SIHD

ANNUAL REPORT 2025

Year Ended March 31,2025

SENSHU IKEDA HOLDINGS, INC.

S I H D

Sustained contribution to the regional communities

Management Principle

Strive to become a financial group that "endear ourselves to the regional community by providing services tailored to customers' needs, while valuing "broad networks of relationships" and "an enterprising spirit."

Management Policy

1. Create a "most trusted by customers" financial group which respects personal relationships and promotes honest and approachable banking.
2. Create a financial group with a commanding regional presence by researching and predicting trends to provide advanced, high-quality services.
3. Pursue transparent operations and live up to the trust of the shareholders, while maintaining a competitive edge through strong financial standing, high profitability and management efficiency.
4. Promote "coexistence with the region" by utilizing industrial, academic and management networks for business matching.
5. Focus on gaining the trust of the communities through compliance with laws and regulations and corporate activities that are considerate of the environment.
6. Provide a workplace for employees of the financial group which encourages employees to exercise talents and develop skills, with an emphasis on proactive self improvement, thereby contributing to the development of upstanding citizens.

Vision '25

We contribute to build a future society where everyone can be active, by offering absolute solutions to our regional customers and developing our potential ability.

Basic Policy

1. Offer the most suitable solutions exactly from customers' point of view through the various issues of customers.
2. Create a workplace where employees can be active in diverse fields by meeting customers' trust.
3. Contribute to realize a sustainable development of the regional communities and reliable and fulfilling life of regional customers through our business activities.

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Top Message

Becoming a force that supports the future of the region We will further enhance the quality of our management and aim for steady growth

On Assuming the Position of CEO

Thoroughly developing a solution business for the sustainable improvement of our core business profit

I am Hirohito Sakaguchi, and I have recently assumed the position of Director, Representative Corporate Officer, President & CEO of Senshu Ikeda Holdings, Inc. I joined the Bank in 1988, and have since been involved mainly in sales and financing-related operations at Senshu Ikeda Holdings and Senshu Ikeda Bank. In 2020, I was appointed a Director of Senshu Ikeda Holdings, and I have participated in management decision-making since then.

My appointment as President was made following deliberation and decision by the Personnel Committee, which primarily consists of outside directors, and I believe that it is one of the results of the Group's efforts to enhance the level of its governance. Unlike the conventional approach of internal promotion, being evaluated and selected based on both internal and external perspectives makes me deeply aware of the weight of my responsibility.

Upon assuming office, I received the following advice from former President Ukawa: "As the top executive, you must be prepared to make decisions when everyone's opinions are divided and also be prepared to face loneliness when making decisions." I am keenly aware that management is about confronting challenges that have no correct answers and blazing a path using one's own judgment.

Looking back over the past few years, under the leadership of former President Ukawa, we have steadily executed two medium-term management plans, strengthened our management structure, and resolved balance sheet and income statement issues, and as a result, we are now able to consistently generate core business profits exceeding ¥10.0 billion. Moving forward, I believe that for us to survive as a regional financial institution, the key will be to sustainably improve core business profits through conducting the thorough solution business.

This fiscal year is the final year of the **Fifth Medium-Term Business Plan Plus**. While continuing our management philosophy toward the next plan, we will consider our next vision and plan by involving the frontline, where we come into direct contact with our customers. In this manner, we will continue and deepen our thoroughly customer-oriented solution approach, and achieve sustainable growth by improving the efficiency of our operations. To achieve this, in addition to our frontline capabilities, we will enhance our appraisal capabilities, refine our risk management, and boldly engage in proactive risk-taking.

The Group's focus areas

Pursuing an increased presence in the region through proactive sales activities

Recently, business expansion into Osaka has accelerated, especially among neighboring regional banks. While competition is intensifying, this also means that the Group's market area has substantial market potential. I believe it is important to first increase our presence in Osaka City and the eastern part of Osaka, and expand our sales base before paying too much attention to moves made by other banks. Furthermore, by engaging in proactive, rather than defensive sales efforts, we will pursue the goal of providing value to our regional customers.

Hirohito Sakaguchi
Director, Representative Corporate Officer, President & CEO

We have two focus areas. The first is the area of business succession. As the aging of business owners and the decline in the working population accelerate, the regional economy will inevitably decline if nothing is done. If that happens, the Group could also decline as well. In order to avoid this, we will focus on securing growth opportunities for SMEs and facilitating smooth business succession operations. In addition to investing the management resources of people, goods, and money, we will also accelerate the enhancement of our information networks.

Second, within the next few years, fully digital financial transactions will advance, and the majority of daily transactions will become non-face-to-face and cashless. **We will promote digital investment, because improving convenience is the key to expanding our customer base.** As part of these efforts, we will develop an integrated database to promote the use of data in the sales area, with the aim of improving top-line revenue. Moreover, we are working on developing and securing human resources to make digital utilization an ongoing effort, leveraging AI to improve the efficiency of our operations and enable advanced marketing, and considering the provision of platforms for co-creating value (BaaS).

On the other hand, face-to-face consultations are essential for our financial group to survive and enhance its presence. I believe that the key is to respond to our customers' issues and needs in a customer-oriented manner, and to make them happy so that they become fans of the Group. The needs of our customers come in many forms, from straightforward to complex, and we will respond promptly to issues they consult with us about. Specific initiatives will be implemented in the next Medium-Term Business Plan.

Through my work until now at the Senshu Ikeda Holdings Group, I have seen many times how frontline employees identify issues on their own and work with colleagues to resolve them. Recently, customer-oriented values have taken root throughout the Group, and the quality of proposals and solutions has clearly transformed. I believe that it is because of this corporate culture that I have been able to solidify my resolve to take on the next phase of management.

What I want to emphasize in my future management is building a more vibrant and exciting group that is rooted in our local area, which is centered on Osaka. Without fear of change, we will face management issues, generate ideas, and bring about solutions. I believe that the greatest mission of a top executive is to create an environment where as many people as possible have this mindset, and can grow and thrive.

Recognition of the management environment

Positively responding to the changing times and exploring new business possibilities

The management environment surrounding the Group is reaching a turning point. One of the most significant changes is the transition to a world with interest rates, following a revision of the ultra-low interest rate policy. The ultra-low interest rate environment that financial institutions have faced for a long time has made it difficult for them to secure loan revenues and manage their funds. Now that interest rates have turned upward, the very nature of financial institutions is being called into question.

While it is true that improvements in interest margins provide some tailwind for management, it is also true that the financial industry is facing new challenges such as higher deposit costs, bond valuation losses, and increased credit risk. Needless to say, in order to turn these changes in the environment into an opportunity for regrowth for the Group, even stronger management leadership is essential.

Looking at global trends, on the other hand, the situation regarding tariff measures by major countries continues to shift back and forth, and the future outlook remains unclear. We expect that an increasing number of companies will experience delays in export deliveries, declining orders, and rising costs, which will result in funding difficulties. At Ikeda Senshu Bank, we have set up special consultation desks, and will carefully respond to any requests from our customers for information regarding funding or sales channel expansion.

In order to respond to these changes, the Group will return to the basics by earnestly refocusing on the deposit and lending business, which is the starting point of its financial function. In the frontlines of sales, we are reaffirming the importance of deposits and moving to return to our fundamental role of circulating funds through credit creation to the regional economy. We believe that this is the true starting point for providing sustainable value as a financial institution.

In the Group's business area, we believe that the Expo 2025 Osaka, Kansai, Japan presents us with an important opportunity to support startups and innovation. There are many businesses that started in the Kansai region, but aim for the Tokyo metropolitan area, which has a large market, or even the global market after their business has taken off. As a Group, we also view communicating the attractiveness of Osaka as a region as one of our missions. To this end, cooperation not only within the financial sector, but also with government, universities, research institutions, and the business community is crucial, and the Group will serve as the hub of this collaboration and work to resolve issues to help companies take root in the Osaka area.

Fortunately, a movement has arisen to leverage the Expo 2025 Osaka, Kansai, Japan as an opportunity to revitalize the region. The Group will not allow this to conclude as a one-time event, but will instead connect it to the creation of sustainable value that is rooted in the local community. Through means such as support for startups and collaboration with tourism and redevelopment, we will actively work alongside our customers to nurture new business seeds that arise from the Expo 2025 Osaka, Kansai, Japan and contribute to a virtuous cycle in the regional economy.

Progress of the Fifth Medium-Term Business Plan Plus and the New Long-Term Management Strategy

Clarifying measures to fundamentally enhance our corporate value from a medium- to long-term perspective

The Fifth Medium-Term Business Plan Plus, which is currently underway, will end in FY2025. Under this plan, we have worked to improve our profitability and capital efficiency, and have revised our consolidated net income target for FY2025 upward to ¥14.7 billion, and increased our ROE target to 6.1% from the previously assumed level of 4%. This is the result of a well-established structure that can stably secure core business profit exceeding ¥10.0 billion.

Based on these achievements, the Group has begun formulating a new Long-Term Management Strategy, in addition to the next Medium-Term Business Plan that starts in FY2026. In previous Medium-Term Business Plans, the primary focus has been on building a lean management structure and strengthening our financial base. Going forward, we will not limit ourselves to short- and medium-term perspectives, but will establish strategies by backcasting from the ideal state we envision 10 years in the future.

Behind our decision to enter into discussions from a long-term perspective are fundamental questions such as, "What is the purpose of the Group's existence?" and "What kind of value can we provide in the coming era?" In addition to changes in the interest rate environment and social structure, customer expectations of financial institutions are changing on a daily basis. In response to these changes in the environment, the Group has come to recognize that it should shift the focus of its management strategy to the medium- to long-term.

In formulating this strategy, we will place importance on feedback from the frontline and the viewpoints of staff members. It is the staff on the frontline who are closest to our customers' issues. Unless our strategy reflects their genuine understanding of the real issues in the field, it will not be effective.

In our upcoming long-term strategy, it will be even more important to envision the future together with our stakeholders, including regional communities, customers, employees, and shareholders. Rather than simply setting numerical targets, we believe that sharing the values of what and for whom we aim to grow will lead to a sustainable enhancement of corporate value.

At the same time, it is essential to maintain an awareness of the cost of capital in corporate management. **To achieve the challenge of reaching a PBR of 1.0, we intend to target an ROE of 8% in FY2028, the final year of the next Medium-Term Business Plan which starts in FY2026.**

As for shareholder returns, we intend to pay an annual dividend of ¥16 or more per share for FY2025, and, along with flexible treasury stock acquisition, we have set the shareholder return ratio target at 40% or higher. After 2026, the period of the next Medium-Term Business Plan, we will strive to enhance shareholder returns by paying progressive dividends along with profit growth, with a dividend payout ratio of 40% as our target.

Going forward, we will prioritize and allocate our limited human and capital resources to improve our profitability and corporate value. Regarding the expansion of our local sales base and improvement of the productivity of our operations, we have a clear recognition of the issues we face, and will formulate concrete measures to resolve these issues in the next Medium-Term Business Plan.

01Bank to begin operations

Promoting the Group's value by developing innovative financial services

In February 2025, the Company's wholly owned subsidiary, 01Bank Preparatory Company, Inc., obtained its banking license and officially changed its trade name to 01Bank, Ltd. As a result, the Ikeda Senshu Holdings Group has entered the phase of launching a new type of bank.

01Bank is a digital bank that aims to resolve challenges faced by local SMEs through an approach that differs from that of conventional banks. In particular, we envision providing financial services that are naturally integrated into our customers' daily operations, through collaboration with platforms that offer business-support cloud services.

We expect President Ito and the 01Bank management team to have the flexibility and initiative to create a business with fresh ideas that are unrestrained by industry conventions. Rather than a mere extension of conventional banking, we want them to boldly take on challenges as a creative bank that creates one from zero.

We have to be clear, though, that the relationship between the existing Ikeda Senshu Bank and 01Bank is not competitive, but rather is complementary. For example, in supporting local business creation and start-ups, 01Bank will leverage its strengths to assist customers who are highly compatible with DX and cloud services, while Ikeda Senshu Bank will support customers who value real networks and human connections.

We also believe that the knowledge, networks, and technological expertise gained through 01Bank's activities will contribute greatly to the promotion of DX and the advancement of operations throughout the entire Group. We see 01Bank not merely as a new business, but as a catalyst for innovation within the Group.

As for the timing of the opening of 01Bank, we plan to launch operations once the system quality checks have been completed.

Emphasis on human capital management

Strengthening management centered on people and creating an organization where everyone can work with pride

In the Fifth Medium-Term Business Plan Plus, we formulated the Basic Policy on Human Capital Management in FY2024, and have upheld the values of, "Where people gather for people, and people gather for work." **Now, one year after formulation of the policy, we feel that these basic values have gradually begun to take root in our Group, and that changes are starting to appear in the awareness and behavior of our employees.**

The concept of "Where people gather for people, and people gather for work" is based on our desire to create a culture that emphasizes who we work with and what kind of aspirations we share. The aim is for workers to take an interest in the workplace, voluntarily get involved, and build trust through work. We believe that such an environment enhances our appeal as a company of choice for workers, which in turn will lead to the company's sustainable growth.

We have felt a sense of progress in management centered on people over this past year. For example, in the field of hiring, we are meeting more and more students who share the values of the Group and have a desire to utilize their abilities for the benefit of the region. In exchanges of opinions with human resource personnel, we have noticed an increasing number of changes in candidates' preferences and their understanding of the Group.

In terms of assignment and personnel development, we are promoting the placement of human resources based on the characteristics and aptitude of each individual, regardless of their year of employment or job title, and are strengthening efforts to support autonomous learning and skill improvement. Through opportunities to participate in cross-department projects, there have been cases where young employees have gained momentum for growth, and the next challenge is how to bring out the potential of our human resources. Regarding evaluation and compensation, we are reviewing our evaluation system to emphasize not only quantitative results, but also behavior and processes. We believe that clarifying what is valued and how it is rewarded, in light of the values that are important to the Group, will lead to a sense of understanding and job satisfaction among our employees.

Human capital management is not something that produces results overnight. However, from a medium- to long-term perspective, we will steadily build a foundation to achieve both individual and organizational growth. In the next Medium-Term Business Plan as well, we will further evolve these values and work to build an organization where everyone can work with a sense of pride.

Transitioning to a company with a Nomination Committee, etc.

Further evolving governance and establishing a highly transparent management structure

The Company has transitioned to a company with a Nomination Committee, etc. following approval at the Annual General Meeting of Shareholders in June 2025. This change in governance structure is an important step toward further enhancing the transparency and speed of management, and achieving a sustainable enhancement of our corporate value.

The background of this transition lies in the growing establishment of a structure where outside directors comprise a majority of the Board of Directors, with the intention of further clarifying the separation of management and execution roles, and strengthening the inherent supervisory function that the Board of Directors should fulfill.

Currently, the Board of Directors is actively engaged in discussions from the perspectives of improving transparency in nomination and compensation, developing and selecting management human resources who will contribute to an enhancement of long-term corporate value, and promoting strategic decision-making that incorporates external perspectives. A system is being put in place to ensure ongoing monitoring and objective evaluation by an independent committee, in order to enhance the effectiveness of the succession plan.

In addition, with the growing importance of sustainability management, highly transparent governance is also necessary, in order to make management decisions from a long-term perspective and to address increasingly complex stakeholder relationships. Outside directors have expressed views such as the need to further enhance the quality of governance, including the method through which the president is appointed, and have emphasized that achieving sustainability will require a transformation of the management framework. We aim to pursue a more open and trusted management approach by sincerely responding to these voices.

To our stakeholders

Becoming a sustainable value-creating financial group, looking toward the future

The Group's corporate mission is to contribute to the sustainable development of regional communities through credit creation, as an essential role of a financial institution. **As part of these efforts, we recognize that promoting sustainability management is no longer optional, but is a prerequisite that must be integrated into management.**

Issues such as climate change and the preservation of biodiversity are not unrelated to the world of finance. What should our group be like in 30 years, when the children of today will play a central role in society? I want our management to be able to be accountable to future generations. In order to achieve this goal, we will question the quality of our decision-making from this very moment, and strive to make decisions with an eye not only on immediate benefits, but also on environmental and social impacts in the future.

Specifically, in response to climate change, we are increasingly seeking opportunities to support the transition of investment and loan portfolios, strengthen support for energy conservation and renewable energy, and review how we engage with regional resources in terms of biodiversity. In February 2025, we introduced C-Turtle, a greenhouse gas emissions visualization system provided by NTT DATA, which enables customers to visualize their own CO_2 emissions. We intend to support our customers in their decarbonization efforts through this system. Each of our employees will face these environmental conservation themes in their own work and bring about change. We are confident that this trend will spread throughout the Group and eventually lead to greater social trust.

In addition, dialogue with the capital markets is also becoming increasingly important. Insights gained through dialogue with institutional investors are particularly valuable in rethinking our approach as a company. I feel that we still have work to do in terms of clearly articulating how we envision a path to sustainable growth, and communicating a compelling narrative regarding our purpose and role in society. We take such feedback seriously, and believe that we need to more clearly communicate our growth strategy with a compelling narrative and our raison d'être as a regional financial institution in our management, going forward. I believe that by sharing not only figures and indicators, but also the intentions and visions for the future that are behind them, we can become a more trusted company.

Finally, I would like to thank all of our stakeholders for their continued strong support of the Group. I intend to continue to pursue sustainable and sincere management while working together to ensure the future of regional communities.

Hirohito Sakaguchi

Director, Representative Corporate Officer, President & CEO

Messages from Outside Directors

(in Japanese alphabetical order)

Yoshihiro Nakagawa

Outside Director

Expecting to make further progress as a Group based on the management foundation cultivated through reforms

Future management based on the Medium-Term Business Plan

I commend the Company for strengthening its accountability to the capital market by presenting an upwardly revised profit target for FY2025, which is the final year of the Fifth Medium-Term Business Plan Plus, and for the explicit indication of the year in which it will achieve an 8% ROE and clear disclosure of its dividend payout ratio. Among the most significant advances has been shifting to a sales process that formulates profit targets led by each area that the frontline can agree with, and consolidating these targets. I believe such initiatives foster a sense of unity throughout the Group and will lead to steady results as a highly viable plan.

Meanwhile, although the policies on dividends and shareholder returns are obviously important issues, it is also necessary to keep in mind possible future reorganizations and intensifying competition, rather than being overly influenced by short-term performance or market expectations, and find a balance between those policies and internal reserves. Going forward, I look forward to deeper discussions from the perspectives of both capital efficiency and financial soundness.

Towards the promotion of sustainability management

I sympathize with the Company's commitment to coexistence with the local community and employees. For example, the AI on-demand transportation business conducted by Senshu Ikeda Area Support as part of its business rooted in the local community is a meaningful initiative that embodies the philosophy of the Senshu Ikeda Holdings Group. Meanwhile, in the area of human capital management, various measures have been introduced to enhance each employee's motivation and sense of fulfillment, and steady progress was made even under a difficult management environment.

However, it will be necessary to continue to confirm whether the intentions behind the various sustainability management measures have been properly instilled at the frontline, and whether excessive burdens are being placed on administrative departments. I believe that steadily accumulating improvements in close alignment with the frontline, such as by gathering opinions at the branch level and visualizing operational burdens, will be key to improving the effectiveness of sustainability management.

Reflections on my term in office upon my retirement

During my two years as an outside director, I have seen progress in advancement of the governance system, including the transition to a company with a Nomination Committee, etc., as well as responses to cybersecurity issues, and I appreciate the Company's high level of sensitivity as an organization and its ability to respond quickly to change. Most recently, I have sensed great potential in the attitudes of the team that is formulating the Long-Term Management Strategy, which is carefully gathering opinions from the frontline while engaging in repeated discussions.

On the other hand, I have felt at times that, because there tend to be many items for resolution at the Board of Directors, sufficient time has not been secured for thorough discussions regarding future strategies. Going forward, I hope the members of the Board of Directors will further deepen their understanding of what is truly happening on the frontline, while pursuing discussions that get to the essence of management.

Message to the new President

The new President Sakaguchi will inherit the foundation for reform that was laid by his predecessor, President Ukawa, while taking the difficult task of leading the company's management in a defensive yet aggressive manner. In the future, as regional competition intensifies, it will be increasingly important to develop organizational capabilities and human resources who are capable of responding to an environment with interest rates, and to rebuild trust with the employees.

I hope that the new President Sakaguchi will lead the Group to the next stage of growth, while maintaining strong leadership and a sense of unity with the employees and directors. In these times of rapid change, I sincerely hope that Ikeda Senshu Holdings Group will continue to be a chosen presence through the unified efforts of the entire company.

Refining corporate value toward a new era

Atsuko Ogasawara

Outside Director

Future management based on the Medium-Term Business Plan

The financial environment has changed significantly, and a world with interest rates has returned. However, this differs from the days of interest rates in the past, and the ways people use money, how customers make payments, and their investment choices are all changing drastically.
The Ikeda Senshu Holdings Group's Fifth Medium-Term Business Plan Plus has set goals by bringing together the capabilities that have been accumulated within the Group to respond to such changes in the external environment. In formulating the plan, efforts were made in various areas to develop it not only through a top-down approach from headquarters, but also by incorporating feedback from the frontline, such as branches which are in direct contact with customers. Although there is inevitably a focus on numerical targets as a Group centered around banking, I also hope consideration is given to non-financial aspects, and an effort is made to move forward together with customers and other stakeholders in the community.

Towards the promotion of sustainability management

Sustainability management is a very important issue as a regional bank group that is deeply rooted in and contributes to local communities. Not only is it our role as a business to consider the region and environment, but it is also part of our mission to cooperate with local communities to help shape the future of our customers and the sustainable future of the region.
The Group has established a Sustainability Committee to address various issues and regularly report to the Board of Directors. Going forward, we need to be particularly flexible and open to the ideas and perspectives of young employees, as we will be in an era of rapid change in which the conventional wisdom of banking may no longer apply. I think the policy of hiring more new graduates is effective.
Furthermore, diversity is an important element of sustainability. As with young employees, I think it is necessary to boldly promote women and further consider how to best make use of diverse human resources. I believe that invigorating the organization through diverse perspectives will provide a foundation for sustainable growth.

Operation status of the Board of Directors

The operation of the Board of Directors has been checked annually through an effectiveness evaluation that incorporates external perspectives. Compared to 2020, when I assumed office, the number of agenda items submitted simply as a result of internal discussions has decreased, and more items are now being deliberated and resolved. Outside directors can also observe the Management Committee and exchange opinions in advance, for example, at preliminary briefings for agenda items for the Board of Directors. In addition, opportunities are provided to visit sales offices and other sites to learn as much as possible about the field.
However, as the number of agenda items increases, I often feel that there is not enough time to explore each item thoroughly. This year, the company changed its organizational design and became a company with a Nomination Committee, etc. I think it would be optimal if, by boldly delegating to the executive officers the operational areas that are entrusted to the executives, the Board of Directors could be managed so that ample time is secured to deliberate on the Medium-Term Business Plan and even longer-term strategies that look beyond those plans.

Message to the new President

I have worked with President Sakaguchi on the Board of Directors up to now, and I have the impression that he is a person of integrity and flexibility in everything he does. I have also seen how he supported the Company through the difficult period of business recovery under the former president, and I look forward to his leadership based on his experience. This change in president is also a good opportunity to demonstrate both internally and externally that the Ikeda Senshu Holdings Group is a company that has adopted a posture of embracing change in this new world with interest rates. I hope that he will take a bold step forward, with a sense of speed in everything that he does.

Aiming for forward-looking management oversight through perspectives and dialogue rooted in the frontline

Keiko Kaneko

Outside Director

Future management based on the Medium-Term Business Plan

I commend the stance on solution sales as set forth in the Fifth Medium-Term Business Plan Plus. When I assumed office as an outside director, I agreed with the President's policy of "growing while serving customers," and I have seen that at its core is a sales approach that is centered on building trust rather than merely pursuing numbers. I have felt that this spirit has taken root on the frontline during FY2024, and the fact that young employees naturally say that they want to be helpful to customers is evidence that the Group's values are being instilled.

However, the earnings structure has changed significantly due to shifts in the interest rate environment. In the so-called world with interest rates, the risk that price competition over loan rates will become apparent and that competition will run its course cannot be ruled out. Going forward, it will be more important to consider how value propositions are evaluated. It will also be necessary to pursue management that goes beyond the quantity of numerical targets, and looks deeper into the quality of the methods used to achieve them.

Towards the promotion of sustainability management

In an effort to solve regional issues, for example, one branch is engaging carefully with a manufacturing company and building trust through an in-depth exploration of its issues. I appreciate that efforts at the frontline are ultimately leading to customer satisfaction and ongoing business relationships. The Group is also providing financing and investment to venture companies that address regional issues and climate change. Such efforts are one of its achievements toward fulfilling its mission as a community-based financial institution.

On the other hand, I believe there is room for improvement in human resource strategies. In parallel with internal human resource development, it will also be necessary to further promote the utilization of external human resources through mid-career hiring. While taking into account the characteristics of the financial industry, which values discipline in business operations, I believe that efforts should be made to build a culture in which diverse human resources can fully demonstrate their capabilities within the organization.

Operation status of the Board of Directors

When I first assumed office as an outside director, I experienced some confusion regarding the proceedings of the Board of Directors with regard to organizational design changes. However, afterwards, by reading past meeting minutes and understanding the overall flow, I was able to deepen my understanding of the background and intent behind those changes. At present, I appreciate that a system has been established to incorporate outside perspectives into governance. In addition, regarding the submission of agenda items, I feel that a certain level of sophistication regarding materials and clarity of discussion points has been maintained, which reflects the efforts of the management.

At the same time, I think that additional creativity is needed for organizational design changes to lead to the instilling of a shared culture and values within the organization. In particular, I have the impression that discussions related to nominations and remuneration have not yet been sufficiently explored. I would like to leverage my perspective as an outside director and continue working on improvements in the future.

Message to the new President

I have heard that new President Sakaguchi has the strength of deeply understanding the organizational structure and management direction of the entire Group through his experiences up to now. I hope he will leverage that background to work on restructuring the business model not merely at the bank level, but for the holding company as a whole. As an outside director, I will also actively participate in discussions regarding new challenges and share constructive opinions from an external perspective.

Provide recommendations to management from the perspective of overall optimization while emphasizing co-creation with the local community

Hidehito Hisakawa

Outside Director

Future management based on the Medium-Term Business Plan

In FY2024, we achieved a net income of ¥13.2 billion compared to our initial net income target of ¥11.0 billion, and an ROE of 5.5% compared to our plan of 4.5%. While these results were underpinned by a tailwind of rising policy interest rates, I greatly appreciate the diligent efforts of our employees in the field who steadily executed the meticulously crafted plans.

FY2025 is the final year of the Fifth Medium-Term Business Plan Plus, which sets targets of a net income of ¥14.7 billion and an ROE of 6.1%. There is also an intermediate target for achieving an ROE of 8% in FY2028, which underscores the seriousness of the executives. However, as considerable additional effort will be required to achieve this goal, I will monitor the process and provide recommendations as necessary, as an outside director.

Towards the promotion of sustainability management

An important theme is how to contribute as a financial institution to social issues such as the declining birthrate and aging population. I appreciate that effective initiatives are underway, such as entry by the Group company, Ikeda Senshu Area Support into the AI on-demand transportation business and measures to address climate change through sustainable finance. In particular, the start of full-scale operation of the AI on-demand transportation in Izumi City is a good example that embodies the role of community-based finance.

On the other hand, one challenge for the future is how to link the spread of such initiatives to overall optimization, in other words, how to incorporate them into the Group's overall strategy. The Group as a whole must work together to respond flexibly to structural changes, such as the diversification and aging of local communities.

Operation status of the Board of Directors

When the Board of Directors meetings were held, there were many materials that were provided in advance, and when I recommended that improvements in how the materials are prepared were necessary, I received a sincere response to that suggestion. From the perspective of promoting the active participation of women, I have also expressed opinions regarding making improvements to overtime hours so that long working hours do not become an obstacle to appointing women to management positions. This has led to concrete improvements, such as reviewing the distribution of duties.

Going forward, as work becomes more efficient through means such as the use of AI, mechanisms to further reform working styles and promote diversity in human resources will be essential. In terms of governance, I hope to contribute to accelerating management and enhancing transparency through the transition to a company with a Nomination Committee, etc.

Message to the new President

The new President Sakaguchi, was deeply involved in the formulation of the Fifth Medium-Term Business Plan Plus and is expected to continue being involved in that regard. At the same time, it will also be necessary to consider how to evolve the Group with an eye on change from a medium- to long-term perspective. I hope he will express his own unique "Sakaguchi Style" as the new leader in terms of development, growth, and sustainability. It also appears that he has a high sensitivity to the market due to his extensive experience at sales branches. I believe it is necessary for him to leverage that strength to clearly present the next stage of Ikeda Senshu Holdings Group both internally and externally, and I will also provide my full support for these endeavors as an outside director.

Long-Term Management Strategy Formulation Project

Engaging in projects that support both the growth formulation of a Purpose and Long-Term Manage-

Currently, the Group has set Vision'25 as our vision, and is working on the Medium-Term Business Plan to make the Expo 2025 Osaka, Kansai, Japan a year for a great leap forward. We are also working to materialize the Group's vision for the future. The Group launched the Long-Term Management Strategy Formulation Project by recruiting members among general employees. We have commenced Phase 1 aimed at formulating the Long-Term Management Strategy and Purpose for the next 10 years.

November 2024

May 2025

March 2026

Phase 1 Mission

- Define the vision to be pursued for the next 10 years
- Formulate the Purpose (draft)

Phase 2 Mission

- Formulate a framework for the Long-Term Management Strategy
- Formulate the next Medium-Term Business Plan as an action plan
- Decide the Purpose

Formulation Process

Phase 1 formulation process

Examples of specific initiatives

Data analysis

Analyze the socioeconomic environment 10 years from now based on various data sources and develop scenarios for the Group's future

Analysis of the future environment and its impact on the financial industry based on PEST analysis

Growth Support Program

Supporting the growth of the next generation of core human resources and implementing human capital management in parallel with the formulation process

A growth support program was implemented for project members to educate them on the multiple perspectives and knowledge required for the strategies of Purpose and management plan. The program also aims to foster a corporate culture of taking on challenges within the company through its members, and to create a foundation for the achievement of the management plan.

Approach to the Purpose	Main points to focus on	• Express the deeply held value of a commitment to passionately engaging with customers • Convey how people in various positions can explore customer and social issues and strive for solutions and innovation by bringing together and combining different insights and possibilities

Long-Term Management Strategy Formulation Project Members

Departments are as of the start of the application period

From among 20 applicants, eight members were selected to enable active discussions (six from sales branches and two from headquarters), covering a broad range of responsibilities and ages from their 20s to 40s.

Corporate Sales, Head Office Sales Division (joined the company in 2013)

Corporate Sales, Higashi Osaka Branch (joined the company in 2007)

Group Strategy Division (joined the company in 2003)

Corporate Sales, Senri-Minoh Sales Division (joined the company in 2005)

Loans, Osaka Central Sales Division (joined the company in 2010)

Solutions Sales Division (joined the company in 2011)

Retail, Izumigaoka Branch (joined the company in 2020)

Retail, Shukugawa Branch (joined the company in 2014)

Yuki Koida I feel that engaging in exchanges of opinions with management and other companies offered me valuable experiences that I would not normally have, and contributed to my personal growth. Working on discussions and issues together with members who have a strong awareness of the challenges they face has increased my motivation for daily work as well. Participation in this project has been a great asset.

Hiromu Mukai I gained structured knowledge and practical learning through the growth support program, and also experienced the challenges of logical thinking and articulation. Overall, it was a fulfilling experience, as balancing this with the Long-Term Management Strategy enabled me to stay positive, and it also led to greater efficiency and strengthened cooperation in our core business.

Kazufumi Kawada I realized the value of our human capital management by working passionately alongside members with different levels of seniority and experience. I feel I was able to carry this passion and energy back to my own workplace and have a positive impact on those around me.

Masatomo Shizumi I was exposed to diverse ideas and was able to grow as a person by exchanging opinions with project members and management. Many people shared a strong desire to improve our bank, and I gained valuable experience in management, which will be useful for me in the future.

# of next-generation core human resources and the ment Strategy

Vision exploration

Explore the role our Group should fulfill for regions, society, and customers, taking into account both economic and social value.

Purpose formulation

Based on the exploration up until now, learn perspectives on the Purpose from experts, hold discussions with a university professor recognized as a leading authority on purpose management, have each member concretely define a purpose for consideration and feedback by the Board of Directors. In addition, implement the following internal measures to instill an understanding of the Purpose.

- Hold study sessions for management conducted by a university professor recognized as a leading authority on purpose management
- Include the Purpose as a topic in the new project [Teach Us! XX], in which management directly responds to the opinions of employees.

Recognition of the Group's strengths based on VRIO analysis → Discussion of growth strategies to address materiality → Two workshops to formulate the Purpose → Total of four sessions with the university professor → Presentation and feedback on the Purpose (draft) at the Board of Directors → Formulation

Examples of the growth support program in Phase 1

Preliminary learning

Eight books on management and corporate theory, future social vision, and purpose management were designated for presentation by the members.

External training

Held lectures and discussions with the market research department of a securities firm about growth strategies needed in a society with a declining population.

Innovation

Visited the office of a major IT company. Learned about corporate cultures that drive innovation and the working styles and mindsets of GAFA companies.

Internal training

Held lectures on the strategies and business models of each division of the Senshu Ikeda Holdings Group in order to deepen understanding and clarity about the Group.

Dialogue with management

Members learned management perspectives and broadened their viewpoints through meetings with the CEO and outside directors.

Co-creation and cross-border

Interacted with in-house reform project teams from the same industry and other industries.

- Express proactively taking action and demonstrating an enterprising spirit to help customers
- Express the aim of creating a vibrant, exciting world so that customers and employees can live fulfilling lives with smiles and a sense of well-being

Held a three-hour and 45-minute lunch meeting with President Ukawa (currently Director & Chairman)

A lunch meeting with President Atsushi Ukawa was held as part of dialogue with management. During the meeting, the President responded to spontaneous, unfiltered questions and comments from the project team. The open, candid exchange touched on how expanding digital banking would change the regional community, while the Management Principle states "endear ourselves to the regional community," and whether their commitment to their home region measured up to that of other regional banks.
Project members expressed that the experience gave them valuable insight into how challenging it is to turn ideals into reality from a management perspective, while also teaching them the importance of striving toward an aspirational vision, and it was clear the project was rewarding for those who participated.

Hiroki Omori I had the opportunity to think about the future of the company as a whole in a way that was different from up until now, which broadened my perspective. I was able to grow as an individual through interactions with consultants and other companies, business trips to Tokyo, and full-day discussions, and I was able to engage with many people in the formulation of a purpose proposal filled with sincere intention.

Nanami Yamashita Through the project, I became excited about the impact our business has on various positions and possibilities our business provides to them, and I felt a great sense of purpose. By exchanging ideas openly with fellow members, I was able to gain new perspectives, and connecting with enthusiastic colleagues became a major source of inspiration.

Raimu Kashiyama I was glad to have the opportunity to think seriously about the future of our company, which expanded my perspectives and network, and interacting with enthusiastic employees became a great opportunity to review my approach to work. I was able to explore new areas and experienced personal growth.

Rena Kishibuchi I learned a lot by working together with members who have different careers and ways of thinking. Participating in this important project related to management and interacting with other companies and officers broadened my perspective and was a valuable experience. I came into contact with cultures I don't usually encounter, and I feel that I have grown a great deal.

Financial Strategy – Initiatives to Enhance Corporate Value

Basic Concept Regarding Business Portfolio

The Group established a Basic Concept Regarding Business Portfolio in May 2022 for the purpose of clarifying its business portfolio strategies and increasing the effectiveness of supervision by the Board of Directors.

1. Purpose of business portfolio management

The purpose of business portfolio management shall be to demonstrate synergies among businesses and strive for sustained enhancement of corporate value of the Group as a whole, consisting of the Company, its consolidated subsidiaries, and affiliated companies under the equity method (hereinafter, "the Group"), through the rearrangement of the overall business portfolio and allocation of management resources.

2. Classification of business areas

In business portfolio management, the business areas of the Group shall be classified into the corporate solutions division, retail division, private banking division, regional co-creation division, and other (market division), and the individual divisions shall be the basic unit for management judgments relating to the business portfolio.

3. Types of management judgments

The types of management judgments relating to the business portfolio shall be as follows.

(1) Entry into new businesses
(2) Expansion and improvement of existing businesses
(3) Contraction of existing businesses and withdrawal from existing businesses
(4) Selection of business models (solo or in alliance with external parties)
(5) Other changes in business portfolio of a scale that would potentially have an impact on the corporate value of the Group
(6) Allocation of management resources in line with the implementation of (1) through (5)

4. Governance structure

(1) The Board of Directors of the Company will decide on basic matters regarding business portfolio management and supervise the implementation of business portfolio management.
(2) The Management Committee of the Company will deliberate on important matters regarding business portfolio management under the supervision of the Board of Directors, and the President will make decisions on such matters.

5. Evaluation of businesses and consideration of non-financial value

(1) In business portfolio management, businesses will be evaluated with the profitability of the individual division, growth potential, and synergy with other businesses as the basic focus of evaluation.
(2) In making management judgments relating to the business portfolio, in addition to using the results of business evaluations, due consideration will also be given to non-financial value, including consistency with the Management Principle and contribution to regional communities.

6. Incorporation into management plans

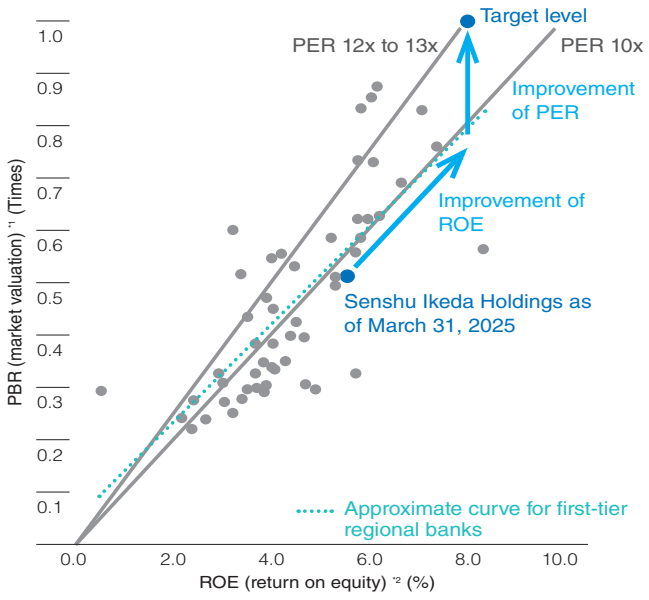
When formulating or revising Medium-Term Business Plan and other management plans, the Board of Directors will deliberate on the need to review the business portfolio and management resources allocation plans and incorporate the outcomes of those deliberations in the management plans.

Initiatives to Enhance Corporate Value — **Current Awareness**

- We recognize as an issue the need to improve ROE in a way that consistently covers the cost of shareholders' equity, and to improve PER (by reducing the cost of shareholders' equity and improving the expected growth rates).
- The Company's benchmark for the cost of shareholders' equity is about from 3.6% to 4.6% based on CAPM and around 11% for the earnings yield on equity. Considering that the recent overall stock market's cost of shareholders' equity is around 8%, we recognize that an ROE of 8% is necessary.

PBR and ROE matrix for listed first-tier regional banks

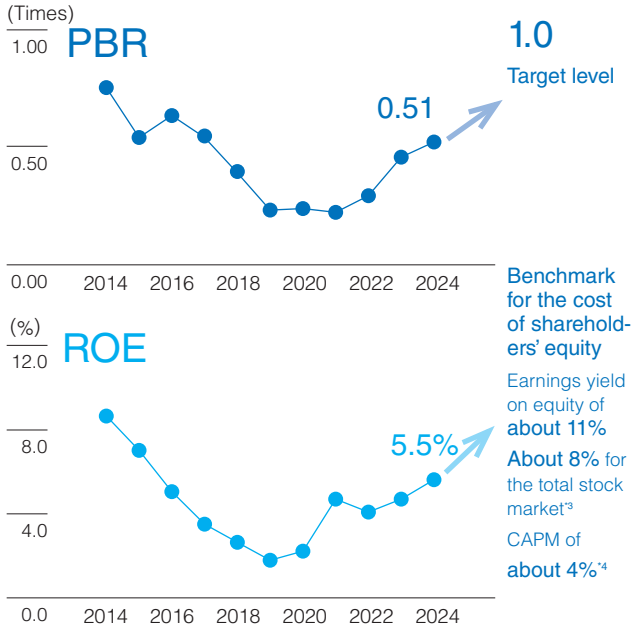
Long-term corporate value **PBR** = Financial results **ROE** × Non-financial results **PER**



*1 Stock prices are calculated as of March 31, 2025, and net assets are calculated based on the financial statements of each company as of December 31, 2024

*2 Profit is calculated based on the profit forecast for FY2024 as of March 31, 2025, and net assets are calculated based on the financial statements of each company

The Company's PBR and ROE trends



*3 Sum of the above risk-free rate and the expected rate of return on the stock market portfolio (when β = 1)

*4 Calculation by CAPM 3.6-4.6% = β × (Rm-Rf) + Rf
β: Sensitivity of the Company's stock (vs. TOPIX for the past 60 months): 0.35
Rf: Risk-free rate (10-year JGBs to 30-year JGBs): 1.5% to 2.5%
Rm – Rf: Expected return on stock market portfolio (TOPIX risk premium): 6.1%

Initiatives to Enhance Corporate Value - Long-Term Target Levels

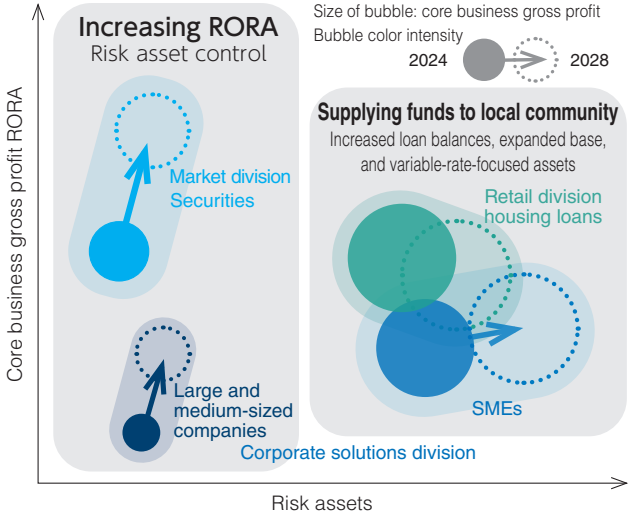
- As of March 31, 2025, PBR was 0.5x and ROE was in the mid-5% range.
- In FY2025, the final year of the Fifth Medium-Term Business Plan Plus, we plan for an ROE of 6% and an equity ratio in the 9% range.
- Toward achieving a PBR of 1.0x, we are targeting an ROE of 8% in FY2028, the final year of the next Medium-Term Business Plan.

Long-term corporate value PBR		As of March 31, 2025 0.5x		The Fifth Medium-Term Business Plan Plus FY2025	Next Medium-Term Business Plan FY2028	PBR 1.0
=		=				=
Financial results ROE	Return / Equity	5.5%	¥13.2 billion / ¥239.6	6.1%	8%	8% or higher
=		=				=
RORA	Return / Risk assets	0.59%	¥13.2 billion / ¥2,237.9 billion			0.8%
×		×				×
Financial leverage	1 / Capital adequacy ratio*	Approx. 10.0	1 / 9.49%	Capital adequacy ratio 9%-level		Approx. 10.0
×	*Basel III finalization basis	×				×
Non-financial results PER	1 / Broad sense capital cost	Approx. 9.0	1 / 11%-level			12.0 to 13.0

Initiatives to Enhance Corporate Value — **RORA Improvement and Asset Allocation by Business Segment**

- By expanding the supply of funds to the local community, we will proactively increase balances and risk assets of loans to SMEs, and housing loans. We aim to improve RORA by expanding our sales base and increasing fees and commissions revenue through comprehensive solutions. On the other hand, for strategic assets (loans to large companies outside our region and securities management), we will increase RORA while controlling risk assets.

RORA by Asset Class (loans) *1 *2



*1 RORA relative to gross profit. Risk assets are calculated based on the finalized Basel III framework.

*2 Deposit yields are deducted from the yield of each asset. Housing loans take into account guarantee fees, etc.

Business Portfolio

Supplying funds to local community

Retail Division	• Housing loans are mainly variable rate, and while stock yield will decline due to replacements, they serve as an entry point for personal transactions • Loan promotion (non-face-to-face, area-independent) • Expansion of the PBS balance base (deposits and assets under custody)
Corporate Solutions Division	• Expansion of fees and commissions revenue through thorough comprehensive solutions • Expansion of business support by increasing the number of sales employees to meet the needs of business succession • Accumulation of strategic assets based on RORA (large companies, structured finance)
Market Division	• Improvement of yield and RORA through redemption reinvestment • Building a ladder portfolio focused on yen-denominated bonds while utilizing held-to-maturity securities

Increasing RORA

Initiatives to Enhance Corporate Value — **ALM Management (Aiming to Generate Income from the Balance Sheet as Interest Rates Rise)**

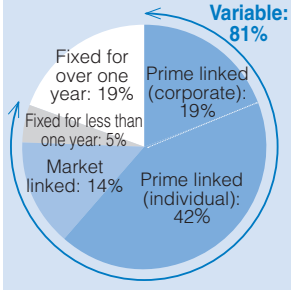
- Variable rate loans account for about 80% of total loans. A 0.25% policy rate increase is expected to increase ROE by around 1%.

Status on the Balance Sheet (as of March 31, 2025)

Loans

¥4.7 trillion
Duration: 1.2 years

Breakdown of interest rates



Securities

¥0.7 trillion

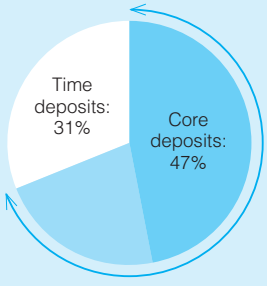
Other

Bank of Japan current deposits: ¥0.8 trillion

Deposits, etc.

¥5.7 trillion
Duration: 2.2 years

Ratio of liquid and time deposits



Liquid deposits: 69%

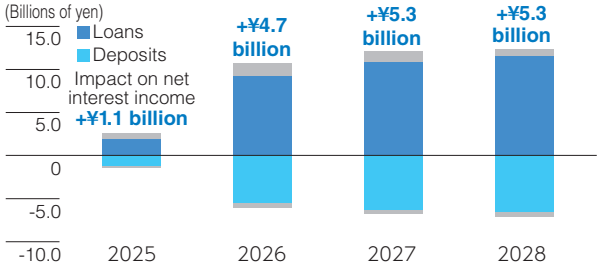
Ratio of deposits from individuals: 74%

Other

Borrowing from Bank of Japan: ¥0.4 trillion

Impact on net interest income (excluding securities) by an increase in interest rate

Simulation of the impact on income if the policy rate increases to 0.75% from the second half of FY2025



Policy interest rate	Holding company's consolidated net income	
0.75%	¥15.4 billion	Approx. ¥22.0 billion ROE: 8%
0.50%	¥14.7 billion ROE: 6.1%	Approx. ¥19.0 billion ROE: 7%

Assumptions used in the calculation

- Balances are based on figures in the Fifth Medium-Term Business Plan Plus
- Interest rate hike assumptions
  Loan follow-up rate: 100% prime-linked, 100% marketability
  Deposit follow-up rate: 40% liquidity, 60% regularity

Initiatives to Enhance Corporate Value — **Securities Management**

- We will carefully build our portfolio to secure stable earnings and improve profitability, while taking into account market value fluctuations.

Securities Management Policy

Basic Principles of Securities Management (established in September 2018)

1. We will strictly comply with laws, guidelines, and regulation, and conduct operations honestly and fairly without violating social norms.
2. We will aim for stable earnings without setting excessively high profit targets or focusing solely on short-term gains, based on our management strength in terms of equity capital and periodic earnings. In addition, we will keep unrealized losses within a certain limit to maintain sound operations.
3. We will invest in assets with clear and manageable risks, with a focus on domestic bonds.
4. We will avoid concentration of the same type of risk, diversify investments, and place an emphasis on liquidity and safety.
5. We will base management on long-term holding, while rebalancing the portfolio flexibly and promptly in response to market changes to strengthen resilience to risks.
6. We will implement appropriate staffing and develop human resources with advanced financial knowledge and skills.

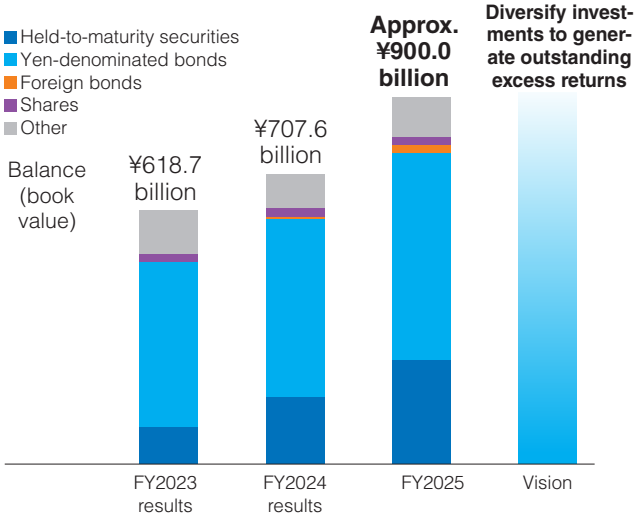
Management policy under the Fifth Medium-Term Business Plan Plus

- In light of the market conditions and market value fluctuations, we will make additional investments, build up the portfolio, secure stable earnings, and aim to improve profitability.

→ We will use a ladder investment approach focused on yen-denominated bonds while utilizing held-to-maturity securities

Building the securities portfolio

	2022	2024	2025	Vision
Yield*1	0.7%	**0.9%**	**1.0%**	**Ensure stable profitability and unrealized gains**
Duration of yen-denominated bonds*2	5.0 years	**5.9 years**	**Approx. 6.0 years**	

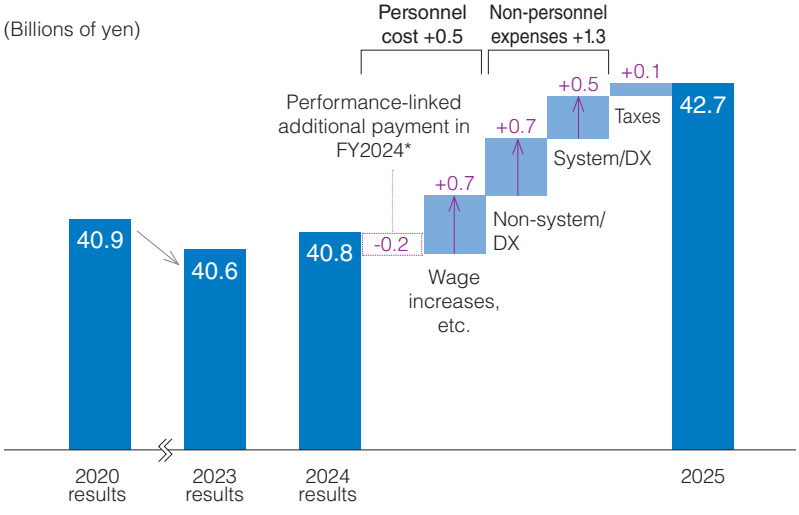


*1 After deducting costs of procuring foreign bonds and interest on interest rate swaps
*2 Includes held-to-maturity bonds

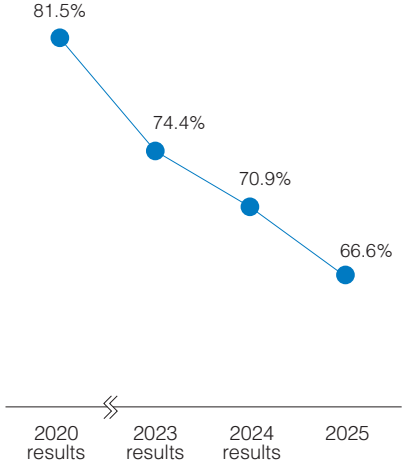
Initiatives to Enhance Corporate Value — **Cost Control**

- Although expenses are increasing mainly due to human capital investment (wage increases) along with system and DX-related spending, we will improve the core OHR by increasing topline revenue.

Trends in expenses (bank non-consolidated)



Core OHR (bank non-consolidated)



*Introduction of performance-linked additional payment in FY2023
Provided as a profit-sharing payment if the initial earnings plan is exceeded to boost employee engagement and align interests with shareholders

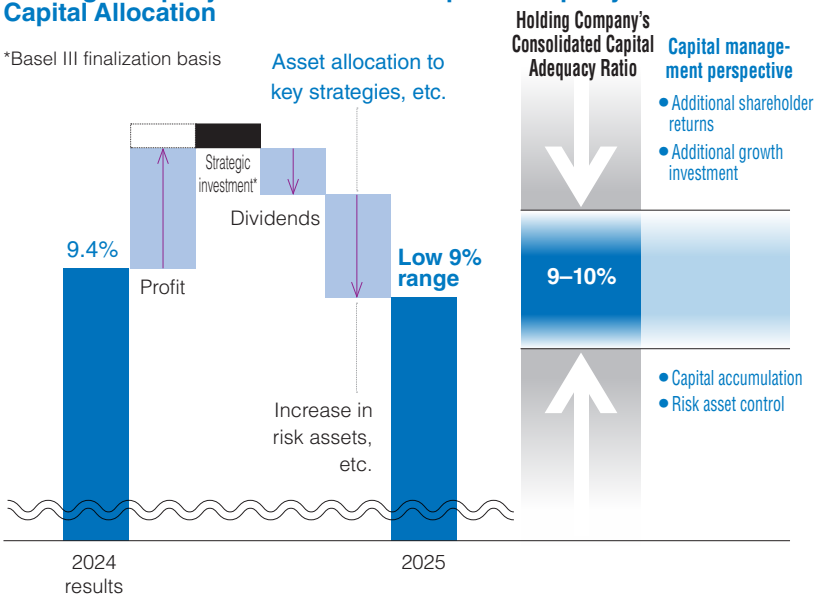
Initiatives to Enhance Corporate Value — **Financial Capital Dividend Strategy / Control of Capital Adequacy Ratio and Shareholder Returns**

- We will control the holding company's consolidated capital adequacy ratio (Basel III finalization basis) to keep it within the range of 9–10%.
- The shareholder return ratio in FY2025 is set to exceed 40%, and from FY2026 onward, the dividend payout ratio will target about 40% to further enhance shareholder returns.

We aim for balanced management of enhanced capital adequacy, growth investment, and shareholder returns.

Holding Company's Consolidated Capital Adequacy Ratio* and Capital Allocation

*Basel III finalization basis



* Impact on earnings from strategic investments (wage increases, DX-related expenses, Digital Bank)

Changes to Shareholder Return Policy

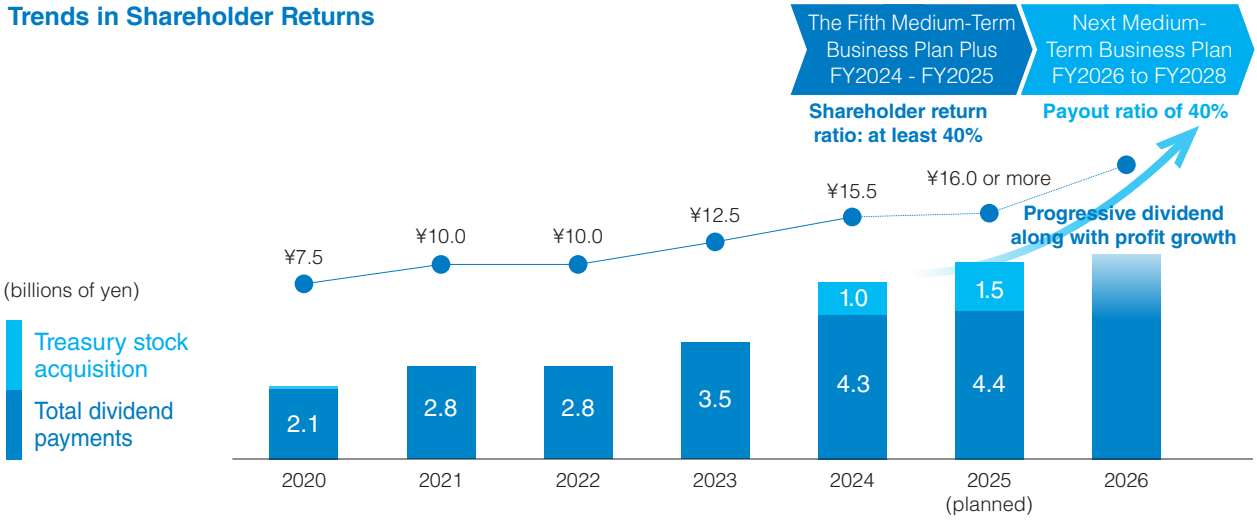
Update

FY 2024	Shareholder return ratio of 40% or higher
FY 2025	Shareholder return ratio of 40% or higher **Provide an annual dividend of at least ¥16 per share, and conduct flexible treasury stock acquisition**
Next Medium-Term Business Plan FY2026 to FY2028	
FY2026 onwards	**Aim for a dividend payout ratio of 40%** Implement progressive dividend payments as profits grow, and conduct flexible treasury stock acquisition

Initiatives to Enhance Corporate Value — **Financial Capital Dividend Strategy / Trends in Shareholder Returns**

- In FY2024, we increased the dividend per share to ¥15.5 and made a ¥1.0 billion of treasury stock acquisition.
- In FY2025, we plan to pay a dividend of at least ¥16 per share and make a ¥1.5 billion of treasury stock acquisition.

Trends in Shareholder Returns

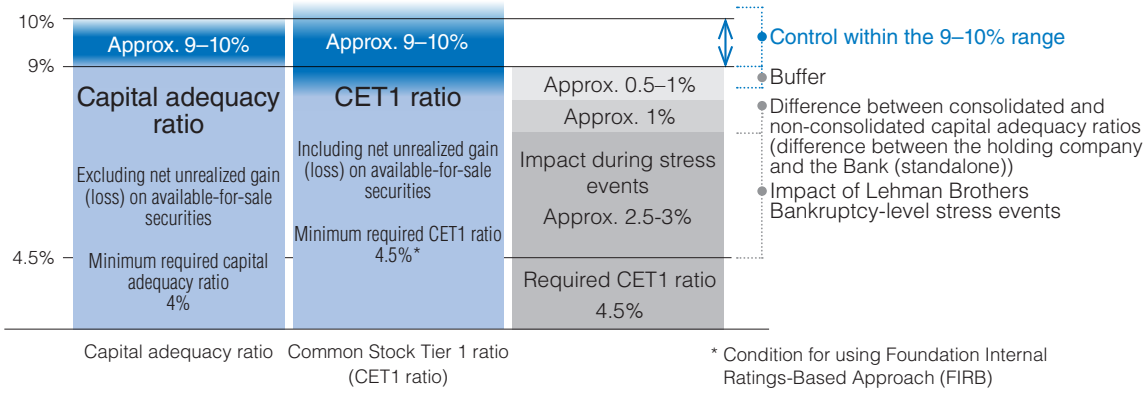


	2020	2021	2022	2023	2024	2025 (planned)	2026
Dividend payout ratio	48%	26%	30%	32%	33%	30% or higher	**Aim for 40%**
Shareholder return ratio	50%	26%	30%	32%	**40%**	**40% or higher**	

Initiatives to Enhance Corporate Value — **Financial Capital Dividend Strategy / Appropriate Capital Adequacy Ratio Level**

- The target for maintaining soundness is a holding company's consolidated capital adequacy ratio (Basel III finalization basis) of 9% or higher.
- We will ensure a CET1 ratio of 4.5% even after the occurrence of stress events.

Senshu Ikeda Holdings Consolidated Capital Adequacy Ratio Level



* Condition for using Foundation Internal Ratings-Based Approach (FIRB)

Initiatives to Enhance Corporate Value — **Financial Capital Dividend Strategy / Reduction of Cross-Shareholdings**

(1) Basic Policy on Cross-Shareholdings

Following the bank merger in 2010, we have reduced our cross-shareholdings in order to reduce our shareholding risk.

The reduction of cross-shareholdings will proceed based on a comprehensive review of shareholding risk, capital efficiency, and other factors, and on the assumption that we will have sufficient dialogue with business partners. However, we may hold a limited number of shares if deemed necessary to contribute to the medium- to long-term improvement of the corporate value of the Group and portfolio companies, or for the creation and revitalization of local communities.

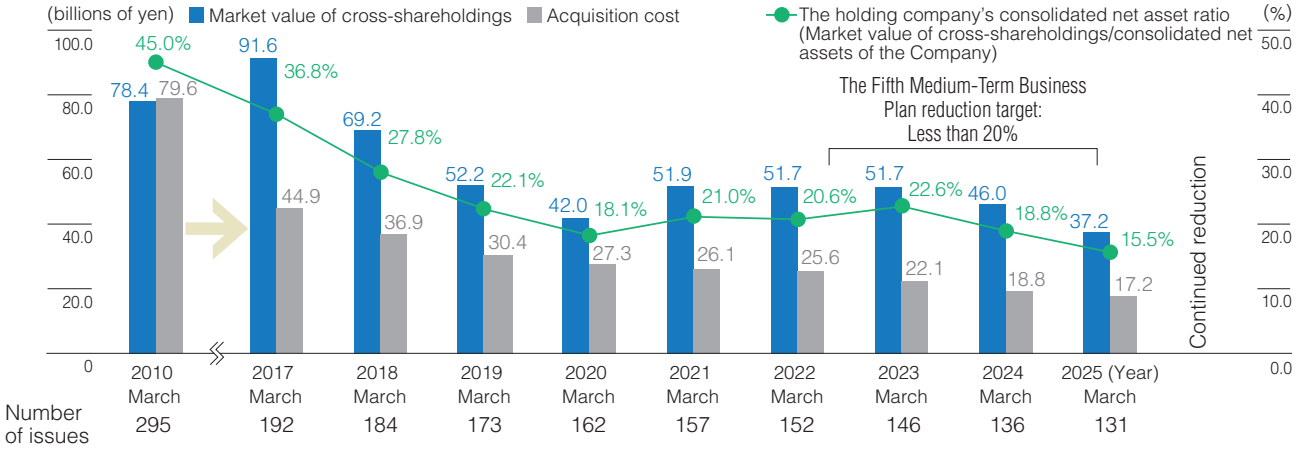
The appropriateness of cross-shareholdings is regularly verified and determined for each individual stock based on factors including the significance of the holding, medium- to long-term economic rationale, and relevance to the local economy.

With regard to the economic rationale, we verify the profitability and other factors of each individual stock, taking into account return on shareholders' equity targets and the cost of capital. For stocks that do not meet the established criteria, we will also consider qualitative factors, and if we determine that there is still a need to retain the holding, we will engage in negotiations aimed at increasing or improving profitability. If there is no need to retain the holding, we will consider selling it. Regarding the examination of medium- to long-term economic rationale within the above verification process, we will consider enhancing the assessment criteria to ensure a more precise evaluation of returns and risks and to enable thorough and reasonable explanations.

(2) Policy on Reducing Cross-Shareholdings

We have set a reduction target to bring the ratio of cross-shareholdings (including deemed shareholdings) to consolidated net assets to less than 20% by the end of FY2023, during the period of the Fifth Medium-Term Business Plan. During this medium-term plan period, we sold cross-shareholdings worth approximately ¥15.0 billion at market value and achieved our target with the ratio reaching 18.8% at the end of FY2023. We are continuing to sell and reduce cross-shareholdings during the Fifth Medium-Term Business Plan Plus period, striving to maintain this ratio below 20%. At the end of FY2024, the ratio of cross shareholdings to consolidated net assets stood at 15.5%.

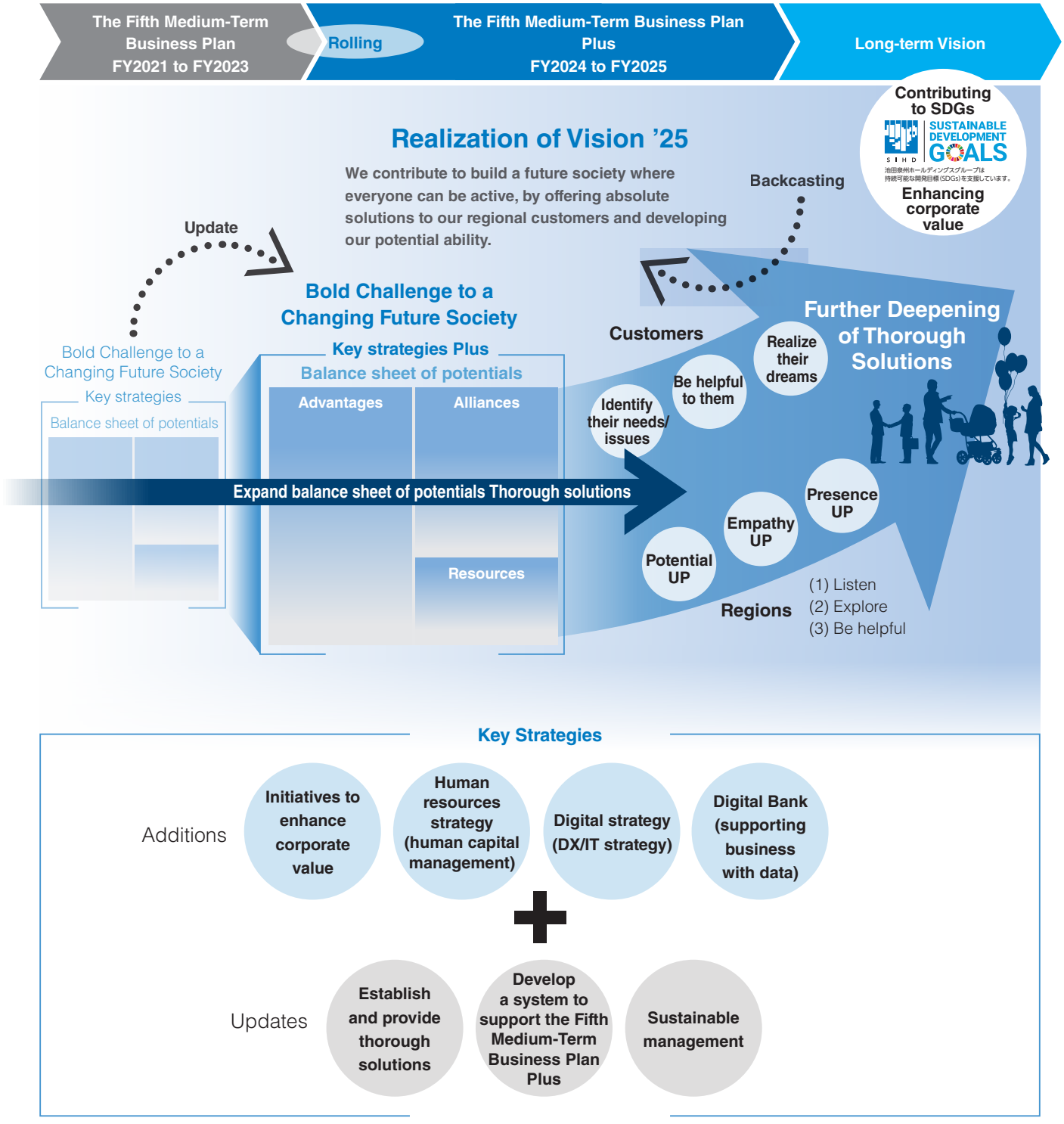
The balance of cross-shareholdings and the holding company's consolidated net asset ratio



The Fifth Medium-Term Business Plan Plus (FY2024 to FY2025)

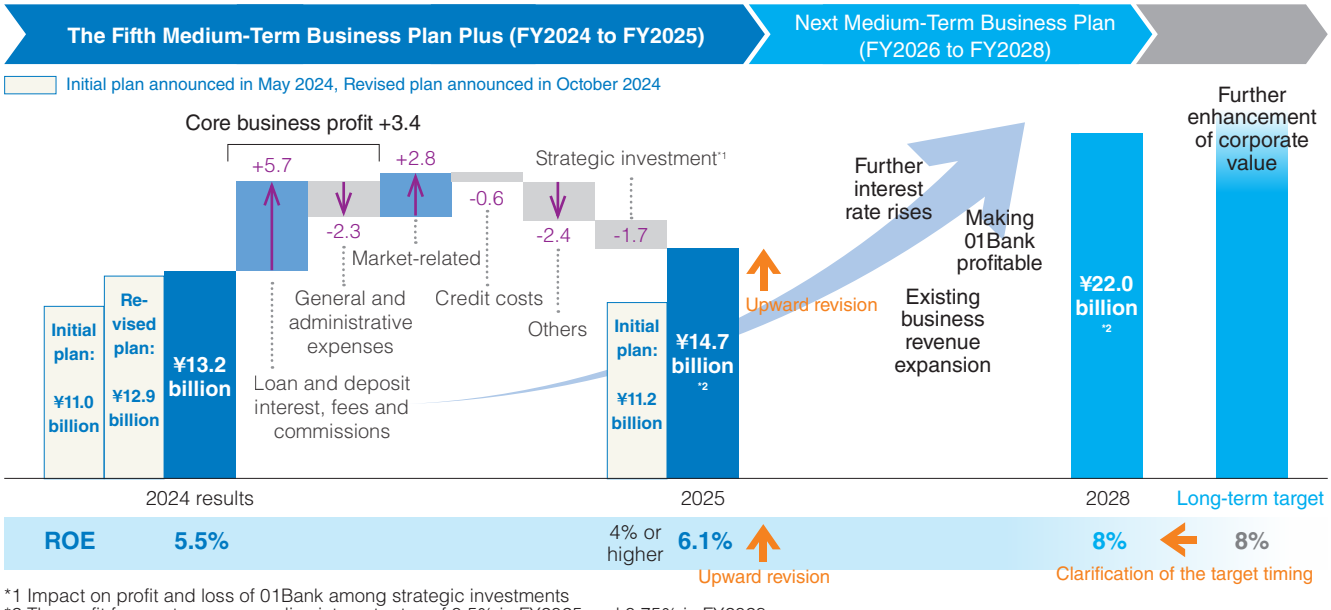
The Fifth Medium-Term Business Plan Plus (FY2024 to FY2025) — **Approach**

- Even after FY2024, under the policy of providing thorough solutions to serve local customers, our commitment to realizing Vision'25 remains unchanged, and therefore the Fifth Medium-Term Business Plan has been rolled forward to FY2025.
- In rolling forward the plan, we have reviewed key strategies based on changes in the environment and backcasting from a medium- to long-term outlook



The Fifth Medium-Term Business Plan Plus (FY2024 to FY2025) — **Consolidated Net Income of Senshu Ikeda Holdings, Inc.**

- While making strategic investments, we plan to increase the holding company's consolidated net income to ¥14.7 billion and ROE to 6.1% in FY2025. <Upward revision>
- In addition to expanding revenue from existing businesses, we aim for ROE of 8% in FY2028 through revenue expansion from Digital Bank and other initiatives. <Clarification of targets>

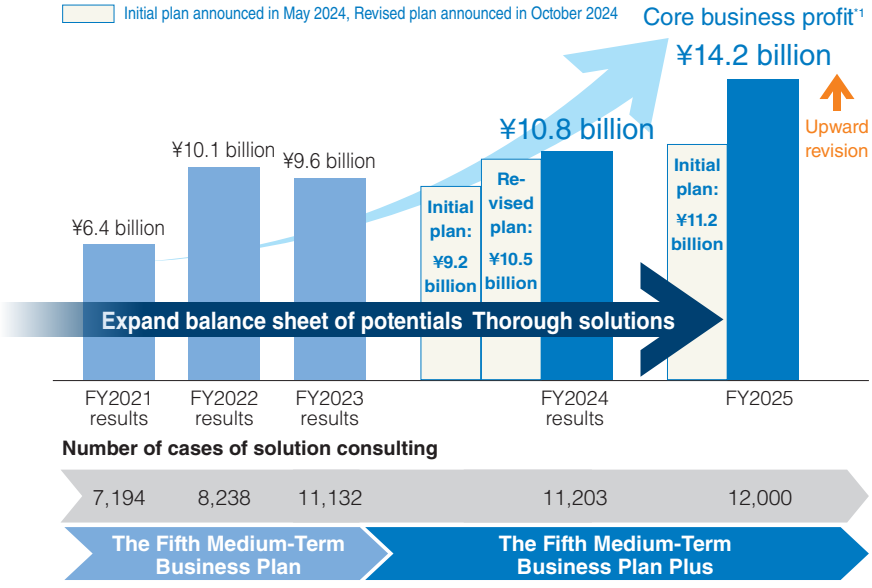


*1 Impact on profit and loss of 01Bank among strategic investments
*2 The profit forecast assumes policy interest rates of 0.5% in FY2025 and 0.75% in FY2028

The Fifth Medium-Term Business Plan Plus (FY2024 to FY2025) — **Core Business Profit**

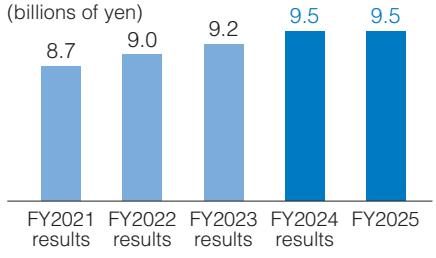
- We aim to establish thorough solutions and increase core business profit, which is the result of our solution business, targeting over ¥14.0 billion in FY2025.
- We will strive to increase fees and commissions by strengthening solutions such as M&A, business succession, and structured finance.

Establish thorough solutions: Core business profit to exceed ¥14.0 billion



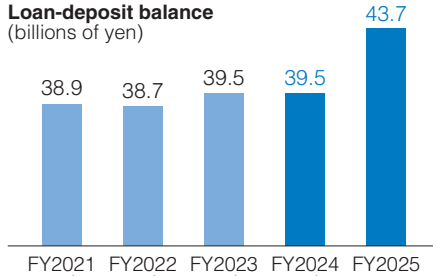
*1 Core business profit (profit from customer-oriented service operations) = Loan balance × Difference between loan and deposit interest rates + Fees and commissions − General and administrative expenses

Fees and commissions from corporate and individual customers*2
(billions of yen)



*2 Excluding fees from market-based loans initiated in FY2022

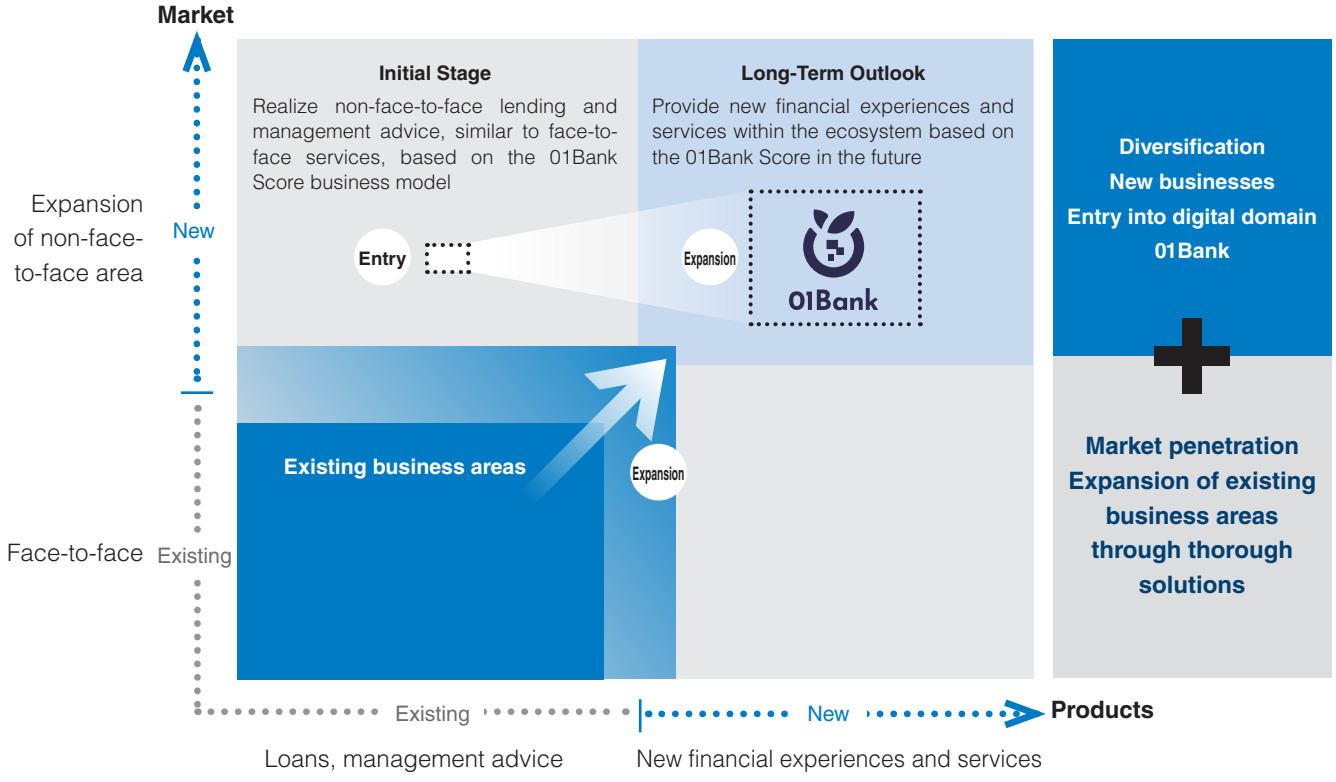
Loan-deposit balance
(billions of yen)



The Fifth Medium-Term Business Plan Plus (FY2024 to FY2025) — **Long-Term Growth Strategy**

In addition to expanding existing business areas through thorough solutions, we aim for sustainable growth of the Group by expanding into new business areas through digital banking.

Expansion of Existing Business Areas and New Business Areas



The Fifth Medium-Term Business Plan Plus — **Details of Key Numerical Figures**

		FY2024		FY2025		FY2028
		Plan (announced in October 2024)	Results	Plan (announced in May 2022)	Revised plan Update	Target Clarification
The holding company, consolidated	Net income	¥12.9 billion	¥13.2 billion	¥11.2 billion or more	¥14.7 billion	¥22.0 billion
	ROE	Low-5%-level	5.5%	4.4%	6.1%	8%
	Capital adequacy ratio (Basel III finalization basis)	Mid-11%-level (Mid-9% level)	11.5% (9.4%)	Low-10%-level (Low-9%-level)	Mid-10%-level (Low-9%-level)	9-10%
The Bank, non-consolidated	Core banking profit	¥15.4 billion	¥16.7 billion	¥16.1 billion or more	¥21.3 billion	
	Core business profit	¥10.5 billion	¥10.8 billion	¥11.2 billion	¥14.2 billion	
	Core OHR	72%-level	70.9%	72%-level	66%-level	
KPIs	Number of cases of solution consulting	—	11,203 cases	12,000 cases	12,000 cases	
	PBS balance (Personal B/S balance)	—	—	¥6.2 trillion	¥6.2 trillion	FY2030 ¥7 trillion

Human Capital Management

Gender equality

Decent work and economic growth

Good health and well-being

In order to maximize the value of our human resources and raise corporate value over the medium- to long-term, we regard human resources as "capital" and consider "human capital management" as one of the top priorities for management.

Human Resource Strategy: Overview of Human Capital Management

- Based on the concept that all of the human resources that make up the Group are "capital," we aim to continuously enhance the Group's corporate value and realize its management principle by identifying and maximizing the knowledge, skills, and other abilities and aptitudes possessed by the Group's human resources.

Basic Policy on Human Capital Management (established in April 2024)

Basic values

Where people gather for people, and people gather for work*

Human resource management centered on development (i.e., supporting growth) and closely linked to the other four elements

Recruitment
By welcoming new talent, bring new vitality and creativity to the organization through the resulting interaction between newly recruited and existing human resources.

Assignment
Promote interaction between personnel and realize a vibrant organization by bringing together the optimal combination of individual human resources and duties, and by creating opportunities for diverse human resources to meet

Development
Support the growth of human resources by providing an environment and opportunities for increasing their capabilities, thereby enhancing corporate value while fostering a sound corporate culture

Evaluation
Provide an objective basis for calculating compensation as well as to encourage the growth of human resources in order to achieve organizational goals by visualizing the degree to which personnel have demonstrated ability and the level of performance they have achieved

Compensation
Provide fair pay for labor and to guide the actions of our human resources toward improving our corporate value

The Fifth Medium-Term Business Plan Plus

Human resource assigning and human resource development to build the human resource portfolio that we should aim for
- Become a truly attractive company and stably secure human resources
- Promotion of diversity, equity, and inclusion (DE&I)

* Where people gather for people: The people who work in our Group never stop growing and striving toward their goals, and we will attract those who find such people appealing and who want to work hard alongside them.
Where people gather for work: The Group aims to solve customer challenges, an approach which creates much challenging work, and we will attract those who find such work motivating.

Five elements of human resource management

Human resource growth
Enhancing engagement

Expansion of balance sheet of potentials and capital

Enhancing corporate value

Economic value

Improvement of the topline
Improvement of productivity

Social value

Meeting customer needs
Creating new services

Challenges in implementing human capital management

Challenge (1) Building a human resource portfolio to achieve the Fifth Medium-Term Business Plan Plus

- Development and assigning of solutions personnel to achieve thorough solutions

⇒ Sales personnel, including solutions personnel, have been assigned to management positions when promoted. Those at the management position are excluded from the number of solution personnel because they are in charge of sales branches, and the number of solutions personnel was only 167 compared to the planned 190.

⇒ However, as those at the management position are actively involved in developing sales personnel through joint visits and providing direct solutions to clients, the plan for FY2025 was revised to include those at the management position, targeting 250 personnel.

- Strengthening digital personnel development to accelerate the use of digital technology in all operations

⇒ Although we have secured a certain number of core human resources dedicated to driving organizational and operational transformation via digital means through mid-career hiring, we are still in the process of developing digital base human resources who can effectively use digital technology in their work and improve productivity in their respective workplaces. In FY2025, we will strengthen the development of digital base human resources by providing opportunities to proactively use digital technology at each workplace, not only by acquiring digital knowledge, but also by creating opportunities to utilize digital tools such as AI in practice.

- Secure immediately effective human resources by strengthening mid-career hiring

⇒ In FY2024, we achieved our plan of 20 mid-career hires, mainly in digital fields. Because highly specialized personnel are increasingly needed in all operations, we have increased the FY2025 target from the initial 20 to 30 in an aim to secure sufficient human resources in specialized areas.

	FY2023 results	FY2024 results (Plan)	FY2025 plan
SIHD Group personnel	3,275	3,230	3,165
Solution personnel*1	154	**167 (190)**	**~~220~~**
		Revision of plan	
Solution personnel (including those at management*2)	195	**220 (—)**	**250**
Digital personnel*3	143	**160 (—)**	**360**
Of which, digital core personnel	97	**111 (—)**	**120**
Of which, digital base personnel	46	**49 (—)**	**240**
Mid-career hires (annual)	10	**20 (20)**	**30** **~~20~~ (Upward revision of the plan)**

*1 Personnel who are highly skilled in their field of expertise and bring solutions to their completion on their own.
In addition, personnel who can understand the diverse issues and needs of customers and provide advice to resolve them on their own (1st-grade CSPFP certification holders).

*2 Supervisors such as branch managers who provide training and operational support to sales personnel

*3 Total of digital core personnel and digital base personnel.
Digital core personnel: Personnel who provide organizational and operational transformation through digital means. These personnel are capable of strategy-based initiative planning and promotion.
Digital base personnel: Personnel who can make effective use of digital technology to improve on and solve issues and increase work productivity. These personnel possess basic knowledge and experience in digital utilization and can promote and take the lead in digital utilization.

Challenge (2) Improvement of engagement

The overall score improved year on year but fell below the benchmark.

The scope of the survey was expanded from regular bank employees to all executives and employees of the Senshu Ikeda Holdings Group from November 2024.

	FY2023	FY2024
Overall score (Benchmark = Financial institutions of similar size*1)	67 (68)	**68 (69)**

In the table below, 26 factors influencing engagement were analyzed against benchmark and year-on-year comparisons. About 70% of all items, or 18 factors, increased year on year, and 5 factors (recognition for achievements, sense of accomplishment, clarity of mission and goals, workload, and stress response) exceeded the benchmark.

On the other hand, we will prioritize improvement efforts for the three factors below, which were -3 points or more the benchmark and showed no year-on-year improvement.

Distribution of the 26 factors influencing engagement

		Year-on-year increase (+1 point or more)	No year-on-year change (±0 points)	Total
Vs Benchmark*1	+3 points and more	2	0	2
	Less than +3 points	2	1	3
	±0 points	4	1	5
	Less than -3 points	8	3	11
	-3 points or more	2	**3***2	5
	Total	18	8	26

*1 Average of financial institutions of similar size with 1,000 to 5,000 employees used

*2 Factors recognized by our Group as particular priority items

Particular priority items and future actions

Item	Issues recognized	Future actions
Provision of career opportunities	• No improvement in scores was observed, despite continuously offering opportunities for employees to take on challenges by hiring for internal and external post-trainee positions and internal side jobs • There may be a gap in awareness between employees and the company	• Investigate awareness of open recruitment opportunities and the reasons employees are not volunteering, and consider measures to address the underlying causes
Empathy with mission and vision	• Even though management actively communicates information to employees, it has not sufficiently elicited empathy	• Begin formulation of the Company's purpose as the core of the Long-Term Management Strategy with the participation of employees, to encourage ownership and empathy among employees and to support creative ways of working
Discretion	• There are suspicions that supervisors and subordinates do not share the same understanding about what discretion means in practice and how it should be exercised.	• Take up discretion as a theme for the organizational revitalization meetings held at all workplaces and facilitate candid exchanges of views from the standpoints of both supervisors and subordinates

Challenge (3) Understanding and addressing the current situation in promoting DE&I

- Although progress is being made toward achieving the KPIs for the percentage of women in managerial positions and the percentage of women in executive positions, the rate of male employees taking the guideline number of days (10 working days) of childcare leave has been low, at 46.2% in FY2024 (34.6% in FY2023), compared to a KPI of 80% or more in FY2026.

  We will focus on the following two points as future measures to improve the percentage of male employees who take guideline number of days of childcare leave or more.
- Share within the company the experiences of employees who have taken the guideline number of days or more to foster consensus within the company about taking childcare leave.
- Ensure that there is sufficient preparation time from the time a pregnancy is reported in cooperation with the relevant supervisors and create a plan for taking childcare leave

Human Resource Development

Trainee system

We dispatch employees to outside companies, the head office, and Group companies as trainees to help them acquire skills and know-how, and develop employees with specialized areas of expertise.

Personnel rotation among the head office, branches, and Group companies

We develop human resources capable of making various proposals by systematically transferring personnel between the head office and Group companies that conduct specialized operations and branches that serve as points of contact with customers.

Promoting acquisition of official qualifications

The Qualification Acquisition Guidelines have been established to clearly the qualifications to be obtained and recommended qualifications for each employee's position and duties. In order to develop human resources with specialized knowledge, we actively promote the acquisition of official qualifications through means such as implementing an incentive program to encourage the acquisition of a wide range of qualifications accepted in society. Furthermore, we newly established a system from FY2024 to provide incentive payments for expenses related to maintaining and renewing official qualifications, limited to those expenses that contribute to maintaining and enhancing specialized knowledge and skills, and that are mandatory payments for retaining such qualifications in order to actively support employees' skill improvement.
In addition, to support the digitization needs of our customers, we encourage our employees to obtain Information Technology Passport (a national qualification), and 480 employees hold this qualification as of March 31, 2025.

Commencement of the GUTSU Seminar, the 1st-grade CSPFP Course

We promote the acquisition of 1st-grade CSPFP certification as a means of developing human resources for comprehensive solution sales.
We held seminars led by internal and external instructors to increase the number of 1st-grade CSPFP certification holders. Through the exchange of information with internal instructors and certified employees, information was disseminated that could be uniquely shared in-house, such as how to utilize FP knowledge in practice and career aspects.

GUTSU塾 Tobe FP1級技能士

In November 2024, Masumi Yagi of the comedy duo Savannah, who also passed the1st-grade CSPFP exam, was invited as a guest lecturer for a talk attended by employees aiming to pass the exam and their families, in order to boost motivation among participants.

1st-grade CSPFP certification holders

- 2023 results: 159
- FY2024 results: 194

Holding career knowledge sharing meetings

Career knowledge sharing meetings have been held as an opportunity for executives and employees who participated in external assignments, trainee programs, or training outside the bank to share knowledge and lessons learned in their own words.
In February 2025, sessions were held on the three themes of (1) Next Generation Management Human Resource Development School as external training, (2) Ho Chi Minh Representative Office as a trainee program, and (3) Training for Female Managers as external training. These meetings provided executives and employees an opportunity to

gain a wide range of knowledge and insight into career development, new business creation, and improvements in operational efficiency. These meetings aim not merely to share information but also to broaden the perspectives of participants by sharing the passion and inspiration of presenters, which encourages them to reflect once again on their own work and careers.

Knowledge Malll, a learning portal site

The Company has introduced Knowledge Malll as a learning portal site for all executives and employees of the Group, based on our Basic Policy on Human Capital Management of "providing an environment and opportunities for increasing the capabilities of human resources." This platform consolidates knowledge, including training programs, video materials, tests, e-learning content, and case studies possessed by each Group company, thereby creating an environment where executives and employees can smoothly access learning content anytime and anywhere. By introducing Knowledge Malll, we aim to promote the sharing of knowledge held by each company and support the autonomous and continuous learning of executives and employees, and contribute to enhancing their abilities.

	FY2023	FY2024
Investment in human resource development	—	¥0.31 billion
Investment in human resource development per person	—	¥164 thousand
Training hours	—	43 thousand hours
Training hours per person	—	22.8 hours
Number of applicants for internal postings	28	7
Number selected for internal posting	6	5
Number of applicants for internal side jobs	41	56
Number selected for internal side jobs	32	29

Engagement

Concurrent employment system

Senshu Ikeda Bank has introduced the concurrent employment system with the aim of bringing new insights and knowledge into the organization by utilizing experiences and networks obtained through concurrent employments outside the bank to drive innovation, as well as to enrich the private life and ultimately improve work-life balance of employees by enabling them to engage in activities that make the most of their interests as concurrent employment.

Internal side job system

As a mechanism to provide growth opportunities to employees who are highly motivated to learn and want to further their careers, and to encourage autonomous growth, we have introduced an internal side job system that allows employees to take on the challenge of working in other departments.

This new system allows employees to experience work in different departments for about one day a week without being transferred. As an open-application system where employees volunteer to participate, it encourages employees to have a positive attitude toward their own career development. It also allows employees to build diverse careers by gaining knowledge and experience in multiple departments and to make connections with employees in other departments.

Organizational culture reform

In order to advance our growth strategy, we are working to reform our organizational culture with the aim of realizing an organization in which employees think and act independently.

- October 2021: established an Organizational Culture Working Group in the Efficiency Improvement Committee of Senshu Ikeda Bank
- April 2022: Expanded to a Group-wide initiative (Efficiency Improvement Committee moved from Senshu Ikeda Bank to the Company)
- March 2023: Started organizational revitalization meetings (at each workplace to discuss thoughts on behavioral change and ideas for operational reform)

Introduction of performance-linked additional payment

We have established a performance-linked additional payment standard as a mechanism for allocating earnings in order to improve employee engagement and to align interests between employees and shareholders. By making it a permanent system rather than a one-time payment, the system is designed to provide an incentive to improve performance. The additional payment will be paid only when earnings rise, and will not be negative even when earnings decline.

Payments are also allocated in a weighted manner according to factors including qualifications.

Granting of restricted stock through the Employees' Shareholders Association

We introduced a restricted stock incentive plan for the Employees' Shareholders Association with the aim of supporting asset formation by employees, providing incentives to promote the sustainable enhancement of the Company's corporate value, and further aligning interests between employees and shareholders.

We plan to allot 38 shares of the Company's stock per person as restricted stock on October 31 to each member of the Employees' Shareholders Association who has consented to this plan. At the same time, the number of employees eligible to join the Employees' Shareholders Association will be expanded from full-time employees of Senshu Ikeda Bank to all employees (including contract and part-time employees), including those of Senshu Ikeda Holdings Group subsidiaries.

Participation rate in the Employees' Shareholders Association

- FY2023 results: 95.2%
- FY2024 results: 92.8%

Increase in the base salary and starting salary

To ensure that each and every employee feels motivated and fulfilled in their work and to build an environment where diverse human resources can grow and actively participate, we will implement an average 4% base salary increase in July as an ongoing investment in human capital, which is our source of competitiveness.
At the same time, to secure talented human resources who will lead the future, we have decided to raise the starting salary for FY2026.

	FY2026	Amount of increase	(Reference) FY2025
Career position	¥270,000	¥10,000	¥260,000
Non-Career position	¥250,000	¥10,000	¥240,000

Holiday lunch meeting with the CEO

The holiday lunch meeting with the CEO has been held since FY2023 as an opportunity for employees and CEO to exchange opinions in order to create an open and comfortable working environment at the company, and this meeting has been held eight times so far (four times in FY2024).

These meetings, where employees can speak directly with the CEO, have contributed to higher motivation among employees.

#1: Members of the Organizational Culture Working Group and employees interested in organizational culture
#2: Employees who are mothers and fathers raising children
#3: Employees aspiring to be in management roles in the future
#4
- Employees currently engaged in or interested in the internal side job system
- Employees who have ideas or interests in various reforms and challenges, such as internal reforms or launching new internal businesses

#5: Members of the Long-Term Management Strategy Formulation Project Team
#6: Employees interested in growth support initiatives such as career changes or qualification acquisition
#7 and #8: Employees who joined the company as mid-career hires

GUTSU Cafe for cross — Departmental networking

The GUTSU Cafe was held with the goals of promoting communication among employees, eliminating siloed departmental mindsets, and sending a message from management that the company is building systems for employees to leverage in creating value. Nine sessions were held from February to December 2024, with a total of 458 participants.

Diversity, Equity, and Inclusion

Amid drastic changes in the social structure and economic environment, including a shrinking workforce and the advance of globalization, the Senshu Ikeda Holdings Group is committed to achieving diversity, equity, and inclusion in order to be a corporate entity where diverse human resources can continue to play an active role in the future. We will enhance our corporate value by creating a workplace that offers job satisfaction and that our employees can be proud of. We will do this through such means as promoting participation and advancement of women, aiding in balancing work and childcare, and promoting diverse work styles. In turn, we will provide higher-quality financial services to our customers.

Initiatives to Achieve Diversity, Equity, and Inclusion (The Senshu Ikeda Bank)

Fostering a climate of mutual understanding

Unconscious bias training

In order to foster a climate of mutual understanding, we have provided training to executives, including board members, to eliminate unconscious bias.

Positive action in the promotion of participation and advancement of women

Action plan

We have revised the following numerical targets in order to promote the participation and advancement of women and will work to achieve them by FY2030.

DE&I KPIs

Designated indicators	FY2023	FY2024	FY2026	FY2030
Percentage of women in managerial positions*1	14.1%	**18.0%**	**25% or higher**	**35% or higher**
Percentage of women in executive positions*2	25.6%	**28.4%**	**35% or higher**	**45% or higher**
Number of childcare leave days taken by men (average)*3, 5	6.4 business days	**13.8 business days**	**12 business days or more**	**24 business days or more**
Guideline for number of childcare leave days to be taken by men	10 business days or more	**10 business days or more**	**10 business days or more**	**20 business days or more**
Percentage of those who took guideline number of days of childcare leave or more*4, 5	34.6%	**46.2%**	**80% or higher**	**80% or higher**

*1 "Managerial positions" refer to the managerial positions in the Act on the Promotion of Women's Active Engagement in Professional Life. Specifically, the term refers to those in the position of "section chief" or higher.
*2 "Executive positions" refer to persons who are responsible for organizational management as the person in charge of the work for which he or she has been commissioned. Specifically, in addition to managerial positions, the term refers to those in the position of "deputy section chief" or "assistant to the section manager" who have subordinates.
*3 Calculated by dividing the total number of days of childcare leave taken by male employees who returned to work during the fiscal year by the number of employees who took childcare leave.
*4 The number of male employees who took the guideline number of days of childcare leave or more in *3 was used as the numerator and was divided by the same number of employees who took childcare leave as in *3.
*5 This indicator is premised on a target of achieving a 100% male childcare leave take-up rate.

Women's participation and advancement KPIs		FY2023	FY2024	FY2026	FY2030
1. Active promotion of women to the position of deputy manager (management supervisor)	Women in managerial positions	60	69	→	**192**
2. Increasing the number of women in section chief positions	Women section chiefs	67	98	**120**	**120**
* Operations managers concurrently serving as deputy managers were removed from the latter position and women were newly appointed as operations managers	Of whom are operations managers	64	82	**100**	**100**

Specific initiatives to achieve targets

Actively promoting and assigning more women in managerial positions and women in executive positions

We aim to meet our goals by actively appointing women as deputy managers (management supervisors) and increasing the percentage of women in section chief positions.

Proactively assigning women to head office corporate planning departments, etc.

Vision aimed for: Raise the ratio of female employees in head office corporate planning departments, etc. to 50% (approximately 100 employees to be reassigned)
As a phased KPI, we plan to increase this percentage to at least 40% by FY2030 (approximately 60 employees).

⇒During the Fifth Medium-Term Business Plan Plus period, we will assign 15 women to head office corporate planning departments, etc. as an interim goal.

Fostering career awareness to increase the number of women in managerial positions and women in executive positions

We will enhance career awareness among women and increase the number of candidates for promotion

- Continue mentoring programs for female department and branch managers and deputy manager candidates to develop career awareness
- Raise awareness of female role models through media
- Instill the concept of fairly appointing women within the organization by incorporating lectures on unconscious bias training into training programs organized by job level

Creating an environment that promotes gender equality in family life

- Establishment of a system to facilitate the use of shorter working hours for childcare

Fostering a climate for longer childcare leave for men

As it is necessary for men to take childcare leave for a longer period of time in order to truly promote their participation in childcare, we aim to increase the number of days of childcare leave taken by men in the future

⇒By FY2026, we target the "number of childcare leave days (average): 12.0 business days or more" and the "percentage of those who have taken 10 business days or more: 80% or more."

- For men who take extended (several months) childcare leave, we will secure personnel by allocating resources to provide replacements (approximately two employees at the beginning)
- Inform employees about the policy of taking at least two weeks (10 business days) of childcare leave and have the Personnel Affairs Division follow up on its implementation (by encouraging departments and branches)
- Release communications featuring experiences of employees who have taken extended leave
- Foster a culture of taking extended leave by publicizing acquisition periods internally

Women's leadership training

We conduct training every year with the aim of expanding the perspectives, increasing motivation, and changing mindset of female employees. A total of more than 450 female employees has participated in the training up until now.

	Theme
FY2013	Management Skills and Communication Skills
FY2014	Career design
FY2015	Career design
FY2016	Career Design (jointly held with other banks)
FY2017	Career Design (jointly held with other banks)
FY2018	Career Design (jointly held with other banks)
FY2019	Career Design
FY2020	Career Design
FY2021	Career Design and Unconscious Bias
FY2022	Career Design and Unconscious Bias
FY2023	Career Design and Leadership (jointly held with other banks)
FY2024	Career Design and Leadership (jointly held with other banks)

Diversity mentoring program

The program is designed for mutual growth through consultation and advice, with officers and department and branch managers serving as mentors and future female department and branch manager and deputy manager candidates serving as mentees.

Content

- Introductory training
- Mentor/mentee interviews
- Individual interviews with external lecturers
- Interim sharing sessions
- Q&A sessions with senior mentees
- Career plan presentations

FY	Mentors	Mentees	As of April 30, 2025	
2017	**Officers**	Deputy manager: 7 Assistant to the section manage: 1	Department or branch manager: 5 Deputy manager: 3	6 of 8 participants have been promoted 4 participants have become mentors
2019	**Officers, department and branch managers**	Section chief: 6	Department or branch manager: 4 Section chief: 2	4 of 6 participants have been promoted 4 participants have become mentors
2020	**Officers, department and branch managers, supporters**	Section chief: 5 Senior deputy manager: 1	Department or branch manager: 1 Deputy manager: 3 Section chief: 2	5 of 6 participants have been promoted 1 participant has become a mentor
2021	**Officers, department and branch managers (women only)**	Section chief: 4 Deputy branch manager: 2	Department or branch manager: 2 Deputy manager: 1 Section chief: 2 Section chief assistant: 1	4 of 6 participants have been promoted
2022	**Department and branch managers (women only)**	Deputy manager: 1 Section chief: 7	Deputy manager: 3 Section chief: 5	2 of 8 participants have been promoted
2023	**Department and branch managers (women only)**	Section chief: 8	Deputy manager: 2 Section chief: 6	2 of 8 participants have been promoted
2024	**Department and branch managers (women only)**	Section chief: 8	Deputy manager: 1 Section chief: 7	1 of 8 participants has been promoted
2025	**Department and branch managers (women only)**	Section chief: 6		

Supporting a work–childcare balance

Holding of returning-to-work support meetings

We hold "returning-to-work support meetings" as an opportunity for employees who are in the same position, whether it be pre-childbirth or returning to work after childbirth, to get together. At these meetings we think about how to achieve balance for ourselves and about future career development through information provided from the Bank, the exchange of information among participants, and the experiences of senior employees. Since FY2013, these meetings have been held every month, with a total of more than 2,500 participants attended so far, making it an important network for employees from the pre-childbirth stage to the child raising stage, irrespective of gender.

Returning-to-work support meeting

Planning Diary and PAPA'S HAND BOOK

To celebrate female employees who give birth, we present them with a Planning Diary, which is a support tool for when they return to work.

In addition, in order to create synergy between work and family, we present men whose partners have given birth with "PAPA'S HAND BOOK," which contains a great deal of information necessary for parents following the birth of a child. We also offer messages of congratulations to new parents from the President.

Shared use of Company-led daycare centers
As the chronic shortage of daycare centers continues, we are actively promoting the shared use of Company-led daycare centers. Companies take the initiative in securing daycare centers and supporting employees' return to work after taking childcare leave.

Introduction of "Kara Sapo"
(Senshu Ikeda Bank DE&I Karada (health) Support)
The Bank promotes the creation of workplaces where employees can actively participate regardless of gender. As part of these efforts, we have enhanced support for infertility treatment, menopause-related conditions, and health issues unique to women in order to support employee career development and improve the work-life balance. Launched in May 2025, Kara Sapo offers free professional consultation services not only for employees but also for their family members and workplace supervisors, along with seminars to deepen mutual understanding. We aim to create a workplace where diverse human resources can work true to themselves through expanded support programs and learning opportunities.

Improving work-life balance

Summer Vacation! Kids Banking College

This event has been held since 2015 for children (elementary school students) of the Bank's employees. The program improves communication among family members and the mindset of the employees themselves, leading to an improved work-life balance by providing opportunities for parents and children to learn about the Bank's work and their parents' occupations, and to think about work together. In FY2024, the event was held at the Senshu Sales Division.

Content: • Quiz-style lectures, • Exploring the branch,
• Banknote counting experience,
• Business card exchange,
• Interviewing parents about their jobs,
• Award ceremony

Promotion of vacation use and implementation of hayagaeri (coming home early) weeks
Taking vacation is extremely important for mental and physical health. Refreshing oneself can help boost motivation, concentration, and productivity at work. We have established 12 days of system-designated leave, and we also actively encourage the use of other annual paid leave.
In addition, we set two coming home early weeks per year, August 5 to 16 in FY2024 and February 3 to 14 in FY2025.

Promotion of diverse working styles

Introduction of a job-based employment system
Along with the establishment of the DX Strategy Office and the Digital Bank Preparatory Office at the Company, we introduced a job-based employment system in April 2023.
We have established a compensation table that differs from the existing personnel system in terms of compensation based on the degree of difficulty and market value of the job in order to strengthen the acquisition of human resources with advanced and specialized knowledge and skills in the digital field.
In order to flexibly secure highly specialized human resources such as system engineers and data scientists in the mid-career hiring market going forward, we will employ them as special contract employees with limited duties.

New graduate hiring initiatives
In the hiring selection process, in order to create a relationship where the Company and candidates mutually choose and are chosen, we appoint employees with diverse experiences as interviewers to convey information about the Company's people and work to applicants based on their own experiences. This allows applicants to weigh their own values against ours and consider joining the Company.

	FY2022 results	FY2023 results	FY2024 results
Gender wage gap			
Regular employees	64.5%	65.2%	70.0%
Non-regular employees*1	79.8%	78.5%	75.2%
All employees	55.9%	56.6%	59.9%
Percentage of mid-career hires	13.8%	21.7%	30.4%
Percentage of employees with disabilities*2	2.36%	2.43%	2.28%

*1. The average annual pay for non-full-time employees is calculated based on the standard number of working hours of full-time employees.
*2. Statutory employment rate: FY2023 (2.3%), FY2024 (2.5%), FY2025 (2.7%)

Human Rights

Further strengthening respect for human rights

We established the Ikeda Senshu Holdings Group Human Rights Policy in April 2024.
The importance of corporate initiatives to respect human rights has grown globally and in Japan since the adoption of the Guiding Principles on Business and Human Rights by the United Nations in 2011.
As people's values diversify, the range of human rights issues that businesses must consider in line with the expansion of their activities and services is also growing, and respect for human rights is becoming increasingly important in fulfilling corporate social responsibility.
The Senshu Ikeda Holdings Group positions respect for human rights as an important theme and will continue to strengthen its initiatives to respect human rights and achieve sustainable growth and social contribution by conducting business activities in accordance with international norms concerning human rights.

Please refer to the URL below for details of the Ikeda Senshu Holdings Group Human Rights Policy.

(URL: https://www.senshuikeda-hd.co.jp/ir/e-koukoku/esg/jinkenhoushin.html)

(in Japanese only)

We have set the following goals for promoting respect for human rights throughout the Ikeda Senshu Holdings Group in FY2024.

1. Sharing a basic understanding of human rights
- Understand accurately the issues related to global human rights issues and human rights issues in Japan
- Understand the background and reasons why the Senshu Ikeda Holdings Group formulated the Human Rights Policy

2. Conducting training and awareness-raising activities related to human rights
- Deliver messages from the management team on human rights
- Conduct training and study sessions on human rights issues (various types of harassment, etc.) at each workplace
- Promote the use of the human rights consultation hotline

3. Starting human rights due diligence
- Start human rights due diligence on products and services provided by the Company

External Evaluations
(Ikeda Senshu Bank)

- **Outstanding Organizations of KENKO Investment for Health** — This is a system to certify companies that practice excellent health and productivity management, under which we have been certified for eight consecutive years since 2018.
- **Eruboshi certification** — A system of certification for companies that promote the active participation of women
In 2016, we acquired the highest "three-star level."
- **Platinum Kurumin** — A system of certification for companies that are working to support the balance between work and childcare
In 2017, we acquired "Kurumin" and in 2020 we acquired "Platinum Kurumin" as a company that met the highest standards.
- **Commendation for companies promoting equality and compatibility** (Ministry of Health, Labour and Welfare) — In FY2016, we received the Minister of Health, Labour and Welfare Excellence Award in the equal promotion company division of the "Equality and Compatibility Promotion Company Awards."
- **Osaka City Women's Advancement Leading Company Mayoral Commendation** (Osaka City) — From among the 95 organizations certified from January to December 2016, we received the "Excellence Award" as a company that is particularly advanced or is continuing to make steady efforts.
- **Acquired the Osaka Prefecture "Danjo Ikiiki Plus" certification** — This system certifies businesses that are making efforts to improve the workplace environment in which both men and women can work comfortably and to further promote the active participation of women.
In 2018, we were certified as an Osaka Prefecture "Danjo Ikiiki Plus" business.
- **Blue Rose Award for women flourishing in the workforce** — Starting in FY2022 as the successor to the Osaka Sakuyahime Award, the Blue Rose Award recognizes women leaders who are expected to flourish even further in the workforce in future and to become a role model for women coming after them.
In FY2024, one employee received the Blue Rose Award. (A total four employees)

Response to Climate Change

Senshu Ikeda Holdings Group endorsed the purpose of the Task Force on Climate-related Financial Disclosures (TCFD) in November 2021 and is working to actively disclose information on its response to climate change.

TCFD Consortium

Governance

Governance structure

Having set climate change as an important management task, the Company is promoting concrete initiatives under the supervision of its Board of Directors.

The Sustainability Committee, held quarterly with participation by the President, Chairman, officers in charge, and general managers of related departments, deliberates on sustainability matters including climate change issues, and the deliberations are regularly reported to the Board of Directors to ensure appropriate supervision.

In addition, we submit and report key initiatives for climate change response to the Board of Directors after discussions by the Management Committee.

Main deliberations by the Sustainability Committee (FY2024)

- Response to TCFD and TNFD Recommendations
- Status of companywide efforts regarding sustainability
- Response to the CDP questionnaire
- Progress of sustainable finance execution amounts and CO_2 emissions reduction targets
- Internal SDGs action initiatives
- Recent sustainability-related trends

Promoting climate change responses

Our Sustainability Declaration

We have set climate changes one of our important management issues (materiality).

The Fifth Medium-Term Business Plan Plus

Having set sustainable management as one of our key strategies, we are promoting concrete initiatives to address climate change.

Strategy

The impact of climate change is highly uncertain, and the period to be analyzed should be long. In our climate change analysis, we used two scenarios to understand the risks and opportunities that climate change poses to our business: one in which the average temperature rises by 1.5°C or less compared to before the Industrial Revolution and one in which the average temperature rises by 4°C compared to before the Industrial Revolution. Regarding the timeline of evaluation, we analyzed the impact over the short-term (less than 5 years), the medium-term (about 15 years), and the long-term (about 30 years).

Risks and Opportunities

		Major risks and their impact on the Company	Time frame
Risks	Transition risks	● Deterioration of the business environment of business partners due to a consumer-oriented shift to low-carbon products and services, and damage to loans assets for these partners ● Deterioration of the Company's reputation due to insufficient climate change response	Short- to long-term
		● Deterioration of the business environment of business partners due to policy changes and tightening of regulations, and damage to loans assets for these partners	Medium- to long-term
	Physical risks	● Damage to real estate collateral due to disasters ● Impact on business partners' business and employment due to disasters and decline in productivity ● Impact of damage to the Company's base	Medium- to long-term
Opportunities		● Increased demand among companies for capital spending in order to respond to a low-carbon society ● Increased business opportunities and demand for funds for product and service-related businesses and renewable energy businesses that support decarbonization ● Reduction of business costs due to reduction of energy consumption	Short- to long-term

Carbon-related Assets

The percentage of carbon-related assets* within the Company's loans and other assets based on the updated 2021 TCFD Annex is 29.2%.

Energy including electric power	Transportation	Materials and buildings	Agriculture, food, and forest products
0.9%	2.7%	24.4%	1.2%

* Carbon-related assets are defined as the sectors of "energy including electric power," "transportation," "materials and buildings," and "agriculture, food, and forestry products."

Scenario Analysis

Transition risks

- Based on analysis by various specialized institutions such as TCFD and SASB (Sustainability Accounting Standards Board), we investigated the magnitude of potential risk by sector and investigated the sectors with the greatest impact, taking into account the Company's exposure. As a result of this investigation, "electric power" and "oil, gas and consumable fuel (including oil retail and wholesale)" were selected as priority sectors. The priority sectors may be added to or changed based on future professional analysis and market trends.
- For the two selected sectors, we identified the risks and opportunities for businesses in these sectors and analyzed the impact on future business, based on the 1.5°C and the 4°C scenarios.
- In analyzing transition risks, we made forecasts of changes in the financial situation and business performance of borrowers by 2050 and analyzed changes in credit-related costs using forecast data and carbon tax forecast data related to resource demand and composition by power source in power generation found in the Net Zero Emissions by 2050 Scenario (NZE scenario), etc. of the International Energy Agency (IEA) World Energy Outlook report.
- The analysis results regarding transition risks are as follows.

Scenario: The IEA's NZE scenario, etc.

Analysis targets: "electric power" and "oil, gas and consumable fuel (including oil retail and wholesale)"

Analysis period: Until 2050

Amount of risk: Increase in credit-related costs: up to approximately ¥3.5 billion

Physical risks

Regarding physical risks, we analyzed the impact of the amount of collateral value damage caused by damage to real estate collateral of business loan partners and the impact of deterioration in business performance due to business stagnation, etc. on increases in credit-related costs using a hazard map, while referring to the RCP8.5 scenario (4°C scenario), etc. of the Intergovernmental Panel on Climate Change (IPCC).

The analysis results regarding physical risks are as follows.

Data and scenario: Use a hazard map of the loanee's head office location and collateral property location with reference to the 4°C scenario, etc.

Analysis content: Analysis of the impact of deterioration of business performance and damage to collateral, etc. in the event of a large-scale flood caused by climate change

Analysis period: Until 2050

Amount of risk: Increase in credit-related costs: up to approximately ¥2.0 billion

From the above analysis, we have confirmed that the impact of climate change risk on our strategy is limited, as the increase in credit-related costs estimated by the above analysis can be reduced through medium- and long-term efforts. As this calculation is based on certain assumptions, we will continue to work on improving and refining scenario analyses.

Reflection in Strategy

The Senshu Ikeda Bank, a subsidiary, has established a "sustainable investment and loan policy." The Bank carefully considered whether or not to make investments or loans that may have a negative impact on ESG (environment, society, governance), and strive to reduce and avoid this impact. In addition, the Bank established an investment and loan policy for specific sectors as follows.

Investment and Loan Policy for Specific Sectors

Weapons

We will not invest in or lend to companies involved in the development and manufacturing of inhumane weapons such as cluster munitions.

Coal-fired Power Generation

As a general rule, we will not make investments or loans to whom uses the funds to construct a new coal-fired power plant, as funds. However, in the case of new power plant construction that contributes to the next generation and to higher efficiency, taking into account international guidelines, etc., we will carefully consider partaking by each individual project.

Deforestation

We will carefully consider whether or not to make loans to whom uses the funds from development involving deforestation based on impact on the environment and involvement in illegal logging or illegal labor.

Monitoring in FY2024 revealed no investments or loans in violation of the above investment and loan policy for specific sectors.

CDP DISCLOSER 2024 CORPORATE

CDP Climate Change Questionnaire Senshu Ikeda Holdings received a B rating in the 2024 Climate Change Questionnaire by CDP, an international environmental non-profit organization.

Risk Management

The Group is running its operation based on the risk capital management system that controls all risks within certain proportion of capital base, under the integrated risk management structure.
We recognize that the transition risks and physical risks of climate change may have a significant impact on business operations, strategies and financial plans through the performance of our business partners. Based on the results of scenario analysis, we respond to the impact on the business operations of our business partners within the framework of credit risk management and report on the risks related to climate change to our Risk Management Committee.
The risks of climate change require consideration of the timeline and its uncertainties, but regarding the risks to the Group, which are driven by climate change, we will monitor the situation and consider an appropriate response while using the existing management framework. As mentioned above, we have set a sustainable investment and loan policy and an investment and loan policy for specific sectors, and we carefully consider the negative impact of climate change when deciding whether or not to make a loan. Moreover, by exchanging opinions with business partners based on understanding risks in significant sectors using scenario analysis, we plan to promote support for climate change response, such as sustainable finance and initiatives to reduce CO_2. We believe that such a response will lead to a reduction of risks for the Group.

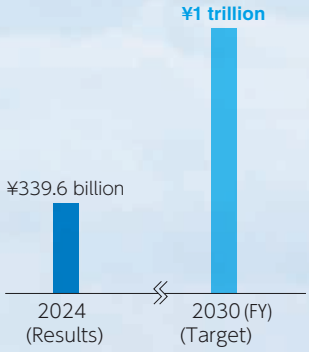
Indicators and Targets

The Group has established the following medium- and long-term goals regarding climate change issues.

● **Sustainable finance*1 target**

Target
FY2022 to FY2030
Cumulative amount to be executed:
¥1 trillion

Results
As of March 31, 2025:
¥339.6 billion*2



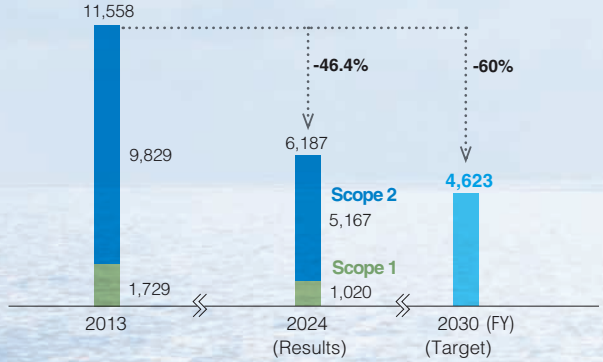
*1 Investments and loans that use funds to solve problems in the environmental and social fields, and investments and loans that support and promote initiatives towards SDGs
*2 The balance of investments and loans that are part of the BOJ's Funds-Supplying Operations to Support Financing for Climate Change Responses is ¥32.9 billion (as of March 31, 2025)

● **CO_2 emissions reduction targets**

Medium-term target (up to FY2030):
60% reduction compared FY2013 emissions

Long-term target (up to 2050):
achieve carbon neutrality

CO_2 emissions (t-CO_2)



Regarding CO_2 emissions

The Group has made the following calculation, based on the TCFD recommendations, etc.

(Unit: t-CO_2)

	What is measured	FY2024
Scope 1	Gasoline, natural gas	1,020
Scope 2	Electricity	5,167
Scope 1 and 2 combined		6,187

(Unit: t-CO_2)

	What is measured		FY2024
Scope 3	1. Products and services purchased*1	Copier paper, etc.	2,376
	2. Capital goods	Tangible fixed assets	11,994
	3. Fuel- and energy-related activities not included in Scope 1 and 2	Emissions from upstream processes of fuel, electricity, etc.	1,073
	4. Upstream transport and delivery *1	Postal expenses, etc.	374
	5. Waste generated in operations*1	General waste material	83
	6. Energy consumption associated with employee travel	Business travel	476
	7. Employee commuting	Commuting to work	878
	15. Investments*1, 2	Loans to domestic businesses	5,230,984

*1 Calculated for Senshu Ikeda Bank alone
*2 Calculated based on ¥1.9 trillion of loans to domestic businesses

Introduction of C-Turtle®

In order to enhance the sophistication of its greenhouse gas (GHG) emissions calculation, the Group has introduced C-Turtle®FE as a platform that supports the visualization and reduction of financed emissions in accordance with the international PCAF Standard for financial institutions.

● **Breakdown of Scope 3, 15. Investments (loans to domestic businesses)**

	Sector	FE (t-CO_2)	Data quality score	Carbon intensity (t-CO_2/millions of yen)
Energy	Oil and gas	37,280	2.82	1.68
	Power utilities	132,413	3.76	2.54
Transportation	Air cargo	2,535	4.00	2.43
	Passenger ai transportation	15,373	4.00	12.14
	Maritime transportation	53,116	3.09	0.60
	Rail transportation	8,067	3.93	0.35
	Trucking services	289,896	3.88	0.52
	Automobiles and parts	39,200	3.89	0.05
Materials and buildings	Metals and mining	438,363	3.20	2.24
	Chemicals	241,125	3.52	0.68
	Construction materials	71,796	3.32	0.16
	Capital goods	1,743,307	3.89	0.42
	Real estate management and development	92,510	3.90	0.15
Agriculture, food and forest products	Beverages	5,747	4.00	3.52
	Agriculture	24,174	4.00	7.11
	Processed foods and meats	138,473	3.92	2.90
	Paper manufacturing and forestry products	61,231	3.42	1.75
Other		1,836,378	3.55	0.20
Total		5,230,984	3.67	—

A roadmap for carbon neutrality

The Group has drafted a roadmap to achieve carbon neutrality by FY2050.

Achieve 60% reduction compared to FY2013 — **Achieve carbon neutrality**

	2025	2030	2050	The state of the Group in 2050
Scope 1 Gas and gasoline	Rationalization of sales activities			Number of sales representatives and sales vehicles cut in half
	Switch to eco-cars		Replacing all vehicles with EVs	Sales vehicle fleet 100% EVs
Scope 2 Electricity	Rationalization of store operations and energy conservation			Number of sales offices cut by about 30% Data centers transferred to the cloud
		Verification of stores transitioned to ZEB	Transition to ZEB stores	Conversion to ZEB with relocation and renewal of sales offices — Electricity at all sites to be renewable
	Introduction of renewable energy sources			Expansion of power procurement from renewable energy plans — Electricity at all sites to be renewable
	Verification of PPA implementation	PPA introduction and expansion		Introduction and expansion of power procurement under PPA — Electricity at all sites to be renewable
	Switch to LEDs and energy-saving air conditioning		Switch to further energy-saving equipment	Improved energy-saving technologies for lighting, air conditioning, etc.
Offsets	Verification and trial use of the J-Credit Scheme	Utilization of J-Credit Scheme		Annual real emissions offset by J-Credits

Enhancing support for customers

The Group is working to enhance support for business partners pursuing decarbonization in terms of both financial and non-financial support.

Nonfinancial support

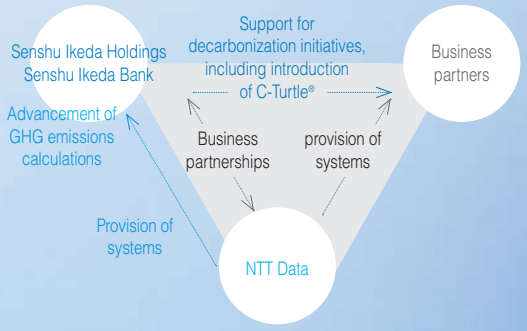
Three steps for decarbonization management

Understand Reduce As a partner financial institution, we participate in the Energy Conservation and Regional Partnership established by the Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry, and we support energy conservation among SMEs in our business area by providing information on energy conservation and decarbonization and by offering preferential treatment in subsidies applied for by the SME customers we support.

Understand We have signed a collaboration agreement with Osaka City regarding the promotion and support of decarbonized management toward the realization of Zero Carbon Osaka.
We will work together to contribute to the achievement of Zero Carbon Osaka by promoting and supporting decarbonization management among businesses and conducting public relations activities and awareness-raising related to decarbonization.

Reduce We provide referrals for LED lighting and air conditioning unit replacements in collaboration with various business partners.

Measure We have formed a business alliance with NTT DATA and are introducing the GHG emissions visualization platform C-Turtle® to client companies.



Reduce Senshu Ikeda Lease has formed a business alliance with WEST ENERGY SOLUTION and together we are jointly proposing schemes for introducing self-consumption solar power generation facilities under lease to local SMEs.

Financial support (promotion of sustainable finance)

The Group promotes sustainable finance in the form of investments and loans that contribute to solving environmental and social issues and support and promote efforts to achieve the SDGs.

Examples of sustainable finance

- Sustainability linked loans
- Green loans
- Positive Impact Finance
- Senshu Ikeda SDGs Management Support Loans
- The Senshu Ikeda Bank SDGs *Kizuna Fukamaru* (deepening relations) private placement bonds
- Housing loans for environmentally friendly housing

Senshu Ikeda Bank participates as a designated financial institution in the interest subsidy program to promote value chain decarbonization of the Ministry of the Environment in order to support businesses working to reduce carbon dioxide emissions.

Human resource development

The Ministry of the Environment's certification system, Decarbonization Advisor Basic, has been adopted as a recommended qualification in our Qualification Acquisition Guidelines, and we promote the acquisition of this qualification.
In March 2025, the GUTSU Juku Basic Certification for Decarbonization Advisors (Ministry of the Environment Certification System) Course was established as an opportunity to learn interpretation and related knowledge covering basic concepts and thinking about decarbonization and their application in practice. We supported 132 employees in acquiring qualifications by holding study circles led by internal instructors and subsidizing examination fees.

The Group's business area is characterized by the presence of mountains surrounding Osaka Bay and the Osaka Plain, where diverse natural environments such as oceans, mountains, rivers, and farmland can be seen, and where a wide range of industries are concentrated, with urban areas and nature existing side by side. In order to understand the relationship between business activities and natural capital, the Group referred to the TNFD Recommendations Additional Guidance for Financial Institutions and conducted an analysis of the dependence and impact on natural capital for each of Senshu Ikeda Bank's loan recipient sectors.

Implementation method: Conducted in line with the LEAP approach recommended in the TNFD recommendations

Tool used: ENCORE (a tool to visualize degree of dependence on and impact on natural capital)

● **Dependence on ecosystem services** The analysis revealed that many sectors depend on natural ecosystem services that regulate water resources and weather.

			Sector										
			Agricultural and livestock products	Electric power business	Chemicals	Food manufacturing	Consumer goods	Paper manufacturing and forestry	Metal and mining	Oil Gas	Civil engineering and construction	Transportation	Finance
Supply	Biologically derived resources	Biomass supply	●										
		Animal-derived energy	○										
		Genetic materials	●										
	Water	Water supply	◐		○	◐	○	○	○		○		
Conservation and regulation		Water purification	●		○	●	○			○	○	○	
		Regulation of water volume	◐		○	◐	○	○	○		○	○	
	Weather	Regulation of rainfall patterns	●					○		○	●	○	
		Flood mitigation	○	○	○	○	○	○	○		○	◐	
		Storm mitigation	○	○	○	○	○	○	○		○	◐	
	Atmosphere	Regulation of global climate	●								○	○	
		Regulation of regional climate	●										
		Air filtration	○										
	Soil	Retention of soil and sediment	●		○						◐		
		Regulation of soil quality	●										
		Purification of solid waste	○		○			○					
	Ecosystems and species	Maintenance of nursery populations and habitats											
		Dilution by atmosphere and ecosystems	○										
		Pollination	○										
		Biological control	◐										
	Other	Noise suppression											
		Regulation of sensory impact (other than noise)											
Culture		Recreation-related services										●	
		Visual amenity services										●	
		Educational, scientific, and research services											
		Spiritual, artistic, and symbolic services											

● **Impact on natural capital** The analysis indicated that GHG emissions, water use, and emission of hazardous substances are common impact items across multiple sectors.

		Sector										
		Agricultural and livestock products	Electric power business	Chemicals	Food manufacturing	Consumer goods	Paper manufacturing and forestry	Metal and mining	Oil Gas	Civil engineering and construction	Transportation	Finance
Atmosphere	GHG emissions	○		○			○		◐	◐	◐	
	Emissions of air pollutants other than GHG	○		○		○	◐	○	○		◐	
	Disturbance (noise, light, etc.)	○		●	○	○	○	○	○	●	●	
Rivers and oceans	Freshwater use areas	◐							○	○		
	Seabed use areas										○	
Water use and water quality	Amount of water use	●		○	○	○	○	○				
	Emission of toxic pollutants into water and soil	◐		●	○	○	○	○	●	◐		
	Emission of eutrophic substances into water and soil	◐				○						
Land	Land use areas	◐	○						○			
Waste	Generation and release of solid waste	◐		○	○	○	◐			○	○	
Biological resources	Extraction of biotic resources											
	Extraction of abiotic resources											
Ecosystems	Invasion by alien species	○									●	

Degree of dependence and impact: ● Very high ◐ High ○ Moderate

The Group will continue to analyze nature-related risks and opportunities while taking into account information on identified dependencies and impacts.

Aiming to enhance the effectiveness of the Board of Directors and improve corporate value over the medium to long term

Atsushi Ukawa
Director & Chairman

Evaluation of the effectiveness of the Board of Directors in FY2024

In the evaluation of the effectiveness of the Board of Directors in FY2024, the Company's average score for all items was 4.4 points (up 0.0 points YoY), a high-level score compared to an average score of 4.1 points for other companies. The score for the question "The effectiveness of the Board of Directors is progressing and improving as a result of improvement initiatives based on the recognition of issues in the evaluation of the effectiveness of the Board of Directors in FY2023" was a high 4.2 points. On the other hand, the free comments in the questionnaire indicated a desire to further improve the effectiveness of the Board of Directors, and we have positioned the following two points as important themes for FY2025: (1) strengthening the supervisory function of the Board of Directors; and (2) enriching discussions on important areas, and will operate the Board of Directors accordingly.

Transitioning to a company with a Nomination Committee, etc.

We transitioned to a company with a Nomination Committee, etc. on June 25. Under this structure, the Company's Board of Directors will consist of ten directors including four internal and six outside directors. In addition, three committees (Nomination Committee, Remuneration Committee, and Audit Committee), each with a majority of outside directors, have been established to improve the transparency and objectivity of management. Furthermore, we have proactively delegated authority to the representative executive officers with the aim of establishing a system that enables flexible management decision-making, and have further clarified the authority and responsibilities of the Board of Directors and the executive officers.

Meanwhile, Senshu Ikeda Bank has transitioned to a Company with an Audit & Supervisory Committee. Senshu Ikeda Bank will have 13 directors including seven internal directors, two outside directors who are members of the Audit & Supervisory Committee, and four non-executive directors. The Audit & Supervisory Committee, composed of a majority of outside directors, is responsible for auditing and supervising the legality and appropriateness of business execution in an aim to achieve more transparent management, and, like the Company, to actively delegate authority to representative directors to enable flexible management decision-making.

In light of this change in the organizational design, the Board of Directors will be chaired not by a representative executive officer but by me, the Chairman.

Future aspirations for improving corporate value

As we enter a phase of interest rate reversal, it is important to switch from a mindset with a bottom-line orientation focused on securing profit to a top-line orientation aimed at expanding earnings in order to heighten our presence. To put this into practice, I believe that taking a step forward into risk-taking is necessary. Specifically, it is important to have: (1) a corporate culture that serves as the engine for promoting the diversification of internal talent (such as active roles for specialists, mid-career hires, and diverse working styles); (2) a three-line management structure that maintains the balance between risk-taking and risk control; and (3) an organizational design as the foundation to elevate these efforts.

With this change in organizational design, my role is to monitor, as a member of the Audit & Supervisory Committee rather than the executive side, whether three-line management is functioning effectively, and to advise on areas for improvement. As Director & Chairman, I am also expected to take an even higher perspective than before. I intend to fulfill my responsibilities to meet those expectations.

Corporate Governance

The Company is a holding company with subsidiaries such as the Senshu Ikeda Bank, which upholds the Management Principle of striving to become a financial group that "endear ourselves to the regional community" by providing services tailored to customers' needs, while valuing "broad networks of relationships" and "an enterprising spirit." In order to ensure sustainable growth and the medium- to long-term enhancement of corporate value, the Company is engaged in initiatives to develop its corporate governance in line with the following basic principles.

(1) We respect the rights of our shareholders and strive to ensure their equality.
(2) We consider the interests of stakeholders and strive to ensure appropriate cooperation.
(3) We disclose corporate information in an appropriate manner and strive to ensure the transparency of such information.
(4) The Board of Directors and the Audit & Supervisory Board strive to enhance the effectiveness of their supervision and audits of the execution of duties in line with their fiduciary responsibilities for our shareholders.
(5) We strive to engage in constructive dialogue with our shareholders in order to contribute to sustainable growth and the medium- to long-term enhancement of corporate value.

Outline of Corporate Governance Structure and Reasons for Adopting the Structure

Overview the status in the fiscal year ended March 31, 2025

The Company has adopted a corporate governance structure for sustainable enhancement of its corporate value through reinforcing supervision of management by electing the outside directors and cooperating with the Audit & Supervisory Board.

Specifically, directors who are familiar with banking business – involving complex and sophisticated management decisions – supervise business execution of representative directors, while audit & supervisory board members audit business execution of directors through attendance to important meetings and inspection of critical documents. The Company reinforces its corporate governance structure through outside directors and outside audit & supervisory board members (hereinafter "outside officers") who possess well-seasoned characters and insights presenting meetings including the Board of Directors and expressing their opinions actively.

The Company has concluded a liability limitation agreement with outside officers to the effect that their liability for damages set forth in Article 423, Paragraph 1, of the Companies Act shall be the amount prescribed by Article 425, Paragraph 1 of said Act, in accordance with the relevant provisions of the Articles of Incorporation of the Company, as long as they perform their duties in good faith and without gross negligence.

- Board of Directors
  The Board of Directors is comprised of 9 directors including 5 internal directors and 4 outside directors (as of the date of the submission of the annual securities report). The Board of Directors is held once a month in principle, attended also by audit & supervisory board members, to make decisions on critical business execution including basic management policies and management plans, and to supervise the business execution of directors and executive officers under the rules of the Board of Directors.
- Personnel Committee
  The Personnel Committee is comprised of 5 directors including 1 internal director and 4 outside directors (as of the date of the submission of the annual securities report). As a voluntary advisory body to the Board of Directors, the Committee accepts the involvement and advice of independent outside directors on important matters related to the personnel affairs of officers, including the selection of candidates for directors.
- Remuneration Committee
  The Remuneration Committee is comprised of 6 directors including 2 internal directors and 4 outside directors (as of the date of the submission of the annual securities report). The Remuneration Committee, as a voluntary advisory body to the Board of Directors, accepts the involvement and advice of independent outside directors on important matters related to the remuneration of directors, etc.
- Audit & Supervisory Board
  The Audit & Supervisory Board is comprised of 4 audit &supervisory board members including 2 internal audit & supervisory board members and 2 outside audit & supervisory board members (as of the date of the submission of the annual securities report). Each audit & supervisory board member audits the business execution of directors through attendance at important meetings including the Board of Directors and the Management Committee, inspection of critical documents and other means, according to the auditing guidelines and audit plan decided by the Audit & Supervisory Board. Outside audit & supervisory board members are qualified with a high degree of integrity along with superior insight and capability, as well as expertise and hands-on experience in their respective areas of specialty, getting involved from diverse points of view.
- Management Committee
  The Management Committee is comprised of internal directors and executive officers with titles, as well as officers commissioned with responsibilities (excluding persons concurrently serving as president of a Group company). The Committee is held once a week in principle, attended also by internal audit & supervisory board members, to make decisions on critical matters concerning the business execution as well as to discuss agenda items for the Board of Directors based on the authorities delegated by the Board of Directors. The Management Committee accepts appropriate involvement of and advice from outside officers who attend the Committee as needed and express their opinions.

(List of members, etc. of each body) (As of the fiscal year ended March 31, 2025)

Name	Position	Board of Directors	Personnel Committee	Remuneration Committee	Audit & Supervisory Board	Management Committee
Takayuki Ota	Representative Director and Chairman	○		○		○
Atsushi Ukawa	Representative Director, President and CEO	◎	◎	○		◎
Toshiyuki Wada	Director & Senior Managing Executive Officer	○				○
Hirohito Sakaguchi	Director & Senior Managing Executive Officer	○				○
Osamu Tsukagoshi	Director & Senior Managing Executive Officer	○				○
Atsuko Ogasawara	Director (Outside)	○	○	○		●
Yoshihiro Nakagawa	Director (Outside)	○	○	◎		●
Keiko Kaneko	Director (Outside)	○	○	○		●
Hidehito Hisakawa	Director (Outside)	○	○	○		●
Hiroo Maeno	Audit & Supervisory Board Member	○			◎	●
Hideya Arimoto	Audit & Supervisory Board Member	○			○	●
Seiji Morinobu	Audit & Supervisory Board Member (Outside)	○			○	●
Kohei Nakanishi	Audit & Supervisory Board Member (Outside)	○			○	●
Takayoshi Fujiwara	Managing Executive Officer					○
Tsutomu Irie	Managing Executive Officer					○
Kyoko Matsushita	Managing Executive Officer					○
Tomoyuki Shinohara	Managing Executive Officer					○

* ◎: Chairman ○: Member ●: Observer

Status after transitioning to a Company with Nomination Committee, etc.

At the 16th Annual General Meeting of Shareholders on June 25, 2025, "Partial Amendments to the Articles of Incorporation" was approved, and the Company transitioned from a Company with an Audit & Supervisory Board to a Company with Nomination Committee, etc.

We believe that transitioning to a Company with Nomination Committee, etc. is the most effective system for realizing the strengthening of governance and the enhancement of corporate value under the Basic Concept regarding Corporate Governance. The objectives of the transition include: (1) greater transparency of management: enhance the transparency and objectivity of management by establishing three committees, Nomination Committee, Remuneration Committee, and Audit Committee, the majority of whose members are outside directors; and (2) swifter decision-making: realize flexible decision-making on management through a substantial delegation of authority to the representative corporate officers and the clarification of the authority and responsibilities of the Board of Directors and the corporate officers.

The Company has concluded a liability limitation agreement with non-executive directors to the effect that their liability for damages set forth in Article 423, Paragraph 1, of the Companies Act shall be the amount prescribed by Article 425, Paragraph 1 of said Act, in accordance with the relevant provisions of the Articles of Incorporation of the Company, as long as they perform their duties in good faith and without gross negligence.

● Board of Directors

The main role of the Board of Directors make decisions on business execution that are matters exclusive to the Board of Directors by law, including basic management policies, and to supervise the execution of duties by directors and corporate officers. To fulfill its roles, the Board of Directors appropriately establish an internal control system and supervise its operation. For the purpose of swift and flexible decision-making and strengthening of the supervision of corporate officers, etc., the Board of Directors confine matters for Board resolution to matters that are exclusive to the Board of Directors by law and, in principle, delegate decisions on the execution of other business to the representative corporate officer and president.

● Nomination Committee

The Nomination Committee determines the content of proposals for the appointment and removal of directors of the Company for submission to the General Meeting of Shareholders and consult on the appointment and removal of directors of the Company's major subsidiary, The Senshu Ikeda Bank, and other Group companies.

To ensure transparency and objectivity in the Group's personnel affairs, this committee is chaired by an outside director and comprise a majority of outside directors.

● Remuneration Committee

The Remuneration Committee determines the remuneration of individual directors and corporate officers of the Company and consult on the remuneration of individual directors of the Group companies. It also makes decisions on the Company's basic policies on officer remuneration and the remuneration system, as well as consulting on the basic policies on officer remuneration and the officers' remuneration systems of the Group companies.

To ensure transparency and objectivity in officers' remuneration, this committee is chaired by an outside director and comprise a majority of outside directors.

● Audit Committee

The Audit Committee conducts audits of the execution of duties by the directors and corporate officers, monitor and verify the construction and operation of the Company's internal control system, monitor and verify the execution of duties by corporate officers related to the management of subsidiaries, and prepare audit reports. It also determines the details of proposals for the appointment, removal, and non-confidence of the

accounting auditors to be submitted to the General Meeting of Shareholders.

As the Audit Committee requires the gathering of information by internal directors who are familiar with financial operations, the sharing of information in the Committee, and cooperation with the internal audit department, it appoint an internal non-executive director as a full-time member of the Audit Committee. The Committee is chaired by an outside director and a majority of its members are outside directors.

● Management Committee

The Management Committee is established to assist the representative corporate officer and president in making decisions on important matters related to business execution. The Management Committee is comprised of representative corporate officers, corporate officers with titles, and corporate officers commissioned with responsibilities (excluding persons concurrently serving as president of a Group company). The Management Committee is held once a week in principle. Directors (excluding persons concurrently serving as corporate officers) may attend the Management Committee to express their opinions, and the general manager of the Audit Committee Secretariat and the general manager of the Internal Audit Division are allowed to observe the Management Committee.

(List of members, etc. of each body) (Status after transitioning to a Company with Nomination Committee, etc.)

Officers of Senshu Ikeda Holdings	Inside/ Outside	Board of Directors	Nomination Committee	Remuneration Committee	Audit Committee	Management Committee
Director Ukawa	Internal	◆			●	○
Director Sakaguchi	Internal	●	●	●		◆
Director Tsukagoshi	Internal	●				●
Director Fujiwara	Internal	●				●
Director Ogasawara	Outside	●	●	◆		○
Director Kaneko	Outside	●	●		●	○
Director Hisakawa	Outside	●	◆	●		○
Director Sakata	Outside	●		●	●	○
Director Fukuda	Outside	●			◆	○
Director Yamamura	Outside	●	●	●	●	○
Corporate Officer & Senior Managing Officer Wada	Internal					●
Corporate Officer & Managing Officer Matsushita	Internal					●
Corporate Officer & Managing Officer Shinohara	Internal					●
Corporate Officer & Managing Officer Iimuro	Internal					●

◆: Chairman ●: Member ○: Observer

Status of Audits

● Audits by Audit & Supervisory Board Members

Auditing guidelines and audit plan

(Basic Policy)

i. As an independent body mandated by shareholders, the Audit & Supervisory Board recognizes its responsibility to prevent corporate misconduct and establish a high-quality corporate governance system that will ensure the sound and sustainable growth of the Group and earn the trust of society by auditing the business execution of directors in accordance with the Company's "Guidelines for Audits by Audit & Supervisory Board Members" and the "Guidelines for Implementing Audits of Internal Control System."

ii. By establishing close mutual cooperation with audit & supervisory board members of Group companies, internal audit divisions, and accounting auditors, the Audit & Supervisory Board strives for efficient and highly effective audits.

(Priority audit items during the fiscal year under review)

i. Status of efforts to reinforce Group governance
   a. Status of efforts to ensure compliance with laws and regulations (such as the Criminal Proceeds Act [to prevent money laundering and the financing of terrorism], the Foreign Exchange Law, and the Banking Act, etc.)
   b. Status of efforts to reinforce governance (status of operation of the three-line management system, deliberations on changes to the organization design, etc.)
   c. Status of progress of the Fifth Medium-Term Business Plan Plus
   d. Status of efforts to strengthen Group strategies
   e. Status of efforts to reform organizational culture, improve productivity, and establish a Group personnel structure

ii. Strengthen mutual cooperation with audit & supervisory board members, etc. of Group companies
   a. Status of establishment and operation of internal control system
   b. Status of Group company audits

iii. Status of response to the advancement of the Corporate Governance Code, etc.
   a. Status of management of Personnel Committee and Remuneration Committee
   b. Status of management of important meetings, etc.
   c. Status of cross-shareholdings

iv. Enhancement of three-way audits
   a. Sharing of information and exchanging of opinions focused on measures to prevent the recurrence of fraud and misconduct

Organization and personnel

The Audit & Supervisory Board is comprised of 4 audit & supervisory board members including 2 internal and 2 outside members. The Company has allocated several staff members who support the duties of audit & supervisory board members.

The status of each audit & supervisory board member is as follows.

Position	Name	Experience, etc.
Audit & Supervisory Board Member (Full-time)	Hiroo Maeno	Mr. Hiroo Maeno has long experience in the Corporate Planning Headquarters of The Senshu Ikeda Bank, Ltd., a Group company. After having served in the Loan Division, the Risk Management, and several other Headquarters, he assumed the position of Director of the Company. He successively held the positions of Director in charge of the Risk Management Headquarters, General Manager of the Personnel Division, and Director in charge of Corporate Planning and General Affairs Division after his appointment as Director. He has been involved in the management area for many years and has a wide range of knowledge and experience, as well as considerable expertise in finance and accounting gained through engaging in finance and accounting operations.
Audit & Supervisory Board Member (Full-time)	Hideya Arimoto	Mr. Hideya Arimoto has long experience in branches of Senshu Ikeda Bank, Ltd., a Group company, successively serving as General Manager of branches and General Manager of the Loan Division. In June 2021, he was appointed as Director of Senshu Ikeda Lease Co., Ltd. and Senshu Ikeda Auto Lease Co., Ltd., Group companies, and has a wide range of knowledge and experience.
Audit & Supervisory Board Member (Outside)	Seiji Morinobu	Mr. Seiji Morinobu has a wide range of experience and insights as both an attorney and an outside director at other companies.
Audit & Supervisory Board Member (Outside)	Kohei Nakanishi	Mr. Kohei Nakanishi has a wide range of knowledge and expertise regarding international finance as well as experience on corporate management and insight into corporate governance though his experience as a director at banks and an outside director at other companies.

At the Annual General Meeting of Shareholders held on June 25, 2025, "Partial Amendments to the Articles of Incorporation" was approved, and the Company transitioned to a Company with Nomination Committee, etc. The organization, etc. of the Audit Committee, after the transition are as described in "Corporate Governance Outline of Corporate Governance Structure and Reasons for Adopting Structure, Status after transitioning to a Company with Nomination Committee, etc., Audit Committee."

Status of Activities of Audit & Supervisory Board meetings

i. Status of Audit & Supervisory Board meetings held and attendance at the meetings

Item	Content	
Number of meetings held	20	
Meeting frequency	In principle, once a month	
Attendance	Hiroo Maeno	100% (20/20)
	Hideya Arimoto	100% (15/15)
	Seiji Morinobu	95% (19/20)
	Kohei Nakanishi	100% (20/20)

ii. Major resolutions and matters reported by the Audit & Supervisory Board during the fiscal year under review

Resolutions	- Audit plan and auditing guidelines - Budget for auditing expenses - Consent to the amount of remuneration for accounting auditors - Resolution on the reappointment of accounting auditors - Prior approval for the engagement of non-assurance services by the accounting auditors - Consent to the election of audit & supervisory board members - Adequacy of financial statements and dividends - Audit of financial statements and preparation of audit reports - Audit of the annual shareholders' meeting convocation notice and financial statements
Items reported and discussed	- Exchanges of opinions with directors, etc. - Audit activity reports from full-time audit & supervisory board members Results of auditing visits Results of reports from each division of the headquarters Results of exchanges of opinions with directors, etc. Results of the regular exchange of opinions with accounting auditors Audit plan by the Internal Audit Division - Reports on Management Committee proposals - Reports on the accounting auditors' audit plans and auditing results - Description of KAM statements in the accounting auditors' audit reports

Status of Activities of Audit & Supervisory Board Members

In accordance with the auditing duties decided upon at the Audit & Supervisory Board, full-time audit & supervisory board members execute audits objectively and rationally through their attendance at important meetings, inspection of critical documents, auditing visits, and reports from each division of the headquarters.

In addition, auditing effectiveness is enhanced through the exchange of opinions with the internal audit division and each Group company, as well as with accounting auditors. Part-time outside audit & supervisory board members enhance the effectiveness of audits by their participation in Board of Directors' meetings, as well as by exchanging opinions with directors and accounting auditors at Audit & Supervisory Board meetings, and receiving audit

activity reports from full-time audit & supervisory board members.

Audit & supervisory board members and accounting auditors perform their audit duties efficiently and effectively by establishing close mutual cooperation through exchanging opinions about various auditing issues at regular meetings to exchange information. In addition, efficient and effective audit duties are also performed by working together with the audit & supervisory board members of subsidiaries, as well as through close mutual cooperation between audit & supervisory board members and the internal audit division such as audit & supervisory board members' attendance at internal audits and the exchange of opinions.

Internal Audits

Organization, Personnel and Procedures

The Company has established the Internal Audit Division, which conducts internal audits based on the basic rules of intra-group audits, set out to provide objectives and guidelines of internal audits. The Company's Internal Audit Division comprises 16 members of whom 18 serve concurrently in the Internal Audit Division of the banking subsidiary (as of March 31, 2025).

The Company develops an effective internal audit structure that has independence and expertise in order to ensure the soundness and adequacy of operation. The Company also inspects and evaluates the adequacy and effectiveness of the risk management and internal control practices, and makes recommendations as appropriate to the senior management of the Company on ways to improve and rectify questionable areas. Thus the Company's internal audit guidelines facilitate effective achievement of management objectives including the improvement of the Group's internal management structure and the enhancement of its enterprise value.

The Internal Audit Division conducts internal audits on each division of the Company based on the internal audit plan approved by the Board of Directors each year in accordance with the internal auditing guidelines. The Internal Audit Division also conducts internal audits on each Group company, as necessary, on its own or by cooperating and coordinating with internal audit divisions of the subsidiaries, etc. and provides specific instructions and advice on the improvement of operations. In addition, the Internal Audit Divisions maintains a reporting line that reports directly not only to the Representative Director, but also to the Board of Directors, as well as to the Audit & Supervisory Board and its members. Furthermore, the officer in charge of internal audits regularly reports the results of the audits to the Board of Directors.

In the fiscal year under review, the Company has designated 21 priority audit items based on external and internal factors.

Category	Priority audit items
Social demands	Customer-oriented business operations
	Business continuity structure
Legal and regulatory requirements	AML/CFT management structures
	Adequacy of financial reporting
	Response to the advanced calculation methods of operational risk
	Compliance with inspections by authorities
Management	Cooperation of banks and securities companies
	Status of cyber security
	Self-assessment, allowance for depreciation audit
	Capital adequacy ratio calculation
	Status of compliance with minimum notification requirements
	Status of verification of the internal rating system
	Compliance On-demand business
	IRRBB management structures
	Market risk management structures
	Credit risk management structures
	Management structures for customer information, etc.
Management/ System	Management structure at headquarters and Group companies, etc.
Operational risk	Operational risk ILM approval application support
	J-SOX evaluation criteria revision support
Credit	Senshu Ikeda Lease FIRB approval application support

Interconnection with internal auditing, audits by audit & supervisory board members, and accounting auditing, as well as the relationship between these audits and internal control

The Internal Audit Division and members of the Audit & Supervisory Board receive explanations from accounting auditors regarding the audit plan, priority audit items, and Key Audit Matters, and exchange opinions periodically and as necessary.

The Internal Audit Division strives for interconnection with the accounting auditor, sharing information as appropriate on the development and evaluation of internal control over financial reporting and the status of internal audit activities.

Accounting Audits

Name of the auditing firm

Ernst & Young ShinNihon LLC

Successive period of audit services provided

Fifteen years and 6 months (audit contract dating from October 2009 at the time of the Company's founding)

The Bank of Ikeda (currently The Senshu Ikeda Bank) concluded an audit contract with Ernst & Young ShinNihon LLC (then Showa Audit Corporation) in 1976. The Senshu Ikeda Bank, established through a merger between the Bank of Ikeda (currently The Senshu Ikeda Bank) and the Senshu Bank, subsequently continued the audit contract with Ernst & Young ShinNihon LLC.

Certified public accountants who conducted the latest accounting audit

Ms. Mayumi Ikai and Mr. Nobutaka Fujima

Starting with appointments and replacements for the fiscal years commenced since April 1, 2016, the lead audit engagement partner is not permitted to re-engage in audits after engagement of five consecutive fiscal years, and other audit engagement partners are not permitted to re-engage in audits for five consecutive fiscal years after engagement of seven consecutive fiscal years, which is a rotation rule more stringent than as regulated in laws and regulations.

Composition of assistants for the accounting audit

Assistants for the accounting audit of the Company are 8 certified public accountants and 5 others.

Policy and reasons for selecting the auditing firm

In accordance with the Practical Guidelines for Cooperation with Accounting Auditors, released by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board of the Company regularly checks if the accounting auditors conform to auditing standards, quality control standards, the practical guidelines for auditing, and internal regulations of the auditing firm, to which they should conform as professional specialists, and keeps itself updated on accounting standards, through inquiries and dialogues. The Company has selected the aforementioned certified public accountants and others as a team responsible for the accounting audit, after comprehensively examining their track record of auditing and execution of duties for the previous fiscal year, which led the Company to determine that the appropriateness and reliability of accounting audits can be ensured.

The Audit & Supervisory Board shall dismiss an accounting auditor, subject to unanimous consent of the audit & supervisory board members, if it determines that the accounting auditor satisfies one or more of the conditions described in the provisions of Article 340, Paragraph 1 of the Companies Act.

If the Audit & Supervisory Board comprehensively examines the status of the execution of duties by the accounting auditors and determines that the appropriateness and reliability of accounting audits cannot be ensured, the Audit & Supervisory Board shall determine the contents of a proposal for a general meeting of shareholders on dismissal or non-reappointment of the accounting auditors.

Content of the Audit & Supervisory Board's evaluation of the auditing firm

In accordance with the Practical Guidelines for Audit & Supervisory Board Members, etc. in developing the Standards for Evaluating and Selecting Accounting Auditors, released by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board has established the Standards for Evaluating and Selecting Accounting Auditors, based on which the Audit & Supervisory Board conducts evaluation.

As a result of the evaluation, it was found that the accounting auditors satisfy none of the conditions described in the provisions of Article 340, Paragraph 1 of the Companies Act. The Company, therefore, reappointed the accounting auditors, taking into account the results of the evaluation on the accounting auditors by the Audit & Supervisory Board.

Status of Outside Directors and Audit & Supervisory Board Members

Outside Director Atsuko Ogasawara holds 10,233 shares of common stock of the Company and has ordinary banking transactions with The Senshu Ikeda Bank.

As an outside director of the Company, she performs her duties of supervising the business execution based on her wide range of experience and achievements in the business world, including serving in key positions at a press firm. She concurrently serves as a non-executive director (non-full-time) at The Senshu Ikeda Bank.

Outside Director Keiko Kaneko holds 1,109 shares of common stock of the Company and has ordinary banking transactions with The Senshu Ikeda Bank.

As an outside director of the Company, she performs her duties of supervising the business execution based on her extensive experience and track record in key positions at a listed company. She concurrently serves as a non-executive director (non-full-time) at The Senshu Ikeda Bank.

Outside Director Hidehito Hisakawa holds 1,387 shares of common stock of the Company and has ordinary banking transactions with The Senshu Ikeda Bank.

As an outside director of the Company, he performs his duties of supervising the business execution based on his wide range of experience and superior insights into corporate management as a Representative Director of a listed company. He concurrently serves as a non-executive director (non-full- time) at The Senshu Ikeda Bank.

Outside Director Shinoi Sakata has ordinary banking transactions with The Senshu Ikeda Bank.

Based on her wide range of experience and superior insights into corporate management as an executive officer and an outside director of listed companies, Outside Director Shinoi Sakata is expected to supervise business execution and fulfill her role as an outside director of the Company. She will also concurrently serve as a non-executive director (non-full-time) at The Senshu Ikeda Bank.

Outside Director Kenji Fukuda has ordinary banking transactions with The Senshu Ikeda Bank.

Based on his wide range of experience and superior insights as an attorney and an outside auditor of listed companies, Outside Director Kenji Fukuda is expected to fulfill his role as an outside director of the Company from an objective standpoint that considers the broader corporate society, including compliance with laws and regulations.

Outside Director Teruji Yamamura has ordinary banking transactions with The Senshu Ikeda Bank.

Based on his wide range of experience and superior insights into corporate management as a Representative Director of a listed company, Outside Director Teruji Yamamura is expected to supervise business execution and fulfill his role as an outside director of the Company.

The Company has set forth the following standards for the independence of outside officers in order to objectively determine their independence and elects outside officers on the basis of these standards. All 6 outside officers, namely outside directors Atsuko Ogasawara, Keiko Kaneko, Hidehito Hisakawa, Shinoi Sakata, Kenji Fukuda, and Teruji Yamamura, satisfy the standards for the independence. They have been designated as independent officers and registered with the Tokyo Stock Exchange as such, as they satisfy the requirements of independence stipulated by the relevant stock exchange and pose no potential conflict of interests with general shareholders.

<Standard for judging the independence>
At the Senshu Ikeda Group, as a general rule, Outside Directors shall be those who do not fall under any of the following requirements, at present or recently.[1]

1. A person who deems the Group to be a major[2] business partner, or in the case of a company, an executing person thereof.
2. A person who the Group deems to be a major business partner, or in the case of a company, an executing person thereof.
3. A business consultant, an accounting specialist or a legal specialist who has received a large sum[3] of money and other properties other than Officers' remuneration from the Group (or a quasi-executing person who has belonged to the payee's group).
4. A person who the Company deems to be a major shareholder[4] of the Company, or in the case of a company, an executing person thereof.
5. A payee of a large sum of donation from the Group, or a quasi-executing person of the payee's group, in the case where the receiver of the monies, etc., is an entity.
6. A former executing person of any of the Group companies in the past.[5]
7. A relative[6] of a person (excluding those who are not significant) mentioned below:
   A. A person who is mentioned in the aforesaid items 1 through 6.
   B. Directors, Audit & Supervisory Board Members, Executive Officers and important employees of any of the Group companies.

Notes:

1. Definition of "recently": Refers to cases that might be regarded as almost "at present," for example, including the case where said person fell under any infringement requirement item since the content of a proposal for the selection as Outside Director or Outside Audit & Supervisory Board Member was determined.
2. Definition of "major": Refers to 2% or more of the consolidated net sales per annum (Consolidated ordinary income in case of the Company) for the nearest fiscal year, as a benchmark for judgment.
3. Definition of "a large sum": Refers to a three-year average amount of ¥10 million or more per annum for the past three years.
4. Definition of "major shareholder": Refers to a shareholder who held 10% or more of the total voting rights at the end of the nearest fiscal year.
5. Definition of "past": Refers to "within 10 years up to the present."
6. Definition of "relative": Refers to "within the second degree of kinship of a person."

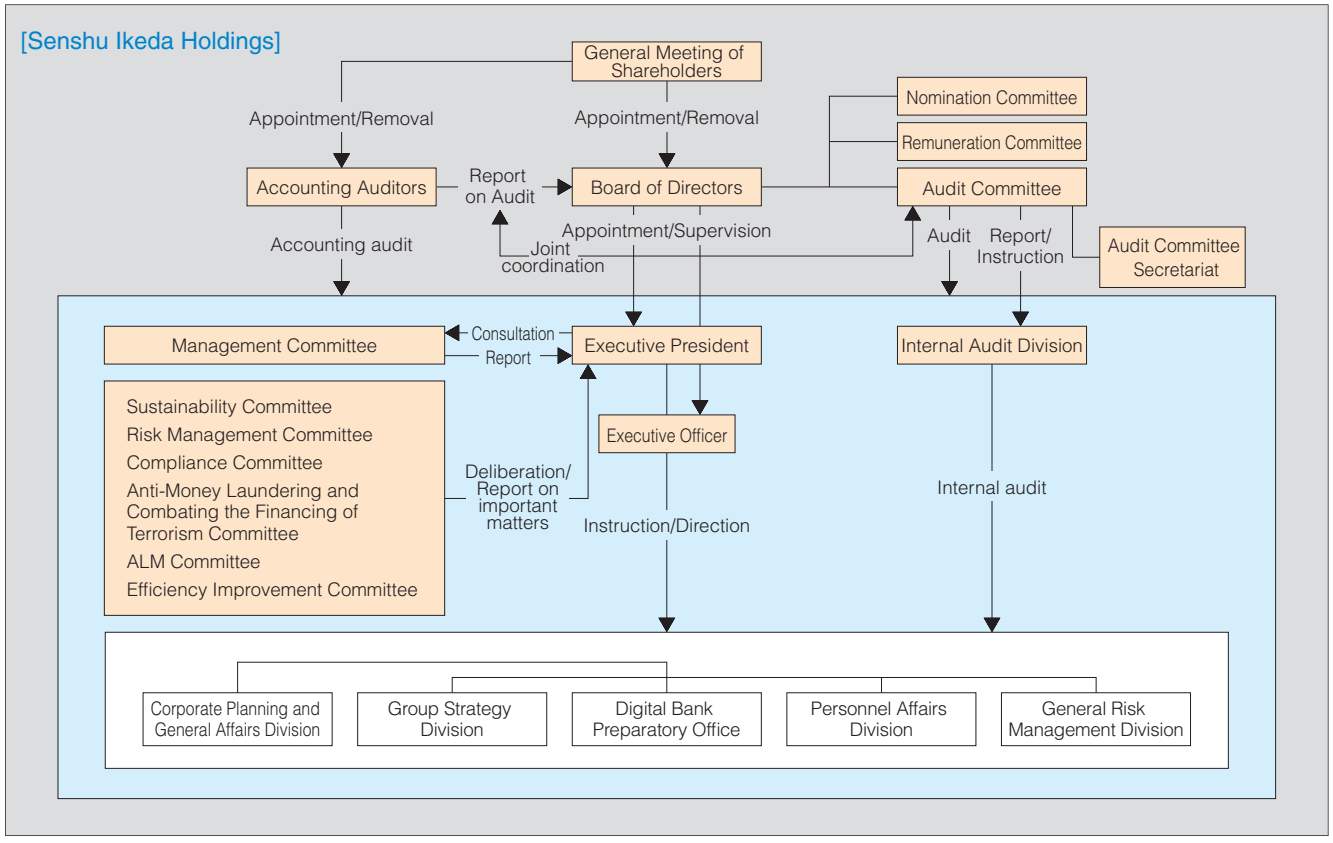
Supervision or Audit by Outside Directors or Outside Audit & Supervisory Board Members, Interconnection with Internal Auditing, Audits by Audit & Supervisory Board Members, and Accounting Auditing, and Relationship with the Internal Control Division

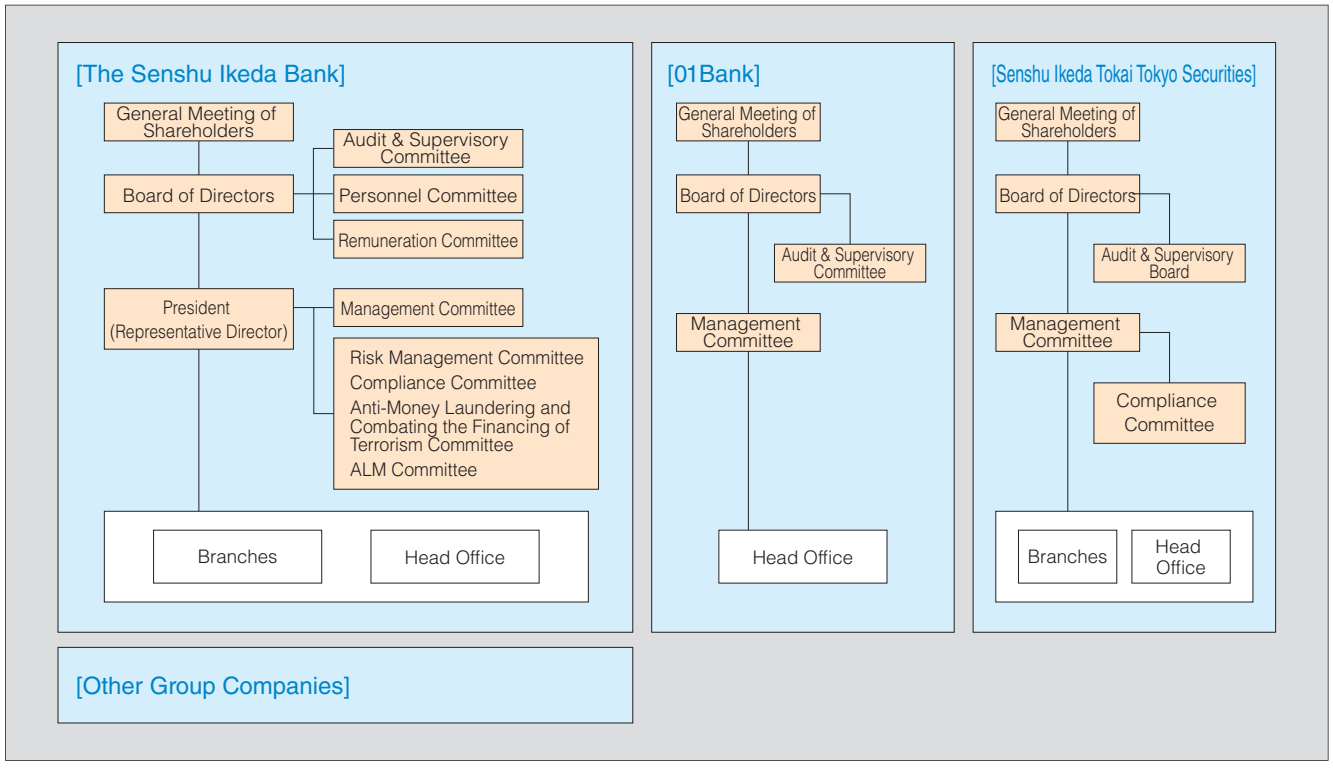
A proposal for "Partial Amendments to the Articles of Incorporation" has been submitted as a matter to be resolved for the Annual General Meeting of Shareholders to be held on June 25, 2025, and if the proposal is approved, the Company will transition from a Company with an Audit & Supervisory Board to a Company with Nomination Committee, etc.

After the transition, Outside Directors will receive reports about the status of the Audit Committee, internal audits, and accounting audits, and the status of internal control from the internal control division, and give recommendations and advice. Meanwhile, the Audit Committee will receive reports from the Audit Committee Members on the status of internal and accounting audits and the status of internal controls from the internal control division, and give recommendations and advice.

Corporate governance structure of the Group

(As of the end of June, 2025)





Basic approach to the internal control system and its status of development

Overview the status in the fiscal year ended March 31, 2025

The Company and the Group companies are developing a structure necessary to ensure the adequacy of operation based on the following concepts; create a "most trusted by customers" financial group which respects personal relationships and promotes honest and approachable banking.

(1) Structure to ensure that directors and employees of the Company and the Group companies execute business in compliance with laws and regulations as well as with the Articles of Incorporation

The Company and the Group companies focus on compliance with laws and regulations (hereinafter "compliance") as one of the most critical management tasks. The Company and the Group also set out the code of ethics along with the code of conduct to ensure that directors and employees behave in compliance with laws and regulations as well as social norms. The Company and the Group companies also put in place a system to promote compliance by appointing directors who are responsible for compliance, and discuss overall compliance policies and specific measures at the Compliance Committee. In addition, the General Risk Management Division coordinates compliance arrangement across the Company and the Group companies, while conducting education and training for directors and employees by developing a compliance program and compliance manual, and arranging compliance seminars.

<The Group Compliance Hotline>

The Group Compliance Hotline, a whistleblowing system, has been set up and managed to allow directors and employees of the Company and the Group companies to directly provide information about questionable conduct in light of laws and regulations. The hotline system is structured to guarantee that the informants who provide such compliance-related information are protected from being treated in a disadvantageous manner.

<Preventing money laundering and the funding of terrorism>

The Company and the Group companies appoint a director responsible for the prevention of money laundering and the funding of terrorism. The Anti-Money Laundering and Combating the Financing of Terrorism Committee discusses overall policies and specific measures. The General Risk Management Division coordinates measures across the Company and the Group companies, while conducting education and training for directors and employees by developing programs and manuals addressing the prevention of money laundering and the funding of terrorism, as well as arranging seminars for the prevention of money laundering and the funding of terrorism.

<Excluding anti-social forces>

The Company and the Group companies have taken an uncompromising stance against anti-social forces and organizations that threaten the order and safety of the community. We resolutely and unyieldingly exclude such forces.

<Preventing insider trading>

Basic rules that directors and employees must abide by are set out for the prevention of insider trading.

<Customer protection and other customer management>

Moreover, the Company and the Group companies provide effective customer management including customer protection, with the purpose to reassure our customers of their security and to promote their convenience in an effort to implement a thorough 'customer first policy.'

(2) Structure for the preservation and management of information concerning the directors' business execution

The Company and the Group companies have prepared and kept documents such as minutes of important meetings including the Board of Directors and the Management Committee, as records of directors' execution of duties.

The Company and the Group companies have also prepared and kept documents and attachment sanctioned by directors as appropriate.

(3) Arrangements including rules to manage the risk of potential losses of the Company and the Group companies

With the purpose of ensuring the soundness of management and stable corporate earnings, the Company and the Group companies have set out basic rules of risk management. The Company and the Group companies have classified risks into credit risk, market risk, funding liquidity risk and operational risk, and defined the department responsible for the management of each category of risk, while establishing the Risk Management Committee to monitor the status of management of each such category.

Meanwhile, the Company and the Group have set out rules of risk management, with the purpose to minimize the financial loss along with loss of confidence resulting from the crisis event, and to ensure business continuity through prompt restoration of normal operational functions.

(4) Structure to ensure efficient business execution by directors of the Company and the Group companies

The Board of Directors sets out the management objectives of the Company and the Group companies with the purpose of enabling the directors and employees of the Company and the Group companies to efficiently execute their business. The Board of Directors also formulates the Group Management Plan and sets forth operational plans on an annual basis to bring said Plan into shape.

In addition, the Board of Directors establishes the Management Committee with the purpose of enabling directors to efficiently execute their business. The Management Committee discusses beforehand the agenda of the Board of Directors to facilitate the decision-making process at those meetings, while discussing the critical issues for resolution in implementing the basic management policies that have been resolved by the Board of Directors on the basis of such policies.

The Management Committee also defines the headquarters under the command of each director, along with the authority and responsibility involved, while developing and maintaining a structure for efficient business execution by utilizing IT.

(5) Structure to ensure the adequacy of business operation at the Group, which comprises the Company and the Group companies

The Company regards the respective Group companies as one group under the flag of Senshu Ikeda Holdings. Thus each member company of the Group runs its operation through developing an adequate internal

management structure according to its scale and nature of operation under the adequate guidance of, and in coordination with the Company.

The Company, as a responsible entity for the administrative management of the entire Group, has established administrative management rules targeting its subsidiaries. The Company has developed a structure in which it receives necessary reports concerning the business execution of directors and employees and other relevant matters from and consults on those issues with the respective Group companies.

(6) Matters concerning employees who assist audit & supervisory board members in the performance of their duties, the independence of those employees from directors, and structure to ensure the effectiveness of the instructions to such employees

In order to support audit & supervisory board members' business execution, the Company and the Group employ audit & supervisory board members' staffs as secretariat for the Audit & Supervisory Board. Such audit & supervisory board members' staff shall receive instructions from the audit & supervisory board members for their business execution, while their personnel changes and evaluations shall require an accord of the relevant audit & supervisory board members to ensure the staff's independence from directors. Thus the Company and the Group companies ensure their independence from directors.

(7) Structure to facilitate reporting from directors and employees to audit & supervisory board members and other arrangements to ensure that audit & supervisory board members are adequately informed, as well as the structure to ensure that no disadvantageous treatment is conducted because of having reported to audit & supervisory board members

Directors and employees of the Company and the Group companies shall immediately report to audit & supervisory board members on matters that could have significant impact on the Company and the Group companies, or any other matters as necessary, in addition to matters legally required to be reported.

In addition, the hotline system is structured to guarantee that the informants who provide the Group Compliance Hotline with compliance-related information are protected from being treated in a disadvantageous manner. Moreover, to complement this arrangement, the Company and the Group companies have established a structure whereby audit & supervisory board members are permitted to attend important meetings such as those of the Board of Directors, the Management Committee, the Compliance Committee, the Anti-Money Laundering and Combating the Financing of Terrorism Committee, the Risk Management Committee, the ALM Committee, the Sustainability Committee, and the Efficiency Improvement Committee.

(8) Other structure to ensure that audit & supervisory board members conduct effective audits

Audit & supervisory board members hold meetings to exchange opinions with representative directors, outside directors, internal audit division and accounting auditors.

Audit & supervisory board members attend important meetings such as the Board of Directors, the Management Committee, the Compliance Committee, the Anti-Money Laundering and Combating the Financing of Terrorism Committee, the Risk Management Committee, the ALM Committee, the Sustainability Committee, and the Efficiency Improvement Committee in an effort to find out various problems they need to address in the execution of their duties.

Furthermore, audit & supervisory board members shall be permitted to request posteriori for redemption of the expenses that they deem necessary in executing their duties if such expenses were previously budgeted by them and have been disbursed for an emergency or temporarily.

Status after the transition to a Company with Nomination Committee, etc.

The Company and the Group companies shall develop a structure necessary to ensure the adequacy of operation based on the following concepts; create a "most trusted by customers" financial group which respects personal relationships and promotes honest and approachable banking.

(1) Structure to ensure that directors, corporate officers, and employees of the Company and the Group companies execute business in compliance with laws and regulations as well as with the Articles of Incorporation

The Company and the Group companies focus on compliance with laws and regulations (hereinafter "compliance") as one of the most critical management tasks. The Company and the Group also set out the code of ethics along with the code of conduct to ensure that directors and employees behave in compliance with laws and regulations as well as social norms. The Company and the Group companies also put in place a system to promote compliance by appointing directors who are responsible for compliance, and discuss overall compliance policies and specific measures at the Compliance Committee. In addition, the General Risk Management Division coordinates compliance arrangement across the Company and the Group companies, while conducting education and training for directors and employees by developing a compliance program and compliance manual, and arranging compliance seminars.

<The Group Compliance Hotline>

The Group Compliance Hotline, a whistleblowing system, has been set up and managed to allow directors and employees of the Company and the Group companies to directly provide information about questionable conduct in light of laws and regulations. The hotline system is structured to guarantee that the informants who provide such compliance-related information are protected from being treated in a disadvantageous manner.

<Preventing money laundering and the funding of terrorism>

The Company and the Group companies appoint a director responsible for the prevention of money laundering and the funding of terrorism. The Anti-Money Laundering and Combating the Financing of Terrorism Committee discusses overall policies and specific measures. The General Risk Management Division coordinates measures across the Company and the Group companies, while conducting education and training for directors and employees by developing programs and manuals addressing the prevention of money laundering and the funding of terrorism, as well as

arranging seminars for the prevention of money laundering and the funding of terrorism.

<Excluding anti-social forces>

The Company and the Group companies have taken an uncompromising stance against anti-social forces and organizations that threaten the order and safety of the community. We resolutely and unyieldingly exclude such forces.

<Preventing insider trading>

Basic rules that directors and employees must abide by are set out for the prevention of insider trading.

<Customer protection and other customer management>

Moreover, the Company and the Group companies provide effective customer management including customer protection, with the purpose to reassure our customers of their security and to promote their convenience in an effort to implement a thorough 'customer first policy.'

(2) Structure for the preservation and management of information concerning the corporate officers' business execution

The Company and the Group companies prepare and keep documents such as minutes of important meetings including the Board of Directors and the Management Committee, as records of corporate officers' execution of duties.

The Company and the Group companies also prepare and keep documents and attachments sanctioned by corporate officers as appropriate.

(3) Arrangements including rules to manage the risk of potential losses of the Company and the Group companies

With the purpose of ensuring the soundness of management and stable corporate earnings, the Company and the Group companies have set out basic rules of risk management. The Company and the Group companies have classified risks into credit risk, market risk, funding liquidity risk and operational risk, and defined the department responsible for the management of each category of risk, while establishing the Risk Management Committee to monitor the status of management of each such category.

Meanwhile, the Company and the Group have set out rules of risk management, with the purpose to minimize the financial loss along with loss of confidence resulting from the crisis event, and to ensure business continuity through prompt restoration of normal operational functions.

(4) Structure to ensure efficient business execution by directors and corporate officers of the Company and the Group companies

The Board of Directors sets out the management objectives of the Company and the Group companies with the purpose of enabling the directors and employees of the Company and the Group companies to efficiently execute their business. The Board of Directors also formulates the Group Management Plan and sets forth operational plans on an annual basis to bring said Plan into shape.

In addition, the Board of Directors establishes the Management Committee with the purpose of enabling directors and corporate officers to efficiently execute their business. The Management Committee discusses beforehand the agenda of the Board of Directors to facilitate the decision-making process at those meetings, while discussing the critical issues for resolution in implementing the basic management policies that have been resolved by the Board of Directors on the basis of such policies.

The Management Committee also defines the headquarters under the command of each director and corporate officer, along with the authority and responsibility involved, while developing and maintaining a structure for efficient business execution by utilizing IT.

(5) Structure to ensure the adequacy of business operation at the Group, which comprises the Company and the Group companies, and structure for reporting to the Company matters related to business execution by directors and employees of the Group companies

The Company regards the respective Group companies as one group under the flag of Senshu Ikeda Holdings. Thus each member company of the Group runs its operation through developing an adequate internal management structure according to its scale and nature of operation under the adequate guidance of, and in coordination with the Company.

The Company, as a responsible entity for the administrative management of the entire Group, establishes administrative management rules targeting its subsidiaries. The Company develops a structure in which it receives necessary reports concerning the business execution of officers and employees and other relevant matters from and consults on those issues with the respective Group companies.

(6) Matters concerning employees who assist the Audit Committee in its duties, the independence of those employees from corporate officers, and structure to ensure the effectiveness of the Audit Committee's instructions to such employees

In order to support the Audit Committee in its duties, the Company and the Group establish the Audit Committee Secretariat. The Secretariat shall receive instructions from the Audit Committee for their business execution, and a dedicated general manager of the Secretariat shall be employed at the Secretariat. The personnel changes and evaluations of the general manager of the Secretariat shall require an accord of the relevant Audit Committee to ensure the general manager's independence from corporate officers.

(7) Structure to facilitate reporting from directors (excluding directors who are Audit Committee members), corporate officers, and employees to the Audit Committee and other arrangements to ensure that the Audit Committee is adequately informed, as well as the structure to ensure that no disadvantageous treatment is conducted because of having reported to the Audit Committee

Directors, corporate officers, and employees of the Company and the Group companies shall immediately report to the Audit Committee on matters that could have significant impact on the Company and the Group companies, or any other matters as necessary, in addition to matters legally required to be reported. In addition, the hotline system is structured to guarantee that the informants who provide the Group Compliance Hotline with compliance-related information are protected from being treated in a disadvantageous manner.

Moreover, to complement this arrangement, the Company and the Group companies establish a structure whereby the Audit Committee members are permitted to attend important meetings such as those of the Board of Directors, the Management Committee, the Compliance Committee, the Anti-Money Laundering and Combating the Financing of Terrorism Committee, the Risk Management Committee, the ALM Committee, the Sustainability Committee, and the Efficiency Improvement Committee.

(8) Other structure to ensure that the Audit Committee conducts effective audits

Audit Committee holds meetings to exchange opinions with representative corporate officers, corporate officers, directors, outside directors, internal audit division, and accounting auditors.

Audit Committee members attend important meetings such as the Board of Directors, the Management Committee, the Compliance Committee, the Anti-Money Laundering and Combating the Financing of Terrorism Committee, the Risk Management Committee, the ALM Committee, the Sustainability Committee, and the Efficiency Improvement Committee in an effort to find out various problems they need to address in the execution of their duties.

Furthermore, Audit Committee members shall be permitted to request posteriori for redemption of the expenses that they deem necessary in executing their duties if such expenses were previously budgeted by them and have been disbursed for an emergency or temporarily.

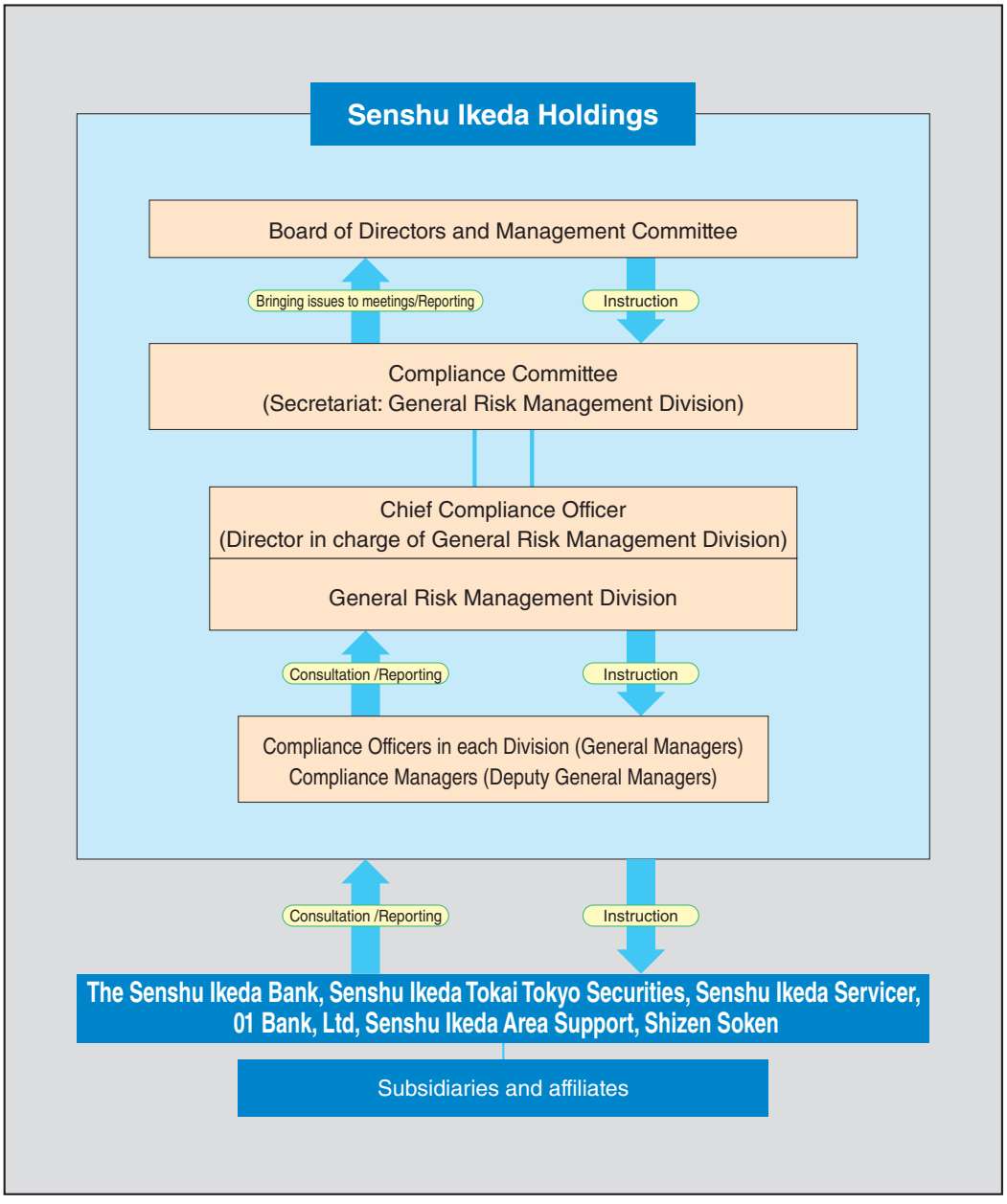
Compliance Structure

The Company and the Group set "compliance" as one of the most important management priorities. We are coping with it in order to fulfill our social responsibility and public duties, and to earn the trust of our customers and regional communities.

The Company has set up a "Compliance Committee" to deliberate important matters regarding group compliance. We have also formed the General Risk Management Division under the "Chief Compliance Officer" to manage matters regarding compliance unitarily.

The General Risk Management Division ensures compliance by creating, reviewing, and following up the "Compliance Program," which is a practical plan for reinforcement of compliance, by creating, updating, and distributing the "Compliance Manual," which stipulates basics regarding compliance, and by conducting compliance education activities through various training programs such as those aimed at preventing harassment, corruption, and misconduct.

We assign "Compliance Officers" and "Compliance Managers" to each division and branch in order to



implement and penetrate compliance. In addition, we check the operations from a compliance point of view and facilitate the conduct of training programs to ensure compliance.

In order to detect compliance problems at early stages and take corrective actions, we have set up and operate a hotline including external contact points to be used by employees of the Company or Group companies to report directly on violations of laws and regulations (e.g., violations of internal regulations, harassment, corruption, bribery) by the Company and Group companies.

Compliance has become an increasingly important issue for financial institutions. The Company and the Group are committed to strict observance of the Banking Act, Financial Instruments and Exchange Act, and related laws and regulations. We also strive to strengthen an appropriate protection system for our customers.

We intend to enrich and enhance our compliance structure through improving various regulations and giving training to our employees continuously so that customers can deal with us "reliably."

Code of Ethics

The Group sets up Code of Ethics as follows that our directors and employees must abide by. The directors and employees will regard the observance of the Code of Ethics as a fundamental part of routine operations and will conduct fair and honest corporate activities, while complying with laws and rules strictly to implement the Group's management philosophy and policies.

1. Winning the trust from our customers
   Taking its social responsibility and public duties into consideration, we will intend to become the most reliable financial group for the customers through conducting sound and appropriate operations, including information management and proper disclosure.

2. Implementing "customer first policy"
   We will always consider any matters on customer first basis and will contribute to the development of the regional economy and community through providing high-quality financial services that are both original and innovative.

3. Strict compliance
   We will strictly comply with all laws and rules, and will conduct fair and honest corporate activities that are consistent with social code.

4. Fostering a sound risk culture
   We understand the nature of risk, taking into account future changes in the environment and the various paths for the spread of risk, and always pursue appropriate risk-taking through open communication that transcends our positions as risk owners ourselves. As a regional financial institution, we will practice the honest and sound risk-taking and risk control expected of us.

5. Respecting human rights and the environment
   We will respect personal relationship, characters and personalities of the others, and conduct environment-friendly corporate activities.

6. Eliminating anti-social forces
   We will take an uncompromising stance against anti-social forces and organizations, and resolutely eliminate all undue intervention by such forces and organizations which threaten the order and safety of the community.

Structure for preventing Money laundering and the financing of terrorism

The Company and the Group companies recognize that it is their social responsibility to prevent money laundering and the financing of terrorism by complying with the Act on Prevention of Transfer of Criminal Proceeds, the Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism, the Foreign Exchange and Foreign Trade Act, and other related laws and regulations (hereinafter "Criminal Proceeds Act and related laws and regulations"). The Company and the Group companies regard the enactment of countermeasures against money laundering and the financing of terrorism as one of the crucial tasks related to their management strategy and will proactively work on such measures with the proactive and active involvement of management personnel.

● Organizational structure

The Company and the Group companies will appoint the Company's director in charge of preventing money laundering and the financing of terrorism as the Group's Chief Money Laundering and Financing of Terrorism Prevention Officer. Acting as the supervisory body, the General Risk Management Division will work in cooperation with the relevant departments and Group companies to prevent money laundering and the financing of terrorism.

In addition, the Company and the Group companies have established the Anti-Money Laundering and Combating the Financing of Terrorism Committee to deliberate on important matters related to the prevention of money laundering and the financing of terrorism.

● Compliance with laws and regulations

The Company and the Group companies will comply with the Criminal Proceeds Act and related laws and regulations and appropriately implement the necessary measures such as real-time transaction confirmations, reporting suspicious transactions, and confirming measures related to the freezing of assets.

● Risk-based approach

The Company and the Group companies will identify and assess their own risks related to money laundering and the financing of terrorism. In order to effectively reduce the risks, the Company and the Group companies will take a risk-based approach to implement appropriate measures, such as ensuring that measures taken are proportionate to the risks.

● Customer due diligence and the preservation of records

The Company and the Group companies will periodically survey and analyze customer information and transaction details, and implement necessary customer due diligence measures in accordance with the attributes of each customer. In addition, in accordance with applicable laws and regulations, the Company and Group companies will prepare and preserve records of transactions and the real-time transaction confirmations.

● Reporting suspicious transactions

The Company and the Group companies will establish a system to appropriately handle suspicious customers and transactions, etc. as detected by reports from sales branches, etc. or by the system's monitoring and filtering functions, and promptly report suspicious transactions, having appropriately examined and judged the situation.

● Management of correspondent banks

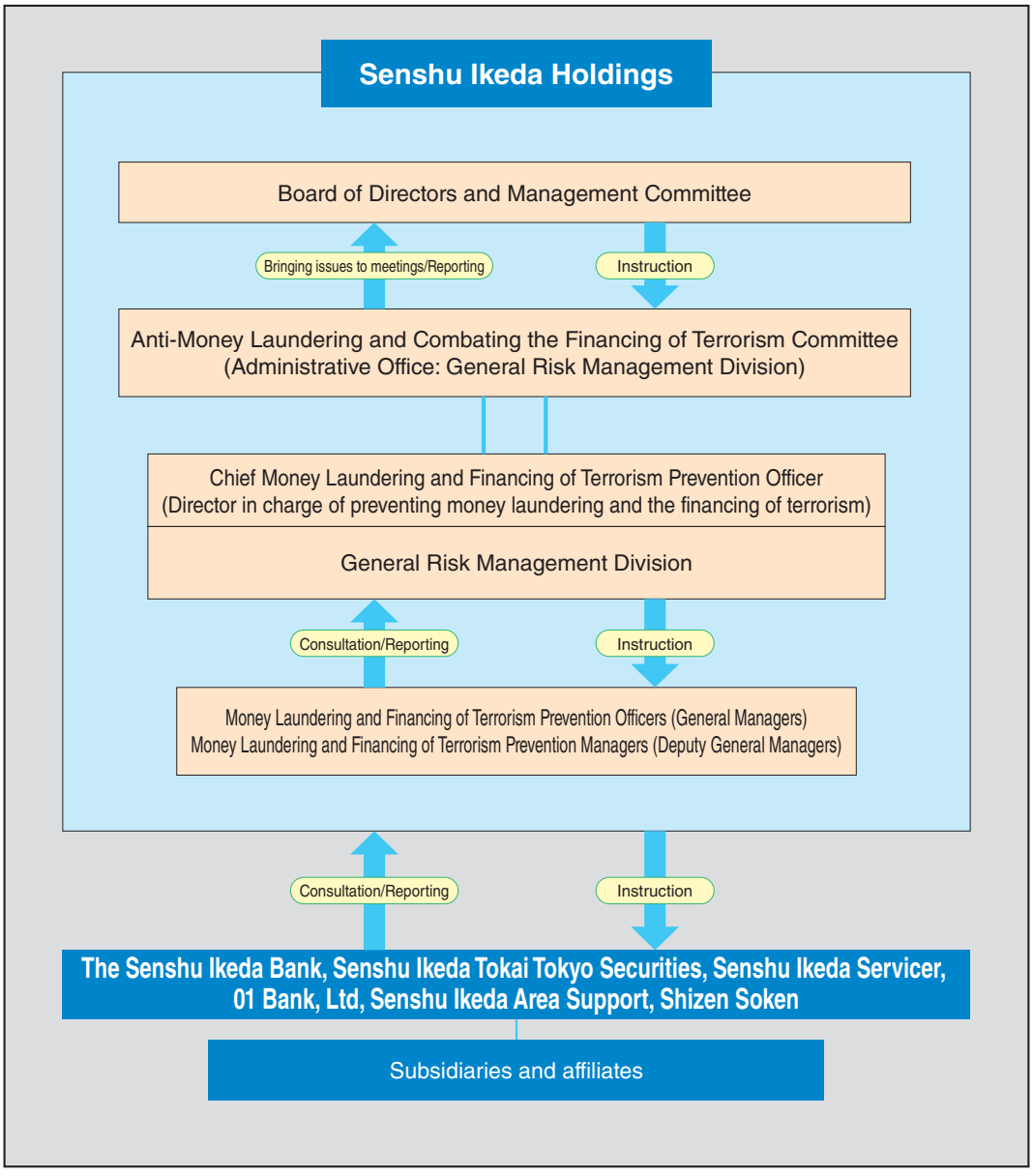
The Company and the Group companies will conduct periodic reviews of correspondent banks to verify and monitor their systems for the prevention of money laundering and the financing of terrorism. If the correspondent bank is a fictitious bank (so-called "shell bank") or if it allows transactions with such fictitious banks, then the Company and the Group companies will not enter into or maintain a correspondent agreement with the correspondent bank in question.

● Training for directors and employees

The Company and the Group companies will provide appropriate and continuous training programs for directors and employees to deepen their understanding of money laundering and the financing of terrorism, as well as maintain and improve legality and expertise.

● Verifying effectiveness

The Company and the Group companies will verify the effectiveness of their measures to prevent money laundering and the financing of terrorism and strive to enhance and upgrade the management system through periodic monitoring conducted by both the director in charge of preventing money laundering and the financing of terrorism and the supervising department as well as periodical audits conducted by an independent internal audit department.


Senshu Ikeda Holdings
Board of Directors and Management Committee
Bringing issues to meetings/Reporting
Instruction
Anti-Money Laundering and Combating the Financing of Terrorism Committee
(Administrative Office: General Risk Management Division)
Chief Money Laundering and Financing of Terrorism Prevention Officer
(Director in charge of preventing money laundering and the financing of terrorism)
General Risk Management Division
Consultation/Reporting
Instruction
Money Laundering and Financing of Terrorism Prevention Officers (General Managers)
Money Laundering and Financing of Terrorism Prevention Managers (Deputy General Managers)
Consultation/Reporting
Instruction
The Senshu Ikeda Bank, Senshu Ikeda Tokai Tokyo Securities, Senshu Ikeda Servicer,
01 Bank, Ltd, Senshu Ikeda Area Support, Shizen Soken
Subsidiaries and affiliates

Risk Management Structure

■ Basic Approach to Risk Management

While business opportunities for financial institutions multiply as a result of deregulation, sophistication and globalization of financial operations, and the significant development in ICT, the risks that financial institutions face are becoming more complicated and diverse qualitatively.

Moreover, it has been more important for financial institutions to monitor, assess and manage risks properly, and to respond to the changes quickly in the environment in order to earn the stable and continuous profits, while serving various needs of customers. Under such circumstances, the Group regards enhancing and strengthening risk-management structure as a high-priority management task in order to maintain and enhance the soundness of its business execution.

Specifically, the Group determines the structure and various rules regarding risk management and the departments in charge of each risk category at the Board of Directors. The group has also set up the risk management division to oversee the departments regarding risk management. Furthermore, the Risk Management Committee and the ALM Committee, consisting principally of management personnel, have been established, with the purpose of identifying the risk situation within the Group, and to discuss the relevant agenda and countermeasures which shall subsequently be reported and further discussed at the Board of Directors. Thus the Group ensures effective risk management structure at management level.

Meanwhile, as action plans for risk management based on the Group strategies, basic risk management principles are set out annually and reviewed continually in order to deal with the risks newly emerging as a result of changes in environment for timely and adequate way.

With the purpose to objectively examine the adequacy and effectiveness of the risk management structure, the internal audit division which independents from the audited departments conducts an audit. Thus the Group ensures appropriate administrative processing and sound business operations through finding out and improving the matters on risk management.

■ Integrated Risk Management

● Integrated risk management

Integrated risk management refers to the process to adequately manage the risks that financial institutions face. The Company evaluates the risks divided into categories of credit risk, credit concentration risk outside the calculation of capital ratio, interest rate risk in banking accounts, market risk and operational risk, and compares them with its management strength (capital ratio).

The Group regards development and reinforcement of risk management structure as its crucial management task. Furthermore, the Group has developed an integrated risk management structure that the risk management division manages all risks in order to comprehensively identify and appreciate various risks associated with the Company's operations by as uniform as possible measurement, and to earn the stable revenue, realize appropriate capital composition and allot management resources properly.

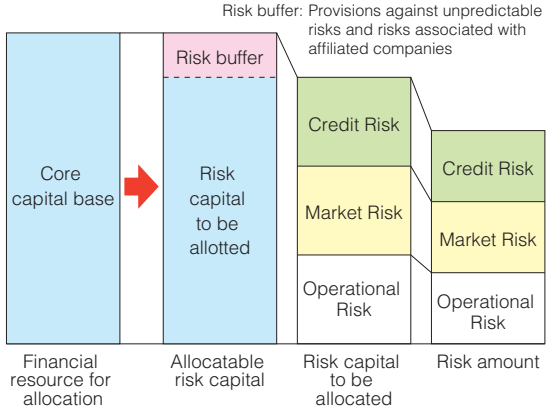
● Risk capital management system

The Group is running its operation based on the risk capital management system that controls all risks within certain proportion of capital base, under the integrated risk management structure.

Specifically, the Company allocates risk capital sourced from core capital base to credit risk, market risk and operational risk, based on the calculated risk amount in each category. The Company has also monitored risk amount continuously to ensure that it is kept within the tolerable limit from management point of view. Thus the Company ensures smooth operations and management soundness across the Group.

● Calculation method for capital ratio regulation

In respect to risk and asset calculation for the purpose of the capital ratio regulation, the Group applies the Foundation Internal Ratings-Based Approach for credit risks and assets and standard measurement methods to calculate the operational risk equivalents.



■ Credit Risk Management

Credit risk, as identified by the Group, is the risk of suffering losses as a result of a decline or loss of the value of assets due to reasons such as the deteriorating financial conditions of or default by the obligor.

In accordance with the management methods stipulated in the Credit Risk Management Regulations, which the Group has set up, the responsible division for the management of credit risk, the Risk Management Division at banking subsidiaries, administers finely-tuned responses to risks for the purpose of building up an optimum portfolio. Specifically, the division analyzes and manages the credit portfolio from various aspects including credit concentration risk, type of business, borrower classification and credit ratings.

The Group has set up a "Credit Policy" in the banking subsidiary that clarifies its policy for extending credit, based on its management policy in order to maintain and enhance the soundness of its business execution.

As for the credit analysis and management of each loan at the banking subsidiary, the Group makes efforts to ensure the independence of the investigation division from the business promotion division. The Board of Directors and other appropriate body review each loan for large obligor as well as the credit policy. Thus, the Group has focused on the development and improvement of its credit analysis system. Meanwhile, Loan Division is managing housing loans receivable.

Furthermore, the Internal Audit Division manages the auditing of the self-assessment of assets in order to maintain and enhance the soundness of the asset base.

■ Market Risk Management

Market risk, as identified by the Group, points to "market risk" and "market liquidity risk." Market risk is the risk of suffering losses through changes in the prices of assets and liabilities held by the Group due to the fluctuations of market risk factors, such as interest rates, prices of securities, foreign exchange rates and so on. Market liquidity risk is the risk of suffering losses arising from the inability to execute sufficient transactions under appropriate conditions, due to market confusion or an insufficient trading base. The Group has established a "policy on market risk control" and has developed an organizational structure, including the establishment of a risk control division independent of specific business divisions, to measure the volume of risk and monitor the concentration of risk in specific risk factors, etc., in an effort to develop and ensure an appropriate structure to control market risk.

■ Funding Liquidity Risk Management

Funding liquidity risk, as identified by the Group, is the risk of suffering funding difficulties from being unable to raise necessary funds due to market conditions or deterioration in the Group's financial condition, as well as the risk of suffering losses from being forced to raise funds at higher interest rates than usual.

The Group has established a "policy on liquidity risk control" and takes control of its funding situation through careful monitoring of the fund management and fundraising. The Group also ensures liquidation of its assets and diversifies the sources of fundraising. Thus, the Group has taken every possible measure to manage funding liquidity risk.

■ Operational Risk Management

Operational risk, as identified by the Group, is the risk of suffering losses from the inappropriate business activity of the Group - including its employees-, systems, or external premises.

The Group has set a rule for operational risk management and classified the risks into the six categories as follows; (1) administrative risk, (2) information asset (system) risk, (3) tangible fixed asset risk, (4) personnel risk, (5) legal risk, and (6) reputation risk.

Furthermore, the Group identifies and evaluates all risks associated with new products and services before they are actually developed and provided, for the purpose of adequate risk management. Besides, the Group manages customer information sufficiently and ensures management soundness when outsources certain business operation.

● Administrative risk management

Administrative risk, as identified by the Group, is the risk of suffering losses from administration, fraud, accidents and other risks that the Group's operations will not be carried out as intended.

The Group prescribes detailed rules on administrative procedures and strives to prevent accidents through doing the administration promptly and accurately, so that the customer can enter into transactions with the Group without any concern. Meanwhile, the Group makes every effort to eliminate

administrative risk by measures such as review of the administrative procedure from identification of potential risks through the analysis of administrative processes.

● Information asset (system) risk management

Information asset (system) risk, as identified by the Group, is the risk of suffering losses due to loss, alteration, unauthorized use, leakage of information, as well as to system defects caused by natural disasters or breakdowns.

In consideration of the fact that its business operations are supported by various computer systems, the Group ensures the reliability and security of systems and has established back-up systems and structures in case of emergency.

The Group is also working to establish appropriate operation and management systems to prevent the leakage of information and unauthorized access to its systems through encoding of data and strengthening of access authority management.

● Risk management related to cyberattacks, etc.

Risk related to cyberattacks, etc., as identified by the Group, is the risk of suffering losses due to cyberattacks, etc., such as targeted email attacks and website defacement.

To prepare for risks such as computer viruses, which have been rapidly increasing recently, and increasingly sophisticated cyberattacks, the Group is implementing various measures such as establishing a system to appropriately manage risks related to cyber security, improving security measures according to the degree of risk impact, and formulating contingency plans.

Furthermore, the Group has established a specialized team for computer security (CSIRT) and is working to strengthen its structure by enhancing various security measures and conducting cyberattack exercises.

● Tangible fixed asset risk

Tangible fixed asset risk, as identified by the Group, is the risk of suffering losses associated with damage of building and equipment or deterioration of working environment as a result of disasters or poor asset management.

The Group is preparing for disaster through conducting quake resistance tests and implementing countermeasures against power failures in order to ensure business continuity in the event of emergencies.

● Personnel risk

Personnel risk, as identified by the Group, is the risk of suffering losses associated with the delay of failing in succession of expertise within the Group, as a result of drain or loss of key staff, or degradation of morale.

The Group is striving to develop working environment to enable each employee to fully exert ability, while helping them to improve their skills.

● Legal risk management

Legal risk, as identified by the Group, is the risk of suffering losses from violations of laws and regulations, as well as inappropriate responses to changes in various systems.

The Group strives to prevent the occurrence of legal risk and to reduce the risk itself by collecting information concerning legal matters, and managing legal risk identified from such information, as well as appropriately responding to legal risk.

● Reputation risk management

Reputation risk, as identified by the Group, is the risk of suffering losses arising from deterioration of the Group's reputation due to circulation of unfounded rumors or due to inadequate responses of the Group concerning the facts.

The Group works to avoid reputation risk by disclosing information proactively thorough increases the transparency of its management, taking into consideration the crucial influence on the management of the Group.

■ Crisis Management

The Group has established the "Crisis Management Rules," which set out the basic policies in responding to emergencies including large-scale disasters and system failures. In the event of large-scale crisis, the Group sets up a "Crisis Management Headquarters" take charge of company-wide response. Specific action programs are set out in a "Contingency Plan," with the purpose to ensure safety of customers and employees, as well as set up business continuity structure of the financial system.

Approach to Facilitation of Financing

The Senshu Ikeda Bank (hereinafter the "Bank") is focused on providing adequate and sufficient financial intermediary function to customers in need of business loans or housing loans, as one of the crucial management priorities. The Bank has formulated basic policy for facilitation of financing (hereinafter the "Policy") in order to promote facilitation of financing to those in need particularly under the current tight economic environment.

The Bank intends to communicate with our customers and promote facilitation of financing positively.

● Organizational structure

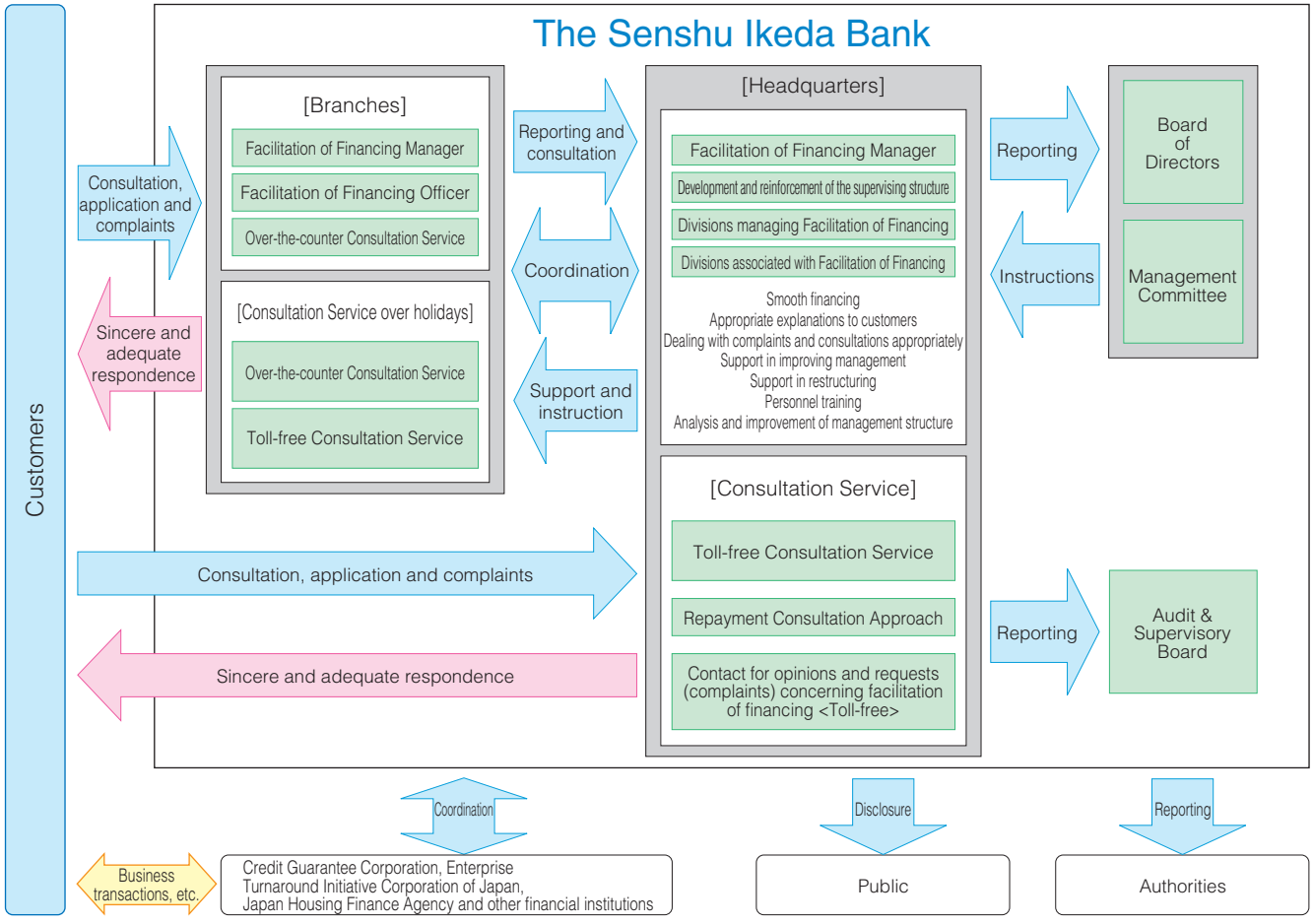
(1) With the purpose to develop a management structure necessary to supply facilitation of financing (hereinafter "Facilitation of Financing Management") under the Policy, the Bank appoints the Facilitation of Financing Manager to check whether Facilitation of Financing Management is effectively working.

(2) The Bank appoints the director in charge of the Loan Division to the Facilitation of Financing Manager. The Manager will engage in the development and reinforcement of the structure for Facilitation of Financing Management through checking the progress in respect of Facilitation of Financing Management.

(3) The Facilitation of Financing Manager coordinates the overall business in respect of Facilitation of Financing Management such as instructions to the division responsible for Facilitation of Financing Management, and drawing up of the rules governing facilitation of financing, with the purpose to ensure adequacy, sufficiency and effectiveness of Facilitation of Financing Management.

(4) The Loan Division is responsible for Facilitation of Financing Management. The Loan Division engages in the adequate operation, examination and improvement of Facilitation of Financing Management under the command of the Facilitation of Financing Manager through gathering information necessary for Facilitation of Financing Management.

System for accepting consultation of facilitation of financing



Basic Policies

(1) On receiving consultations or applications for new loans, or changes in loan terms from customers, the Bank intends to make sincere effort to conduct adequate and prompt credit screening through considering customers' recent financial results, assets and income as well as future potential and prospect. The Bank also deals with the applications for new loans, after changes in loan terms in a similar way as referred to above.
(2) The Bank intends to work appropriately and proactively to revitalize the local economies and streamline regional financing by making efforts to supply funds (including new credit granting) smoothly as well as to make changes in loan terms by monitoring the conditions of the customers carefully and fully coordinating with other related financial institutions including other business categories.
(3) In addition, the Bank intends to provide maximum support to the business improvement efforts of its customers not only through its role as a provider of financing but also through various customer services including business consultation and guidance.
(4) Furthermore, keeping in mind the purpose of the "Guidelines on Proprietor Guarantees" (Study Group on Guidelines on Proprietor Guarantees, December 5, 2013; hereinafter "Guidelines on Proprietor Guarantees"), the Bank intends to further promote loans that are not dependent on proprietor guarantees, and to this end, the Bank's policy will be to not require proprietor guarantee as a general rule.
(5) On receiving consultations or applications for new loans, or changes in loan terms from customers, the Bank intends to provide sufficient explanation in order to gain customers' understanding and satisfaction, on the basis of past trading records, customers' knowledge, experience and assets situation. If the Bank has to decline customers' application, we will explain the reason background of the decision as concretely and courteously as possible.
(6) The Bank intends to improve capability of directors and employees about facilitation of financing by giving internal training, to enable them to make appropriate decisions based on good understanding of customers' situations.
(7) The Bank intends to respond to any comments, requests, consultations and complaints from customers in respect of facilitation of financing promptly and sincerely.

Policies for handling of application for loans from small and medium enterprises and sole proprietors

(1) On receiving applications for changes in business terms such as loan terms from small and medium enterprises and sole proprietors, the Bank intends to accommodate such application and offer adequate changes in terms adequately as far as possible, taking into consideration of the specialty and the circumstance of customers' businesses.
(2) The Bank intends to provide small and medium enterprises and sole proprietors with management consultation, guidance and other adequate assistance in support of their effort for management improvement, taking into consideration the operational circumstance of customers.
(3) In the cases that customers borrow from other financial institutions as well as the Bank, we will, upon customers' approval, strive to make arrangements in coordination with the other financial institutions in order to help to reduce the burden of repayment.
(4) On receiving request for the corporate rehabilitation procedure through Alternative Dispute Resolution (ADR) for corporate rehabilitation (*) or Enterprise Turnaround Initiative Corporation of Japan, the Bank makes utmost effort to respond adequately to such request as far as possible, in full consideration of the prospect of improvement or rehabilitation of the business.
(Note) This refers to certified dispute resolution procedure in accordance with the Act on Strengthening Industrial Competitiveness, in which a private third-party organization formulates a rehabilitation plan, as coordinator of the interests of creditors.

Policies for handling of application for housing loan

(1) On receiving applications for new loans or changes in housing loan terms from housing loan customers, the Bank intends to accommodate such application and offer adequate new loans or changes in terms adequately as far as possible, taking into consideration of circumstances including customers' assets and income and transactions with other financial institutions.
(2) In the cases that customers have transaction with other financial institutions as well as the Bank or with Japan Housing Finance Agency, we will, upon customers' approval, strive to make arrangements in coordination with the other financial institutions in order to help to reduce the burden of repayment.

Corporate Information

Corporate Data (As of the end of June 2025)

Senshu Ikeda Holdings, Inc.

Establishment: October 1, 2009
Location: 18-14 Chayamachi, Kita-ku, Osaka-City, Osaka 530-0013, Japan
Phone: 81-(0)6-4802-0181
URL: https://www.senshuikeda-hd.co.jp
Share Capital: ¥102.9 billion
Business Activities: Management and other related operations of banks and affiliates whose shares can be held in accordance with the Banking Act and other related operations, and businesses which bank holding company can operate in accordance with the Banking Act.
Number of Employees: 174
Stock Listing: Tokyo Stock Exchange

The Senshu Ikeda Bank, Ltd.

Establishment: September 1, 1951
Location: 18-14 Chayamachi, Kita-ku, Osaka-City, Osaka 530-0013, Japan
Phone: 81-(0)6-6375-1005
URL: https://www.sihd-bk.jp
Share Capital: ¥61.3 billion
Deposits: ¥5.8231 trillion
Loans: ¥4.7286 trillion
Number of Branches: 139
Number of Employees: 1,996
Credit Ratings: A(Japan Credit Rating Agency, Ltd.)

International Network

Suzhou Representative Office:
399 East Baodai Road,
Wuzhong District, Suzhou,
Jiangsu, China

Phone: 86-(0)512-6585-1791
Facsimile : 86-(0)512-6585-2312

Ho Chi Minh City Representative Office:
7th Floor, Sun Wah Tower,
115 Nguyen Hue Boulevard,
District 1, Ho Chi Minh City,
Vietnam

Phone: 84-(0)28-3821-3295
Facsimile : 84-(0)28-3821-3298

01 Bank, Ltd.

Establishment: February 1, 2024
Location: 9-1, Toyotsucho, Suita City
URL: https://01bank.co.jp/index.html
Share Capital: ¥2.0 billion
Number of Employees: 27

Senshu Ikeda Tokai Tokyo Securities Co.,Ltd.

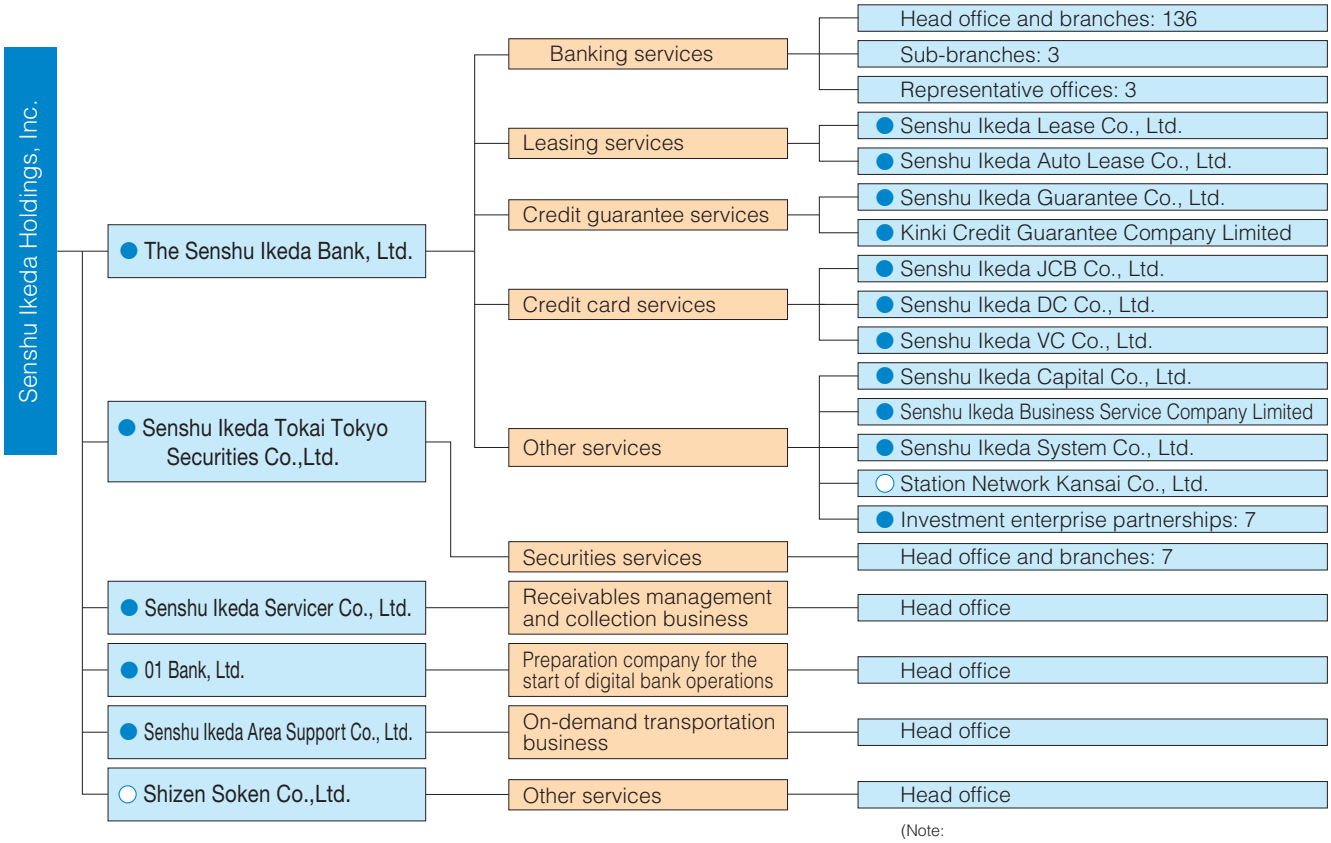
Establishment: January 30, 2013
Location: 3-2-1 Toyosaki, Kita-ku, Osaka-City, Osaka 530-0013, Japan
Phone: 81-(0)6-6485-0031
URL: https://www.sittsec.co.jp
Share Capital: ¥1.25 billion
Assets Under Management: ¥323.8 billion
Number of Branches: 7
Number of Employees: 122

Major Shareholders (As of March 31, 2025)

Name	Number of Shares Owned (Thousands)	Proportion of Total Shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	39,147	14.07
Custody Bank of Japan, Ltd. (Trust Account)	31,390	11.28
The Senshu Ikeda Bank Employees' Shareholders Association	13,157	4.73
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Settlement & Clearing Service Division, Mizuho Bank, Ltd.)	4,232	1.52
DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Tokyo Branch, Citibank, N.A.)	4,018	1.44
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Service Division, Mizuho Bank, Ltd.)	3,891	1.39
ITAMI SANGYO CO., LTD.	3,692	1.32
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Service Division, Mizuho Bank, Ltd.)	2,901	1.04
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	2,505	0.90
Fukoku Mutual Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	2,400	0.86

Business Description of the Group

■ Organizational Chart of the Group (As of the end of June, 2025)



(Note) Senshu Ikeda Capital New Business Fund No.4 Investment Enterprise Limited Partnership, which was a consolidated subsidiary of the Company in the fiscal year ended March 31, 2024 was excluded from the scope of consolidation in the fiscal year ended March 31, 2025, due to the completion of its liquidation procedures.
The Company has invested in the Senshu Ikeda Capital Business Succession Fund Kizuna No.4 Investment Enterprise Limited Partnership. It has been included in the scope of consolidation from the fiscal year ended March 31, 2026.
As of February 28, 2025, the company name of 01 Bank Preparatory Company, Inc. was changed to 01Bank, Ltd.

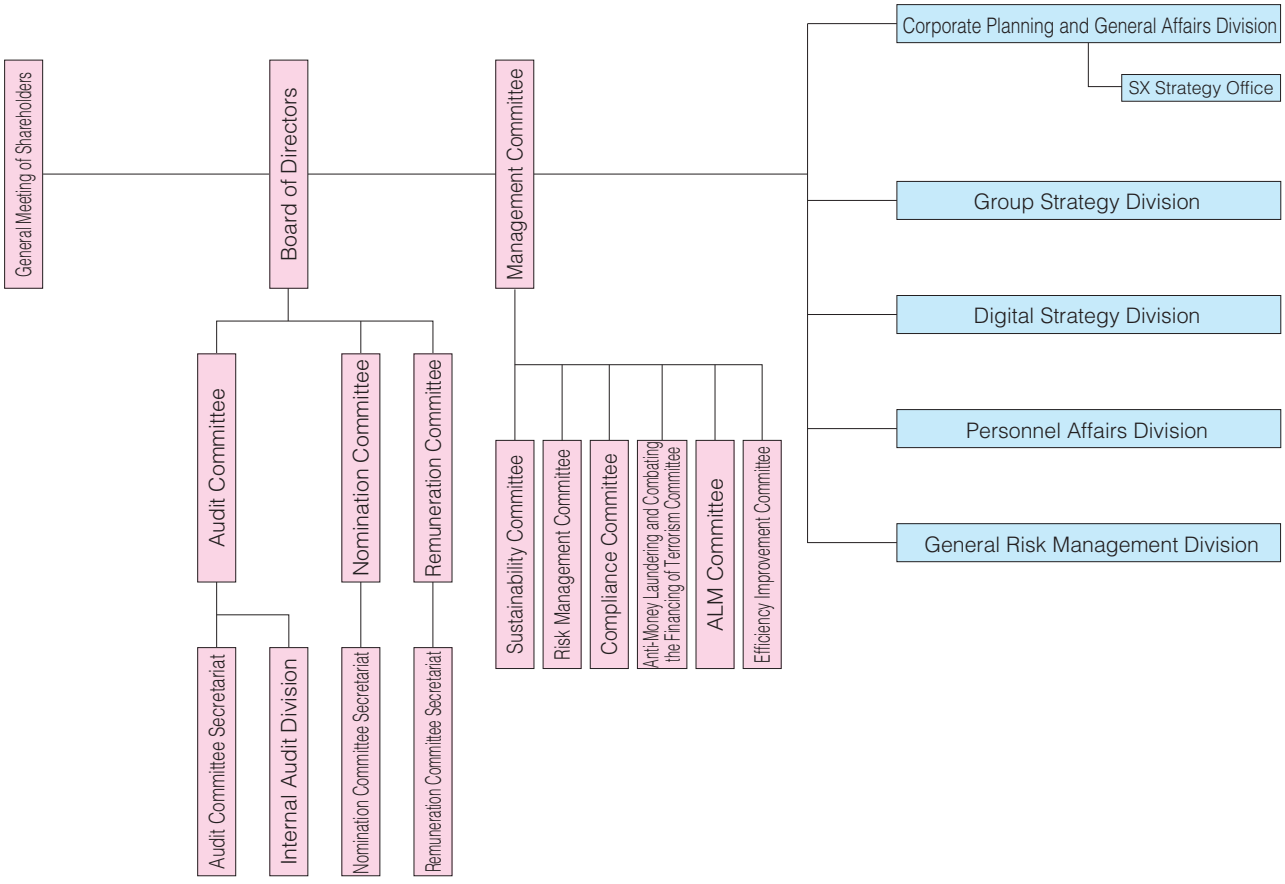
■ Subsidiaries and Affiliates (As of the end of June, 2025)

	Name	Address	Major Business	Date of establishment	Share Capital (millions of Japanese yen)	Investment ratio (%)	
						The Company	Subsidiaries and affiliates
Subsidiaries	The Senshu Ikeda Bank, Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Banking services	September 1, 1951	61,385	100.00	–
	Senshu Ikeda Tokai Tokyo Securities Co.,Ltd.	3-2-1, Toyosaki, Kita-ku, Osaka-city	Securities services	January 30, 2013	1,250	60.00	–
	Senshu Ikeda Servicer Co., Ltd.	3-1-22, Toyosaki, Kita-ku, Osaka-city	Receivables management and collection business	April 15, 2022	500	100.00	–
	01 Bank, Ltd.	9-1, Toyotsucho, Suita City	Banking services	February 1, 2024	2,000	100.00	–
	Senshu Ikeda Area Support Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	On-demand transportation business	March 13, 2024	50	100.00	–
	Senshu Ikeda Lease Co., Ltd.	4-5-36, Miyahara, Yodogawa-ku, Osaka-city	Leasing services	April 1, 1986	50	–	100.00
	Senshu Ikeda Auto Lease Co.,Ltd.	4-5-36, Miyahara, Yodogawa-ku, Osaka-city	Leasing services	July 10, 1996	80	–	95.00
	Senshu Ikeda Guarantee Co., Ltd.	3-1-22, Toyosaki, Kita-ku, Osaka-city	Credit guarantee services	July 20, 1973	180	–	100.00
	Kinki Credit Guarantee Company Limited	3-1-22, Toyosaki, Kita-ku, Osaka-city	Credit guarantee services	April 1, 1975	100	–	100.00
	Senshu Ikeda JCB Co., Ltd.	3-2-1, Toyosaki, Kita-ku, Osaka-city	Credit card services	February 1, 1983	60	–	100.00
	Senshu Ikeda DC Co., Ltd.	3-2-1, Toyosaki, Kita-ku, Osaka-city	Credit card services	September 5, 1990	30	–	100.00
	Senshu Ikeda VC Co., Ltd.	3-2-1, Toyosaki, Kita-ku, Osaka-city	Credit card services	November 2, 1990	40	–	100.00
	Senshu Ikeda Capital Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Investment services	March 6, 1989	90	–	100.00
	Senshu Ikeda Business Service Company Limited	18-14, Chayamachi, Kita-ku, Osaka-city	Back-office administration	April 1, 1983	30	–	100.00
	Senshu Ikeda System Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Computer software development and sale services	June 10, 1985	50	–	100.00
Affiliates	Shizen Soken Co., Ltd.	2-1-11, Jonan, Ikeda-city	Information offering services	November 1, 1996	80	32.50	–
	Station Network Kansai Co., Ltd.	1-4-8, Shibata, Kita-ku, Osaka-city	Planning and operation of ATM at station	June 29, 2000	100	–	40.00

Organization and Board of Directors

Senshu Ikeda Holdings

■ Organization (As of the end of July, 2025)



■ Board of Directors (As of June 25,2025)

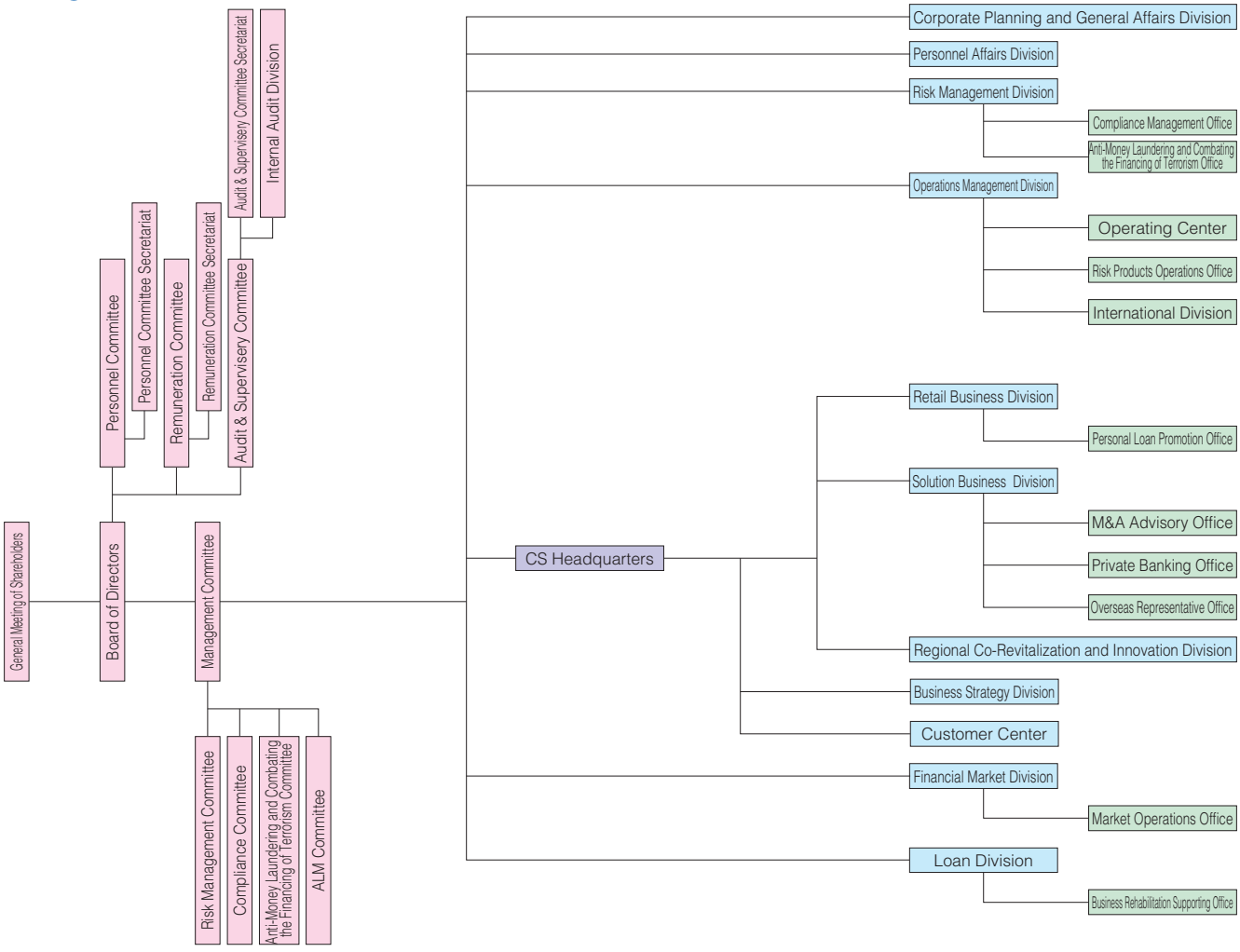
Director & Chairman (Non-executive)	Atsushi Ukawa	Director (Outside)	Atsuko Ogasawara	Director (Outside)	Kenji Fukuda
Director, Representative Corporate Officer, President & CEO	Hirohito Sakaguchi	Director (Outside)	Keiko Kaneko	Director (Outside)	Teruji Yamamura
Director, Representative Corporate Officer & Vice President	Osamu Tsukagoshi	Director (Outside)	Hidehito Hisakawa		
Director, Corporate Officer & Senior Managing Officer	Takayoshi Fujiwara	Director (Outside)	Shinoi Sakata		

■ Executive Officers (As of June 25,2025)

Representative Corporate Officer, President & CEO (concurrent director)	Hirohito Sakaguchi	Corporate Officer & Managing Officer	Kyoko Matsushita	Corporate Officer	Akira Nishikawa
Representative Corporate Officer & Vice President (concurrent director)	Osamu Tsukagoshi	Corporate Officer & Managing Officer	Tomoyuki Shinohara	Corporate Officer	Kazuo Nagai
Corporate Officer & Senior Managing Officer	Toshiyuki Wada	Corporate Officer & Managing Officer	Ryoichi Iimuro	Corporate Officer	Yoshinori Narita
Corporate Officer & Senior Managing Officer (concurrent director)	Takayoshi Fujiwara			Corporate Officer	Tetsushi Yonemoto

The Senshu Ikeda Bank

■ Organization (As of the end of July, 2025)



■ Board of Directors (As of June 25, 2025)

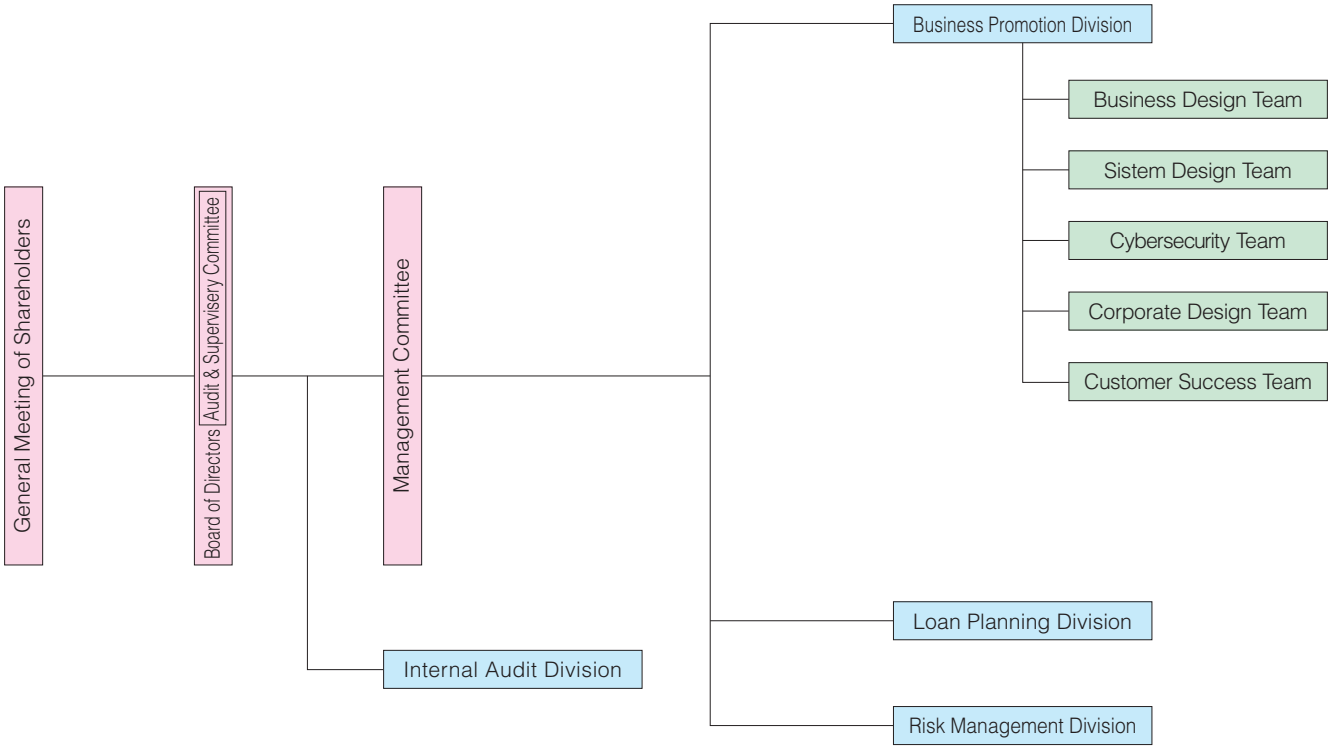
Chairman (Full-time Audit & Supervisory Committee Member)	Atsushi Ukawa	Representative Director & Vice President	Osamu Tsukagoshi	Director & Executive Officer	Tetsuo Yamamoto	Non-executive Director	Atsuko Ogasawara
Representative Director, President & CEO	Hirohito Sakaguchi	Director & Senior Managing Executive Officer	Toshiyuki Wada	Director (Audit & Supervisory Committee Member) (Outside)	Kazuyuki Tanaka	Non-executive Director	Keiko Kaneko
		Director & Senior Managing Executive Officer	Takayoshi Fujiwara	Director (Audit & Supervisory Committee Member) (Outside)	Takehiro Sugiyama	Non-executive Director	Hidehito Hisakawa
		Director & Managing Executive Officer	Tomoyuki Shinohara			Non-executive Director	Shinoi Sakata

■ Executive Officers (As of June 25, 2025)

Senior Managing Executive Officer	Akira Harada	Managing Executive Officer	Masahide Inui	Executive Officer	Kengo Hounoki	Executive Officer	Kengo Tanaka
Managing Executive Officer	Kyoko Matsushita	Managing Executive Officer	Yasuji Kanbayashi	Executive Officer	Yasushi Yamanaka	Executive Officer	Tetsushi Yonemoto
Managing Executive Officer	Shin-ichi Kojima	Managing Executive Officer	Takahiro Doki	Executive Officer	Akira Ishikawa	Executive Officer	Shinichi Nishiyama
Managing Executive Officer	Yoshi Yamamoto	Executive Officer	Masayoshi Onishi	Executive Officer	Kazuo Nagai		
Managing Executive Officer	Ryoichi Iimuro	Executive Officer	Tsuyoshi Kotani	Executive Officer	Yoshinori Narita		

01 Bank

■ Organization (As of the end of July, 2025)



■ Board of Directors (As of June 25, 2025)

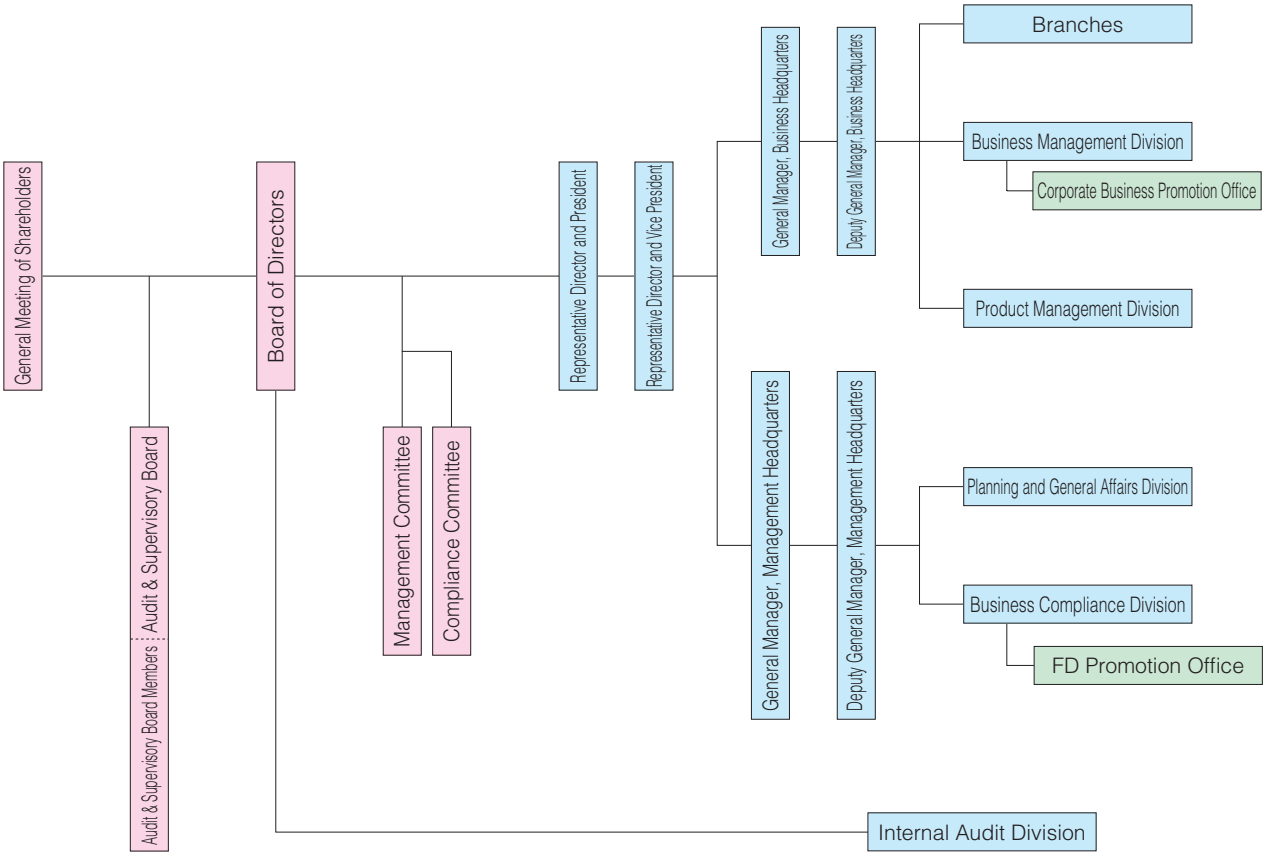
Representative Director and President	Masaki Itou	Director (Outside)	Nobuyoshi Yamori
Representative Director and Vice President	Atsushi Otsuka	Director (Outside)	Takuya Eguchi
Director	Koji Koike		

■ Executive Officers (As of June 25, 2025)

Executive Officer	Tomoyuki Terada

Senshu Ikeda Tokai Tokyo Securities

■ Organization (As of the end of July, 2025)



■ Board of Directors (As of June 25, 2025)

Representative Director and President	Muneharu Kurita	Audit & Supervisory Board Member (Full-time)	Ken-ichi Hanatate
Representative Director and Vice President	Nozomu Kudou	Audit & Supervisory Board Member (Outside)	Osamu Horiuchi
Managing Director	Toshiyuki Inoue	Audit & Supervisory Board Member (Outside)	Yoshinobu Deguchi

■ Executive Officers (As of June 25, 2025)

Managing Executive Officer	Masaomi Umezawa	Executive Officer	Shinji Nakatani
Managing Executive Officer	Shigeki Kawamura		

Consolidated Financial Information of Senshu Ikeda Holdings

Consolidated Balance Sheets

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
As of March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Assets			
Cash and due from banks (Notes 28 and 34)	**¥ 854,992**	¥ 797,792	**$ 5,718,245**
Call loans and bills bought (Note 34)	**4,336**	4,338	**28,999**
Monetary claims bought (Note 34)	**–**	19	**–**
Money held in trust (Notes 6 and 34)	**8,996**	9,005	**60,165**
Securities (Notes 5, 7, 12, 20, 34 and 35)	**716,402**	632,335	**4,791,345**
Loans and bills discounted (Notes 8, 12, 34 and 35)	**4,680,029**	4,831,651	**31,300,354**
Foreign exchange assets (Notes 9 and 34)	**5,862**	5,900	**39,205**
Other assets (Notes 10 and 12)	**91,434**	92,077	**611,516**
Tangible fixed assets (Note 11)	**36,572**	36,576	**244,596**
Intangible fixed assets	**3,842**	4,256	**25,695**
Net defined benefit assets (Note 18)	**30,578**	31,936	**204,507**
Deferred tax assets (Note 30)	**1,648**	247	**11,021**
Customers' liabilities for acceptances and guarantees	**6,920**	6,395	**46,281**
Reserve for possible loan losses	**(10,295)**	(10,426)	**(68,853)**
Total assets	**¥ 6,431,321**	¥ 6,442,107	**$ 43,013,115**
Liabilities and net assets			
Liabilities			
Deposits (Notes 12, 13 and 34)	**¥ 5,702,410**	¥ 5,667,529	**$ 38,138,108**
Payables under securities lending transactions (Notes 12 and 34)	**4,396**	–	**29,400**
Borrowed money (Notes 12, 14 and 34)	**408,343**	466,470	**2,731,025**
Foreign exchange liabilities (Notes 16 and 34)	**846**	681	**5,658**
Borrowed money from trust account (Notes 15 and 34)	**2,644**	2,534	**17,683**
Other liabilities (Notes 12, 17 and 19)	**62,895**	49,465	**420,646**
Provision for employees' bonuses	**1,790**	1,716	**11,971**
Provision for directors' bonuses	**82**	90	**548**
Net defined benefit liability (Note 18)	**141**	149	**943**
Accrued retirement benefits for directors and audit & supervisory board members	**4**	4	**26**
Reserve for reimbursement of deposits	**74**	146	**494**
Reserve for contingent losses	**496**	446	**3,317**
Reserve under special laws	**15**	15	**100**
Deferred tax liabilities (Note 30)	**9**	1,634	**60**
Acceptances and guarantees	**6,920**	6,395	**46,281**
Total liabilities	**6,191,073**	6,197,281	**41,406,320**
Net assets			
Shareholders' equity (Note 21):			
Capital stock	**102,999**	102,999	**688,864**
Capital surplus	**16,898**	16,899	**113,014**
Retained earnings	**112,405**	103,014	**751,772**
Treasury stock	**(1,116)**	(122)	**(7,463)**
Total shareholders' equity	**231,187**	222,791	**1,546,194**
Accumulated other comprehensive income:			
Net unrealized gain (loss) on available-for-sale securities (Note 7)	**(1,680)**	9,099	**(11,235)**
Net unrealized gain (loss) on deferred hedges (Note 35)	**(139)**	(35)	**(929)**
Remeasurements of defined benefit plans	**7,817**	10,289	**52,280**
Total accumulated other comprehensive income	**5,997**	19,353	**40,108**
Stock subscription rights (Note 21)	**179**	148	**1,197**
Non-controlling interests	**2,884**	2,532	**19,288**
Total net assets	**240,248**	244,825	**1,606,795**
Total liabilities and net assets	**¥ 6,431,321**	¥ 6,442,107	**$ 43,013,115**

See accompanying notes to consolidated financial statements

Consolidated Statements of Operations

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Income			
Interest income:			
Interest on loans and bills discounted	**¥ 43,246**	¥ 39,943	**$ 289,232**
Interest and dividends on securities	**5,765**	3,471	**38,556**
Other interest income	**2,814**	2,150	**18,820**
Trust fees	**10**	22	**66**
Fees and commissions	**24,950**	23,610	**166,867**
Other ordinary income (Note 22)	**1,742**	1,568	**11,650**
Reversal of provision for possible loan losses	**–**	357	**–**
Recoveries of written-off claims	**596**	512	**3,986**
Gain on sales or disposal of fixed assets	**10**	–	**66**
Other income (Note 23)	**13,947**	13,581	**93,278**
Total income	**93,084**	85,219	**622,552**
Expenses			
Interest expenses:			
Interest on deposits	**3,832**	482	**25,628**
Interest on borrowings and rediscounts	**70**	28	**468**
Other interest expenses	**418**	311	**2,795**
Fees and commissions	**8,738**	7,524	**58,440**
Other ordinary expenses (Note 25)	**1,220**	2,554	**8,159**
General and administrative expenses (Note 24)	**45,399**	44,385	**303,631**
Provision for possible loan losses	**329**	–	**2,200**
Loss on sales or disposal of fixed assets	**39**	103	**260**
Loss on impairment of fixed assets	**3**	243	**20**
Other expenses (Note 26)	**13,514**	14,092	**90,382**
Total expenses	**73,567**	69,727	**492,021**
Income before income taxes	**19,516**	15,491	**130,524**
Income taxes (Note 30)			
Current	**3,646**	2,957	**24,384**
Deferred	**2,555**	1,571	**17,088**
Total income taxes	**6,202**	4,529	**41,479**
Profit	**13,314**	10,962	**89,044**
Profit attributable to non-controlling interests	**67**	88	**448**
Profit attributable to owners of the parent	**¥ 13,246**	¥ 10,874	**$ 88,590**

See accompanying notes to consolidated financial statements

Consolidated Statements of Comprehensive Income

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Profit	**¥ 13,314**	¥ 10,962	**$ 89,044**
Other comprehensive income (Note 31)			
Net unrealized gain (loss) on available-for-sale securities	**(10,778)**	3,540	**(72,084)**
Net unrealized gain (loss) on deferred hedges	**(104)**	(81)	**(695)**
Remeasurements of defined benefit plans	**(2,472)**	4,535	**(16,532)**
Total other comprehensive income	**(13,354)**	7,995	**(89,312)**
Comprehensive income	**¥ (40)**	¥ 18,957	**$ (267)**
Total comprehensive income attributable to:			
Owners of the parent	**(109)**	18,869	**(728)**
Non-controlling interests	**69**	88	**461**

Consolidated Statements of Changes in Net Assets

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
Year Ended March 31, 2025

	Millions of Yen										
						Accumulated other comprehensive income					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain (loss) on available-for-sale securities	Net unrealized gain (loss) on deferred hedges	Remeasurements of defined benefit plans	Stock subscription rights	Non-controlling interests	Total net assets
BALANCE, April 1, 2023	**102,999**	**16,899**	**95,294**	**(135)**	**215,057**	**5,558**	**45**	**5,754**	**116**	**2,164**	**228,697**
Change in subsidiaries' equity		**2**			**2**						**2**
Cash dividends			(3,154)		(3,154)						(3,154)
Profit attributable to owners of the parent			10,874		10,874						10,874
Acquisition of treasury stock				(0)	(0)						(0)
Disposal of treasury stock		(2)		13	11						11
Net changes in items other than shareholders' equity						3,540	(81)	4,535	31	367	8,394
Total changes during the period	–	0	7,719	13	7,733	3,540	(81)	4,535	31	367	16,128
BALANCE, March 31, 2024	**102,999**	**16,899**	**103,014**	**(122)**	**222,791**	**9,099**	**(35)**	**10,289**	**148**	**2,532**	**244,825**
Change in subsidiaries' equity		0	(0)		(0)						(0)
Cash dividends			(3,855)		(3,855)						(3,855)
Profit attributable to owners of the parent			13,246		13,246						13,246
Acquisition of treasury stock				(1,000)	(1,000)						(1,000)
Disposal of treasury stock		(1)		7	5						5
Net changes in items other than shareholders' equity						(10,779)	(104)	(2,472)	31	351	(12,973)
Total changes during the period	–	(0)	9,390	(993)	8,395	(10,779)	(104)	(2,472)	31	351	(4,577)
BALANCE, March 31, 2025	**102,999**	**16,898**	**112,405**	**(1,116)**	**231,187**	**(1,680)**	**(139)**	**7,817**	**179**	**2,884**	**240,248**

	Thousands of U.S. Dollars (Note 1)										
						Accumulated other comprehensive income					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain (loss) on available-for-sale securities	Net unrealized gain (loss) on deferred hedges	Remeasurements of defined benefit plans	Stock subscription rights	Non-controlling interests	Total net assets
BALANCE, April 1, 2024	**688,864**	**113,021**	**688,964**	**(815)**	**1,490,041**	**60,854**	**(234)**	**68,813**	**989**	**16,934**	**1,637,406**
Change in subsidiaries' equity		0	(0)		(0)						(0)
Cash dividends			(25,782)		(25,782)						(25,782)
Profit attributable to owners of the parent			88,590		88,590						88,590
Acquisition of treasury stock				(6,688)	(6,688)						(6,688)
Disposal of treasury stock		(6)		46	33						33
Net changes in items other than shareholders' equity						(72,090)	(695)	(16,532)	207	2,347	(86,764)
Total changes during the period	–	0	62,800	(6,641)	56,146	(72,090)	(695)	(16,532)	207	2,347	(30,611)
BALANCE, March 31, 2025	**688,864**	**113,014**	**751,772**	**(7,463)**	**1,546,194**	**(11,235)**	**(929)**	**52,280**	**1,197**	**19,288**	**1,606,795**

See notes to consolidated financial statements

Consolidated Statements of Cash Flows

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Cash flows from operating activities			
Income before income taxes	**¥ 19,516**	¥ 15,491	**$ 130,524**
Depreciation	**4,450**	4,452	**29,761**
Loss on impairment of fixed assets	**3**	227	**20**
(Earnings) losses from investments under the equity method	**(14)**	5	**(93)**
Increase (decrease) in reserve for possible loan losses	**(130)**	(875)	**(869)**
Increase (decrease) in accrued bonuses	**73**	(7)	**488**
Increase (decrease) in provision for directors' bonuses	**(8)**	5	**(53)**
Decrease (increase) in net defined benefit asset	**(58)**	(31)	**(387)**
Increase (decrease) in net defined benefit liability	**(7)**	4	**(46)**
Increase (decrease) in reserve for reimbursement of deposits	**(71)**	(63)	**(474)**
Increase (decrease) in reserve for contingent losses	**49**	(707)	**327**
Interest income	**(51,826)**	(45,565)	**(346,615)**
Interest expenses	**4,321**	822	**28,899**
(Gain) loss on securities	**445**	1,051	**2,976**
(Gain) loss on money held in trust	**36**	(25)	**240**
(Gain) loss on foreign exchange	**258**	(681)	**1,725**
(Gain) loss on sales or disposal of fixed assets, net	**23**	92	**153**
Net (increase) decrease in loans and bills discounted	**151,622**	(94,459)	**1,014,058**
Net increase (decrease) in deposits	**34,881**	88,278	**233,286**
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	**(58,127)**	127,570	**(388,757)**
Net (increase) decrease in due from banks (excluding due from the Bank of Japan)	**2,497**	(3,416)	**16,700**
Net (increase) decrease in call loans and bills bought and others	**22**	3,334	**147**
Net increase (decrease) in payables under securities lending transactions	**4,396**	(4,371)	**29,400**
Net (increase) decrease in foreign exchange (assets)	**37**	(43)	**247**
Net increase (decrease) in foreign exchange (liabilities)	**164**	367	**1,096**
Net increase (decrease) in borrowed money from trust account	**109**	873	**728**
Interest received	**51,577**	44,872	**344,950**
Interest paid	**(3,008)**	(857)	**(20,117)**
Other	**7,901**	(14,448)	**52,842**
Subtotal	**169,136**	121,898	**1,131,193**
Income taxes paid	**(3,393)**	(549)	**(22,692)**
Net cash provided by (used in) operating activities	**¥ 165,743**	¥ 121,348	**$ 1,108,500**

Consolidated Statements of Cash Flows

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Cash flows from investing activities			
Purchases of securities	**¥ (222,482)**	¥ (203,578)	**$ (1,487,974)**
Proceeds from sales of securities	**40,250**	15,746	**269,194**
Proceeds from maturity of securities	**85,479**	42,215	**571,689**
Decrease in money held in trust	**–**	6,000	**–**
Purchases of tangible fixed assets	**(3,521)**	(4,402)	**(23,548)**
Purchases of intangible fixed assets	**(1,217)**	(1,735)	**(8,139)**
Proceeds from sales of tangible fixed assets	**11**	–	**73**
Net cash provided by (used in) investing activities	**(101,478)**	(145,754)	**(678,691)**
Cash flows from financing activities			
Proceeds from stock issuance to non-controlling shareholders	**282**	282	**1,886**
Cash dividends paid	**(3,855)**	(3,154)	**(25,782)**
Purchases of treasury stock	**(1,000)**	**(0)**	**(6,688)**
Proceeds from disposition of treasury stock	**5**	11	**33**
Net cash provided by (used in) financing activities	**(4,568)**	(2,860)	**(30,551)**
Effect of exchange rate changes on cash and cash equivalents	**–**	(7)	**–**
Net increase (decrease) in cash and cash equivalents	**59,696**	(27,274)	**399,250**
Cash and cash equivalents at beginning of period	**788,049**	815,323	**5,270,525**
Cash and cash equivalents at end of period (Note 28)	**¥ 847,746**	¥ 788,049	**$ 5,669,783**

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the Years Ended 31st March, 2025 and 2024

1. Basis of Presentation

Senshu Ikeda Holdings, Inc. (the "Company") is a holding company and conducts its operations through its subsidiaries and affiliates. The Company and its subsidiaries (collectively, the "Group") maintain their books of account in accordance with the provisions set forth in the Companies Act of Japan (the "Act") and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. Certain accounts have been reclassified for the convenience of readers outside Japan.

In preparing the accompanying consolidated financial statements, Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in yen in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥149.52 = U.S.$1.00, the exchange rate prevailing on March 31, 2025. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

2. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 21 (22 in 2024) significant subsidiaries which it controls directly or indirectly. Affiliates over which the Company exercises significant influence in terms of their operating and financial policies have been included in the accompanying consolidated financial statements on an equity basis.

Change in the scope of consolidation
Senshu Ikeda Capital New Business Fund No.4 Investment Enterprise Limited Partnership, which was a consolidated subsidiary of the Company in the fiscal year ended March 31, 2024 was excluded from the scope of consolidation in the fiscal year ended March 31, 2025, due to the completion of its liquidation procedures.

Change in the name of consolidated subsidiaries
As of February 28, 2025, the company name of 01 Bank Preparatory Company, Inc. was changed to 01Bank, Ltd.

The company has applied the equity method to its investments in 2 affiliates for the years ended March 31, 2025 and 2024, respectively.

All significant intercompany accounts and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

The difference between the cost and the underlying equity in the net assets of the consolidated subsidiaries measured at fair value at their respective dates of acquisition is presented as "goodwill" or "negative goodwill". Goodwill is amortized by the straight-line method over a period of 5 years.

The balance sheet date of 6 subsidiaries is December 31. Appropriate adjustments have been made for significant intervening transactions occurring during the period from December 31 to March 31.

3. Significant Accounting Policies

(1) Securities
Non-trading securities are classified into three categories: held-to-maturity debt securities, equity securities of unconsolidated subsidiaries and available-for-sale securities. Held-to-maturity debt securities are carried at amortized cost, and the cost being determined by the moving-average method. Equity securities of an unconsolidated subsidiary are stated at cost determined by the moving-average method. Available-for-sale securities whose fair values are available are stated at fair value determined based on the quoted market price and other information at the balance sheet date. Cost of sales of these available-for sale securities is determined using the moving-average method. Non-marketable equity securities are stated at cost determined by the moving-average method.
Unrealized gain or loss on available-for-sale securities is included in net assets, net of income taxes.
However, for consolidated subsidiaries engaged in banking business, regarding the effect of exchange rate changes on bonds among available-for-sale securities denominated in foreign currencies, the effect on changes in the market prices of foreign currencies is treated as unrealized gain (loss), and other differences are treated as gain (loss) on foreign exchange.

(2) Investment securities held in money trusts
Investment securities that are part of trust assets in independently managed money trusts with the primary purpose to manage securities are stated at the fair value as of the balance sheet date.

(3) Derivatives
Derivatives are stated at fair value.

(4) Tangible fixed assets
Depreciation of tangible fixed assets of the Group, except for leased assets, is calculated principally by the straightline method. The principal useful lives are as follows:
Buildings····· 3 to 50 years
Other····· 2 to 20 years

(5) Intangible fixed assets

Intangible fixed assets are amortized by the straight-line method. Amortization of the cost of software intended for internal use is calculated by the straight-line method based on a useful life (5 years) determined by the Group and its consolidated subsidiaries.

(6) Reserve for possible loan losses

A reserve for possible loan losses is provided by consolidated subsidiaries engaged in the banking business (the "banking subsidiaries") in accordance with the prescribed standards. For claims on borrowers who have declared bankruptcy or have commenced special liquidation proceedings or similar legal proceedings ("bankrupt borrowers"), or borrowers who are not legally or formally insolvent but are regarded as substantially in the same situation ("effectively bankrupt borrowers"), a reserve is provided based on the book value of the claims, after the write-off stated below, net of the expected amount recoverable from collateral and guarantees.

For claims on borrowers who are not currently bankrupt but are likely to become bankrupt ("potentially bankrupt borrowers"), a reserve is provided at the amount deemed necessary based on the overall solvency assessment of the borrowers and the amount of the claims, net of the expected amount recoverable from collateral and guarantees.

For other claims, a reserve is projected and provided primarily at the amount of estimated losses over a subsequent one-year period or three-year period. Estimated losses are calculated using a loss rate based on the average historical loan-loss ratio over a certain period obtained from historical loan losses for a one-year period or three-year period.

The Group conducts self-assessments of asset quality at its loan offices. The assessments are audited by the independent credit audit section in accordance with the Group's policy and guidelines for the self-assessment of asset quality. Based on the results of these assessments, an appropriate reserve is provided for the resulting losses and for write-offs of doubtful assets.

For consolidated subsidiaries other than the banking subsidiaries, a specific reserve for possible loan losses at the total amount of loans deemed to be uncollectible based on a solvency analysis of each loan, in addition to a general reserve at an amount calculated based on historical experience, is provided.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount of the claims exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and is written off against the total amount of the outstanding claims. These write-offs amounted to ¥18,140 million ($121,321 thousand) and ¥21,935 million for the years ended March 31, 2025 and 2024, respectively.

(7) Provision for employees' bonuses

Provision for employees' bonuses is calculated based on an estimated payment amount, which is attributable to the fiscal year.

(8) Provision for directors' bonuses

Provision for directors' bonuses is calculated based on an estimated payment amount for directors, which is attributable to the fiscal year, in order to prepare for the payment of performance-linked compensation to directors.

(9) Accrued retirement benefits for directors and audit & supervisory board members

Accrued retirement benefits for directors and audit & supervisory board members are provided at an amount that would be required if all directors and audit & supervisory board members retired at the balance sheet date.

(10) Reserve for reimbursements of deposits

Reserve for reimbursements of deposits is provided at an estimate of the future payments to be made for reimbursement claims on deposits which were derecognized and credited from liability to income based on the Group's historical experience.

(11) Reserve for contingent losses

Reserve for contingent losses is provided at an estimate of the future loss on contingencies other than those covered by other reserves or provisions.

(12) Reserve under special laws

Reserve under special laws consist of the financial instruments transaction liability reserve of ¥15 million ($100 thousand) as of March 31, 2025, posted by Senshu Ikeda Tokai Tokyo Securities Co., Ltd., which were calculated according to the specifications of Article 46-5 of the Financial Instruments and Exchange Act and Article 175 of the Cabinet Office Ordinance Related to the Financial Instruments Business, to prepare for losses originating from incidents relating to the purchase and sale of securities or other transactions.

(13) Accounting treatment for retirement benefits

In the calculation of retirement benefit obligation, the Company applies the benefit formula basis in attributing expected retirement benefits to periods until the end of this fiscal year.

Actuarial gain or loss is amortized commencing the year following the year in which the gain or loss is recognized by the straight-line method principally over a period of 11 years, which is within the average estimated remaining years of service of the eligible employees.

Some of the consolidated subsidiaries calculate their net defined benefit liability and retirement benefit expenses by adopting the simplified method, assuming the amount of year-end retirement benefit payable due to voluntary terminations as retirement benefit obligation.

(14) Foreign currency transactions

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

(15) Leases

Leased assets under finance lease arrangements which do not transfer ownership of the leased assets to the lessee are depreciated over the respective lease contract periods using the straight-line method with residual values defined in the lease contracts, otherwise the residual values is zero.

As lessee:
Finance leases which commenced prior to 1st April, 2008, except for those substantially requiring the transfer of ownership of the leased assets to the lessee, are accounted for as operating leases.

As lessor:
Finance lease income and related cost are recognized when lease payment is received. Finance leases which do not transfer ownership of the leased assets to the lessee and commenced prior to 1st April, 2008 are deemed to have been entered into contracts at the amount of the cost less accumulated depreciation at March 31, 2008.

(16) Revenues and expenses

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred to the customer. The amount of revenue recognized from contracts with customers is calculated based on the amount expected to be received in exchange for goods or services. For point programs operated by other companies in which the Company's consolidated subsidiaries participate, the amount expected to be used in the future is recognized as an amount to be collected on behalf of third parties and deducted from fees and commissions.

(17) Revenue recognition for share dividends

Regarding the revenue recognition for share dividends distributed from other retained earnings (limited to cases of cash dividends), they are recorded as follows in accordance with Paragraph 94 of "Practical Guidelines on Accounting for Financial Instruments" (Transferred Guidance, No.9, July 1, 2024).

(1) Shares with a market price
As of the ex-dividend date of each share (the day after the last trading day with dividend rights), the Group estimates and records accrued dividends receivable based on the previous actual dividend or the published forecast dividend per share.

(2) Shares without a market price
Dividends to be paid within the period normally required after the effective date of a resolution regarding dividends passed at a general meeting of shareholders, a meeting of the board of directors, or other body with decision-making authority of the issuing company are recorded in the fiscal year that includes the date of payment.

(18) Hedge accounting

Interest rate risk hedging
With respect to hedge accounting for the interest rate risk arising from financial assets and liabilities of the banking subsidiaries, the Group applies deferral hedge accounting, under which gains or losses on derivatives are deferred until maturity of the hedged transactions, as stipulated in the Japanese Institute of Certified Public Accountants (JICPA) Industry Committee Practical Guidelines No. 24, March 17, 2022.

Foreign exchange rate risk hedging
With respect to hedge accounting for derivative transactions used to hedge the risk of financial assets and liabilities denominated in foreign currencies of the banking subsidiaries, the Group applies deferral hedge accounting, under which gains or losses on derivatives are deferred until maturity of the hedged transactions, as stipulated in the JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020. The Group assesses the effectiveness of its currency swaps and foreign exchange swaps transactions, etc. entered into in order to hedge the risk of fluctuation in foreign exchange rates by comparing the foreign-currency amount of each underlying hedged item with the corresponding foreign currency amount of the respective hedging instruments.

(19) Cash flows

In preparing the consolidated statement of cash flows, cash and deposits with the Bank of Japan are considered to be cash and cash equivalents.

(20) Application of the group tax sharing system

The Company and some of its consolidated subsidiaries have adopted the group tax sharing system as stipulated in the Corporation Tax Act (Act No. 34 of 1965).

(21) Accounting principles and procedures adopted when the provisions of relevant accounting standards, etc. are unclear

Accounting treatment for gain (loss) on cancellation of investment trusts
Gain (loss) on cancellation and redemption of investment trusts is recorded as "Interest and dividends on securities." In cases where the total amount of profit distribution, etc. from investment trusts during the period is a loss, the amount is recorded as "Loss on redemption of bonds."

(22) Significant accounting estimates

1. Valuation of loans and bills discounted

(1) Amount recorded in the consolidated financial statements for this fiscal year.

	Millions of yen		Thousands of U.S.dollars
	2025	2024	**2025**
Reserve for possible loan losses	¥ 10,295	¥ 10,426	$ 68,853
Of which, reserve for possible loan losses considering the risk of downward shift with respect to substantially interest-free and unsecured loans (hereinafter "zero-zero financing (*)")	¥ -	¥ 538	$ -

(*) "Zero-zero financing" refers to loans provided to business borrowers whose performance deteriorated during COVID-19 pandemic, with substantially no interest (for a certain period), no collateral and reduced or exempted guarantee fees, which allowed the borrowers to defer repayment of the principal of loans for up to five years.

(2) Information for an understanding of the nature of significant accounting estimates for the identified items

(i) Calculation method

Reserve for possible loan losses of the banking subsidiaries is calculated by assessing the borrower classification based on the asset self-assessment standards and using a certain calculation method according to the borrower classification as described in "Notes (Significant Accounting Policies for Preparation of Consolidated Financial Statements), 4. Significant Accounting Policies, (4) Standards for recognition of reserve for possible loan losses. With regard to the borrowers requiring caution except for those requiring special caution (hereinafter "other borrowers requiring caution"), the reserve for possible loan losses is calculated by grouping them into two categories based on their credit ratings (the lower rating classification which mainly consist to borrowers with amended loan terms and the higher rating classification which consist of the remaining borrowers).

The reserve for possible loan losses that was recorded at the end of the previous consolidated fiscal year in consideration of the impact of the downward transition risk of zero-zero financing has been fully reversed since its impact on the expected loss amount has become diminished.

(ii) Key assumptions

The key assumption in determining the borrower classification for business loan borrowers with deteriorating business conditions is the "Outlook for future business performance of borrowers". "Outlook for future business performance of borrowers" is determined based on an individual assessment of each borrower's ability to earn a profit. In addition, there is uncertainty about the future economic environment, including the impact of international situations such as the US government's tariff policy and inflationary pressures. When assessing individual debtors, we take these impacts into account when determining their classification.

(iii) Impact on the consolidated financial statements for the fiscal year ending March 31, 2026

Changes in the business performance of borrowers and the success or failure of their business strategies could have a significant impact on reserve for possible loan losses stated in the consolidated financial statements for the fiscal year ending March 31, 2026.

(23) Accounting standards issued but not yet effective

・"Accounting Standards for Leases" (ASBJ Statement, No.34, September 13, 2024)

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

(1) Overview

As part of its efforts to make Japanese accounting standards internationally consistent, the ASBJ has been considering the development of an accounting standard for leases that recognizes assets and liabilities for all lessee leases, based on international accounting standards. The guiding principle is basically based on the single accounting model of IFRS 16, but instead of adopting all the provisions of IFRS 16, only the main provisions have been adopted to make it simpler and more convenient, and basically no amendment is required when the provisions of IFRS 16 are used in non-consolidated financial statements.

For the accounting treatment of lessees concerning lease expense allocation, a single accounting model is applied for all leases, regardless of whether they are finance leases or operating leases, as outlined in IFRS 16. This model requires the recording of depreciation expense related to the right-of-use assets and interest expense related to the lease liability.

(2) Scheduled Application Date

The accounting standard and related implementation guidance are scheduled to be applied from the beginning of the fiscal year ending March 2028.

(3) Impact of Applying the Accounting Standards

The impact of applying the "Accounting Standards for Leases" and related implementation guidance on the consolidated financial statements is currently under evaluation.

4. Trading account securities

There were no valuation gain or loss on trading account securities included in income before income taxes and non-controlling interests at March 31, 2025 and 2024, respectively.

5. Securities

Securities at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Stocks	¥ 26,009	¥ 30,670	$ 173,949
Bonds:			
Government bonds	126,854	88,553	848,408
Local government bonds	329,657	225,251	2,204,768
Corporate bonds	143,034	180,866	956,621
Other	90,846	106,992	607,584
Total	¥ 716,402	¥ 632,335	$ 4,791,345

Stocks in the above table include investments in affiliates of ¥141 million ($943 thousand) and ¥118 million at March 31, 2025 and 2024, respectively.

The securities loaned under unsecured securities lending transactions are included in Government bonds and Corporate bonds under "Securities" in the amount of ¥5,009 million ($33,500 thousand) and ¥5,338 million at March 31, 2025 and 2024, respectively.

Held-to-maturity debt securities at March 31,2025 and 2024 were as follows:

	Millions of yen	
March 31, 2025	Carrying value	Fair value
Government bonds	¥ 41,237	¥ 40,248
Local government bonds	138,752	133,012
Total	¥ 179,990	¥ 173,260

	Millions of yen		
March 31, 2025	Difference	Unrealized gain	Unrealized loss
Government bonds	¥ (988)	¥ —	¥ (988)
Local government bonds	(5,740)	—	(5,740)
Total	¥ (6,729)	¥ —	¥ (6,729)

	Millions of yen	
March 31, 2024	Carrying value	Fair value
Government bonds	¥ 10,115	¥ 10,154
Local government bonds	87,825	87,752
Total	¥ 97,940	¥ 97,906

	Millions of yen		
March 31, 2024	Difference	Unrealized gain	Unrealized loss
Government bonds	¥ 39	¥ 48	¥ (9)
Local government bonds	(73)	130	(204)
Total	¥ (34)	¥ 178	¥ (213)

	Thousands of U.S. dollars	
March 31, 2025	Carrying value	Fair value
Government bonds	$ 275,795	$ 269,181
Local government bonds	927,982	889,593
Total	$ 1,203,785	$ 1,158,774

	Thousands of U.S. dollars		
March 31, 2025	Difference	Unrealized gain	Unrealized loss
Government bonds	$ (6,607)	$ —	$ (6,607)
Local government bonds	(38,389)	—	(38,389)
Total	$ (45,004)	$ —	$ (45,004)

There were no held-to-maturity debt securities sold during the years ended March 31, 2025 and 2024.

Available-for-sale securities with fair value at March 31, 2025 and 2024 were as follows:

	Millions of yen	
March 31, 2025	Carrying value	Acquisition cost
Equity securities	¥ 19,473	¥ 9,093
Bonds:		
Government bonds	85,617	89,000
Local government bonds	190,904	197,493
Corporate bonds	143,034	151,224
Subtotal	419,556	437,718
Other	80,770	76,337
Total	¥ 519,799	¥ 523,149

	Millions of yen		
March 31, 2025	Difference	Unrealized gain	Unrealized loss
Equity securities	¥ 10,379	¥ 10,496	¥ (117)
Bonds:			
Government bonds	(3,382)	49	(3,432)
Local government bonds	(6,589)	1	(6,590)
Corporate bonds	(8,190)	2	(8,192)
Subtotal	(18,162)	53	(18,215)
Other	4,432	5,721	(1,289)
Total	¥ (3,349)	¥ 16,271	¥ (19,621)

	Millions of yen	
March 31, 2024	Carrying value	Acquisition cost
Equity securities	¥ 24,708	¥ 10,120
Bonds:		
Government bonds	78,438	78,842
Local government bonds	137,425	138,545
Corporate bonds	180,866	185,236
Subtotal	396,730	402,624
Other	98,302	94,974
Total	¥ 519,741	¥ 507,719

	Millions of yen		
March 31, 2024	Difference	Unrealized gain	Unrealized loss
Equity securities	¥ 14,587	¥ 15,042	¥ (454)
Bonds:			
Government bonds	(404)	22	(426)
Local government bonds	(1,119)	59	(1,179)
Corporate bonds	(4,369)	23	(4,393)
Subtotal	(5,893)	105	(5,999)
Other	3,327	5,356	(2,028)
Total	¥ 12,022	¥ 20,504	¥ (8,482)

	Thousands of U.S. dollars	
March 31, 2025	Carrying value	Acquisition cost
Equity securities	$ 130,236	$ 60,814
Bonds:		
Government bonds	572,612	595,238
Local government bonds	1,276,779	1,320,846
Corporate bonds	956,621	1,011,396
Subtotal	2,806,019	2,927,487
Other	540,195	510,547
Total	$ 3,476,451	$ 3,498,856

	Thousands of U.S. dollars		
March 31, 2025	Difference	Unrealized gain	Unrealized loss
Equity securities	$ 69,415	$ 70,197	$ (782)
Bonds:			
Government bonds	(22,619)	327	(22,953)
Local government bonds	(44,067)	6	(44,074)
Corporate bonds	(54,775)	13	(54,788)
Subtotal	(121,468)	354	(121,823)
Other	29,641	38,262	(8,620)
Total	$ (22,398)	$ 108,821	$ (131,226)

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

	Millions of yen		
2025	Proceeds from sales	Gain	Loss
Equity securities	¥ 1,899	¥ 1,416	¥ (13)
Bonds:			
Government bonds	—	—	—
Local government bonds	3,001	1	—
Corporate bonds	107	—	(0)
Subtotal	3,109	1	(0)
Other	30,763	64	(1,219)
Total	¥ 35,772	¥ 1,482	¥ (1,233)

	Millions of yen		
2024	Proceeds from sales	Gain	Loss
Equity securities	¥ 1,503	¥ 848	¥ —
Bonds:			
Government bonds	—	—	—
Local government bonds	—	—	—
Corporate bonds	—	—	—
Subtotal	—	—	—
Other	17,591	773	(2,525)
Total	¥ 19,095	¥ 1,622	¥ (2,525)

	Thousands of U.S. dollars		
2025	Proceeds from sales	Gain	Loss
Equity securities	$ 12,700	$ 9,470	$ (86)
Bonds:			
Government bonds	—	—	—
Local government bonds	20,070	6	—
Corporate bonds	715	—	(0)
Subtotal	20,793	6	(0)
Other	205,745	428	(8,152)
Total	$ 239,245	$ 9,911	$ (8,246)

Impairment losses on securities

Available-for-sale securities whose fair value significantly declined from the acquisition cost are valued at fair value and losses on devaluation of those securities are recognized in the consolidated statement of operations unless the value is considered recoverable.

Impairment losses for the years ended 31 March, 2025 was ¥613 million ($4,099 thousand), all of which consisted on equity securities and for the years ended 31 March, 2024 was ¥28 million, all of which consisted on corporate bonds.

Determining whether the fair value is "significantly declined" is based on the fair value determined by the monthly average market price during one month preceding the balance sheet date declining by more than 50% or the criteria considering the trend of the fair value during a certain past period and credit risks of the issuers when the fair value determined by the monthly average market price during one month preceding the balance sheet date declined between 30% and 50% of the acquisition cost.

6. Money Held in Trust

Money held in trust at March 31, 2025 and 2024 consisted of the following:

Money held in trust for trading purposes

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Carrying value	¥ 8,996	¥ 9,005	$ 60,165
Valuation gain (loss) included in consolidated statements of income	28	91	187

There were no money held in trust owned for other purposes at March 31, 2025 and 2024.

7. Net Unrealized Gain (Loss) on Available-for-Sale Securities

Net unrealized gain (loss) on available-for-sale securities at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Differences between acquisition cost and fair value:			
Available-for-sale securities	¥ (3,220)	¥ 12,127	$ (21,535)
Deferred tax liabilities	1,541	(3,027)	10,306
Differences between acquisition cost and fair value, net of taxes	(1,678)	9,099	11,222
Amounts corresponding to non-controlling interests	(1)	-	(6)
Net unrealized gain (loss) on available-for-sale securities, net of taxes	¥ (1,680)	¥ 9,099	$ (11,235)

8. Loans and Bills Discounted and Risk Monitored Loans

Loans and bills discounted:

Loans and bills discounted at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Bills discounted	¥ 5,222	¥ 7,618	$ 34,925
Loans on bills	32,433	32,085	216,914
Loans on deeds	4,401,321	4,553,333	29,436,336
Overdrafts	239,477	238,445	1,601,638
Others	1,574	169	10,527
Total	¥ 4,680,029	¥ 4,831,651	$ 31,300,354

Discounting of bills is accounted for as finance transactions rather than as purchasing of bills in accordance with the JICPA Industry Committee Practical Guidelines No. 24. The Group has the right to sell or pledge such bills without any restrictions. These include bankers acceptances bought, commercial bills discounted, documentary bills and foreign exchange bills. The total face value of such outstanding bills at March 31, 2025 and 2024 totaled ¥5,436 million ($36,356 thousand) and ¥7,792 million, respectively.

At March 31, 2025 and 2024, loans and bills discounted included the portion of loans extended to original borrowers based on loan participation agreements, as permitted by Transferred Guidance,No.1,July 1,2024, in the amount of ¥10,723 million ($71,716 thousand) and ¥12,981 million, respectively.

Contracts for overdraft facilities and loan commitments are contracts under which the Group lends money to customers up to their prescribed limits at the customers' request as long as there are no violations of any of the conditions in the contracts. The aggregate unutilized balances within the limits of these contracts totaled ¥689,342 million ($4,610,366 thousand) and ¥700,483 million at March 31, 2025 and 2024, respectively, including the contracts whose contractual periods were either less than one year or revocable at any time, in the amount of ¥655,008 million ($4,380,738 thousand) and ¥672,229 million, respectively.

Since many of these commitments expire without being fully utilized, the unutilized amounts do not necessarily represent future cash commitments. Most of these contracts include provisions which stipulate that the consolidated subsidiaries can reject customers' requests or decrease the contract limits for an appropriate reason, (for example, a change in financial situation or a deterioration in customers' creditworthiness).

At the inception of the contracts, the Group obtains collateral in the form of real estate, securities, and so forth, if deemed necessary. Subsequently, the Group, based on its internal rules, performs periodic reviews of the customers' business results and may take necessary measures such as reconsidering the terms of the contracts and/or requiring additional collateral or guarantees.

Risk monitored loans:
Risk monitored loans which were included in loans and bills discounted at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Bankruptcy and quasi-bankrupt claim	¥ 3,763	¥ 3,925	$ 25,167
Doubtful claim	45,172	44,443	302,113
Loans past due for 3 months or more	-	59	-
Restructured loans	2,549	3,010	17,047
Total	¥ 51,485	¥ 51,438	$ 344,335

Bankruptcy and quasi-bankrupt claim represent the claim to borrowers who have been declared insolvent, on the grounds of the commencement of bankruptcy or rehabilitation proceedings, filing for the proceedings or other similar legal proceedings.

Doubtful claim represent the claim to borrowers who have not yet failed but their financial and business performances have deteriorated, with a high possibility that the principal and interest on these claim will not to be received.

Loans past due for 3 months or more represent loans on which the payment of principal and/or interest has not been received for three months or more from the due date, and which are not classified as "bankruptcy and quasi-bankrupt claim" or "doubtful claim."

Restructured loans are loans which have been restructured to support the rehabilitation of borrowers who are encountering financial difficulties, with the intention of ensuring the recovery of the loans by providing more flexible repayment terms for the borrowers (such as reducing the rate of interest or suspending the payment of principal/interest, etc.) or loans which are not classified in any of the above categories.

The amounts presented in the table above are stated before the provision of specific loan loss reserves.

9. Foreign Exchange Assets

Foreign exchange assets at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Due from foreign correspondent banks	¥ 5,181	¥ 5,320	$ 34,650
Foreign bills of exchange bought	196	157	1,310
Foreign bills of exchange receivable	485	423	3,243
Total	¥ 5,862	¥ 5,900	$ 39,205

10. Other Assets

Other assets at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Investment in leased assets	¥ 28,825	¥ 25,032	$ 192,783
Other receivables	23,405	27,768	156,534
Accrued income	4,325	4,518	28,925
Prepaid expenses	2,322	784	15,529
Other	32,556	33,973	217,736
Total	¥ 91,434	¥ 92,077	$ 611,516

11. Tangible Fixed Assets

At March 31, 2025 and 2024, accumulated depreciation of tangible fixed assets were ¥58,728 million($392,776 thousand) and ¥57,035 million, respectively.
Under the Tax Act, capital gains arising from the exchange or replacement of assets under certain conditions are permitted to be deducted from the cost of tangible fixed assets in order to obtain certain tax benefits. The amount deducted from the cost of tangible fixed assets at March 31, 2025 and 2024 were ¥369 million ($2,467 thousand) and ¥370 million, respectively.

12. Assets Pledged

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Securities	¥ 452,868	¥ 311,672	$ 3,028,812
Loans	-	298,007	-
Other assets	278	581	1,859

The liabilities secured by the above pledged assets at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Deposits	¥ 3,164	¥ 2,889	$ 21,161
Payables under securities lending transactions	4,396	-	29,400
Borrowed money	399,845	457,950	2,674,190
Other liabilities	18	30	120

At March 31, 2025 and 2024, guarantee deposits of ¥2,997 million ($20,044 thousand) and ¥3,373 million, collateral money deposited for financial instruments of ¥1,159 million ($7,751 thousand) and ¥1,523 million and margins for Central Counter Party of ¥20,000 million ($133,761 thousand) and ¥20,000 million were included in "Other assets", respectively.

13. Deposits

Deposits at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Current deposits	¥ 259,064	¥ 266,050	$ 1,732,637
Ordinary deposits	3,645,606	3,637,772	24,382,062
Savings deposits	22,682	23,097	151,698
Deposits at notice	11,105	9,995	74,271
Time deposits	1,741,795	1,685,594	11,649,244
Other deposits	22,156	45,019	148,180
Total	¥ 5,702,410	¥ 5,667,529	$ 38,138,108

14. Borrowed Money

Borrowed money at March 31, 2025 and 2024 consisted of borrowings from the Bank of Japan and certain other financial institutions.

The average interest rate applicable to borrowed money at March 31, 2025 and 2024 were 0.03% and 0.00%.

The aggregate annual maturities of borrowed money subsequent to March 31, 2025 were summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2026	¥ 70,230	$ 469,703
2027	111,763	747,478
2028	226,005	1,511,536
2029	265	1,772
2030	80	535
Total	¥ 408,343	$ 2,731,025

15. Borrowed Money From Trust Account

Principal amounts of trusts with a principal compensation agreement at March 31, 2025 and 2024 were ¥2,644 million ($17,683 thousand) and ¥2,534 million, respectively.

16. Foreign Exchange Liabilities

Foreign exchange liabilities at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Foreign bills sold	¥ 715	¥ 547	$ 4,781
Foreign bills of exchange payable	130	134	869
Total	¥ 846	¥ 681	$ 5,658

17. Other Liabilities

Other liabilities at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Accrued expenses	¥ 4,199	¥ 2,567	$ 28,083
Unearned income	11,079	11,863	74,097
Accrued income taxes	2,588	2,726	17,308
Other	45,028	32,307	301,150
Total	¥ 62,895	¥ 49,465	$ 420,646

The amounts of lease obligations included in "Other" were ¥8 million ($53 thousand) and ¥2 million at March 31, 2025 and 2024, respectively. The average interest rates on lease obligations at March 31, 2025 with maturity dates on or before and subsequent to March 31, 2026 were 3.0%.The average interest rates on lease obligations at March 31, 2024 with maturity dates on or before and subsequent to March 31, 2025 were 3.0%.

The aggregate annual maturities of lease obligations subsequent to March 31, 2025 were summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2026	¥ 2	$ 13
2027	1	6
2028	1	6
2029	1	6
2030	0	0
2031 and thereafter	-	-
Total	¥ 8	$ 53

18. Retirement Benefit Plans

Outline of the retirement benefit plan adopted by the Group

The consolidated subsidiaries have adopted funded defined benefit plans to cover the payment of retirement benefits to employees.

As for the defined benefit pension plans (funded) of the consolidated subsidiaries, lump-sum benefits or pensions are provided depending on the service years, etc. Retirement benefit trust is established for the defined benefit pension plan.

As for lump-sum payment plans of the consolidated subsidiaries (which are unfunded plans, but after the establishment of retirement benefit trust scheme, have become funded plans), lump-sum payments are made as retirement benefits depending on the service years, etc.
Certain consolidated subsidiaries have adopted lump-sum payment plans (all unfunded) as defined benefit plans, where net defined benefit liability and retirement benefit expenses are calculated by the simplified method.

(1) Reconciliation of the beginning balance to the ending balance of retirement benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Retirement benefit obligation at beginning of the year	¥ 30,399	¥ 35,702	$ 203,310
Service cost	742	990	4,962
Interest cost	418	134	2,795
Actuarial gain or loss incurred during the year	(2,598)	(4,649)	(17,375)
Payment of retirement benefits	(1,862)	(1,790)	(12,453)
Other	7	11	46
Retirement benefit obligation at end of the year	¥ 27,106	¥ 30,399	$ 181,286

(2) Reconciliation of the beginning balance to the ending balance of pension plan assets

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Pension plan assets at beginning of the year	¥ 62,186	¥ 59,486	$ 415,904
Expected return on plan assets	1,214	1,156	8,119
Actuarial gain or loss incurred during the year	(4,015)	3,327	(26,852)
Payment of retirement benefits	(1,842)	(1,784)	(12,319)
Pension plan assets at end of the year	¥ 57,542	¥ 62,186	$ 384,844

(3) Reconciliation of the ending balance of retirement benefit obligation and pension plan assets to the consolidated balance sheet amounts of net defined benefit liability and asset

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Funded retirement benefit obligation	¥ 26,964	¥ 30,250	$ 180,337
Pension plan assets	(57,542)	(62,186)	(384,844)
	(30,578)	(31,936)	(204,507)
Unfunded retirement benefit obligation	141	149	943
Net amount of liability and asset on consolidated balance sheets	¥ (30,436)	¥ (31,787)	$ (203,558)

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Net defined benefit liability	¥ 141	¥ 149	$ 943
Net defined benefit asset	(30,578)	(31,936)	(204,507)
Net amount of liability and asset on consolidated balance sheets	¥ (30,436)	¥ (31,787)	$ (203,558)

(4) Retirement benefit expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Service cost	¥ 742	¥ 990	$ 4,962
Interest cost	418	134	2,795
Expected return on plan assets	(1,214)	(1,156)	(8,119)
Amortization of actuarial loss	(2,019)	(1,443)	(13,503)
Net periodic retirement benefit expenses for defined benefit pension plans	¥ (2,071)	¥ (1,475)	$ (13,850)

(5) Remeasurements of defined benefit plans included in other comprehensive income

Remeasurements of defined benefit plans included in other comprehensive income (before related tax effects) consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Actuarial gain or loss	(3,435)	6,533	(22,973)
Total	¥ (3,435)	¥ 6,533	$ (22,973)

(6) Remeasurements of defined benefit plans included in accumulated other comprehensive income

Remeasurements of defined benefit plans included in accumulated other comprehensive income (before related tax effects) consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Unrecognized actuarial gain or loss	(11,386)	(14,822)	(76,150)
Total	¥ (11,386)	¥ (14,822)	$ (76,150)

(7) Matters related to pension plan assets

1) Ratio of the main components in the total pension plan assets were as follows:

	2025	2024
Bonds	16%	14%
Stocks	49%	47%
Short-term investment fund including cash and deposits	10%	18%
Life insurance company general accounts	4%	4%
Others	21%	17%
Total	100%	100%

Note:
Total pension plan assets included retirement benefit trust of which securities were contributed for the pension plan, which accounts for 31% and 37% of the total at March 31, 2025 and 2024, respectively.

2) Setting of long-term expected rates of return on plan assets
For the purpose of determining the long-term expected return on plan assets, the present and anticipated allocation of plan assets and the present and expected long-term rates of return on various assets composing the plan assets are taken into account.

(8) The assumptions used for actuarial calculations

	2025	2024
Discount rate	0.51%-2.94%	0.03%-2.09%
Expected rate of return on plan assets	2.5%	2.5%
Expected rate of salary increase	1.69%-3.77%	1.69%-3.77%

19. Asset Retirement Obligations

Notes concerning asset retirement obligations are omitted due to lack of significance of its total amount.

20. Contingent Liabilities

Contingent liabilities for guarantee of corporate bonds included in "Securities," which were issued by private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act of Japan) amounted to ¥15,785 million ($105,571 thousand) and ¥20,072 million at March 31, 2025 and 2024, respectively.

21. Shareholders' Equity

Japanese banks, including the Company, are required to comply with the Banking Act and the Act. The Act stipulates that neither additional paid-in capital nor the legal reserve is available for dividends, but that both may be used to reduce or eliminate a deficit. Under the Banking Law, Japanese banks are required to appropriate to the legal reserve an amount equal to at least 20% of the total amount of cash dividends and certain appropriations of earnings on cash disbursements applicable to each accounting period until the sum of the legal reserve and capital surplus account equals 100% of the amount of share capital. The Act also provides that if the aggregate amount of additional paid-in capital and the legal reserve exceeds 100% of the amount of share capital, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

The maximum amount which the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company and in accordance with the Act.

(1) Class and number of shares issued and treasury stock

Movements in common stock and treasury stock during the years ended March 31, 2025 and 2024 were summarized as follows:

	Number of shares (in thousands)				
Year ended March 31, 2025	1st April, 2024	Increase	Decrease	March 31, 2025	Note
Outstanding shares:					
Common stock	281,008	—	—	281,008	
Total	281,008	—	—	281,008	
Treasury stock:					
Common stock	600	2,378	34	2,944	1 and 2
Total	600	2,378	34	2,944	

Notes:
1. Increase in treasury stock of common stock (2,378 thousand shares) was due to acquisition through market purchase (2,376 thousand shares) and acquisition of shares from the shareholders who owned fractional shares less than one unit (2 thousand shares).
2. Decrease in treasury stock of common stock (34 thousand shares) consisted of disposal of shares following the acquisition request from the shareholders who owned fractional shares less than one voting right (0 thousand shares) and transfers due to exercise of stock option (34 thousand shares) .

	Number of shares (in thousands)				
Year ended March 31, 2024	1st April, 2023	Increase	Decrease	March 31, 2024	Note
Outstanding shares:					
Common stock	281,008	–	–	281,008	
Total	281,008	–	–	281,008	
Treasury stock:					
Common stock	667	1	68	600	1 and 2
Total	667	1	68	600	

Notes:
1. Increase in treasury stock of common stock (1 thousand shares) was due to acquisition of shares from the shareholders who owned fractional shares less than one unit (1 thousand shares).
2. Decrease in treasury stock of common stock (68 thousand shares) consisted of disposal of shares following the acquisition request from the shareholders who owned fractional shares less than one voting right (0 thousand shares) and transfers due to exercise of stock option (68 thousand shares)

(2) Stock subscription rights

The Company resolved to grant stock subscription rights (stock option) to certain directors, executive officers and certain directors and executive officers of its subsidiaries at the Board of Directors' meeting held on, July 31, 2024, July 31, 2023, July 27, 2022, July 30, 2021, July 31, 2020, July 30, 2019, July 31, 2018, July 31, 2017, July 27, 2016, July 29, 2015, July 30, 2014, July 31, 2013, August 31, 2012, July 28, 2011 and February 24, 2011.
The balance of stock subscription rights granted for stock option program were ¥179 million ($1,197 thousand) and ¥148 million at March 31, 2025 and 2024, respectively.
Stock option related expenses for the years ended March 31, 2025 and 2024 amounted to ¥36 million ($240 thousand) and ¥43 million, respectively.

The stock option outstanding at March 31, 2025 was as follows:

Date of resolution	February 24, 2011	July 28, 2011
Persons granted	Directors of the subsidiaries: 22 Executive officers of the subsidiaries: 19	Directors of the subsidiaries: 16 Executive officers of the subsidiaries: 18
Number of stock option by type of shares (*)	Common stock: 84,780	Common stock: 72,760
Date of grant	March 15, 2011	August 31, 2011
Vesting conditions	To exercise within 10 days after retirement	To exercise within 10 days after retirement
Applicable service period	From March 15, 2011 to the date of retirement	From August 31, 2011 to the date of retirement
Exercise period	From March 16, 2011 to July 31, 2041	From September 1, 2011 to July 31, 2041

Date of resolution	August 31, 2012	July 31, 2013
Persons granted	Directors of the subsidiaries: 10 Executive officers of the subsidiaries: 16	Directors of the subsidiaries: 10 Executive officers of the subsidiaries: 16
Number of stock option by type of shares (*)	Common stock: 69,500	Common stock: 53,800
Date of grant	October 1, 2012	September 2, 2013
Vesting conditions	To exercise within 10 days after retirement	To exercise within 10 days after retirement
Applicable service period	From October 1, 2012 to the date of retirement	From September 2, 2013 to the date of retirement
Exercise period	From October 2, 2012 to July 31, 2042	From September 3, 2013 to July 31, 2043

Date of resolution	July 30, 2014	July 29, 2015
Persons granted	Directors of the subsidiaries: 10 Executive officers of the subsidiaries: 15	Directors of the subsidiaries: 10 Executive officers of the subsidiaries: 14
Number of stock option by type of shares (*)	Common stock: 55,900	Common stock: 51,800
Date of grant	August 28, 2014	September 1, 2015
Vesting conditions	To exercise within 10 days after retirement	To exercise within 10 days after retirement
Applicable service period	From August 28, 2014 to the date of retirement	From September 1, 2015 to the date of retirement
Exercise period	From August 29, 2014 to July 31, 2044	From September 2, 2015 to July 31, 2045

Date of resolution	July 27, 2016	July 31, 2017
Persons granted	Directors of the subsidiaries: 8 Executive officers of the subsidiaries: 17	Directors of the subsidiaries: 8 Executive officers of the subsidiaries: 20
Number of stock option by type of shares (*)	Common stock: 94,800	Common stock: 83,100
Date of grant	August 30, 2016	August 31, 2017
Vesting conditions	To exercise within 10 days after retirement	To exercise within 10 days after retirement
Applicable service period	From August 30, 2016 to the date of retirement	From August 31, 2017 to the date of retirement
Exercise period	From August 31, 2016 to July 31, 2046	From September 1,2017 to July 31, 2047

Date of resolution	July 31, 2018	July 30, 2019
Persons granted	Directors of the subsidiaries: 6 Executive officers of the subsidiaries: 18	Directors of the subsidiaries: 6 Executive officers of the subsidiaries: 18
Number of stock option by type of shares (*)	Common stock: 58,500	Common stock: 117,400
Date of grant	August 30, 2018	August 28, 2019
Vesting conditions	To exercise within 10 days after retirement	To exercise within 10 days after retirement
Applicable service period	From August 30, 2018 to the date of retirement	From the August 28, 2019 to the date for retirement
Exercise period	From August 31, 2018 to July 31, 2048	From the August 29, 2019 to July 31, 2049

Date of resolution	July 31, 2020	July 30, 2021
Persons granted	Directors of the subsidiaries: 7 Executive officers of the subsidiaries: 17	Directors: 4 Executive officers: 7 Directors of the subsidiaries: 7 Executive officers of the subsidiaries: 16
Number of stock option by type of shares (*)	Common stock: 156,300	Common stock: 254,900
Date of grant	August 28, 2020	August 27, 2021
Vesting conditions	To exercise within 10 days after retirement	To exercise within 1 year after retirement
Applicable service period	From the August 28, 2020 to the date for retirement	From the August 27, 2021 to the date for retirement
Exercise period	From the August 31, 2020 to July 31, 2050	From the August 30, 2021 to July 31, 2051

Date of resolution	July 27, 2022	July 31, 2023
Persons granted	Directors: 5 Executive officers: 6 Directors of the subsidiaries: 7 Executive officers of the subsidiaries: 19	Directors: 5 Executive officers: 12 Directors of the subsidiaries: 7 Executive officers of the subsidiaries: 21
Number of stock option by type of shares (*)	Common stock: 216,800	Common stock: 181,600
Date of grant	August 30, 2022	September 1, 2023
Vesting conditions	To exercise within 1 year after retirement	To exercise within 1 year after retirement
Applicable service period	From the August 30, 2022 to the date for retirement	From the September 1, 2023 to the date for retirement
Exercise period	From the August 31, 2022 to July 31, 2052	From the September 2, 2023 to July 31, 2053

Date of resolution	July 31, 2024
Persons granted	Directors: 5 Executive officers: 13 Directors of the subsidiaries: 7 Executive officers of the subsidiaries: 20
Number of stock option by type of shares (*)	Common stock: 101,500
Date of grant	August 28, 2024
Vesting conditions	To exercise within 1 year after retirement
Applicable service period	From the August 28, 2024 to the date for retirement
Exercise period	From the August 29, 2024 to July 31, 2054

(*) The number of stock options is converted into the number of shares after the one-for-five reverse stock split of common stock on August 1, 2012.

The stock option activity is as follows:

Date of resolution	February 24, 2011	July 28, 2011	August 31, 2012	July 31, 2013	July 30, 2014
Non-vested:					
March 31, 2024- Outstanding	1,100	1,240	1,700	3,800	5,500
Granted	–	–	–	–	–
Forfeited	–	–	–	–	–
Vested	–	–	–	–	–
March 31, 2025- Outstanding	1,100	1,240	1,700	3,800	5,500
Vested:					
March 31, 2024- Outstanding	–	–	–	–	–
Vested	–	–	–	–	–
Exercised	–	–	–	–	–
Forfeited	–	–	–	–	–
March 31, 2025- Outstanding	–	–	–	–	–

Date of resolution	July 29, 2015	July 27, 2016	July 31, 2017	July 31, 2018	July 30, 2019
Non-vested:					
March 31, 2024- Outstanding	5,200	17,600	20,400	26,300	53,900
Granted	–	–	–	–	–
Forfeited	–	–	–	–	–
Vested	–	–	–	–	–
March 31, 2025- Outstanding	5,200	17,600	20,400	26,300	53,900
Vested:					
March 31, 2024- Outstanding	–	–	–	–	–
Vested	–	–	–	–	–
Exercised	–	–	–	–	–
Forfeited	–	–	–	–	–
March 31, 2025- Outstanding	–	–	–	–	–

Date of resolution	July 31, 2020	July 30, 2021	July 27, 2022	July 31, 2023	July 31, 2024
Non-vested:					
March 31, 2024- Outstanding	93,200	214,100	194,300	181,600	–
Granted	–	–	–	–	101,500
Forfeited	–	–	–	–	–
Vested	8,000	11,000	8,600	7,000	–
March 31, 2025- Outstanding	85,200	203,100	185,700	174,600	101,500
Vested:					
March 31, 2024- Outstanding	–	–	–	–	–
Vested	8,000	11,000	8,600	7,000	–
Exercised	8,000	11,000	8,600	7,000	–
Forfeited	–	–	–	–	–
March 31, 2025- Outstanding	–	–	–	–	–

(*) The number of stock options is converted into the number of shares after the one-for-five reverse stock split of common stock on August 1, 2012.

Price information is as follows:

Date of resolution	February 24, 2011	July 28, 2011	August 31, 2012	July 31, 2013	July 30, 2014	July 29, 2015	July 27, 2016
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average stock price at exercise	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –
Fair value price at grant date	¥ 490	¥ 535	¥ 449	¥ 430	¥ 497	¥ 474	¥ 410

Date of resolution	July 31, 2017	July 31, 2018	July 30, 2019	July 31, 2020	July 30, 2021	July 27, 2022	July 31, 2023
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average stock price at exercise	¥ –	¥ –	¥ –	¥ 400	¥ 400	¥ 400	¥ 400
Fair value price at grant date	¥ 353	¥ 325	¥ 140	¥ 132	¥ 133	¥ 191	¥ 242

Date of resolution	July 31, 2024
Exercise price	¥ 1
Average stock price at exercise	¥ –
Fair value price at grant date	¥ 333

Date of resolution	February 24, 2011	July 28, 2011	August 31, 2012	July 31, 2013	July 30, 2014	July 29, 2015	July 27, 2016
Exercise price	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Average stock price at exercise	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Fair value price at grant date	$ 3.27	$ 3.57	$ 3.00	$ 2.87	$ 3.32	$ 3.17	$ 2.74

Date of resolution	July 31, 2017	July 31, 2018	July 30, 2019	July 31, 2020	July 30, 2021	July 27, 2022	July 31, 2023
Exercise price	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Average stock price at exercise	$ –	$ –	$ –	$ 2.67	$ 2.67	$ 2.67	$ 2.67
Fair value price at grant date	$ 2.36	$ 2.17	$ 0.93	$ 0.88	$ 0.88	$ 1.27	$ 1.61

Date of resolution	July 31, 2024
Exercise price	$ 0.00
Average stock price at exercise	$ –
Fair value price at grant date	$ 2.22

Note:

The impact of the one-for-five reverse stock split of common stock on August 1, 2012 is taken into consideration.

The method for estimating the fair value price of 2024 stock option granted in the year ended March 31, 2025 were as follows:
Measurement method: Black-Scholes model
Major fundamental factors and assumptions used to measure fair value

Date of resolution	July 31,2024
Volatility of stock price *1	31.244%
Estimated remaining outstanding period *2	2.292 years
Estimated dividend *3	3.453%
Interest rate with risk free *4	0.370%

*1 Actual stock price during the period (from May 17, 2022 to August 28, 2024) corresponding to the estimated remaining outstanding period
*2 For each director or executive officer in office, the difference between "the average term of office of retired directors or executive officers" and "the years in office of the director or executive officer at the time stock options were granted" was calculated, and if said difference was less than 0.8 years, the average of the estimated remaining outstanding period was calculated using 0.8 years, by taking into account the period remaining to the next annual shareholders' meeting.
*3 ¥12.5 ($0.08) of latest annual dividend /¥362 ($2.42) of stock price on the base date
*4 Yield of Japanese government bonds approximating the estimated remaining outstanding period

In estimating the vested number of stock options, the Company basically reflects only the actual forfeited number, since it is difficult to make a reasonable estimate on the future forfeited number.

22. Other Ordinary Income

Other ordinary income for the years ended March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Gain on sales of securities and trading account securities	¥ 602	¥ 818	$ 4,026
Other	1,140	750	7,624
Total	¥ 1,742	¥ 1,568	$ 11,650

23. Other Income

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Gain on sales of equity securities	¥ 1,457	¥ 1,744	$ 9,744
Gain on money held in trust	4	42	26
Other	12,484	11,795	83,493
Total	¥ 13,947	¥ 13,581	$ 93,278

24. General And Administrative Expenses

General and Administrative Expenses for the years ended March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Salaries and allowances	¥ 25,185	¥ 24,811	$ 168,439
Depreciation expense	3,023	3,024	20,218
Retirement benefit expenses	(2,072)	(1,475)	(13,857)
Other	19,263	18,024	128,832
Total	¥ 45,399	¥ 44,385	$ 303,631

25. Other Ordinary Expenses

Other ordinary expenses for the years ended March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Loss on sales of debt securities	¥ 1,220	¥ 2,525	$ 8,159
Other	–	28	–
Total	¥ 1,220	¥ 2,554	$ 8,159

26. Other Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Write-offs of loans and bills discounted	1,385	1,746	9,262
Loss on sales of equity securities	13	76	86
Loss on devaluation of equity securities	759	198	5,076
Loss on money held in trust	41	16	274
Other	11,315	12,054	75,675
Total	¥ 13,514	¥ 14,092	$ 90,382

Note:
"Other" for the year ended 2024 includes ¥184 million of one-time costs associated with branch relocations based on a fundamental review of branch functions at the banking subsidiary, The Senshu Ikeda Bank,Ltd.

27. Dividends

Cash dividends paid during the fiscal year ended March 31, 2025

Resolution by annual shareholders' meeting on June 26, 2024

			Dividend amount		Dividends per share	
Type of stock	Record date	Effective date	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	March 31, 2024	June 27, 2024	¥ 1,752	$ 11,717	¥ 6.25	$ 0.04

Resolution by Board of Directors on November 11, 2024

			Dividend amount		Dividends per share	
Type of stock	Record date	Effective date	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	September 30, 2024	November 29, 2024	¥ 2,103	$ 14,065	¥ 7.50	$ 0.05

Cash dividends with record dates falling in the fiscal year ended March 31, 2025 and effective dates coming after the end of the fiscal year

Types of stock	Source of dividends	Record date	Effective date
Common stock	Retained earnings	March 31, 2025	June 26, 2025

	Dividend amount		Dividends per share	
Types of stock	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	¥ 2,224	$ 14,874	¥ 8.00	$ 0.05

Cash dividends paid during the fiscal year ended March 31, 2024

Resolution by annual shareholders' meeting on June 27, 2023

Type of stock	Record date	Effective date	Dividend amount: Millions of yen	Dividend amount: Thousands of U.S. dollars	Dividends per share: Yen	Dividends per share: U.S. dollars
Common stock	March 31, 2023	June 28, 2023	¥ 1,401	$ 9,253	¥ 5.00	$ 0.03

Resolution by Board of Directors on November 13, 2023

Type of stock	Record date	Effective date	Dividend amount: Millions of yen	Dividend amount: Thousands of U.S. dollars	Dividends per share: Yen	Dividends per share: U.S. dollars
Common stock	September 30, 2023	December 1, 2023	¥ 1,752	$ 11,571	¥ 6.25	$ 0.04

Cash dividends with record dates falling in the fiscal year ended March 31, 2024 and effective dates coming after the end of the fiscal year

Types of stock	Source of dividends	Record date	Effective date
Common stock	Retained earnings	March 31, 2024	June 27, 2024

Types of stock	Dividend amount: Millions of yen	Dividend amount: Thousands of U.S. dollars	Dividends per share: Yen	Dividends per share: U.S. dollars
Common stock	¥ 1,752	$ 11,571	¥ 6.25	$ 0.04

28. Cash and Cash Equivalents

A reconciliation of cash and due from banks in the accompanying consolidated balance sheets to cash and cash equivalents in the accompanying consolidated statements of cash flows at March 31, 2025 and 2024 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Cash and due from banks	¥ 854,992	¥ 797,792	$ 5,718,245
Deposits other than deposits with the Bank of Japan	(7,245)	(9,743)	(48,455)
Cash and cash equivalents	¥ 847,746	¥ 788,049	$ 5,669,783

29. Leases

a. Finance leases

As Lessee

Information on finance leases is omitted due to lack of significance.

b. Operating leases

As Lessee

Future minimum lease payments under non-cancellable operating leases subsequent to March 31, 2025 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2026	¥ 999	$ 6,681
2027 and thereafter	3,792	25,361
Total	¥ 4,792	$ 32,049

30. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporate tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of 30.6% for the years ended March 31, 2025 and 2024, respectively.

The tax effect of temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Deferred tax assets:			
Reserve for possible loan losses	¥ 7,438	¥ 8,135	$ 49,745
Tax loss carryforwards	420	952	2,808
Loss on devaluation of securities	2,635	2,720	17,623
Provision for employees' bonuses	579	530	3,872
Depreciation	482	473	3,223
Impairment loss	108	131	722
Net defined benefit liability	48	49	321
Net unrealized loss on available-for-sale securities	2,459	117	16,445
Other	3,108	2,759	20,786
Gross deferred tax assets	17,282	15,871	115,583
Valuation allowance for tax loss carryforwards (Note2)	(144)	(263)	(963)
Valuation allowance for total deductible temporary differences	(8,951)	(8,706)	(59,864)
Valuation allowance subtotal(Note1)	(9,095)	(8,970)	(60,827)
Total deferred tax assets	8,186	6,901	54,748
Deferred tax liabilities:			
Net defined benefit asset	(5,394)	(5,029)	(36,075)
Net unrealized gain on available-for-sale securities	(916)	(3,034)	(6,126)
Non-taxable accrued dividend income	(110)	(107)	(735)
Other	(125)	(116)	(836)
Total deferred tax liabilities	(6,547)	(8,287)	(43,786)
Net deferred tax assets (Net deferred tax liabilities)	¥ 1,639	¥ (1,386)	$ 10,961

Notes:

1. Valuation allowance increased by ¥125 million ($836 thousand), mainly due to the increase of valuation allowance for total deductible temporary differences at Senshu Ikeda Bank, Ltd.

2.Tax loss carryforwards and deferred tax assets by expiration of carryforward are as follows:

Fiscal year ended March 31, 2025

Millions of yen

	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Tax loss carryforwards (*1)	–	23	–	–	21	374	420
Valuation allowance	–	–	–	–	(2)	(141)	(144)
Deferred tax assets	–	23	–	–	19	233	276(*2)

Thousands of U.S. dollars

	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Tax loss carryforwards (*1)	–	153	–	–	140	2,501	2,808
Valuation allowance	–	–	–	–	(13)	(943)	(963)
Deferred tax assets	–	153	–	–	127	1,558	1,845(*2)

(*1) Amounts of tax loss carryforwards are multiplied by the statutory tax rate.

(*2) Deferred tax assets of ¥276 million ($1,845 thousand) are recorded for tax loss carryforward of ¥420 million ($2,808 thousand). This tax loss carryforward is deemed to be recoverable as it is expected that there will be taxable income in the future.

A reconciliation of the statutory tax rate to the effective tax rate For the year ended March 31, 2025 and 2024, the difference between the statutory tax rate and the burden rate of corporate taxes, after the application of tax effect accounting is less than 5/100 of the statutory tax rate, so the statement is omitted.

Accounting for corporate and local corporate taxes or accounting of tax effect accounting related to these taxes.
The Company and some of its consolidated subsidiaries have adopted the group tax sharing system. In addition, the Company and relevant consolidated subsidiaries follow PITF No. 42 for accounting and disclosure of corporate tax, local corporate tax and tax effect accounting.

Revision of the Amounts of Deferred Tax Assets and DeferredTax Liabilities Due to Changes in Corporate Tax Rates
In accordance with the enactment of the "Act Amending Part of the Corporate Tax Act, etc. (Act No.13 of 2025)" on March 31, 2025, the "Defense Special Corporate Tax" will be imposed starting from the consolidated fiscal year beginning on or after April 1, 2026. As a result, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities will change from the previous 30.58% to 31.47% for temporary defferences expected to be resolved in conslidated fiscal years beginning on or after April 1, 2026. As a result of this tax rate change, deferred tax assets for the consolidated fiscal year decreased by ¥39 million ($260 thousand), deferred tax liabilities increased by ¥0 milloin ($0 thousand), other securities valuation defferences increased by ¥44 million ($294 thousand), deferred hedge gains/losses increased by ¥1 million ($6 thousand), adjustments related to pension benefits decreased by ¥87 million ($581 thousand), and corporate tax adjustments decreased by ¥1 million ($6 thousand).

31. Comprehensive Income

Reclassification adjustments and tax effect amounts of other comprehensive income for the year ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Unrealized gain (loss) on available-for-sale securities:			
Amount for the year	¥ (15,708)	¥ 4,137	$ (105,056)
Reclassification adjustment	360	1,023	2,407
Amount before tax effect	(15,347)	5,161	(102,641)
Tax effect amount	4,569	(1,620)	30,557
Net unrealized gain (loss) on available-for-sale securities	(10,778)	3,540	(72,084)
Unrealized gain (loss) on deferred hedges:			
Amount for the year	(404)	(376)	(2,701)
Reclassification adjustment	252	258	1,685
Amount before tax effect	(152)	(117)	(1,016)
Tax effect amount	48	35	321
Net unrealized gain on deferred hedges	(104)	(81)	(695)
Remeasurements of defined benefit plans:			
Amount for the year	(1,416)	7,976	(9,470)
Reclassification adjustment	(2,019)	(1,443)	(13,503)
Amount before tax effect	(3,435)	6,533	(22,973)
Tax effect amount	963	(1,997)	6,440
Remeasurements of defined benefit plans	(2,472)	4,535	(16,532)
Total other comprehensive income	¥ (13,354)	¥ 7,995	$ (89,312)

32. Revenue recognition

1. Disaggregation of revenue from contracts with customers
Revenue recognition for the fiscal years ended March 31, 2025 and 2024 was summarized as follows.

Millions of yen

	2025				
	Reportable segments			Other (Note 2)	Consolidated financial statement amount
	Banking (Note 1)	Leasing	Total		
Revenue from contracts with customers					
Deposit/loan business	3,282	–	3,282	–	3,282
Exchange business	2,132	–	2,132	–	2,132
Securities-related business	1,157	–	1,157	2,178	3,336
Agency business	220	–	220	–	220
Safe custody and safe-deposit box business	421	–	421	–	421
Investment trust and insurance sales business	3,879	–	3,879	–	3,879
Other	1,987	455	2,442	2,937	5,380
Total	13,082	455	13,538	5,116	18,654
Other revenue (Note 3)	61,918	11,615	73,534	885	74,420
Total	75,000	12,071	87,072	6,002	93,074

Millions of yen

	2024				
	Reportable segments			Other (Note 2)	Consolidated financial statement amount
	Banking (Note 1)	Leasing	Total		
Revenue from contracts with customers					
Deposit/loan business	3,222	–	3,222	–	3,222
Exchange business	2,008	–	2,008	–	2,008
Securities-related business	1,212	–	1,212	2,035	3,247
Agency business	345	–	345	–	345
Safe custody and safe-deposit box business	439	–	439	–	439
Investment trust and insurance sales business	4,164	–	4,164	–	4,164
Other	1,577	445	2,022	2,577	4,600
Total	12,970	445	13,415	4,613	18,029
Other revenue (Note 3)	54,293	10,897	65,191	1,998	67,190
Total	67,264	11,342	78,606	6,612	85,219

Thousands of U.S. dollars

	2025				
	Reportable segments			Other (Note 2)	Consolidated financial statement amount
	Banking (Note 1)	Leasing	Total		
Revenue from contracts with customers					
Deposit/loan business	21,950	–	21,950	–	21,950
Exchange business	14,258	–	14,258	–	14,258
Securities-related business	7,738	–	7,738	14,566	22,311
Agency business	1,471	–	1,471	–	1,471
Safe custody and safe-deposit box business	2,815	–	2,815	–	2,815
Investment trust and insurance sales business	25,943	–	25,943	–	25,943
Other	13,289	3,043	16,332	19,642	35,981
Total	87,493	3,043	90,543	34,216	124,759
Other revenue (Note 3)	414,111	77,681	491,800	5,918	497,726
Total	501,605	80,731	582,343	40,141	622,485

Notes:
1. "Banking" includes credit guarantee services.
2. "Other" includes business segments which are not included in the reportable segments and comprises credit cards business and securities business.
3. "Other revenue" mainly includes the following transactions.
   a. Transactions related to financial instruments within the scope of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
   b. Lease transactions included in the scope of the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, March 30, 2007)
   c. Commission received when structuring or acquiring financial instruments

2. Useful information in understanding revenue from contracts with customers

(1) Timing of recording revenue
Revenue is recognized when control of a promised good or service is transferred to a customer. For cases where performance obligations are satisfied over time, revenue is recognized as the obligations are fulfilled.

(2) Recorded amount of revenue
The recorded amount of revenue is calculated based on the amount expected to be received in exchange for goods or services. Regarding point programs operated by other companies in which consolidated subsidiaries participate, the amount expected to be used in the future is recognized as the amount collected for the benefit of a third party and deducted from fees and commissions.

3. Reconciliation of satisfaction of performance obligations within contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue arising from customers existing at the end of this fiscal year expected to be recognized after the end of this fiscal year.

(1) Beginning and ending balances of receivables, contract assets and contract liabilities from contracts with customers

Millions of yen

	2025	
	Beginning of fiscal year (April 1, 2024)	End of fiscal year (March 31, 2025)
Receivables from contracts with customers	755	791
Contract assets	272	306
Contract liabilities	422	377

Millions of yen

	2024	
	Beginning of fiscal year (April 1, 2023)	End of fiscal year (March 31, 2024)
Receivables from contracts with customers	767	755
Contract assets	218	272
Contract liabilities	455	422

Thousands of U.S. dollars

	2025	
	Beginning of fiscal year (April 1, 2024)	End of fiscal year (March 31, 2025)
Receivables from contracts with customers	5,049	5,290
Contract assets	1,819	2,046
Contract liabilities	2,822	2,521

Notes:
In the balance sheets, receivables and contract assets from contracts with customers are included in "Other assets" and contract liabilities are included in "Other liabilities."

(2) Revenue recognized during the fiscal year that was included in the contract liabilities balance at the beginning of the year

	Millions of yen
	Fiscal year (From April 1, 2024 to March 31, 2025)
Revenue recognized during the fiscal year that was included in the contract liabilities balance at the beginning of the year	371

	Millions of yen
	Fiscal year (From April 1, 2023 to March 31, 2024)
Revenue recognized during the fiscal year that was included in the contract liabilities balance at the beginning of the year	375

	Thousands of U.S. dollars
	Fiscal year (From April 1, 2024 to March 31, 2025)
Revenue recognized during the fiscal year that was included in the contract liabilities balance at the beginning of the year	2,481

(3) Transaction price allocated to the remaining performance obligations

The total transaction price allocated to the remaining performance obligations and the time frame the Group expects to recognize the amount as revenue are as follows.

	Millions of yen
	Fiscal year (March 31, 2025)
Within one year	344
Over one year	32
Total	377

	Millions of yen
	Fiscal year (March 31, 2024)
Within one year	371
Over one year	51
Total	422

	Thousands of U.S. dollars
	Fiscal year (March 31, 2025)
Within one year	2,300
Over one year	214
Total	2,521

33. Segment Information and Related Information

(1) Segment Information

The Group's reportable segments are determined on the basis that separate financial information for such segments is available and examined periodically by the Board of Directors to make decisions regarding the allocation of management resources and assess the business performances of the segments within the Group. The Group mainly provides banking services and operate other financial services including leasing. The Group sets two reportable segments of banking business and leasing business.

Banking business engages in banking services and credit guarantee services, while leasing business engages in leasing and other services, etc..

(2) Basis of measurement for reported segment profit (loss), segment assets, segment liabilities and other material items

The accounting methods used for reportable business segments are presented in accordance with Note 3, "Significant Accounting Policies". The reportable segment profit figures are based on operating profit. Income arising from intersegment transactions is based on arm's length prices.

(3) Information about reportable segment profit (loss), segment assets, segment liabilities and other material items

Segment information for the fiscal years ended March 31, 2025 and 2024 was summarized as follows:

	Millions of yen						
	2025						
	Reportable segments						
	Banking	Leasing	Total	Other	Total	Adjustment	Consolidated
Ordinary income:							
Outside customers	¥ 75,000	¥ 12,071	¥ 87,072	¥ 6,002	¥ 93,074	¥ –	¥ 93,074
Intersegment income	1,582	113	1,696	2,662	4,358	(4,358)	–
Total	76,583	12,185	88,768	8,664	97,432	(4,358)	93,074
Segment profit	18,627	491	19,118	441	19,559	(9)	19,549
Segment assets	6,399,795	43,099	6,442,894	33,628	6,476,522	(45,201)	6,431,321
Segment liabilities	6,172,057	39,966	6,212,024	24,250	6,236,274	(45,201)	6,191,073
Others:							
Depreciation	3,117	1,284	4,401	48	4,450	–	4,450
Interest income	51,982	2	51,985	65	52,051	(224)	51,826
Interest expense	4,279	196	4,475	70	4,545	(224)	4,321
Extraordinary gain	38	–	38	–	38	(28)	10
Extraordinary loss	41	1	42	0	42	–	42
Tax expense	5,861	141	6,002	199	6,202	–	6,202
Increase in tangible and intangible fixed assets	3,238	1,474	4,713	32	4,746	–	4,746

Notes:

1. Ordinary income ("Total income" less extraordinary gain included in "Other income" in the consolidated statements of income) is presented in place of net sales of operating companies of other industry groups.
2. "Other" includes business segments which are not included in the reportable segments and comprises credit cards business and securities business.
3. Adjustments are as below:
   (1) Adjustment of segment profit of negative ¥9 million is the elimination of intersegment transactions.
   (2) Adjustment of segment assets of negative ¥45,201 million is the elimination of intersegment transactions.
   (3) Adjustment of segment liabilities of negative ¥45,201 million is the elimination of intersegment transactions.
   (4) Adjustment of interest income of negative ¥224 million is the elimination of intersegment transactions.
   (5) Adjustment of interest expense of negative ¥224 million is the elimination of intersegment transactions.
   (6) Adjustment of extraordinary gain of negative ¥28 million is the elimination of intersegment transactions.
4. Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" less extraordinary loss included in "Other expenses" in the consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit, is reconciled to "Income before income taxes" through the addition/deduction of extraordinary gain/loss, net.

Millions of yen

	2024						
	Reportable segments						
	Banking	Leasing	Total	Other	Total	Adjustment	Consolidated
Ordinary income:							
Outside customers	¥ 67,264	¥ 11,342	¥ 78,606	¥ 6,612	¥ 85,219	¥ –	¥ 85,219
Intersegment income	1,562	115	1,678	3,285	4,963	(4,963)	–
Total	68,827	11,458	80,285	9,897	90,183	(4,963)	85,219
Segment profit	14,311	608	14,919	1,102	16,022	3	16,025
Segment assets	6,404,375	38,853	6,443,228	34,404	6,477,632	(35,525)	6,442,107
Segment liabilities	6,175,572	36,061	6,211,634	21,172	6,232,806	(35,525)	6,197,281
Others:							
Depreciation	3,117	1,277	4,395	56	4,452	–	4,452
Interest income	45,680	1	45,682	60	45,743	(178)	45,565
Interest expense	793	122	915	84	1,000	(177)	822
Extraordinary gain	34	–	34	–	34	(34)	–
Extraordinary loss	530	1	531	2	534	–	534
Tax expense	3,985	196	4,181	348	4,529	–	4,529
Increase in tangible and intangible fixed assets	4,074	1,518	5,593	544	6,138	–	6,138

Notes:

1. Ordinary income (“Total income” less extraordinary gain included in “Other income” in the consolidated statements of income) is presented in place of net sales of operating companies of other industry groups.
2. “Other” includes business segments which are not included in the reportable segments and comprises credit cards business and securities business.
3. Adjustments are as below:
   (1) Adjustment of segment profit ¥3 million is the elimination of intersegment transactions.
   (2) Adjustment of segment assets of negative ¥35,525 million is the elimination of intersegment transactions.
   (3) Adjustment of segment liabilities of negative ¥35,525 million is the elimination of intersegment transactions.
   (4) Adjustment of interest income of negative ¥178 million is the elimination of intersegment transactions.
   (5) Adjustment of interest expense of negative ¥177 million is the elimination of intersegment transactions.
   (6) Adjustment of extraordinary gain of negative ¥34 million is the elimination of intersegment transactions.
4. Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent “Total expenses” less extraordinary loss included in “Other expenses” in the consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit, is reconciled to “Income before income taxes” through the addition/deduction of extraordinary gain/loss, net.

Thousands of U.S. dollars

	2025						
	Reportable segments						
	Banking	Leasing	Total	Other	Total	Adjustment	Consolidated
Ordinary income:							
Outside customers	$ 501,605	$ 80,731	$ 582,343	$ 40,141	$ 622,485	$ –	$ 622,485
Intersegment income	10,580	755	11,342	17,803	29,146	(29,146)	–
Total	512,192	81,494	593,686	57,945	651,631	(29,146)	622,485
Segment profit	124,578	3,283	127,862	2,949	130,811	(60)	130,745
Segment assets	42,802,267	288,249	43,090,516	224,906	43,315,422	(302,307)	43,013,115
Segment liabilities	41,279,139	267,295	41,546,441	162,185	41,708,627	(302,307)	41,406,320
Others:							
Depreciation	20,846	8,587	29,434	321	29,761	–	29,761
Interest income	347,659	13	347,679	434	348,120	(1,498)	346,615
Interest expense	28,618	1,310	29,929	468	30,397	(1,498)	28,899
Extraordinary gain	254	–	254	–	254	(187)	66
Extraordinary loss	274	6	280	0	280	–	280
Tax expense	39,198	943	40,141	1,330	41,479	–	41,479
Increase in tangible and intangible fixed assets	21,655	9,858	31,520	214	31,741	–	31,741

Notes:

1. Ordinary income (“Total income” less extraordinary gain included in “Other income” in the consolidated statements of income) is presented in place of net sales of operating companies of other industry groups.
2. “Other” includes business segments which are not included in the reportable segments and comprises credit cards business and securities business.
3. Adjustments are as below:
   (1) Adjustment of segment profit of negative $60 thousand is the elimination of intersegment transactions.
   (2) Adjustment of segment assets of negative $302,307 thousand is the elimination of intersegment transactions.
   (3) Adjustment of segment liabilities of negative $302,307 thousand is the elimination of intersegment transactions.
   (4) Adjustment of interest income of negative $1,498 thousand is the elimination of intersegment transactions.
   (5) Adjustment of interest expense of negative $1,498 thousand is the elimination of intersegment transactions.
   (6) Adjustment of extraordinary gain of negative $187 thousand is the elimination of intersegment transactions.
4. Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent “Total expenses” less extraordinary loss included in “Other expenses” in the consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit, is reconciled to “Income before income taxes” through the addition/deduction of extraordinary gain/loss, net.

(4) Information on impairment loss on fixed assets for each reportable segment

	Millions of yen			
	2025			
	Reportable segments			
	Banking	Leasing	Other	Total
Impairment loss	¥ 3	¥ -	¥ -	¥ 3

	Millions of yen			
	2024			
	Reportable segments			
	Banking	Leasing	Other	Total
Impairment loss	¥ 243	¥ -	¥ -	¥ 243

	Thousands of U.S. dollars			
	2025			
	Reportable segments			
	Banking	Leasing	Other	Total
Impairment loss	$ 20	$ -	$ -	$ 20

(5) Information on amortization of goodwill and its remaining balance for each reportable segment

There is no information to be reported on amortization of goodwill.

(6) Information on gain on negative goodwill for each reportable segment

There is no information to be reported on gain on negative goodwill.

(7) Related information

a. Information about services

For the year ended March 31, 2025

	Millions of yen				
	Lending	Securities trading and investment	Leasing	Other	Total
Income from external customers	¥ 43,246	¥ 7,327	¥ 12,069	¥ 30,431	¥ 93,074

For the year ended March 31, 2024

	Millions of yen				
	Lending	Securities trading and investment	Leasing	Other	Total
Income from external customers	¥ 39,943	¥ 5,331	¥ 11,381	¥ 28,562	¥ 85,219

Notes:

"Income" is presented in lieu of net sales presented by non-financial companies.

For the year ended March 31, 2025

	Thousands of U.S. dollars				
	Lending	Securities trading and investment	Leasing	Other	Total
Income from external customers	$ 289,232	$ 49,003	$ 80,718	$ 203,524	$ 622,485

b. Information about geographical areas

(i) Income

Information about income has not been presented as income from external customers inside Japan accounts for more than 90% of the consolidated income for the years ended March 31, 2025 and 2024.

(ii) Tangible fixed assets

Information about tangible fixed assets has not been presented as tangible fixed assets inside Japan accounts for more than 90% of the consolidated tangible fixed assets at March 31, 2025 and 2024.

c. Information about main customers

Information about main customers has not been presented as there is no income from particular customer which accounts for more than 10% of the consolidated income for the years ended March 31, 2025 and 2024.

34. Financial Instruments and Related Disclosures

1. General Information

(1) Policy for financial instruments

The Group, whose core operation is The Senshu Ikeda Bank, Ltd. (the "Bank"), is engaged in the various financial services as a regional financial institution. The Group holds financial assets and liabilities which are subject to fluctuations in the interest rates and market prices in the principal businesses such as deposit-taking and lending services and market activities including securities investment. In order to serve for setting up strategic targets in response to the changes in market environments, the Group conducts integrated asset and liability management ("ALM") and utilizes derivative contracts as a part of ALM.

(2) Contents of financial instruments and their risks

Financial assets held by the Group mainly consist of loans to domestic corporate and individual customers, which are exposed to credit risk arising from customers' nonperformance of contractual obligations and interest rate movement risk. Securities held by the Group principally consist of equity securities, debt securities and investment trusts, which are held for pure investment purpose and strategic investment purpose as available-for-sale securities and partially, for holding to maturity and trading purposes. These financial assets are exposed to credit risk of issuers and market risk associated with interest rates, stock prices and foreign exchanges.

Deposits which are major financial liabilities are exposed to liquidity risk that unexpected cash flow might arise. In addition, other fund raising sources are exposed to the liquidity risk that necessary fund might not be secured when the Group fails to utilize the market under certain circumstances, or that the Group might be obliged to fund at more unfavorable interest rates than normal. In addition, these financial liabilities are exposed to the risk of fluctuations in interest rates as well as financial assets.

The Group uses derivative contracts to meet the customers' needs and principally as a means of risk control over the assets and liabilities. In addition, as a part of trading activities (to earn short-term trading gains), futures instruments including equity and debt securities are utilized. These derivatives are exposed to the credit risk (counterparty risk) arising from customers' nonperformance of contractual obligations and market risk arising from the fluctuations in interest rates, stock prices, foreign exchanges, etc.

(3) Risk management system for financial instruments

The Group has established the risk control department independent from front offices and defines basic risk management policies. Specifically, the risk management system and various rules including the basic policy on risk control are determined by the Board of Directors, and the responsible functions by risk categories and the integrated risk control function are clearly defined. In addition, the "Risk Management Committee" and the "ALM Committee" have been established to monitor the risk profiles of the Group and discuss management issues as well as risk control measures. And such matters are reported to the Board of Directors and accordingly, effective risk management system at the management level is structured.

a. Integrated risk management

The Group conducts integrated risk management in accordance with the basic policy on risk control and various integrated risk control rules. Specifically, the Group conducts integrated control by identifying the risks assessed by risk categories such as credit risk, market risk and others including credit concentration risk not considered in the computation process of the capital ratio and interest rate risk of banking accounts and compares them with management capacity (capital).

b. Credit risk management

The Group analyzes and controls the credit portfolio in accordance with the Company's policy on credit risk control and various credit risk control rules. The Group maintains and operates a system of investigation, internal rating, asset self-assessment in monitoring individual transactions.

These credit control procedures are performed by each operating office, credit investigation department and risk control departments of the Bank. With respect to credit risk of issuers of securities and counterparty risk of derivative transactions, the risk control departments of the Bank monitor the identification of credit information and fair values. In addition, the risk control department of the Company reports on a regular basis to the Board of Directors of the Company.

Furthermore the internal audit departments audit the status of credit control.

c. Market risk management

(i) Market risk management

The Group controls market risk arising from fluctuations in interest rates, stock prices, foreign exchanges, etc. in accordance with the Company's policy on market risk control and various market risk control rules. Specifically, the risk control department of the Company identifies the volume of market risk using the Value-at-Risk (VaR) method and monitors compliance with the risk limits resolved by the Board of Directors through continuous monitoring system. For securities, in addition to above risk limit control policy, the Group has established and managed loss cut rules. The relevant information is periodically reported by the risk control department to the Risk Management Committee and the Board of Directors.

The ALM Committee identifies and confirms the make-up of assets and liabilities and interest rate risk and discusses future measures. Specifically, the responsible department of the Group for ALM identifies comprehensively interest rates and periods of financial assets and liabilities and monitors using gap analysis and interest rate sensitivity analysis to secure stable and continuous earnings.

The Bank executes foreign exchange transactions and foreign currency bond investments, which are exposed to foreign exchange risk, but the subsidiary strives to minimize foreign exchange risk by balancing the foreign exchange positions where possible.

(ii) Derivative transactions

With respect to derivative transactions, the Group has established an internal control system including segregation of duties of the departments responsible for execution of transactions, risk control and operation administration and complies with the various market risk control rules.

(iii) Quantitative information of market risk

The Group monitors the value at market risk of financial instruments, such as deposits, loans and bills discounted and securities, using VaR everyday as the change in market risk is larger than other risks.

The Group calculates the value at market risk according to the variance-covariance approach (holding period–120 business days, confidence interval–99.0%, and observation period–240 business days).

The value of market risk on financial instruments was ¥19.8 billion ($132 million) for interest rate and ¥12.8 billion ($85 million) for stocks at March 31, 2025. The value of market risk as a whole with correlation in consideration was ¥31.8 billion ($212 million).

The Group carries out back-testing to compare the model-calculating VaR of securities on the banking activities which influenced by market fluctuation (holding period–one business day) with real gain and loss in order to verify their accuracy.

However, VaR, which calculates the value of market risk based on past fluctuations in the market, sometimes cannot calculate the value of market risk accurately under the condition that market environment changes abruptly.

d. Liquidity risk management associated with fund raising

The Group conducts liquidity risk control for funding activities in accordance with the Company's policy on liquidity risk control and various liquidity risk control rules. Specifically, the department responsible for ALM and the treasury department of the Bank identify the investment and funding status of the whole Group on a timely basis and control liquidity risk by securing liquidity of the assets, diversifying the funding instruments and adjusting the short-term and long-term funding balances considering the market environments to secure stable fund management.

The risk control department identifies its response capability if liquidity risk is revealed through monitoring periodically the amount of liquid reserve assets that can be readily converted into cash, monitors the appropriateness of its fund management and reports it to the Risk Management Committee and the Board of Directors.

(4) Supplementary explanation about fair value of financial instruments

The fair value of financial instruments includes the value based on the market price as well as the value reasonably calculated when there is no market price.

Since certain assumptions are used in calculating the fair value of financial instruments , the result of such calculation may vary if different assumptions are used.

2. Fair value of financial instruments

The carrying value, the fair value and the difference as of March 31, 2025and 2024 are summarized in the following tables:

Shares and other securities without a quoted market price and investments in partnerships are not included in the following table (see Note 1). In addition, cash and due from banks, call loans and bills bought, monetary claims bought, foreign exchange (assets and liabilities), payables under securities lending transactions and borrowed money from trust account are omitted because their fair values approximate their carrying values due to their short maturities.

	Millions of yen		
March 31, 2025	Carrying value	Fair value	Difference
Money held in trust	¥ 8,996	¥ 8,996	¥ —
Securities:			
Held-to-maturity debt securities	179,990	173,260	(6,729)
Available-for-sale securities(*3)	519,799	519,799	—
Loans and bills discounted	4,680,029		
Reserve for possible loan losses (*1)	(9,068)		
	4,670,960	4,629,041	(41,918)
Total assets	¥ 5,379,747	¥ 5,331,099	¥ (48,648)
Deposits	¥ 5,702,410	¥ 5,701,333	¥ (1,077)
Borrowed money	408,343	408,299	(44)
Total liabilities	¥ 6,110,754	¥ 6,109,632	¥ (1,121)
Derivative transactions (*2)			
To which hedge accounting is not applied	¥ (23)	¥ (23)	¥ —
To which hedge accounting is applied	(913)	(913)	—
Total derivative transactions	¥ (937)	¥ (937)	¥ —

	Millions of yen		
March 31, 2024	Carrying value	Fair value	Difference
Money held in trust	¥ 9,005	¥ 9,005	¥ —
Securities:			
Held-to-maturity debt securities	97,940	97,906	(34)
Available-for-sale securities(*3)	519,741	519,741	—
Loans and bills discounted	4,831,651		
Reserve for possible loan losses (*1)	(9,049)		
	4,822,602	4,809,610	(12,992)
Total assets	¥ 5,449,290	¥ 5,436,263	¥ (13,026)
Deposits	¥ 5,667,529	¥ 5,667,484	¥ (44)
Borrowed money	466,470	466,444	(25)
Total liabilities	¥ 6,133,999	¥ 6,133,929	¥ (70)
Derivative transactions (*2)			
To which hedge accounting is not applied	¥ (70)	¥ (70)	¥ —
To which hedge accounting is applied	(1,724)	(1,724)	—
Total derivative transactions	¥ (1,794)	¥ (1,794)	¥ —

	Thousands of U.S. dollars		
March 31, 2025	Carrying value	Fair value	Difference
Money held in trust	$ 60,165	$ 60,165	$ —
Securities:			
Held-to-maturity debt securities	1,203,785	1,158,774	(45,004)
Available-for-sale securities(*3)	3,476,451	3,476,451	—
Loans and bills discounted	31,300,354		
Reserve for possible loan losses (*1)	(60,647)		
	31,239,700	30,959,343	(280,350)
Total assets	$ 35,980,116	$ 35,654,755	$ (325,361)
Deposits	$ 38,138,108	$ 38,130,905	$ (7,203)
Borrowed money	2,731,025	2,730,731	(294)
Total liabilities	$ 40,869,141	$ 40,861,637	$ (7,497)
Derivative transactions (*2)			
To which hedge accounting is not applied	$ (153)	$ (153)	$ —
To which hedge accounting is applied	(6,106)	(6,106)	—
Total derivative transactions	$ (6,266)	$ (6,266)	$ —

(*1) General and specific reserves for loan losses corresponding to loans are deducted.

(*2) Derivative transactions include all derivatives recorded in other assets and other liabilities. Assets and liabilities arising from derivative transactions are shown on a net basis.

(*3) "Available-for-sale securities" include investment trusts to which the treatment in Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is applied, where the base price is deemed to be the fair value.

(Note 1) Carrying amounts of shares and other securities without a quoted market price and investments in partnerships recorded in the consolidated balance sheets were as follows. They are not included in "Available-for-sale securities" under "Assets" as part of the fair value information on financial instruments.

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31, 2025	March 31, 2024	March 31, 2025
Unlisted equity securities (*1, 2)	6,403	5,851	42,823
Investments in partnerships(*3)	10,068	8,682	67,335
Total	16,471	14,533	110,159

(*1) Unlisted equity securities are not subject to fair value disclosure, in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).

(*2) The Group recognized impairment losses on unlisted equity securities in the amount of ¥146 million ($976 thousand) and ¥198 million for the year ended March 31, 2025 and 2024, respectively.

(*3) Investments in partnerships are not subject to fair value disclosure, in accordance with Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

(Note 2) Repayment schedule of monetary receivables and securities with contractual maturities

	Millions of yen		
March 31, 2025	Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	¥ 806,466	¥ —	¥ —
Call loans and bills bought	4,336	—	—
Securities:	31,433	78,586	101,166
Held-to-maturity debt securities	239	4,268	38,755
Government bonds	—	600	4,500
Local government bonds	239	3,668	35,255
Available-for-sale securities with maturities:	31,193	74,318	62,411
Government bonds	10,000	10,000	3,800
Local government bonds	7,600	25,880	45,235
Corporate bonds	13,434	36,808	9,450
Other	159	1,629	3,925
Loans and bills discounted (*1, 2)	680,551	721,337	607,795
Foreign exchanges assets	5,862	—	—
Total	¥ 1,528,650	¥ 799,924	¥ 708,962

	Millions of yen		
March 31, 2025	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ —	¥ —	¥ —
Call loans and bills bought	—	—	—
Securities:	146,958	179,922	138,566
Held-to-maturity debt securities	51,152	85,144	1,947
Government bonds	14,800	21,100	1,587
Local government bonds	36,352	64,044	360
Available-for-sale securities with maturities:	95,806	94,777	136,619
Government bonds	16,000	10,400	41,000
Local government bonds	61,482	58,749	—
Corporate bonds	6,383	3,984	81,191
Other	11,940	21,644	14,428
Loans and bills discounted (*1, 2)	454,154	604,527	1,561,651
Foreign exchanges assets	—	—	—
Total	¥ 601,112	¥ 784,450	¥ 1,700,217

	Millions of yen		
March 31, 2024	Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	¥ 742,921	¥ —	¥ —
Call loans and bills bought	4,338	—	—
Monetary claims bought	19	—	—
Securities:	76,261	81,166	58,577
Held-to-maturity debt securities	—	—	9,170
Government bonds	—	—	—
Local government bonds	—	—	9,170
Available-for-sale securities with maturities:	76,261	81,166	49,407
Government bonds	9,000	20,000	300
Local government bonds	36,493	28,580	20,500
Corporate bonds	30,324	31,621	22,554
Other	444	965	6,052
Loans and bills discounted (*1, 2)	960,154	720,181	573,612
Foreign exchanges assets	5,900	—	—
Total	¥ 1,789,596	¥ 801,348	¥ 632,189

	Millions of yen		
March 31, 2024	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ —	¥ —	¥ —
Call loans and bills bought	—	—	—
Monetary claims bought	—	—	—
Securities:	100,530	118,173	129,177
Held-to-maturity debt securities	42,515	38,275	—
Government bonds	7,000	3,000	—
Local government bonds	35,515	35,275	—
Available-for-sale securities with maturities:	58,015	79,898	129,177
Government bonds	12,500	13,400	25,000
Local government bonds	19,568	33,190	—
Corporate bonds	8,717	2,354	89,690
Other	17,230	30,953	14,486
Loans and bills discounted (*1, 2)	455,169	605,847	1,468,704
Foreign exchanges assets	—	—	—
Total	¥ 555,699	¥ 724,020	¥ 1,597,881

	Thousands of U.S. dollars		
March 31, 2025	Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	$ 5,393,699	$ —	$ —
Call loans and bills bought	28,999	—	—
Securities:	210,226	525,588	676,605
Held-to-maturity debt securities	1,598	28,544	259,196
Government bonds	—	4,012	30,096
Local government bonds	1,598	24,531	229,099
Available-for-sale securities with maturities:	208,620	497,043	417,409
Government bonds	66,880	66,880	25,414
Local government bonds	50,829	173,087	302,534
Corporate bonds	89,847	246,174	63,202
Other	1,063	10,894	26,250
Loans and bills discounted (*1, 2)	4,551,571	4,824,351	4,064,974
Foreign exchanges assets	39,205	—	—
Total	$10,223,715	$5,349,946	$ 4,741,586

	Thousands of U.S. dollars		
March 31, 2025	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	$ —	$ —	$ —
Call loans and bills bought	—	—	—
Securities:	982,865	1,203,330	926,738
Held-to-maturity debt securities	342,108	569,448	13,021
Government bonds	98,983	141,118	10,613
Local government bonds	243,124	428,330	2,407
Available-for-sale securities with maturities:	640,757	633,875	913,717
Government bonds	107,009	69,555	274,210
Local government bonds	411,195	392,917	—
Corporate bonds	42,689	26,645	543,010
Other	79,855	144,756	96,495
Loans and bills discounted (*1, 2)	3,037,413	4,043,117	10,444,428
Foreign exchanges assets	—	—	—
Total	$ 4,020,278	$5,246,455	$ 11,371,167

(*1) Loans and bills discounted do not include ¥50,010 million ($334,470 thousand) and ¥47,982 million of receivables such as those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers at March 31, 2025 and 2024, respectively, since it is not certain when they can be collected or redeemed.

(*2) Overdraft accounts of loans are shown under "Due in one year or less."

(Note 3) Repayment schedule of bonds, borrowed money and other interest bearing liabilities.

	Millions of yen		
March 31, 2025	Due in one year or less	Due after one year through three years	Due after three years through five years
Deposits (*1)	¥ 5,507,312	¥ 158,479	¥ 21,481
Payables under securities lending transactions	4,396	—	—
Borrowed money	70,230	337,768	345
Total	¥ 5,581,938	¥ 496,247	¥ 21,826

	Millions of yen		
March 31, 2025	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	¥ 185	¥ 1,874	¥ —
Payables under securities lending transactions	—	—	—
Borrowed money	—	—	—
Total	¥ 185	¥ 1,874	¥ —

	Millions of yen		
March 31, 2024	Due in one year or less	Due after one year through three years	Due after three years through five years
Deposits (*1)	¥ 5,473,532	¥ 159,982	¥ 16,137
Borrowed money	94,455	146,340	225,674
Total	¥ 5,567,987	¥ 306,322	¥ 241,812

	Millions of yen		
March 31, 2024	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	¥ 151	¥ 1,241	¥ —
Borrowed money	—	—	—
Total	¥ 151	¥ 1,241	¥ —

	Thousands of U.S. dollars		
March 31, 2025	Due in one year or less	Due after one year through three years	Due after three years through five years
Deposits (*1)	$ 36,833,279	$ 1,059,918	$ 143,666
Payable under securities lending transactions	29,400	—	—
Borrowed money	469,703	2,259,015	2,307
Total	$ 37,332,383	$ 3,318,933	$ 145,973

	Thousands of U.S. dollars		
March 31, 2025	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	$ 1,237	$ 12,533	$ —
Payable under securities lending transactions	—	—	—
Borrowed money	—	—	—
Total	$ 1,237	$ 12,533	$ —

(*1) Demand deposits were disclosed under "Due in one year or less" of deposits.
Deposits did not include ¥13,077 million ($87,459 thousand) and ¥16,484 million of time deposits beyond maturity at March 31, 2025 and 2024, respectively.

3. The breakdown of fair value of financial instruments by level, etc.

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

Level 1: Fair value determined based on quoted market prices for assets or liabilities for which such fair value is calculated that are formed in an active market, among the inputs for the determination of observable fair value
Level 2: Fair value determined using inputs related to observable fair value other than Level 1 inputs
Level 3: Fair value determined using unobservable inputs for fair value calculations

When multiple inputs that have a significant impact on the determination of fair value are used, fair value is classified as the level with the lowest priority in the determination of fair value among the levels to which each of those inputs belongs.

(1) Financial instruments recorded at fair value in the consolidated balance sheets

	Millions of yen			
	2025			
Category	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust	7,293	1,703	—	8,996
Securities				
Available-for-sale securities				
Government bonds, local government bonds, etc.	85,617	190,904	—	276,521
Corporate bonds	—	127,416	15,618	143,034
Shares	19,473	—	—	19,473
Foreign securities	4,720	—	—	4,720
Investments trusts	4,692	39,222	—	43,915
Derivative transactions				
Currency-related	—	3,586	—	3,586
Total assets	121,797	362,833	15,618	500,248
Derivative transactions				
Interest rate-related	—	125	—	125
Currency-related	—	4,398	—	4,398
Total liabilities	—	4,524	—	4,524

	Millions of yen			
	2024			
Category	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust	7,400	1,604	–	9,005
Securities				
Available-for-sale securities				
Government bonds, local government bonds, etc.	78,438	137,425	–	215,864
Corporate bonds	–	160,839	20,026	180,866
Shares	24,708	–	–	24,708
Foreign securities	97	–	–	97
Investments trusts	4,876	66,439	–	71,315
Derivative transactions				
Currency-related	–	1,982	–	1,982
Total assets	115,521	368,291	20,026	503,839
Derivative transactions				
Currency-related	–	3,776	–	3,776
Total liabilities	–	3,776	–	3,776

Category	Thousands of U.S. dollars 2025 Fair value Level 1	Level 2	Level 3	Total
Money held in trust	48,776	11,389	–	60,165
Securities				
Available-for-sale securities				
Government bonds, local government bonds, etc.	572,612	1,276,779	–	1,849,391
Corporate bonds	–	852,166	104,454	956,621
Shares	130,236	–	–	130,236
Foreign securities	31,567	–	–	31,567
Investments trusts	31,380	262,319	–	293,706
Derivative transactions				
Currency-related	–	23,983	–	23,983
Total assets	814,586	2,426,651	104,454	3,345,692
Derivative transactions				
Interest rate-related	–	836	–	836
Currency-related	–	29,414	–	29,414
Total liabilities	–	30,256	–	30,256

(*1) "Securities" do not include investment trusts to which the treatment in Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is applied, where the base price is deemed to be the fair value. The amount recorded on the consolidated balance sheet of investment trusts to which the treatment in Paragraph 24-9 has been applied is ¥32,134 million($214,914 thousand) and ¥26,889 million at March 31, 2025 and 2024, respectively.

(*2) Reconciliation of the beginning balance to the end balance of investment trusts, etc. to which the treatment in Paragraph 24-9 has been applied

Millions of yen

2025

Beginning balance	Profit or loss or other comprehensive income for the year: Recorded in profit or loss	Recorded in other comprehensive income (*1)	Purchases, sales, issuances, and settlements	The amount by which the base price of the investment trust was deemed to be the fair value	The amount by which the base price of the investment trust was not deemed to be the fair value	End balance	Valuation gain or loss of investment trusts held at the consolidated balance sheet date of the amount recorded in profit or loss for the year
26,889	-	376	4,868	-	-	32,134	-

Millions of yen

2024

Beginning balance	Profit or loss or other comprehensive income for the year: Recorded in profit or loss	Recorded in other comprehensive income (*1)	Purchases, sales, issuances, and settlements	The amount by which the base price of the investment trust was deemed to be the fair value	The amount by which the base price of the investment trust was not deemed to be the fair value	End balance	Valuation gain or loss of investment trusts held at the consolidated balance sheet date of the amount recorded in profit or loss for the year
24,264	-	187	2,436	-	-	26,889	-

Thousands of U.S. dollars

2025

Beginning balance	Profit or loss or other comprehensive income for the year: Recorded in profit or loss	Recorded in other comprehensive income (*1)	Purchases, sales, issuances, and settlements	The amount by which the base price of the investment trust was deemed to be the fair value	The amount by which the base price of the investment trust was not deemed to be the fair value	End balance	Valuation gain or loss of investment trusts held at the consolidated balance sheet date of the amount recorded in profit or loss for the year
179,835	-	2,514	32,557	-	-	214,914	-

(*1) Included in "Net unrealized gain (loss) on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.

(2) Financial instruments other than those recorded at fair value in the consolidated balance sheets

Category	Millions of yen 2025 Fair value Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Government bonds, local government bonds, etc.	40,248	133,012	–	173,260
Loans and bills discounted	–	118,482	4,510,559	4,629,041
Total assets	40,248	251,495	4,510,559	4,802,302
Deposits	–	5,701,333	–	5,701,333
Borrowed money	–	405,652	2,646	408,299
Total liabilities	–	6,106,985	2,646	6,109,632

Category	Millions of yen 2024 Fair value Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Government bonds, local government bonds, etc.	10,154	87,752	–	97,906
Loans and bills discounted	–	124,961	4,684,648	4,809,610
Total assets	10,154	212,713	4,684,648	4,907,516
Deposits	–	5,667,484	–	5,667,484
Borrowed money	–	463,614	2,830	466,444
Total liabilities	–	6,131,098	2,830	6,133,929

Category	Thousands of U.S. dollars 2025 Fair value Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Government bonds, local government bonds, etc.	269,181	889,593	–	1,158,774
Loans and bills discounted	–	792,415	30,166,927	30,959,343
Total assets	269,181	1,682,015	30,166,927	32,118,124
Deposits	–	38,130,905	–	38,130,905
Borrowed money	–	2,713,028	17,696	2,730,731
Total liabilities	–	40,843,933	17,696	40,861,637

(Note 1) Valuation method for the fair value of financial instruments

Assets:

Money held in trust

For securities that are invested as part of trust assets in an independently managed money trust with securities management as the primary purpose, the fair value of equity securities is determined using quoted market prices and the fair value of debt securities is determined using quoted market prices or the prices provided by counterparty financial institutions. The fair value of securities for which unadjusted quoted market prices in active markets are available is classified as Level 1, that for which the impact of unobservable inputs is significant is classified as Level 3, and that for which the impact of unobservable inputs is not significant is classified as Level 2.

Note that information on money held in trust by holding purposes is presented under the "Money Held in Trust" section.

Securities

The fair value of securities for which unadjusted quoted market prices in active markets can be used is classified as Level 1. Such securities mainly include listed equity securities and government bonds.

If the market is not active even when published market prices are used, the fair value is classified as Level 2. Such securities mainly include local government bonds and corporate bonds.

In addition, for investment trusts for which there is no market transaction price, if there are no significant restrictions that would require market participants to compensate for the risk of redemption or requrchase requests, the fair value is classified as Level2.
When quoted market prices are not available, fair value is determined using such valuation methods as the method for discounted present value of future cash flows. The valuation makes maximum use of observable inputs, which include credit spreads. When significant unobservable inputs are used in the determination, the fair value is classified as Level 3.

Loans and bills discounted
The fair value of loans is determined based on the aggregated value of principal and interest by categories of types of loans, internal ratings and maturities discounted using the interest rate assumed if the same loans were newly originated. The carrying value of the loans with floating interest rates, which reflect short-term market interest rates, is presented as the fair value since the fair value approximates the carrying value as long as the creditworthiness of the borrower has not changed significantly since the loan origination. Loan losses on receivables from bankrupt, effectively bankrupt or likely to become bankrupt borrowers are estimated based on factors such as the present value of expected future cash flows or the expected amount to be collected from collateral and guarantees. Since the fair value of these items approximates the carrying value recorded on the consolidated balance sheets at the closing date, net of the currently expected loan losses, such carrying value is presented as the fair value.
The carrying value of the loans which do not have defined repayment due dates because the loans are limited to within the amount of pledged assets is presented as the fair value since the fair value approximates the carrying value considering the expected repayment schedule and interest rate conditions. Such fair value is classified as Level 3.
The fair value of loans with embedded derivative is determined using quoted the prices provided by counterparty financial institutions, etc. Such fair value is classified as Level 2.

Liabilities:

Deposits
The amount payable on demand as of the consolidated balance sheet date is presented as the fair value of the demand deposit. The fair value of time deposits is determined using the discounted present value of future cash flows, grouped by certain maturity lengths. The discount rate used is the interest rate that would be applied to newly accepted deposits. The carrying value of deposits whose remaining maturity is within the short-term period (one year or less) is presented as the fair value since the fair value approximates the carrying value. Such fair value is classified as Level 2.

Borrowed money
The present value of borrowed money is determined by discounting the aggregated value of principal and interest of such borrowings, grouped by certain maturity lengths, by the interest rate assumed for similar borrowings. The carrying value of floating rate borrowed money is presented as fair value. This is because it reflects the market interest rate in the short-term period, and also the creditworthiness of the consolidated subsidiaries has not significantly changed since the borrowed money was originated and accordingly fair value approximates the carrying value. The carrying value of borrowed money with short contractual terms (one year or less) is presented as fair value since the fair value approximates the carrying value. Fair value for which the impact of unobservable inputs is significant is classified as Level 3, and that for which the impact of unobservable inputs is not significant is classified as Level 2.

Derivative transactions:

The fair value of derivative transactions for which unadjusted quoted market prices in active markets can be used is classified as Level 1. These transactions mainly include bond futures and interest rate futures transactions.
However, since most derivatives transactions are over-the-counter transactions and there are no published quoted market prices, fair value is determined using such valuation methods as discounted present value or the Black-Scholes model, depending on the type of transaction and the maturity length. The main inputs used in those valuation methods include interest rates, exchange rates, and volatility. If unobservable inputs are not used or their impact is not significant, the fair value is classified as Level 2. Such transactions include plain vanilla interest rate swap transactions and foreign exchange forward contracts. If significant unobservable inputs are used, the fair value is classified as Level 3. Such transactions include stock options transactions.

(Note 2) Information on the fair value of Level 3 for financial instruments recorded in the consolidated balance sheets at fair value

(1) Quantitative information on significant unobservable inputs

March 31, 2025

Category	Valuation methods	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Available-for-sale securities				
Private placement bonds	Discounted cash flow method	Credit spreads	(0.184%) to 0.158%	0.018%

March 31, 2024

Category	Valuation methods	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Available-for-sale securities				
Private placement bonds	Discounted cash flow method	Credit spreads	(0.220%) to 0.179%	0.069%
	Cash flow deduction method	Expected loss ratios	100%	100%

(2) Reconciliation of the beginning balance to the end balance and valuation gain or loss recognized in profit or loss for the year

Millions of yen

2025

	Beginning balance	Profit or loss or other comprehensive income for the year: Recorded in profit or loss(*1)	Recorded in other comprehensive income(*2)	Purchases, sales, issuances, and settlements	Transfer into Level 3	Transfer out of Level 3	End balance	Valuation gain or loss of financial assets and financial liabilities held at the consolidated balance sheet date of the amount recorded in profit or loss for the year (*1)
Securities								
Available-for-sale securities								
Private placement bonds	20,026	23	(145)	(4,286)	-	-	15,618	-

Millions of yen

2024

	Beginning balance	Profit or loss or other comprehensive income for the year: Recorded in profit or loss(*1)	Recorded in other comprehensive income(*2)	Purchases, sales, issuances, and settlements	Transfer into Level 3	Transfer out of Level 3	End balance	Valuation gain or loss of financial assets and financial liabilities held at the consolidated balance sheet date of the amount recorded in profit or loss for the year (*1)
Securities								
Available-for-sale securities								
Private placement bonds	23,430	(28)	1	(3,376)	-	-	20,026	(9)

Thousands of U.S. dollars

2025

	Beginning balance	Profit or loss or other comprehensive income for the year: Recorded in profit or loss(*1)	Recorded in other comprehensive income(*2)	Purchases, sales, issuances, and settlements	Transfer into Level 3	Transfer out of Level 3	End balance	Valuation gain or loss of financial assets and financial liabilities held at the consolidated balance sheet date of the amount recorded in profit or loss for the year (*1)
Securities								
Available-for-sale securities								
Private placement bonds	133,935	153	(969)	(28,665)	-	-	104,454	-

(*1) Included in "Other ordinary income" and "Other ordinary expenses" in the consolidated statements of income.
(*2) Included in "Net unrealized gain (loss) on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.

(3) A description of valuation processes used for fair value measurements

At consolidated subsidiaries, the risk control department establishes policies and procedures for measuring fair value, and the back office measures fair value accordingly. The middle office verifies whether the fair value obtained is measured by using valid valuation methods and inputs as well as whether they are classified into an appropriate level of the fair value hierarchy in order to ensure that the policies and procedures for measuring fair value are appropriate.
In measuring fair value, the Group uses a valuation model that most appropriately reflects the nature, characteristics and risks of each asset. In addition, when using quoted prices obtained from third parties, the Group verifies whether the prices are valid by using appropriate methods, such as confirming the valuation methods and inputs used and comparing them with the fair value of similar financial instruments.

(4) A description of the effect on the fair value of changes in significant unobservable inputs

Significant unobservable inputs used in measuring the fair value of private placement bonds are credit spreads. Credit spread is the difference between the weighted average interest rate of the newly executed rate for each credit rating and the market interest rate, and it is an estimated value calculated based on the results within six months from the settlement date. Significant increases (decreases) in this input would result in a significantly lower (higher) fair value measurement.

35. Derivatives

1. Derivative transactions to which hedge accounting is not applied

With respect to derivatives to which hedge accounting is not applied, contract amount or notional principal, fair value and related valuation gain or loss are as follows. Note that contract amounts do not represent the market risk exposure of derivative transactions.

(1) Currency related derivatives at March 31, 2025 and 2024

Millions of yen

March 31, 2025		Contract amount /notional principal: Total	Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions:					
Currency swaps		¥ 35,790	¥ 28,785	¥ 52	¥ 52
Forward foreign exchange contracts:					
	Selling	5,825	271	(102)	(102)
	Buying	3,910	-	26	26
Currency options:					
	Selling	89,910	70,239	(3,217)	648
	Buying	89,910	70,239	3,217	162
Total		—	—	¥ (23)	¥ 787

	Millions of yen			
	Contract amount /notional principal			
March 31, 2024	Total	Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions:				
Currency swaps	¥ 50,582	¥ 27,200	¥ 49	¥ 49
Forward foreign exchange contracts:				
Selling	5,465	412	(223)	(223)
Buying	3,250	-	103	103
Currency options:				
Selling	52,625	37,214	(1,482)	918
Buying	52,625	37,214	1,482	(377)
Total	—	—	¥ (70)	¥ 470

	Thousands of U.S. dollars			
	Contract amount /notional principal			
March 31, 2025	Total	Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions:				
Currency swaps	$ 239,365	$ 192,516	$ 347	$ 347
Forward foreign exchange contracts:				
Selling	38,957	1,812	(682)	(682)
Buying	26,150	-	173	173
Currency options:				
Selling	601,324	469,763	(21,515)	4,333
Buying	601,324	469,763	21,515	1,083
Total	—	—	$ (153)	$ 5,263

Note:
Transactions in the table above are stated at the fair value and the related valuation gain (loss) is reported in the consolidated statement of operations.

2. Derivative transactions to which hedge accounting is applied

With respect to derivatives to which hedge accounting is applied, contract amount or notional principal and fair value at the balance sheet date by transaction type and hedge accounting method are as follows. Note that contract amount or notional principal does not represent the market risk exposure of derivative transactions

Interest rate related derivatives at March 31, 2025

March 31, 2025			Millions of yen		
			Contract amount /notional principal		
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	Fair value
Deferral hedge accounting	Interest rate swaps	Securities	¥ 20,000	¥ 20,000	¥ (125)
Total			–	–	(125)

Not applicable as of March 31, 2024

March 31, 2025			Thousands of U.S.dollars		
			Contract amount /notional principal		
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	Fair value
Deferral hedge accounting	Interest rate swaps	Securities	$ 133,761	$ 133,761	$ (836)
Total			–	–	$ (836)

Derivatives in the table above are mainly accounted for hedge accounting (deferral hedge accounting) in accordance with JICPA Industry Committe Practical Guidelines No.24.

Currency related derivatives at March 31, 2025 and 2024

March 31, 2025			Millions of yen		
			Contract amount /notional principal		
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	Fair value
Deferral hedge accounting	Currency swaps	Loans denominated in foreign currencies	¥ 4,186	¥ 2,990	¥ (787)
	Forward foreign exchange contracts	–	—	—	—
Total			—	—	¥ (787)

March 31, 2024			Millions of yen		
			Contract amount /notional principal		
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	Fair value
Deferral hedge accounting	Currency swaps	Loans denominated in foreign currencies	¥ 7,267	¥ 4,239	¥ (1,724)
	Forward foreign exchange contracts	–	–	–	–
Total			–	–	¥ (1,724)

March 31, 2025			Thousands of U.S. dollars		
			Contract amount /notional principal		
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	Fair value
Deferral hedge accounting	Currency swaps	Loans denominated in foreign currencies	$ 27,996	$ 19,997	$ (5,263)
	Forward foreign exchange contracts	–	–	–	–
Total			–	–	$ (5,263)

Derivatives in the table above are mainly accounted for hedge accounting (deferral hedge accounting) in accordance with JICPA Industry Committee Practical Guidelines No.25 "Accounting and Auditing Treatment Relating to the Adoption of the Accounting Standard for Foreign Currency Transactions for Banks."

36. Amounts per Share

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

	Yen		U.S. dollars
	2025	2024	**2025**
Net assets	¥ 852.98	¥ 863.54	$ 5.70
Net income:			
Basic	47.28	38.78	0.31
Diluted	47.14	38.68	0.31
Cash dividends			
Common stock	¥ 15.5	¥ 12.5	$ 0.10

Net assets per share as of March 31, 2025 and 2024 were computed based on the following information:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Total net assets	¥ 240,248	¥ 244,825	$ 1,606,795
Stock subscription rights	(179)	(148)	(1,197)
Non-controlling interests	(2,884)	(2,532)	(19,288)
Amounts to be deducted from total net assets	(3,063)	(2,680)	(20,485)
Net assets attributable to common stock as of March 31, 2025 and 2024	¥ 237,184	¥ 242,145	$ 1,586,302
Number of shares of common stock as of March 31, 2025 and 2024 used to compute net asset per share (Unit: thousand shares)	278,064	280,407	

Net income per share for the years ended March 31, 2025 and 2024 were computed based on the following information:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Net income attributable to owners of the parent for the year	¥ 13,246	¥ 10,874	$ 88,590
Amounts not attributed to common stock share	(-)	(-)	(-)
Net income attributable to owners of the parent attributable to common stock	¥ 13,246	¥ 10,874	$ 88,590
Average outstanding number of shares of common stock (Unit: thousand shares)	280,165	280,391	1,873,762
Diluted net income per share after adjusting potential shares			
Adjustment to net income attributable to owners of the parent	¥ -	¥ -	$ -
Number of increased common stock (Unit: thousand shares)	836	737	5,591
Of which, stock subscription rights (Unit: thousand shares)	836	737	5,591
Summary of potential shares excluded from the calculation of diluted net income per share due to their anti-dilutive effect	-	-	-

Note:

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the fiscal year.

Report of Independent Auditor

Senshu Ikeda Holdings, Inc.

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Independent Auditor's Report

The Board of Directors
Senshu Ikeda Holdings, Inc.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Senshu Ikeda Holdings, Inc. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2025, and the consolidated statements of operations, 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.

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Determination of borrower classification, which serves as the basis for assessing the reserve for possible loan losses for business loan borrowers who are preparing business improvement plans	
Description of Key Audit Matter	**Auditor's Response**
The Group is engaged in the lending business mainly through The Senshu Ikeda Bank, Ltd. As at March 31, 2025, outstanding loans on the consolidated balance sheet were ¥4,680.029 million which included ¥1,834,925 million for business loans to small and medium enterprises and ¥2,055,208 million for housing loans. These loans represent a significant portion of the Group's consolidated total assets amounting to ¥6,431,321 million. The credit risk of loans is affected by factors such as economic trends, borrowers' business conditions and fluctuations in the real estate market and in stock prices. To manage such credit risk, the Group recognized a reserve for possible loan losses of ¥10,295 million in the consolidated financial statements as at March 31, 2025. The details of the applicable accounting policies for the reserve for possible loan losses are described in Note 3 Significant Accounting Policies, (6) Reserve for possible loan losses, and the details of the estimation of the reserve for possible loan losses are described in Note 3 Significant Accounting Policies, (22) Significant accounting estimates, 1. Valuation of loans and bills discounted. The reserve for possible loan losses is recognized in accordance with the prescribed policies for self-assessment of asset quality, write-offs and allowances. The calculation process includes the determination of the borrower classification, which is assessed according to the relevant borrower's ability to repay loans. In addition to the repayment status, their financial position, business performance, future prospects thereof, and the like are important factors in determining the borrower classification for business loan borrowers.	We mainly performed the following audit procedures to assess the determination of borrower classification, which serves as the basis for assessing the reserve for possible loan losses of The Senshu Ikeda Bank, Ltd. for business loan borrowers who are preparing business improvement plans: ・ We evaluated the internal controls for determining borrower classification. The controls tested included but were not limited to controls for ensuring the reliability of the information used in determining the borrower classification and controls involving the underlying credit rating data of the borrower. ・ In selecting samples, we took into account the following: - The quantitative impact of changes in borrower classification on the amount recorded in the reserve for possible loan losses - The degree of deterioration in the repayment status, financial position or the business performance of business loan borrowers - The involvement of the Business Rehabilitation Supporting Office within the Loan Division ・ For the selected samples, we performed the following procedures to obtain an understanding of the recent status of deterioration in the repayment status, financial position or business performance of the business loan borrowers: - We inspected evidence related to self–assessment of asset quality.

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The reasonableness and feasibility of business improvement plans are affected by factors such as change in the business performance of business loan borrowers and the success or failure of their business strategies. There is uncertainty about the future economic environment, including the impact of international situations such as the US government's tariff policy and inflationary pressures. Accordingly, the assessment of the reasonableness and feasibility of business improvement plans involves significant estimation uncertainty and relies greatly on management's judgment. Based on the above factors, we determined that the determination of the borrower classification, which serves as the basis for assessing the reserve for possible loan losses for business loan borrowers whose repayment status, financial position, or business performance is deteriorating and who are preparing business improvement plans is a key audit matter.	- We performed analytical review over major profit and loss items. - We made inquiries of the Loan Division and inspected business logs and evidence of approval as necessary. ・For business loan borrowers whose repayment status, financial position, or business performance is deteriorating and who are preparing business improvement plans, we performed the following procedures to assess the reasonableness and feasibility of their business improvement plans: - For the key components of business improvement plans, we analyzed trends in historical business performance and plans as well as the degree of achievement of objectives of business improvement plans in previous years. - We compared business improvement plans with relevant available external information such as market trends in the industry to which business loan borrowers belong as necessary and discussed with management.

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 Audit & Supervisory Board Member and the Audit & Supervisory Board 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.

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Responsibilities of Management, The Audit & Supervisory Board Member and the Audit & Supervisory Board for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit & Supervisory Board Member and the Audit & Supervisory Board 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.

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

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

We also provide the Audit & Supervisory Board Member and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit & Supervisory Board Member and the Audit & Supervisory Board, 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 Senshu Ikeda Holdings, Inc. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are 128 million yen and 5 million yen, respectively.

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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

伊加井 真弓
Mayumi Ikai
Designated Engagement Partner
Certified Public Accountant

藤間 信貴
Nobutaka Fujima
Designated Engagement Partner
Certified Public Accountant

A member firm of Ernst & Young Global Limited

Non-consolidated Financial Information of The Senshu Ikeda Bank (Unaudited)

Non-consolidated Balance Sheets (Unaudited)

The Senshu Ikeda Bank, Ltd.
As of March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Assets			
Cash and due from banks	**¥ 848,850**	¥ 789,058	**$ 5,677,166**
Call loans and bills bought	**4,336**	4,338	**28,999**
Monetary claims bought	**–**	19	**–**
Money held in trust	**8,996**	9,005	**60,165**
Securities	**704,133**	630,666	**4,709,289**
Loans and bills discounted	**4,715,377**	4,858,586	**31,536,764**
Foreign exchange assets	**5,862**	5,900	**39,205**
Other assets	**35,204**	41,513	**235,446**
Tangible fixed assets	**32,091**	32,147	**214,626**
Intangible fixed assets	**3,670**	3,639	**24,545**
Prepaid pension cost	**19,192**	17,114	**128,357**
Deferred tax assets	**4,557**	2,457	**30,477**
Customers' liabilities for acceptances and guarantees	**6,903**	6,378	**46,167**
Reserve for possible loan losses	**(8,222)**	(8,201)	**(54,989)**
Total assets	**¥ 6,380,954**	¥ 6,392,626	**$ 42,676,257**
Liabilities and net assets			
Liabilities			
Deposits	**¥ 5,715,190**	¥ 5,677,502	**$ 38,223,582**
Negotiable certificates of deposit	**11,000**	22,000	**73,568**
Payables under securities lending transactions	**4,396**	–	**29,400**
Borrowed money	**400,000**	458,122	**2,675,227**
Foreign exchange liabilities	**846**	681	**5,658**
Borrowed money from trust account	**2,644**	2,534	**17,683**
Other liabilities	**35,574**	18,241	**237,921**
Provision for employees' bonuses	**1,506**	1,467	**10,072**
Provision for directors' bonuses	**66**	69	**441**
Accrued retirement benefits for directors and audit & supervisory board members	**4**	4	**26**
Reserve for reimbursement of deposits	**74**	146	**494**
Reserve for contingent losses	**496**	446	**3,317**
Acceptances and guarantees	**6,903**	6,378	**46,167**
Total liabilities	**6,178,704**	6,187,596	**41,323,595**
Net assets			
Shareholders' equity:			
Capital stock	**61,385**	61,385	**410,547**
Capital surplus	**63,315**	63,315	**423,455**
Retained earnings	**79,538**	71,426	**531,955**
Total shareholders' equity	**204,239**	196,127	**1,365,964**
Net unrealized gain (loss) on available-for-sale securities	**(1,850)**	8,937	**(12,372)**
Net unrealized gain (loss) on deferred hedges	**(139)**	(35)	**(929)**
Total valuation and translation adjustments	**(1,990)**	8,901	**(13,309)**
Total net assets	**202,249**	205,029	**1,352,655**
Total liabilities and net assets	**¥ 6,380,954**	¥ 6,392,626	**$ 42,676,257**

Non-consolidated Statements of Operations (Unaudited)

The Senshu Ikeda Bank, Ltd.
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Income			
Interest income:			
Interest on loans and bills discounted	**¥ 43,431**	¥ 40,081	**$ 290,469**
Interest and dividends on securities	**5,949**	3,811	**39,787**
Other interest income	**2,799**	2,138	**18,719**
Trust fees	**10**	22	**66**
Fees and commissions	**19,556**	18,640	**130,791**
Other ordinary income	**1,193**	772	**7,978**
Reversal of provision for possible loan losses	**–**	564	**–**
Recoveries of written-off claims	**275**	260	**1,839**
Gain on sales or disposal of fixed assets	**10**	–	**66**
Other income	**1,879**	1,215	**12,566**
Total income	**75,107**	67,507	**502,320**
Expenses			
Interest expenses:			
Interest on deposits	**3,838**	482	**25,668**
Interest on borrowings and rediscounts	**24**	0	**160**
Other interest expenses	**427**	311	**2,855**
Fees and commissions	**11,006**	10,108	**73,608**
Other ordinary expenses	**1,220**	2,554	**8,159**
General and administrative expenses	**38,800**	39,209	**259,497**
Provision for possible loan losses	**178**	**–**	**1,190**
Loss on sales or disposal of fixed assets	**37**	103	**247**
Loss on impairment of fixed assets	**3**	243	**20**
Other expenses	**2,260**	2,560	**15,115**
Total expenses	**57,799**	55,574	**386,563**
Income before income taxes	**17,307**	11,933	**115,750**
Income taxes			
Current	**2,786**	1,628	**18,632**
Deferred	**2,525**	1,663	**16,887**
Total income taxes	**5,312**	3,292	**35,527**
Net income	**¥ 11,995**	¥ 8,641	**$ 80,223**

S I H D

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