible, taxable or expired from the fiscal year beginning on April 1, 2026. As a result of the change in tax rates, deferred tax assets increased by ¥11 million (\$73 thousand), deferred tax liabilities by ¥567 million (\$3,792 thousand), net deferred losses on hedging instruments, net of taxes by ¥0 million (\$0 thousand) and deferred tax liabilities for land revaluation by ¥147 million (\$983 thousand), while net unrealized gains on available-for-sale securities, net of taxes decreased by ¥462 million (\$3,089 thousand), remeasurements of defined benefit plans by ¥167 million (\$1,116 thousand), deferred income taxes by ¥73 million (\$488 thousand) and revaluation reserve for land by ¥147 million (\$983 thousand) as of and for the year ended March 31, 2025.

13. Accumulated depreciation and reduction entry

Accumulated depreciation of tangible fixed assets as of March 31, 2025 and 2024 amounted to ¥38,644 million (\$258,453 thousand) and ¥38,406 million, respectively.

Reduction entry, which is deferred gain on tangible fixed assets deductible for tax purposes, amounted to ¥2,474 million (\$16,546 thousand) and ¥2,405 million as of March 31, 2025 and 2024, respectively. Reduction entry for the fiscal years ended March 31, 2025 and 2024 amounted to ¥69 million (\$461 thousand) and ¥8 million, respectively.

14. Revaluation reserve for land

Based on the Law on the Revaluation of Land, the Bank’s land was revalued on March 31, 1999.

The amounts equivalent to deferred tax on the land revaluation were recorded as deferred tax liability for land revaluation in liabilities, and net unrealized gains on the land revaluation were recorded as revaluation reserve for land in stockholders’ equity.

As of March 31, 2025 and 2024, the difference between the carrying amount and the fair value of the revalued land was ¥11,616 million (\$77,688 thousand) and ¥12,007 million, respectively.

15. Asset retirement obligations

Notes on asset retirement obligations have been omitted due to immateriality.

16. Investment and rental property

Notes on investment and rental property have been omitted due to immateriality.

17. Other income

Other income includes the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Lease revenue	¥6,823	¥6,874	\$45,632
Gain on sale of equity securities ...	7,405	3,753	49,525

18. General and administrative expenses

General and administrative expenses include the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Salaries and allowances	¥14,553	¥14,424	\$97,331
Administrative outsourcing expenses	3,378	3,226	22,592

19. Other expenses

(1) Other expenses include the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cost of leases	¥5,545	¥5,614	\$37,085
Loan write-offs	2,394	1,347	16,011

(2) Impairment losses

During the fiscal years ended March 31, 2025 and 2024, the Bank recorded impairment losses on fixed assets as described below:

		Millions of yen	
		Impairment losses	
		2025	2024
Kagawa Pref. ...	Assets for business use and idle assets (2025: 27 locations; 2024: 25 locations)	Land, buildings and movables ¥257 land: 187 buildings: 69 movables: 1	¥77 land: 39 buildings: 32 movables: 5
Other	Assets for business use and idle assets (2025: 3 locations; 2024: 5 locations)	Land and buildings and movables ¥0 land: 0 buildings: 0 movables: 0	¥159 land: 145 buildings: 13 movables: 0
Total		¥259 land: 188 buildings: 69 movables: 1	¥236 land: 185 buildings: 46 movables: 5

		Thousands of U.S. dollars
		Impairment losses
		2025
Kagawa Pref. ...	Assets for business use and idle assets (2025: 27 locations)	Land, buildings and movables \$1,718 land: 1,250 buildings: 461 movables: 6
Other	Assets for business use and idle assets (2025: 3 locations)	Land and buildings and movables \$0 land: 0 buildings: 0 movables: 0
Total		\$1,732 land: 1,257 buildings: 461 movables: 6

The Bank posted impairment losses of ¥259 million (\$1,732 thousand) and ¥236 million, respectively, during the fiscal years ended March 31, 2025 and 2024, respectively, on land, buildings and movables due to a fall in operating cash flows and continuous declines in land prices. The Bank reduced the carrying amounts of the corresponding assets to the recoverable amounts, and recorded the difference between the carrying amount and recoverable amount of each asset as impairment losses under other expenses.

In general, the Bank treats each of its branches as a single asset group unit for recognition and measurement of impairment losses; however, jointly managed branches are treated as a single cash generating unit. Values of idle assets and assets for disposal are measured on an individual basis.

Regarding head office buildings, operation and training centers, dormitories, and housing and welfare facilities, these facilities are classified as the Bank’s common property, as it is deemed difficult to specify each asset as a source of identifiable cash flows in the future.

At the Bank’s consolidated subsidiaries, each business base of subsidiaries is usually considered as the smallest grouping unit. Idle assets and assets for disposal, however, are valued on an individual basis.

For the fiscal years ended March 31, 2025 and 2024, the recoverable amounts are measured using the higher of either the net selling prices or the value in use. Net selling prices are calculated on the basis of appraisal values of land or the amounts computed using the method laid down by the National Tax Agency of Japan for calculation of land prices (used as the basis for computing taxable amounts as set forth in Article 16 of the Land Tax Law) after deducting estimated costs of disposal.

20. Matters relating to consolidated statements of comprehensive income

The amount of recycling and amount of income taxes and tax effects associated with other comprehensive income (loss):

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net unrealized gains (losses) on available-for-sale securities, net of taxes:			
Amount recognized during the year	¥(18,439)	¥48,290	\$(123,321)
Amount of recycling	(1,023)	2,147	(6,841)
Prior to income taxes and tax effect.....	(19,463)	50,438	(130,169)
Income taxes and tax effect...	5,454	(15,333)	36,476
Net unrealized gains (losses) on available-for-sale securities, net of taxes	(14,008)	35,105	(93,686)
Net deferred losses on hedging instruments, net of taxes:			
Amount recognized during the year	(5,779)	(5,421)	(38,650)
Amount of recycling	5,771	5,205	38,596
Prior to income taxes and tax effect.....	(7)	(215)	(46)
Income taxes and tax effect...	2	65	13
Net deferred losses on hedging instruments	(5)	(150)	(33)
Revaluation reserve for land:			
Amount recognized during the year	—	—	—
Amount of recycling	—	—	—
Prior to income taxes and tax effect.....	—	—	—
Income taxes and tax effect...	(147)	—	(983)
Revaluation reserve for land..	(147)	—	(983)
Remeasurements of defined benefit plans:			
Amount recognized during the year	6,578	9,950	43,994
Amount of recycling	(1,619)	(781)	(10,827)
Prior to income taxes and tax effect.....	4,958	9,169	33,159
Income taxes and tax effect	(1,674)	(2,787)	(11,195)
Remeasurements of defined benefit plans	3,283	6,381	21,956
Total other comprehensive income (loss)	¥(10,876)	¥41,336	\$ (72,739)

21. Finance leases

Information on finance leases for the fiscal years ended March 31, 2025 and 2024 are as follows:

1. As lessee

Finance lease transactions that do not transfer ownership

(1) Components of lease assets

(a) Tangible fixed assets

Not applicable.

(b) Intangible fixed assets

Not applicable.

(2) Depreciation and amortization methods for lease assets

Depreciation and amortization methods for lease assets are described in “3. Significant accounting policies (5) Depreciation”.

2. As lessor

(1) Breakdown of investment in leases

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Lease receivables.....	¥19,174	¥16,978	\$128,237
Estimated residual value.....	3,642	2,799	24,357
Interest received	(2,250)	(1,911)	(15,048)
Investments in leases	¥20,565	¥17,866	\$137,540

(2) Schedule for collection of lease receivables and receivables on investments in leases by leasing contract maturity

2025	Millions of yen	
	Lease receivables	Receivables on investments in leases
Up to 1 year	¥45	¥5,831
Over 1 year, up to 2 years.....	22	4,513
Over 2 years, up to 3 years	21	3,439
Over 3 years, up to 4 years	6	2,485
Over 4 years, up to 5 years	3	1,364
Over 5 years.....	—	1,539

2024	Millions of yen	
	Lease receivables	Receivables on investments in leases
Up to 1 year	¥62	¥5,607
Over 1 year, up to 2 years.....	44	4,356
Over 2 years, up to 3 years	23	3,126
Over 3 years, up to 4 years	21	2,083
Over 4 years, up to 5 years	2	1,172
Over 5 years.....	—	632

2025	Thousands of U.S. dollars	
	Lease receivables	Receivables on investments in leases
Up to 1 year	\$300	\$38,998
Over 1 year, up to 2 years.....	147	30,183
Over 2 years, up to 3 years	140	23,000
Over 3 years, up to 4 years	40	16,619
Over 4 years, up to 5 years	20	9,122
Over 5 years.....	—	10,292

3. Operating leases

As lessee

Future minimum lease payments related to non-cancellable operating lease transactions

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Up to 1 year	¥ 48	¥—	\$ 321
Over 1 year	180	—	1,203
Total	¥229	¥—	\$1,531

22. Financial instruments

1. Disclosures related to financial instruments

(1) Financial instrument policies

The Group provides banking services, including leasing and other financial services. The Group limits risk within the scope of its business capacity, while realizing profits commensurate with the risk of the financial instruments held. To accomplish this goal, the Group quantifies, to the greatest extent possible, various risks related to financial instruments using statistical methods. It categorizes capital (risk capital) according to the size of the risk, engaging in “integrated risk management,” incorporating a capital allocation system that monitors risk versus return. The Group continues to improve efficiency in risk management, ensuring greater stability and soundness for the business as a whole.

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

The major types of financial assets held by the Group are loans and bills discounted and securities. Loans and bills discounted are mainly for domestic corporations and individuals, and are exposed to credit risk, interest rate risk, and foreign exchange risk. If loans and bills discounted are concentrated excessively on a particular corporate group or industry type, the Group's stockholders' equity may suffer significant adverse effects. Therefore, the Group has set maximum loan balances for each corporate group or industry type, and has in place a system for monitoring compliance with these thresholds to prevent such an excessive concentration of risk.

Securities mainly consist of stocks, bonds, investment trusts and direct investments. These investments are used as a pure investment vehicle or as a non-pure investment vehicle. In addition, certain bonds are held-to-maturity. These investments are exposed to the credit risk of the issuing body, interest rate risk, price volatility risk and/or foreign exchange risk. Securities include financial instruments with limited market liquidity, including private placement bonds underwritten by the Group, private equity shares, and direct investments.

Financial liabilities mainly consist of deposits received from domestic corporations and individuals. These financial liabilities are exposed to interest rate risk, exchange rate risk, and liquidity risk.

Derivative transactions entered into by the Group include interest rate and currency swaps, options, futures/forward contracts, and cap transactions. These transactions are generally entered into with a client to cover the underlying financial instrument. Such transactions are variously exposed to interest rate risk, foreign exchange risk, price volatility risk, and the credit risk of the counter party.

For certain interest rate swaps, individual deferred hedge accounting is applied so that the hedged items and hedging instruments directly match. Evaluation of hedge effectiveness is omitted as material terms related to the hedged items and hedging instruments are substantially identical and the market fluctuations or cash flow fluctuations are offset at the time of commencement and continuously thereafter. In addition, the Bank applies the deferred hedge accounting stipulated in the basic provisions of JICPA Industry Committee Practical Guideline No. 25 for currency swap and foreign exchange swap transactions that are concluded for the purpose of hedging foreign exchange rate risk associated with foreign currency denominated financial assets. Hedge effectiveness of these hedge transactions is evaluated by confirming the correspondence of the position to the amount of foreign currency denominated financial assets hedged.

(3) Risk management for financial instruments

(a) Credit risk management

The Group has compiled Credit Risk Management Rules and related documents, and the Risk Management Committee (Risk Management Subcommittee) monitors and manages credit risk exposures.

In addition, the Risk Management Division acts as the credit risk managing department for granting and verifying internal credit ratings, measures the amount of credit risk and sets and manages credit limits.

(b) Market risk management

The Group has established Market Risk Management Rules along with relevant documentation, and the Risk Management Committee (Risk Management Subcommittee) monitors market risk and maintains management systems. The Revenue Management Committee (Budget ALM Subcommittee) deliberates on the stability of medium and long-term profit in light of risk circumstances.

Departments involved in the execution of market transactions (Treasury and International Division) have been divided into front office (transaction execution), back office (clerical), and middle office (market risk management) roles. This creates a system of internal checks and balances, with the Risk Management Division in charge of managing overall market risk.

(i) Interest rate risk management

The Group manages interest rate risk using statistical methods to quantify the size of the interest rate risk. When deemed necessary, the Group establishes and manages limits on positions and/or profits and losses for securities, derivatives, and other market transactions. The Group also enters into derivative transactions for interest rate swaps to hedge interest rate risk as part of ALM.

(ii) Foreign exchange risk management

The Group uses statistical methods to quantify and manage foreign exchange risk. The Group also establishes and manages limits on positions and profits and losses.

(iii) Price volatility risk management

The Group uses statistical methods to quantify and manage price volatility risk. The Group establishes and manages limits on positions and profits and losses.

(iv) Quantitative information regarding market risks

a. Financial instruments held for trading purposes

In measuring the VaR of interest rate risks associated with trading securities, interest rate futures and related transactions as well as the VaR of foreign currency exchange risks associated with foreign exchange trading and related transactions, the Group applies the historical simulation method with a holding period of 10 days, a confidence interval of 99% and an observation period of 1,200 business days. As of March 31, 2025 (the consolidated balance sheet date), the volume of the aforementioned risks of financial instruments held for trading purposes (estimated amount of loss) amounted to ¥6 million (\$40 thousand) (compared with ¥8 million at the end of the previous fiscal year).

b. Financial instruments not held for trading purposes

In measuring the VaR of interest rate risks associated with loans and bills discounted, investment securities, deposits, and interbank, interest rate swap and related transactions, as well as the VaR for volatility risks associated with the prices of publicly listed company shares and investment trusts, etc. the Group applies the historical simulation method with a holding period of 120 days, a confidence interval of 99% and an observation period of 1,200 business days.

The VaR of financial instruments not held for trading purposes amounted to ¥48,136 million (\$321,936 thousand) and ¥59,702 million as of March 31, 2025 and 2024, respectively.

c. VaR

The Group uses back testing to compare the VaR computed by the models and the hypothesized gain/loss (gain or loss assumed generated when the portfolio is fixed at the time of measuring the VaR) to verify the reliability of these measured models.

However, VaR determined using the historical simulation method is a measure of the volume of market risk at a certain event probability statistically computed utilizing changes in historical market data. In this context, there are cases in which VaR cannot capture risk under sudden and dramatic changes in the market beyond normal circumstances. To supplement the limitations of VaR, the Group conducts stress testing periodically in addition to the management using VaR.

(c) Liquidity risk management

The Group has established Liquidity Risk Management Rules and other related guidelines as a basis for managing liquidity risk. The Group has also established Liquidity Crisis Response Rules to ensure a prompt response to unexpected situations that may affect cash management. These rules assume that unexpected situations will arise and classify them into the categories of “caution” and “crisis”, thereby enabling the Group to respond in a timely and appropriate manner.

The Liquidity Risk Management Department (Treasury and International Division) performs daily and monthly cash projections to ensure proper and stable cash management based on the Group's investment/acquisition structure, ensuring sufficient liquidity reserves. The Liquidity Risk Management Department is also responsible for identifying, analyzing, assessing and monitoring liquidity risk in consideration of internal and external factors that may have an impact on the said risk.

(4) Supplementary information regarding fair value of financial instruments

Since certain assumptions are used to calculate the fair value of financial instruments, the said value may vary when differing assumptions are used.

2. Fair value of financial instruments

The consolidated balance sheet amount, fair values and the differences as of March 31, 2025 and 2024 are as follows. Shares, etc. that do not have a market price and investments in partnerships are not readily determinable are not included in the following table (Note 1). Notes to cash and due from banks, call loans and bills bought, monetary claims bought, foreign exchange (assets and liabilities), and call money and bills sold are omitted because the fair values approximate book values due to their short maturities.

2025	Millions of yen		
	Consolidated balance sheet amount	Fair value	Difference
(1) Securities			
Held-to-maturity debt securities	¥ 230,519	¥ 227,427	¥ (3,092)
Available-for-sale securities	950,333	950,333	—
(2) Loans and bills discounted	3,506,645		
Reserve for possible loan losses*1	(17,036)		
	3,489,608	3,405,023	(84,584)
Total assets	4,670,460	4,582,784	(87,676)
(1) Deposits	4,572,471	4,571,534	(936)
(2) Negotiable certificates of deposit	122,569	122,614	45
(3) Borrowed money	613,505	612,975	(530)
Total liabilities	5,308,546	5,307,124	(1,421)
Derivative transactions*2			
Not subject to hedge accounting	548	548	—
Subject to hedge accounting	1,301	1,301	—
Total derivative transactions	¥ 1,850	¥ 1,850	¥ —

2024	Millions of yen		
	Consolidated balance sheet amount	Fair value	Difference
(1) Securities			
Held-to-maturity debt securities	¥ 119,717	¥ 119,414	¥ (302)
Available-for-sale securities	989,873	989,873	—
(2) Loans and bills discounted	3,428,362		
Reserve for possible loan losses*1	(15,889)		
	3,412,473	3,372,381	(40,092)
Total assets	4,522,064	4,481,669	(40,394)
(1) Deposits	4,676,957	4,677,266	308
(2) Negotiable certificates of deposit	72,678	72,680	2
(3) Borrowed money	615,210	614,962	(248)
Total liabilities	5,364,846	5,364,909	62
Derivative transactions*2			
Not subject to hedge accounting	568	568	—
Subject to hedge accounting	(1,369)	(1,369)	—
Total derivative transactions	¥ (801)	¥ (801)	¥ —

2025	Thousands of U.S. dollars		
	Consolidated balance sheet amount	Fair value	Difference
(1) Securities			
Held-to-maturity debt securities	\$ 1,541,726	\$ 1,521,047	\$ (20,679)
Available-for-sale securities	6,355,892	6,355,892	—
(2) Loans and bills discounted	23,452,681		
Reserve for possible loan losses*1	(113,937)		
	23,338,737	22,773,027	(565,703)
Total assets	31,236,356	30,649,973	(586,383)
(1) Deposits	30,580,999	30,574,732	(6,260)
(2) Negotiable certificates of deposit	819,749	820,050	300
(3) Borrowed money	4,103,163	4,099,618	(3,544)
Total liabilities	35,503,919	35,494,408	(9,503)
Derivative transactions*2			
Not subject to hedge accounting	3,665	3,665	—
Subject to hedge accounting	8,701	8,701	—
Total derivative transactions	\$ 12,372	\$ 12,372	\$ —

*1 General reserve for possible loan losses and specific reserve for possible loan losses for loans and bills discounted are deducted from above.

*2 Derivative transactions in the above table are recorded on a net basis with liabilities presented in parentheses.

*3 Items with no material impact have not been listed.

(Note 1) The consolidated balance sheet amount of shares, etc. that do not have a market price and investments in partnership are as follows. These are not included in Available-for-sale securities in the tables above.

Category	Thousands of U.S. dollars	
	Consolidated balance sheet amount	Consolidated balance sheet amount
	2025	2024
1. Private equity shares*1*2	¥2,669	¥2,670
2. Investments in partnership*3*4 ..	6,410	5,566
		42,870

*1 Private equity shares are excluded from fair value disclosure in accordance with Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

*2 No impairment loss on private equity shares was recognized for the fiscal years ended March 31, 2025 and 2024.

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

*4 Impairment loss on investments in partnership of ¥104 million (\$695 thousand) and ¥63 million were recognized for the fiscal years ended March 31, 2025 and 2024, respectively.

(Note 2) The redemption schedule and the corresponding estimated amounts of monetary claims and securities with maturities subsequent to March 31, 2025 and 2024 are as follows:

	Millions of yen					
	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
2025						
Securities:						
Held-to-maturity debt securities	¥ —	¥167,216	¥ 63,690	¥ —	¥ —	¥ —
National government bonds	—	109,000	—	—	—	—
Local government bonds	—	55,617	36,006	—	—	—
Corporate bonds.....	—	2,599	27,684	—	—	—
Available-for-sale securities with maturities	58,083	246,194	148,046	255,374	50,937	39,679
National government bonds	18,000	71,500	—	—	500	—
Local government bonds	3,035	49,305	61,537	184,375	14,612	22,635
Corporate bonds.....	16,819	14,153	37,157	60,390	6,010	14,115
Other	20,228	111,235	49,351	10,609	29,814	2,928
Loans and bills discounted*.....	1,366,819	544,702	430,272	297,867	284,238	541,520
Total	¥1,424,903	¥958,113	¥642,008	¥553,242	¥335,176	¥581,199

	Millions of yen					
	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
2024						
Securities:						
Held-to-maturity debt securities	¥ —	¥ —	¥119,980	¥ —	¥ —	¥ —
Local government bonds	—	—	89,800	—	—	—
Corporate bonds.....	—	—	30,180	—	—	—
Available-for-sale securities with maturities	37,924	143,872	155,137	197,430	226,642	52,808
National government bonds	—	18,000	—	—	—	—
Local government bonds	13,224	7,273	28,978	123,157	151,162	25,672
Corporate bonds.....	10,033	23,274	20,511	67,614	42,510	15,037
Other	14,666	95,325	105,647	6,658	32,969	12,098
Loans and bills discounted*.....	1,309,127	541,982	390,799	287,505	312,306	546,183
Total	¥1,347,051	¥685,855	¥665,917	¥484,935	¥538,949	¥598,992

	Thousands of U.S. dollars					
	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
2025						
Securities:						
Held-to-maturity debt securities	\$ —	\$1,118,352	\$ 425,963	\$ —	\$ —	\$ —
National government bonds	—	728,999	—	—	—	—
Local government bonds	—	371,970	240,810	—	—	—
Corporate bonds.....	—	17,382	185,152	—	—	—
Available-for-sale securities with maturities	388,463	1,646,562	990,141	1,707,958	340,670	265,375
National government bonds	120,385	478,196	—	—	3,344	—
Local government bonds	20,298	329,755	411,563	1,233,112	97,726	151,384
Corporate bonds.....	112,486	94,656	248,508	403,892	40,195	94,402
Other	135,286	743,947	330,062	70,953	199,398	19,582
Loans and bills discounted*.....	9,141,379	3,643,004	2,877,688	1,992,154	1,901,003	3,621,722
Total	\$9,529,848	\$6,407,925	\$4,293,793	\$3,700,120	\$2,241,680	\$3,887,098

*Loans and bills discounted do not include ¥30,326 million (\$202,822 thousand) and ¥29,488 million in loans to bankrupt, substantially bankrupt and likely to go bankrupt debtors or other loans of which repayment is not expected, or ¥10,897 million (\$72,879 thousand) and ¥10,968 million in loans with no established maturity as of March 31, 2025 and 2024, respectively.

(Note 3) The redemption schedule of borrowed money and other interest-bearing debt scheduled to be repaid subsequent to March 31, 2025 and 2024 is as follows:

	Millions of yen					
	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
2025						
Deposits*	¥4,379,249	¥161,578	¥29,548	¥264	¥1,830	¥ —
Negotiable certificates of deposit	122,569	—	—	—	—	—
Borrowed money	256,994	352,247	3,597	163	223	279
Total	¥4,758,813	¥513,825	¥33,146	¥427	¥2,054	¥279

	Millions of yen					
	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
2024						
Deposits*	¥4,497,146	¥152,849	¥ 15,423	¥10,140	¥1,398	¥ —
Negotiable certificates of deposit.....	72,678	—	—	—	—	—
Borrowed money	140,703	336,944	136,665	324	220	352
Total	¥4,710,527	¥489,794	¥152,088	¥10,464	¥1,618	¥352

	Thousands of U.S. dollars					
	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
2025						
Deposits*	\$29,288,717	\$1,080,644	\$197,619	\$1,765	\$12,239	\$ —
Negotiable certificates of deposit	819,749	—	—	—	—	—
Borrowed money	1,718,793	2,355,852	24,056	1,090	1,491	1,865
Total	\$31,827,267	\$3,436,496	\$221,682	\$2,855	\$13,737	\$1,865

*Among deposits, demand deposits are included in “Up to 1 year.”

3. Fair value information by level within the fair value hierarchy

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

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for identical assets or liabilities.

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

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

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

(1) Financial instruments measured at fair value

	Millions of yen			
	Fair Value			
2025	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
National government bonds	¥ 88,732	¥ —	¥ —	¥ 88,732
Local government bonds	—	313,317	—	313,317
Corporate bonds.....	—	122,477	18,444	140,922
Equity stock	136,454	—	—	136,454
Other	20,216	240,743	9,828	270,788
Total assets	¥245,403	¥676,538	¥28,273	¥950,214
Derivative transactions				
Interest rate related	¥ —	¥ 237	¥ —	¥ 237
Currency related	—	1,612	—	1,612
Total derivative transactions	¥ —	¥ 1,850	¥ —	¥ 1,850

* For investment trusts to which the treatment of deeming net asset value as fair value is applied, information on the fair value by level within the fair value hierarchy is omitted. The amount of such investment trusts in the consolidated balance sheet as of March 31, 2025 was ¥118 million (\$789 thousand).

	Millions of yen			
	Fair Value			
2024	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
National government bonds	¥ 18,048	¥ —	¥ —	¥ 18,048
Local government bonds	—	338,246	—	338,246
Corporate bonds.....	—	153,820	20,477	174,298
Equity stock	149,720	—	—	149,720
Other	26,808	272,640	9,994	309,442
Total assets	¥194,576	¥764,707	¥30,472	¥989,756
Derivative transactions				
Interest rate related	¥ —	¥ 292	¥ —	¥ 292
Currency related	—	(1,093)	—	(1,093)
Total derivative transactions	¥ —	¥ (801)	¥ —	¥ (801)

* For investment trusts to which the treatment of deeming net asset value as fair value is applied, information on the fair value by level within the fair value hierarchy is omitted. The amount of such investment trusts in the consolidated balance sheet as of March 31, 2024 was ¥117 million.

2025	Thousands of U.S. dollars			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Securities:				
Available-for-sale securities				
National government bonds	\$ 593,445	\$ —	\$ —	\$ 593,445
Local government bonds	—	2,095,485	—	2,095,485
Corporate bonds.....	—	819,134	123,354	942,495
Equity stock	912,613	—	—	912,613
Other	135,205	1,610,105	65,730	1,811,048
Total assets	\$1,641,272	\$4,524,732	\$189,091	\$6,355,096
Derivative transactions				
Interest rate related	\$ —	\$ 1,585	\$ —	\$ 1,585
Currency related	—	10,781	—	10,781
Total derivative transactions	\$ —	\$ 12,372	\$ —	\$ 12,372

* For investment trusts to which the treatment of deeming net asset value as fair value is applied, information the fair value by level within the fair value hierarchy. The amount of such investment trusts in the consolidated balance sheet as of March 31, 2025 was \$789 thousand.

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

2025	Millions of yen			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Securities:				
Held-to-maturity debt securities				
National government bonds	¥108,325	¥ —	¥ —	¥ 108,325
Local government bonds	—	89,568	—	89,568
Corporate bonds.....	—	29,532	—	29,532
Loans and bills discounted	—	—	3,405,023	3,405,023
Total assets	¥108,325	¥ 119,101	¥3,405,023	¥3,632,451
Deposits	¥ —	¥4,571,534	¥ —	¥4,571,534
Negotiable certificates of deposit	—	122,614	—	122,614
Borrowed money	—	612,975	—	612,975
Total liabilities	¥ —	¥5,307,124	¥ —	¥5,307,124

2024	Millions of yen			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Securities:				
Held-to-maturity debt securities				
Local government bonds	¥—	¥ 89,442	¥ —	¥ 89,442
Corporate bonds.....	—	29,972	—	29,972
Loans and bills discounted	—	—	3,372,381	3,372,381
Total assets	¥—	¥ 119,414	¥3,372,381	¥3,491,796
Deposits	¥—	¥4,677,266	¥ —	¥4,677,266
Negotiable certificates of deposit	—	72,680	—	72,680
Borrowed money	—	614,962	—	614,962
Total liabilities	¥—	¥5,364,909	¥ —	¥5,364,909

2025	Thousands of U.S. dollars			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Securities:				
Held-to-maturity debt securities				
National government bonds	\$724,485	\$ —	\$ —	\$ 724,485
Local government bonds	—	599,036	—	599,036
Corporate bonds.....	—	197,512	—	197,512
Loans and bills discounted	—	—	22,773,027	22,773,027
Total assets	\$724,485	\$ 796,555	\$22,773,027	\$24,294,081
Deposits	\$ —	\$30,574,732	\$ —	\$30,574,732
Negotiable certificates of deposit	—	820,050	—	820,050
Borrowed money	—	4,099,618	—	4,099,618
Total liabilities	\$ —	\$35,494,408	\$ —	\$35,494,408

(Note 1) Description of valuation techniques and inputs used in the fair value measurements

Assets

Securities:

Securities for which unadjusted quoted market prices in active markets are available are classified as Level 1 fair value. This mainly includes listed equity stock and national government bonds.

Securities for which published quoted market prices are available but the market is not active are classified as Level 2 fair value. This mainly includes local government bonds and corporate bonds. For investment trusts for which no market trading prices exist, the net asset value is used as fair value and classified as Level 2 fair value if there are no material restrictions that would require compensation for the risk from market participants with respect to cancellation or repurchase requests.

When quoted market prices are not available, fair value is estimated using valuation techniques such as valuation prices obtained from third parties such as brokers or present value of future cash flows. The valuation is based on the maximum use of observable inputs, which include TIBOR, national government bond yields, swap rates, and credit spreads. When significant unobservable inputs are used in the calculation, the fair value is classified as Level 3 fair value.

The fair value of self-guaranteed privately-subscribed bonds is calculated by discounting the total amount of principal and interest by the interest rate that would be assumed if similar bonds were issued, by category based on internal rating and term, and is classified as Level 3 fair value because the discount rate is unobservable.

Notes regarding securities by purpose of holding are described in “6. Securities.”

Loans and bills discounted:

The fair value of loans and bills discounted is calculated by discounting the total amount of principal and interest by the interest rate that would be applicable to a similar new loan based on the loan type, internal rating, and term, and is classified as Level 3 fair value because the relevant discount rate is unobservable. For loans to bankrupt, substantially bankrupt and likely to go bankrupt debtors, reserve for possible loan losses is provided based on the present value of estimated future cash flows or the amount expected to be collected through collateral and guarantees, etc. As the fair value approximates the amount of loans less the amount of reserve for possible loan losses on the consolidated balance sheet as of the end of the fiscal year, this value is used as fair value and classified as Level 3 fair value.

For loans and bills discounted that do not have a repayment date due to characteristics such as limiting such loans to the scope of collateral assets, book value is used as fair value because the fair value is assumed to approximate the book value based on the expected repayment period and interest rate terms, etc. Such loans and bills discounted are classified as Level 3 fair value.

Liabilities

Deposits and Negotiable certificates of deposit:

For demand deposits, the amount payable on demand at the end of the fiscal year (book value) is considered to be the fair value. The fair value of time deposits is calculated as the present value of future cash flows discounted by a certain period of time. The discount rate used is the interest rate applicable to new deposits. For those with short deposit terms (6 months or less), book value is used as fair value because the fair value approximates the book value. Such fair value is classified as Level 2 fair value.

Borrowed money:

The present value of borrowed money is calculated by discounting the total amount of principal and interest of the relevant borrowings, classified by a certain period of time, by the interest rate assumed for similar borrowings.

For those with floating interest rates, the book value is used as the fair value because the fair value is considered to approximate the book value since the floating interest rate reflects the market interest rate in a short period of time and the credit conditions of the Bank and its consolidated subsidiaries have not changed significantly since the borrowings were executed. For those with short contractual terms (1 year or less), book value is used as fair value because the fair value approximates the book value. Such fair value is classified as Level 2 fair value.

Derivative transactions:

For exchange-traded transactions, those for which unadjusted quoted prices in active markets are available are classified as Level 1 fair value.

For over-the-counter transactions, fair value is calculated using valuation techniques such as present value techniques and option pricing models with inputs such as interest rates, exchange rates, and volatility. In addition, price adjustments are made based on the credit risk of the counterparty and the Bank's own credit risk. When unobservable inputs are not used or their effect is not material, the Bank classifies the instruments as Level 2 fair value, and when significant unobservable inputs are used, the Bank classifies the instruments as Level 3 fair value.

(Note 2) Information about Level 3 fair value of financial instruments measured at fair value

(1) Quantitative information on significant unobservable inputs

2025	Valuation techniques	Significant unobservable inputs	Range of inputs	Weighted average of inputs
Securities:				
Available-for-sale securities:				
Privately-subscribed bonds	Present value technique	Credit spread	(0.07)% to 0.08%	0.04%

2024	Valuation techniques	Significant unobservable inputs	Range of inputs	Weighted average of inputs
Securities:				
Available-for-sale securities:				
Privately-subscribed bonds	Present value technique	Credit spread	(0.07)% to 0.08%	0.00%

(2) A reconciliation of the beginning balances and ending balances and gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period

	Millions of yen	
	Securities	
	Available-for-sale securities	
	Privately-subscribed bonds	Structured bonds
2025		
Beginning balance	¥20,477	¥9,994
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1)	—	—
Recorded in other comprehensive income (*2)	(157)	(165)
Purchases, sales, issuances, and settlements (net)	(1,875)	—
Transfer into Level 3 (*3)	—	—
Transfer out of Level 3 (*4)	—	—
Ending balance	¥18,444	¥9,828
Gains or losses on valuation of financial assets and financial liabilities held at the end of the fiscal year included in profit or loss for the period.....	¥ —	¥ —

	Millions of yen	
	Securities	
	Available-for-sale securities	
	Privately-subscribed bonds	Structured bonds
2024		
Beginning balance	¥23,650	¥8,728
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1)	0	—
Recorded in other comprehensive income (*2)	42	1,266
Purchases, sales, issuances, and settlements (net)	(3,214)	—
Transfer into Level 3 (*3)	—	—
Transfer out of Level 3 (*4)	—	—
Ending balance	¥20,477	¥9,994
Gains or losses on valuation of financial assets and financial liabilities held at the end of the fiscal year included in profit or loss for the period.....	¥ —	¥ —

	Thousands of U.S. dollars	
	Securities	
	Available-for-sale securities	
	Privately-subscribed bonds	Structured bonds
2025		
Beginning balance	\$136,951	\$66,840
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1)	—	—
Recorded in other comprehensive income (*2)	(1,050)	(1,103)
Purchases, sales, issuances, and settlements (net)	(12,540)	—
Transfer into Level 3 (*3)	—	—
Transfer out of Level 3 (*4)	—	—
Ending balance	\$123,354	\$65,730
Gains or losses on valuation of financial assets and financial liabilities held at the end of the fiscal year included in profit or loss for the period.....	\$ —	\$ —

(*1) Included in “other operating income” and “other operating expenses” in the consolidated statements of income.
(*2) Included in “net unrealized gains (losses) on available-for-sale securities” under “other comprehensive income” in the consolidated statements of comprehensive income.
(*3) Transferred out of Level 2 fair value into Level 3 fair value. Not applicable for the fiscal year.
(*4) Transferred out of Level 3 fair value into Level 2 fair value. Not applicable for the fiscal year.

(3) Description of valuation processes used for fair value measurements

The Group’s risk management department and middle office have established policies and procedures for the calculation of fair value, and the front office formulates a fair value model in accordance with these policies and procedures. The fair value calculated by the back office is verified by the middle office to ensure the appropriateness of the fair value valuation model and inputs, and the appropriateness of the classification of fair value levels. The results of the verification are reported to the risk management department each fiscal year to ensure the appropriateness of the fair value calculation policies and procedures.

The fair value model utilizes observable data to the extent possible. In cases where quoted market prices obtained from third parties are used, the Group verifies the appropriateness of the prices by comparing them with recalculated results using observable inputs.

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

Credit spread:

The credit spread is the additional interest rate included in the coupon rate of the privately-subscribed bonds and is an estimate calculated based on the past one year of issuance. A significant increase (decrease) in the credit spread would result in a significant decrease (increase) in the fair value.

23. Accrued retirement benefits

(1) Overview of retirement benefit scheme adopted by the Bank

As defined-benefit type plans, the Bank has established a contract-type defined benefit corporate pension plan and a retirement lump-sum payment plan. In some cases, an extra severance package is provided to employees on their retirement and so on. In addition, the Bank has set up a retirement benefit trust.

The Bank’s consolidated subsidiaries have established a retirement lump-sum payment plan as defined-benefit type plans, and a defined contribution pension plan as defined-contribution type plan. Further, for the retirement lump-sum payment plan of consolidated subsidiaries, net defined benefit liability and retirement benefit costs are calculated by the simplified method.

(2) Defined benefit plan

(a) Reconciliation of retirement benefit obligations at beginning and end of period

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
For the years ended March 31,			
Retirement benefit obligations at beginning of period	¥51,498	¥51,691	\$344,422
Service costs*	1,245	1,253	8,326
Interest costs	467	469	3,123
Actuarial differences	(7,645)	230	(51,130)
Retirement benefits paid	(2,261)	(2,146)	(15,121)
Prior service costs	—	—	—
Retirement benefit obligations at end of period	¥43,303	¥51,498	\$289,613

*Retirement benefit costs of consolidated subsidiaries that apply the simplified method are all recorded within “Service costs.”

(b) Reconciliation of pension assets at beginning and end of period

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
For the fiscal years ended March 31,			
Pension assets at beginning of period	¥78,436	¥67,391	\$524,585
Expected return on pension assets.....	1,376	1,206	9,202
Actuarial differences	(1,067)	10,181	(7,136)
Contribution from employer....	1,197	1,214	8,005
Retirement benefits paid	(1,537)	(1,557)	(10,279)
Pension assets at end of period	¥78,405	¥78,436	\$524,378

(c) Reconciliation of retirement benefit obligations and pension assets at end of period and net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
As of March 31,			
Retirement benefit obligations of funded plan	¥43,303	¥51,498	\$289,613
Pension assets	(78,405)	(78,436)	(524,378)
	(35,102)	(26,937)	(234,764)
Retirement benefit obligations of unfunded plan	—	—	—
Net amount of liabilities and assets recorded in consolidated balance sheet	¥(35,102)	¥(26,937)	\$(234,764)

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
As of March 31,			
Net defined benefit liability.....	¥ 275	¥ 270	\$ 1,839
Net defined benefit asset	(35,377)	(27,207)	(236,603)
Net amount of liabilities and assets recorded in consolidated balance sheet	¥(35,102)	¥(26,937)	\$(234,764)

(d) Breakdown of retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
For the fiscal years ended March 31,			
Service costs*	¥ 1,245	¥ 1,253	\$ 8,326
Interest costs	467	469	3,123
Expected return on pension assets	(1,376)	(1,206)	(9,202)
Amortization of actuarial differences	(1,619)	(781)	(10,827)
Amortization of past service costs	—	—	—
Retirement benefit costs for defined benefit plans	¥(1,283)	¥ (265)	\$ (8,580)

*Retirement benefit costs of consolidated subsidiaries that use the simplified method are recorded in a lump-sum in “Service costs.”

(e) Remeasurements of defined benefit plans in other comprehensive income

The breakdown of items (before adjusting for income taxes and tax effects) recorded in remeasurements of defined benefit plans.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
For the fiscal years ended March 31,			
Actuarial differences	¥4,958	¥9,169	\$33,159
Total	¥4,958	¥9,169	\$33,159

(f) Remeasurements of retirement benefit plans in accumulated other comprehensive income

The following is a breakdown of items (before adjusting for income taxes and tax effects) recorded in remeasurements of retirement benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
As of March 31,			
Unrecognized actuarial differences	¥18,600	¥13,641	\$124,398
Total	¥18,600	¥13,641	\$124,398

(g) Items related to pension assets

(i) The following is the percentage of total pension assets by main category:

As of March 31,	2025	2024
Bonds	12.8%	12.3%
Stocks.....	42.2	39.3
Life insurers’ general account	20.9	21.0
Other	24.1	27.4
Total	100.0%	100.0%

Note: Total pension assets include retirement benefit trusts established for the corporate pension plan (20.5% and 20.0% as of March 31, 2025 and 2024, respectively) and retirement benefit trusts established for the retirement lump-sum payment plan (23.2% and 23.6% as of March 31, 2025 and 2024, respectively).

(ii) Method for determining expected long-term rate of return on pension assets:

To determine expected long-term rate of return on pension assets, the Bank considers the current and projected pension asset allocations, as well as long-term rate of current returns and expected returns from each category consisting of pension assets.

(h) Assumptions for making actuarial calculation

Major assumptions for actuarial calculations at the end of the fiscal year

	2025	2024
1) Discount rate	2.01%	0.91%
2) Expected long-term rate of return	mainly 2.00% to 3.00%	mainly 2.00% to 3.00%
3) Assumed salary increase rate	3.22%	3.22%

(3) Defined contribution pension plan

The required contribution to the defined contribution plans of consolidated subsidiaries was ¥6 million (\$40 thousand) and ¥7 million for the years ended March 31, 2025 and 2024, respectively.

24. Stock options

1. Amount and title of expense recognized for stock options
Not applicable.

2. Stock option details, size, and changes

(1) Stock option details

	2014 stock options	2015 stock options	2016 stock options
Category and number of grant recipients	The Bank's ten directors (excluding outside directors)	The Bank's nine directors (excluding outside directors)	The Bank's eight directors (excluding outside directors)
Type and number of stock options granted (Note)	Common stock: 13,660 shares	Common stock: 9,430 shares	Common stock: 13,770 shares
Grant date	July 25, 2014	July 24, 2015	July 26, 2016
Vesting terms	No vesting terms	No vesting terms	No vesting terms
Service period.....	No service period specified	No service period specified	No service period specified
Exercise period	July 26, 2014 to July 25, 2044	July 25, 2015 to July 24, 2045	July 27, 2016 to July 26, 2046

Note: Converted to the number of shares equivalent to that after the 1-for-10 reverse stock split implemented on October 1, 2018.

(2) Stock option size and changes

(a) Number of stock options

	2014 stock options	2015 stock options	2016 stock options
Prior to vesting (shares):			
Prior fiscal year end	1,140	1,720	3,680
Granted	—	—	—
Expired	—	—	—
Vested shares	1,140	860	1,840
Unvested shares	—	860	1,840
After vesting (shares):			
Prior fiscal year end	—	—	—
Vested shares	1,140	860	1,840
Exercised	1,140	860	1,840
Expired	—	—	—
Unexercised.....	—	—	—

Note: Converted to the number of shares equivalent to that after the 1-for-10 reverse stock split implemented on October 1, 2018.

(b) Unit price information (in year)

	2014 stock options	2015 stock options	2016 stock options
Exercise price	Per share: ¥ 1	Per share: ¥ 1	Per share: ¥ 1
Average price at exercise.....	Per share: ¥3,420	Per share: ¥3,420	Per share: ¥3,420
Fair value on grant date	Per share: ¥3,350	Per share: ¥4,090	Per share: ¥2,850

Note: Converted to the price equivalent to that after the 1-for-10 reverse stock split implemented on October 1, 2018.

3. Method for estimating number of vested stock options

In general, as it is difficult to rationally estimate the future number of expired stock options only the actual number of expired stock options is reflected.

25. Derivative transactions

(1) Type of transactions

The Group undertakes the following derivative transactions: interest-rate swaps and others for interest rate-related transactions; currency swaps, forward exchange contracts and currency options for currency-related transactions; and bond futures for bond-related transactions.

(2) Aims and policy

The Bank offers derivative products to meet customer needs, and to minimize risk from exchange rate and interest rate fluctuations regarding the Bank's assets and liabilities.

The following are the contracted value or the amount equivalent to the principal, the fair value and the appraised profit or loss for each type of derivative transaction not subject to hedge accounting as of the end of the fiscal year. The contracted value, other price or value below does not indicate by itself the market risk of the derivative transaction.

Fair value of interest rate-related transactions as of March 31, 2025 and 2024 were as follows:

	Millions of yen			
	Contracted value		Fair value	Appraised profit/(loss)
2025	Total	Over 1 year		
Over the Counter				
Interest rate swaps:				
Fixed rate receivable/variable rate payable	¥24,408	¥23,135	¥(571)	¥(571)
Variable rate receivable/fixed rate payable	24,408	23,135	807	807
Others:				
Sell	3,010	2,829	(60)	(8)
Buy	3,010	2,829	60	40
Total			¥ 237	¥ 268

	Millions of yen			
	Contracted value		Fair value	Appraised profit/(loss)
2024	Total	Over 1 year		
Over the Counter				
Interest rate swaps:				
Fixed rate receivable/variable rate payable	¥27,023	¥26,658	¥(111)	¥(111)
Variable rate receivable/fixed rate payable	27,023	26,658	403	403
Others:				
Sell	4,663	4,140	(41)	32
Buy	4,663	4,140	41	15
Total			¥ 292	¥ 339

	Thousands of U.S. dollars			
	Contracted value		Fair value	Appraised profit/(loss)
2025	Total	Over 1 year		
Over the Counter				
Interest rate swaps:				
Fixed rate receivable/variable rate payable	\$163,242	\$154,728	\$(3,818)	\$(3,818)
Variable rate receivable/fixed rate payable	163,242	154,728	5,397	5,397
Others:				
Sell	20,131	18,920	(401)	(53)
Buy	20,131	18,920	401	267
Total			\$ 1,585	\$ 1,792

Fair value of currency-related transactions as of March 31, 2025 and 2024 were as follows:

	Millions of yen			
	Contracted value		Fair value	Appraised profit/(loss)
2025	Total	Over 1 year		
Over the Counter				
Currency swaps	¥ 647	¥ 647	¥ 4	¥ 4
Forward exchange contracts:				
Sell	46,623	26,377	(4,138)	(4,138)
Buy	50,160	26,377	4,817	4,817
Currency options:				
Sell	94,702	70,559	(5,066)	(918)
Buy	94,702	70,559	4,971	1,611
Others:				
Sell	253,893	253,714	4,538	4,556
Buy	253,893	253,714	(4,817)	(1,727)
Total			¥ 311	¥ 4,206

	Millions of yen			
	Contracted value		Fair value	Appraised profit/(loss)
2024	Total	Over 1 year		
Over the Counter				
Currency swaps	¥ 7,919	¥ 301	¥ 3	¥ 3
Forward exchange contracts:				
Sell	153,153	27,660	(10,102)	(10,102)
Buy	155,078	27,660	10,448	10,448
Currency options:				
Sell	107,239	77,789	(5,256)	(544)
Buy	107,239	77,789	5,238	1,392
Others:				
Sell	175,536	175,536	(318)	(298)
Buy	175,536	175,536	262	2,222
Total			¥ 275	¥ 3,121

	Thousands of U.S. dollars			
	Contracted value		Fair value	Appraised profit/(loss)
2025	Total	Over 1 year		
Over the Counter				
Currency swaps	\$ 4,327	\$ 4,327	\$ 26	\$ 26
Forward exchange contracts:				
Sell	311,817	176,411	(27,675)	(27,675)
Buy	335,473	176,411	32,216	32,216
Currency options:				
Sell	633,373	471,903	(33,881)	(6,139)
Buy	633,373	471,903	33,246	10,774
Others:				
Sell	1,698,053	1,696,856	30,350	30,470
Buy	1,698,053	1,696,856	(32,216)	(11,550)
Total			\$ 2,079	\$ 28,130

(3) Derivative transactions subject to hedge accounting

The following are the contracted value or the amount equivalent to the principal and the fair value for each type of derivative transaction subject to hedge accounting as of the end of the fiscal year. The contracted value, other price or value below does not indicate by itself the market risk of the derivative transaction.

(a) Interest rate-related transactions
Not applicable.

(b) Currency-related transactions

As of March 31, 2025

			Millions of yen		
Hedge accounting method	Type	Main hedged item	Contracted value	Contracted value over 1 year	Fair value
General accounting rules	Currency swaps	Foreign currency receivables	¥ 91,207	¥67,284	¥1,807
	Monetary swaps		159,600	—	(505)
		Total	¥1,301		

As of March 31, 2024

			Millions of yen		
Hedge accounting method	Type	Main hedged item	Contracted value	Contracted value over 1 year	Fair value
General accounting rules	Currency swaps	Foreign currency receivables	¥ 75,705	¥68,134	¥(1,774)
	Monetary swaps		144,332	—	404
		Total	¥(1,369)		

As of March 31, 2025

			Thousands of U.S. dollars		
Hedge accounting method	Type	Main hedged item	Contracted value	Contracted value over 1 year	Fair value
General accounting rules	Currency swaps	Foreign currency receivables	\$ 609,998	\$450,000	\$12,085
	Monetary swaps		1,067,415	—	(3,377)
		Total	\$ 8,701		

Note: In general, deferred hedge accounting is applied according to “Accounting and Auditing for Foreign Currency Transactions in the Banking Industry” (JICPA Industry Committee Practical Guideline No. 25).

26. Revenue recognition

Disaggregation of revenue from contracts with customers

Category	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Operating income	¥90,007	¥82,146	\$601,972
Of which, Fees and commissions	12,684	12,443	84,831
Foreign exchange services	2,890	2,790	19,328
Deposit and loan services	2,378	2,351	15,904
Securities-related services	1,508	1,216	10,085
Guarantee services	327	353	2,186
Agency services.....	84	84	561
Others	5,494	5,646	36,744

(Note) The above table also includes income based on “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10).

27. Segment information

(1) Overview of reportable segments

Reportable segments are the Group's constituent business units for which separate financial data can be obtained and that are examined periodically by the Board of Directors for the purposes of determining the allocation of management resources and evaluating operating results.

The Group is engaged mainly in banking activities. Consolidated subsidiaries provide financial services primarily engaging in leasing activities. The Bank and its individual consolidated subsidiaries, which comprise a corporate group, each prepare business and other plans while developing business activities.

As a result, the Group has identified the two reportable segments of banking and leasing, which comprise the basic segments of the Bank and its individual consolidated subsidiaries by operation. Operations under the banking segment include the provision of services relating deposits, loans, marketable securities and related investment as well as foreign currency exchange. Operations under the leasing segment include leasing and other operations conducted by Hyakujushi Lease Co., Ltd.

(2) Calculation methods for ordinary income, profit and loss, assets and liabilities and other items by reportable segment

The method of accounting treatment applied to reportable segments is the same as that described in “3. Significant accounting policies.”

Moreover, reportable segment profit is based on ordinary profit.

Intersegment ordinary income is based on transaction prices between third parties.

(3) Information regarding ordinary income, profit and loss, assets and liabilities and other items by reportable segment

Information about reportable segments of the Bank and its consolidated subsidiaries for the years ended March 31, 2025 and 2024 is as follows:

2025	Millions of yen						Consolidated total
	Banking	Leasing	Total	Other businesses	Total	Adjustment	
Ordinary income:							
Outside customers	¥ 80,853	¥ 6,982	¥ 87,836	¥ 2,170	¥ 90,007	¥ —	¥ 90,007
Inter-segment transactions.....	527	487	1,015	3,521	4,536	(4,536)	—
Total	¥ 81,381	¥ 7,469	¥ 88,851	¥ 5,692	¥ 94,543	¥ (4,536)	¥ 90,007
Segment profit	¥ 18,517	¥ 280	¥ 18,798	¥ 1,550	¥ 20,348	¥ (437)	¥ 19,910
Segment assets	¥5,731,563	¥29,791	¥5,761,355	¥25,243	¥5,786,598	¥(33,015)	¥5,753,583
Segment liabilities	¥5,421,666	¥24,084	¥5,445,750	¥ 9,684	¥5,455,434	¥(30,125)	¥5,425,309
Other items:.....							
Depreciation	¥ 2,416	¥ 169	¥ 2,586	¥ 305	¥ 2,892	¥ 44	¥ 2,936
Interest income	56,185	267	56,453	92	56,545	(525)	56,019
Interest expenses	14,215	108	14,324	20	14,344	(111)	14,233
Gain from disposal of tangible assets	4	30	34	—	34	(13)	21
State subsidy.....	69	—	69	—	69	—	69
Loss from disposal of tangible assets	125	—	125	11	136	—	136
Impairment losses	259	—	259	—	259	—	259
Loss on tax purpose reduction entry of tangible assets	69	—	69	—	69	—	69
Tax expenses	5,265	75	5,340	497	5,838	(1)	5,836
Increases in tangible fixed assets and intangible fixed assets.....	3,756	0	3,757	304	4,061	97	4,158

2024	Millions of yen						Consolidated total
	Banking	Leasing	Total	Other businesses	Total	Adjustment	
Ordinary income:							
Outside customers	¥ 72,968	¥ 7,080	¥ 80,048	¥ 2,097	¥ 82,146	¥ —	¥ 82,146
Inter-segment transactions.....	573	520	1,094	3,577	4,671	(4,671)	—
Total	¥ 73,541	¥ 7,601	¥ 81,143	¥ 5,674	¥ 86,818	¥ (4,671)	¥ 82,146
Segment profit	¥ 13,278	¥ 391	¥ 13,669	¥ 1,435	¥ 15,105	¥ (547)	¥ 14,557
Segment assets	¥5,819,507	¥27,289	¥5,846,796	¥24,348	¥5,871,145	¥(30,494)	¥5,840,650
Segment liabilities	¥5,508,167	¥21,411	¥5,529,579	¥ 9,493	¥5,539,073	¥(27,608)	¥5,511,464
Other items:.....							
Depreciation	¥ 2,331	¥ 175	¥ 2,506	¥ 300	¥ 2,806	¥ 43	¥ 2,850
Interest income	52,457	343	52,800	116	52,917	(570)	52,347
Interest expenses	14,263	61	14,324	22	14,347	(75)	14,271
Gain from disposal of tangible assets	2	29	32	—	32	(6)	26
Loss from disposal of tangible assets	47	—	47	17	65	—	65
Impairment losses	236	—	236	—	236	—	236
Tax expenses	4,141	73	4,215	435	4,650	(11)	4,639
Increases in tangible fixed assets and intangible fixed assets.....	3,566	—	3,566	269	3,836	84	3,920

2025	Thousands of U.S. dollars						Consolidated total
	Banking	Leasing	Total	Other businesses	Total	Adjustment	
Ordinary income:							
Outside customers	\$ 540,750	\$ 46,696	\$ 587,453	\$ 14,513	\$ 601,972	\$ —	\$ 601,972
Inter-segment transactions.....	3,524	3,257	6,788	23,548	30,337	(30,337)	—
Total	\$ 544,281	\$ 49,953	\$ 594,241	\$ 38,068	\$ 632,310	\$ (30,337)	\$ 601,972
Segment profit	\$ 123,842	\$ 1,872	\$ 125,722	\$ 10,366	\$ 136,088	\$ (2,922)	\$ 133,159
Segment assets	\$38,333,085	\$199,244	\$38,532,336	\$168,826	\$38,701,163	\$ (220,806)	\$38,480,357
Segment liabilities	\$36,260,473	\$161,075	\$36,421,548	\$ 64,767	\$36,486,316	\$ (201,478)	\$36,284,838
Other items:.....							
Depreciation	\$ 16,158	\$ 1,130	\$ 17,295	\$ 2,039	\$ 19,341	\$ 294	\$ 19,636
Interest income	375,769	1,785	377,561	615	378,176	(3,511)	374,658
Interest expenses	95,070	722	95,799	133	95,933	(742)	95,191
Gain from disposal of tangible assets	26	200	227	—	227	(86)	140
State subsidy	461	—	461	—	461	—	461
Loss from disposal of tangible assets	836	—	836	73	909	—	909
Impairment losses	1,732	—	1,732	—	1,732	—	1,732
Loss on tax purpose reduction entry of tangible assets	461	—	461	—	461	—	461
Tax expenses	35,212	501	35,714	3,323	39,044	(6)	39,031
Increases in tangible fixed assets and intangible fixed assets.....	25,120	0	25,127	2,033	27,160	648	27,808

Notes: 1. In place of sales, which are usually posted by companies other than banks, the Bank and its consolidated subsidiaries report ordinary income. In addition, adjusted differences are recorded as the difference between ordinary income and ordinary income recorded on consolidated statements of income.

2. The Other businesses segment is comprised of business segments not included in reportable segments and mainly consists of credit card and credit guarantee operations.

3. For the fiscal year ended March 31, 2025, the amounts in the column of“Adjustment”under the following line items primarily represent the elimination arising from the inter-segment transactions: Segment profit, Segment assets, Segment liabilities, Depreciation, Interest income, Interest expenses, Gain from disposal of tangible assets, Tax expenses and Increases in tangible fixed assets and intangible fixed assets.

For the fiscal year ended March 31, 2024, the amounts in the column of“Adjustment”under the following line items primarily represent the elimination arising from the inter-segment transactions: Segment profit, Segment assets, Segment liabilities, Depreciation, Interest income, Interest expenses, Gain from disposal of tangible assets, Tax expenses and Increases in tangible fixed assets and intangible fixed assets.

4. Segment profit is adjusted with ordinary profit recorded on consolidated statements of income.

(Associated information)

1. Information on each service

2025	Millions of yen				
	Lending services	Securities investment services	Leasing services	Other	Total
Income from external customers	¥42,425	¥21,188	¥6,982	¥19,411	¥90,007

2024	Millions of yen				
	Lending services	Securities investment services	Leasing services	Other	Total
Income from external customers	¥40,085	¥17,219	¥7,080	¥17,760	¥82,146

2025	Thousands of U.S. dollars				
	Lending services	Securities investment services	Leasing services	Other	Total
Income from external customers	\$283,741	\$141,706	\$46,696	\$129,822	\$601,972

2. Information on each area

(1) Ordinary income

Information is omitted since the amount attributed to income from external customers in Japan accounts for more than 90% of the ordinary income in the consolidated statements of income.

(2) Tangible fixed assets

Information is omitted since the amount attributed to tangible fixed assets located in Japan accounts for more than 90% of the tangible fixed assets in the consolidated balance sheets.

3. Information on each major customer

Information is omitted since there are no specific customers from whom ordinary income accounts for 10% or more of ordinary income in the consolidated statements of income.

(Information on impairment losses on fixed assets by reportable segment)

Information regarding impairment losses on fixed assets by reportable segment for the years ended March 31, 2025 and 2024 was as follows:

2025	Millions of yen					
	Banking	Leasing	Total	Other	Corporate/ Elimination	Total
Impairment losses on fixed assets.....	¥259	¥—	¥259	¥—	¥—	¥259

2024	Millions of yen					
	Banking	Leasing	Total	Other	Corporate/ Elimination	Total
Impairment losses on fixed assets.....	¥236	¥—	¥236	¥—	¥—	¥236

2025	Thousands of U.S. dollars					
	Banking	Leasing	Total	Other	Corporate/ Elimination	Total
Impairment losses on fixed assets.....	\$1,732	\$—	\$1,732	\$—	\$—	\$1,732

28. Related-party transactions

Not applicable to the fiscal years ended March 31, 2025 and 2024.

29. Per share data

Amounts per share as of March 31, 2025 and 2024 and for the fiscal years then ended were summarized as follows:

	Yen		U.S. dollars
	2025	2024	2025
Net assets per share	¥11,550.34	¥11,527.06	\$77.249
Basic earnings per share	481.23	336.20	\$3.218
Diluted earnings per share	481.16	336.12	\$3.218

Notes: 1. Net assets per share figures are calculated on the basis of the following.

	Millions of yen, except number of shares		Thousands of U.S. dollars
	2025	2024	2025
Net assets	¥328,273	¥329,186	\$2,195,512
Amount excluded from net assets .	8	21	53
(of which, share subscription rights)	8	21	53
Net assets attributable to common stock at the fiscal year-end	328,265	329,164	2,195,458
Number of common stock at the fiscal-year end for calculation of net assets per share (in thousands)	28,420	28,555	

2. Basic and diluted earnings per share figures are calculated on the basis of the following

	Millions of yen, except number of shares		Thousands of U.S. dollars
	2025	2024	2025
Basic earnings per share			
Profit attributable to owners of parent.....	¥13,700	¥9,642	\$91,626
Amount not attributable to common stockholders	—	—	—
Profit attributable to common stockholders	13,700	9,642	91,626
Average number of common stock during the year (in thousands)	28,469	28,679	
Diluted earnings per share			
Increase in number of common stock (in thousands)	3	6	
(of which, share subscription rights)	3	6	

3. The Bank's own stock remaining in the BIPTrust recorded as treasury stock in stockholders' equity is included in treasury stock to be deducted in the calculation of net assets per share, basic earnings per share, and diluted earnings per share.
The number of the said treasury stock deducted at year-end in the calculation of net assets per share was 111 thousand shares and 133 thousand shares as of March 31, 2025 and 2024, respectively. Moreover, the average number of the said treasury stock deducted in the calculation of basic earnings per share and diluted earnings per share during the year was 117 thousand shares and 109 thousand shares for the fiscal years ended March 31, 2025 and 2024, respectively.

30. Borrowed money

The weighted average interest rate applicable to the total balance of borrowed money as of March 31, 2025 is 0.14%.

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

	Millions of yen	Thousands of U.S. dollars
Up to 1 year	¥256,994	\$1,718,793
Over 1 year, up to 2 years.....	216,209	1,446,020
Over 2 years, up to 3 years	136,037	909,824
Over 3 years, up to 4 years	2,589	17,315
Over 4 years, up to 5 years	1,008	6,741
Over 5 years.....	668	4,467

Independent Auditor’s Report

The Board of Directors
The Hyakujushi Bank, Ltd.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The Hyakujushi 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, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of 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.

Adequacy of borrower classification in determining the reserve for possible loan losses	
Description of Key Audit Matter	Auditor's Response
The Group has a wide-area retail network in Japan in 11 prefectures surrounding the Seto Inland Sea and urban areas, mainly in Kagawa Prefecture, with their lending operations representing a core business activity. As of March 31, 2025, loans and bills discounted and advances of 3,506,645 million yen were recorded in the consolidated balance sheet, accounting for 60% of consolidated assets of 5,753,583 million yen. The collectability of loans to customers by the Group is subject to uncertainties mainly due to economic trends in Japan and overseas, fluctuations in the business conditions of borrowers who operate in Kagawa Prefecture and the surrounding region, and fluctuations in the economic environment such as a decline in the value of secured real estate. As a result, a provision for additional losses arising from new non-performing loans may affect the Group's financial position and cash flow conditions. As such, the Group calculates the amounts of expected loans that cannot be collected and records them as a reserve for possible loan losses. The reserve for possible loan losses included in the consolidated balance sheet as of March 31, 2025, was 18,289 million yen. The method of the calculating the reserve for possible loan losses is described in “(6) Reserve for possible loan losses” and “(18) Significant accounting estimates” under “3. Significant accounting policies” of Notes to Consolidated Financial Statements.	In considering the adequacy of the borrower classification, our audit procedures consisted primarily of the following: • We evaluated the Group's internal controls for determining the borrower classification. The controls tested included, but were not limited to, controls to evaluate the accuracy and completeness of schedules used in determining the borrower classification and controls over the underlying credit rating data concerning the borrower. • We selected samples taking into account the type of business, the location of the borrower, the financial position and repayment capacity, the Group's lending policy, and potential credit risk estimated from external information. In order to identify risk scenarios where credit risk is assumed to be high from a different perspective than those described above and select borrowers for which there are concerns about deterioration in their future business performance outlook, we performed analysis using a self-assessment anomaly detection tool (a tool used in self-assessment audits to provide support for the selection of testing targets by identifying the location of credit risk through visualization from the standpoint of industries, branches, and regions based on the credit information and financial information of borrowers and by identifying inconsistencies between borrower classifications that are based on a borrower classification predictive model using machine learning for each borrower and borrower classifications that are determined by the Group), and also selected borrowers corresponding to risk scenarios set in consideration of the results of the analysis.

The reserve for possible loan losses is calculated in accordance with the Group's pre-established self-assessment provision policy. The calculation process includes the determination of the borrower classification, which involves assessing the borrower's ability to repay loans based on its repayment status, financial position, business performance, and future prospects, including the impact of inflation and rising resource prices. In determining the classification of borrowers, it is important to determine the outlook for improvement in business performance (including the details of management improvement plans, etc.) as there are many cases where uncertainty associated with future business performance increases, especially for entities for which a downgrade in the borrower classification has a certain degree of impact on profit or loss and whose repayment status and financial conditions have deteriorated, entities which have obtained loans following the Group's examination of their future business outlook and growth potential (entities for which an assessment of business feasibility is necessary), and entities which have developed management improvement plans (entities for which a business improvement plan has been formulated). The above-mentioned outlook for improvement in business performance for borrowers, including debt repayment capacity and business improvement plans, is based on significant assumptions, such as forecasts of future sales and expenses of borrowers. Therefore, the outlook for such improvement is affected by changes in the economic environment surrounding the borrower and the success or failure of its business strategy, and the determination of borrower classification will depend more on the judgment of management.	• We inspected data on the recent repayment status of sampled borrowers, their financial position, business performance, and future cash flows, and other business prospects by inspecting information 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 the actual financial position, financial statements, and the trial balances. In addition, we examined consistency with reports obtained from credit agencies, made comparisons with available external information, made inquiries to responsible personnel and the head of the loan department, and considered responses received as necessary to supplement our understanding. • We examined the reasonableness and feasibility of business improvement plans by analyzing the trends from past results of the major planned items such as sales and profits or losses of borrowers, etc., evaluating the accuracy of estimates based on the historical degree of achievement of business improvement plans in previous years, and performing a comprehensive analysis that included the degree of the impact of changes in the economic environment surrounding the borrower such as inflation and rising resource prices. Furthermore, we examined the consistency of the borrower's financial plan and results with reports obtained from credit agencies, made comparisons with available external information, made inquiries to responsible personnel and the head of the loan department, and considered responses received as necessary to supplement our understanding.
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Accordingly, we have determined that the adequacy of borrower classification in determining the reserve for possible loan losses with respect to entities for which a downgrade in the borrower classification has a certain degree of impact on profit or loss and whose repayment status and financial conditions have deteriorated, entities for which an assessment of business feasibility is necessary, and entities for which a business improvement plan has been formulated to be a key audit matter.	
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Other Information

The other information comprises the information included in the INTEGRATED 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 Audit and Supervisory Committee is 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 Audit and Supervisory Committee 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 Audit and Supervisory Committee is 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 Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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 1 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of The Hyakujushi Bank, Ltd. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are 71 million yen and 9 million yen, respectively.

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

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

Ernst & Young ShinNihon LLC
Tokyo, Japan

October 20, 2025

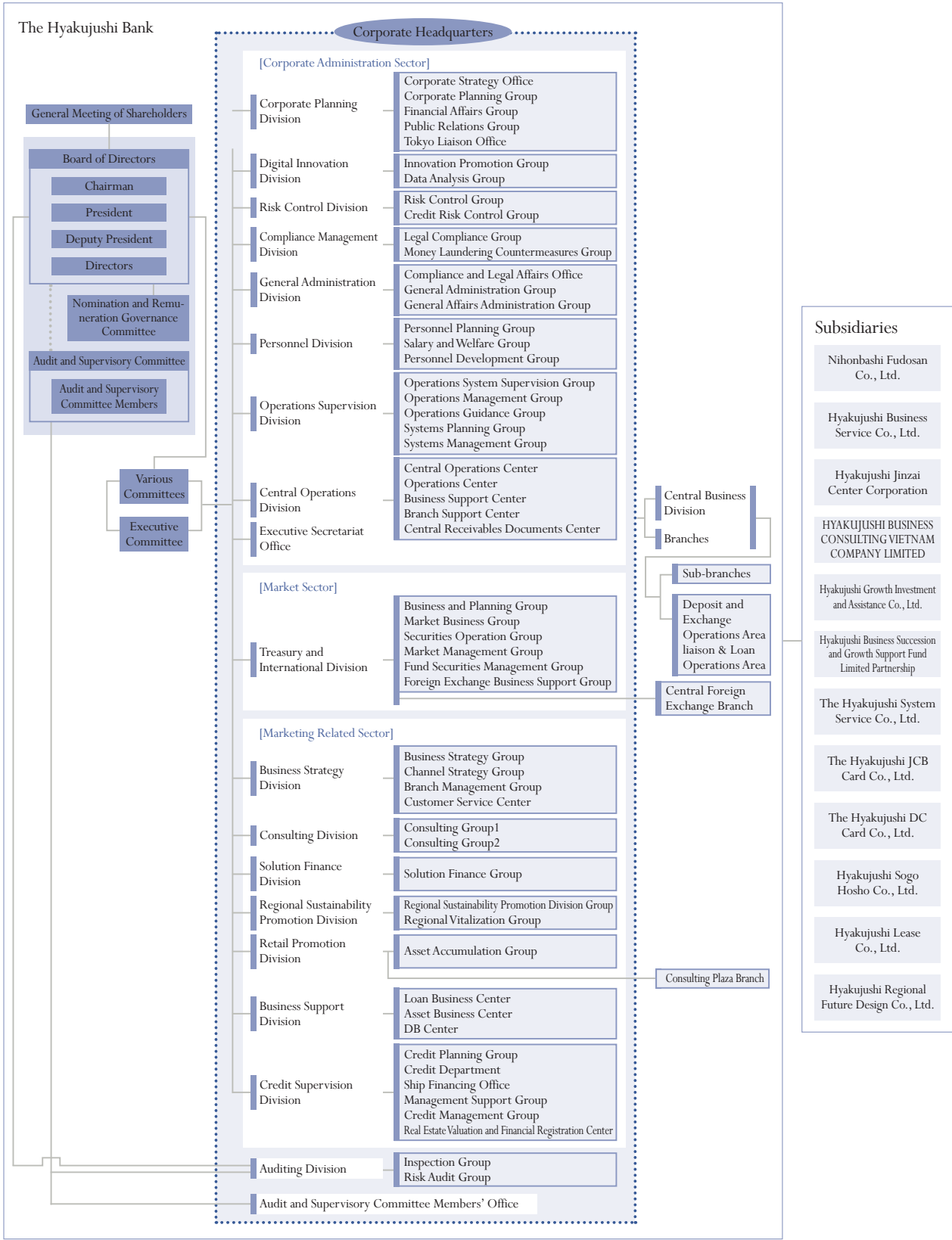
Mayumi Ikai
Designated Engagement Partner
Certified Public Accountant

Hachiro Miyata
Designated Engagement Partner
Certified Public Accountant

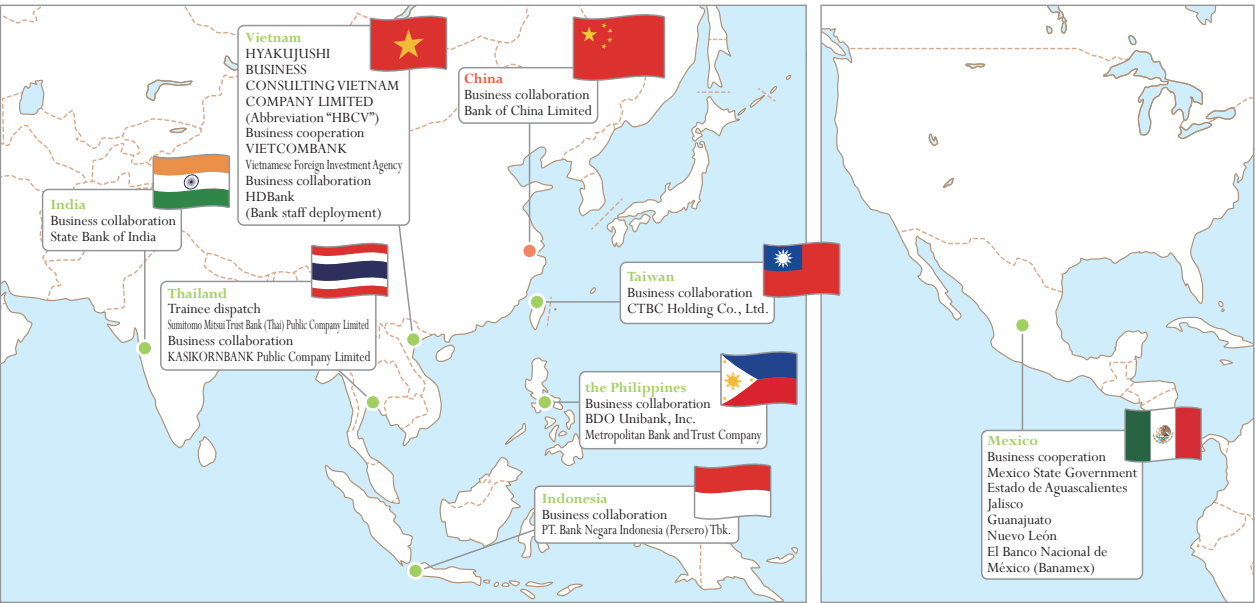
Profile (as of March 31, 2025)

Head Office	5-1 Kamei-cho, Takamatsu, Kagawa
Established	November 1, 1878
Total assets	¥5,712.9 billion
Deposits and negotiable certificates of deposit	¥4,711.2 billion
Loans and bills discounted	¥3,512.8 billion
Paid-in capital	¥37.3 billion
Total shares issued	28,630 thousand shares
Employees	1,940
Offices	133 (Head Office, 100 branches, 22 sub-branches, 6 Quick Square, 5 Consulting Plaza)
Non-branch ATMs and CDs	131 locations

Organization (as of July 1, 2025)



Overseas Support Organizations (as of March 31, 2025)



List of Major Shareholders (as of March 31, 2025)

Name	Address	No. of shares held (thousand shares)	Ratio of shares held to the total number of shares outstanding (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsu-cho 2-Chome, Minato-ku, Tokyo	2,728	9.56
Custody Bank of Japan, Ltd.	8-12, Harumi 1-Chome, Chuo-ku, Tokyo	1,437	5.03
Hyakujushi Bank Employee Shareholding Association	5-1, Kamei-cho, Takamatsu, Kagawa	655	2.29
Nippon Life Insurance Company	6-6, Marunouchi 1-Chome, Chiyoda-ku, Tokyo	629	2.20
TAIHEIYO CEMENT CORPORATION (Note) 2	1-1, Koishikawa 1-chome, Bunkyo-ku, Tokyo	595	2.08
NAMBA HOLDINGS CORPORATION	9-1-2803, Oosaki 2-chome, Shinagawa-ku, Tokyo	556	1.94
NH Foods Ltd. (Note) 3	4-9, Umeda 2-Chome, Kita-ku, Osaka	505	1.77
SUMITOMO LIFE INSURANCE COMPANY	18-24, Tsukiji 7-Chome, Chuo-ku, Tokyo	500	1.75
Tadano Ltd.	34, Shindencho, Takamatsu, Kagawa Prefecture	438	1.53
NIKON CORPORATION	1-5-20, Nishioi, Shinagawa-ku, Tokyo	432	1.51
Total	—	8,479	29.71

(Notes)
1. The 98 thousand treasury shares held by the Bank are excluded from the number of shares outstanding.
2. The number of shares held by TAIHEIYO CEMENT CORPORATION includes 595 thousand shares that have been contributed to the retirement benefit trust; however, the right to provide instructions for the voting rights to those shares has been retained by TAIHEIYO CEMENT CORPORATION.
3. The number of shares held by NH Foods Ltd. includes 373 thousand shares that have been contributed to the retirement benefit trust; however, the right to provide instructions for the voting rights to those shares has been retained by NH Foods Ltd.

THE HYAKUJUSHI BANK, LTD.

5-1, Kamei-cho, Takamatsu, Kagawa 760-8574, Japan
<https://www.114bank.co.jp>