

Annual Report
2025





Shinkin Central Bank, the Central Bank for Shinkin Banks

As the central financial institution for the cooperative regional financial institutions in Japan, known as shinkin banks, the Shinkin Central Bank (hereinafter the SCB) occupies a well-established position in Japan's financial services industry. Shinkin banks currently hold funds totaling some ¥161 trillion (around US\$1,080 billion).

Management Philosophy and Operational Policies

Management Philosophy

As the central bank for all shinkin banks, the SCB supports the growth of the shinkin bank industry, thereby contributing to economic development throughout Japan.

Operational Policies

1. Strengthen the corporate base, broaden operational functions, and enhance the credit standing of shinkin banks.
2. Attract stable funds from shinkin banks and diversify funding sources.
3. Upgrade market operations and develop financial services.
4. Pursue new business to reflect changing financial circumstances.
5. Contribute to regional development and revitalization hand in hand with shinkin banks.
6. Achieve sound management through efficiency, capital adequacy, and strengthened risk management.
7. Nurture professionals and create an attractive workplace.
8. Enhance public trust in the SCB.



Corporate Data (as of March 31, 2025)

Name:	Shinkin Central Bank (SCB)
Established:	June 1, 1950
Number of employees:	1,297
Domestic network:	14
Overseas network:	6
Total assets:	¥47,991 billion (\$321 billion)
Total funds:	¥45,652 billion (\$305 billion)
Paid-in capital:	¥890 billion (\$5,961 million)
Preferred shares:	¥90 billion (\$608 million)
Capital adequacy ratio (consolidated):	23.40%
Number of member shinkin banks:	254
Long-term credit ratings (as of July 31, 2025)	A1 (Moody's) A (S&P) A+ (R&I) AA (JCR)



Shinkin Central Bank

Total assets: ¥47,991 billion (\$321 billion)
 Domestic network: 14
 Overseas network: 6
 Number of employees: 1,297
 Number of member shinkin banks: 254



Shinkin Banks

Number of member shinkin banks: 254
 Total assets: ¥174,105 billion (\$1,164 billion)
 Number of branches: 7,058
 Number of employees: 96,137
 Number of members: 8,671,420
 (As of March 31, 2025)

*The number of employees includes full-time Directors and Corporate Auditors. Our overseas network includes Shinkin International Ltd., a subsidiary in London and Shinkin Singapore Pte. Ltd., a subsidiary in Singapore.

Financial Highlights (Non-consolidated Financial Summary)

For the years ended March 31,	Millions of Yen			Millions of US Dollars*		
	2025	2024	2023	2025	2024	2023
For the Fiscal Year						
Total income	¥ 447,134	¥ 393,317	¥ 340,360	\$ 2,991	\$ 2,598	\$ 2,549
Total expenses	392,319	351,278	307,434	2,624	2,320	2,302
Net income (loss)	40,579	30,959	24,776	271	204	185
Net business profit (loss)	51,835	17,809	24,451	346	117	183
At the Year-end						
Total assets	¥ 47,991,933	¥ 47,421,113	¥ 45,924,710	\$ 321,080	\$ 313,279	\$ 344,005
Loans and bills discounted	9,287,100	8,860,804	9,514,890	62,133	58,537	71,272
Securities	17,076,706	16,039,471	13,634,845	114,248	105,962	102,133
Total liabilities	46,536,768	45,912,152	44,621,617	311,345	303,310	334,244
Deposits	31,334,531	33,102,046	34,703,462	209,637	218,683	259,951
Debentures	1,250,410	1,302,170	1,458,660	8,365	8,602	10,926
Net assets	1,455,164	1,508,961	1,303,092	9,735	9,968	9,760

* US dollar amounts are given for convenience only, converted at the rate of ¥133.50, ¥151.37, and ¥149.47 per US\$1.00, the prevailing rate as of March 31, 2023, 2024, and 2025 respectively.

Contents

Financial Highlights (Non-consolidated Financial Summary)....	1	Addressing Climate Change and	
Message from the President and CEO	2	Nature-related Issues (TCFD, TNFD).....	28
About Shinkin Banks	8	Respect for Human Rights	34
About Shinkin Central Bank.....	10	Overseas Networks	36
The SCB Group.....	11	Corporate Management and Auditors	39
Medium-Term Management Plan “SCB Strategy 2025”	12	Business Overview (Non-consolidated).....	41
Our Purpose	14	Capital Adequacy	42
“One Banking Group” We Aim to Become.....	16	Asset Quality.....	43
The Social Issues We Address	18	Corporate Governance.....	44
Strategy1 Solidifying the Management Base of		Compliance System.....	47
Shinkin Banks.....	20	Risk Management	50
Strategy2 Enhancing the sustainability of		Preferred Shares.....	53
regional communities	22	Financial Section.....	54
Strategy3 Growth of the SCB.....	24	Organization.....	124
Toward the Realization of Sustainable Management.....	26	International Directory.....	125

This material contains certain forward-looking statements. They are not guarantees of future performance and involve risks and uncertainties, while actual results may materially differ from those contained in the forward-looking statements due to various factors.

US dollar amounts are converted for convenience only, at ¥149.47 per US\$1.00, the prevailing rate on March 31, 2025.



President and CEO

Hiroyuki Shibata

Connecting the “Stories” of Regional Communities to the Future

Revitalize Japan

Recently, I had the opportunity to visit India, a rapidly growing country, to further deepen our overseas network strategy.

As I walked through the streets of India, I was impressed by the people's passion and hope for the future. It was a scene that reminded me of Japan's rapid economic growth era.

During this visit, I met with several customers of shinkin banks operating in India. Seeing the vibrant energy of the Japanese working alongside the local staff, I was once again filled with a strong determination to help Japan regain its former vitality and energy.

Japan is now at a turning point.

Improvements in employment and income conditions are progressing, and a “world with interest rates” brought about by the Bank of Japan's policy interest rate hike has arrived.

This presents an excellent opportunity to break free from the prolonged stagnation referred to as the “Lost 30 Years” and regain vitality.

To help Japan once again become vibrant, the revitalization of each regional community is essential, and shinkin banks are the driving force that brings vitality to the communities.

With this idea in mind, the SCB has established a new Medium-Term Management Plan, “SCB Strategy 2025.”

Going forward, we will continue to take on challenges working with shinkin banks to support regional communities and help shape Japan's future.

Shinkin Banks and the SCB

A shinkin bank is a cooperative financial institution that aims for mutual support, in which the local people, as users and members, work with each other for the growth of their regional community.

Unlike banks, which are stock companies, shinkin banks primarily serve SMEs and individuals within a designated region, making them financial institutions with a strong sense of responsibility and commitment toward their regional communities.

There are 254 shinkin banks nationwide, each of which is closely tied to its regional community. Together, they have a total deposit volume of ¥161 trillion and approximately 7,000 branches, forming an extensive network.

I believe these figures give you an idea of the vast scale of the shinkin bank industry.

Since their establishment, shinkin banks have woven together the industries, culture and traditions that are unique to their regional communities, supporting their prosperity for many years.

The SCB is the central financial institution established through the capital contributions of shinkin banks. It collaborates with shinkin banks to provide valuable solutions to the diversifying and complex issues of regional communities, aiming to realize a sustainable regional economy and society.

Review of the Previous Medium-Term Management Plan “SCB Strategy 2022”

The previous Medium-Term Management Plan “SCB Strategy 2022” focused on Four Strategies and Three Reforms of “human assets,” “network” and “digital” to address various challenges.



Message from the President and CEO

As part of our efforts to support SMEs, we have developed our capabilities to address challenges and needs by providing new solutions to digital transformation (DX) and decarbonization, as well as strengthening our support for expanding domestic and overseas sales channels through the networks of shinkin banks and the SCB.

As for our efforts to support shinkin banks, we provided training programs for approximately 100,000 officers and employees nationwide through both in-person and digital formats, contributing to the career development of many employees.

During the previous Medium-term Management Plan period, the business environment underwent significant changes, including the subsidence of the COVID-19 pandemic, surging raw material prices and a policy shift by the Bank of Japan. However, through the collective efforts of all officers and employees in implementing these measures, we believe that the objectives set for the previous Medium-term Management Plan have been mostly achieved.

Review of Performance for Fiscal Year Ended March 2025

The fiscal year ended March 2025 marked the arrival of an era of a “world with interest rates,” representing a significant turning point in the financial landscape.

In the United States, the year saw a significant change in government policies, including the imposition of reciprocal tariffs toward the end of the fiscal year, causing increased uncertainty in the global economy.

Despite this uncertain environment, we focused on securing stable medium- to long-term earnings and were successful in steadily delivering tangible results through such efforts as improving profit margins by investing in government bonds and foreign currency-denominated floating-rate bonds and actively pursuing loans to major listed companies, resulting in the loan balance to corporate clients exceeding ¥5 trillion.

As a result, we achieved a profit increase of over 30% compared to the previous fiscal year, exceeding our previous performance forecast.

For the fiscal year ending March 2026, we anticipate drastic changes in the market environment with significant



uncertainty, caused by such factors as the potential impact of additional interest rate hikes by the Bank of Japan and political uncertainty in the United States.

Under these circumstances, we will strive to improve the quality of our investment portfolio and strengthen our profitability by appropriately and timely replacing invested securities and further increasing lending activities.

Our Idea on the New Medium-Term Management Plan “SCB Strategy 2025”

While the Japanese economy is now in a positive cycle, challenges faced by regional communities are diversifying and becoming more complex due to factors such as population decline, a decrease in the number of SMEs and the intensification of natural disasters.

We have a strong mission to create a bright future for our regions.

Shinkin banks across the country have grown together with their regional communities and, through solving issues, they have created a great deal of unique and attractive value specific to each region.

As the central bank for all shinkin banks, we at the SCB believe that we can weave a new future by taking on new challenges quickly and boldly without being confined to preconceived notions, and by working together with shinkin banks as “one banking group” to drive the growth of regional economies and societies.

Guided by this idea, in our new Medium-Term Management Plan “SCB Strategy 2025,” we have established Three Strategies centered on “shinkin banks,” “regional communities” and “the SCB.” Through our commitment to “practicing Try & Learn,” all officers and employees will make their best endeavors as one to fully implement various initiatives.

Vision by 2030

In developing the new Medium-Term Management Plan, we have defined the “Vision by 2030” that we have upheld to date as “driving the growth of regional economies and societies together with shinkin banks as ‘one banking group.’”

Based on this, we have identified three key areas as our approaches to fostering shared understanding and resonance towards our vision: “our purpose,” “‘one banking group’ we aim to become” and “the social issues we address.”

“Our purpose—connecting the ‘stories’ of regional communities to the future” is a message that conveys the ideas that have been put into the plan, encouraging all officers and employees of the SCB to take ownership of the plan and proactively and independently fulfill their roles.

Until now, shinkin banks have been closely connected to the community through “Face to Face” interactions, working with members of regional communities to preserve their way of life, industries and traditions.

As these communities face various challenges today, we are committed to working closely with shinkin banks to shape the future of communities and safeguard Japan’s future.

These ideas are at the heart of the phrase, “connecting the ‘stories’ of regional communities to the future.”

They also represent our “commitment” to our stakeholders.

“‘One banking group’ we aim to become” envisions the future of the shinkin bank industry that we pursue together with shinkin banks as we approach 2030.

The SCB will promote the construction of an operational base that enables shinkin banks to further specialize in front-office operations by driving the consolidation and efficiency of the middle- and back-office operations.

This effort will lead to SCB and shinkin banks joining forces to drive the growth of regional economies and societies, by enabling shinkin banks to promote sales activities, leveraging their unique characteristics such as “Face to Face” interactions.

“The social issues we address” identifies seven items as group materiality, including “the development of regional industries and Japan’s growth.”

We have been addressing social issues to date, and we will continue to work together as a group to resolve these issues, aiming to enhance corporate value and achieve positive social impacts.

Medium-Term
Management Plan
“SCB Strategy 2025” P.12

“Our Purpose” P.14

“‘One Banking Group’
We Aim to Become” P.16

“The Social Issues
We Address” P.18



Message from the President and CEO

Three Strategies to Work on Under the New Medium-Term Management Plan

We will work with our utmost effort on Three Strategies over three years, starting this fiscal year, to achieve the “Vision by 2030.”

“Strategy 1: Solidifying the management base of shinkin banks” focuses on shared use and centralization as key themes.

We will reduce the operational burden on shinkin banks and enable them to focus on front-office operations, by the SCB establishing a scheme for the SCB to handle middle- and back-office operations of shinkin banks.

We will further enhance solutions that analyze big data from the shinkin bank industry using AI and other technologies to achieve efficient business operations, as well as strengthen consulting functions for shinkin banks in such areas as risk management and human assets strategy.

“Strategy 2: Enhancing the sustainability of regional communities” focuses on building resilient communities as a key theme.

Under this strategy, we will expand financial instruments and service lineups tailored to individuals' life stages to meet asset formation and asset succession needs, in addition to addressing labor shortages in SMEs and strengthening and promoting DX initiatives.

We will also collaborate with local governments and other entities to promote regional development initiatives that address natural disasters and the declining population.

“Strategy 3: Growth of the SCB” focuses on human assets strategy and strengthening revenue and financial base as key themes.

In terms of human assets strategy, we will work on maximizing organizational performance by such measures as strengthening the development of consulting business, revenue and systems, which are the pillars of the company. Regarding revenue, we will strengthen our efforts to promote loans and bills discounted, which are experiencing steady growth. We will also work to enhance and expand our revenue and financial base to make it less susceptible to market fluctuations.

We will pursue further growth by implementing governance reforms tailored to the unique characteristics of a cooperative financial institution.

Strategy 1 P.20

Strategy 2 P.22

Strategy 3 P.24

Toward the Development of Human Assets

I believe that every employee is an important asset and the source of all value creation.

As work styles diversify, it is essential that employees work together with a sense of unity while maximizing their motivation and abilities under the concept of human capital management in order to steadily execute management strategies.

To this end, we have established the “Human Assets Policy” to create a shared perspective between employees and the company regarding human assets and to maximize the value of human assets.

This policy is based on the values we have embraced to date and will serve as a guiding principle for implementing various human assets initiatives in the future.

It also incorporates the importance of taking on challenges and making proactive investments in human assets, which I have repeatedly emphasized.

As mentioned in last year’s Annual Report, I have consistently emphasized the importance of creating “interesting work” and “an enjoyable workplace.”

To achieve this, I believe it is essential to “practice Try & Learn” outlined in the new Medium-Term Management Plan. I am now seeing tangible progress in fostering a culture and mindset that makes it easier to give things a try.

The “neXtry” system, which allows employees to propose new businesses, is now in its third year, and there were again many unique and innovative proposals.

As a person running a company, I believe my important role is to continue creating an environment where employees feel comfortable in taking on new challenges and to actively support their efforts.



To Our Preferred Shareholders

We have established “the growth of the SCB” as a major theme of the new Medium-Term Management Plan. The SCB had total assets of approximately ¥800 billion at the time of its incorporation. The total assets have since increased to approximately ¥47 trillion to date, becoming one of the leading institutional investors in Japan. It also enjoys high ratings from external rating agencies.

However, as the environment changes significantly, we recognize that further growth beyond our new Medium-Term Management Plan target of profit attributable to owners of parent of ¥45 billion is necessary to fulfill our greater roles and functions.

The SCB is a cooperative institution, which is different in nature from a stock company, and as it serves as a central financial institution for shinkin banks, it operates under the basic policy to pay stable dividends over the future while enhancing internal reserves from the perspective of ensuring sound management.

In addition, under the special benefit program, we present catalog gifts featuring local specialties of shinkin banks' customers in proportion to the number of units held, so we hope that you will discover the attractive features of various regions.

Over 80% of the recipients are satisfied with this special benefit program and we receive numerous comments each year expressing anticipation for the gifts.

We hope you will discover the unique charm of various regions.

In Conclusion

Japan is undergoing significant changes after a long period of stagnation.

Amid these environmental changes, all officers and employees of the SCB will work together as one to implement the measures outlined in our new Medium-Term Management Plan toward achieving the “Vision by 2030.”

To ensure that officers and employees with diverse perspectives and expertise work together toward a common goal and fulfill their roles successfully, we will use “our purpose” message we have stated as a guiding principle to work with shinkin banks to strongly lead the regional economies and societies, which support Japan.

President and CEO *Hiroaki Shibata*

About Shinkin Banks

Shinkin banks are cooperative financial institutions. Their membership comprises local residents and SMEs. Shinkin banks' distinctive characteristics are that they are conveniently located; offer fine-tuned, personalized services; and have a strong relationship of mutual trust with their customers and communities.

Cooperative financial institutions are organizations that operate under the fundamental principle of mutual support.

Shinkin banks limit their lending, in principle, to members. However, their functions are almost the same as those of commercial banks, and they also deal with many people who are not members, accepting deposits, providing exchange services, accepting payments, including those for public utilities, and engaging in over-the-counter sales of public bonds, investment trust funds, and insurance.

Shinkin banks not only provide deposit-taking, lending and payment and clearing services, but also offer a diverse range of services to customers and other members of the local community in such areas as support for management improvement and business turnaround, business succession support, business start-up support, and local-area revitalization.

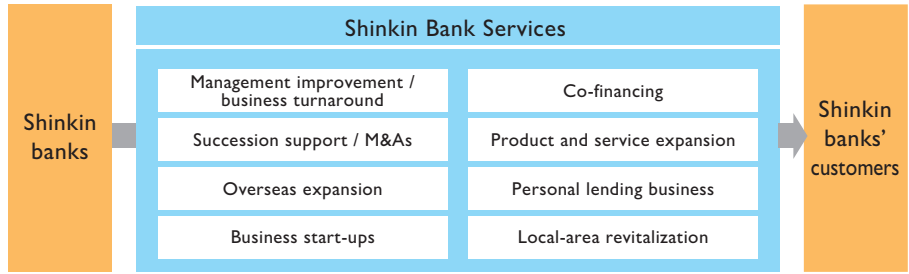
Outline of Shinkin Banks

254 shinkin banks form an extensive network, with approximately 7,000 offices across the country, from Hokkaido in the north to Kyushu and Okinawa in the south.

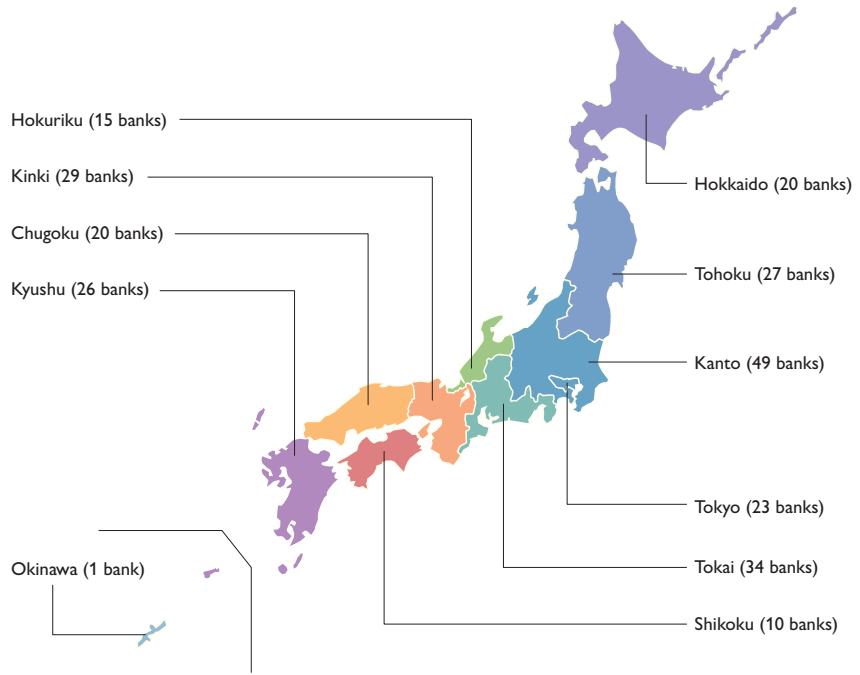
Shinkin banks dedicate themselves to providing high-quality services to local residents, as financial institutions deeply rooted in their respective regions, and contribute to regional development.

Total deposits outstanding at 254 shinkin banks as of March 31, 2025, reached approximately ¥161 trillion (\$1,080 billion), which ranks it in third place after Japan's city and regional banks, and gives shinkin banks an important position in Japanese financial services markets.

Shinkin banks continue to further deepen their presence and roles as important infrastructure for economies and societies in regions.



Nationwide Network of Shinkin Banks (254 banks)



Deposits¹ Outstanding by

Bank Segment (As of March 31, 2025)

(Billions of US dollars)

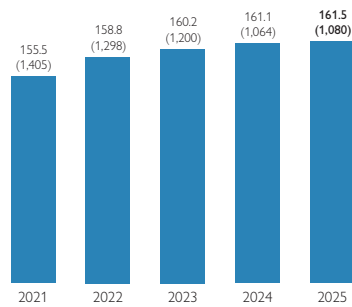
City Banks ²	\$3,231
Regional Banks ²	2,232
Shinkin Banks	1,080
Agricultural Cooperatives	717
Second-tier Regional Banks ²	473
Credit Cooperatives	160
Labor Credit Associations	153

Notes: 1. Deposit includes domestic operations.
2. City banks, regional banks and second-tier regional banks do not include the special international financial transactions account.

Sources: Japanese Bankers Association, the Norinchukin Bank, National Central Society of Credit Cooperatives, National Association of Labour Banks and the SCB.

Deposits Outstanding at Shinkin Banks

(Trillions of yen / billions of US dollars)

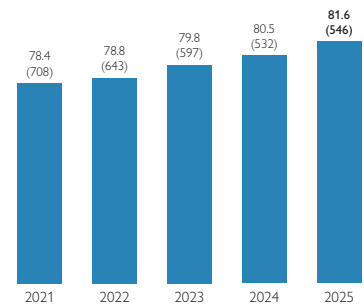


Note: Items in parentheses are US dollar amounts. They are given for convenience only, with conversion at ¥110.69, ¥122.37, ¥133.50, ¥151.37 and ¥149.47 per US\$1.00, the prevailing rate on March 31, 2021, 2022, 2023, 2024 and 2025, respectively.

Source: The SCB.

Loan and Bills Discounted Outstanding at Shinkin Banks

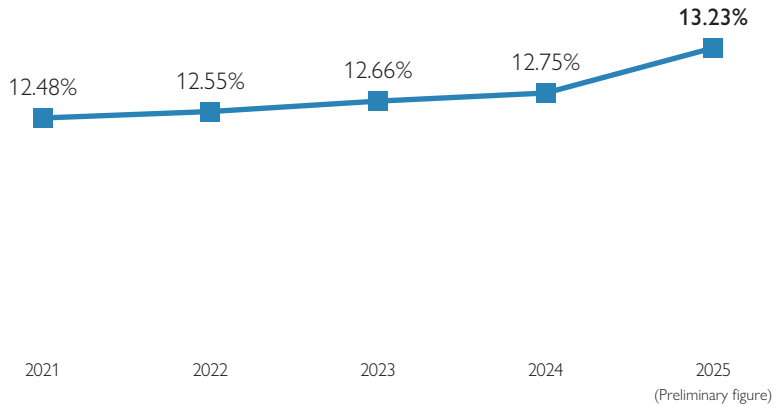
(Trillions of yen / billions of US dollars)



Note: Items in parentheses are US dollar amounts. They are given for convenience only, with conversion at ¥110.69, ¥122.37, ¥133.50, ¥151.37 and ¥149.47 per US\$1.00, the prevailing rate on March 31, 2021, 2022, 2023, 2024 and 2025, respectively.

Source: The SCB.

Capital Adequacy Ratio of Shinkin Banks

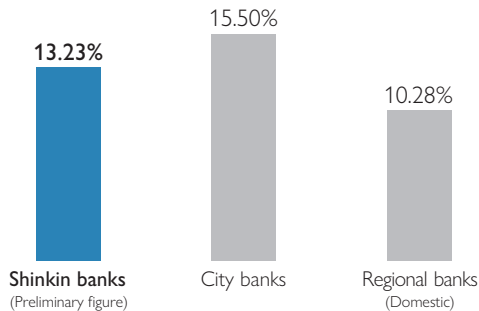


The capital adequacy ratio of shinkin banks rose to 13.23% (preliminary figure) as of March 31 2025, from 12.75% at the end of the previous fiscal period.

The ratio maintains a level that is not inferior to that of domestic citybanks (15.50%), and is outperforming other domestic regional banks (10.28%).

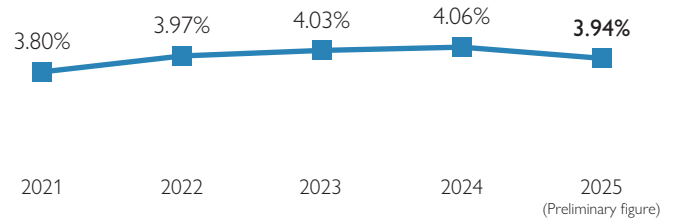
Source: The SCB.

Non-consolidated Capital Adequacy Ratio by Bank Segment (%) (as of March, 31, 2025)



Sources: Bank disclosure document, Regional Banks Association of Japan.

Nonperforming-loan Ratio of Shinkin Banks (%)



Source: The SCB.

Difference between Shinkin Banks and Commercial Banks

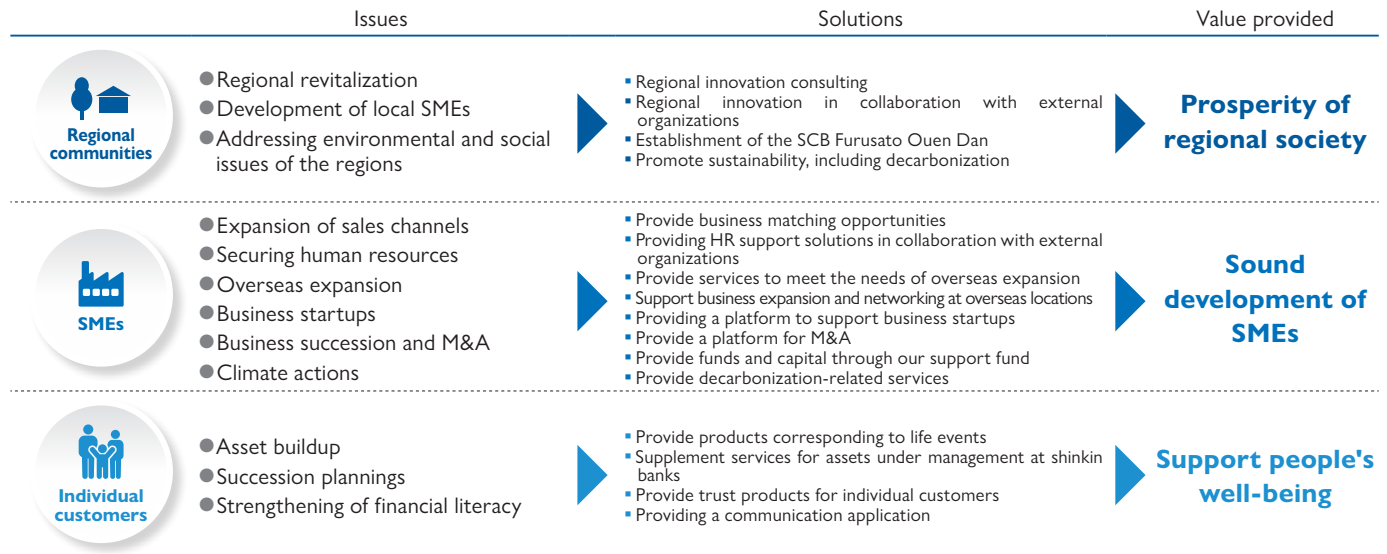
Category	Shinkin Banks	Commercial Banks
Legal foundation	Shinkin Bank Act	Banking Act
Organization	Non-profit cooperative organization financed by its members	For-profit joint stock corporations
Membership qualifications	(1) Those who have an address or office in the region (2) Those who have a business office in the region (3) Those who work in the region (4) Executive officers of companies that have a business office in the region (In the case of businesses) Businesses with no more than 300 employees or with less than 900 million yen in capital	None

About Shinkin Central Bank

The SCB was established as a cooperative financial institution funded by the shinkin banks, and serves as the central bank for shinkin banks throughout Japan, which are also its members. Here we will explain the three major functions performed by the SCB in the shinkin bank community.

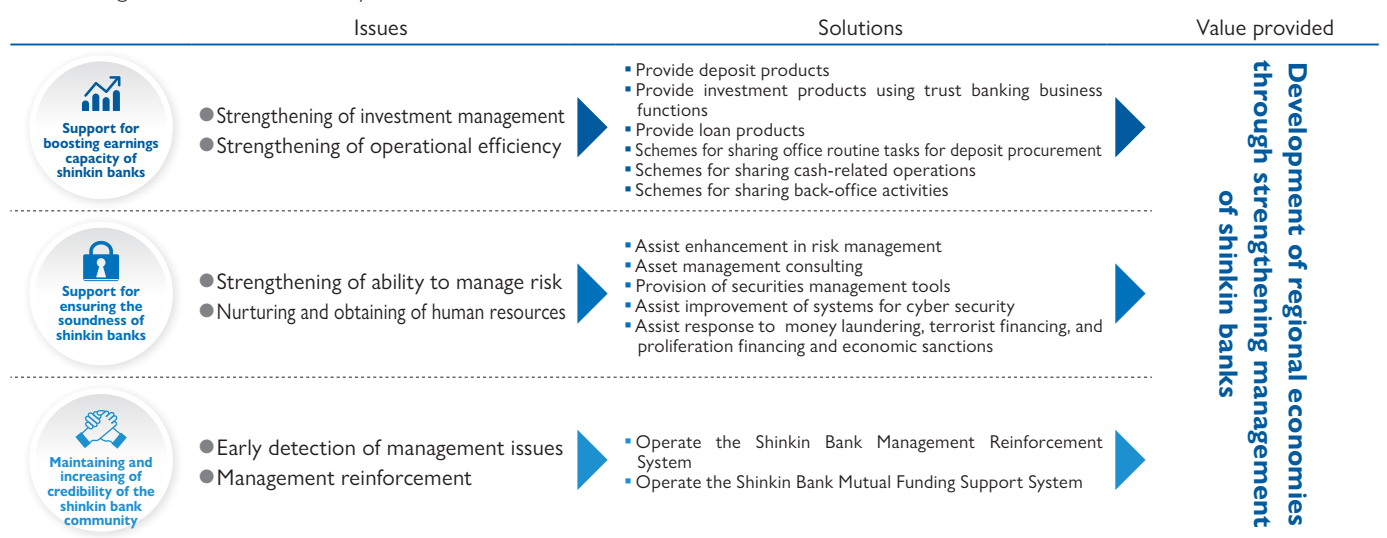
1. Functions to realize a sustainable society

Shinkin banks play a key role in supporting regional economies by lending to local organizations and SMEs in Japan. The SCB serves a complementary role in assisting with operations that are difficult or inefficient for individual shinkin banks to perform. We provide various support to ensure that shinkin banks can quickly respond to the diversification and complexity of their customer needs, as well as the intensifying competition with other business formats.



2. Central bank functions for shinkin banks

The SCB makes every effort to maintain an orderly financial system within the shinkin bank community through the further strengthening of consulting functions, and cyber security measures in the shinkin bank community, as well as timely and appropriate operations of the Shinkin Bank Management Reinforcement System, etc.



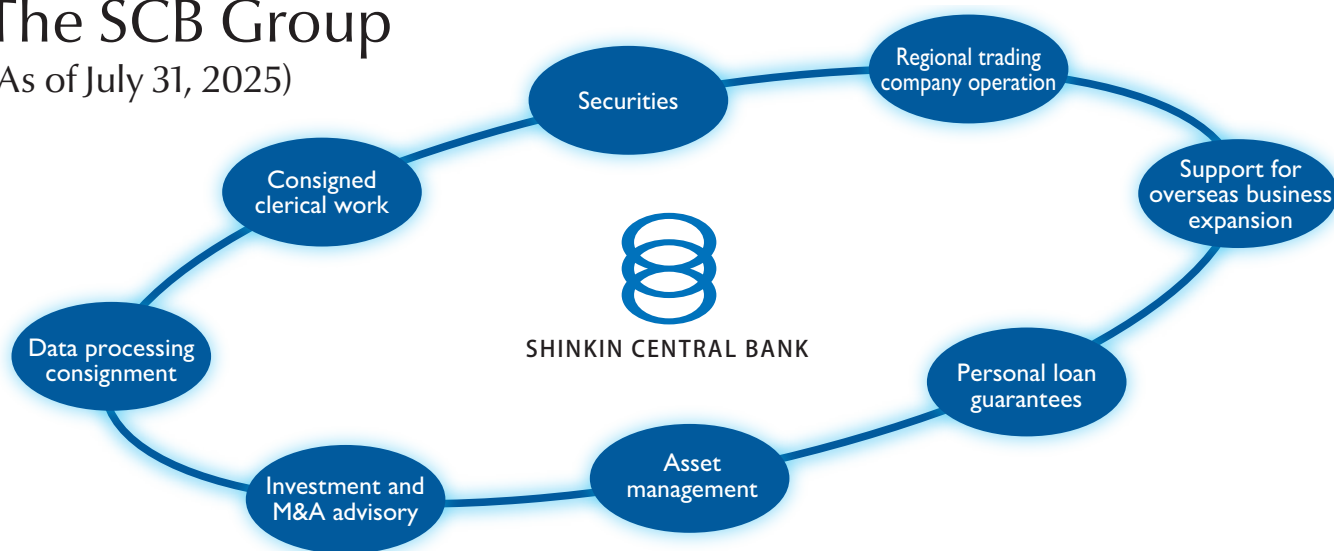
3. Functions as an institutional investor and corporate finance

The SCB is constructing a stable funding base through deposit taking operations and bond issuing. With the funds procured with this base, the SCB makes investments and loans for various products, etc. in money markets in Japan and overseas as one of the leading institutional investors in Japan.

Furthermore, as a financial group that conducts investments and loans globally, the SCB is engaged in sustainable finance that takes ESG (environment, social and governance) factors into consideration to achieve a sustainable society.

The SCB Group

(As of July 31, 2025)



Securities	Shinkin Securities ¥20bn in capital (100% ownership); ¥10bn capital reserve	<ul style="list-style-type: none"> ▪ Dealing ▪ Brokerage ▪ Underwriting
	Shinkin International £30mn in capital (100% ownership) (London local securities entity)	<ul style="list-style-type: none"> ▪ Underwriting new bonds and agency business in the euro market ▪ Dealing and brokering for existing euro bonds ▪ Foreign securities investment and consulting
Regional trading company operation	Shinkin Regional Innovation ¥100mn in capital (100% ownership) ¥100mn capital reserve	<ul style="list-style-type: none"> ▪ Regional trading company business ▪ Regional innovation consulting business
Support for overseas business expansion	Shinkin Singapore \$9mn in capital (100% ownership) (Singapore local securities entity)	<ul style="list-style-type: none"> ▪ Supporting the overseas expansion of shinkin banks' customers ▪ Supporting investments and loans of SCB ▪ Conducting surveys and research for financial innovation ▪ Nurturing human resources of the shinkin bank community
Personal loan guarantees	Shinkin Guarantee ¥1.0bn in capital (100% ownership) ¥0.8bn capital reserve	<ul style="list-style-type: none"> ▪ Debt guarantee business (guarantees for unsecured personal loans provided by shinkin banks)
Asset management	Shinkin Asset Management ¥200mn in capital (100% ownership)	<ul style="list-style-type: none"> ▪ Management services for discretionary investment contract assets ▪ Management services for investment trust assets
Investment and M&A advisory	Shinkin Capital ¥490mn in capital (100% ownership)	<ul style="list-style-type: none"> ▪ Investment banking ▪ M&A advisory services ▪ Corporate business consulting
Data processing services	The Shinkin Banks Information System Center ¥4.5bn in capital (50.7% stake; 49.2% owned by shinkin banks); ¥1.5bn capital reserve	<ul style="list-style-type: none"> ▪ Data processing consignment ▪ Software development ▪ Computer consulting and training
Business operations services	Shinkin Chukin Business ¥70mn in capital (100% ownership)	<p>(handles SCB back office operations)</p> <ul style="list-style-type: none"> ▪ Computing ▪ Bill clearing ▪ Branch, dormitory, and other property management

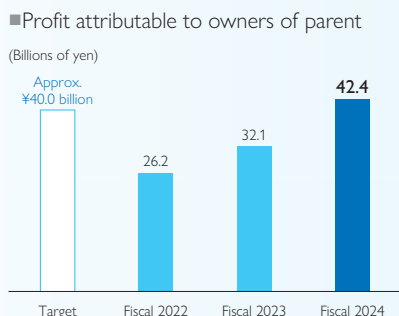
Medium-Term Management Plan “SCB Strategy 2025”

Review of the previous Medium-Term Management Plan

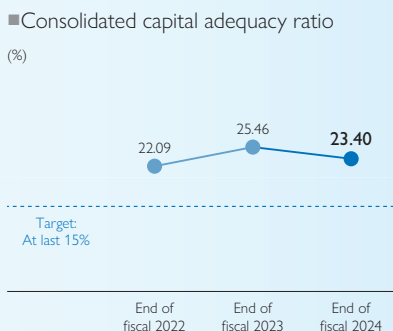
The previous Medium-Term Management Plan, “SCB Strategy 2022,” aimed at the ideal situation where shinkin banks become the most trusted financial institution in the regional community by 2030. To achieve this, we have been working to address various challenges by focusing on Four Strategies and Three Reforms of “human assets,” “network” and “digital.”

It is our assessment that, through the united efforts of all officers and employees in implementing various initiatives, the objectives set forth in the previous Medium-Term Management Plan have been largely achieved.

◆ Medium-term target level of earnings



◆ Key business indicators to maintain



◆ Strategy 1

<Improve the capability to solve issues of regional communities>

Aiming at improving the capability to solve issues of regional communities, we have expanded our financial instruments and services lineup across a wide range of fields, including sales channel expansion for SMEs and human assets development at shinkin banks.

◆ Strategy 2

<Strengthen shinkin banks' profitability and capability to respond to risk>

Through providing financial management consulting services and other initiatives, we have worked to strengthen the shinkin banks' capability to respond to risk. We have also contributed to strengthening the profitability of shinkin banks, by providing a data utilization platform “Shinkin DB” and new types of deposits.

◆ Strategy 3

<Build a sustainable and efficient business operating structure>

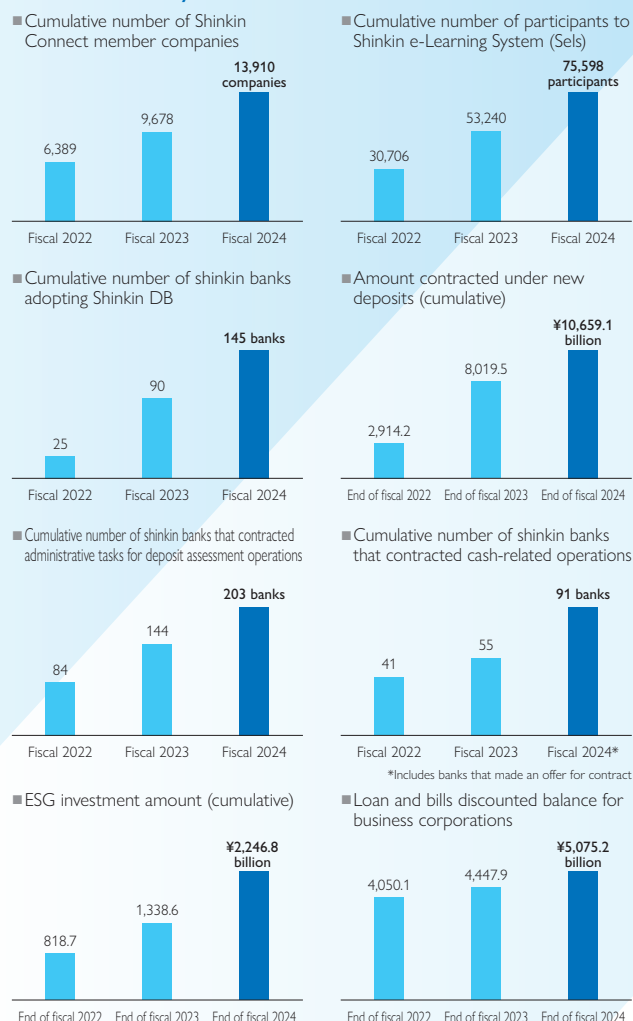
We facilitated the operational efficiency of shinkin banks through such measures as proposing the shared use and steadily promoting compliance with various regulations such as anti-money laundering, thereby maintaining the robustness of the SCB's operations.

◆ Strategy 4

<Strengthen SCB's financial base>

We have been working to capture revenue opportunities by expanding investment and financing targets and diversifying investment and financing methods. At the same time, we have been strengthening the development of specialized human assets by sending employees to work at other organizations.

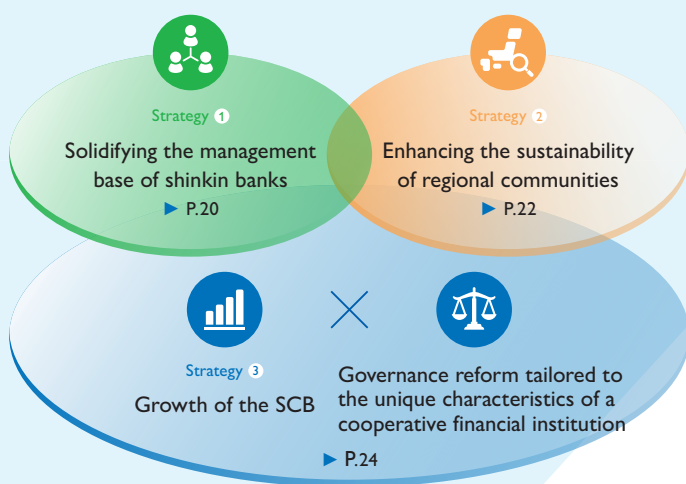
Results from key initiatives



Overview of the New Medium-Term Management Plan “SCB Strategy 2025”

The SCB Group has defined its Vision by 2030 as “driving the growth of regional economies and societies as ‘one banking group’ together with shinkin banks” and has established a three-year Medium-Term Management Plan covering fiscal year 2025 to fiscal 2027 to achieve this vision. The SCB and shinkin banks aim to leverage their respective strengths and characteristics and enhance the overall competitiveness of the industry. The new Medium-Term Management Plan establishes Three Strategies centered on “shinkin banks,” “regional communities” and “the SCB.” Through our commitment to “practicing Try & Learn,” all officers and employees will make their best endeavors as one to fully implement various initiatives

Medium-Term Management Plan “SCB Strategy 2025” (Plan Period: Fiscal 2025–Fiscal 2027)



The principle of “practicing Try & Learn” we embrace



Financial and non-financial targets (representative Key Performance Indicators)

We will strive to achieve the following financial and non-financial targets (representative KPIs) in order to fulfill the role and functions of a central financial institution sustainably and stably for shinkin banks and to achieve positive impact on key social issues.

	(Reference) Fiscal 2024 results	Financial targets
Medium-term target level of earnings	Profit attributable to owners of parent ¥42.4 billion	Around ¥45.0 billion
(Reference) Levels of management indices that should be maintained	Consolidated capital adequacy ratio (domestic standard) 23.40%	At least 15%
	Maximum amount available for dividend ¥309.7 billion	At least ¥200.0 billion

Key social issues (group materiality)	Impact
Development of local industries and Japan’s growth	<ul style="list-style-type: none"> Strengthening the earning power of SMEs Contributing to a sustainable society through finance
Addressing the needs arising from the declining population and an aging society	<ul style="list-style-type: none"> Stepping up efforts to address the shortage of successors and labor in SMEs Strengthening asset formation and succession by individuals
Collaborating with regional communities on environmental issues	<ul style="list-style-type: none"> Promoting the decarbonization of regional communities and SMEs Contributing to carbon neutrality
Efforts to achieve stable financing as a central bank for shinkin banks	<ul style="list-style-type: none"> Solidifying the management base of shinkin banks Strengthening the business continuity capabilities of shinkin banks Promoting DX and operational efficiency in shinkin banks
Success and growth of human assets	<ul style="list-style-type: none"> Expanding training and development opportunities for staff at shinkin banks Creating human assets that succeed
Creating a workplace where employees feel fulfilled	<ul style="list-style-type: none"> Improving engagement
Enhancing governance	<ul style="list-style-type: none"> Ensuring fairness and transparency in management Strengthening the group management system

Non-financial targets (representative KPIs)

- Number of support cases for expanding sales channels for SMEs **11,000 cases** [cumulative total during the Medium-Term Management Plan period]
- Number of users of financial instruments and services related to asset formation and succession by individuals **800,000 users** [as of the end of fiscal 2027]
- Industry-wide reduction in working hours through digital transformation and shared use **1.2 million hours** [fiscal 2027]
- Number of shinkin bank officers and employees attending training **80,000 officers and employees** [cumulative total during the Medium-Term Management Plan period]
- Engagement evaluation index **Improvement from fiscal 2025** [fiscal 2027]
- Cumulative amount of sustainable finance executed **¥5 trillion** [fiscal 2021–fiscal 2030]
- Greenhouse gas emissions (Scope 1, 2) **Achieving Net Zero Greenhouse Gas (GHG) Emissions (Scope 1 and 2) / Carbon Neutrality** [by the end of fiscal 2030]



Our Purpose

Connecting the “Stories” of Regional Communities to the Future



Shinkin banks, born from the ideas of each regional community, have worked closely with the communities through “Face to Face” interactions. As weavers of the “stories” that shape Japan’s identity, comprising SMEs, which are the driving force of Japan, the lives of its people, as well as the industries, cultures and traditions unique to each community, shinkin banks have collaborated with local stakeholders to contribute to the development of regional economies and societies.

We, the SCB, are the one and only financial institution born from the ideas of shinkin banks. Serving as the central bank of the industry, we have grown together with shinkin banks, contributing to the development of Japan.

Today, Japan faces various challenges, including a severe decline in population and the number of SMEs, as well as climate change. We stand at a critical juncture where the cherished “stories” of regional communities passed down through generations may be lost.

Shinkin banks grow together with the regional community and must confront the imminent crises to create a brighter future for communities and safeguard Japan’s future.

To this end, we will take on new challenges quickly and boldly without being confined to preconceived notions, and by working together with shinkin banks as “one banking group” to drive the growth of regional economies that support Japan.

To become an indispensable organization (the most trusted financial institution) in the region, we will continue to strive forward, connecting the “stories” of the communities and Japan to the future.



“One Banking Group” We Aim to Become

The SCB will promote the construction of an operational base that enables shinkin banks to further specialize in front-office. This effort will lead to SCB and shinkin banks joining forces to drive the growth of regional economies and societies, by

Drive the growth of regional economies and societies

Local stakeholders

Promote sales activities in a sustainable manner leveraging

- “Face to Face” (closely tied with the regional community and approachability)



By collaborating with industry associations and other organizations, establish an organic

- Shared use
- DX/Digitalization
- Knowledge sharing
- Management consulting

Key data of the SCB (as of March 31, 2025)	Number of member shinkin banks	Funds	Total amount of loan and bills discounted	Number of locations	Number of officers and employees
	254 banks	¥32 trillion	¥9.2 trillion	14 in Japan 6 outside Japan	1,297

operations by driving the consolidation and efficiency of the middle- and back-office operations of shinkin banks. enabling shinkin banks to promote sales activities in a sustainable manner, leveraging their unique characteristics.

as “one banking group” together with shinkin banks.

(SMEs, individuals, local governments, etc.)

the unique characteristics of shinkin banks.

- Customer-centric (mutual support, non-profit)
- Agility and flexibility



operational base that enables shinkin banks to leverage their unique characteristics.

- Human assets development
- Provision of financial instruments and services

Key data of shinkin banks (as of March 31, 2025)

Number of members	Deposit amount	Total amount of loan and bills discounted	Number of shinkin banks/branches	Number of officers and employees
8,671,420	¥161 trillion	¥81 trillion	254 banks 7,058 branches	96,137



The Social Issues We Address

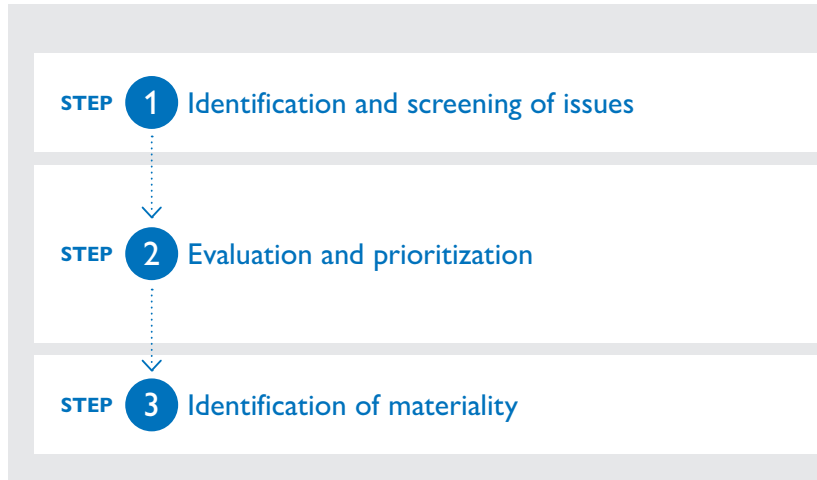
The SCB has identified key social issues for the SCB Group (materiality) and will work together as a group to enhance corporate value through its business activities while striving to achieve positive social impacts.

For the seven identified issues of materiality, we have outlined the direction of our specific initiatives and set the positive social impacts we aim to achieve through solving these issues.

These impacts are reflected in key goal indicators (KGIs) for related business activities in the business plans of each company within the SCB Group.

By identifying the materiality and setting the impacts, we will clarify the priorities for initiatives aimed at achieving the “Vision by 2030” and strive to enhance the effectiveness of our actions.

As the verification of the appropriateness of materiality, we will review changes in the environment surrounding the SCB Group, as appropriate.



	Key social issues (group materiality)	Course of action to take
Matters related to the sustainable growth of regional communities and Japan's growth	Development of local industries and Japan's growth	<ul style="list-style-type: none"> Work with shinkin banks and local stakeholders to address challenges faced by the community and SMEs Promote finance that contribute to industrial development and solutions to environmental and social issues
	Addressing the needs arising from the declining population and an aging society	<ul style="list-style-type: none"> Collaborate with shinkin banks and local stakeholders to provide services that enrich people's lives
	Collaborating with regional communities on environmental issues	<ul style="list-style-type: none"> Work with shinkin banks and local stakeholders to promote decarbonization in regional communities and SMEs Reduce environmental impact associated with business activities
Matters related to the sustainable growth of the shinkin bank industry	Initiatives for financial stabilization as the central bank for Shinkin Banks	<ul style="list-style-type: none"> Support the financial brokerage and payment functions of shinkin banks that play a key role in promoting financial inclusion in the community Complement the business functions of shinkin banks toward industry-wide productivity improvement Support the management of shinkin banks to maintain and enhance their creditworthiness
	Success and growth of human assets	<ul style="list-style-type: none"> Support the development of human assets at shinkin banks Develop human assets with specialized expertise and the flexibility to adapt to changes in society
	Creating a workplace where employees feel fulfilled	<ul style="list-style-type: none"> Create an organizational culture and workplace environment that encourages taking on challenges proactively
	Enhancing governance	<ul style="list-style-type: none"> Practice disciplined management as a financial group with a cooperative financial institution at its core

Process for identifying materiality

- Created an exhaustive list of 363 social issues inside and outside Japan, chosen from the evaluation criteria of the SDGs, GRI Standards, SASB Standards and those provided by ESG evaluation bodies
- Screened the list of issues and identified 22 candidate material issues
- Conducted interviews and/or opinion surveys with shinkin banks, employees of the SCB Group, preferred shareholders and business partners in order to confirm the important matters for the stakeholders
- To confirm the important matters for the SCB Group, officers and directors of the SCB and its group companies verified the opportunities and risks for each candidate
- Mapped 22 issues in a two-axis framework in terms of important matters for the stakeholders and that for the SCB Group. Evaluated and prioritized them to identify proposed materiality
- Discussed the proposed materiality with the Group Sustainability Promotion Committee and Executive Committee. Conducted discussions with external experts
- Resolved and identified the materiality along with the Medium-Term Management Plan at the Board of Directors meeting

Reflected them in the key goal indicators (KGIs) for related business activities

Impact

- Strengthening the earning power of SMEs
- Contributing to a sustainable society through finance
- Stepping up efforts to address the shortage of successors and labor in SMEs
- Strengthening asset formation and succession by individuals
- Promoting the decarbonization of regional communities and SMEs
- Contributing to carbon neutrality
- Strengthening the business continuity capabilities of shinkin banks
- Promoting DX and operational efficiency in shinkin banks
- Solidifying the management base of shinkin banks
- Expanding training and development opportunities for staff at shinkin banks
- Creating human assets that succeed
- Improving engagement
- Ensuring fairness and transparency in management
- Strengthening the group management system

Linked them to the Medium-Term Management Plan

Non-financial targets (representative KPIs)

*Extracted from KPIs of related operations

Number of support cases for expanding sales channels for SMEs

11,000 cases

(cumulative total during the Medium-Term Management Plan period)

Number of users of financial instruments and services related to asset formation and succession by individuals

800,000 users

(as of the end of fiscal 2027)

Industry-wide reduction in working hours through digital transformation and shared use

1.2 million hours

(fiscal 2027)

Number of shinkin bank officers and employees attending training

80,000 officers and employees

(cumulative total during the Medium-Term Management Plan period)

Engagement evaluation index

Improvement from fiscal 2025

(fiscal 2027)

Cumulative amount of sustainable finance executed

¥5 trillion

(fiscal 2021–fiscal 2030)

Greenhouse gas emissions (Scope 1, 2)
Achieving Net Zero Greenhouse Gas (GHG) Emissions (Scope 1 and 2) / Carbon Neutrality

(by the end of fiscal 2030)

Strategy 2



Enhancing the sustainability of regional communities

Strategy 3



Growth of the SCB

Strategy 1



Solidifying the management base of shinkin banks

Strategy 3



Growth of the SCB



Governance reform tailored to the unique characteristics of a cooperative financial institution



Medium-Term Management Plan “SCB Strategy 2025”

Strategy 1



Solidifying the Management Base of Shinkin Banks

Deputy President **Hiroshi Sudo**



MESSAGE

Pursue the Unique Characteristics of Shinkin Banks and Develop the Future

“Face to Face”—this phrase expresses one of the core values that symbolizes the unique characteristics of shinkin banks, rooted in the regional community and placing the utmost importance on building relationships with customers through “Face to Face” interactions.

While each region across Japan has rich diversity in history, culture and landscape, shinkin banks in these areas have built strong relationships of trust with stakeholders by staying close to their customers and addressing challenges in a way that is tailored to their characteristics.

However, the regional communities that form their foundation are now facing numerous challenges, including an increase in the number of SMEs shutting down or going bankrupt, the declining population, an aging society and the intensification of natural disasters.

The business environment surrounding shinkin banks is also undergoing significant changes, including the lifting of negative interest rate policies due to shifts in monetary policy, diversification and sophistication of customer needs, and intensifying competition with other financial institutions and companies in different industries.

Furthermore, maintaining and strengthening the sales workforce

that has been cultivated over many years is no easy task due to labor shortages and increased mobility in the labor market.

In response to this situation, the SCB, as the central financial institution for shinkin banks, has established “Solidifying the management base of shinkin banks” as Strategy 1 to preserve and further enhance the unique characteristics of shinkin banks.

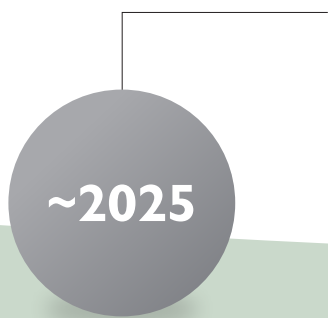
Specific initiatives include driving the shared use and centralization of middle- and back-office operations, as well as promoting operational efficiency and productivity improvements using digital technology.

Additionally, we will strengthen our ability to provide management consulting services in areas such as fund management and market risk management, and step up our efforts on the development of human assets among officers and employees of shinkin banks focused on themes such as DX and environment.

Through these initiatives, we will work to build an operational base that enables shinkin banks to further specialize in front-office operations, promote sales activities in a sustainable manner leveraging face-to-face interactions, and establish a strong presence as the most trusted financial institution in the regional community by solving issues.

[Recognition of environment and issues]

- The arrival of a “world with interest rates”
- Increase in the number of small and medium-sized businesses shutting down or going bankrupt
- Intensifying competition with online banks, etc.
- Increased mobility in the labor market
- Diversification and sophistication of customer needs
- Sluggish growth in deposits and loans of shinkin banks, etc.



◆ Related non-financial targets (representative KPIs)

Industry-wide reduction in working hours through digital transformation and shared use

1.2 million hours

[fiscal 2027]

Number of shinkin bank officers and employees attending training

80,000 officers and employees

[cumulative total during the Medium-Term Management Plan period]

2030~

[To-be]

**2025~
2027**

A future in which shinkin banks sustainably conduct sales activities that leverage their unique characteristics, which are their strengths, and establish a strong presence as the most trusted financial institution in the regional community by solving issues.

Approach

- To support the sustainable growth of regional communities, shinkin banks, which play a crucial role in regional finance, must build a stronger and more stable management base (finance, revenue and human assets).
- The SCB will collaborate with industry associations and other organizations to establish a highly productive operational base that enables the best use of the unique characteristics of shinkin banks. Additionally, through tailored management consulting activities that consider the individual characteristics of each shinkin bank and the development of human assets of officers and employees of shinkin banks, the SCB will work as one group to strengthen the management base of shinkin banks.

Key initiatives



Strengthen the consulting services to support the management of shinkin banks



Build a highly productive operational base for shinkin banks



Step up human assets development at shinkin banks

Key action items

- Strengthen consulting functions related to asset management, market risk management, credit risk management, and human resources strategy
- Provide financial instruments and services to expand revenue opportunities
- Strengthen the capabilities to provide consulting services

Key action items

- Drive the shared use and centralization of new middle- and back-office operations such as human resources, general affairs, securities settlement, and inheritance
- Expand opportunities for sharing expertise and other resources among shinkin banks
- Effective support for business operations utilizing industry data

Key action items

- Expand the opportunities for practical training for officers and employees of shinkin banks
- Enhance the functions of Sels to support the autonomous career development of employees of shinkin banks
- Development of human assets with expertise in DX to drive business reform at shinkin banks



Medium-Term Management Plan “SCB Strategy 2025”

Strategy 2



Enhancing the sustainability of regional communities

Senior Managing Director **Takehiko Murotani**



MESSAGE

Toward the Construction of Resilient and Sustainable Communities

To pioneer the future of regional economies and societies, we will continue to take on new challenges.

The environment surrounding regional economies and societies is undergoing significant changes, including the declining population, an aging society, the advancement of digitalization and the intensification of natural disasters.

In such times, the SCB will work together with shinkin banks to solve issues of regional communities with all our strength, striving to achieve a sustainable and robust regional economy and society.

To enhance sustainability in each community, it is essential for all stakeholders including local governments, businesses and individuals to work together to address issues of regional communities. Shinkin banks are building networks as hubs that enable various stakeholders to participate and actively engage in the resolution of these issues.

Under these circumstances, the SCB is undertaking various initiatives to support shinkin banks in their efforts.

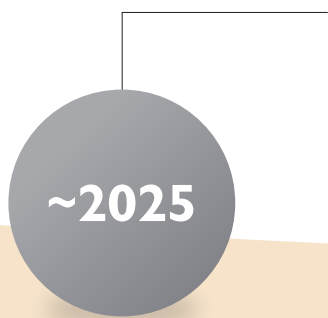
For example, in addition to providing services that contribute to solving the challenges faced by SMEs, such as expanding sales channels, improving productivity, securing human resources and succession planning, we also offer financial instruments and services for individuals utilizing industry-specific digital tools.

Additionally, we are promoting the “Shinkin Green Project,” an initiative aimed at promoting decarbonization in regional communities. Last year, we established the “Noto Peninsula Recovery Support Fixed Deposit” and solicited deposits through shinkin banks nationwide, resulting in donations exceeding ¥600 million to the six municipalities in Ishikawa Prefecture devastated by the Noto Peninsula earthquake.

The SCB will continue to work alongside shinkin banks as “one banking group” to address key social issues such as strengthening the earning power of SMEs and enhancing asset formation and succession by individuals, and strive to build resilient and sustainable regional economies and societies.

[Recognition of environment and issues]

- Declining population and an aging society
- Widening disparities between regions
- Expanding needs for asset formation of individuals
- Increasing frequency and intensity of natural disasters
- Deterioration of operations at SMEs (labor shortages, rising raw material costs, delay in digitalization, etc.)



◆ Related non-financial targets (representative KPIs)

Number of users of financial instruments and services related to asset formation and succession by individuals

800,000 users

[as of the end of fiscal 2027]

Number of support cases for expanding sales channels for SMEs

11,000 cases

[cumulative total during the Medium-Term Management Plan period]

Greenhouse gas emissions (Scope 1, 2)

Achieving Net Zero Greenhouse Gas (GHG) Emissions (Scope 1 and 2) / Carbon Neutrality

[by the end of fiscal 2030]

[To-be]

2030~

**2025~
2027**

A future in which shinkin banks, serving as hubs for solving issues along with local stakeholders, help to build up resilient and sustainable communities, where the preservation of industries, culture and traditions unique to the region is realized while creating new value and appeal.

Approach

- To build resilient and sustainable communities, it is essential to leverage the domestic and international networks of the shinkin industry to solve diverse and complex issues faced by SMEs, individuals and communities in a steady and effective manner.
- The SCB will strengthen its support for shinkin banks to promote the utilization of financial instruments and services, and through collaboration with external specialized institutions, provide high-quality financial instruments and services that deserve appropriate consideration, thereby solving issues in the regional communities and achieving positive social impacts.

Key initiatives



Strengthen support for problem-solving by individuals



Strengthen support for solving issues faced by SMEs



Strengthen support for solving issues in the regional communities

Key action items

- Strengthen support for effective and efficient business operations utilizing Shinkin DB, Custody Asset Navigator, and other tools

Key action items

- Enhance financial instruments and services to solve issues of labor shortages and promote DX
- Expand the network of overseas offices tailored to the needs of shinkin banks
- Strengthen support for starting up a new business and growth

Key action items

- Strengthen efforts to build communities resilient to natural disasters and the declining population
- Promote energy conservation and decarbonization in regional communities and SMEs

Common directions and policies for major initiatives

Strengthen the framework for evaluating, verifying the effectiveness of, and reviewing financial instruments and services to enhance effectiveness



Medium-Term Management Plan “SCB Strategy 2025”

Strategy 3



Growth of the SCB



Governance Reform Tailored to the Unique Characteristics of a Cooperative Financial Institution

Managing Director **Yoshinori Jinno**



MESSAGE

Toward Further Growth of the SCB

To shape the future of regional economies and societies alongside shinkin banks, the SCB is committed to achieving further growth. The key themes are “strengthening human assets strategies” and “solidifying and expanding revenue and financial base.”

First, regarding human assets strategy, we will actively invest in human resources and put in place the structure that enables diverse human assets to thrive.

We will promote the autonomous growth and well-being of our officers and employees, work to enhance engagement, and aim to maximize the performance of both human assets and the organization.

Furthermore, to develop human assets aligned with our management strategy, we will strengthen the development of consulting business, revenue, and systems and digital, which are the pillars of the SCB.

Next, regarding revenue and financial base, we will build a stable revenue and financial base that is less susceptible to market fluctuations, while also focusing on credit and alternative investments to strengthen our market operations.

We have raised our cumulative target of ¥3 trillion for ESG investment and financing by fiscal 2030 originally set in fiscal 2021 in order to contribute to addressing environmental and social issues, to cumulative execution of sustainable finance target of ¥5 trillion, based on the group materiality identified in the new Medium-Term Management Plan.

In addition, regarding loans to business corporations, we have so far strengthened our capabilities to provide loans, resulting in over 30% increase in the outstanding loan and bills discounted balance for business corporations from ¥3.7 trillion to ¥5 trillion over the three-year period of the previous Medium-Term Management Plan. We will further step up our efforts in this area.

Regarding project finance, which is expected to generate fee income in addition to interest income, we established a Project Finance Division in April 2025 to strengthen our capabilities.

Through these initiatives, the SCB will strive to contribute to the development of regional economies and societies alongside shinkin banks as it continues to grow.

[Recognition of environment and issues]

- Shift in domestic and international monetary policy
- Increasing geopolitical risks
- Diversification and sophistication of shinkin banks' needs
- Developing and retaining specialized and diverse human assets at the SCB
- Expansion of the business scope of the SCB



◆ Related non-financial targets (representative KPIs)

Engagement evaluation index

Improvement from fiscal 2025

[fiscal 2027]

Cumulative amount of sustainable finance executed

¥5 trillion

[fiscal 2021–fiscal 2030]

2030~

2025~
2027

[To-be]

A future in which diverse human assets, driven by pride and a sense of mission, do their best to achieve a robust revenue and financial base as well as stable business and system operations, enabling the SCB to earn high trust and recognition from both within and outside the industry, and sustainably grow.

Approach

- In order to fulfill the role and functions of a central financial institution sustainably and stably for shinkin banks, the SCB must continue to grow more than ever before.
- The SCB will use governance reforms tailored to the characteristics of a cooperative financial institution as a growth driver, and will work to strengthen its human assets strategy, enhance and expand revenue and financial base, and establish a highly productive operational structure to accelerate the growth of the SCB.

Key initiatives



Strengthen and expand revenue and financial base



Enhance human assets strategy



Establish a highly productive operational structure

Key action items

- Build an investment portfolio that takes into account an agile ALM operation and resilience against interest rate risks
- Expansion of sustainable finance

Key action items

- Clarification of core skills, expansion of opportunities for skill development and establishment of systems to enable diverse human assets to be successful
- Strengthen the development of specialized human assets in core areas of business that are the pillars of SCB

Key action items

- Further utilization of generative AI
- Increase business efficiency through process improvement and streamlining, and revise system strategies from a mid- to long-term perspective



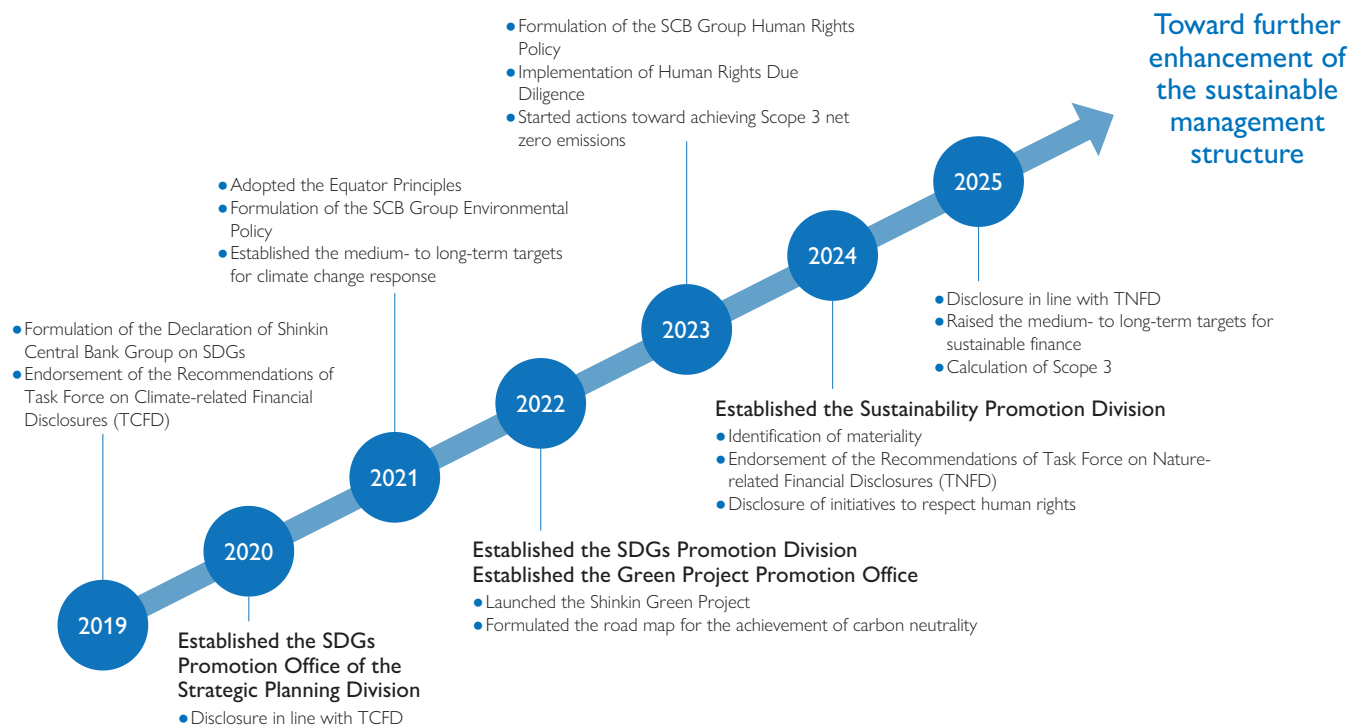
Governance reform tailored to the unique characteristics of a cooperative financial institution

Business portfolio Management centering on human capital RAF Group governance

Toward the Realization of Sustainable Management

The SCB supports various initiatives toward the realization of sustainable management of the group as a whole and addresses environmental and social issues.

Status of Initiatives Toward Enhancing the Sustainable Management Structure*



*Represents the initiatives taken during each fiscal year

Support for initiatives

The SCB participates and supports various initiatives to fulfill its social responsibility as a financial institution, respond to the demands of the international community, and contribute to the realization of a sustainable society.

Task Force on Climate-related Financial Disclosures (TCFD)



For details, please refer to page 28

TCFD Consortium



Task Force on Nature-related Financial Disclosures (TNFD)



For details, please refer to page 28.

TNFD Forum



TNFD Adopter



Impact Consortium



Equator Principles



Japan Climate Initiative (JCI)



Principles for Responsible Investment (PRI)*



*Signed under the name of Shinkin Asset Management Co., Ltd., a group company

MESSAGE

The SCB Group adopts the “Declaration of Shinkin Central Bank Group on SDGs” and implements initiatives together with shinkin banks throughout Japan toward the realization of a sustainable society based on the principle of a cooperative institution focusing on three essential themes, namely the “community,” the “people” and the “environment.”

In fiscal 2024, the SCB Group identified its key social issues (materiality).

We will work together as a group to enhance corporate value through our business activities and strive to achieve positive social impacts.

We at the SCB, in addition to implementing a framework in line with the TCFD recommendations, have endorsed the TNFD recommendations and are taking steps to establish a structure as part of our commitment to supporting natural capital.

Additionally, we are promoting the “Shinkin Green Project” in collaboration with shinkin banks to advance regional decarbonization efforts, and in April 2025, we established the “Shinkin Decarbonization Support Fund.” The Division will play a central role in promoting sustainable management as a group and, through the Shinkin Green Project, accelerate the shinkin bank industry’s efforts to promote sustainability in regional communities.



General Manager of Sustainability Promotion Division

Kotomi Otsuka

Strengthening Sustainable Management as a Group

The SCB has been pursuing medium- to long-term ESG investment and financing targets (cumulative amount from fiscal 2021 to fiscal 2030: ¥3 trillion) and has made steady progress, with cumulative result reaching ¥2 trillion as of the end of fiscal 2024.

In light of this situation, starting in fiscal 2025, the SCB has expanded the scope of its medium- to long-term targets to include various financing services provided by the SCB Group in addition to ESG investment and financing, and has raised the target amount for sustainable finance to a cumulative total of ¥5 trillion.

The SCB Group is committed to ramping up its efforts to provide financing that is aimed at addressing environmental and social challenges, including climate change.

The medium- to long-term targets for sustainable finance:
cumulative total of **¥5 trillion**

(Total amount from fiscal 2021 to fiscal 2030)

ESG-related financing that has been included

Investment and financing

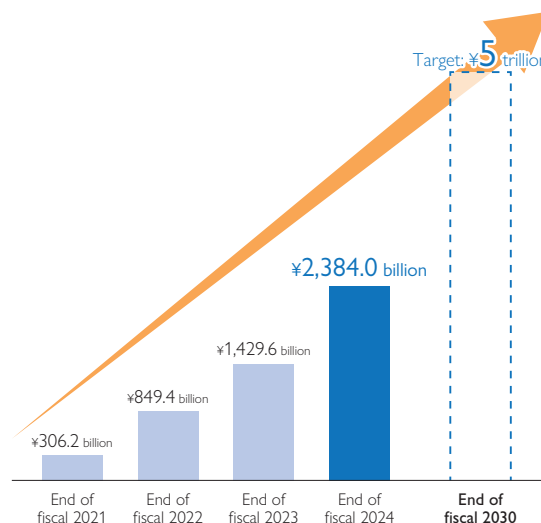
ESG-related financing that is newly included

Origination of project finance and syndicated loans

Underwriting bonds

Formation of funds

Fundraising



Strengthening the Public Relations Capabilities of the Shinkin Bank Industry for the Promotion of Sustainability

The SCB is actively communicating its initiatives to promote sustainability across the entire shinkin bank industry.

Specifically, we engage in public relations by hosting symposia and participating in panel discussions to publicize the efforts of shinkin banks in supporting the decarbonization initiatives of regional communities and SMEs.

We also take steps to publicize the shinkin bank industry by producing and publishing web videos highlighting shinkin banks’ initiatives to promote sustainability in their communities.



Addressing Climate Change and Nature-related Issues (TCFD, TNFD)

◆ Introduction (our approach to environmental issues including climate change and natural capital)

The SCB has formulated the “Declaration of Shinkin Central Bank Group on SDGs” and, as the central financial institution of all shinkin banks, is working towards the realization of a sustainable society together with shinkin banks across country, focusing on the three important pillars of “community,” “people” and “environment,” in accordance with the mutual aid and non-profit principles of a cooperative organization. The SCB has formulated the “SCB Group Environmental Policy” to address environmental issues including climate change and natural capital and is actively working to resolve these issues through its operations and other activities. In addition, the SCB endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and Task Force on Nature-related Financial Disclosures (TNFD). Information is disclosed in line with TCFD and TNFD recommendations as follows.

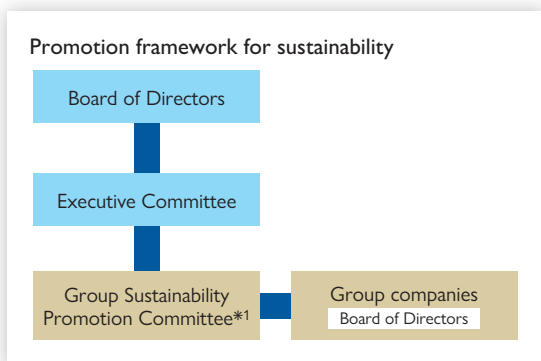
◆ Governance

◆ Policies regarding sustainability, including climate change and natural capital, are discussed at the Executive Committee and then resolved at the Board of Directors.

The progress of initiatives based on the policies of the Board of Directors is discussed at the Executive Committee and reported to the Board of Directors at least once a year.

We regularly submit climate change risks for discussion at committees such as the Risk Management Committee, a subordinate body of the Executive Committee, and other committees.

In addition, from the standpoint of integrated management as one banking group, we hold the “Group Sustainability Promotion Committee” meetings twice a year, a committee comprised of President and CEO as well as the Director in charge of Sustainability Promotion Division of the SCB and group company presidents to discuss such matters as the SCB Group’s policies and initiatives regarding sustainability.



*1 Chairperson: President and CEO of the SCB
 Members: President and CEO of the SCB, Director in charge of Sustainability Promotion Division, and group company presidents

Executive office: Sustainability Promotion Division

*2 Topics that are regularly submitted for discussion are listed only once when it is submitted for the first time.

*3 Topics for the Executive Committee that are submitted to the Board of Directors after deliberation at the Executive Committee are omitted.

◆ Initiatives for sustainability, including climate change and natural capital, are being taken cross-organizationally, with the Sustainability Promotion Division playing a central role.

◆ We invited experts in natural capital to lead a study session for directors and other officers on initiatives related to natural capital and biodiversity in local community financing services.

Meeting structure	Month & Year	Past main contents for discussion
Board of Directors	Jul. 2019	Endorsement of the Recommendations of Task Force on Climate-related Financial Disclosures (TCFD)
	Sep. 2019	Formulation of the Declaration of Shinkin Central Bank Group on SDGs
	Sep. 2020	SDGs initiatives in the SCB Group*2
	Apr. 2021	Adoption of the Equator Principles
	Jul. 2021	Strengthening response to climate change
	Sep. 2021	Formulation of the SCB Group Environmental Policy
	Sep. 2023	Formulation of the SCB Group Human Rights Policy
	Oct. 2023	Status of initiatives for the Shinkin Green Project
	Sep. 2024	Progress of sustainability initiatives of the SCB Group
	Jan. 2025	Formulation of Medium-Term Management Plan (including identification of materiality for the SCB Group)
Executive Committee*3	Mar. 2020	Formulation of the Guideline for Responsible Investments and Loans by Type of Business
	Feb. 2023	Formulation of the road map toward achieving net-zero greenhouse gas emissions
	Nov. 2023	Starting measures to achieve net-zero Scope 3 in response to climate change
	Feb. 2024	Implementation of Human Rights Due Diligence
	Sep. 2024	The goals of the Shinkin Green Project set for 2030
	Oct. 2024	Initiation of measures in line with the TNFD recommendations
	Nov. 2024	Progress toward achieving Scope 3 net zero
	Jan. 2025	Establishment of sustainable finance standards and medium- to long-term target amounts
Risk Management Committee	Oct. 2021	Management of climate change risks in the Integrated Risk Management
	Nov. 2022	Assessment of flows and importance of scenario analysis concerning climate change risks
	Mar. 2023	Implementation of scenario analysis concerning climate change risks*2
Group Sustainability Promotion Committee	Jul. 2021	Preparation for the formulation of the SCB Group Environmental Policy
	Jul. 2022	Sharing of each company's efforts toward decarbonization of the region and the possibility of collaboration Challenges for the SCB Group to achieve virtually zero greenhouse gas emissions
	Jan. 2023	Strengthening the SCB Group's response to climate change
	Jul. 2023	Preparation for the formulation of the SCB Group Human Rights Policy
	Jan. 2024	Actions for sustainability-related issues to be addressed as priority
	Jul. 2024	Preparation for the identification of materiality for the SCB Group
	Jan. 2025	Measures to achieve positive impact

Initiatives for nature-related stakeholders

◆ We have formulated the “SCB Group Human Rights Policy,” conducted human rights due diligence and identified “impacts on original inhabitants, regional community residents and the environment” as one of the human rights issues. (For details, please refer to page 34)

◆ Addressing natural capital is an important issue for shinkin banks that are rooted in their communities and grow alongside them. As the central financial institution for shinkin banks, we are working with shinkin banks to solve issues in the regional communities.

◆ Strategy

<Opportunities Associated With Climate Change>

The SCB Group has specified “development of local industries and Japan’s growth” and “collaborating with regional communities on environmental issues” as key social issues (materiality). Through its business activities, the group aims to enhance corporate value while achieving social impact by contributing to a sustainable society through finance and promoting the decarbonization of regional communities and SMEs.

Specifically, these activities include the promotion of sustainable finance and the “Shinkin Green Project.”

◇ Viewing the expansion of renewable energy and advancements in technology as investment opportunities, we are committed to promoting sustainable finance that contributes to the solution of environmental and social issues, including climate change, with a medium- to long-term goal of a cumulative total of ¥5 trillion by 2030 (covering the period from fiscal 2021 to fiscal 2030).

◇ We recognize that encouraging decarbonization initiatives in regions and SMEs will not only lead to new businesses and growth opportunities for SMEs, but is also important from the perspective of revitalizing regional economies.

Together with shinkin banks nationwide, the Green Project Promotion Office in the Sustainability Promotion Division, is taking the lead in promoting initiatives such as regional decarbonization in cooperation with government agencies and external organizations.

<Risks Associated With Climate Changes>

We recognize that potential climate change risks associated with the transition to a low-carbon society, such as stronger climate-related regulations and technological innovations (transitional risk), and risks associated with physical damage caused by natural disasters and increased abnormal weather due to climate change (physical risk).

As these risks are expected to have a direct impact on our business activities and an indirect impact through the effects on our investment and lending destinations, we are establishing a business continuity system and addressing the impact on the SCB’s finances.

◇ In providing financial functions required to maintain the economic activities of shinkin banks and other stakeholders, we, as the central bank for shinkin banks, have formulated our business continuity plan (BCP) assuming the risks in which natural disasters would have a material impact on performing our business and put a structure in place that enables us to continue essential businesses when these become apparent.

◇ In order to quantitatively evaluate the impact on the SCB’s finances of impact of climate change on investment and lending recipients, we conducted the following scenario analysis.

Scenario Analysis for Climate Change

Based on the “Practical Guide for Scenario Analysis of Climate Change Risks and Opportunities in Accordance with TCFD Recommendations (for the Banking Sector) ver.2.0” released by the Ministry of the Environment, we analyzed two scenarios: “1.5°C” and “4°C.”

Additionally, the exposures covered by the analysis were limited to loans, in line with the TCFD recommendations.

(i) Organization of worldview per scenario

The worldviews of the 1.5°C and 4°C scenarios are as follows. In understanding the risks of each scenario, short-term, medium-term, and long-term timescales are set as the time spans to be addressed.

[Worldview of the 1.5°C scenario]

Towards achieving net zero by 2050, strict measures have been taken in “policy-based legal regulations,” and awareness is changing throughout society

(Expected situations)

Risks	Category	Possible Situations	Timeline
Transitional risk	Policy/regulatory	Introduction of a carbon tax, shift to low carbon emission energies, etc.	Short- to long-term
	Technology	Capital investments in low carbon technologies, and conversion of existing assets into stranded assets, etc.	
	Market	Changes in supply/demand for handled products, rise in raw material prices, etc.	
Physical risk	Reputation	Due to changes in customer and society’s awareness of carbon neutrality, companies may be deemed to have insufficient responses to climate change and information disclosure.	Short-term
	Acute	Increase in damages due to natural disasters (cyclones, floods, etc.)	Short- to long-term
	Chronic	Gradual emergence of damage caused by prolonged abnormal weather (sea level rise, drought, etc.)	Medium- to long-term

Addressing Climate Change and Nature-related Issues (TCFD, TNFD)

(Expected impacts)

The risks associated with the transition to a low-carbon society (transitional risk), such as tighter climate-related regulations and technological innovation, will increase and affect the businesses and financial conditions of investment and loan customers, which can be expected to affect a portfolio indirectly.
At the same time, physical risks are assumed to be lower than those in the 4°C scenario.

[Worldview of the 4°C scenario]

No major changes in the mindset of the entire society as actions under “laws and regulations based on policy” toward net zero by 2050 are insufficient, and disasters become more severe

(Expected situations)

Risks	Category	Expected Situations	Timeline
Transitional risk		Actions toward net zero in each category and change in mindset are assumed to be insufficient compared to those in the 1.5°C scenario	~*1
Physical risk	Acute	Natural disasters (cyclones, floods, etc.) become more severe and damages increase significantly compared to the 1.5°C scenario	Medium- to long-term
	Chronic	Damages due to extended abnormal weather (sea level rise, drought, etc.) become more severe compared to the 1.5°C scenario	Long-term

*1 This is indicated as “-” because it assumes a situation in which climate change responses are not adequately implemented.

(Expected impacts)

The risk of physical damage caused by natural disasters and abnormal weather due to climate change (physical risk) is expected to increase, and this risk could have an indirect impact on the business and finances of the borrowers to which we invest.
At the same time, transitional risks are assumed to be lower than in the 1.5°C scenario.

(ii) Selection of important sectors

Given the degree of climate change impacts and the scale of exposure of loans and bills discounted, we selected the electricity, real estate, automobile/automotive parts and oil/gas/consumable fuel sectors as important sectors for scenario analysis.

(iii) Organization of transmission channels for impacts on financial conditions of important sectors

We identified the transmission channels in which climate change impacts companies' financial conditions in the important sectors in “the 1.5°C scenario” and “the 4°C scenario.”

In this process, we recognized important elements as listed in the table below.

[Key factors affecting each sector]

		Electricity sector	Real estate sector	Automobile/automotive parts sector	Oil/gas/consumable fuels sector
Transitional risk	Policies/laws and regulations	Introduction of carbon tax	Introduction of carbon tax	Introduction of carbon tax	Introduction of carbon tax
	Technology	Investments in R&D of low carbon technologies	Investments in developing decarbonization-ready properties and others	Investments in R&D of low carbon technologies	Investments in R&D of low carbon technologies
	Market	Changes in energy mix	Shift of demand to environment-conscious properties	Popularization of electric vehicles	Changes in energy mix
	Reputation	Changes in carbon neutral awareness of customers and communities	Lower evaluations of non-environment-conscious properties	Lower evaluations of cars with engines	Changes in carbon neutral awareness of customers and communities
Physical risk	Acute	Damage to power generation stations and others due to flood damage	Damage to owned properties due to flood damage	Damage to manufacturing sites due to flood damage	Damage to oil refinery plants and others due to flood damage
	Chronic	Suspension of electricity supply grids due to damaged facilities	Lower labor productivity of workers due to global warming	Suspension of production at manufacturing sites due to damage	Suspension of oil refinery activities due to damaged facilities

(iv) Quantitative assessment of transitional and physical risks in important sectors

In line with the transmission channels, we estimated each company's financial statements by 2050. We calculated the increase in credit-related costs appropriate to the corporate credit strength changes derived from the resulting estimation.

[Transitional risk (1.5°C scenario)]

Base scenario	IEA-net zero emissions scenario
Analysis target	Exposure of loans and bills discounted for electricity, real estate, automobile/automotive parts sectors and oil/gas/consumable fuel sectors
Analysis period	By 2050
Analysis method	Estimate the impact on financial statements of companies in the target sectors of the transition to a decarbonized society and estimate the increase in credit-related costs
Analysis result	Around ¥3.0 billion (cumulative)

[Physical risk (4°C scenario)]

Base scenario	IPCC-R8.5
Analysis target	Exposure of loans and bills discounted for electricity, real estate, automobile/automotive parts sectors and oil/gas/consumable fuel sectors
Analysis period	By 2050
Analysis method	Hazard maps were created for business assets owned by companies in the target sector, the impact of flood damage on financial statements was estimated, and the increase in credit-related costs was estimated
Analysis result	Insignificant amount

(v) Scenario analysis results

For key sectors, the transitional risks amount to a cumulative total of around ¥3.0 billion by 2050, while the physical risks are estimated to be an insignificant amount, meaning that the financial impact of either is likely to be limited.

◇ As of March 31, 2025, carbon-related assets accounted for 29.3% of total loans*2.

Based on TCFD recommendations, loans to the energy, transportation, materials and construction, and agriculture, food, and forest products groups are defined as carbon-related assets.

*2 Total direct lending to members (shinkin banks) and non-members (¥9,111.1 billion)

<Dependence and Impact on Natural Capital>

(1) The relationship between shinkin banks and natural capital

◇ The SCB depends on, and has an impact on, natural capital through its business activities.

Therefore, we believe it is necessary to analyze our relationship with natural capital and appropriately identify risks and opportunities.

(2) Analysis of our relationship with natural capital

(i) Dependence and impact on natural capital at our places of business

◇ We examined the points of contact between the places of business of the SCB and sensitive locations in natural capital from the five perspectives recommended in the TNFD recommendations.

The examination revealed some overlaps with sensitive locations. However, these were all relatively low-priority natural conservation areas, and the impact of the SCB's business activities on sensitive locations is small.

Therefore, it has been concluded that there are no important area for the SCB.

(ii) Scope of analysis

◇ To identify risks and opportunities related to natural capital, we conducted an analysis in accordance with the LEAP approach recommended by the TNFD recommendations.

We selected loans and bills discounted as exposure to be analyzed.

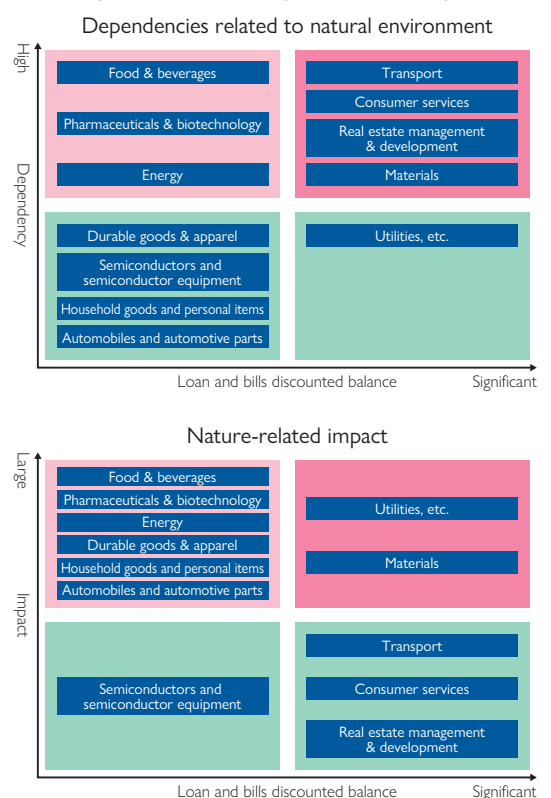
(iii) Dependence and impact of the loan portfolio

◇ Using "ENCORE," we assessed the dependence and impact on natural capital across the entire loan portfolio for potentially important sectors (the 12 sectors outlined in Annex 1 of the Sector Guidance - Additional Guidance for Financial Institutions published by TNFD).

◇ Specifically, we categorized sectors based on loan balances and the dependence and impact on natural capital, and identified sectors that should be addressed with greater priority.

◇ As a result, 5 sectors—materials, real estate management and development, transportation, consumer services, and utilities—were identified as having large loan balances and significant dependence or impact.

[Dependence on and impact of natural capital]





Addressing Climate Change and Nature-related Issues (TCFD, TNFD)

We have identified the dependencies and impacts on natural capital in the value chains taking our borrowers into consideration, for the five priority sectors with high dependence and significant impact on natural capital and with large loan balances.

Going forward, we will conduct detailed analyses, including the identification of risks and opportunities and proceed with the discussion on measurement, management and mitigation of risks that are important to the business activities of the SCB.

◆ Risk Management

◇ We manage climate change risks in the integrated risk management framework. Specifically, we recognize that these risks are causes of generating or amplifying risks in risk categories (such as market and credit risks).

We add climate change events to a risk map that classifies and organizes risks based on two criteria: “impact on the SCB” and “probability of occurrence,” and visualize and share them.

The risk map is reviewed, and revisions are approved as needed in the regular Risk Management Committee, which comprises executive officers and heads of relevant departments.

We respond to risk events according to their impact and likelihood.

◇ We have distinguished those sectors whose financial conditions are susceptible to climate change and formulated the “Guideline for Responsible Investments and Loans by Type of Business.”

By making investments and loans in accordance with this Guideline, which is continually being revised, we are contributing to the realization of a sustainable society as well as managing the financial impact on the SCB.

[Outline of the Guideline for Responsible Investments and Loans by Type of Business]

		Name of business
Businesses in which investment and financing are prohibited	Across all businesses	<ul style="list-style-type: none"> ● Businesses that have negative impact on wetlands designated under the Ramsar Convention ● Businesses that have negative impact on World Heritage Sites designated by UNESCO
	Specific business	<ul style="list-style-type: none"> ● Cluster munition manufacturing businesses ● Coal-fired power generation projects where the funds are used for the construction of new coal-fired power plants ● Coal mining projects in which funds are used for the development of new coal mines for general coal mining and the expansion of existing coal mines, as well as coal mining using the Mountain Top Removal (MTR)
Businesses that require careful investment and financing	Specific business	<ul style="list-style-type: none"> ● Oil and gas development businesses ● Large-scale hydroelectric power plant businesses ● Palm oil farm development businesses and deforestation businesses

◇ The SCB adopted the Equator Principles in April 2021.

Based on these principles, we have established an internal management system and evaluate environmental and social impacts of projects in the decision-making process on project finance, etc., and continuously monitor those developments even after the project begins operation.

◇ In the framework of credit screening, the impact of ESG factors on the creditworthiness of the customer is qualitatively evaluated, and credit decisions are also made based on the evaluation results.

In addition, when investing in funds, we evaluate the ESG investment stance of the entrusted asset management company and make investment decisions based on the evaluation results.

◇ For the natural capital risks, we will continue to investigate them.

◆ Metrics and Targets

◇ We have set a target of ¥5 trillion for the cumulative amount of sustainable finance from fiscal 2021 to fiscal 2030.

The scope of sustainable finance includes the finance (investment, loan, origination of project finance and syndicated loans, bond underwriting, fund formation, and fundraising) that contribute to tackling environmental and social issues, based on international principles and government guidelines.

[Amount of sustainable finance executed*1]

Target	Cumulative total of ¥5 trillion from fiscal 2021 to fiscal 2030
Result	Cumulative total of ¥2,384.0 billion from fiscal 2021 to fiscal 2024

*1 Figures for the SCB Group are stated. This includes investments and loans totaling ¥323.6 billion provided by the SCB alone to the environmental sector.

◇ To contribute to “carbon neutrality by 2050,” as outlined in the Paris Agreement and by the Japanese Government, the SCB Group has set a target to reduce greenhouse gas emissions (Scope 1 and Scope 2)*2 to virtually zero by fiscal 2030.

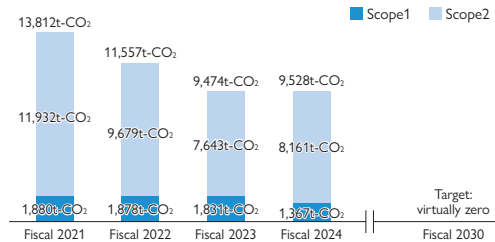
Based on the road map target, the SCB, which accounts for the majority of emissions, has divided its initiatives toward carbon neutrality into two phases: Phase 1, which is up to fiscal 2025, and Phase 2, which begins from fiscal 2026. We set staged targets for each phase and is implementing various measures around the three pillars of “decarbonization,” “energy-saving,” and “energy creation.”

In Phase 1, the goal is to reduce greenhouse gas emissions to 2,000 t-CO₂ or less by fiscal 2025. To achieve this, in addition to continuous introduction of renewable energy-sourced electricity (green power), we have engaged in such activities as conducting pilot tests for carbon-offset city gas, engaging external agencies to perform energy efficiency diagnostics for data centers, and conducting design work for construction of ZEB (Net

Zero Energy Building) stores aimed at reducing energy consumption within buildings.

Looking ahead to the further expansion of our initiatives beyond fiscal 2025, we plan to implement concrete measures toward achieving carbon neutrality, including the full adoption of green electricity at our own facilities and the enhancement of air conditioning systems for higher energy efficiency.

[Shift in greenhouse gas emissions*3]



- *2 Scope 1: Direct emissions generated by the business operator itself (combustion of fuel, etc.)
- Scope 2: Indirect emissions generated through use of electricity, etc. supplied by another party
- *3 Figures for fiscal 2021–fiscal 2023 represent the emissions from the SCB alone.
Figure for fiscal 2024 represents the emissions from the SCB and its group companies in Japan.

[Road map toward reduction of greenhouse gas emissions to virtually zero (as of March 31, 2025)]

		Phase 1: Reduction to less than 2,000 t-CO ₂					Phase 2: Achievement of carbon neutrality				
		Before 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028	Fiscal 2029	Fiscal 2030
I. Decarbonization measures	Electricity		• Trial introduction of green electricity	• Introduction at all owned offices, including tenants				• Reassessment of green electricity contracts (utilities/types)			
	Gas			• Introduction of carbon neutral gas				• Consideration (implementation) of introduction of new technologies			
	Automobile		• Introduction of HVs for official use	• Introduction of HVs for sales activities	• Trial introduction of EVs			• Consideration (implementation) of full-scale introduction of EVs			
	Others				• Consideration of emissions trading			• Trial introduction of emissions trading	• Introduction of emissions trading	• Consideration (implementation) of participation in planting projects	
II. Energy-saving measures	Electricity saving		• Electricity saving measures								
	Lighting		• Introduction of LED (Head office/Kyobashi/computing centers/each sales branch)					• Consideration (implementation) of environment-conscious large-scale renovation			
	Air conditioning			• Introduction of high-efficient air conditioning systems	• Construction of zero-emission branches			• Consideration (implementation) of existing branch renovation for ZEB			
III. Energy creation measures				• Consideration (implementation) of introduction of PPA							

◇ We have set targets for reducing the balance of investments and loans used to finance the construction of coal-fired power plants by 50% by fiscal 2030 from the end of fiscal 2020 and to zero by fiscal 2040.

[Balance of investments and loans used to finance the construction of coal-fired power plants*4]

Target	Reduce by 50% by fiscal 2030 from the end of fiscal 2020*5 and to zero by fiscal 2040
Result	Balance at the end of fiscal 2024: ¥4.6 billion

*4 Represents the balance for the SCB alone.

*5 Balance at the end of fiscal 2020: ¥5.9 billion

Respect for Human Rights

◆ Basic Approach to Respecting Human Rights

For human rights issues, we have formulated the “SCB Group Human Rights Policy” and commit to meeting the responsibility of a business enterprise to respect human rights. We conduct our business operations bearing in mind the impacts of our business activities on human rights. In addition, we also expect our customers and suppliers to respect human rights in accordance with this Policy.

◆ Organizational Structure to Promote Respect for Human Rights

Policies regarding sustainability, including respect for human rights, are discussed at the Executive Committee and then resolved at the Board of Directors. The progress of initiatives based on the policies of the Board of Directors is discussed at the Executive Committee and reported to the Board of Directors at least once a year.

In addition, from the standpoint of integrated management as one banking group, we hold the “Group Sustainability Promotion Committee” meetings twice a year, a committee comprised of President and CEO as well as the Director in charge of Sustainability Promotion Division of the SCB and group company presidents to discuss such matters as the SCB Group’s policies and initiatives regarding sustainability including respect for human rights. Initiatives for sustainability, including respect for human rights, are being taken cross-organizationally, with the Sustainability Promotion Division playing a central role.

◆ Dissemination and Raising Awareness of Human Rights Policy

We conducted training on human rights initiatives for our employees to ensure compliance with and steady promotion of this Policy.

In addition, to improve and enhance efforts by external stakeholders for human rights and to promote and raise their awareness of human rights issues, we conducted training for shinkin banks on sustainable management, including respect for human rights.

Going forward, through dialogue with stakeholders, we will continue to seek understanding on the SCB Group’s approach to human rights.

■ A training session on sustainable management for shinkin banks



◆ Human Rights Due Diligence

The SCB engages in human rights due diligence by adhering to the United Nations Guiding Principles on Business and Human Rights to prevent and mitigate adverse human rights impacts.

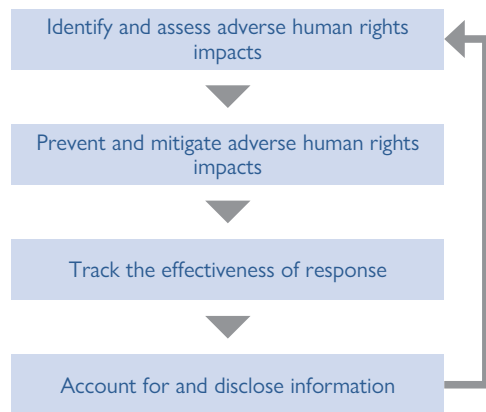
In view of the SCB’s business environment, we identified the human rights issues and assessed them based on the severity of impact and likelihood of occurrence, then created a map of these human rights issues to identify issues to be addressed first (February 2024).

Based on the results, we are deliberating with relevant divisions on future policies to address these human rights issues.

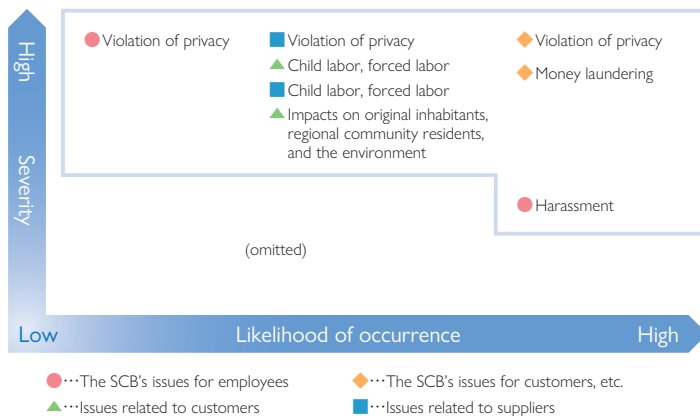
The human rights issue map will be revised on a periodic basis in view of changes to the business environment, etc.

Each company in the SCB Group is also working to identify and assess adverse human rights impacts and to collect information about the status of measures to prevent and mitigate such impacts as part of its human rights due diligence.

■ Human rights due diligence process



■ Map of human rights issues



The SCB is working on the following initiatives to prevent and mitigate adverse human rights impacts. It also conducts evaluation of effectiveness of the initiatives.

◆ The SCB's Initiatives for Employees

To prevent harassment, we have raised awareness through training and other means, as well as conducting regular interviews between employees in each division and Personnel Division staff to understand the workplace environment and resolve issues.

For health of employees, we introduced a system to control long working hours by establishing "no-overtime days" and prohibiting work after 9 p.m. In addition, we have various measures to promote the use of paid leave, and in fiscal 2024, we established a new "premium leave" (a system for taking paid leave for three consecutive business days).

In addition, to prevent health problems caused by overwork, we take measures to provide medical examinations, etc. to employees who work long hours.

◆ The SCB's Initiatives for Customers, Etc.

To prevent violation of privacy, we published "Declaration of Personal Information Protection" on the handling of personal information and established specific management methods in our personal information management rules and bylaws, thereby establishing a system required of businesses handling personal information and process related to individual numbers.

We provide training for officers and employees on how to handle personal information properly.

We recognize that the products and services we provide could be used for money laundering and other activities that could lead to adverse human rights impacts, and we are committed to preventing money laundering, financing of terrorism, and counter proliferation financing.

◆ Initiatives Related to Customers

In the framework of credit screening, the impact of ESG factors on the creditworthiness of customer is qualitatively evaluated, and credit decisions are also made on the evaluation results.

Based on the Equator Principles, we assess the environmental and social impacts of projects in the decision-making process on project finance, etc., and continuously monitor the status of environmental and social considerations even after the project has been put into operation.

As improvements are made to the operation of the national technical intern training system and specified skilled worker system, the SCB collaborates with organizations sending workers from abroad to conduct seminars so that shinkin banks' customers can use foreign human resources in a way that respects human rights.

◆ Initiatives Related to Suppliers

In selecting outside contractors, we evaluate their commitment to the SDGs including human rights.

In addition, when investing in funds, we evaluate the ESG investment stance of the entrusted asset management company and make investment decisions based on the evaluation results.

When outsourcing the handling of personal data, etc. to outside vendors, etc., we check their personal data management system, etc. to prevent any violation of privacy, and provide appropriate supervision on the security management of the entrusted personal data, etc.

◆ Grievance Mechanism

The SCB Group is committed to establishing a system to respond appropriately to comments and complaints on human rights.

[Internal reporting & consultation systems]

We have a "compliance hotline system" to enable officers and employees who detect compliance violations to report directly to the compliance supervisory division or a corporate lawyer.

Moreover, we are making employees aware of the system through various training programs, etc. and working to detect compliance violations at an early stage by encouraging the active use of the system.

In addition to having a person in charge of receiving complaints and consultation regarding harassment, we also provide employees the opportunity to consult with a full-time outside counselor.

[Contact for consultation and requests]

We actively collect customer requests on products and services received at sales branches and at our headquarters, and respond to them promptly and courteously, while striving to utilize the collected requests and other information in our business operations.

Overseas Networks

Overseas offices

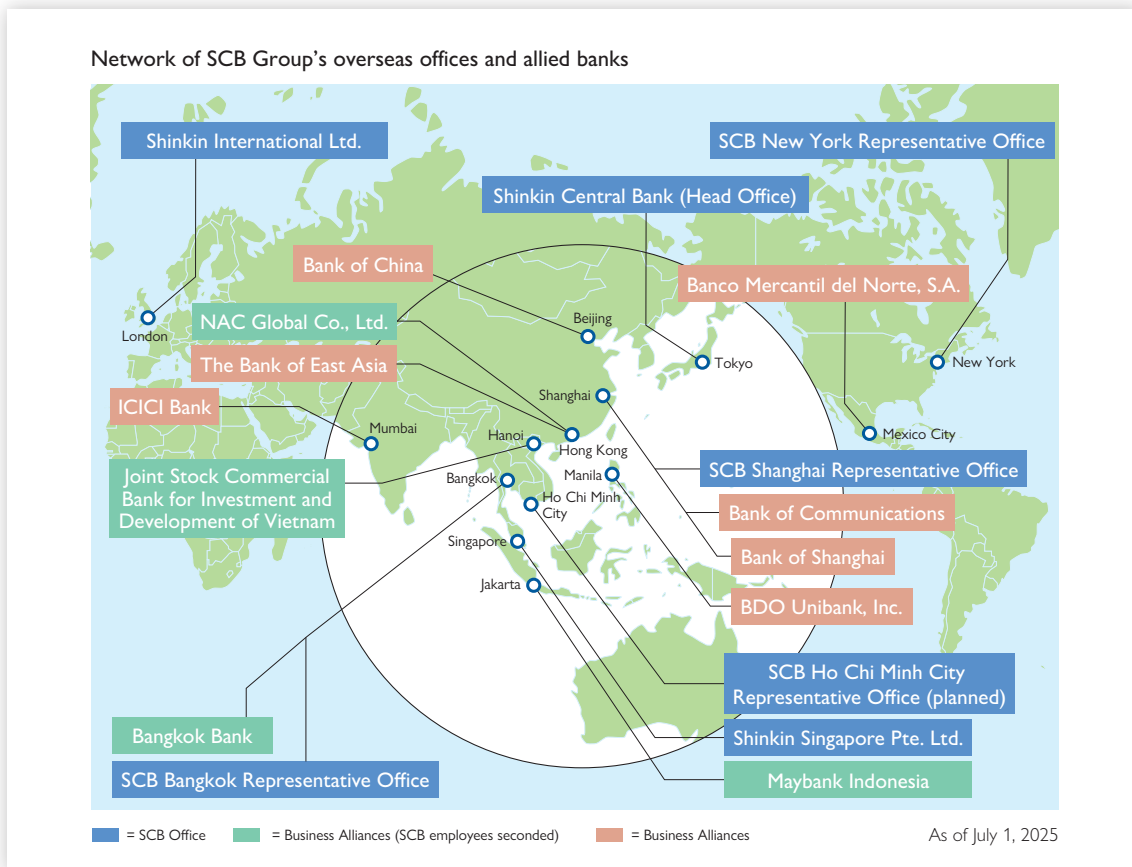
The SCB has offices in New York, London, Singapore, Shanghai, Bangkok, and Ho Chi Minh City*. Through these offices, we collect and disseminate up-to-date information relating to economic and financial conditions, the investment and financing environment, and the laws, taxation regimes, and employment situation of each region.

These offices also work with allied banks to support the overseas expansion of shinkin banks' customers.

Moreover, as part of our support for the overseas business of SMEs, we second employees to allied banks and consulting firms. The overseas offices also provide shinkin bank employees with opportunities to improve their skills related to supporting the overseas businesses of their customers and contribute to human resources development in the shinkin bank community.

*We plan to open the office in the second half of 2025.

As the opening is subject to approval of local financial authorities, the timing of opening may vary.



Review of network for supporting overseas expansion

We will open a representative office at Ho Chi Minh City, Socialist Republic of Vietnam*, as in recent years, the needs of shinkin banks' customers have been growing for entering and expanding sales channels into the Vietnamese market which has abundant workforce and high potential.

Meanwhile, in Hong Kong where support needs are starting to level off, the representative office was abolished in June 2025.

However, since Hong Kong remains an attractive market as an export destination from Japan, we will continue to assist shinkin banks' customers in the Hong Kong and China (South China) region by seconding our staff to NAC Global Co., Ltd., which possesses know-how on SMEs support.

To support the overseas expansion of shinkin banks' customers to the fullest extent, we will continuously strive to enhance and strengthen the support system through business alliances with overseas local banks and the reinforcement of our overseas networks.

*We plan to open the office in the second half of 2025.

As the opening is subject to approval of local financial authorities, the timing of opening may vary.

Support for overseas business expansion and funding

The SCB has formed business alliances with ten local banks overseas to increase its capability to support shinkin banks' customers who are expanding their businesses overseas.

Working with shinkin banks, the SCB and local banks, we provide a wide range of support to shinkin banks' customers who conduct business overseas by helping them open local bank accounts, and providing local currency denominated financing using standby L/C, for example.

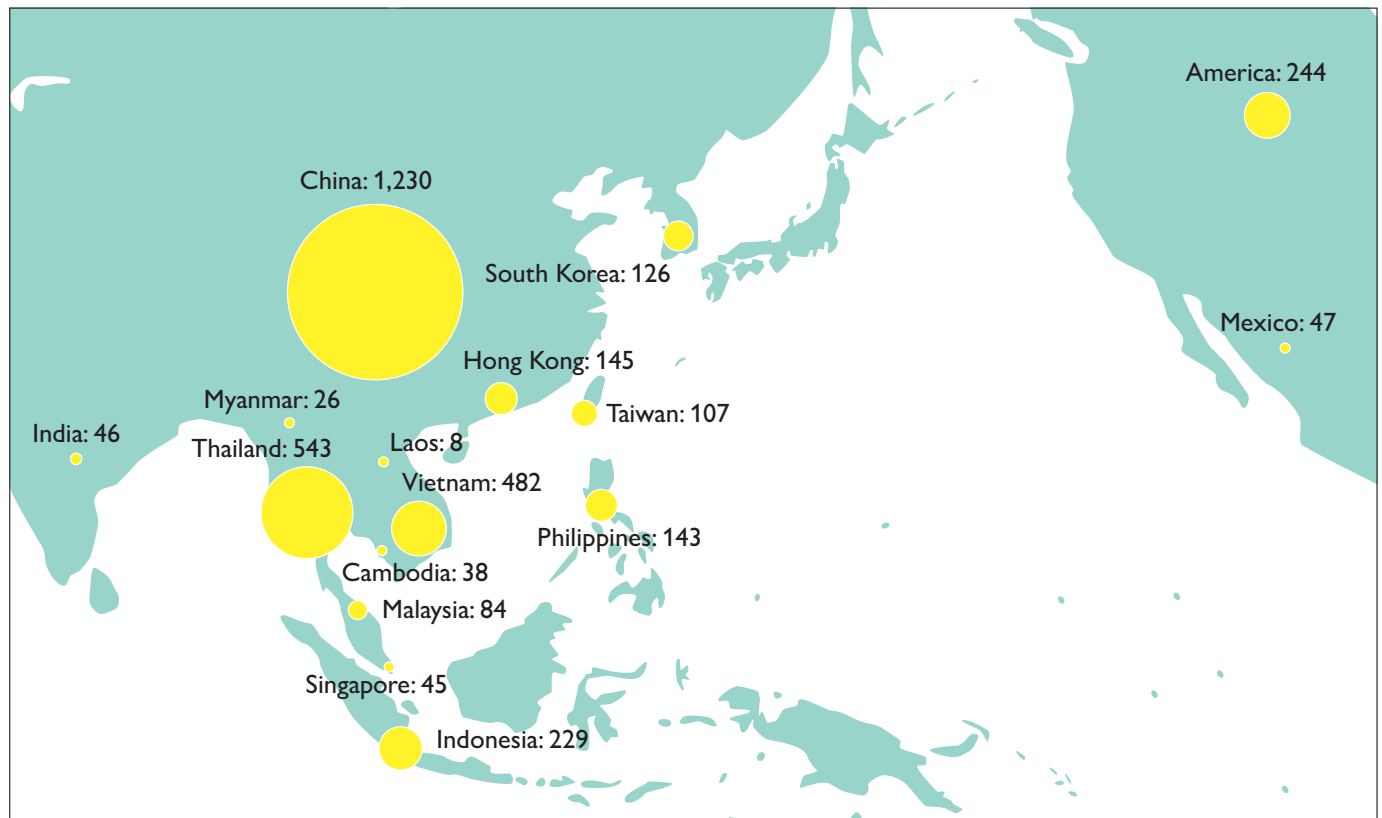
Provision of services corresponding to the needs of overseas expansion

We are collaborating with shinkin banks in the business areas such as overseas expansion, cultivation of overseas sales channels, overseas financing, effective use of overseas human resources, inbound tourism, and foreign exchange, thus providing various services to those shinkin banks' customers who are considering overseas expansion.

Shinkin Forum (local networking)

We hold regular meetings of the Shinkin Forum local information sharing events in order to build networks among shinkin banks' customers who are active in the region, involving not only the three Asian offices of Shanghai, Bangkok and Singapore, but also offices in Hong Kong, Hanoi, and Jakarta, where staff have been seconded to local banks and consulting companies with which business alliances have been concluded.

Global Expansion by Shinkin Banks' Customers



Source: Fourteenth Survey on the Overseas Business of Shinkin Banks' Customers (2024)



Permanent store-type test marketing space “EN-MUSUBI” was launched in Bangkok.

In June 2024, we launched EN-MUSUBI, a space for shinkin banks' customers and local governments to conduct test sales and test marketing in Bangkok, Thailand. Located in a building directly connected to Asok Station, one of Bangkok's busiest stations, this space can be used for test marketing of various products from food and household goods to traditional crafts made using Japan's unique technology, reaching a broad customer base. We will provide consulting services through reviews collected from Thai consumers to assist customers in expanding their overseas sale channels.



Shinkin Forum was held in Bangkok, Manila and Shanghai.

The Shinkin Forum has been held more than 100 times to date in overseas local areas as an event organized by the SCB to provide overseas subsidiaries of shinkin banks' customers with opportunities for cross-industry exchanges, information exchanges, business matching, etc. In the shinkin bank industry, the Shinkin Forum has been widely recognized as a useful platform that encourages the overseas expansion of shinkin banks' customers. In fiscal 2024, the Shinkin Forum was held at three locations: Bangkok, Manila and Shanghai. In the Shinkin Forum in Bangkok, which was the largest in scale, 229 persons of 162 companies, customers of shinkin banks, participated. All the Shinkin Forums were well received by many shinkin banks and their customers, who appreciated the forum, saying that they had had a good opportunity for local companies to exchange information on local businesses.



We supported the business expansion of shinkin banks' customers into Singapore.

Against the backdrop of the yen's depreciation, more customers of shinkin banks have recently been making visits for local sales activities to cultivate overseas sales channels, leading to increasing needs for more in-depth support in overseas local areas. Considering of such circumstances, the SCB offers the “accompanying support scheme for overseas expansion” in which support services are provided in an integrated manner, ranging from support for procedures for participation in international exhibitions held abroad to introductions to buyers, business negotiation support and follow-up support. In fiscal 2024, we supported the participation of eight business operators manufacturing eyeglasses in “SILMO SINGAPORE,” an international eyewear exhibition held in Singapore, in collaboration with Shinkin Singapore, a group company. As a result, we provided support for business negotiations with 233 visitors, and nearly 2,000 deals were closed. In response to the needs of overseas expansion of shinkin banks' customers, the SCB will work to enhance the support system by utilizing our overseas networks.



Corporate Management and Auditors



Hiroshi Hiramatsu
Chairman of the Board of Directors (Part-time)

Career summary
March 1972
Joined Miura Shinkin Bank (current Kanagawa Shinkin Bank)
June 2008
President and CEO of the Kanagawa Shinkin Bank
June 2016
Director of the SCB
June 2024
Chairman of the Board of Directors (current position)
June 2024
Chairman of the Board of Directors of the National Association of Shinkin Banks (current position)
June 2024
Chairman of the Board of Directors of the Kanagawa Shinkin Bank (current position)



Hiroyuki Shibata
President and Chief Executive Officer

Career summary
April 1980
Joined the SCB
April 2005
General Manager of Strategic Planning Division
June 2007
Director and General Manager of Strategic Planning Division
June 2009
Managing Director
June 2013
Senior Managing Director
June 2016
Deputy President
June 2018
President and Chief Executive Officer (current position)



Hiroshi Sudo
Deputy President

Career summary
April 1987
Joined the SCB
April 2005
Representative Director and President of Shinkin International Ltd
June 2009
General Manager of Strategic Planning Division
June 2013
Director and General Manager of Osaka Branch
June 2016
Managing Director
June 2018
Senior Managing Director
June 2022
Deputy President (current position)



Takehiko Murotani
Senior Managing Director

Career summary
April 1988
Joined the SCB
April 2013
General Manager of Personnel Division
June 2016
Director and General Manager of Osaka Branch
June 2019
Managing Director
June 2025
Senior Managing Director (current position)



Yuji Takahashi
Managing Director

Career summary
April 1992
Joined the SCB
June 2018
General Manager of Personnel Division
June 2021
Director and General Manager of Osaka Branch
June 2023
Managing Director (current position)



Yoshinori Jinno
Managing Director

Career summary
April 1995
Joined the SCB
June 2018
General Manager of Strategic Planning Division
June 2021
Director and General Manager of Nagoya Branch
June 2023
Managing Director (current position)



Ikuo Sekiguchi
Managing Director

Career summary
April 1996
Joined the SCB
June 2021
General Manager of Strategic Planning Division
June 2022
Director and General Manager of Strategic Planning Division
June 2023
Director and General Manager of Osaka Branch
June 2025
Managing Director (current position)



Tomoaki Itabashi
Managing Director

Career summary
April 1995
Joined the SCB
June 2022
General Manager of Financial Management Division
June 2023
Director and General Manager of Financial Management Division
June 2025
Managing Director (current position)



Takehiro Suzuki
Managing Director

Career summary
April 1991
Joined the SCB
April 2022
General Manager of Internal Audit Division
June 2023
Director and General Manager of Nagoya Branch
June 2025
Managing Director (current position)

Chairman of the Board of Directors (Part-time)
Hiroshi Hiramatsu

President and Chief Executive Officer
Hiroyuki Shibata

Deputy President
Hiroshi Sudo

Senior Managing Director
Takehiko Murotani

Managing Director
Yuji Takahashi
Yoshinori Jinno
Ikuo Sekiguchi
Tomoaki Itabashi
Takehiro Suzuki

Director
Toshihiro Kodaira
Hidero Harada
Yuichi Sakane
Nobuo Suzuki

Director
Executive Adviser
Katsunori Mikuniya



Career summary

April 1997
Joined the SCB
June 2023
General Manager of Strategic Planning Division
June 2024
Director and General Manager of Strategic Planning Division (current position)

Toshihiro Kodaira
Director
General Manager of Strategic Planning Division



Career summary

April 1996
Joined the SCB
April 2022
General Manager of Systems Division
June 2025
Director and General Manager of Systems Division (current position)

Hidero Harada
Director
General Manager of Systems Division



Career summary

April 1997
Joined the SCB
June 2021
General Manager of Personnel Division
June 2025
Director and General Manager of Nagoya Branch (current position)

Yuichi Sakane
Director
General Manager of Nagoya Branch



Career summary

April 1997
Joined the SCB
October 2024
General Manager of Region & SME Business Division
June 2025
Director and General Manager of Osaka Branch (current position)

Nobuo Suzuki
Director
General Manager of Osaka Branch



Career summary

April 1974
Joined the Ministry of Finance
August 2005
Director-General of the Planning and Coordination Bureau, Financial Services Agency
July 2008
Director-General of the Supervisory Bureau, Financial Services Agency
July 2009
Commissioner of the Financial Services Agency
March 2015
Governor of the Deposit Insurance Corporation of Japan
April 2022
Outside Director of Procrea Holdings, Inc. (current position)
June 2023
Part-time Trustee of Tokyo Keizai University (current position)
June 2024
Director and Executive Adviser of the SCB (current position)

Katsunori Mikuniya
Director and Executive Adviser



Career summary

April 1994
Joined the SCB
June 2021
General Manager of General Affairs Division
June 2023
Director and General Manager of General Affairs Division
June 2025
Corporate Auditor (current position)

Atsushi Tada
Corporate Auditor

Director (Part-time)

Naohiko Harada
Yushi Sato
Ikuo Higuchi
Tetsu Komori
Koichi Ichikawa
Kotaro Yazawa
Toshiro Yagi
Kazuyuki Tagata

Hideaki Tanaka

Koya Nakazawa
Satoshi Takahashi
Seiji Sakuda
Tatsuo Takeda
Kazuo Ohashi
Makoto Inokura
Hiroyuki Okamoto

Corporate Auditor

Atsushi Tada

Corporate Auditor (Part-time)

Seiichi Nishikata
Makoto Shirahase
Akio Okuyama
Naoyuki Yoshino

(As of July 1, 2025)

Business Overview (Non-consolidated)

Earnings Performance

Looking at the financial results for fiscal 2024 (ended March 31, 2025), overall, operating income amounted to ¥447 billion (\$2,991 million), up ¥53 billion (\$360 million), or 13.6%, year on year, mainly because of an increase in dividends on securities.

Meanwhile, operating expenses came to ¥392 billion (\$2,622 million), up ¥40 billion (\$273 million) or 11.6%, year on year, due to an increase in interest on deposits and interest on payables under securities lending transactions.

As a result, ordinary income came to ¥55 billion (\$368 million), an increase of ¥12 billion (\$86 million), or 30.5%, year on year. Profit came to ¥40 billion (\$271 million), an increase of ¥9 billion (\$64 million), or 31.0%, year on year.

Funding

In fiscal 2024, the total amount of funding increased ¥408 billion (\$2,730 million) year on year, for a total of ¥45,652 billion (\$305,425 million).

Of this figure, deposits received came to ¥31,334 billion (\$209,637 million), a decrease of ¥1,767 billion (\$11,825 million), which comprised fixed-term deposits.

After deducting redemptions, debentures at the end of fiscal 2024 came to ¥1,250 billion (\$8,365 million), down ¥51 billion (\$345 million) in debentures issued by the SCB during the fiscal year.

Borrowed money increased by ¥2,227 billion (\$14,902 million) during the fiscal year to ¥13,067 billion (\$87,422 million), comprising increased funding from markets, despite decreased borrowings from the Bank of Japan.

Asset Management

The amount of assets under management in fiscal 2024 increased by ¥998 billion (\$6,680 million) to ¥46,975 billion (\$314,281 million). Mainly due to higher foreign securities holdings, outstanding invested securities increased by ¥1,037 billion (\$6,939 million) during the fiscal year to ¥17,076 billion (\$114,248 million) at fiscal year end.

Loans and bills discounted increased by ¥426 billion (\$2,852 million) during the fiscal year to ¥9,287 billion (\$62,133 million) at fiscal year end.

The outstanding amount of short-term money market assets decreased by ¥636 billion (\$4,259 million) during the fiscal year to ¥20,016 billion (\$133,915 million) at fiscal year end, reflecting Bank of Japan current deposits despite increase in call loans.

Securities

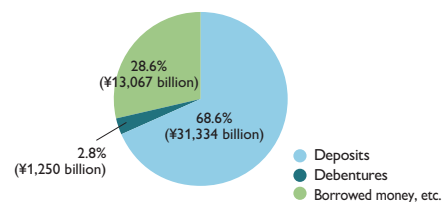
To further diversify its investment portfolio, the SCB also invests in such risk assets as stocks and investment trust funds not subject to interest risk, while optimizing its portfolio in response to shifts in the financing and investment environment.

The SCB also carries out interest rate swaps and other derivative trading, to hedge risks linked to assets under management.

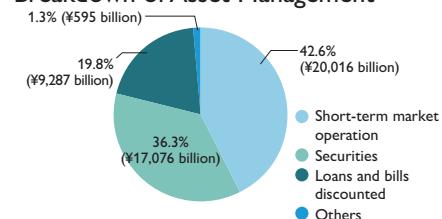
Loans and Bills Discounted

As of March 31, 2025, the outstanding amount of loans and bills discounted was ¥9,287 billion (\$62,133 million).

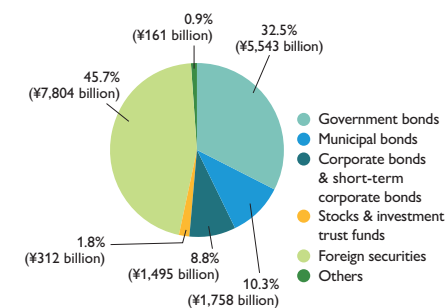
Breakdown of Funding*



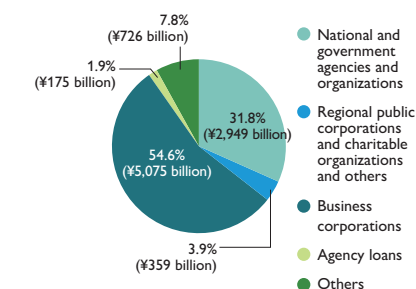
Breakdown of Asset Management*



Breakdown of Securities*



Breakdown of Loans and Bills Discounted*



* As of March 31, 2025.

* The amount shown in the pie chart is rounded down to the nearest whole number.

Ordinary Income and Net Income (Non-consolidated)

(Millions of yen)

	FY2020	FY2021	FY2022	FY2023	FY2024
Ordinary income (loss)	39,884	44,827	33,236	42,181	55,085
Net income (loss)	29,579	34,046	24,776	30,959	40,579

Capital Adequacy

Outline

The SCB's equity capital, as defined under regulations concerning capital adequacy ratio, comprises common shares from member shinkin banks, publicly issued preferred shares that supplement common shares, and retained earnings accumulated to date by the SCB.

The SCB raises funds through the issuance of general common shares and specific common shares. The dividend payout ratio for specific common shares differs from that for general common shares.

Furthermore, in accordance with the SCB's articles of incorporation, the amount of residual assets distributed per specific common share is limited to a maximum of ¥100,000 per share. This makes it possible to raise funds by issuing common shares without diluting the residual assets distributed to preferred shareholders.

Consolidated Capital Adequacy Ratio

The SCB's consolidated capital adequacy ratio at March 31, 2025, was 23.40%.

Equity capital, the numerator for calculating the capital adequacy ratio, amounted to ¥1,653 billion (\$11,063 million).

Risk-weighted assets, the denominator for calculating the capital adequacy ratio, amounted to ¥7,064 billion (\$47,263 million).

Risk Management and Capital Adequacy Assessment

The SCB has implemented policies to manage its capital adequacy as part of its integrated risk management. The capital assessment division evaluates capital adequacy using a holistic approach, measuring various types of risks under uniform criteria and comparing quantified risks with the SCB's capital.

To assess the potential impacts of shock on its capital, the SCB conducts stress testing to estimate losses under various scenarios and the probability of their occurrence.

Risk limits and risk exposure are reported to senior management at the Risk Management Committee and at other meetings. The Risk Management Committee deliberates measures in response to the results of capital adequacy assessments, and implements measures as deemed necessary.

Capital Adequacy Ratio (Domestic Standard)

(%, billions of yen)

		FY2020	FY2021	FY2022	FY2023	FY2024
Consolidated	Capital adequacy ratio	25.60	24.35	22.09	25.46	23.40
	Amount of capital	1,502	1,508	1,447	1,628	1,653
	Amount of risk-weighted assets	5,867	6,194	6,552	6,396	7,064
Non-consolidated	Capital adequacy ratio	26.29	24.84	22.40	25.75	24.01



Asset Quality

Disclosed Claims under the Shinkin Bank Act and Disclosed Claims under the Financial Reconstruction Act

Total claims under the Financial Reconstruction Act (FRA) as of the end of March 2025 decreased by ¥300 million to ¥21 billion from the end of the previous fiscal year.

The ratio of total claims under the FRA to total loans was 0.22%.

The coverage ratio of claims under the FRA (the total of the amounts deemed collectible with collateral and guarantees and the allowance for possible loan losses) was 62.74%.

Bankrupt and quasi-bankrupt claims are recorded for the remaining amount after deducting the amounts deemed collectible with collateral and guarantees, while doubtful claims are recorded for the expected loss amount of the remaining amount after similarly deducting the amounts deemed collectible with collateral and guarantees, respectively, in the specific allowance for possible loan losses.

For substandard receivables, the expected loss amount is calculated based on the loan loss ratio and recorded in the general allowance for doubtful accounts.

Claims disclosed pursuant to the Shinkin Bank Act and claims disclosed pursuant to the Financial Reconstruction Act [Non-consolidated] (Millions of yen)

	End of March 2024	End of March 2025	Increase/ (decrease)
Bankrupt and quasi-bankrupt claims	67	162	95
Doubtful claims	3,350	2,952	(398)
Substandard receivables	18,473	18,382	(91)
Loans past due three months or more	16	10	(6)
Restructured loans	18,456	18,371	(85)
Total claims under the Financial Reconstruction Act (FRA) (A)	21,891	21,497	(394)
Partial write-offs	192	192	—
Normal claims	8,890,841	9,325,606	434,765
Total loans (B)	8,912,732	9,347,103	434,371
Ratio of total claims under the FRA to total loans (%) (A/B)	0.24	0.22	(0.02)
Specific allowance for doubtful accounts (C) recorded on the total claims under the FRA (A)	672	659	(13)
General allowance for doubtful accounts (D) recorded on the total claims under the FRA (A)	9,978	9,993	15
Amounts deemed collectible with collateral and guarantees (E)	3,221	2,834	(387)
Total coverage amounts on disclosed claims under the FRA (F)	13,871	13,487	(384)
Coverage ratio (%) (F)/(A)	63.36	62.74	(0.62)
Allowance ratio (%) ((C)+(D))/((A)-(E))	57.04	57.08	0.04

Claims disclosed pursuant to the Shinkin Bank Act [Consolidated] (Millions of yen)

	End of March 2024	End of March 2025	Increase/ (decrease)
Bankrupt and quasi-bankrupt claims	67	162	95
Doubtful claims	3,350	2,952	(398)
Loans past due three months or more	16	10	(6)
Restructured loans	18,456	18,371	(85)
Total claims under the FRA (A)	21,891	21,497	(394)
Partial write-offs	192	192	—
Normal claims	9,028,283	9,466,120	437,837
Total loans (B)	9,050,174	9,487,617	437,443
Ratio of total claims under the FRA to total loans (%) (A/B)	0.24	0.22	(0.02)

(Notes) 1. Bankrupt and Quasi-Bankrupt Claims represent claims 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.

2. Doubtful Claims represent 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, other than Bankrupt and Quasi-Bankrupt Claims.

3. Substandard Receivables represent the total of Loans Past Due Three Months or More and Restructured Loans under the Shinkin Bank Act.

4. Loans Past Due Three Months or More represent loans for which payment of the principal or interest is delinquent for the period of three months or longer from the day immediately after the contractual due date, other than Bankrupt and Quasi-Bankrupt Claims and Doubtful Claims.

5. Restructured Loans represent loans for which an arrangement favorable for the debtor has been made for the purpose of supporting the restructuring of debtor's business, such as reduction or exemption of interests, granting of grace period for payment of interest, granting of grace period for payment of principal, waiver of claims, other than Bankrupt and Quasi-Bankrupt Claims, Doubtful Claims, and Loans Past Due Three Months or More.

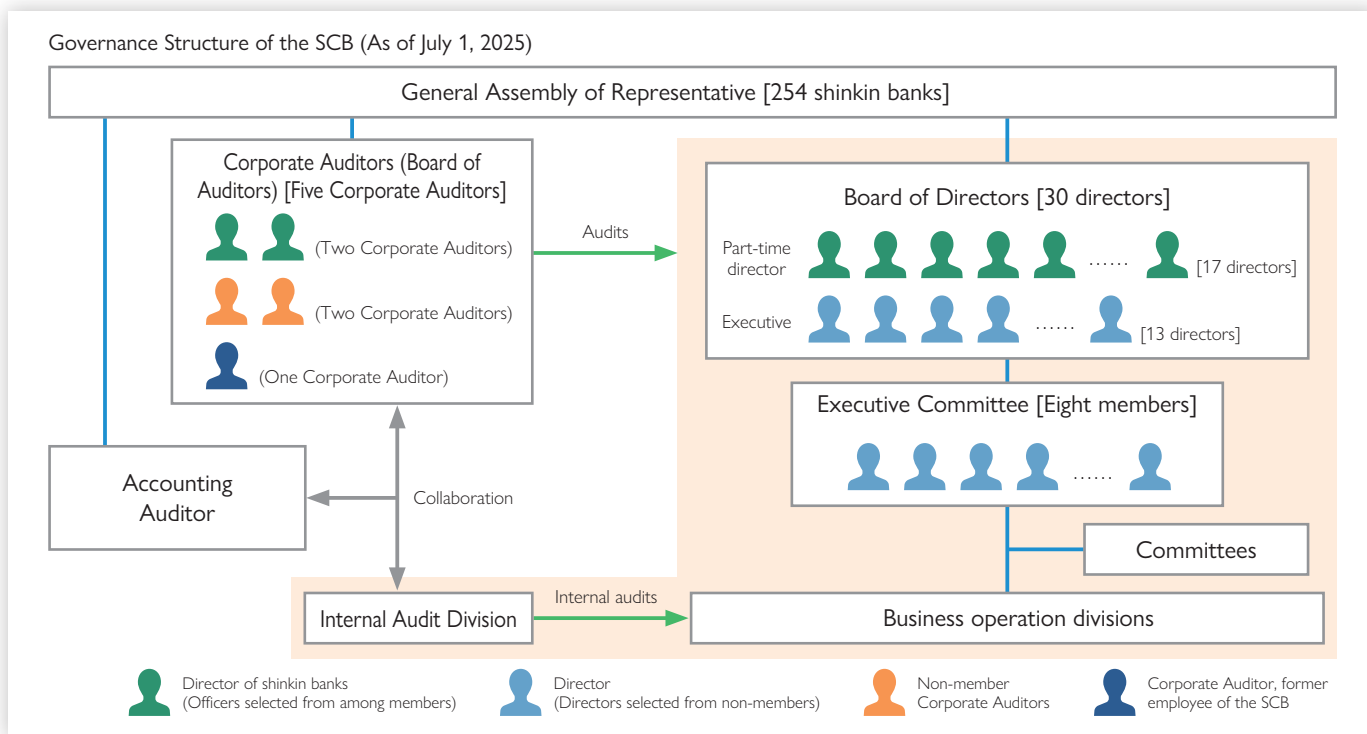
6. Normal Claims represent claims whose debtor has no particular problem with its financial status and business performance, other than Bankrupt and Quasi-Bankrupt Claims, Doubtful Claims, and Substandard Receivables.

7. Claims that are the subject of Bankrupt and Quasi-Bankrupt Claims, Doubtful Claims, or Normal Claims consist of items recorded in Corporate Bonds in "Securities" (limited to those Corporate Bonds for which redemption of the principal and payment of interest are fully or partially guaranteed and which are issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), Loans and Bills Discounted, Foreign Exchanges Assets, Accrued Interest and Suspense Payments in "Other Assets," and each items in Customers' Liabilities for Acceptances and Guarantees in the balance sheet, as well as other securities disclosed as loaned securities in footnote (limited to those loaned under a loan-for-use or lease agreement).

Corporate Governance

The SCB strives to maintain fairness and transparency in its management by ensuring that its corporate governance system functions effectively in implementing various operational strategies.

The SCB's goal is to gain the trust of all stakeholders and to become an ever more distinguished financial institution well respected in society.



Institutional Structure and Organizational Operation

Because the SCB is a cooperative financial institution established under the Shinkin Bank Act, it is governed by a different legal system and has different governance features from a stock company.

As the SCB aims to respect the standpoints of its member shinkin banks and other stakeholders in managing the business, it has a governance framework that reflects the nature of a central financial institution.

◆ General Assembly of Representative

The SCB is a cooperative financial institution comprising 254 shinkin banks nationwide (as of March 31, 2025) that are its members and investors.

The General Assembly of Representative is the highest decision-making body and is held annually to decide on matters such as revisions to the Articles of Incorporation and election of executive officers.

The General Assembly is equivalent to the general meeting of shareholders in a stock company, but unlike stock companies where one share represents one voting right, each member equally has one voting right regardless of the number of units contributed.

In addition, prior to the General Assembly of Representatives, the SCB hosts shinkin bank officers roundtable meetings in each region with the attendance of shinkin bank presidents to have dialogues with member shinkin banks.

In these meetings, we provide detailed explanation on the recent business conditions and future management strategies, conduct in-depth exchanges of opinions with the presidents and officers in charge of the region, and strive to ensure fairness and transparency in our management.

◆ Board of Directors

The SCB's Board of Directors, comparable to the Board of Directors in a stock company, makes decisions regarding important business matters and supervises the execution of duties by the directors.

While the Board of Directors consists solely of directors, the SCB's Articles of Incorporation stipulate that more than half the total number of board members must be director of shinkin banks. Therefore, the Board of Directors includes 17 part-time directors selected from among the director of shinkin banks from each region in Japan.

This is in accordance with Article 32, paragraph 4 of the Shinkin Bank Act, and is a unique governance mechanism of a cooperative financial institution which was formulated to ensure that the intents of the members are reflected in the management of the SCB.

The SCB is confident that the appropriate check on management provided by the part-time directors ensures that supervision and checks-and-balances functions are in place and have a high degree of objectivity and transparency in business operations.

In fiscal 2024, the Board of Directors met nine times in the months except August, December and February. In addition to reviewing the progress of the Medium-Term Management Plan and various supports to shinkin banks' customers, we discussed topics including the review of overseas offices, and multi-stakeholder policy.

■ Board of Directors meetings held in fiscal 2024

Meetings held	9
Rate of attendance of directors	98.5%
Rate of attendance of Corporate Auditors	91.1%

* Average rate of attendance of each director and Corporate Auditor. Includes the attendance of those resigned during the fiscal year.

◆ Corporate Auditors (Board of Auditors)

The SCB's Corporate Auditors, comparable to Corporate Auditors of a stock company, audit the execution of duties by the directors.

To strengthen the Corporate Auditors' checks-and-balances functions on directors, the Board of Auditors, which consists of all the Corporate Auditors, regularly holds discussions on matters concerning audit policies and plans.

The Shinkin Bank Act requires to have two or more Corporate Auditors. The SCB appoints one full-time Corporate Auditor and two part-time Corporate Auditors from among the director of shinkin banks, and in addition, two non-member Corporate Auditors who are not officers and employees of the SCB or shinkin banks. Non-member Corporate Auditors are equivalent to outside corporate auditors in a stock company.

They are appointed from among persons who meet the requirements stipulated in Article 32, paragraph 5 of the Shinkin Bank Act, which is a provision to ensure the independence of non-member Corporate Auditors. The SCB is confident that non-member Corporate Auditors can audits from an independent perspective based on their professional knowledge and experience.

One of the non-member Corporate Auditors is a certified accountant with a wealth of knowledge and experience regarding finance and accounting.

There are no particularly notable conflicts of interest between the SCB and non-member Corporate Auditors.

◆ Support System for Part-time Directors and Part-time Corporate Auditors

The General Affairs Division provides information and other support for part-time directors, and the dedicated staff members assisting Corporate Auditors under their direction provide the same for part-time Corporate Auditors, to facilitate the timely and appropriate execution of duties by part-time directors and part-time Corporate Auditors.

Furthermore, all part-time directors and part-time Corporate Auditors have been provided with dedicated tablet devices to enable timely distribution of materials for the Board of Directors meetings and other documents to them.

For the Board of Directors meetings, we, in principle, distribute meeting agendas and discussion materials prior to the meetings and provide explanations of the agenda, to give part-time directors and part-time Corporate Auditors sufficient time to understand the information in advance.

◆ General Meeting for Preferred Shareholders

The Act on Preferred Equity Investment by Cooperative Structured Financial Institution provides for a general meeting for owners of preferred shares, i.e., preferred shareholders, and a general meeting for preferred shareholders may be held in cases where there is a risk of damage to the property rights of the preferred shareholders.

As such, apart from checks by shinkin banks who are the investors, management is also subject to checks by preferred shareholders.

Checks on Business Operations

◆ Execution of Business Operations

At the SCB, the Board of Directors makes decisions on important business operations. Based on those decisions, the President and CEO presides over the SCB's business operations and the Deputy President and other full-time directors assist the President and CEO.

In addition, the SCB has an Executive Committee to deliberate and make decisions on important managerial matters, including ones to be resolved by or reported to the Board of Directors.

The SCB has also established various subordinate committees of the Executive Committee to facilitate robust discussions on its business operations. To ensure that deliberations and decisions are carried out on a cross-organizational basis, each committee comprises several full-time directors and general managers of relevant divisions.

◆ Supervision, Checks-and-Balances

At the SCB, the Board of Directors supervises the execution of business by the directors. More than half of the directors are director of shinkin banks (part-time directors), thereby ensuring that the Board of Directors exercises effective checks-and-balances functions.



◆ Audits

To facilitate audits of the directors' execution of duties as an independent body, the Corporate Auditors at the SCB attend the Board of Directors meetings and receive reports from directors regarding their execution of duties, as well as conduct on-site inspections of the head office and branches, hold regular meetings with the Accounting Auditor and the Internal Audit Division to exchange opinions and information.

In addition to the above audit activities, full-time Corporate Auditors also attend important management meetings including the Executive Committee and other committees, and inspect major documents for approval and other important documents.

To support the duties of Corporate Auditors, dedicated staff members assisting Corporate Auditors are assigned to operate under their direction in order to facilitate the timely and appropriate execution of duties by Corporate Auditors.

◆ Internal Audit System

The internal audit of the SCB aims to realize a sound and appropriate business operations by examining and assessing the appropriateness and effectiveness of the internal control systems, business operations and governance on a risk basis, and making suggestions, etc. to correct or improve them, based on the basic policy on internal audit formulated by the Board of Directors. The Internal Audit Division is the division in charge.

From the perspective of enhancing governance and ensuring the effectiveness of internal audits, the SCB established the Dual Reporting Line. With this, the results of internal audits are reported to the Board of Directors, and internal audit plans are resolved by the Board of Directors.

Based on the framework of risk-based auditing, the Internal Audit Division assesses the types and importance of risks inherent in each operation and conducts internal audits focusing on "thematic audits," which are conducted on a cross-divisional basis for each branch and group company with respect to the audit themes selected based on the results of the assessment.

The General Manager of the Internal Audit Division reports the results of internal audits and the progress of improvement measures to the President and CEO and other full-time directors and full-time Corporate Auditors on a case-by-case basis. The General Manager also reports to the internal audit report meetings held periodically and presents matters such as the annual audit reviews and results of internal audit quality assessment.

In addition, the General Manager strives to improve the effectiveness of internal audits by attending meetings of the Risk Management Committee and ALM Committee as observer and exchanging opinions with full-time Corporate Auditors on a regular basis.

Furthermore, the General Manager of the Internal Audit Division, Corporate Auditors, and the Accounting Auditor share information on their respective audit plans and audit results, and hold liaison meetings on a regular basis to strengthen cooperation to ensure efficient audits.

◆ Use of Outside Specialists

The SCB has appointed Ernst & Young ShinNihon LLC as its Accounting Auditor.

The SCB utilizes the expertise of outside specialists, including the Accounting Auditor, attorneys, and tax accountants. To effectively handle more sophisticated and diversified operational requirements, the SCB consults with, and receives advice from, such specialists on a regular basis and as the need arises.

◆ Appropriate Information Disclosure

The SCB's preferred shares are listed on the Tokyo Stock Exchange. The SCB strives to maintain appropriate disclosure of corporate information, pursuant to the Financial Instruments and Exchange Act, other related laws, and the Securities Listing Regulations of the Tokyo Stock Exchange.

◆ Enhancement of Group Governance

As a board chair who serves as a key in supervising functions, the SCB will create a chair position at each group company one by one.

By doing so, the SCB will improve the functions of the Board of Directors further and enhance an environment that supports appropriate risk-taking, thereby establishing the management structure where the supervision and the execution will be able to work closely together for the growth strategy.

◆ Improving Internal Control Systems

The SCB regards compliance as the basis of all business activities. The SCB continues to strengthen and operate internal control systems, based on a policy of maintaining reliable financial reporting, managing risks flexibly and effectively in response to those profiles, and implementing internal audits by utilizing the Internal Audit Division, independent from the operational divisions and branches.

Compliance System

The SCB views compliance as one of the highest-priority management agendas. To this end, the SCB is carrying out the measures outlined below as it strives to further strengthen its compliance system.

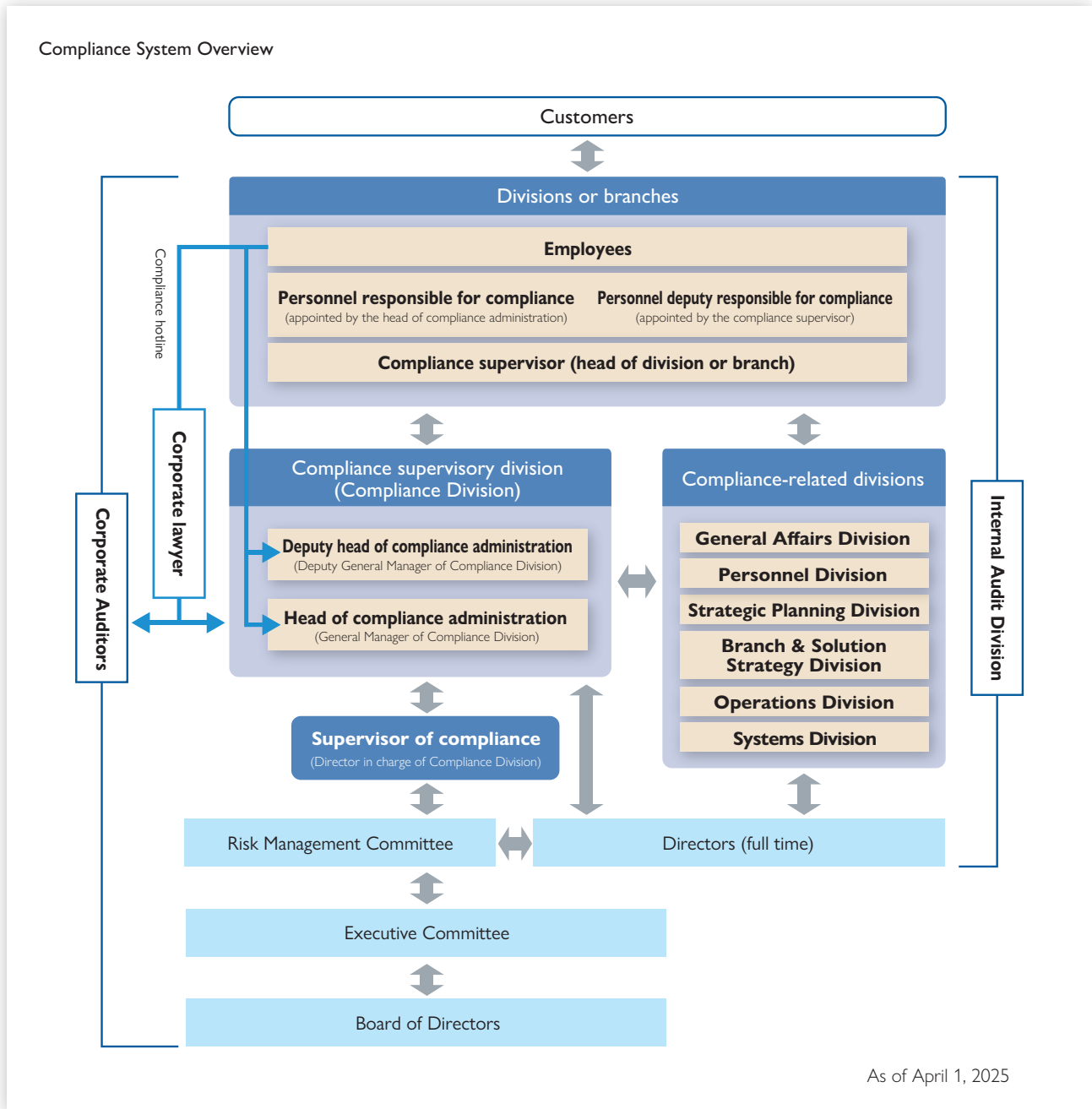
Strengthen Compliance System

1. The SCB has formulated the Shinkin Central Bank Code of Ethics, which stipulates the ethical rules and behavior standards to be followed by all SCB officers and employees.
2. In order to improve customer protection and satisfaction, the SCB formulates Customer Protection Control Policy.
3. The SCB formulates an annual Compliance Program, which lays out its specific compliance plan for each fiscal year.
4. To clarify the rules to be followed by Officers and employees and employees, the SCB has compiled a Compliance Manual as a practical compliance handbook.
5. A compliance supervisory division and compliance-related divisions have been set up, and their respective roles were clarified. A compliance supervisor and deputy, both responsible for compliance, are appointed to each division and branch of the SCB.
6. In order to deliberate compliance issues, customer protection issues, and serious accidents, the SCB has established the Risk Management Committee.
7. In addition to conducting regular lectures and training seminars for directors and employees, each division and branch also carries out its own training programs as part of the SCB's efforts to strengthen compliance education.
8. The audit items used by the Internal Audit Division include compliance-related items, and internal audits include investigation of whether the compliance system is functioning adequately.
9. In cases of compliance violation, reports from the heads of the divisions or branches concerned are promptly called for, and appropriate actions are taken to prevent a recurrence.
10. The SCB operates a hotline to facilitate reporting of compliance breaches by directors and employees. The SCB also has in place strict measures to protect whistle-blowers.
11. In accordance with the Act on Provision of Financial Services and the Development of the Accessible Environment Thereto (provisional English law title), the SCB has formulated and made public its Financial Products Solicitation Policy. To ensure that solicitation is carried out fairly, important points regarding a product must be explained to the customer at the time of sale.
12. Pursuant to the Act on Protection of Personal Information, the SCB has published its Personal Information Protection Policy on its website. The SCB takes necessary and appropriate measures to protect personal information.
13. In addition to publishing its Outline for Managing Conflicts of Interest on its website, pursuant to the Shinkin Bank Act and the Financial Instruments and Exchange Act, the SCB is taking appropriate management steps to ensure that customers' interests are not wrongfully violated.
14. Based on the financial Alternative Dispute Resolution (ADR) system, to respond expeditiously, fairly, and appropriately to customers' inquiries, complaints, disputes, and other issues, the SCB has overhauled its internal management system and is striving to enhance its reliability.

The SCB intends to review and update the content of its Compliance Manual and other policies on an ongoing basis. All SCB officers and employees are working to maintain strict compliance through coordination among related divisions, and by strengthening internal education programs.



Compliance System Overview

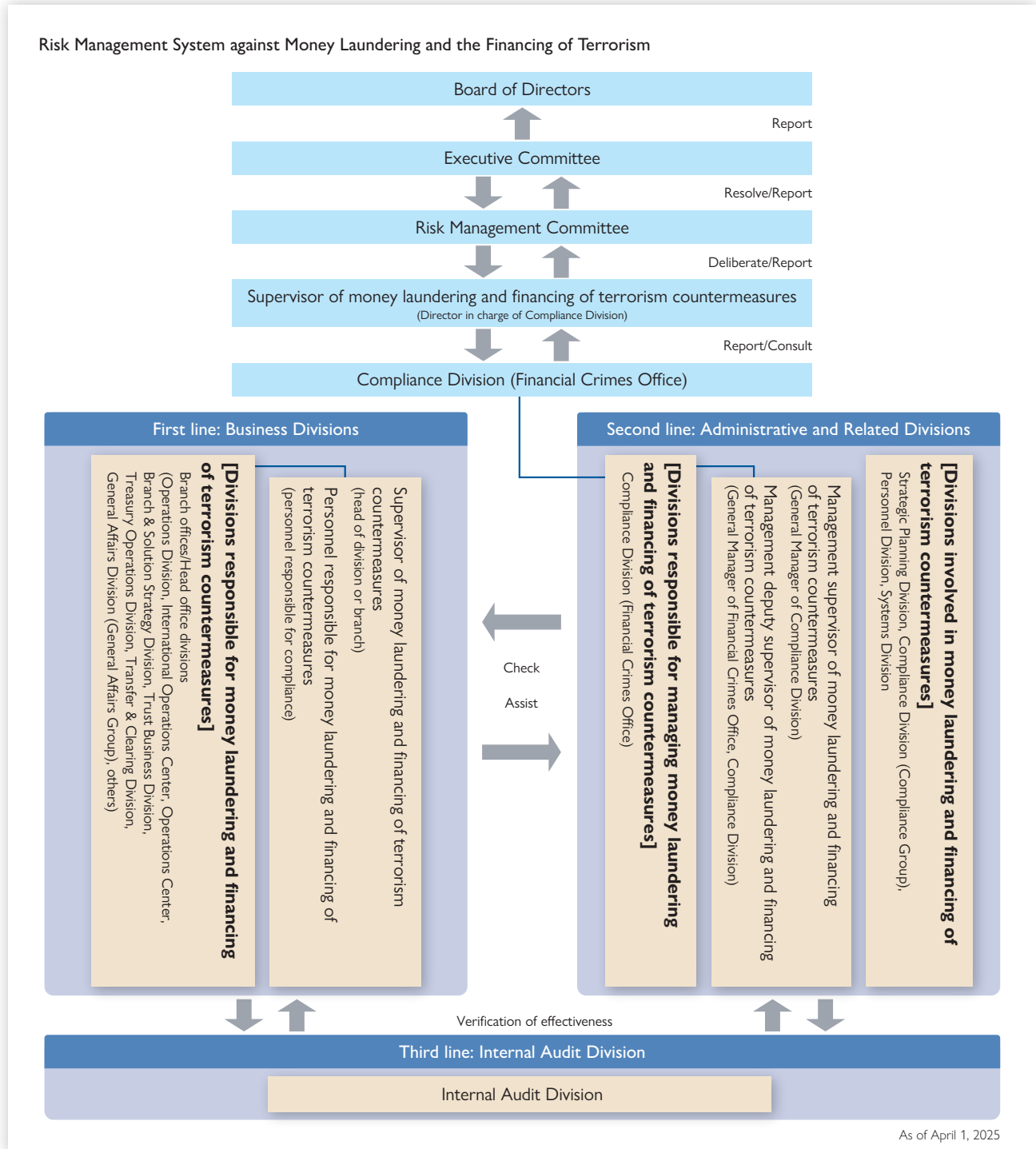


Anti-Money Laundering, Counter Financing of Terrorism, and Counter-Proliferation Financing

The SCB has designated the prevention of money laundering, terrorist financing, and proliferation financing as one of the most important managerial issues, and is working to sophisticate its anti-money laundering/counter financing of terrorism/counter-proliferation financing measures (“AML/CFT/CPF measures”) by a risk-based approach.

The SCB appoints the director in charge of the Compliance Division as a chief executive for the AML/CFT/CPF measures and establishes an organizational structure where the Compliance Division is responsible for controlling these measures.

The SCB identifies and assesses the risks it faces in money laundering, terrorist financing, and proliferation financing, and takes risk-based measures, while inspecting and evaluating on the compliance of such measures to improve the effectiveness of the framework.





Risk Management

Learning from the experience of the financial crisis, the SCB is exhaustively implementing more highly detailed and thorough processes to manage risks by pursuing more sophisticated integrated, market and credit risk management and other measures while also advancing predictor and interim management for credit control.

Risk Appetite Framework

In order for the SCB to fulfill its role as the central financial institution of the shinkin banks, it is necessary for it to take appropriate risks, which are matched to its level of capital and congruent with its own business model and risk culture, to enable it to continue to secure profits.

A “risk appetite framework” (*1, *2) has been constructed and is being operated with the aim of clarifying this basic concept of risk-taking and strengthening risk governance.

*1. Risk appetite: the type and size of risks that a financial institution actively attempts to take in order to fulfill its role

*2. Risk appetite framework: a framework for discussing and executing risk-taking policies and risk tolerances as prescribed by the required level of profits and capital

◆ Setting the SCB's risk culture and risk appetite

We believe that what are required to fulfill its function as the central financial institution of the shinkin banks with a focus on stability and continuity.

We recognize that, in order to achieve this, the SCB must secure a sound financial position and stable profits, and that it has a risk culture that does not permit excessive risk-taking.

In addition to setting risk appetite with reference to this risk culture, the SCB has designated the consolidated capital adequacy ratio (domestic standard) and maximum amount available for dividend as management indicators (risk appetite indicators).

◆ Management of Risk Appetite Framework

Based on the objectives of implementing the risk appetite framework, and our risk culture and appetite, we have taken a comprehensive view of the balance between earnings, risk and capital to set a medium-term target level of earnings (profit attributable to owners of parent).

Also, based on these medium-term targets, we are executing operations in accord-

ance with a PDCA cycle, under which we formulate earning plans for a single fiscal year, take on risk, provide status reports, verify progress, and amend them as required.

In addition, we have formulated a risk appetite statement to clarify the content of the risk appetite framework.

Basic Policy on Risk Management

In the wake of the global financial crisis, financial institutions face significant changes in economic and financial market conditions and other aspects of their operating environment. To respond promptly and appropriately to these changes, financial institutions require very finely tuned risk management.

The SCB has positioned risk management as a key management priority for ensuring sound management and securing adequate profits. All directors and employees conduct their daily duties with a full awareness of the importance of risk management.

The SCB classifies risk in two broad categories—risk that must be controlled and risk that must be absolutely minimized—and manages the risks accordingly. The types of risk that must be controlled are market, liquidity, and credit risks. The type of risk that must be minimized is operational risk. The Risk Management Division coordinates the management of different risks to provide comprehensive risk management.

The SCB has also established crossorganizational bodies—the Risk Management Committee, Credit Committee and ALM Committee—to manage risk from a Bank-wide perspective. These committees deliberate and make decisions on specific issues relating to their respective risk management functions based on the policies determined by the Board of Directors and the Executive Committee.

To ensure the effectiveness of its risk management systems, the SCB has also established the Internal Audit Division—a body independent from its risk management systems—to monitor the SCB's risk management activities.

Integrated Risk Management

To manage risk in a comprehensive manner, the SCB employs the integrated risk management method to cope with quantifiable risk.

Integrated risk management is a way to manage its diverse risks by calculating them with uniform criteria, such as the Value-at-Risk (VaR) method, and comparing their aggregated value to the institution's overall financial strength (i.e., capital adequacy).

For market risk and credit risk, the SCB calculates the VaR.

For the calculation of operational risk capital requirements, the SCB employs the standard measurement approach, proposed under regulations concerning capital adequacy ratios.

The SCB defines capital under its integrated risk management system and allocates quantitative risk limits, operational risk and other types of risk.*

Separately, the SCB estimates losses under various stress scenarios as part of its efforts to monitor potential impacts on capital.

The quantitative risk limits and reserve amounts for each fiscal year are determined by the Executive Committee following deliberation by the Risk Management Committee.

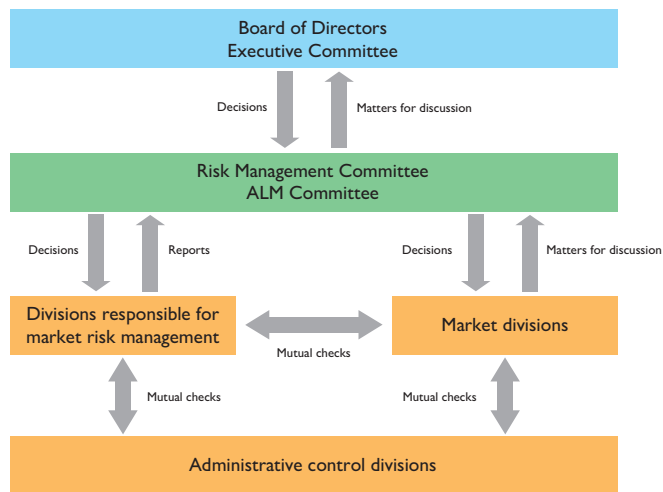
The Risk Management Division, which oversees integrated risk management, measures the amount of risk exposure both during and at the end of each month, to ensure that quantitative limits for each type of risk are not exceeded. The Risk Management Division provides reports on risk status to senior management and related divisions through the Risk Management Committee.

* With regard to subsidiaries within the SCB's scope of consolidation, the SCB monitors risk exposure at each subsidiary and allocates capital commensurate with the amount of risk. These allocations enable subsidiaries to take risks.

Risk Management System



Market Risk Management Framework



◆ Market Risk* Management

To maintain an accurate understanding of market risk and rigorously manage this risk, the SCB has issued a market risk management policy. Furthermore, divisions responsible for market risk management are clearly separated from divisions involved in market operations, providing a risk management structure in which internal checks are maintained through the independent functions.

The SCB has established the ALM Committee as the body responsible for deliberating and making decisions on market risk management. The ALM Committee comprises senior management and heads of divisions related to market risk.

Based on risk information—obtained via reports from divisions responsible for managing market risk and other sources—the ALM Committee deliberates widely and expeditiously on policy relating to fund-raising and management as well as proposed market transactions.

For banking operations and trading activities, the divisions responsible for managing market risk quantify and manage market risk exposure by VaR within the limit set by the Executive Committee. In addition, market risk exposure is further divided into several categories, with risk quantities monitored by category.

In addition, the SCB manages its exposure on a variety of fronts, such as monitoring stress

losses at times of unexpected market fluctuations, the basis-point-value (BPV) (changes in the valuation of the market value of the portfolio in response to changes in interest rates), and IRRBB (interest rate risk in scenarios specified by the FSA).

The status of these risk management activities is reported to senior management at biweekly meetings of the ALM Committee.

* Market risk includes interest rate risk and such equity-related risk as stock price fluctuation risk

◆ Liquidity Risk Management

As the central financial institution for shinkin banks, the SCB maintains a rigorous system for managing liquidity risk to respond to the needs of shinkin banks for daily working capital and emergency funds.

To maintain an accurate understanding of liquidity risk and rigorously manage this risk, the SCB has formulated a liquidity risk management policy. Divisions responsible for liquidity risk management are clearly separated from divisions involved in cash management and market operations, allowing internal checks to be maintained through the independent functions. In addition, the ALM Committee deliberates and makes decisions on liquidity risk management.

Methods used for managing liquidity risk include setting and monitoring of daily risk limit relating to the gap between cash inflows and outflows. This is carried out for individual currencies and periods. A significant liquidity risk arises, the SCB is prepared to respond rapidly, and even secure funding sources.



◆ Credit Risk* Management

To maintain an accurate understanding of credit risk and rigorously manage this risk, the SCB has formulated a credit risk management policy. Furthermore, the SCB has formulated a Credit Policy, which sets out the SCB's fundamental philosophy. The SCB requires strict adherence to the Credit Policy on the part of all directors and employees involved in credit operations. The SCB conducts ongoing internal communications emphasizing the importance of sound ethics in all behavior and decision making.

At the SCB, divisions responsible for credit control, credit assessment and asset assessment are clearly separated from divisions involved in client services. In this way, we are building a structure in which internal checks are maintained through the independent functions given to each part of the system.

The SCB has established the Credit Committee and the Risk Management Committee as the bodies responsible for deliberating and making decisions on matters relating to credit risk management. The Credit Committee and the Risk Management Committee comprise senior management and the general managers of related divisions. The Credit Committee deliberates on credit transactions that exceed a designated amount, and the Risk Management Committee deliberates broadly and thoroughly matters relating to credit risk management. The Executive Committee deliberates, and makes decisions regarding, the results of self-assessment of assets and matters relating to self-assessment of asset write-offs and asset reserve provisions.

Divisions responsible for credit control manage the credit risk for each borrower relating to loans and market trading activities. An overall credit limit is set for each borrower according to their credit rating.

Credit ratings are based on quantitative criteria, set by evaluating the borrower's financial statements, and qualitative criteria, set by evaluating the borrower's competitive strength in the industry within which it operates. Based on these assessments of credit strength, each borrower is given a credit rating on the SCB's 10-step scale. The credit ratings given to borrowers are reviewed regularly, and flexibly revised as necessary.

Divisions responsible for credit control analyze the SCB's overall credit portfolio according to credit rating, industry, country, and other criteria. These analyses are used to monitor the diversification of credit risk as well as changes in portfolio credit risk. Furthermore, credit risk is quantified and managed within the risk limit set by the Executive Committee.

The credit risk exposure is measured

using VaR as well as the Monte Carlo simulation method.

The Credit Planning & Supervision Division—responsible for credit assessment—accurately monitors each borrower's financial condition, the purposes for which funds are used, and repayment resources. In addition to appropriate assessment and post-transaction management, the Credit Planning & Supervision Division continually inspects whether the client service division is conducting appropriate credit controls, and provides guidance as necessary. In the event that there should be any problem on the borrower's side, the Credit Planning & Supervision Division expeditiously assesses the borrower's management situation and provides supervision. Where necessary, action is taken to recover the loan.

The Credit Planning & Supervision Division is also responsible for asset assessment. The division undertakes and manages operations relating to asset self-assessments, and the calculation of asset write-offs and asset reserve provisions.

* Credit risk includes such risk as counterparty risk for derivative transactions and securitization transaction risk.

◆ Operational Risk Management

To comprehensively manage operational risks, the SCB has formulated the guidelines for managing operational risks, and to address administrative risks, system risks and compliance risks, which we consider the major operational risks, we have additionally formulated individual management guidelines for each of those risks.

Furthermore, the SCB has constructed a system for comprehensively managing operational risks. In addition to having in place a department to comprehensively manage operational risks as well as a department to manage administrative risks, a department to manage system risks and a department to manage compliance risks, we also set up risk management departments to manage other operational risks as necessary.

The SCB has established the Risk Management Committee as the body responsible for deliberating and making decisions on matters relating to operational risk management.

The Risk Management Committee, comprising senior management and heads of related divisions, deliberates and makes decisions on comprehensive methods for managing operational risks, including administrative risks, system risks and compliance risks.

Regarding the SCB's subsidiaries, the

SCB's Internal Audit Division conducts audits of the respective systems.

To calculate its operational risk capital requirements, the SCB uses the standard measurement approach proposed under regulations concerning capital adequacy ratios.

• Administrative risk management

The Operations Division oversees administrative risk management and administrative instruction. In addition to developing and maintaining the administrative processing system and administrative rules, and undertaking reviews of administrative procedures, the Operations Division conducts administrative instruction programs for divisions involved in administrative processing. With this system, the SCB appropriately manages administrative risk.

• Information Technology Risk Management

The Systems Division takes charge of information technology risk management. It provides control and guidance to divisions involved in system development, operation, and utilization.

Recognizing that cyber attacks are becoming increasingly sophisticated and ingenious, the division is stepping up measures to reinforce its cybersecurity, including the establishment of the Shinkin Central Bank Computer Security Incident Response Team.

In the event of a system failure that seriously affects the execution of business operations, an SCB-wide response is triggered based on crisis management procedures (contingency planning). In addition to periodically conducting crisis response drills, based on system failure crisis scenarios, the SCB also has in place a Disaster Recovery System and other precautions based on the Business Continuity Plan.

• Compliance risk management

The Compliance Division, which functions as a department designated for compliance risk management, manages compliance risks by a series of processes involving identifying compliance risks; analyzing and evaluating the causes, background and range of impact, etc. of each risk; taking necessary measures to minimize compliance risks; and verifying the results of the aforementioned.

Preferred Shares

The SCB's Preferred Shares

The SCB issues preferred shares under the Law Concerning Preferred Shares of Cooperative Financial Institutions. The preferred shares, which are regulated by the Financial Instruments and Exchange Act, are issued to complement members' (shinkin banks') common shares and offered publicly to increase the net worth of cooperative financial institutions.

Although the preferred shares do not carry the voting rights that holders of common shares receive, the preferred shares have certain advantages over common shares, such as the guarantee of priority in the payment of dividends.

Listing of Preferred Shares

The SCB has issued preferred shares since fiscal 1995 and, for the first time in Japan, the preferred shares were listed on the Tokyo Stock Exchange on December 22, 2000 (Securities Identification Code 8421). The SCB's preferred shares are marketable securities that are very similar to preferred stocks, and, basically, the same listing criteria and disclosure rules apply to them.

Trading of Preferred Shares

Like listed stocks, the SCB's preferred shares can be traded anytime during Tokyo Stock Exchange trading hours through a securities company. Margin transactions are also possible for preferred shares, just as they are for stocks.

Dividends of Preferred Shares

The SCB's basic policy is to pay stable dividends while securing sound management, enhancing retained earnings, and boosting earnings power.

The SCB's preferred shares pay a dividend to the holders at the end of March of every fiscal year. As the rule of interim dividends is not provided in the Law Concerning Preferred Shares of Cooperative Financial Institutions, the SCB does not pay interim dividends.

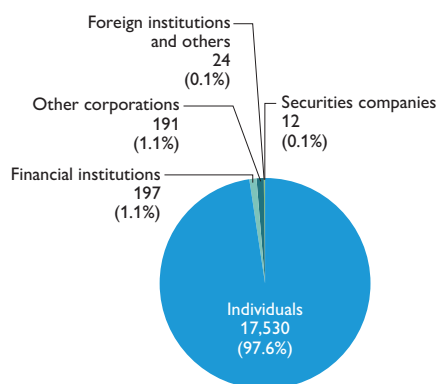
Dividends of preferred shares comprise preferred dividends and participating dividends. Preferred dividends are paid before any dividends are paid to common stock holders (shinkin banks). Participating dividends are paid from retained earnings after preferred dividends. They may vary depending on profits of the SCB.

The SCB's preferred shares are treated as stocks in the taxation system, and are given the same preferential treatment concerning tax as stocks.

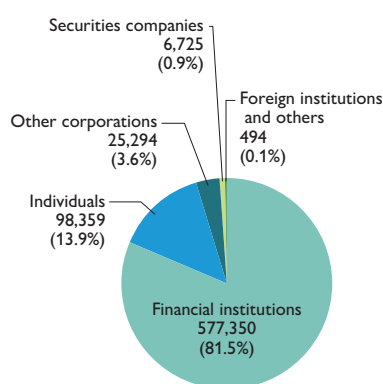
For fiscal year ended March 31, 2025, the dividend for preferred shares was ¥6,500 (\$43) per share, which included a preferred dividend of ¥3,000 (\$20) and a participating dividend of ¥3,500 (\$23).

Composition of Preferred Shares (March 31, 2025)

• Number of Investors (17,954)



• Number of Subscription (708,222)



Price of Preferred Shares*

	(Closing price, yen)
First day of listing (December 22, 2000)	200,500
Highest price (March 15, 2006)	311,500
Lowest price (April 14, 2009)	102,400
Closing price (July 31, 2025)	193,000

* The price of preferred shares is split-adjusted, reflecting the stock split of preferred shares as at July 31, 2009.

Financial Section

Contents

55	Five-Year Summary (Consolidated)
56	Consolidated Balance Sheet
57	Consolidated Statement of Income
58	Consolidated Statement of Comprehensive Income
59	Consolidated Statement of Changes in Net Assets
62	Consolidated Statement of Cash Flows
63	Notes to Consolidated Financial Statements
116	Independent Auditor's Report
121	Non-Consolidated Balance Sheet
122	Non-Consolidated Statement of Income
123	Statement of Trust Account (Consolidated)

Five-Year Summary (Consolidated)

	(Millions of Yen)				
	FY2020	FY2021	FY2022	FY2023	FY2024
Total Income	261,011	249,652	373,727	427,435	482,583
Trust Fees	1,258	1,921	2,391	2,529	2,581
Total Expenses	217,585	201,470	338,076	383,355	424,276
Profit Attributable to Owners of Parent	31,649	35,942	26,221	32,145	42,449
Comprehensive Income	196,771	(110,723)	(231,498)	32,577	(25,934)
Net Assets	1,727,321	1,596,329	1,345,160	1,558,068	1,512,438
Total Assets	43,843,528	43,931,795	46,095,333	47,622,424	48,238,888
Net Assets per Share (Yen)	320,620.85	292,802.41	239,364.73	242,006.77	231,530.45
Net Income per Share (Yen)	4,401.33	5,041.19	3,592.19	4,464.33	4,630.70
Dividends	19,603	19,603	19,603	19,628	22,603
General Common Shares	12,000	12,000	12,000	12,000	12,000
Specific Common Shares	3,000	3,000	3,000	3,024	6,000
Preferred Shares	4,603	4,603	4,603	4,603	4,603
Trust Assets	2,015,700	2,708,486	3,015,058	3,016,944	3,030,362

Notes:

1. National and local consumption tax incurred by the Shinkin Central Bank and its domestic consolidated subsidiaries are excluded from transaction amounts.
2. The amount stated for the amount of trust assets is the amount of trust assets related to the trust business pursuant to the “Act on Engagement in Trust Business Activities by Financial Institutions.” The trust business pursuant to the same Act has been conducted only by the Shinkin Central Bank.

Consolidated Balance Sheet

Shinkin Central Bank As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2025	2024	(Note 1) 2025
Assets			
Cash and Due from Banks (Note 2 (2), 10, 26)	19,119,691	19,937,781	127,916
Bills Bought and Call Loans (Note 26)	638,312	479,611	4,270
Receivables under Resale Agreements (Note 26)	83,635	25,150	559
Receivables under Securities Borrowing Transactions	-	10,944	-
Monetary Claims Bought (Note 26)	246,018	259,844	1,645
Trading Assets (Note 3, 10, 26, 27)	578,367	350,766	3,869
Money Held in Trust (Note 26, 27)	45,032	78,765	301
Securities (Note 4, 5, 8, 10, 26, 27)	17,053,752	16,009,891	114,094
Loans and Bills Discounted (Note 5, 6, 7, 10, 26)	9,285,697	8,858,319	62,124
Foreign Exchanges Assets (Note 5, 6)	25,195	23,466	168
Other Assets (Note 5, 10)	821,971	1,288,728	5,499
Tangible Fixed Assets (Note 9, 15, 25)	76,483	74,611	511
Intangible Fixed Assets (Note 25)	24,050	17,680	160
Deferred Tax Assets (Note 23)	96,247	66,173	643
Customers' Liabilities for Acceptances and Guarantees (Note 5)	167,420	164,525	1,120
Reserve for Possible Loan Losses	(22,988)	(23,836)	(153)
Total Assets	48,238,888	47,622,424	322,732
Liabilities and Net Assets			
Liabilities			
Deposits (Note 26)	31,305,205	33,064,496	209,441
Debentures (Note 13, 26)	1,250,410	1,302,170	8,365
Trading Liabilities (Note 11, 26)	288,389	155,200	1,929
Borrowed Money (Note 10, 12, 26)	4,347,300	5,130,000	29,084
Bills Sold and Call Money (Note 10, 26)	2,255,269	18,202	15,088
Payables under Repurchase Agreements (Note 10, 26)	3,680,937	3,526,403	24,626
Payables under Securities Lending Transactions (Note 10, 26)	2,788,631	2,151,096	18,656
Foreign Exchanges Liabilities	897	920	6
Borrowed Money from Trust Account	43,977	45,418	294
Other Liabilities (Note 12, 14)	562,055	462,759	3,760
Reserve for Employee Bonuses	1,910	1,832	12
Reserve for Directors' Bonuses	83	90	0
Net Defined Benefit Liability (Note 24)	27,097	34,416	181
Reserve for Directors' Retirement Allowances	516	541	3
Reserve under Specific Law	20	14	0
Deferred Tax Liabilities (Note 23)	142	235	0
Deferred Tax Liabilities for Land Revaluation (Note 15)	6,184	6,033	41
Acceptances and Guarantees	167,420	164,525	1,120
Total Liabilities	46,726,449	46,064,355	312,614
Net Assets			
Common Shares and Preferred Shares (Note 22)	890,998	890,998	5,961
Capital Surplus	100,678	100,678	673
Retained Earnings	686,104	663,282	4,590
Total Shareholders' Equity	1,677,781	1,654,959	11,224
Net Unrealized Gains (Losses) on Other Securities (Note 23, 27)	(383,519)	(271,415)	(2,565)
Deferred Gains or Losses on Hedges (Note 23, 28)	181,425	144,213	1,213
Land Revaluation Excess (Note 15)	14,621	14,772	97
Foreign Currency Translation Adjustments	(124)	(1,169)	0
Remeasurements of Defined Benefit Plans (Note 24)	8,038	3,210	53
Total Accumulated Other Comprehensive Income	(179,559)	(110,388)	(1,201)
Non-Controlling Interests	14,217	13,497	95
Total Net Assets	1,512,438	1,558,068	10,118
Total Liabilities and Net Assets	48,238,888	47,622,424	322,732

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Income

Shinkin Central Bank For the year ended March 31,	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2025	2024	2025
Income			
Interest Income:	399,819	283,914	2,674
Interest on Loans and Bills Discounted	39,845	24,034	266
Interest on Due from Banks	45,089	8,269	301
Interest on Bills Bought and Call Loans	5,205	3,117	34
Interest on Receivables under Resale Agreements	77	(562)	0
Interest on Receivables under Securities Borrowing Transactions	18	0	0
Interest and Dividends on Securities	304,493	245,563	2,037
Others	5,090	3,491	34
Trust Fees	2,581	2,529	17
Fees and Commissions (Note 17)	46,048	43,923	308
Trading Income (Note 18)	12,421	23,171	83
Other Operating Income	17,729	48,622	118
Other Income (Note 19)	3,983	25,274	26
Total Income	482,583	427,435	3,228
Expenses			
Interest Expenses:	318,691	177,395	2,132
Interest on Deposits	80,050	42,004	535
Interest on Debentures	2,697	1,556	18
Interest on Borrowed Money	1,671	2,377	11
Interest on Bills Sold and Call Money	4,382	545	29
Interest on Payables under Repurchase Agreement	61,439	29,754	411
Interest on Payables under Securities Lending Transactions	117,939	80,632	789
Others	50,511	20,523	337
Fees and Commissions (Note 17)	16,619	15,427	111
Trading Losses	-	-	-
Other Operating Expenses	28,200	131,213	188
General and Administrative Expenses	60,364	59,169	403
Other Expenses (Note 20)	400	150	2
Total Expenses	424,276	383,355	2,838
Profit before Income Taxes	58,307	44,079	390
Income Taxes (Note 23):			
Current	15,783	12,231	105
Deferred	(448)	(473)	(2)
Total Income Taxes	15,334	11,757	102
Profit	42,972	32,322	287
Profit Attributable to Non-Controlling Interests	523	176	3
Profit Attributable to Owners of Parent	42,449	32,145	284

	Yen		U.S. Dollars (Note 1)
	2025	2024	2025
Net Income per Share (Note 32)	4,630.70	4,464.33	30.98
Dividend Declared per Share (General Common Shares)	3,000.00	3,000.00	20.07
Dividend Declared per Share (Specific Common Shares)	1,500.00	1,500.00	10.03
Dividend Declared per Share (Preferred Shares)	6,500.00	6,500.00	43.48

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Shinkin Central Bank For the year ended March 31,	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2025	2024	2025
Profit	42,972	32,322	287
Other Comprehensive Income/(Loss) (Note 21)	(68,907)	255	(461)
Net Unrealized Gains (Losses) on Other Securities	(112,104)	(55,521)	(750)
Deferred Gains or Losses on Hedges	37,211	50,039	248
Land Revaluation Excess	(151)	-	(1)
Foreign Currency Translation Adjustments	1,044	1,069	6
Remeasurements of Defined Benefit Plans	5,091	4,667	34
Comprehensive Income/(Loss)	(25,934)	32,577	(173)
Comprehensive Income/(Loss) Attributable to Owners of Parent	(26,721)	32,067	(178)
Comprehensive Income/(Loss) Attributable to Non-Controlling Interests	786	510	5

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Net Assets

Shinkin Central Bank For the year ended March 31, 2025

Millions of Yen

	Shareholders' Equity			
	Common Shares and Preferred Shares	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at Beginning of Year	890,998	100,678	663,282	1,654,959
Changes during the Fiscal Year				
Surplus Dividends			(19,628)	(19,628)
Profit Attributable to Owners of Parent			42,449	42,449
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year				
Total Changes during the Fiscal Year	-	-	22,821	22,821
Balance at End of Year	890,998	100,678	686,104	1,677,781

	Accumulated Other Comprehensive Income						Non-Controlling Interests	Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Deferred Gains or Losses on Hedges	Land Revaluation Excess	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at Beginning of Year	(271,415)	144,213	14,772	(1,169)	3,210	(110,388)	13,497	1,558,068
Changes during the Fiscal Year								
Surplus Dividends								(19,628)
Profit Attributable to Owners of Parent								42,449
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	(112,104)	37,211	(151)	1,044	4,827	(69,171)	720	(68,451)
Total Changes during the Fiscal Year	(112,104)	37,211	(151)	1,044	4,827	(69,171)	720	(45,629)
Balance at End of Year	(383,519)	181,425	14,621	(124)	8,038	(179,559)	14,217	1,512,438

	Shareholders' Equity			
	Common Shares and Preferred Shares	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at Beginning of Year	5,961	673	4,437	11,072
Changes during the Fiscal Year				
Surplus Dividends			(131)	(131)
Profit Attributable to Owners of Parent			284	284
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year				
Total Changes during the Fiscal Year	-	-	152	152
Balance at End of Year	5,961	673	4,590	11,224

	Accumulated Other Comprehensive Income						Non-Controlling Interests	Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Deferred Gains or Losses on Hedges	Land Revaluation Excess	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at Beginning of Year	(1,815)	964	98	(7)	21	(738)	90	10,423
Changes during the Fiscal Year								
Surplus Dividends								(131)
Profit Attributable to Owners of Parent								284
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	(750)	248	(1)	6	32	(462)	4	(457)
Total Changes during the Fiscal Year	(750)	248	(1)	6	32	(462)	4	(305)
Balance at End of Year	(2,565)	1,213	97	(0)	53	(1,201)	95	10,118

	Shareholders' Equity			
	Common Shares and Preferred Shares	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at Beginning of Year	690,998	100,678	650,740	1,442,417
Changes during the Fiscal Year				
Increase of Common Shares	200,000			200,000
Surplus Dividends			(19,603)	(19,603)
Profit Attributable to Owners of Parent			32,145	32,145
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year				
Total Changes during the Fiscal Year	200,000	-	12,542	212,542
Balance at End of Year	890,998	100,678	663,282	1,654,959

	Accumulated Other Comprehensive Income						Non-Controlling Interests	Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Deferred Gains or Losses on Hedges	Land Revaluation Excess	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at Beginning of Year	(215,893)	94,174	14,772	(2,238)	(1,124)	(110,310)	13,053	1,345,160
Changes during the Fiscal Year								
Increase of Common Shares								200,000
Surplus Dividends								(19,603)
Profit Attributable to Owners of Parent								32,145
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	(55,521)	50,039	-	1,069	4,334	(78)	443	365
Total Changes during the Fiscal Year	(55,521)	50,039	-	1,069	4,334	(78)	443	212,907
Balance at End of Year	(271,415)	144,213	14,772	(1,169)	3,210	(110,388)	13,497	1,558,068

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

Millions of
U.S. Dollars

Shinkin Central Bank For the year ended March 31,	Millions of Yen		(Note 1)
	2025	2024	2025
Cash Flows from Operating Activities:			
Profit before Income Taxes	58,307	44,079	390
Depreciation	10,948	10,626	73
Impairment Losses	-	83	-
Increase (Decrease) in Reserve for Possible Loan Losses	(848)	(137)	(5)
Increase (Decrease) in Reserve for Employee Bonuses	78	67	0
Increase (Decrease) in Reserve for Directors' Bonuses	(7)	1	(0)
Increase (Decrease) in Net Defined Benefit Liability	(7,319)	(5,883)	(48)
Increase (Decrease) in Reserve for Directors' Retirement Allowances	(24)	30	(0)
Interest Income	(399,819)	(283,914)	(2,674)
Interest Expenses	318,691	177,395	2,132
Net Losses (Gains) on Securities	23,732	105,397	158
Net Losses (Gains) on Money Held in Trust	117	(18)	0
Net Losses (Gains) on Foreign Exchange	47,933	(317,089)	320
Net Losses (Gains) on Disposal of Fixed Assets	272	62	1
Net Decrease (Increase) in Trading Assets	(227,601)	134,919	(1,522)
Net Increase (Decrease) in Trading Liabilities	133,188	68,498	891
Net Increase (Decrease) in Trading Payables	9,349	(21,825)	62
Net Decrease (Increase) in Loans and Bills Discounted	(427,377)	652,990	(2,859)
Net Increase (Decrease) in Deposits	(1,759,290)	(1,588,321)	(11,770)
Net Increase (Decrease) in Debentures	(51,760)	(150,790)	(346)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	(782,700)	1,293,800	(5,236)
Net Decrease (Increase) in Due from Banks (Excluding Due from Central Bank)	(74,102)	7,187	(495)
Net Decrease (Increase) in Call Loans and Others	(217,185)	1,363,757	(1,453)
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	10,944	(10,944)	73
Net Increase (Decrease) in Call Money and Others	2,391,601	917,072	16,000
Net Increase (Decrease) in Payables under Securities Lending Transactions	637,534	788,963	4,265
Net Decrease (Increase) in Monetary Claims Bought	13,826	(87,644)	92
Net Decrease (Increase) in Foreign Exchanges (Assets)	(1,729)	(765)	(11)
Net Increase (Decrease) in Foreign Exchanges (Liabilities)	(22)	268	(0)
Net Increase (Decrease) in Due to Trust Accounts	(1,440)	1,883	(9)
Interest Received	512,646	339,793	3,429
Interest Paid	(429,643)	(274,043)	(2,874)
Other, Net	615,813	(43,609)	4,119
Sub-total	404,114	3,121,891	2,703
Income Taxes Paid	(4,671)	(11,453)	(31)
Net Cash Provided by (Used in) Operating Activities	399,442	3,110,438	2,672
Cash Flows from Investing Activities:			
Acquisitions of Securities	(5,829,763)	(8,727,731)	(39,002)
Proceeds from Sale of Securities	2,519,473	2,131,240	16,856
Proceeds from Redemption of Securities	2,027,310	4,404,449	13,563
Increase in Money Held in Trust	(5,000)	(6)	(33)
Decrease in Money Held in Trust	34,853	-	233
Acquisitions of Tangible Fixed Assets	(5,886)	(6,609)	(39)
Acquisitions of Intangible Fixed Assets	(13,212)	(3,985)	(88)
Net Cash Provided by (Used in) Investing Activities	(1,272,224)	(2,202,642)	(8,511)
Cash Flows from Financing Activities:			
Repayment of Subordinated Borrowings	-	(162,480)	-
Proceeds from Increase of Shares	-	200,000	-
Dividends Paid	(19,628)	(19,603)	(131)
Dividends Paid to Non-Controlling Interests	(66)	(66)	(0)
Net Cash Provided by (Used in) Financing Activities	(19,694)	17,849	(131)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(0)	0	(0)
Net Increase (Decrease) in Cash and Cash Equivalents	(892,476)	925,646	(5,970)
Cash and Cash Equivalents at Beginning of Period	19,243,645	18,317,999	128,745
Cash and Cash Equivalents at End of Period (Note 2 (2))	18,351,168	19,243,645	122,774

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation:

The accompanying consolidated financial statements have been prepared from the accounts maintained by Shinkin Central Bank (the “Bank”) and its consolidated subsidiaries in accordance with accounting principles and practices generally accepted in Japan that are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements have been reclassified for the convenience of readers outside Japan. The amounts in Japanese yen are presented in millions of yen by rounding down figures. As a result, the totals in yen shown in the consolidated financial statements do not necessarily agree with the sums of the individual account balances.

U.S. dollar amounts represent the arithmetical results of translating original Japanese yen amounts of the respective account balances to U.S. dollars on a basis of ¥149.47 to U.S.\$1, the exchange rate prevailing as of March 31, 2025. The amounts in U.S. dollars are presented in millions of U.S. dollars by rounding down figures. As a result, the totals in U.S. dollars shown in the consolidated financial statements do not necessarily agree with the sums of the individual account balances. The U.S. dollar amounts are included solely for the convenience of readers outside Japan and this translation should not be construed as representation that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or at any other rates.

2. Significant Accounting Policies:

(1) Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its nine consolidated subsidiaries as of March 31, 2025 listed below:

Name	Location	Ownership Percentage
The Shinkin Banks Information		
System Center Co., Ltd.	Tokyo	50.7%
Shinkin International Ltd.	London	100%
Shinkin Chukin Business Co., Ltd.	Tokyo	100%
Shinkin Asset Management Co., Ltd.	Tokyo	100%
Shinkin Securities Co., Ltd.	Tokyo	100%
Shinkin Capital Co., Ltd.	Tokyo	100%
Shinkin Guarantee Co., Ltd.	Tokyo	100%
Shinkin Singapore Pte. Ltd.	Singapore	100%
Shinkin Regional Innovation Co., Ltd.	Tokyo	100%

Unconsolidated subsidiaries

Shinkin no Tsubasa Investment Limited Partnership
 Shinkin no Ishizue Investment Limited Partnership
 Shinkin no Tsubasa No. 2 Investment Limited Partnership
 Unconsolidated subsidiaries are excluded from the scope of consolidation because their total assets, total income, net income (amount based on the equity method), retained earnings (amount based on the equity method) and accumulated other comprehensive income (amount based on the equity method) are immaterial and do not hinder a rational judgment of the Bank’s financial condition and results of operation when excluded from the scope of consolidation.

The fiscal year and the closing date thereof for the financial statements of the consolidated subsidiaries are consistent with those of the Bank, except for Shinkin International Ltd. and Shinkin Singapore Pte. Ltd., which have a fiscal year ending on December 31.

For the consolidation of these subsidiaries, the Bank makes appropriate adjustments for any material transactions subsequent to December 31.

All significant intercompany balances and transactions have been eliminated in consolidation. The Bank’s share of net assets of subsidiaries is valued at fair value on acquisition. Non-controlling interests in net assets of subsidiaries are valued at fair value on acquisition in the consolidated financial statements. The excess of the cost over the fair value of the underlying net equity in subsidiaries on acquisition is expensed when incurred.

The application of equity-method to unconsolidated subsidiaries and affiliates is as follows:

Non-consolidated equity-method subsidiaries:	N/A
Affiliated equity-method companies:	N/A

Unconsolidated subsidiaries that are not accounted for by the equity method:

Shinkin no Tsubasa Investment Limited Partnership
 Shinkin no Ishizue Investment Limited Partnership
 Shinkin no Tsubasa No. 2 Investment Limited Partnership

Unconsolidated subsidiaries that are not accounted for by the equity method are excluded from the scope of equity method because their effect on the accompanying consolidated financial statements, in terms of net income (amount based on the equity method) and retained earnings (amount based on the equity method), would not be material.

Affiliated companies to which the equity method is not applied due to immateriality:

Aozora Loan Services Co., Ltd.

(2) Cash and Cash Equivalents

In the consolidated statement of cash flows, “Cash and Cash Equivalents” consist of Cash and Due from Central Bank.

Reconciliation between Cash and Due from Banks in the consolidated balance sheet and Cash and Cash Equivalents at March 31, 2025 and 2024 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Cash and Due from Banks	19,119,691	19,937,781	127,916
Due from Banks (Excluding Due from Central Bank)	(768,522)	(694,136)	(5,141)
Cash and Cash Equivalents	18,351,168	19,243,645	122,774

(3) Trading Assets and Liabilities

Transactions for “Trading Purposes” (for purposes of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of financial instruments and other market related indices or from gaps among markets) are included in “Trading Assets” and “Trading Liabilities” on the consolidated balance sheet on a trade date basis. In addition, gains and losses from “Trading Assets” and “Trading Liabilities” are recorded as “Trading Income” and “Trading Losses” on the consolidated statement of income on a trade date basis.

Securities and Monetary Claims Bought for trading purposes are stated at fair value at the fiscal year end. Trading-related financial derivatives such as swaps, futures and options are stated at the amounts that would have been delivered for settlement as of the fiscal year end date.

(4) Financial Instruments

(i) Securities

The Bank and its consolidated subsidiaries classify securities into three categories: held-to-maturity debt securities, investments in affiliates that are not accounted for by the equity method, and other securities. Held-to-maturity debt securities are stated at cost amortized by the straight-line method using the moving-average method. Investments in affiliates that are not accounted for by the equity method are stated at cost using the moving-average method. Other securities are stated at fair value (and the cost of securities sold is mainly determined using the moving-average method). Stocks and other equity securities with no market prices are stated at cost using the moving-average method.

The full amount of net unrealized gains or losses on other securities is recorded directly within Net Assets.

Securities included as trust property in “Money Held in Trust” are stated in the same manner as above.

(ii) Derivative Transactions

Derivative transactions are stated at fair value.

(iii) Hedge Accounting

(a) Hedge of Interest Rate Risk

The Bank applies the deferred method of hedge accounting described in the Japanese Institute of Certified Public Accountants (JICPA) Industry Committee Practical Guidelines No. 24, March 17, 2022 “Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry” to transactions to hedge against interest rate risk arising from the financial assets and liabilities.

Effectiveness of a fair value hedge is assessed for each of the identified group of hedged items such as loans and deposits, and corresponding group of hedging instruments such as interest rate swaps with the same maturity bucket. Effectiveness of a cash flow hedge is assessed based on the correlation between an interest rate risk factor of the hedged items and that of the hedging instruments.

For certain assets and liabilities, the exceptional treatment for interest rate swaps is applied.

(b) Hedge of Foreign Exchange Fluctuation Risk

The deferred method of hedge accounting is applied to transactions to hedge against foreign exchange fluctuation risks associated with monetary assets and liabilities denominated in foreign currencies in accordance with the regulations set forth in JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020 “Accounting and Auditing Treatment of Accounting Standards for Foreign Currency Transactions in the Banking Industry.”

To minimize foreign exchange fluctuation risk on monetary assets and liabilities, the Bank has engaged in currency swaps, foreign exchange swaps, and similar transactions. Effectiveness of these transactions in the hedging of foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed through comparison of the foreign currency position of the hedged monetary assets and liabilities and that of the hedging instruments.

The Bank has also applied fair value hedge accounting to the foreign exchange risk of other securities in foreign currency (other than bonds) when the hedged foreign currency securities are specified prior to the commencement of transactions, and there exists spot and forward liabilities exceeding the acquisition costs of the foreign currency securities designated as hedged items on a foreign currency basis.

(c) Internal Derivative Transactions

Internal derivative transactions between trading accounts and other accounts, which are designated as hedges, are not eliminated and related gains and losses are recognized in the consolidated statement of income or deferred under hedge accounting because the internal interest rate swaps and currency swaps transactions, etc. designated as hedging instruments are conducted in a manner without any subjectivity and are appropriately executed by cover transactions conducted in accordance with the standard articulated by Industry Committee Practical Guidelines No. 24 and No. 25.

(5) Tangible Fixed Assets (excluding Leased Assets)

Tangible fixed assets of the Bank are depreciated by the declining balance method. However, buildings acquired on or after April 1, 1998 (excluding facilities installed in buildings), and facilities installed in buildings and structures that are acquired on or after April 1, 2016, are depreciated by the straight-line method.

The estimated useful lives of major items are as follows:

Buildings 5 to 50 years

Others 3 to 20 years

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

(6) Intangible Fixed Assets (excluding Leased Assets)

Intangible fixed assets are amortized by the straight-line method. The costs of software for internal use are amortized by the straight-line method, mainly 5 years period (the estimated useful life of the software).

(7) Leased Assets

Leased assets of Tangible Fixed Assets and Intangible Fixed Assets related to finance leases that do not transfer ownership are depreciated by the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

(8) Deferred Debenture Charges

Debenture charges are expensed in the fiscal year of issuance.

(9) Reserve for Possible Loan Losses

Reserve for possible loan losses of the Bank is provided in accordance with the internal rules for self-assessments of asset quality and write-offs and provisioning criteria predetermined by the Bank as follows:

The amounts of write-offs and provisions are calculated based on the result of self-assessments of the borrower classification, etc. The Bank has the credit risk rating system as a method for assessing credit risk to determine the borrower classification appropriately. Based on this system, the borrower classification for self-assessments is determined. The credit rating evaluates the degree of a borrower's creditworthiness, such as its debt servicing capacity, and classifies the borrower on a scale of 10. The classification reflects qualitative factors such as the evaluation of industry in which the borrower operates business and competitiveness within the industry, in addition to the quantitative evaluation based on the borrower's financial information. The credit rating is reviewed on a regular basis once a year, and is also reviewed as needed, such as when there are changes in the creditworthiness of the borrower.

The reserve is provided for loans to borrowers who are classified as substantially bankrupt or who are bankrupt in the legal sense as a result of the self-assessment of asset quality, at 100% of the carrying amount remaining after write-offs and deducting the amount expected from the realization of collateral and the execution of guarantees. In addition, a reserve is provided for loans to borrowers who are not currently bankrupt but are highly likely to go bankrupt ("Probably Bankrupt Borrowers"). In such cases, the reserve is provided at the amount deemed necessary based on the borrower's debt servicing capacity after deducting the amount expected from the realization of collateral and the execution of guarantees.

The Bank calculates the amount of reserve by the cash flow estimate method. For borrowers classified as Probably Bankrupt Borrowers, borrowers who have restructured loans ("Intensive Control Borrowers") or other borrowers who warrant special attention for future management ("Other Special Attention Borrowers") with receivables exceeding a threshold amount and to whom loan receivables are renegotiated, the amount of reserve for possible loan losses is set at the difference between the book values of the loans and the amounts calculated by discounting, by the original contractual interest rates, cash flows that are reliably estimated based on the repayment plan prepared by the borrowers, creditworthiness, the Bank's lending policies and default rates based on the creditworthiness of the borrower.

For all other loans to Intensive Control Borrowers and Other Special Attention Borrowers, the Bank estimates the amount of expected losses over the next three years. The amount of expected losses is calculated by determining the expected loss ratio based on the average of the historical charge-off ratios over the past three years, and adding necessary adjustments such as future prospects.

For the borrowers (Performing) who are recognized to have good business performance and no particular financial problems, a reserve is expected for the next one year and provided based on the ratio of the average value of the bad debt rate calculated by the bad debt record for one year with necessary adjustments such as future prospects.

All claims are assessed by the Operating Related Division based on internal rules for self-assessments of asset quality. Subsequently, the Asset Auditing Division, that is independent from the Operating Related Division, audits these self-assessments. The reserve is provided based on the results of the assessments.

For loans to Bankrupt Borrowers and Substantially Bankrupt Borrowers, amounts deemed uncollectible, which are calculated after

deduction of expected collection from the realization of collateral and the execution of guarantees, are written off. The amount written off was ¥192 million (\$1 million) as of March 31, 2025 and ¥192 million as of March 31, 2024.

Reserve for possible loan losses of the consolidated subsidiaries for general claims is provided as the amounts deemed necessary based on the default rate calculated from actual default during a certain period in the past, and for doubtful claims as the amounts deemed uncollectible based on the assessment of each claim.

(10) Reserve for Employee Bonuses

Reserve for Employee Bonuses is set aside at the portion of the amount of estimated bonus payments to employees that corresponds to this fiscal year.

(11) Reserve for Directors' Bonuses

Reserve for Directors' Bonuses is set aside at the portion of the amount of estimated bonus payments to directors and corporate auditors that is attributable to this fiscal year.

(12) Reserve for Directors' Retirement Allowances

Reserve for Directors' Retirement Allowances is calculated based on the estimated allowances to be paid up to the end of this fiscal year.

(13) Reserve under Specific Law

This reserve amount is calculated pursuant to Article 46-5, Paragraph 1 of the "Financial Instruments and Exchange Act" and Article 175 of the "Cabinet Office Ordinance on Financial Instruments Business" to indemnify any losses incurred from accidents in the conduct of market derivative transactions on behalf of clients.

(14) Employees' Retirement Benefits

The Bank accounted for retirement benefit obligation based on the projected benefit obligations. The projected benefit obligations are attributed to periods on a benefit formula basis. The methods for amortizing prior service costs and actuarial differences are as follows:
Prior service costs:
Prior service costs are amortized, using the straight-line method over a certain number of years (10 years) within the average remaining service period of current employees at the time the cost is incurred.

Actuarial differences:

Actuarial differences are amortized from the following year, using the straight-line method over a certain number of years (10 years) within the average remaining service period of current employees at each time the cost is incurred.

Also, certain consolidated subsidiaries calculate the net defined benefit liability and retirement benefit cost using the simplified method which assumes the retirement benefit obligation to be equal to the amount necessary to pay for the voluntary resignation for all employees at the fiscal year-end.

(15) Revenue Recognition

Trust Fees mainly arise from trustee services for trust assets and are recorded as revenue over the period of the services.

(16) Translation of Foreign Currency-Denominated Assets and Liabilities

Foreign currency-denominated assets and liabilities are translated into Japanese yen at exchange rates prevailing at the end of the fiscal year. Foreign currency-denominated assets and liabilities of consolidated

subsidiaries are translated into Japanese yen at exchange rates prevailing at the end of the fiscal year.

(17) Consumption Tax

National and local consumption tax incurred by the Bank and its domestic consolidated subsidiaries are excluded from transaction amounts. However, national and local consumption tax paid on purchases of tangible fixed assets and intangible fixed assets, which are not deductible as a tax credit, are expensed in this fiscal year.

(18) Amortization of Goodwill

Goodwill is fully amortized in the fiscal year incurred.

(19) Accounting Principles and Procedures Adopted when the Provisions of Relevant Accounting Standards, etc. are not Clear Contract cancellation revenue and gains on redemptions of investment trusts are included in “Interest Income (Interest and Dividends on Securities)” and losses on cancellation and redemptions of investment trusts are included in “Other Operating Expenses” in the consolidated statement of income.

(20) Significant Accounting Estimates

Reserve for Possible Loan Losses

(i) The amount recorded in the consolidated financial statements for the current fiscal year

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Reserve for Possible Loan Losses	22,988	23,836	153

(ii) Other information for users of the consolidated financial statements to understand the details of accounting estimates

(1) Method of calculation of the amounts recorded in the consolidated financial statements for the current fiscal year

Method of calculation is described in the “Note 2 Significant Accounting Policies (9) Reserve for Possible Loan Losses.”

(2) Key assumptions used for the calculation of the amounts recorded in the consolidated financial statements for the current fiscal year

The key assumptions are “future performance outlooks of borrowers in determining borrower classification” and “inputs used in the cash flow estimate method.”

Future performance outlooks of borrowers in determining borrower classification are set based on the financial condition, industry characteristics, debt servicing capacity, borrower’s repayment performance, as well as future business environment outlook, among other factors.

The Bank calculates the amount of reserve for possible loan losses by the cash flow estimate method if the borrowers are classified as Probably Bankrupt Borrowers, Intensive Control Borrowers or Other Special Attention Borrowers with receivables above a threshold amount. Inputs used in the cash flow estimate method include the repayment schedule prepared by the borrower, creditworthiness, the Bank’s lending policies and default rates based on the creditworthiness of the borrower.

(3) Impact on the consolidated financial statements for the following fiscal year

If the assumptions used in the initial estimate are changed due to changes in the financial condition or business environment of

borrowers, the key assumptions may significantly affect a reserve for possible loan losses to be recorded in the consolidated financial statements for the following fiscal year.

(21) Accounting Standards Issued but not yet Adopted

“Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024)

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

and other related amendments to ASBJ Statements, ASBJ Guidance, Practical Solutions, and Transferred Guidance.

(i) Overview

Like international accounting standards, the new standards require lessees to recognize assets and liabilities for all lease transactions.

(ii) Effective date

The Bank will apply these accounting standards from the beginning of the fiscal year ending March 31, 2028.

(iii) Effects of the application of the standards

The Bank has not determined the effects of these new standards on the consolidated financial statements yet.

3. Trading Assets:

The details of Trading Assets as of March 31, 2025 and 2024 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Trading Account Securities	27,865	5,758	186
Derivatives of Securities related to Trading Transactions	—	1	—
Trading-Related Financial Derivatives	362,580	171,016	2,425
Other Trading Assets	187,922	173,990	1,257
Total	578,367	350,766	3,869

4. Securities:

The details of Securities as of March 31, 2025 and 2024 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Japanese Government Bonds	5,548,701	5,120,372	37,122
Municipal Government Bonds	1,758,510	2,027,994	11,764
Corporate Bonds	1,497,353	2,083,023	10,017
Stocks	76,181	83,141	509
Others	8,173,005	6,695,359	54,679
Total	17,053,752	16,009,891	114,094

Notes:

1. Stocks include investments in affiliated companies totaling ¥189 million (\$1 million) as of March 31, 2025 and 2024.
2. Others include common shares and investment in unconsolidated subsidiaries totaling ¥11,327 million (\$75 million) as of March 31, 2025 and ¥12,053 million as of March 31, 2024. Others also include preferred shares issued by Shinkin Banks which were contributed in accordance with the Shinkin Bank Management Reinforcement System. The amount was ¥130,119 million (\$870 million) as of March 31, 2025 and ¥137,069 million as of March 31, 2024. Others also include foreign bonds and equities.

5. Status of Claims:

Claims under the Shinkin Bank Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows:

Claims consist of items recorded in Corporate Bonds in “Securities” (limited to those Corporate Bonds for which redemption of the principal and payment of interest are fully or partially guaranteed and which are issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), Loans and Bills Discounted, Foreign Exchanges Assets, Accrued Interest and Suspense Payments in “Other Assets,” and Customers’ Liabilities for Acceptances and Guarantees in the consolidated balance sheet, as well as other securities disclosed as loaned securities in footnote (limited to those loaned under a loan-for-use or lease agreement).

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Bankrupt and Quasi-Bankrupt Claims	162	67	1
Doubtful Claims	2,952	3,350	19
Loans Past Due Three Months or More	10	16	0
Restructured Loans	18,371	18,456	122
Total	21,497	21,891	143

Bankrupt and Quasi-Bankrupt Claims represent claims held against borrowers 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.

Doubtful Claims represent claims whose borrower is not yet in the status of failure in business although such borrower’s financial condition 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, other than Bankrupt and Quasi-Bankrupt Claims.

Loans Past Due Three Months or More represent loans for which payment of the principal or interest is delinquent for the period of three months or longer from the day immediately after the contractual due date, other than Bankrupt and Quasi-Bankrupt Claims and Doubtful Claims.

Restructured Loans represent loans for which an arrangement favorable for the borrower has been made, such as reduction or exemption of interests, granting of grace period for payment of interest, granting of grace period for payment of principal, waiver of claims, other than Bankrupt and Quasi-Bankrupt Claims, Doubtful Claims, and Loans Past Due Three Months or More.

The above amounts are the amounts before exclusion of reserves for possible loan losses.

6. Loans and Bills Discounted:

Loans include subordinated loans with a lower priority for repayment of principal and interests than that of other debt claims. The amount was ¥9,000 million (\$60 million) as of March 31, 2025 and ¥9,000 million as of March 31, 2024. Of these amounts, none as of March 31, 2025 and 2024 were provided to Shinkin Banks in accordance with the Shinkin Bank Management Reinforcement System.

Bills Discounted are accounted for as financial transactions in accordance with Industry Committee Practical Guidelines No. 24. The face value of bills of lading amounted to ¥47 million (\$0 million) as of March 31, 2025 and ¥54 million as of March 31, 2024. The Bank has the right to freely dispose of, sell or re-hypothecate such bills.

With respect to loan participation, in accordance with “The Accounting and Presentation of Loan Participations” (Transferred Guidance No. 1, July 1, 2024), the amount of the participation principal is accounted for as a loan to the original borrower, and this amounted to ¥2,331 million (\$15 million) as of March 31, 2025 and ¥3,934 million as of March 31, 2024.

7. Commitments to Overdrafts and Loans:

Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to a pre-agreed amount at the customer's request as long as there is no violation of the conditions stipulated in relevant agreements.

The amount of unused loan commitments may not necessarily have a significant effect on the future cash flows of the Bank because most of these loan commitments expire without being drawn down. Most of these agreements have provisions which stipulate that the Bank may not extend the loan or may decrease the amount of commitment when there are certain changes in the financial conditions, certain issues relating to credit protection and other reasons. The Bank limits the commitment to an amount not exceeding the amount of the related customer's time deposit. The Bank periodically checks the financial condition of its customers based on its internal rules and performs certain actions to secure loans or revises the contracts, as necessary.

The amounts of unused loan commitments are ¥25,597,149 million (\$171,252 million) as of March 31, 2025 and ¥26,839,885 million as of March 31, 2024.

The amounts which the Bank could unconditionally cancel at any time or of which the original contractual maturity is less than one year are ¥25,406,350 million (\$169,976 million) as of March 31, 2025 and ¥26,665,835 million as of March 31, 2024.

8. Special Contracts for Securities and Cash-Collateralized Securities Lending and Borrowings:

Securities lending based on non-collateralized special contracts (securities lending and borrowings) are stated as Japanese Government Bonds in "Securities." The amount in total was ¥118,525 million (\$792 million) as of March 31, 2025 and ¥125,352 million as of March 31, 2024.

Those held by the Bank without being disposed of as of March 31, 2025 amounted to ¥121,108 million (\$810 million) and as of March 31, 2024 amounted to ¥82,359 million.

9. Tangible Fixed Assets:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Accumulated Depreciation on Tangible Fixed Assets	105,082	102,952	703
Accumulated Deferred Gains on Tangible Fixed Assets	1,764	1,764	11
(Deferred Gains recognized for the fiscal year)	(—)	(—)	(—)

10. Assets Pledged as Collateral and Associated Liabilities:

Assets pledged as collateral for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Assets Pledged as Collateral			
Trading Assets	20,062	31,476	134
Securities	8,340,109	7,515,994	55,797
Loans and Bills Discounted	2,674,960	2,647,061	17,896
Total	11,035,132	10,194,532	73,828
Liabilities associated with Assets Pledged as Collateral			
Borrowed Money	4,347,300	5,130,000	29,084
Call Money	200,000	—	1,338
Payables under Repurchase Agreements	2,680,937	1,526,403	17,936
Payables under Securities Lending Transactions	2,788,631	2,151,096	18,656

Securities in the amount of ¥1,594,364 million (\$10,666 million) as of March 31, 2025 and ¥401,176 million as of March 31, 2024 and Cash and Due from Banks in the amount of ¥128 million (\$0 million) as of March 31, 2025 and ¥20 million as of March 31, 2024 were pledged as collateral for exchange settlement transactions, etc. or as substitute for margin in futures transactions, etc.

Assets pledged through GC repo transactions of Japanese Government Bonds (JGBs) under subsequent collateral allocation method as of March 31, 2025 amounted to ¥1,019,810 million (\$6,822 million) and as of March 31, 2024 amounted to ¥1,995,526 million.

Other assets include Margin Deposits for Futures Transactions, Guarantee Money, Cash Collateral Pledged for Financial Instruments, Clearing Margin Deposits for Central Counterparty, and Cash Collateral Pledged for Repurchase Agreement. The amounts are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Guarantee Money	522	515	3
Cash Collateral Pledged for Financial Instruments	475,576	308,077	3,181
Clearing Margin Deposits for Central Counterparty	—	700,000	—
Cash Collateral Pledged for Repurchase Agreement	500	542	3

11. Trading Liabilities:

The details of Trading Liabilities as of March 31, 2025 and 2024 are as follows:

	Millions of Yen		Millions of
	2025	2024	U.S. Dollars
			2025
Trading Bonds Sold	19,133	4,280	128
Derivatives of Securities Related to Trading Transactions	37	—	0
Trading-Related Financial Derivatives	269,219	150,919	1,801
Total	288,389	155,200	1,929

12. Borrowed Money and Lease Obligations:

Category	Balance as of April 1, 2024 (Millions of Yen)	Balance as of March 31, 2025 (Millions of Yen)	Balance as of March 31, 2025 (Millions of U.S. Dollars)	Average Interest Rate (%)	Maturity
Borrowings	5,130,000	4,347,300	29,084	0.04	—
Borrowed Money	5,130,000	4,347,300	29,084	0.04	Jun. 2025 - Oct. 2028
Lease Obligations Due within One Year	129	398	2	2.50	—
Lease Obligations (Excluding Those Due within One Year)	56	2,821	18	2.11	Apr. 2026 - Feb. 2034

Notes:

1. Average interest rates were computed by the weighted average method using the interest rates and the balances at the fiscal year-end.
2. The repayment schedule within five years after the balance sheet date is as follows:

	Millions of Yen				
	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
Borrowed Money	1,052,500	772,400	2,097,800	424,600	—
Lease Obligations	398	382	362	313	339

	Millions of U.S. Dollars				
	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
Borrowed Money	7,041	5,167	14,034	2,840	—
Lease Obligations	2	2	2	2	2

13. Debentures:

Issuer	Name of Issue	Issuance Date	Balance as of	Balance as of	Balance as of	Coupon Rate (%)	Collateral	Redemption Date
			April 1, 2024 (Millions of Yen)	March 31, 2025 (Millions of Yen)	March 31, 2025 (Millions of U.S. Dollars)			
The Bank	No. 353-424 5-year Interest-bearing debentures	Apr. 2019- Mar. 2025	1,282,170	1,230,410	8,231	0.01- 1.31	—	Apr. 2024 - Mar. 2030
The Bank	No. 2 10-year Interest-bearing debentures	Sep. 25, 2015	20,000	20,000	133	0.52	—	Sep. 26, 2025
Total	—	—	1,302,170	1,250,410	8,365	—	—	—

Note:

The redemption schedule within five years after the balance sheet date is as follows:

	Millions of Yen				
	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
	251,950	249,740	263,140	243,440	242,140

	Millions of U.S. Dollars				
	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
	1,685	1,670	1,760	1,628	1,619

14. Asset Retirement Obligations:

The disclosure of Asset Retirement Obligations was omitted because the amount was one-hundredth or less of the total balance of Liabilities and Net Assets as of April 1, 2024 and as of March 31, 2025.

15. Land Revaluation:

Based on the “Act on the Revaluation of Land” (Act No. 34, promulgated on March 31, 1998), land used for business was revalued. Deferred tax on the revaluation of the land was recorded as “Deferred Tax Liabilities for Land Revaluation” under Liabilities, and unrealized gain on the revaluation of the land, net of deferred tax, was recorded as “Land Revaluation Excess” under Net Assets.

Date of Revaluation: March 31, 1999

Revaluation method in accordance with Article 3, Paragraph 3 of Act No. 34: Revaluations were made based on the method, determined by the Commissioner of the National Tax Administration, which formed the basis for calculating land value taxes (prescribed by the “Land Value Tax Law”), as set forth in Article 2, Item 4 of the “Order for Enforcement of the Act on Revaluation of Land” (Government Ordinance No. 119, dated March 31, 1998), with appropriate adjustments.

16. Trusts with Contracts:

The details of principal amounts of trusts with contracts for compensation of loss of principal for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Money Trust	43,899	45,353	293

17. Fees and Commissions:

The details of Fees and Commissions for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Deposit, Fixed Income Securities and Lending	740	702	4
Exchange Business	515	459	3
Securities Related Business	11,005	10,564	73
Agency Business	1,819	1,883	12
Defined Contribution Plan Business	150	135	1
Guarantee Business	7,547	7,602	50
Trustee Business	22,881	21,597	153
Others	1,387	979	9
Income on Fees and Commissions Businesses	46,048	43,923	308
Exchange	153	157	1
Agency Loans Business	335	399	2
Others	16,129	14,870	107
Expenses on Fees and Commissions Businesses	16,619	15,427	111

18. Trading Income:

The details of Trading Income for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Income from Trading Account Securities	376	537	2
Income from Trading-Related Securities	14	17	0
Income from Trading-Related Financial Derivatives	11,074	22,550	74
Other Trading Income	956	66	6
Total	12,421	23,171	83

19. Other Income:

The details of Other Income for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Gains on Sale of Stocks and Other Securities	3,132	25,115	20
Reversal of Allowance for Loan Losses	848	137	5
Others	2	20	0
Total	3,983	25,274	26

20. Other Expenses:

The details of Other Expenses for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Impairment Losses on Equity Securities	4	—	0
Impairment Losses on Fixed Assets	—	83	—
Others	396	67	2
Total	400	150	2

21. Consolidated Statement of Comprehensive Income:

For the fiscal years ended March 31, 2025 and 2024

Reclassification adjustment amount, income taxes and tax effect amount related to Other Comprehensive Income

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Net Unrealized Gains (Losses) on Other Securities:			
The Amount Arising during the Period	(182,247)	(181,578)	(1,219)
Reclassification Adjustment Amount	21,454	104,502	143
Prior to Income Taxes and Tax Effect Adjustment	(160,793)	(77,075)	(1,075)
Income Taxes and Tax Effect Amount	48,688	21,554	325
Net Unrealized Gains (Losses) on Other Securities	(112,104)	(55,521)	(750)
Deferred Gains or Losses on Hedges:			
The Amount Arising during the Period	29,155	103,563	195
Reclassification Adjustment Amount	24,972	(34,141)	167
Prior to Income Taxes and Tax Effect Adjustment	54,128	69,422	362
Income Taxes and Tax Effect Amount	(16,917)	(19,383)	(113)
Deferred Gains or Losses on Hedges	37,211	50,039	248
Land Revaluation Excess:			
The Amount Arising during the Period	—	—	—
Reclassification Adjustment Amount	—	—	—
Prior to Income Taxes and Tax Effect Adjustment	—	—	—
Income Taxes and Tax Effect Amount	(151)	—	(1)
Land Revaluation Excess	(151)	—	(1)
Foreign Currency Translation Adjustments:			
The Amount Arising during the Period	1,044	1,069	6
Reclassification Adjustment Amount	—	—	—
Prior to Income Taxes and Tax Effect Adjustment	—	—	—
Income Taxes and Tax Effect Amount	—	—	—
Foreign Currency Translation Adjustments	1,044	1,069	6
Remeasurements of Defined Benefit Plans:			
The Amount Arising during the Period	6,660	5,521	44
Reclassification Adjustment Amount	484	1,060	3
Prior to Income Taxes and Tax Effect Adjustment	7,145	6,581	47
Income Taxes and Tax Effect Amount	(2,053)	(1,913)	(13)
Remeasurements of Defined Benefit Plans	5,091	4,667	34
Other Comprehensive Income	(68,907)	255	(461)

22. Changes in Net Assets:

(1) Class and Number of Shares Outstanding, and Class and Number of Shares of Treasury Shares

	Number of Share Units at April 1, 2024 (Thousand Units)	Increase During the Fiscal Year (Thousand Units)	Decrease During the Fiscal Year (Thousand Units)	Number of Share Units at March 31, 2025 (Thousand Units)
Shares Outstanding				
General Common Shares	4,000	—	—	4,000
Specific Common Shares	4,000	—	—	4,000
Preferred Shares (Type-A)	708	—	—	708
Total	8,708	—	—	8,708
Treasury Shares				
General Common Shares	—	—	—	—
Specific Common Shares	—	—	—	—
Preferred Shares (Type-A)	—	—	—	—
Total	—	—	—	—

(2) Dividends

Dividends paid during the fiscal year ended March 31, 2025

Resolution	Class of Share	Total Dividend Amount (Million Yen)	Amount Per Share (Yen)	Record Date	Effective Date
	General Common Shares	12,000	3,000	March 31, 2024	June 21, 2024
Annual General Meeting of Shareholders, June 21, 2024	Specific Common Shares	3,024	1,500	March 31, 2024	June 21, 2024
	Preferred Shares (Type-A)	4,603	6,500	March 31, 2024	June 21, 2024

Note:

The dividends paid for the specific common shares issued in March 2024 were calculated on a pro-rata basis from the payment date (March 29, 2024) to the end of the fiscal year (March 31, 2024).

Among the dividends whose record date falls within the fiscal year ended March 31, 2025, those whose effective date will fall within the following fiscal year:

Resolution	Class of Share	Total Dividend Amount (Million Yen)	Resource of Dividends	Amount Per Share (Yen)	Record Date	Effective Date
	General Common Shares	12,000	Retained Earnings	3,000	March 31, 2025	June 20, 2025
Annual General Meeting of Shareholders, June 20, 2025	Specific Common Shares	6,000	Retained Earnings	1,500	March 31, 2025	June 20, 2025
	Preferred Shares (Type-A)	4,603	Retained Earnings	6,500	March 31, 2025	June 20, 2025

23. Income Taxes:

(1) Breakdown of Deferred Tax Assets and Liabilities is as follows:

	Millions of Yen		Millions of
	2025	2024	U.S. Dollars
			2025
Deferred Tax Assets:			
Depreciation	2,478	2,812	16
Reserve for Possible Loan Losses	51	52	0
Net Defined Benefit Liability	8,064	9,981	53
Write-Downs for Securities	1,333	1,241	8
Net Unrealized Gains (Losses) on Other Securities	154,998	106,407	1,036
Tax Loss Carryforwards	32	50	0
Others	4,050	3,363	27
Valuation Allowances	(1,597)	(1,519)	(10)
Total Deferred Tax Assets	169,412	122,390	1,133
Deferred Tax Liabilities:			
Net Unrealized Gains (Losses) on Other Securities	(142)	(240)	(0)
Deferred Gains or Losses on Hedges	(72,778)	(55,860)	(486)
Others	(384)	(350)	(2)
Total Deferred Tax Liabilities	(73,305)	(56,451)	(490)
Net Deferred Tax Assets (Liabilities)	96,106	65,938	642

(2) Reconciliation between the effective statutory tax rate and the actual effective tax rate for the fiscal years ended March 31, 2025 and 2024:

	2025	2024
Statutory effective tax rate	27.92%	—
(Adjustments)		
Change in Valuation Allowances	0.13%	—
Dividends received, not taxable	(0.80%)	—
Increase of Deferred Tax Assets due to changes in tax rate	(0.45%)	—
Others	(0.51%)	—
Actual effective income tax rate after the application of tax effect accounting	<u>26.29%</u>	—

Note:

The disclosure of data for the fiscal year ended March 31, 2024 is omitted as the difference between the effective statutory tax rate and the actual effective tax rate does not exceed 5% of the effective statutory tax rate.

(3) Revision of deferred tax assets and liabilities due to change in corporate income tax rate

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted on March 31, 2025, and from the fiscal year beginning on or after April 1, 2026, Special Defense Surtax will be imposed based on the amount of corporate income tax.

As a result, the statutory effective tax rates used to calculate deferred tax assets and liabilities for temporary differences expected to be reversed in the fiscal year beginning on or after April 1, 2026 will change from the current 27.92% to 28.63%.

Due to the change, for the current fiscal year, deferred tax assets increased by ¥2,320 million, net unrealized gains or losses on other securities increased by ¥3,838 million, deferred gains or losses on hedges decreased by ¥1,804 million, and deferred income taxes decreased by ¥286 million. Additionally, deferred tax liabilities related to land revaluation increased by ¥151 million, and land revaluation excess decreased by the same amount.

24. Retirement Benefit Plans:

(1) Retirement Benefit Scheme

The Bank and some of its consolidated domestic subsidiaries have a defined benefit plan that offers lump-sum payments upon retirement and contributes to the Employees' Pension Fund for all shinkin banks nationwide.

With regard to notes related to employees' retirement benefits based on a multiple-employer plan, they are included in notes related to employees' retirement benefits based on a defined benefit plan.

(2) Defined Benefit Plan as of March 31, 2025 and 2024 is as follows:

(i) Reconciliation of beginning- and end-of-period balance of Retirement Benefit Obligation

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Retirement Benefit Obligation at Beginning of Period	63,045	62,519	421
Service Cost	2,629	2,660	17
Interest Cost	560	554	3
Actuarial Difference Incurred	(10,929)	(429)	(73)
Retirement Benefits Paid	(2,128)	(2,258)	(14)
Prior Service Cost	—	—	—
Other	—	—	—
Retirement Benefit Obligation at End of Period	53,177	63,045	355

(ii) Reconciliation of beginning- and end-of-period balance of Pension Plan Assets

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Balance of Pension Plan Assets at Beginning of Period	28,629	22,219	191
Expected Return on Pension Plan Assets	1,145	777	7
Actuarial Difference Incurred	(4,268)	5,091	(28)
Contributions by the Employer and Employees	1,708	1,669	11
Retirement Benefits Paid	(1,134)	(1,128)	(7)
Other	—	—	—
Balance of Pension Plan Assets at End of Period	26,080	28,629	174

(iii) Reconciliation of end-of-period balance of Retirement Benefit Obligation and Pension Plan Assets with Net Defined Benefit Liability and Net Defined Benefit Asset presented on the consolidated balance sheet

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Funded Plan Retirement Benefit Obligation	42,836	51,335	286
Pension Plan Assets	(26,080)	(28,629)	(174)
	16,756	22,705	112
Unfunded Plan Retirement Benefit Obligation	10,340	11,710	69
Net Amount of Liabilities and Assets Presented on the Consolidated Balance Sheet	27,097	34,416	181
	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Net Defined Benefit Liability	27,097	34,416	181
Net Defined Benefit Asset	—	—	—
Net Amount of Liabilities and Assets Presented on the Consolidated Balance Sheet	27,097	34,416	181

(iv) Breakdown of Retirement Benefit Expense

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Service Cost	2,629	2,660	17
Interest Cost	560	554	3
Expected Return on Pension Plan Assets	(1,145)	(777)	(7)
Amortization of Actuarial Differences	484	1,060	3
Amortization of Prior Service Cost	—	—	—
Other	(623)	(609)	(4)
Retirement Benefit Expenses Related to Defined Benefit Plan	1,906	2,887	12

Note:

Other includes the employee contribution amount to the Employees' Pension Fund.

(v) Remeasurements of Defined Benefit Plan

Remeasurements of Defined Benefit Plan (before income taxes and tax effects) comprise the following.

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Prior Service Cost	—	—	—
Actuarial Differences	7,145	6,581	47
Other	—	—	—
Total	7,145	6,581	47

(vi) Accumulated Remeasurements of Defined Benefit Plan

Accumulated Remeasurements of Defined Benefit Plan (before income taxes and tax effects) comprise the following.

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Unrecognized Prior Service Cost	—	—	—
Unrecognized Actuarial Differences	(11,790)	(4,645)	(78)
Other	—	—	—
Total	(11,790)	(4,645)	(78)

(vii) Pension Plan Assets

(a) The ratios by main asset categories in total pension plan assets are as follows:

	2025	2024
Bonds	57 %	55 %
Stocks	29 %	32 %
Cash and Deposits	10 %	9 %
Other	4 %	4 %
Total	100 %	100 %

(b) Method for setting the Expected Long-Term Rate of Return

To set the Expected Long-Term Rate of Return on Pension Plan Assets, the Bank takes into account past return performance and the current and future expected rate of return on the diverse range of assets that makes up the pension assets.

(viii) Underlying actuarial assumptions

Main underlying actuarial assumptions as of March 31, 2025 and 2024 are as follows:

	2025	2024
Discount Rate	1.4 – 2.3 %	0.0 - 1.3 %
Expected Long-Term Rate of Return on Pension Plan Assets	4.0 %	3.5 %
Estimated Rate of Salary Increase	0.0 - 8.5 %	0.0 - 8.5 %

Note:

The discount rate applied at the beginning of the fiscal year ended March 31, 2025 was 0.0 - 1.3%. However, after reevaluating the discount rate at the end of the fiscal year, the rate has been changed to 1.4 – 2.3% because the change would cause a significant impact on the amount of retirement benefit obligation.

25. Leases:

1. Finance Leases

Finance leases that do not transfer ownership

(1) Outline of lease assets

(i) Tangible fixed assets

Mainly, hardware related to computer equipment

(ii) Intangible fixed assets

Software related to computer equipment

(2) Lease asset depreciation method

Depreciation method is described in the “Significant Accounting Policies.”

2. Operating Leases

Future lease payments related to non-cancelable operating leases: Disclosure of data omitted due to immateriality.

26. Financial Instruments:

1. Matters concerning financial instruments

(1) Policies on financial instruments

Shinkin Central Bank Group (the “Group”) works to ensure the stable funding through the acceptance of deposits mainly from its Shinkin Bank members and through the issuance of debentures. Additionally, the Group takes steps to diversify its funding methods by procuring funds from short-term money markets depending on market conditions.

Procured funds are invested in short-term money market instruments, marketable securities, and loans.

Moreover, the Group uses derivative transactions for the purpose of risk-hedging in ALM (asset liability management) activities and engages in short-term trading of securities and derivatives.

To appropriately manage the various risks that result from these financial instruments, the Group engages in ALM activities including the above-mentioned derivative transactions. For its trading activities, the Group establishes risk limit and loss cut limit amounts and engages in transactions within the scopes of these risk limits, as a way to maintain financial soundness and to ensure stable earnings.

(2) Types and related risks of financial instruments

Financial assets held by the Group consist mainly of short-term funds, securities, and loans assets.

Short-term funds are invested in the call loan.

These investments are exposed to the counterparty credit risk, and market risks such as interest rate risk and foreign currency exchange risk.

Securities portfolios of the Group consist of domestic securities including JGBs, corporate bonds and other bonds as well as foreign securities such as government bonds, government-guaranteed bonds, and agency bonds issued in the major industrialized countries. The Group also invests in equity securities and investment funds to diversify its portfolio.

These investments are exposed to the individual issuers’ credit risk as well as market risks such as interest rate risk, price fluctuation risk, and foreign currency exchange risk, and market liquidity risk.

Loan assets consist of direct loans to low-risk borrowers including Shinkin Banks, central and local governments, public service corporations, good standing domestic and overseas companies, and agency loans provided through Shinkin Banks.

These loans are exposed to counterparty credit risk, and market risks such as interest rate risk and foreign currency exchange risk.

Meanwhile, financial liabilities of the Group consist mainly of deposits and debentures.

Deposits include current deposits, ordinary deposits, deposits at notice, term deposits, and foreign currency-denominated deposits, most of which are deposits from Shinkin Bank members.

These deposits are exposed to market risks such as interest rate risk and foreign currency exchange risk, and liquidity risk.

As a debenture issuer, the Group issues interest-bearing debentures.

These debentures are exposed to interest rate risk and liquidity risk.

Furthermore, the Group engages in derivative transactions.

Specifically, the Group trades interest rate derivatives (interest swaps, interest futures, and interest options), currency derivatives (foreign currency forwards and currency swaps) and bond derivatives (bond futures and bond futures options).

These transactions are exposed to counterparty credit risk, and market risks such as interest rate risk and foreign currency exchange risk.

The Bank hedges market risks of its financial assets and liabilities through ALM activities.

The Group partially avoids exposure to market risks by mitigating (i) interest rate risk through interest rate swaps and (ii) foreign currency exchange risk of foreign currency-denominated assets through foreign currency-denominated funding, currency swaps, and forex swaps.

Hedge accounting is applied to risk hedging through ALM activities including the use of derivatives. With regard to hedge accounting, hedging instruments, hedged items, hedging policies, and methods of hedge effectiveness assessment, etc. are described in the “Significant Accounting Policies.”

(3) Risk management frameworks of financial instruments

In the basic risk management policy, the Bank divides risks into “risks to be minimized” and “risks to be controlled.” Credit risks, market risks and liquidity risks are classified into the latter category. Risks of both categories are managed by risk management divisions that are independent of the client service divisions. The Risk Management Division comprehensively manages these risks.

<Integrated risk management>

For the integrated management of risks, the Bank has introduced integrated risk management for quantifiable risks. Integrated risk management is a risk management method of measuring various risks using a uniform risk measure such as Value at Risk (VaR), aggregating the measurements, and comparing the aggregated amounts with the Bank’s capital. The Bank measures credit risks and market risks using VaR methodology and monitors them on a daily basis to prevent risk limits from being breached.

These risk limits are reviewed by the Risk Management Committee and determined at the Executive Committee. The risk exposures are measured weekly by the Risk Management Division,

which takes steps to prevent any of the various risk limits from being breached, and through the Risk Management Committee, reports regularly to the management and relevant divisions.

The risk exposures at consolidated subsidiaries are aggregated and managed through the integrated risk management framework.

(i) Credit risk management

For the accurate identification and strict management of credit risk, the Bank has established credit risk management policies. Moreover, the Bank has created a structure in which divisions responsible for credit control, credit management and credit assessment are clearly segregated from divisions involved in client services, with mutually independent tasks to ensure effective internal checking functions.

The Bank established the Credit Committee and the Risk Management Committee, comprised of senior management and heads of divisions related to credit risk, as bodies to deliberate and make decisions on matters relating to credit risk management. The Credit Committee deliberates on credit transactions that exceed the credit limit, while the Risk Management Committee deliberates on the establishment and the review of policies regarding credit management. The Executive Committee deliberates and makes decisions on matters related to asset self-assessments including the results of asset self-assessments, asset write-offs and asset reserve provisions.

Divisions responsible for credit control manage the credit risk for each borrower relating to loans and market trading activities. An overall credit limit is set for each borrower according to the credit rating of the borrower. These divisions analyze the Bank’s overall credit portfolio according to credit rating, industry, country and other criteria. These analyses are used to monitor the diversification of credit risk as well as changes in portfolio credit risk. Additionally, divisions responsible for credit control quantify credit risk in VaR methodology using Monte Carlo simulation methods and manage credit risks based on the limits set at the Executive Committee.

Divisions responsible for credit management accurately monitor each borrower’s financial condition, the purposes for which funds are used and repayment resources. In addition to appropriate assessment and post-transaction management, these divisions continually check whether the client service divisions are conducting appropriate credit control and provide guidance as necessary.

Divisions responsible for credit assessment undertake and manage operations relating to asset self-assessments, and the calculation of asset write-offs and asset reserve provisions.

Credit risks of consolidated subsidiaries are added to the credit risk of the Bank by each borrower and monitored.

(ii) Market risk management

To maintain an accurate understanding of market risk and rigorously manage this risk, the Bank has issued a market risk management policy. Furthermore, divisions responsible for market risk management are clearly separated from divisions involved in market operations, providing a risk management structure in which internal checks are maintained through independent functions.

The Bank has established the ALM Committee as the body responsible for deliberating and making decisions on matters relating to market risk management. The ALM Committee is comprised of senior management and heads of divisions related to market risk. Based on risk status information—obtained via reports from divisions responsible for market risk management and other sources—the ALM

Committee deliberates broadly and in a timely manner ALM related policies and market transactions including the Bank's fund-raising and management as well as the usage of hedging transactions involving derivatives such as interest rate swaps.

Divisions responsible for market risk management quantify and manage market risk mainly by VaR within the limit set by the Executive Committee. In addition, market risk is classified into several categories, and the amount of risk for each category is monitored. Market risk management at the Bank not only uses VaR methodology but takes multi-faceted approaches, that is, monitoring sensitivity to change in individual risk factors such as the basis point value (BPV: the amount of the change in a portfolio's market value from a specific change in the interest rate), stress loss amounts from unexpected market changes, and appraisal losses from financial instruments. For stress loss amounts, in particular a supplementary framework has been incorporated into the integrated risk management, in addition to the above monitoring system. In this way, market risks including those that cannot be captured through VaR methods alone are managed.

Moreover, for trading operations, clear regulations are in place concerning the trading instruments and trading management methods, enabling appropriate trading operations by setting specific loss cut limits.

Market risks of consolidated subsidiaries are not directly added to the market risk exposure of the Bank but are managed separately under integrated risk management.

<Quantitative information on market risk>

(a) Financial instruments held for trading purposes

The Bank uses VaR analysis for quantifying market risk of trading securities held within securities and interest-rate and foreign-exchange instruments held for trading purposes within derivative transactions. The VaR model is based on the delta method and uses a 99.0% confidence interval, a holding period of five business days and an observation period of one year. In addition, with regard to market risk related to trading operations at consolidated subsidiaries, which is managed separately within the integrated risk management framework, the Bank uses a market risk-equivalent amount under the regulations on banks' capital ratio.

The market risk exposure (quantified potential loss) of the Bank's trading operations was ¥37 million (\$0 million) as of March 31, 2025 and ¥206 million as of March 31, 2024, and the market risk exposure (quantified potential loss) of the trading operations of the Bank's consolidated subsidiaries was ¥404 million (\$2 million) as of March 31, 2025 and ¥82 million as of March 31, 2024.

The Bank conducts back testing to compare VaR calculated using the model with actual losses. Since the actual losses exceeded the VaR three times as the results of back testing covering the fiscal year ended March 31, 2025, the measurement model used is considered to be sufficiently accurate in capturing market risk. However, it should be noted that VaR measures the market risk exposure at certain probability levels statistically calculated based on historical market fluctuation. Hence, there may be cases where market risk exposure cannot be captured in situations where market conditions change unprecedentedly.

(b) Financial instruments other than those held for trading purposes

The Bank uses VaR analysis for quantifying market risk of due from banks, securities not held for trading purposes, loans and bills

discounted, deposits, debentures, payables under securities lending transactions and, within derivative transactions, interest-rate and foreign-exchange instruments not held for trading purposes. The VaR model is based on the delta method and uses a 99.0% confidence interval, a holding period of one year and an observation period of five years. In addition, with regard to market risk at consolidated subsidiaries related to operations other than trading operations, which is managed separately within the integrated risk management framework, such risk is calculated in accordance with methods used by the Bank.

The Group's market risk exposure other than for trading purposes was ¥526,900 million (\$3,525 million) as of March 31, 2025 and ¥657,351 million as of March 31, 2024. The Bank conducts back testing to compare VaR calculated using the model with actual losses. Since the actual losses exceeded the VaR one time as the results of back testing covering the fiscal year ended March 31, 2025, the measurement model used is considered to be sufficiently accurate in capturing market risk. However, it should be noted that VaR measures the market risk exposure at certain probability levels statistically calculated based on historical market fluctuation. Hence, there may be cases where market risk exposure cannot be captured in situations where market conditions change unprecedentedly.

(iii) Liquidity risk management related to fund-raising

For the accurate identification and strict management of liquidity risk, the Bank has established liquidity risk management policies.

Divisions responsible for liquidity risk management are clearly separated from divisions involved in cash management and market operations, allowing internal checks to be maintained through the independent functions. In addition, the ALM Committee deliberates and makes decisions on matters relating to liquidity risk management.

Methods used for managing liquidity risk include the setting and daily monitoring of risk limit amounts relating to the gap between cash receipts and payments. This is carried out for individual currencies and periods. In the event that a significant liquidity risk arises, the Bank has preparations to respond rapidly, including the securing of funding sources.

The liquidity risk management frameworks created by the Bank include subsidiaries as well, such as by providing overdraft facilities for consolidated subsidiaries with operations involving fund movements in relatively large amounts.

(4) Supplementary explanation concerning the fair values of financial instruments

Since certain assumptions are adopted to determine the fair values of financial instruments, the values may vary if the underlying assumptions change.

2. Fair value of financial instruments (and other information)

Carrying values stated on the consolidated balance sheet, fair value and differences between them are as follows. Stocks and other equity securities with no market prices and investment in investment partnerships are not included in the table below. (See Note 1.)

Notes to Cash and Due from Banks, Bills Bought and Call Loans, Receivables under Resale Agreements, Receivables under Securities Borrowing Transactions, Bills Sold and Call Money, Payables under Repurchase Agreements and Payables under Securities Lending Transactions are omitted as the fair values approximate their carrying amounts and they are mainly settled in a short period of time.

Notes on immaterial items have been omitted.

As of March 31, 2025

	Millions of Yen		
	Carrying Value	Fair Value	Difference
(1) Monetary Claims Bought	246,018	246,018	—
(2) Trading Assets			
Trading Securities	215,787	215,787	—
(3) Money Held in Trust	45,032	45,032	—
(4) Securities			
Held-to-Maturity Debt Securities	4,697,495	4,474,154	(223,341)
Other Securities (*1)	12,151,071	12,151,071	—
(5) Loans and Bills Discounted	9,285,697		
Reserve for Possible Loan Losses (*2)	(22,662)		
	9,263,034	9,218,273	(44,760)
Total Assets	26,618,439	26,350,337	(268,101)
(1) Deposits	31,305,205	31,239,248	(65,957)
(2) Debentures	1,250,410	1,230,243	(20,166)
(3) Trading Liabilities			
Trading Bonds Sold	19,133	19,133	—
(4) Borrowed Money	4,347,300	4,274,034	(73,265)
Total Liabilities	36,922,048	36,762,660	(159,388)
Derivatives (*3)			
To which Hedge Accounting is not applied	25,739	25,739	—
To which Hedge Accounting is applied	183,855	230,183	46,328
Total Derivatives	209,595	255,923	46,328

Millions of U.S. Dollars

	Carrying Value	Fair Value	Difference
(1) Monetary Claims Bought	1,645	1,645	—
(2) Trading Assets			
Trading Securities	1,443	1,443	—
(3) Money Held in Trust	301	301	—
(4) Securities			
Held-to-Maturity Debt Securities	31,427	29,933	(1,494)
Other Securities (*1)	81,294	81,294	—
(5) Loans and Bills Discounted	62,124		
Reserve for Possible Loan Losses (*2)	(151)		
	61,972	61,673	(299)
Total Assets	178,085	176,291	(1,793)
(1) Deposits	209,441	209,000	(441)
(2) Debentures	8,365	8,230	(134)
(3) Trading Liabilities			
Trading Bonds Sold	128	128	—
(4) Borrowed Money	29,084	28,594	(490)
Total Liabilities	247,019	245,953	(1,066)
Derivatives (*3)			
To which Hedge Accounting is not applied	172	172	—
To which Hedge Accounting is applied	1,230	1,539	309
Total Derivatives	1,402	1,712	309

- *1. “Other Securities” include investment trusts to which the treatment that a net asset value (NAV) is regarded as the fair values has been applied in accordance with Paragraphs 24-3 and 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).
- *2. General and specific reserves for possible loan losses of Loans and Bills Discounted have been deducted.
- *3. Derivative transactions stated in trading assets and liabilities, and other assets and liabilities are presented collectively. The amount of receivables and payables derived from derivative transactions is presented net. Sums that represent net payables are shown in parentheses.

As of March 31, 2024

	Millions of Yen		
	Carrying Value	Fair Value	Difference
(1) Monetary Claims Bought	259,844	259,844	—
(2) Trading Assets			
Trading Securities	179,748	179,748	—
(3) Money Held in Trust	78,765	78,765	—
(4) Securities			
Held-to-Maturity Debt Securities	2,676,651	2,679,442	2,791
Other Securities (*1)	13,124,572	13,124,572	—
(5) Loans and Bills Discounted	8,858,319		
Reserve for Possible Loan Losses (*2)	(23,515)		
	8,834,804	8,828,843	(5,960)
Total Assets	25,154,386	25,151,217	(3,168)
(1) Deposits	33,064,496	33,052,051	(12,444)
(2) Debentures	1,302,170	1,295,988	(6,181)
(3) Trading Liabilities			
Trading Bonds Sold	4,280	4,280	—
(4) Borrowed Money	5,130,000	5,118,350	(11,649)
Total Liabilities	39,500,946	39,470,670	(30,276)
Derivatives (*3)			
To which Hedge Accounting is not applied	16,488	16,488	—
To which Hedge Accounting is applied	78,456	63,694	(14,762)
Total Derivatives	94,944	80,182	(14,762)

*1. “Other Securities” include investment trusts to which the treatment that a net asset value (NAV) is regarded as the fair values has been applied in accordance with Paragraphs 24-3 and 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

*2. General and specific reserves for possible loan losses of Loans and Bills Discounted have been deducted.

*3. Derivative transactions stated in trading assets and liabilities, and other assets and liabilities are presented collectively. The amount of receivables and payables derived from derivative transactions are presented net. Sums that represent net payables are shown in parentheses.

Note 1: Stocks and other equity securities with no market prices and investment in investment partnerships are as follows and are not included in “Securities” in the fair value information of financial instruments.

Category	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Stocks and other equity securities with no market prices (*1)	137,091	144,045	917
Investment in investment partnerships (*2)	68,094	64,622	455
Total	205,186	208,668	1,372

*1. Stocks and other equity securities with no market prices are unlisted common stocks and the preferred shares issued by shinkin banks which are held by the Bank. These stocks and other equity securities are not included in fair value disclosure information based on Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

*2. Investment in investment partnerships is not included in fair value disclosure information based on Paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

Note 2: Amounts of monetary claims and securities with maturities scheduled for redemption after the balance sheet date

As of March 31, 2025

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Due from Banks (*1)	18,851,746	—	—	—	5,000	5,000
Bills Bought and Call Loan	638,312	—	—	—	—	—
Receivables under Resale Agreements	83,635	—	—	—	—	—
Receivables under Securities Borrowing Transactions	—	—	—	—	—	—
Monetary Claims Bought Securities	—	—	1,356	42,387	63,785	152,224
Held-to-Maturity Debt Securities	40,008	310,961	902,445	38,353	857,827	2,572,698
Japanese Government Bonds	30,000	210,000	503,000	—	351,100	2,064,000
Municipal Government Bonds	—	61,328	233,529	8,000	405,287	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	7,900	36,888	163,131	29,180	101,440	500
Foreign Bonds	2,108	2,745	2,785	1,173	—	508,198
Other Securities with Maturities	829,241	1,856,117	770,104	1,808,244	732,611	4,278,562
Japanese Government Bonds	60,000	800,000	175,000	65,000	81,498	1,490,000
Municipal Government Bonds	295,326	329,923	123,715	259,317	74,597	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	305,128	373,478	136,207	43,506	34,072	304,881
Foreign Bonds	168,787	352,715	335,181	1,440,420	542,442	2,483,681
Loans and Bills Discounted (*2)	4,917,065	1,750,514	1,392,358	597,306	490,791	136,127
Total	25,360,010	3,917,593	3,066,264	2,486,292	2,150,015	7,144,613

	Millions of U.S. Dollars					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Due from Banks (*1)	126,123	—	—	—	33	33
Bills Bought and Call Loan	4,270	—	—	—	—	—
Receivables under Resale Agreements	559	—	—	—	—	—
Receivables under Securities Borrowing Transactions	—	—	—	—	—	—
Monetary Claims Bought Securities	—	—	9	283	426	1,018
Held-to-Maturity Debt Securities	267	2,080	6,037	256	5,739	17,212
Japanese Government Bonds	200	1,404	3,365	—	2,348	13,808
Municipal Government Bonds	—	410	1,562	53	2,711	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	52	246	1,091	195	678	3
Foreign Bonds	14	18	18	7	—	3,400
Other Securities with Maturities	5,547	12,417	5,152	12,097	4,901	28,624
Japanese Government Bonds	401	5,352	1,170	434	545	9,968
Municipal Government Bonds	1,975	2,207	827	1,734	499	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	2,041	2,498	911	291	227	2,039
Foreign Bonds	1,129	2,359	2,242	9,636	3,629	16,616
Loans and Bills Discounted (*2)	32,896	11,711	9,315	3,996	3,283	910
Total	169,666	26,209	20,514	16,634	14,384	47,799

*1. Current deposits, ordinary deposits, deposits at notice, and transfer deposits, included in “Due from Banks,” are stated under amounts redeemable “Within 1 year.”

*2. Loans do not include those of ¥1,788 million (\$11 million) with no expected schedule of redemption, including those to Bankrupt Borrowers, Substantially Bankrupt Borrowers and Probably Bankrupt Borrowers.

As of March 31, 2024

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Due from Banks (*1)	19,733,792	20,000	—	—	—	5,000
Bills Bought and Call Loan	479,611	—	—	—	—	—
Receivables under Resale Agreements	25,150	—	—	—	—	—
Receivables under Securities Borrowing Transactions	10,944	—	—	—	—	—
Monetary Claims Bought	—	—	1,076	15,065	87,366	162,552
Securities						
Held-to-Maturity Debt Securities	45,944	146,023	787,348	168,401	463,954	1,067,801
Japanese Government Bonds	40,000	130,000	363,000	135,000	108,300	923,500
Municipal Government Bonds	—	—	249,825	2,400	299,954	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	4,500	12,700	173,079	29,990	55,700	500
Foreign Bonds	1,444	3,323	1,444	1,011	—	143,801
Other Securities with Maturities	3,069,282	1,527,599	827,509	1,037,191	701,689	3,791,129
Japanese Government Bonds	2,089,260	—	—	280,000	—	1,140,000
Municipal Government Bonds	276,473	587,650	220,949	229,386	174,829	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	534,397	661,448	226,159	41,572	59,283	299,062
Foreign Bonds	169,150	278,501	380,400	486,232	467,576	2,352,067
Loans and Bills Discounted (*2)	4,556,029	1,714,798	1,338,193	575,346	533,223	138,812
Total	27,920,755	3,408,421	2,954,128	1,796,005	1,786,233	5,165,296

*1. Current deposits, ordinary deposits, deposits at notice, and transfer deposits, included in “Due from Banks,” are stated under amounts redeemable “Within 1 year.”

*2. Loans do not include those of ¥2,058 million with no expected schedule of repayment, including those to Bankrupt Borrowers, Substantially Bankrupt Borrowers and Probably Bankrupt Borrowers.

Note 3: Amounts of deposits, debentures and other interest bearing debt scheduled for repayment after the balance sheet date

As of March 31, 2025

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits (*)	14,398,418	11,016,339	2,204,697	534,000	1,997,250	1,154,500
Debentures	251,950	512,880	485,580	—	—	—
Borrowed Money	1,052,500	2,870,200	424,600	—	—	—
Bills Sold and Call Money	2,255,269	—	—	—	—	—
Payables under Repurchase Agreements	3,680,937	—	—	—	—	—
Payables under Securities Lending Transactions	2,788,631	—	—	—	—	—
Total	24,427,706	14,399,419	3,114,877	534,000	1,997,250	1,154,500

	Millions of U.S. Dollars					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits (*)	96,329	73,702	14,750	3,572	13,362	7,723
Debentures	1,685	3,431	3,248	—	—	—
Borrowed Money	7,041	19,202	2,840	—	—	—
Bills Sold and Call Money	15,088	—	—	—	—	—
Payables under Repurchase Agreements	24,626	—	—	—	—	—
Payables under Securities Lending Transactions	18,656	—	—	—	—	—
Total	163,428	96,336	20,839	3,572	13,362	7,723

* Demand deposits, included in “Deposits,” are stated under amounts payable “Within 1 year.”

As of March 31, 2024

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits (*)	17,631,195	10,102,036	1,866,229	641,835	1,734,600	1,088,600
Debentures	293,900	501,690	506,580	—	—	—
Borrowed Money	1,123,600	1,484,000	2,522,400	—	—	—
Bills Sold and Call Money	18,202	—	—	—	—	—
Payables under Repurchase Agreements	3,526,403	—	—	—	—	—
Payables under Securities Lending Transactions	2,151,096	—	—	—	—	—
Total	24,744,397	12,087,726	4,895,209	641,835	1,734,600	1,088,600

* Demand deposits, included in “Deposits,” are stated under amounts payable “Within 1 year.”

3. Breakdown of financial instruments by the fair value hierarchy level

The fair value of financial instruments is classified into the following three levels on the basis of the observability and significance of the inputs used to calculate the fair value.

Level 1 fair value:

Fair value measured by using quoted market prices in active markets as observable inputs related to fair value measurement for assets or liabilities subject to fair value measurement

Level 2 fair value:

Fair value measured by using observable inputs related to fair value measurement other than those for Level 1

Level 3 fair value:

Fair value measured by using unobservable inputs related to fair value measurement

If multiple inputs that have a significant effect on the fair value measurement are used, the fair value is classified into the level with the lowest priority in the fair value measurement among the levels to which each input is assigned.

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

As of March 31, 2025

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	—	—	246,018	246,018
Trading Assets (Trading Securities)	10,593	205,193	—	215,787
Money Held in Trust (Trading Purposes, Others)	—	45,032	—	45,032
Securities (Other Securities) (*1)	5,234,079	6,640,124	59,714	11,933,919
Stocks	69,211	—	—	69,211
Japanese Government Bonds	2,413,985	—	—	2,413,985
Municipal Government Bonds	—	1,051,025	—	1,051,025
Corporate Bonds	—	1,158,960	—	1,158,960
Foreign Bonds	2,705,160	2,329,679	59,714	5,094,554
Investment Trusts	45,722	2,100,459	—	2,146,182
Total Assets	5,244,673	6,890,351	305,733	12,440,757
Trading Liabilities (Trading Securities)	19,133	—	—	19,133
Total Liabilities	19,133	—	—	19,133
Derivatives (*2)	(37)	209,632	—	209,595
Interest-Rate-Related Transactions	—	289,777	—	289,777
Currency-Related Transactions	—	(80,145)	—	(80,145)
Bond-Related Transactions	(37)	—	—	(37)

	Millions of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	—	—	1,645	1,645
Trading Assets (Trading Securities)	70	1,372	—	1,443
Money Held in Trust (Trading Purposes, Others)	—	301	—	301
Securities (Other Securities) (*1)	35,017	44,424	399	79,841
Stocks	463	—	—	463
Japanese Government Bonds	16,150	—	—	16,150
Municipal Government Bonds	—	7,031	—	7,031
Corporate Bonds	—	7,753	—	7,753
Foreign Bonds	18,098	15,586	399	34,084
Investment Trusts	305	14,052	—	14,358
Total Assets	35,088	46,098	2,045	83,232
Trading Liabilities (Trading Securities)	128	—	—	128
Total Liabilities	128	—	—	128
Derivatives (*2)	(0)	1,402	—	1,402
Interest-Rate-Related Transactions	—	1,938	—	1,938
Currency-Related Transactions	—	(536)	—	(536)
Bond-Related Transactions	(0)	—	—	(0)

*1. Investment trusts to which the treatment that a net asset value (NAV) is regarded as the fair values has been applied in accordance with Paragraphs 24-3 and 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) are not included in the above table. The carrying value of investment trusts whose investment trust property is financial instruments based on the provision stipulated in Paragraph 24-3 as of March 31, 2025 amounted to ¥158,270 million (\$1,058 million), and the carrying value of investment trusts whose investment trust property is real estates based on the provision stipulated in Paragraph 24-9 as of March 31, 2025 amounted to ¥58,880 million (\$393 million).

*2. Derivative transactions stated in Trading Assets and Liabilities, and Other Assets and Liabilities are presented collectively. The amount of receivables and payables derived from derivative transactions is presented net. Sums that represent net payables are shown in parentheses.

As of March 31, 2024

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	—	681	259,163	259,844
Trading Assets (Trading Securities)	1,795	177,952	—	179,748
Money Held in Trust (Trading Purposes, Others)	—	78,765	—	78,765
Securities (Other Securities) (*1)	5,157,297	7,668,555	101,621	12,927,474
Stocks	76,167	—	—	76,167
Japanese Government Bonds	3,421,746	—	—	3,421,746
Municipal Government Bonds	—	1,476,632	—	1,476,632
Corporate Bonds	—	1,807,314	—	1,807,314
Foreign Bonds	1,626,197	2,172,242	101,621	3,900,061
Investment Trusts	33,185	2,212,365	—	2,245,551
Total Assets	5,159,092	7,925,954	360,785	13,445,832
Trading Liabilities (Trading Securities)	4,280	—	—	4,280
Total Liabilities	4,280	—	—	4,280
Derivatives (*2)	1	94,942	—	94,944
Interest-Rate-Related Transactions	—	239,343	—	239,343
Currency-Related Transactions	—	(144,400)	—	(144,400)
Bond-Related Transactions	1	—	—	1

*1. Investment trusts to which the treatment that a net asset value (NAV) is regarded as the fair values has been applied in accordance with Paragraphs 24-3 and 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) are not included in the above table. The carrying value of investment trusts whose investment trust property is financial instruments based on the provision stipulated in Paragraph 24-3 as of March 31, 2024 amounted to ¥144,672 million, and the carrying value of investment trusts whose investment trust property is real estates based on the provision stipulated in Paragraph 24-9 as of March 31, 2024 amounted to ¥52,424 million.

*2. Derivative transactions stated in Trading Assets and Liabilities, and Other Assets and Liabilities are presented collectively. The amount of receivables and payables derived from derivative transactions is presented net. Sums that represent net payables are shown in parentheses.

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

As of March 31, 2025

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	—	—	—	—
Securities (Held-to-Maturity Debt Securities)	2,949,798	1,524,355	—	4,474,154
Japanese Government Bonds	2,949,798	—	—	2,949,798
Municipal Government Bonds	—	679,849	—	679,849
Corporate Bonds	—	327,544	—	327,544
Foreign Bonds	—	516,962	—	516,962
Loans and Bills Discounted	—	—	9,218,273	9,218,273
Total Assets	2,949,798	1,524,355	9,218,273	13,692,427
Deposits	—	31,239,248	—	31,239,248
Debentures	—	1,230,243	—	1,230,243
Borrowed Money	—	4,274,034	—	4,274,034
Total Liabilities	—	36,743,527	—	36,743,527
Derivatives (*)	—	46,328	—	46,328
Interest-Rate-Related Transactions	—	46,328	—	46,328
	Millions of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	—	—	—	—
Securities (Held-to-Maturity Debt Securities)	19,735	10,198	—	29,933
Japanese Government Bonds	19,735	—	—	19,735
Municipal Government Bonds	—	4,548	—	4,548
Corporate Bonds	—	2,191	—	2,191
Foreign Bonds	—	3,458	—	3,458
Loans and Bills Discounted	—	—	61,673	61,673
Total Assets	19,735	10,198	61,673	91,606
Deposits	—	209,000	—	209,000
Debentures	—	8,230	—	8,230
Borrowed Money	—	28,594	—	28,594
Total Liabilities	—	245,825	—	245,825
Derivatives (*)	—	309	—	309
Interest-Rate-Related Transactions	—	309	—	309

* The fair value of interest rate swaps for exceptional treatment of interest rate swaps is shown.

The amount of receivables and payables derived from derivative transactions is presented net. Sums that represent net payables are shown in parentheses.

As of March 31, 2024

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary Claims Bought	—	—	—	—
Securities (Held-to-Maturity Debt Securities)	1,701,186	978,256	—	2,679,442
Japanese Government Bonds	1,701,186	—	—	1,701,186
Municipal Government Bonds	—	551,928	—	551,928
Corporate Bonds	—	275,283	—	275,283
Foreign Bonds	—	151,044	—	151,044
Loans and Bills Discounted	—	—	8,828,843	8,828,843
Total Assets	1,701,186	978,256	8,828,843	11,508,286
Deposits	—	33,052,051	—	33,052,051
Debentures	—	1,295,988	—	1,295,988
Borrowed Money	—	5,118,350	—	5,118,350
Total Liabilities	—	39,466,389	—	39,466,389
Derivatives (*)	—	(14,762)	—	(14,762)
Interest-Rate-Related Transactions	—	(14,762)	—	(14,762)

* The fair value of interest rate swaps for exceptional treatment of interest rate swaps is shown.
The amount of receivables and payables derived from derivative transactions is presented net. Sums that represent net payables are shown in parentheses.

Note 1: Explanation on valuation techniques used to measure fair value and inputs used in fair value measurement

Assets

- Monetary Claims Bought

Of the Monetary Claims Bought, the beneficiary rights in trust accounted for in the same way as securities adopt the valuation price obtained from a third party, such as a broker, as the fair value. If significant unobservable inputs, such as the default rate, recovery rate and prepayment rates, are used for valuation, the fair value is classified as Level 3 fair value, otherwise it is classified as Level 2 fair value. The fair value of Monetary Claims Bought other than these beneficiary rights in trust is calculated by the same method as for loans, and is classified as Level 3 fair value.

- Trading Assets

Securities such as bonds held for trading purposes are classified as Level 1 fair value, if the unadjusted quoted market price in active markets is available. If the market is not active even if the published market price is used, or if the fair value is estimated by discounting the future cash flows to the present value using the market interest rate as of the valuation date, the fair value is classified as Level 2 fair value.

- Money Held in Trust

For securities managed as trust assets in Money Held in Trust whose main purpose is to trade securities, the fair value of stocks is based on prices traded at exchanges, and that of bonds is based on quoted market prices, etc. They are classified into Level 2 fair value based on the level of the main components of the trust assets.

Notes regarding the trust of money for each purpose of holding are described in "Money Held in Trust."

- Securities

Securities are classified as Level 1 fair value, if the unadjusted quoted market price in active markets is available. These securities mainly include listed stocks and government bonds. If the market is not active even if the published market price is used, or if the fair value is estimated by discounting the future cash flows to the present value using the market interest rate as of the valuation date, the fair value is classified as Level 2 fair value. These securities mainly include municipal bonds, short-term corporate bonds and corporate bonds.

If the quoted market price is not available, the valuation price obtained from a third party such as a broker is used. When the valuation uses important unobservable inputs, such as default rate, recovery rate, prepayment rates and credit spread, the fair value is classified as Level 3 fair value.

The fair value of investment trusts for which transaction price in active markets is used is classified as Level 1 fair value. If there are no quoted market prices and there are no material restrictions for which market participants would ask to bear the cost of risk with respect to such redemption or repurchase requests, the fair value of investment trust is based on a published net asset value (NAV) or the like and classified as Level 2 fair value.

Notes regarding securities for each purpose of holding are described in "Securities."

- Loans and Bills Discounted

Of the Loans and Bills Discounted, those with floating interest rates reflect the market interest rate in a short period of time. For this reason, as long as the creditworthiness of the borrower does not change significantly after drawdown, the fair value approximates the carrying value. Accordingly, the carrying value is used as the fair value. For Loans and Bills Discounted with fixed interest rates, the fair value is determined by category based on loan type and credit rating, discounting the total amount of principal and interest using the interest rates, determined by reflecting credit spread and other factors on market interest rates, that are expected when granting similar loans. For Loans and Bills Discounted under short-term contracts, the carrying value is used as the fair value since the fair value approximates the carrying value.

With regard to loans to Bankrupt Borrowers, Substantially Bankrupt Borrowers or Probably Bankrupt Borrowers, the Bank estimates loan loss based on the present value of estimated future cash flows or the estimated recoverable value from collateral and guarantees. Since the fair value therefore approximates the total loan value on the consolidated balance sheet at the closing date less the total recorded value of the reserve for possible loan losses, this value is used for the fair value. The fair values determined are classified into Level 3 fair value.

Liabilities

- Deposits

For demand deposits, the amount payable upon demand on the balance sheet date (carrying value) is used as fair value. Of term deposits, those with floating interest rates reflect the market interest rate in a short period of time. For this reason, the fair value approximates the carrying value. Accordingly, the carrying value is used as the fair value. For term deposits with fixed interest rates, the fair value is calculated by discounting future cash flows using the interest rate that would be applicable to newly taken deposits. The fair values determined are classified into Level 2 fair value.

- Debentures

The fair value of debentures issued by the Bank is based on the quoted market price, and is classified as Level 2 fair value in consideration of market liquidity.

- Trading Liabilities

The fair value of trading bonds sold is based on the unadjusted quoted market price in an active market and is classified as Level 1 fair value.

- Borrowed Money

For borrowed money, the present value is calculated by type, discounting the total amount of principal and interest using the expected interest rate for similar borrowings. If the impact of unobservable inputs on the fair value is important, the fair value is classified as Level 3 fair value, and otherwise it is classified as Level 2 fair value.

For Borrowed Money under short-term contracts, since the fair value approximates the carrying value, the carrying value is used as the fair value and is classified as Level 2 fair value.

Derivative Transactions

For derivative transactions, exchange-traded transactions are valued on the basis of closing prices on exchanges, etc., while over the counter transactions are valued using discounted present value or calculation models for option prices, etc. The inputs used in the valuation technique for calculating the value of over the counter transactions are mainly interest rates, exchange rates and volatility. The fair value of exchange-traded transactions is classified as Level 1 fair value, and that of over the counter transactions is classified as Level 2 fair value if unobservable inputs are not used or their impact is not significant.

Note 2: Information about the Level 3 fair value of financial instruments recorded at fair value in the consolidated balance sheet

(1) Reconciliation of beginning balance to ending balance, unrealized gains (losses) recognized in profit (loss) for the fiscal years ended March 31, 2025 and 2024

As of March 31, 2025

Millions of Yen								
Balance as of April 1, 2024	Profit (Loss) or Other Comprehensive Income for the fiscal year ended March 31, 2025		Net of purchases, sales, issuances, and settlements	Transfers to Level 3 fair value	Transfers from Level 3 fair value (*3)	Balance as of March 31, 2025	Amount of unrealized gains or losses on financial assets and liabilities held at March 31, 2025 that is recognized in Profit (Loss) for the fiscal year ended March 31, 2025	
	Recognized in Profit (Loss) (*1)	Recognized in Other Comprehensive Income (*2)						
Monetary Claims Bought	259,163	0	(7,526)	(5,619)	—	—	246,018	—
Securities (Other Securities)	101,621	(186)	(112)	(39,620)	—	(1,986)	59,714	—
Foreign Bonds	101,621	(186)	(112)	(39,620)	—	(1,986)	59,714	—

Millions of U.S. Dollars								
Balance as of April 1, 2024	Profit (Loss) or Other Comprehensive Income for the fiscal year ended March 31, 2025		Net of purchases, sales, issuances, and settlements	Transfers to Level 3 fair value	Transfers from Level 3 fair value (*3)	Balance as of March 31, 2025	Amount of unrealized gains or losses on financial assets and liabilities held at March 31, 2025 that is recognized in Profit (Loss) for the fiscal year ended March 31, 2025	
	Recognized in Profit (Loss) (*1)	Recognized in Other Comprehensive Income (*2)						
Monetary Claims Bought	1,733	0	(50)	(37)	—	—	1,645	—
Securities (Other Securities)	679	(1)	(0)	(265)	—	(13)	399	—
Foreign Bonds	679	(1)	(0)	(265)	—	(13)	399	—

*1. Mainly included in "Other Operating Income" and "Other Operating Expenses" in the consolidated statement of income.

*2. Included in "Net Unrealized Gains (Losses) on Other Securities" in "Other Comprehensive Income" in the consolidated statement of comprehensive income.

*3. These are transfers from Level 3 fair value to Level 2 fair value because observable data for foreign bonds became available. The transfers are made on the last day of the fiscal year.

As of March 31, 2024

Millions of Yen

	Balance as of April 1, 2023	Profit (Loss) or Other Comprehensive Income for the fiscal year ended March 31, 2024		Net of purchases, sales, and settlements	Transfers to Level 3 fair value (*3)	Transfers from Level 3 fair value (*4)	Balance as of March 31, 2024	Amount of unrealized gains or losses on financial assets and liabilities held at March 31, 2024 that is recognized in Profit (Loss) for the fiscal year ended March 31, 2024
		Recognized in Profit (Loss) (*1)	Recognized in Other Comprehensive Income (*2)					
Monetary Claims Bought	171,385	0	(2,695)	90,473	—	—	259,163	—
Securities (Other Securities)	195,852	2,617	51	(85,776)	1,823	(12,948)	101,621	—
Corporate Bonds	546	—	(0)	(545)	—	—	—	—
Foreign Bonds	195,306	2,617	52	(85,230)	1,823	(12,948)	101,621	—

*1. Mainly included in “Other Operating Income” and “Other Operating Expenses” in the consolidated statement of income.

*2. Included in “Net Unrealized Gains (Losses) on Other Securities” in “Other Comprehensive Income” in the consolidated statement of comprehensive income.

*3. These are transfers from Level 2 fair value to Level 3 fair value due to a lack of observable market data resulting from reduced market activities for foreign bonds.

The transfers are made on the last day of the fiscal year.

*4. These are transfers from Level 3 fair value to Level 2 fair value because observable data for foreign bonds became available. The transfers are made on the last day of the fiscal year.

(2) Explanation on the fair value measurement process

The fair value calculation department of the Group has established the policies and procedures for fair value measurement and determines fair value in accordance with these policies and procedures. In determining fair value, the Group uses the method that can most appropriately reflect the nature, characteristics and risks of each asset. Regarding the fair value measurement results and level classification, the Group verifies the appropriateness of the valuation techniques and inputs used for the fair value measurement by comparing prices between same type of products, checking price trend of the same securities and matching with benchmarks published in the market for consistency. In addition, when using the prices obtained from a third party, the Group verifies the appropriateness of those prices by confirming the valuation techniques and inputs and comparing them with the fair values of similar financial products.

Note 3: Information about investment trusts to which the treatment that a net asset value (NAV) is regarded as the fair values has been applied

(1) Reconciliation of beginning balance to ending balance, unrealized gains (losses) recognized in profit or loss for the fiscal years ended March 31, 2025 and 2024

As of March 31, 2025

Millions of Yen

	Balance as of April 1, 2024	Profit (Loss) or Other Comprehensive Income for the fiscal year ended March 31, 2025		Net of purchases, sales and redemption	Amount of investment trusts whose net asset value (NAV) is regarded as fair value	Amount of investment trusts whose net asset value (NAV) is not regarded as fair value	Balance as of March 31, 2025	Amount of unrealized gains or losses on investment trusts held at March 31, 2025 that is recognized in Profit (Loss) for the fiscal year ended March 31, 2025
		Recognized in Profit (Loss) (*1)	Recognized in Other Comprehensive Income (*2)					
Investment trusts whose investment trust property is financial instruments	144,672	(1,686)	8,039	10,533	—	(3,288)	158,270	—
Investment trusts whose investment trust property is real estates	52,424	(62)	597	5,920	—	—	58,880	—

Millions of U.S. Dollars

	Balance as of April 1, 2024	Profit (Loss) or Other Comprehensive Income for the fiscal year ended March 31, 2025		Net of purchases, sales and redemption	Amount of investment trusts whose net asset value (NAV) is regarded as fair value	Amount of investment trusts whose net asset value (NAV) is not regarded as fair value	Balance as of March 31, 2025	Amount of unrealized gains or losses on investment trusts held at March 31, 2025 that is recognized in Profit (Loss) for the fiscal year ended March 31, 2025
		Recognized in Profit (Loss) (*1)	Recognized in Other Comprehensive Income (*2)					
Investment trusts whose investment trust property is financial instruments	967	(11)	53	70	—	(22)	1,058	—
Investment trusts whose investment trust property is real estates	350	(0)	3	39	—	—	393	—

*1. Mainly included in “Other Operating Income” and “Other Operating Expenses” in the consolidated statement of income.

*2. Included in “Net Unrealized Gains (Losses) on Other Securities” in “Other Comprehensive Income” in the consolidated statement of comprehensive income.

As of March 31, 2024

Millions of Yen

	Balance as of April 1, 2023	Profit (Loss) or Other Comprehensive Income for the fiscal year ended March 31, 2024		Net of purchases, sales and redemption	Amount of investment trusts whose net asset value (NAV) is regarded as fair value	Amount of investment trusts whose net asset value (NAV) is not regarded as fair value	Balance as of March 31, 2024	Amount of unrealized gains or losses on investment trusts held at March 31, 2024 that is recognized in Profit (Loss) for the fiscal year ended March 31, 2024
		Recognized in Profit (Loss) (*1)	Recognized in Other Comprehensive Income (*2)					
Investment trusts whose investment trust property is financial instruments	89,276	11,463	6,260	37,672	—	—	144,672	—
Investment trusts whose investment trust property is real estates	46,481	710	331	4,900	—	—	52,424	—

*1. Mainly included in “Other Operating Income” and “Other Operating Expenses” in the consolidated statement of income.

*2. Included in “Net Unrealized Gains (Losses) on Other Securities” in “Other Comprehensive Income” in the consolidated statement of comprehensive income.

(2) Breakdown of restrictions related to redemption and repurchase requests of investment trusts whose investment trust property is financial instruments

As of March 31, 2025

	Millions of Yen	Millions of U.S. Dollars
	Carrying value	Carrying value
Restrictions related to redemption or repurchase requests		
Restrictions that require a certain period for redemption or repurchase due to factors such as limited redemption or repurchase dates	158,270	1,058

As of March 31, 2024

	Millions of Yen
	Carrying value
Restrictions related to redemption or repurchase requests	
Restrictions that require a certain period for redemption or repurchase due to factors such as limited redemption or repurchase dates	144,672

27. Fair Value of Securities and Money Held in Trust:

1. Securities

The following tables contain information relating to Securities, Trading Assets (trading account securities and short-term corporate bonds), Cash and Due from Banks (negotiable certificates of deposit) and Monetary Claims Bought (beneficiary rights in trust) in the consolidated balance sheet.

(1) Trading Securities

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Net Unrealized Gains (Losses)			
Recognized as Income	(81)	12	(0)

(2) Held-to-Maturity Debt Securities

As of March 31, 2025

		Millions of Yen		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Securities with Fair Value Exceeding Carrying Value	Japanese Government Bonds	425,414	437,097	11,682
	Municipal Government Bonds	4,500	4,501	1
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	137	137	0
	Others	272,783	273,401	618
	Total	702,835	715,137	12,302
Securities with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	2,709,301	2,512,700	(196,600)
	Municipal Government Bonds	702,985	675,347	(27,637)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	338,255	327,406	(10,848)
	Others	244,117	243,561	(555)
	Total	3,994,660	3,759,016	(235,643)
Total	4,697,495	4,474,154	(223,341)	

		Millions of U.S. Dollars		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Securities with Fair Value Exceeding Carrying Value	Japanese Government Bonds	2,846	2,924	78
	Municipal Government Bonds	30	30	0
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	0	0	0
	Others	1,825	1,829	4
	Total	4,702	4,784	82
Securities with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	18,126	16,810	(1,315)
	Municipal Government Bonds	4,703	4,518	(184)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	2,263	2,190	(72)
	Others	1,633	1,629	(3)
	Total	26,725	25,148	(1,576)
Total	31,427	29,933	(1,494)	

As of March 31, 2024

		Millions of Yen		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Securities with Fair Value Exceeding Carrying Value	Japanese Government Bonds	1,115,260	1,145,209	29,949
	Municipal Government Bonds	343,976	345,421	1,444
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	100,610	100,945	335
	Others	86,535	87,083	548
	Total	1,646,382	1,678,660	32,277
Securities with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	583,365	555,976	(27,388)
	Municipal Government Bonds	207,384	206,506	(877)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	175,098	174,338	(759)
	Others	64,419	63,960	(459)
	Total	1,030,268	1,000,782	(29,485)
Total		2,676,651	2,679,442	2,791

(3) Other Securities

As of March 31, 2025

		Millions of Yen		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Securities with Carrying Value Exceeding Acquisition Cost	Stocks	65,994	30,650	35,343
	Bonds	81,768	81,418	349
	Japanese Government Bonds	76,411	76,070	340
	Municipal Government Bonds	248	248	0
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	5,109	5,100	9
Others	3,087,084	2,997,270	89,813	
Total	3,234,846	3,109,340	125,506	
Securities with Carrying Value not Exceeding Acquisition Cost	Stocks	3,217	3,669	(451)
	Bonds	4,542,202	4,843,388	(301,186)
	Japanese Government Bonds	2,337,574	2,562,072	(224,497)
	Municipal Government Bonds	1,050,777	1,083,606	(32,829)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	1,153,851	1,197,710	(43,858)
Others	4,734,867	5,092,205	(357,337)	
Total	9,280,288	9,939,263	(658,975)	
Total		12,515,134	13,048,604	(533,469)

		Millions of U.S. Dollars		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
	Stocks	441	205	236
	Bonds	547	544	2
Securities with Carrying Value Exceeding Acquisition Cost	Japanese Government Bonds	511	508	2
	Municipal Government Bonds	1	1	0
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	34	34	0
	Others	20,653	20,052	600
	Total	21,642	20,802	839
	Stocks	21	24	(3)
	Bonds	30,388	32,403	(2,015)
Securities with Carrying Value not Exceeding Acquisition Cost	Japanese Government Bonds	15,639	17,141	(1,501)
	Municipal Government Bonds	7,030	7,249	(219)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	7,719	8,013	(293)
	Others	31,677	34,068	(2,390)
	Total	62,087	66,496	(4,408)
	Total	83,730	87,299	(3,569)

As of March 31, 2024

		Millions of Yen		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
	Stocks	75,142	32,675	42,467
	Bonds	309,954	309,569	385
Securities with Carrying Value Exceeding Acquisition Cost	Japanese Government Bonds	—	—	—
	Municipal Government Bonds	65,197	65,130	67
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	244,757	244,439	318
	Others	1,825,614	1,747,189	78,424
	Total	2,210,712	2,089,434	121,277
	Stocks	1,025	1,121	(96)
	Bonds	6,395,739	6,526,629	(130,890)
Securities with Carrying Value not Exceeding Acquisition Cost	Japanese Government Bonds	3,421,746	3,516,599	(94,852)
	Municipal Government Bonds	1,411,435	1,426,181	(14,745)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	1,562,556	1,583,848	(21,291)
	Others	4,879,954	5,247,660	(367,705)
	Total	11,276,718	11,775,410	(498,692)
	Total	13,487,430	13,864,845	(377,414)

(4) Held-to-Maturity Debt Securities Sold during the Fiscal Year
Not applicable.

(5) Other Securities Sold during the Fiscal Year
For the Fiscal Year Ended March 31, 2025

	Millions of Yen		
	Amounts of Securities Sold	Aggregate Gains on Sale	Aggregate Losses on Sale
Stocks	15,332	3,104	—
Bonds	2,087,458	182	5,886
Japanese Government Bonds	1,855,547	182	2,442
Municipal Government Bonds	127,672	—	1,804
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	104,238	—	1,639
Others	226,410	1,043	8,718
Total	2,329,201	4,330	14,605

	Millions of U.S. Dollars		
	Amounts of Securities Sold	Aggregate Gains on Sale	Aggregate Losses on Sale
Stocks	102	20	—
Bonds	13,965	1	39
Japanese Government Bonds	12,414	1	16
Municipal Government Bonds	854	—	12
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	697	—	10
Others	1,514	6	58
Total	15,583	28	97

For the Fiscal Year Ended March 31, 2024

	Millions of Yen		
	Amounts of Securities Sold	Aggregate Gains on Sale	Aggregate Losses on Sale
Stocks	75,578	25,080	—
Bonds	1,022,797	586	41,985
Japanese Government Bonds	743,754	—	40,932
Municipal Government Bonds	80,960	155	844
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	198,082	431	207
Others	307,224	—	40,765
Total	1,405,600	25,667	82,750

(6) Impaired Securities

Of Securities other than Trading Securities (excluding stocks and other equity securities with no market prices and investment in investment partnerships), those whose fair value significantly declines compared with the acquisition cost and is not expected to recover up to the acquisition cost, are devalued and the fair value is recorded as the carrying amount on the consolidated balance sheet. In addition, the difference between the fair value and the acquisition cost is recognized as impairment losses in the current fiscal year. When determining that the fair value of stocks and investment trusts has significantly declined, the amount calculated based on the average market price for one month before the end of the current fiscal year is used.

In the case where the issuer is classified as a Bankrupt Borrower, Substantially Bankrupt Borrower, or Probably Bankrupt Borrower, impairment loss is recognized for securities when the market value is below the acquisition cost.

In the fiscal year ended March 31, 2025, the amount of impairment losses on securities was ¥4 million (\$0 million) (all impairment losses were incurred on stocks).

In the fiscal year ended March 31, 2024, there were no impairment losses.

Furthermore, the criteria are set to determine whether the fair value declines significantly, and the general outline is as follows:

Bonds:

- The fair value is more than 50% and 70% or less of the acquisition cost, and changes in the fair value and the issuer's business condition meet certain requirements
- The fair value is 50% or less of the acquisition cost

Stocks and investment trusts:

- The fair value is 70% or less of the acquisition cost

2. Money Held in Trust

(1) Money Held in Trust for Trading Purposes

As of March 31, 2025

Not applicable.

As of March 31, 2024

	Millions of Yen	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	29,971	—

(2) Held-to-Maturity Money Held in Trust

Not applicable.

(3) Other Money Held in Trust (Money Held in Trust other than Held for Trading Purposes or Held-to-Maturity)

As of March 31, 2025

	Millions of Yen				
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)	Items with Carrying Value Exceeding Acquisition Cost	Items with Carrying Value not Exceeding Acquisition Cost
Other Money Held in Trust	45,032	50,000	(4,967)	—	(4,967)

	Millions of U.S. Dollars				
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)	Items with Carrying Value Exceeding Acquisition Cost	Items with Carrying Value not Exceeding Acquisition Cost
Other Money Held in Trust	301	334	(33)	—	(33)

Note:

Breakdown of "Unrealized Gains (Losses)" is shown in "Items with Carrying Value Exceeding Acquisition Cost" and "Items with Carrying Value not Exceeding Acquisition Cost."

As of March 31, 2024

	Millions of Yen				
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)	Items with Carrying Value Exceeding Acquisition Cost	Items with Carrying Value not Exceeding Acquisition Cost
Other Money Held in Trust	48,793	50,000	(1,206)	—	(1,206)

Note:

Breakdown of “Unrealized Gains (Losses)” is shown in “Items with Carrying Value Exceeding Acquisition Cost” and “Items with Carrying Value not Exceeding Acquisition Cost.”

3. Net Unrealized Gains (Losses) on Other Securities and Other Money Held in Trust

Breakdown of Net Unrealized Gains (Losses) on Other Securities in the consolidated balance sheet is as follows:

As of March 31, 2025

	Millions of Yen	Millions of U.S. Dollars
Other Securities	(533,408)	(3,568)
Other Money Held in Trust	(4,967)	(33)
Net Unrealized Gains (Losses)	(538,375)	(3,601)
Deferred Tax Assets	154,855	1,036
Net Unrealized Losses (Prior to Equity Method Adjustment)	(383,519)	(2,565)
Non-Controlling Interests' Portion	—	—
Parent Company's Portion of Net Unrealized Gains (Losses) for Other Securities Held by Companies Accounted for by the Equity Method	—	—
Net Unrealized Gains (Losses)	(383,519)	(2,565)

Note:

Translation adjustments of foreign currency-denominated stocks and other equity securities with no market prices, and Unrealized Gains (Losses) on investment in investment partnerships are included in “Other Securities” within “Net Unrealized Gains (Losses).”

As of March 31, 2024

	Millions of Yen
Other Securities	(376,376)
Other Money Held in Trust	(1,206)
Net Unrealized Gains (Losses)	(377,582)
Deferred Tax Assets	106,166
Net Unrealized Gains (Prior to Equity Method Adjustment)	(271,415)
Non-Controlling Interests' Portion	—
Parent Company's Portion of Net Unrealized Gains (Losses) for Other Securities Held by Companies Accounted for by the Equity Method	—
Net Unrealized Gains (Losses)	(271,415)

Note:

Translation adjustments of foreign currency-denominated stocks and other equity securities with no market prices, and Unrealized Gains (Losses) on investment in investment partnerships are included in “Other Securities” within “Net Unrealized Gains (Losses).”

28. Derivatives:

1. Derivative Transactions to which Hedge Accounting is not Applied

The following tables summarize the notional amount or the contracted principal equivalents, fair values and net unrealized gains (losses) of the Bank's derivative transactions that do not qualify for hedge accounting as of the consolidated balance sheet date, which are classified by types of financial instruments. Please note that the notional amounts in themselves do not reflect the market risk associated with the Bank's derivative transactions.

(1) Interest-Rate-Related Transactions
As of March 31, 2025

	Millions of Yen			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Interest Rate Forwards:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Floating Rate Payable	16,122,751	13,302,975	(367,793)	(367,793)
Floating Rate Receivable/Fixed Rate Payable	15,675,170	12,446,512	336,617	336,617
Floating Rate Receivable/Floating Rate Payable	61,750	41,750	(5)	(5)
Fixed Rate Receivable/Fixed Rate Payable	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	3,625,200	2,547,200	3,350	3,163
Bought	3,852,480	2,588,280	52,143	40,855
Total			24,312	12,838

	Millions of U.S. Dollars			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Interest Rate Forwards:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Floating Rate Payable	107,866	89,000	(2,460)	(2,460)
Floating Rate Receivable/Fixed Rate Payable	104,871	83,270	2,252	2,252
Floating Rate Receivable/Floating Rate Payable	413	279	(0)	(0)
Fixed Rate Receivable/Fixed Rate Payable	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	24,253	17,041	22	21
Bought	25,774	17,316	348	273
Total			162	85

Note:

Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are accounted for in the consolidated statement of income.

As of March 31, 2024

	Millions of Yen			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Interest Rate Forwards:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Floating Rate Payable	11,346,856	10,429,315	(114,366)	(114,366)
Floating Rate Receivable/Fixed Rate Payable	11,073,872	9,474,056	109,386	109,386
Floating Rate Receivable/Floating Rate Payable	61,750	61,750	16	16
Fixed Rate Receivable/Fixed Rate Payable	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	3,222,700	2,216,700	4,827	4,703
Bought	3,423,680	2,338,380	16,371	12,242
Total			16,236	11,981

Note:

Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are recognized in the consolidated statement of income.

(2) Currency-Related Transactions
As of March 31, 2025

	Millions of Yen			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Currency Swaps:				
Forward Foreign Exchange	823	823	27	27
Contracts:				
Sold	231,053	1,591	(175)	(175)
Bought	450,289	1,913	1,719	1,719
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total			1,571	1,571

	Millions of U.S. Dollars			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Currency Swaps:				
Forward Foreign Exchange	5	5	0	0
Contracts:				
Sold	1,545	10	(1)	(1)
Bought	3,012	12	11	11
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total			10	10

Note:

1. Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are recognized in the consolidated statement of income.
2. Fair value and Net Unrealized Gains (Losses) on currency swaps are stated at the amounts net of principal.

As of March 31, 2024

	Millions of Yen			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Currency Swaps:				
—	—	—	—	—
Forward Foreign Exchange Contracts:				
Sold	207,956	2,248	(3,289)	(3,289)
Bought	372,856	2,618	3,676	3,676
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total			386	386

Note:

Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are recognized in the consolidated statement of income.

(3) Stock-Related Transactions

Not applicable.

(4) Bond-Related Transactions
As of March 31, 2025

Millions of Yen				
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Bond Futures:				
Sold	7,990	—	(37)	(37)
Bought	138	—	0	0
Bond Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Bond Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total			(37)	(37)

Millions of U.S. Dollars				
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Bond Futures:				
Sold	53	—	(0)	(0)
Bought	0	—	0	0
Bond Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Bond Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total			(0)	(0)

Note:

Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are recognized in the consolidated statement of income.

As of March 31, 2024

	Millions of Yen			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Bond Futures:				
Sold	2,041	—	1	1
Bought	145	—	(0)	(0)
Bond Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Bond Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total			<u>1</u>	<u>1</u>

Note:

Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are recognized in the consolidated statement of income.

(5) Commodity-Related Derivative Transactions

Not applicable.

(6) Credit Derivative Transactions

Not applicable.

2. Derivative Transactions to which Hedge Accounting is Applied

The following summarizes the notional amount or the contracted principal equivalents and fair values of the Bank's derivative transactions that qualify for hedge accounting as of the consolidated balance sheet date, which are classified by types of financial instruments and methods for hedge accounting. Please note that the notional amounts in themselves do not reflect the market risk associated with the Bank's derivative transactions.

(1) Interest-Rate-Related Transactions

As of March 31, 2025

		Millions of Yen		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	6,476,000	4,475,000	(19,962)
	Floating Rate Receivable/Fixed Rate Payable	7,182,264	7,063,747	285,558
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	424,600	424,600	(5,241)
	Floating Rate Receivable/Fixed Rate Payable	2,178,407	2,068,482	51,569
Total				311,923

		Millions of U.S. Dollars		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	43,326	29,939	(133)
	Floating Rate Receivable/Fixed Rate Payable	48,051	47,258	1,910
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	2,840	2,840	(35)
	Floating Rate Receivable/Fixed Rate Payable	14,574	13,838	345
Total				2,086

Notes:

- Most of hedged items subject to Basic Treatment are Interest-bearing assets and liabilities including Loans and Bills Discounted, Other Securities (Bonds) and Deposits.
- Hedged items subject to Exceptional Treatments for Interest Rate Swaps include Loans and Bills Discounted, Held-to-Maturity Debt Securities and Debentures (Liabilities).
- The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Industry Committee Practical Guidelines No. 24.

As of March 31, 2024

		Millions of Yen		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	4,686,000	3,991,000	(1,097)
	Floating Rate Receivable/Fixed Rate Payable	3,744,627	3,594,226	224,341
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	424,600	424,600	3,214
	Floating Rate Receivable/Fixed Rate Payable	972,726	860,446	(17,977)
Total				<u>208,482</u>

Notes:

1. Most of hedged items subject to Basic Treatment are Interest-bearing assets and liabilities including Loans and Bills Discounted, Other Securities (Bonds) and Deposits.
2. Hedged items subject to Exceptional Treatments for Interest Rate Swaps include Loans and Bills Discounted, Held-to-Maturity Debt Securities and Debentures (Liabilities).
3. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Industry Committee Practical Guidelines No. 24.

(2) Currency-Related Transactions

As of March 31, 2025

		Millions of Yen		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	1,417,958	1,174,601	(13,111)
	Forward Foreign Exchange Contracts:			
	Sold	72,454	—	196
	Bought	—	—	—
Total				<u>(12,915)</u>

		Millions of U.S. Dollars		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	9,486	7,858	(87)
	Forward Foreign Exchange Contracts:			
	Sold	484	—	1
	Bought	—	—	—
Total				<u>(86)</u>

Notes:

1. Most of hedged items include foreign currency-denominated securities and Due from Banks.
2. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Industry Committee Practical Guidelines No. 25.
3. Fair value on currency swaps is stated at the amount net of principal.

As of March 31, 2024

		Millions of Yen		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	1,012,431	820,645	(10,920)
	Forward Foreign Exchange Contracts:			
	Sold	42,622	—	(2,001)
	Bought	—	—	—
	Total			<u>(12,921)</u>

Notes:

1. Most of hedged items are foreign currency-denominated securities, Due from Banks, etc.
2. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Industry Committee Practical Guidelines No. 25.
3. Fair value on currency swaps is stated at the amount net of principal.

(3) Stock-Related Transactions

Not applicable.

(4) Bond-Related Transactions

Not applicable.

29. Related Party Transactions:

For the Fiscal Year Ended March 31, 2025

There were no significant related-party transactions.

For the Fiscal Year Ended March 31, 2024

There were no significant related-party transactions.

30. Revenue Recognition:

Disaggregation of Revenue from Contracts with Customers is provided in Note 31.

31. Segment Information:

(1) Description of Reportable Segments

The Group classifies the businesses of the Bank and its consolidated subsidiaries as single business segment, respectively. Among those business segments, the business of the Bank is determined as the reportable segment.

The Bank, as an individual financial institution, provides such services as deposits, debentures, lending, market fund management, trading operations, clearing and trust business. As the central financial institution for Shinkin Banks, the Bank complements the functions of the Shinkin Banks and operates the shinkin bank industry's own safety net, including the Shinkin Bank Management Reinforcement System. By doing so, the Bank strives to maintain an orderly financial system within the shinkin bank industry.

(2) Method of Calculating Amounts by Reportable Segment

The accounting methods of the reportable segment are consistent with those described in the "Significant Accounting Policies." Reportable segment profit is based on profit attributable to owners of parent.

(3) Amounts by Reportable Segment
For the Fiscal Year Ended March 31, 2025

(Millions of Yen)

	Reportable segment	Other	Total	Adjustment	Amount presented in the consolidated financial statements
	Shinkin Central Bank business				
Income					
External customers	444,161	38,482	482,644	(60)	482,583
Inter-segment	2,972	2,468	5,440	(5,440)	—
Total	447,134	40,950	488,085	(5,501)	482,583
Segment profit	40,579	2,512	43,091	(642)	42,449
Segment assets	47,991,933	323,694	48,315,627	(76,738)	48,238,888
Segment liabilities	46,536,768	224,257	46,761,026	(34,576)	46,726,449
Other items					
Depreciation	4,494	6,453	10,948	—	10,948
Interest Income	398,997	931	399,929	(109)	399,819
Interest Expenses	318,659	73	318,733	(41)	318,691
Income Taxes	14,235	1,103	15,339	(4)	15,334
Increase in Tangible and Intangible Fixed Assets	6,837	12,261	19,098	—	19,098

(Millions of U.S. Dollars)

	Reportable segment	Other	Total	Adjustment	Amount presented in the consolidated financial statements
	Shinkin Central Bank business				
Income					
External customers	2,971	257	3,229	(0)	3,228
Inter-segment	19	16	36	(36)	—
Total	2,991	273	3,265	(36)	3,228
Segment profit	271	16	288	(4)	284
Segment assets	321,080	2,165	323,246	(513)	322,732
Segment liabilities	311,345	1,500	312,845	(231)	312,614
Other items					
Depreciation	30	43	73	—	73
Interest Income	2,669	6	2,675	(0)	2,674
Interest Expenses	2,131	0	2,132	(0)	2,132
Income Taxes	95	7	102	(0)	102
Increase in Tangible and Intangible Fixed Assets	45	82	127	—	127

Notes:

- The "Other" is a business segment not included in our reportable segment and relates to businesses performed by consolidated subsidiaries.
The Bank's consolidated subsidiaries provide such financial services as brokerage & dealing, regional business supports operations, overseas business support, consumer credit guarantees, asset management, investment and M&A advisory operations, and contracted data processing services.
- Adjustment comprises the following.
 - Within adjustment of segment profit, reduction of ¥642 million (\$4 million) comprises reduction of ¥523 million (\$3 million) on profit attributable to non-controlling interests and ¥119 million (\$0 million) on inter-segment eliminations, etc.
 - Within adjustment of segment assets, reduction of ¥76,738 million (\$513 million) comprises reduction of ¥44,295 million (\$296 million) on eliminations relating to capital consolidation and ¥32,443 million (\$217 million) on inter-segment eliminations, etc.
 - The adjustment for other items including reduction of ¥34,576 million (\$231 million) on the adjustment of segment liabilities comprises inter-segment eliminations, etc.
- Segment profit has been adjusted from profit attributable to owners of parent presented in the consolidated statement of income.

For the Fiscal Year Ended March 31, 2024

(Millions of Yen)

	Reportable segment	Other	Total	Adjustment	Amount presented in the consolidated financial statements
	Shinkin Central Bank business				
Income					
External customers	390,285	37,287	427,572	(137)	427,435
Inter-segment	3,031	2,442	5,474	(5,474)	—
Total	393,317	39,730	433,047	(5,611)	427,435
Segment profit	30,959	1,673	32,632	(486)	32,145
Segment assets	47,421,113	285,143	47,706,256	(83,832)	47,622,424
Segment liabilities	45,912,152	188,832	46,100,984	(36,629)	46,064,355
Other items					
Depreciation	4,075	6,551	10,626	—	10,626
Interest Income	283,589	418	284,007	(92)	283,914
Interest Expenses	177,436	(15)	177,421	(26)	177,395
Income Taxes	11,079	806	11,886	(129)	11,757
Increase in Tangible and Intangible Fixed Assets	7,084	3,509	10,594	—	10,594

Notes:

1. The “Other” is a business segment not included in our reportable segment and relates to businesses performed by consolidated subsidiaries.

The Bank’s consolidated subsidiaries provide such financial services as brokerage & dealing, regional business supports operations, overseas business support, consumer credit guarantees, asset management, investment and M&A advisory operations, and contracted data processing services.

2. Adjustment comprises the following.

(i) Within adjustment of segment profit, reduction of ¥486 million comprises reduction of ¥176 million on profit attributable to non-controlling interests and ¥309 million on inter-segment eliminations, etc.

(ii) Within adjustment of segment assets, reduction of ¥83,832 million comprises reduction of ¥44,295 million on eliminations relating to capital consolidation and ¥39,537 million on inter-segment eliminations, etc.

(iii) The adjustment for other items including reduction of ¥36,629 million on the adjustment of segment liabilities comprises inter-segment eliminations, etc.

3. Segment profit has been adjusted from profit attributable to owners of parent presented in the consolidated statement of income.

(4) Disaggregation of Revenue from Contracts with Customers

For the Fiscal Year Ended March 31, 2025

(Millions of Yen)

	Reportable segment	Other	Total	Adjustment	Amount presented on the consolidated statement of income
	Shinkin Central Bank business				
Investment Trust Commission	6,415	6,107	12,523	(2,671)	9,852
Trust Fees	2,581	—	2,581	—	2,581
Fund Transfer Operations Commission	1,411	—	1,411	(1)	1,409
Others	2,738	25,922	28,660	(1,900)	26,759
Revenue from Contracts with Customers	13,146	32,029	45,176	(4,573)	40,602
Other Income	433,987	8,920	442,908	(927)	441,980
Total Income	447,134	40,950	488,085	(5,501)	482,583

(Millions of U.S. Dollars)

	Reportable segment	Other	Total	Adjustment	Amount presented on the consolidated statement of income
	Shinkin Central Bank business				
Investment Trust Commission	42	40	83	(17)	65
Trust Fees	17	—	17	—	17
Fund Transfer Operations Commission	9	—	9	(0)	9
Others	18	173	191	(12)	179
Revenue from Contracts with Customers	87	214	302	(30)	271
Other Income	2,903	59	2,963	(6)	2,956
Total Income	2,991	273	3,265	(36)	3,228

Notes:

1. “Investment Trust Commission” mainly arises from investment trust management services and is recorded under “Fees and Commissions” in the consolidated statement of income.
2. “Trust Fees” mainly arise from trustee services for trust assets and are recorded under “Trust Fees” in the consolidated statement of income.
3. “Fund Transfer Operations Commission” mainly arises from fund transfer services and is recorded under “Fees and Commissions” in the consolidated statement of income.
4. “Others,” services not included in 1-3 above, mainly arise from contracted data processing services, etc. and are recorded under “Fees and Commissions” in the consolidated statement of income.

For the Fiscal Year Ended March 31, 2024

(Millions of Yen)

	Reportable segment	Other	Total	Adjustment	Amount presented on the consolidated statement of income
	Shinkin Central Bank business				
Investment Trust Commission	5,838	6,659	12,498	(2,867)	9,631
Trust Fees	2,529	—	2,529	—	2,529
Fund Transfer Operations Commission	1,487	—	1,487	(1)	1,486
Others	2,132	24,347	26,479	(1,776)	24,702
Revenue from Contracts with Customers	11,987	31,007	42,994	(4,645)	38,349
Other Income	381,329	8,722	390,052	(966)	389,086
Total Income	393,317	39,730	433,047	(5,611)	427,435

Notes:

1. “Investment Trust Commission” mainly arises from investment trust management services and is recorded under “Fees and Commissions” in the consolidated statement of income.
2. “Trust Fees” mainly arise from trustee services for trust assets and are recorded under “Trust Fees” in the consolidated statement of income.
3. “Fund Transfer Operations Commission” mainly arises from fund transfer services and is recorded under “Fees and Commissions” in the consolidated statement of income.
4. “Others,” services not included in 1-3 above, mainly arise from contracted data processing services, etc. and are recorded under “Fees and Commissions” in the consolidated statement of income.

(Related Information)

For the Fiscal Year Ended March 31, 2025

1. Information by service

(Millions of Yen)

	Securities investment operations	Lending operations	Other	Total
Income from external customers	308,309	39,845	134,428	482,583

(Millions of U.S. Dollars)

	Securities investment operations	Lending operations	Other	Total
Income from external customers	2,062	266	899	3,228

2. Information by geographic region

(1) Income

(Millions of Yen)

Japan	United States	Europe	Other	Total
181,793	190,864	12,249	97,677	482,583

(Millions of U.S. Dollars)

Japan	United States	Europe	Other	Total
1,216	1,276	81	653	3,228

Note: Income from derivative transactions and Trading income are included in Other.

(2) Tangible fixed assets

The Group's tangible fixed assets located in Japan account for over 90% of the tangible fixed assets presented in the consolidated balance sheet. Consequently, this information is omitted.

3. Information by principal customer

(Millions of Yen)

Name of customer	Income	Related segment
The Government of Japan	49,242	Shinkin Central Bank business

(Millions of U.S. Dollars)

Name of customer	Income	Related segment
The Government of Japan	329	Shinkin Central Bank business

For the Fiscal Year Ended March 31, 2024

1. Information by service

(Millions of Yen)

	Securities investment operations	Lending operations	Other	Total
Income from external customers	270,995	24,034	132,405	427,435

2. Information by geographic region

(1) Income

(Millions of Yen)

Japan	United States	Europe	Other	Total
196,230	97,477	9,897	123,830	427,435

Note: Income from derivative transactions and Trading income are included in Other.

(2) Tangible fixed assets

The Group's tangible fixed assets located in Japan account for over 90% of the tangible fixed assets presented in the consolidated balance sheet. Consequently, this information is omitted.

3. Information by principal customer

(Millions of Yen)

Name of customer	Income	Related segment
The Government of Japan	23,235	Shinkin Central Bank business

(Information related to Impairment Losses of Fixed Assets by Reportable Segment)

For the Fiscal Years Ended March 31, 2025

Not applicable.

For the Fiscal Years Ended March 31, 2024

Disclosure of data omitted due to immateriality.

(Information related to Amortization of Goodwill and Balance of Unamortized Goodwill by Reportable Segment)

Not applicable.

(Information related to Accrual of Income from Negative Goodwill by Reportable Segment)

Not applicable.

32. Amounts per Share:

	Yen		U.S. Dollars
	2025	2024	2025
Net Assets per Share	231,530.45	242,006.77	1,549.00
Net Income per Share	4,630.70	4,464.33	30.98
Net Income per Share after Adjustment for Common Share equivalents	—	—	—

Notes:

1. The basis for calculation of net assets per share is as follows:

		2025	2024	2025	
Total Net Assets	Millions of Yen	1,512,438	1,558,068	Millions of U.S. Dollars	10,118
Amount Deducted from Total Net Assets	Millions of Yen	422,342	418,646	Millions of U.S. Dollars	2,825
Non-Controlling Interests	Millions of Yen	14,217	13,497	Millions of U.S. Dollars	95
Preferred Dividends	Millions of Yen	2,124	2,124	Millions of U.S. Dollars	14
Dividend Attributable to Specific Common Shares	Millions of Yen	6,000	3,024	Millions of U.S. Dollars	40
Distribution of Residual Assets Attributable to Specific Common Shares	Millions of Yen	400,000	400,000	Millions of U.S. Dollars	2,676
Net Assets at Fiscal Year-end Used to Calculate Net Assets per Share	Millions of Yen	1,090,096	1,139,421	Millions of U.S. Dollars	7,293
Number of Share Units at Fiscal Year-end Used to Calculate Net Assets per Share	Unit	4,708,222	4,708,222	—	—
Number of General Common Share Units	Unit	4,000,000	4,000,000	—	—
Number of Preferred Share Units	Unit	708,222	708,222	—	—

* When calculating net assets per share, of dividend attributable to preferred shares, preferred dividends are deducted from total net assets whereas participating dividends are not deducted from total net assets.

Dividend attributable to specific common shares and distribution of residual assets attributable to specific common shares are deducted from total net assets, and the number of specific common share units is not included within the number of share units.

2. The basis for calculation of net income per share is as follows:

		2025	2024	2025	
Profit Attributable to Owners of Parent	Millions of Yen	42,449	32,145	Millions of U.S. Dollars	284
Amount Deducted from Profit Attributable to Owners of Parent	Millions of Yen	2,124	2,124	Millions of U.S. Dollars	14
Preferred Dividend	Millions of Yen	2,124	2,124	Millions of U.S. Dollars	14
Profit Attributable to Owners of Parent Used to Calculate Net Income per Share	Millions of Yen	40,325	30,020	Millions of U.S. Dollars	269
Average Number of Share Units for the Fiscal Year	Unit	8,708,222	6,724,615	—	—
Average Number of General Common Share Units	Unit	4,000,000	4,000,000	—	—
Average Number of Specific Common Share Units	Unit	4,000,000	2,016,393	—	—
Average Number of Preferred Share Units	Unit	708,222	708,222	—	—

* When calculating net income per share, of dividends attributable to preferred securities, dividends attributable to preferred shares are deducted from profit attributable to owners of parent whereas participating dividends are not deducted from profit attributable to owners of parent.

3. Net income per share after adjustment for common share equivalents is not listed as there are no dilutive securities.

33. Subsequent Events:

Not applicable.

Independent Auditor's Report

The Board of Directors
Shinkin Central Bank

The Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

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.

Reasonableness of determination of the borrower classification and the appropriateness of the inputs applied to the cash flow estimate method	
Description of Key Audit Matter	Auditor's responses
The Group extends loans to central and local governments, public service corporations, as well as domestic and overseas companies mainly including listed companies, and recorded Loans and Bills Discounted of ¥ 9,285,697 million, representing 19.2% of total assets, on its consolidated balance sheet as of March 31, 2025.	We performed the following audit procedures to examine the reasonableness of determination of the borrower classification and the appropriateness of the inputs applied to the DCF method, among others:

It is possible that these loans may default due to domestic and global economic situation, fluctuations in markets such as real estate and stock markets, and the impact of deterioration in the business conditions of individual borrowers.

Consequently, the Group calculates the amount of expected losses from future defaults and records them as Reserve for Possible Loan Losses.

As of March 31, 2025, the Group had Reserve for Possible Loan Losses of ¥ 22,988 million on its consolidated balance sheet. The specific principles to calculate reserve for possible loan losses are stated in Note 2 Significant Accounting Policies (9) Reserve for Possible Loan Losses and (20) Significant Accounting Estimates.

The reserve for possible loan losses is calculated in accordance with the Group's internal rules for self-assessment of asset quality and write-offs/provision, and the calculation process includes determination of the borrower classification in the self-assessment of asset quality based on the credit rating system, by which the Group evaluates the borrower's debt servicing capacity in terms of the borrower's repayment history, financial condition, business performance and prospects thereof. For certain borrowers' loans, the reserve for loan losses is calculated using the cash flow estimate method (hereinafter referred to as the "DCF method").

In determining the debtor classification, the Group makes assumptions based on its prospects of the business environments, in addition to the borrower's financial condition, industry characteristics, repayment history. In applying the DCF method, the expected loss amount is calculated based on key assumptions such as the repayment plan formulated by the obligor, credit status, lending policy, and the default rate according to the obligor's credit status.

Prospects of such factors as the individual borrowers' performance are highly uncertain because they are affected by changes in the business environment, and the outcome of the borrowers' business strategies. If the borrower classification is downgraded, the credit cost may increase, significantly affecting the financial performance and financial position of the Group. In addition, since the various inputs used in the DCF method cannot be objectively or uniquely determined, there is a high degree of reliance on management's judgment.

- We evaluated the design and operating effectiveness of the Group's internal control over assignment of internal credit ratings and determination of the borrower classification as well as application of the DCF method.
- We involved our credit risk assessment experts to examine the appropriateness of the credit rating system used as the basis for determining the borrower classification, by inspecting the results of the Group's validation of its internal rating model in the credit rating system and comparing the internal rating model with industry practices.
- In order to examine the reasonableness of the assumptions made by the Group about its effect on the borrower's debt servicing capacity, we compared those assumptions with available external information such as economic forecasts published by public institutions.
- In order to examine the appropriateness of the classification of individual borrowers, we selected sample borrowers, taking into account factors such as borrowers' industry, repayment history, financial position, operating performance, in addition to the monetary impact of the migration of the borrower classification on the amount of the reserve for possible loan losses.
- In order to comprehend the recent repayment history, financial condition and operating performance of the borrowers selected as samples, we inspected the sets of the documents used for self-assessment of asset quality by the Group, which include but are not limited to explanatory materials on the borrowers' business profile, supporting materials on historical experiences of borrowing activities, supporting materials to understand the actual financial condition, financial statements and trial balances in light of the available external information. In addition, we made inquiries of the Credit Planning & Supervision Division as necessary.

<p>Therefore, we have determined that the reasonableness of determination of the borrower classification and the appropriateness of the inputs applied to the DCF method are key audit matters.</p>	<ul style="list-style-type: none"> • In order to examine the reasonableness of the Group’s prospects of individual borrowers, we comprehended the borrowers’ repayment history and then analyzed the trend from the past in respect of forecasts of major income statement items, such as net sales and ordinary income, and major balance sheet items, such as shareholders’ equity of the borrowers, in the Group’s analysis, and compared the assumptions used in these forecasts with the available external information on the industry in which the borrower operates. • In order to examine the appropriateness of the Group’s assessment of the reasonableness and feasibility of the repayment plan which underlies the future cash flows used as inputs for the DCF method, we compared the assumptions in the repayment plan with available external information and the Group’s lending policies, and compared the cash flows estimated in the previous year with the actual results. • In order to assess the reasonableness of the probability of default used as an input for the DCF method, we compared it with the default rates available in external information. Also, we recalculated the present value of the cash flows using those inputs.
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Other Information

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

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and the Corporate Auditors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditors are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

We also provide the Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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

Convenience Translation

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

Fee-related Information

The fees for the audits of the financial statements of Shinkin Central Bank and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are 135 million yen and 33 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

September 19, 2025

Ryuji Takagi
Designated Engagement Partner
Certified Public Accountant

Mitsutaka Kumagai
Designated Engagement Partner
Certified Public Accountant

Non-Consolidated Balance Sheet

Shinkin Central Bank As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Assets			
Cash and Due from Banks	19,066,140	19,892,730	127,558
Call Loans	638,312	479,611	4,270
Receivables under Resale Agreements	65,943	20,994	441
Monetary Claims Bought	246,018	259,844	1,645
Trading Assets	550,502	345,006	3,683
Money Held in Trust	45,032	78,765	301
Securities	17,076,706	16,039,471	114,248
Loans and Bills Discounted	9,287,100	8,860,804	62,133
Foreign Exchanges Assets	25,195	23,466	168
Other Assets	813,493	1,279,104	5,442
Tangible Fixed Assets	71,772	70,985	480
Intangible Fixed Assets	7,386	5,863	49
Deferred Tax Assets	95,541	63,434	639
Customers' Liabilities for Acceptances and Guarantees	25,502	24,597	170
Reserve for Possible Loan Losses	(22,716)	(23,568)	(151)
Total Assets	47,991,933	47,421,113	321,080
Liabilities and Net Assets			
Liabilities			
Deposits	31,334,531	33,102,046	209,637
Debentures	1,250,410	1,302,170	8,365
Trading Liabilities	269,219	150,919	1,801
Borrowed Money	4,347,300	5,130,000	29,084
Call Money	2,226,269	18,202	14,894
Payables under Repurchase Agreements	3,662,501	3,494,906	24,503
Payables under Securities Lending Transactions	2,787,063	2,151,096	18,646
Foreign Exchanges Liabilities	897	920	6
Borrowed Money from Trust Account	43,977	45,418	294
Other Liabilities	553,131	455,948	3,700
Reserve for Employee Bonuses	1,382	1,312	9
Reserve for Directors' Bonuses	83	90	0
Reserve for Employee Retirement Benefits	27,889	28,062	186
Reserve for Directors' Retirement Allowances	424	427	2
Deferred Tax Liabilities for Land Revaluation	6,184	6,033	41
Acceptances and Guarantees	25,502	24,597	170
Total Liabilities	46,536,768	45,912,152	311,345
Total Net Assets	1,455,164	1,508,961	9,735
Total Liabilities and Net Assets	47,991,933	47,421,113	321,080

Non-Consolidated Statement of Income

Shinkin Central Bank For the year ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Income			
Interest Income:	398,997	283,589	2,669
Interest on Loans and Bills Discounted	39,849	24,050	266
Interest on Due from Banks	44,774	8,150	299
Interest on Call Loans	5,205	3,117	34
Interest on Receivables under Resale Agreements	58	(556)	0
Interest and Dividends on Securities	304,020	245,335	2,033
Others	5,089	3,491	34
Trust Fees	2,581	2,529	17
Fees and Commissions	11,056	9,965	73
Trading Income	12,045	22,634	80
Other Operating Income	18,466	49,339	123
Other Income	3,987	25,259	26
Total Income	447,134	393,317	2,991
Expenses			
Interest Expenses:	318,659	177,436	2,131
Interest on Deposits	80,073	42,004	535
Interest on Debentures	2,698	1,559	18
Interest on Borrowed Money	1,670	2,376	11
Interest on Call Money	4,355	546	29
Interest on Payables under Repurchase Agreement	61,430	29,808	410
Interest on Payables under Securities Lending Transactions	117,938	80,623	789
Interest Payable on Interest Rate Swaps	39,556	8,006	264
Others	10,937	12,511	73
Fees and Commissions	10,082	8,834	67
Other Operating Expenses	28,282	131,303	189
General and Administrative Expenses	34,907	33,560	233
Other Expenses	387	142	2
Total Expenses	392,319	351,278	2,624
Income before Income Taxes	54,815	42,038	366
Income Taxes			
Current	14,695	11,336	98
Deferred	(460)	(257)	(3)
Total Income Taxes	14,235	11,079	95
Net Income	40,579	30,959	271

	Yen		U.S. Dollars
	2025	2024	2025
Net Income Per Share	4,415.90	4,287.91	29.54
Dividend Declared per Share (General Common Shares)	3,000.00	3,000.00	20.07
Dividend Declared per Share (Specific Common Shares)	1,500.00	1,500.00	10.03
Dividend Declared per Share (Preferred Shares)	6,500.00	6,500.00	43.48

Statement of Trust Account (Consolidated)

Shinkin Central Bank As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Assets			
Beneficiary Rights in Trust	2,580,671	2,587,013	17,265
Securities Held in Custody Accounts	63,000	63,000	421
Monetary Claims	342,591	321,382	2,292
Other Claims	0	1	0
Due from Banking Account	43,977	45,418	294
Cash and Due from Banks	120	128	0
Total Assets	3,030,362	3,016,944	20,274
Liabilities			
Money Trust	46,544	47,569	311
Investment Trusts	31,733	57,947	212
Money Held in Trust Other than Money Trust	5,033	5,639	33
Securities Trusts	66,100	66,100	442
Monetary Claims Trusts	342,646	321,447	2,292
Composite Trusts	2,538,304	2,518,240	16,982
Total Liabilities	3,030,362	3,016,944	20,274

(Note 1) The trust business pursuant to the “Act on Engagement in Trust Business Activities by Financial Institutions” has been conducted only by the Bank for the fiscal years ended March 31, 2025 and 2024.

(Note 2) The Bank had no balance of trust assets jointly managed by other companies as of March 31, 2025 and 2024.

International Directory (As of July 31, 2025)

Deputy President

(in charge of Sustainability Promotion/
Research Institute)
Hiroshi Sudo

Managing Director

(in charge of Treasury Business)
Yuji Takahashi

Managing Director

(in charge of Strategic Planning)
Yoshinori Jinno

Managing Director

(in charge of Treasury/
Credit & Alternative Investment)
Ikuo Sekiguchi

Managing Director

(in charge of Corporate Business Promotion/
Treasury Operations)
Tomoaki Itabashi

Managing Director

(in charge of International Business/
Overseas Offices)
Takehiro Suzuki

Strategic Planning Division

(including International Planning)
Address: 3-7, Yaesu 1-chome,
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Facsimile: +81-3-3278-7033

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Facsimile: +81-3-3278-7035

International Business Division

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International Operations Center

(including Correspondent Banking)
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SWIFT: ZENB JPJT

Corporate Business Promotion Division

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Facsimile: +81-3-3278-7045

Treasury Business Division

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Connecting the “Stories” of Regional Communities to the Future



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