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Items Not Included in the Written Documents Stating the Matters to Be Provided Electronically

For the 19th Fiscal Year (from April 1, 2024 to March 31, 2025)

[Business Report]

[Financial Statements]

JAPAN POST BANK

The above items are not included in the written documents delivered to shareholders who have requested the delivery of them (the written documents stating the matters to be provided electronically), in accordance with laws and regulations and the provisions of the Articles of Incorporation of Japan Post Bank.

Matters Concerning the Current Status of JAPAN POST BANK Co., Ltd.

(8) Other Important Matters Concerning the Current Status of Japan Post Bank

Not applicable.

Matters Concerning Stock Acquisition Rights, etc. of Japan Post Bank

(1) Stock Acquisition Rights, etc., of Japan Post Bank Held by Directors and Executive Officers as of March 31, 2025

Not applicable.

(2) Stock Acquisition Rights, etc., of Japan Post Bank Granted to Employees, etc., during the Fiscal Year Ended March 31, 2025

Not applicable.

Basic Policy Concerning Persons Who Control the Decisions on Financial and Business Policies

Not applicable.

Systems to Ensure the Appropriate Conduct of Operations

[Basic Stance on Corporate Governance]

With a view to its sustainable growth along with improvement of its corporate value over the medium and long terms, Japan Post Bank establishes its corporate governance system based on the following stance.

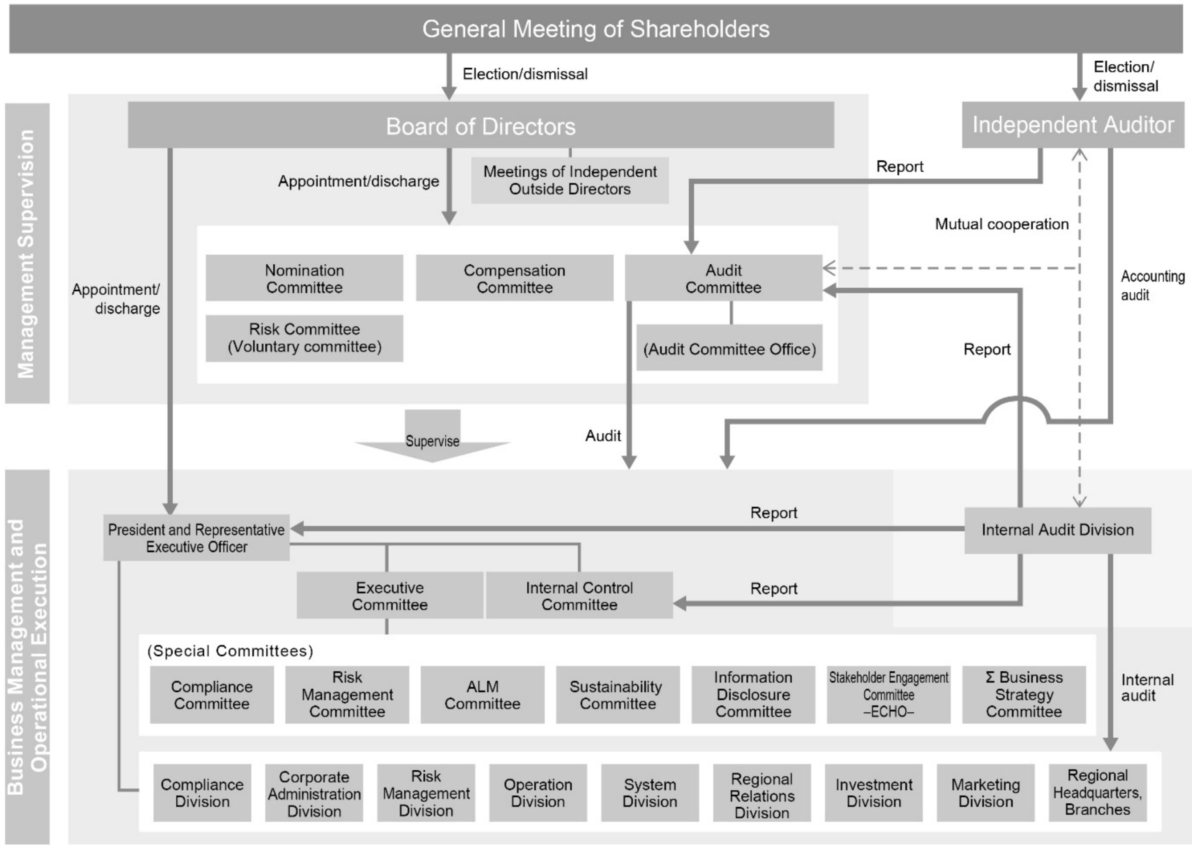
(1) We will engage in constant value creation by providing banking services through the distribution network based on the post office, while continuously creating new convenience for customers, in pursuit of providing higher quality of service.

(2) Fully recognizing fiduciary responsibilities to shareholders, we will give consideration to ensure the rights and equality of shareholders in an appropriate manner.

(3) We will value the dialogue with all stakeholders including shareholders, and seek appropriate collaboration and sustainable coexistence therewith. To this end, we will ensure management transparency and strive for disclosure and provision of adequate information.

(4) In order to promptly adapt to changes in the economic and social environment and meet the expectations of all stakeholders, we will make swift decision-making in a firm attitude and conduct business under the effective supervision by the Board of Directors.

Corporate Governance System (Outline)



[Establishment of Systems to Ensure the Appropriate Conduct of Operations]

With regard to systems to ensure the appropriate conduct of operations subject to a resolution of the Board of Directors of a corporation adopting a committee system such as the Nomination Committee in accordance with Article 416, Paragraph 1, Item 1 (b) and (e) of the Companies Act and Article 112, Paragraph 1 and 2 of the Ordinance for the Enforcement of the Companies Act, Japan Post Bank has established by a resolution of the Board of Directors “Basic Policies for the Internal Control System.”

The details for the fiscal year ended March 31, 2024 are as follows.

(1) System for Ensuring That the Execution of Duties by Executive Officers and Employees Complies with Laws and Regulations and Our Articles of Incorporation

We are required to do the following:

a. Establish basic policies regarding management, such as our management philosophy and management plans, to ensure that our Executive Officers and employees are thoroughly informed of and will comply with laws and regulations in all areas of our business activities. Furthermore, we must establish rules regarding compliance and maintain a compliance framework.

b. Periodically hold meetings of the Internal Control Committee, comprised of Executive Officers appointed by the President and Representative Executive Officer, to discuss the most important matters relating to internal controls, such as compliance with laws and regulations.

c. Promote compliance through means such as establishing a department that manages compliance, formulating compliance programs each year as specific plans for ensuring compliance and periodically reviewing developments of such programs, and establish the Compliance Committee as an advisory body to the Executive Committee to discuss specific practices and address various issues regarding compliance and to report the results to the Internal Control Committee, the Executive Committee and Audit Committee.

d. Ensure compliance through (i) formulating a compliance manual which states specific guidelines of the matters with which Executive Officers and employees must comply and the explanations for laws and regulations relating to our corporate activities and (ii) conducting training regarding laws and regulations as well as internal rules with which Executive Officers and employees must comply.

e. Take measures necessary to guide and manage Japan Post Co., which is our authorized agent, in order to ensure that its compliance system and operational management are sound, through means such as (a) having regular meetings with Japan Post Co. with the participation of the President and Representative Executive Officer and other officers to discuss matters relating to strengthening and enhancing the internal control system with respect to compliance, (b) providing operational instructions and conducting training to promote compliance and (c) monitoring the operations of Japan Post Co. In addition, we must establish a department that manages the quality of sales at post offices, and work with Japan Post Co. to strengthen the autonomous internal control function of post offices, etc.

f. With respect to anti-social forces that pose a threat to the social order and sound corporate activities, (a) establish our corporate policy on the relationship with them through “rules regarding anti-social forces” and other internal rules and manuals and (b) avoid involvement at all times with illegal and anti-social activities through close cooperation with external specialists, such as the police, to cut any ties and prevent any interaction with any anti-social forces.

g. Mindful that there exists the possibility that the products and services that we provide could be used fraudulently, we have stipulated our policies and regulations and have in place systems to guard against money laundering, the financing of terrorism and proliferation financing.

h. Formulate rules regarding internal control over financial reporting and maintain a framework for valuation and reporting of internal controls over financial reporting, to ensure the appropriateness of the documents regarding our financial, accounting and other information.

i. Create a whistle-blowing rule for reporting violations or suspected violations of laws and regulations or internal rules, establish contact offices for whistle-blowing, inside and outside the company, and ensure that our Executive Officers and employees are thoroughly informed of it.

j. To ensure thorough customer-oriented business operations, we have in place systems to provide high-quality, customer-oriented financial services through, for example, the establishment of basic policies, the formulation of promotion plans, and the conducting of training for executives and employees.

k. Establish our internal audit system by formulating a basic policy regarding internal audits and other rules. Further, an Internal Audit Division, which is independent from the divisions that it audits, conducts effective internal audit regarding the appropriateness of general corporate activities including compliance with laws and regulations and reports the status of internal audit and the internal audit system to the Internal Control Committee, the Executive Committee and Audit Committee.

(2) System for Storing and Managing Information Relating to the Execution of the Duties of Our Executive Officers

We establish rules relating to document management that clarify the system and methods for storing and managing information relating to the execution of the duties of Executive Officers, such as minutes of the Executive Committee and circulated draft approvals. In addition, we allow the Audit Committee and Internal Audit Division to inspect or copy requested documents.

(3) Rules and System Related to the Risk Management of Losses

a. We establish the Risk Committee as an advisory body to the Board of Directors and the Risk Management Committee as an advisory body to the Executive Committee. In addition, we manage risks by establishing risk management rules and by creating a risk management system.

b. We establish a department to supervise risk management and to understand, analyze and manage risks, as well as to review and revise our corrective actions and risk-handling methods. In addition, the Risk Management Committee deliberates on matters related to the operational and organizational risk management system and procedures and reports any important issues to the Executive Committee, Risk Committee and Audit Committee.

c. We establish a crisis management system and countermeasures against crises, including internal rules for crisis management, so that we can take quick and appropriate action and corrective measures in the event that a risk that could seriously impact our business is actualized.

(4) System for Ensuring That the Duties of Executive Officers are Executed Effectively

a. We establish an Executive Committee, comprised of Executive Officers appointed by the President and Representative Executive Officer, that meets regularly and discusses matters to be resolved by the Board of Directors, matters to be resolved by the President and Representative Executive Officer or other matters deemed necessary by the President and Representative Executive Officer. Also, if necessary, a specialized subcommittee is established to act as an advisory body to the Executive Committee.

b. By establishing rules relating to organizational structure and professional duties, we clarify the division of duties, administrative authority and responsibilities of Executive Officers in order to increase the efficiency of the execution of their duties.

(5) System for Ensuring Appropriate Operations among the Japan Post Group

a. We have entered into the Japan Post Group agreement with Japan Post Holdings, Japan Post Co. and Japan Post Insurance, as well as the contract concerning the operation of the Japan Post Group and the memorandum of understanding on rules concerning the operation of the Japan Post Group with Japan Post Holdings, thereby we discuss in advance and report any matters necessary for appropriate and smooth operations.

b. We establish rules that govern the management of our subsidiaries, and create a system for correctly managing the business operations.

c. We establish internal rules that govern intragroup transactions, and engage in these transactions appropriately.

(6) Matters Regarding Employees that Support the Duties of the Audit Committee

We establish an Audit Committee Office, which supports the Audit Committee in performing its duties, and is staffed with employees with the requisite knowledge and skills to provide such support.

(7) Matters Regarding the Independence of Employees that Support the Duties of the Audit Committee from Our Executive Officers

The hiring, transferring, evaluating and disciplining of employees of the Audit Committee Office must first be approved by the Audit Committee or its member(s) appointed by the Audit Committee.

(8) Matters Regarding the Ensuring of Effective Instructions to the Employees that Support the Duties of the Audit Committee

When an employee of the Audit Committee Office is supporting the duties of the Audit Committee, he or she must work only under the direction or order of the Audit Committee.

(9) System of Reporting to the Audit Committee

a. Our Executive Officers report to the Audit Committee, on a regular basis, the status of the execution of our Executive Officers' duties.

b. Directors (excluding Directors who concurrently serve as the members of the Audit Committee), Executive Officers and employees must promptly report to the members of the Audit Committee any important matters that could have a material impact on the management of our business.

c. At the request of the Audit Committee, Executive Officers and employees, along with the Directors, Corporate Auditors and employees of subsidiaries, must report to it the status of the execution of their duties.

d. Anyone who reports to the Audit Committee cannot be treated unfavorably because of such reporting.

(10) Matters Regarding the Procedures Relating to the Pre-payment and Compensation of Costs that Arise during the Execution of the Audit Committee's Duties and Policies Related to Settlement of Other Costs and Liabilities that Arise during the Execution of these Duties

If a member of the Audit Committee requests payment for costs necessary to execute his or her duties, then such request cannot be denied unless it is found that such costs were not necessary.

(11) Other Steps to Ensure That the Audit Committee's Audit is Performed Effectively

a. The President and Representative Executive Officer makes an effort to deepen mutual understanding between him or her and the Audit Committee, by having regular informational sessions with the committee about matters important to management, such as basic management policies, issues to be addressed, the status of functions of the internal control system and other matters.
b. In formulating its internal audit plans, the Internal Audit Division obtains both the consent of the Audit Committee and the approval of the President and Representative Executive Officer. Regularly reporting the status and results of internal audits to the Audit Committee, the Internal Audit Division also promptly reports to the members of the Audit Committee any important matters that could have a material impact on the management of our business.
c. Changes to the executive officer in charge of the Internal Audit Division and the head of the Internal Audit Planning Department shall be made upon obtaining the consent of the Audit Committee or an Audit Committee member selected by the Audit Committee.
d. The Audit Committee receives an explanation from the independent auditor in advance of the financial audit plan and regularly receives status updates of the financial audits, as well as communicates with the independent auditor as necessary, so that they are aware of all important issues regarding financial audit at all times.
e. When performing its duties, the Audit Committee strives to coordinate with the audit committee of Japan Post Holdings, such as through regularly exchanging opinions and ideas.

[Implementation of Systems to Ensure the Appropriate Conduct of Operations]

(1) System for Ensuring That the Execution of Duties by Executive Officers and Employees Complies with Laws and Regulations and Our Articles of Incorporation

- Legal compliance is clearly stated in our management philosophy and management plans and basic rules on compliance are stipulated, in order to convey the importance of compliance, including customer protection structure, to employees through messages from the top management on a regular basis, as well as various trainings, etc. We formulate the compliance program each fiscal year while holding the Compliance Committee to verify the progress and discuss tasks on the subject. In addition, the Internal Control Committee discusses the most important matters relating to internal controls, such as compliance with laws and regulations.
  We delegate bank agency services and others to Japan Post Co., Ltd., and, in response to the discovery of scandals at post offices such as internal crimes, we made progress to further strengthen the compliance system of post offices such as by reviewing crime prevention rules and monitoring Key Risk Indicator (metrics for quantitatively measuring the risk of internal crimes occurring) throughout the Japan Post Group. In addition, we have strengthened our cooperation with Japan Post Co., such as through periodic exchanges of views and opinions between the presidents of the two companies.
  Furthermore, there were incidents at post offices where non-public financial information was used to invite customers to visit the offices for the purpose of soliciting them for insurance, investment trusts, and Japanese government bonds without their prior consent. As the entrusting party, we take seriously our failure to fulfill our responsibility to oversee post offices, and we are working on measures to prevent recurrence, including strengthening personal information management systems, in cooperation with other Japan Post Group companies, including stepping up our oversight of Japan Post Co.
- The duty of reporting along the Compliance Line in case of potential of actual violations of compliance is stipulated, as well as the accessibility of the whistle-blowing contact offices for such reporting, and we thoroughly convey the use of the contact offices through trainings and other measures.
  In addition, we have established a Harassment Investigation Committee chaired by an external attorney-at-law to deal with harassment cases in an objective, impartial and fair manner. Furthermore, we made efforts to strengthen our consultation and reporting system and to protect whistleblowers in light of the revision of the Whistleblower Protection Act by accepting reports through the group-wide “one-stop consultation and reporting platform” and by accepting reports and conducting investigations by an external specialist team.
- We have established policies and rules while taking into account the possibility that the products and services we provide will be used in money laundering, the financing of terrorism and proliferation financing, and implemented identification and assessment of the risks and reviews of the products and services. We continued working to strengthen our management system through means such as by upgrading data analysis through the AML analysis system.
- With respect to anti-social forces, we regularly discuss among concerned departments and collaborate with external specialists, to cut any ties and prevent any interaction with any anti-social forces.
- We have developed a system regarding internal control over financial reporting such as by establishing rules and regulations, and conducted evaluation and reporting.
- In order to further instill customer-oriented management philosophy, we continued our efforts for the improvement of our products and services and reform of organizational culture, while holding discussions at the Stakeholder Engagement Committee, based on our Basic Policy on Fiduciary Duties.
  In addition, we continued to work on this issue, as we have developed a comprehensive complaint/consultation response system for managing complaints/consultations centrally from

customers and taking responsibility from their reception to solution.

- We conducted auditing activities in accordance with the Basic Policy on Internal Auditing and others to verify the execution of management activities and the adequacy and effectiveness of internal control systems, including compliance and risk management, and reported the status and results of internal audits to the Board of Directors, the Audit Committee, and the President and Representative Executive Officer.

(2) System for Storing and Managing Information Relating to the Execution of the Duties of Our Executive Officers

- We established Documentation Management Rules, etc. to clarify the system and methods for the safekeeping, storing and management of documents, while verifying more than once a year the status of management of such documents.

(3) Rules and System Related to the Risk Management of Losses

- We formulate Risk Management Practice Policies each fiscal year, and discuss or report important matters at/to the Risk Management Committee, etc.
  The independent Risk Management Division has established a system to examine the appropriateness of management plans, etc., from the standpoint of management sustainability. In particular, the Risk Committee, an advisory body to the Board of Directors, was established to discuss risks related to market operations and IT systems, including cyber security, together with outside experts. In addition, we also made efforts to upgrade various types of risk management by holding a subcommittee meeting in which we discuss new products and services and a subcommittee meeting for deepening discussions and sharing of recognition of system risks.
  We are committed to further enhancing our risk governance system and to establish a Risk Appetite Framework to achieve both stable profits and financial soundness through appropriate risk-taking and risk control.
- We made efforts to establish robust security systems in accordance with international standards by steadily implementing various measures for cyber security, including human resource development using external specialists and implementation of action plans that included periodic cyber incident exercises. According to third-party assessments, our maturity level further improved.
- While we review the Crisis Management Rules and Business Continuity Plan (BCP) as needed, we organize a training at least once a year in accordance with the Crisis Management Rules and Business Continuity Plan (BCP). In FY2025/3, we conducted drills, including the establishment of a framework and information coordination, with the aim of confirming the feasibility of early recovery and mitigation of the scope of impact from the perspective of service users in the event of a system failure.
  In addition, we identify important operations and secure necessary management resources with the aim of ensuring operational resilience, and we will continue working to improve operational resilience.

(4) System for Ensuring That the Duties of Executive Officers are Executed Effectively

- We discuss issues such as matters to be resolved by the Board of Directors and scope of authority of the President and Representative Executive Officer at the Executive Committee held weekly, while organizing various specialized subcommittees as advisory bodies to the Executive Committee. Specifically, we discuss key measures set forth in our management plans, such as sustainability promotion, DX promotion, and human capital management.
  Rules relating to professional duties stipulate that Executive Officers shall supervise the execution of operations of which they are in charge, in accordance with the division of duties.

Resolutions of the Board of Directors are required for any changes to the division of duties of Executive Officers that clarifies the responsibilities of Executive Officers.
Furthermore, in our Medium-term Management Plan, we clarified our purpose of "contributing to the development of society and the region" and have committed to "sustainability management" that aims to both solve social issues and enhance corporate value. In addition, we promoted this within the company by actively disseminating information to employees through messages from top management and other means.

(5) System for Ensuring Appropriate Operations among the Japan Post Group

- We have entered into the Japan Post Group agreement based on which we discuss in advance and report any matters necessary for appropriate and smooth operations. In addition, we conduct intragroup transactions appropriately in accordance with the internal rules that govern intragroup transactions.
  With regard to the Group CxO system to strengthen the cross function of Group management by Japan Post Holdings Co., Ltd., we reported to the Board of Directors on the activities of the Group CxOs from the perspective of ensuring independence in the decision-making.
  Meanwhile, for management matters of subsidiaries and affiliates required to be approved by Japan Post Bank under the Rules for Managing the Business of Subsidiaries, including the formulation of business plans, convocation of General Meetings of Shareholders and resolutions for proposals, we give approval based on verification of the appropriateness of such matters. Furthermore, we have confirmed that the systems of our subsidiaries, etc., for preventing money laundering, the financing of terrorism and proliferation financing, as well as their cyber security measures, meet the same standards as those of the Bank.

(6) Matters Regarding Employees that Support the Duties of the Audit Committee

- We have established an Audit Committee Office, which supports the Audit Committee in performing its duties, and has staffed it with employees with the requisite knowledge and skills to provide such support.

(7) Matters Regarding the Independence of Employees that Support the Duties of the Audit Committee from Our Executive Officers

- At Japan Post Bank, the hiring, transferring, evaluating and disciplining of employees of the Audit Committee Office are first approved by the Audit Committee or its member(s) appointed by the Audit Committee.

(8) Matters Regarding the Ensuring of Effective Instructions to the Employees that Support the Duties of the Audit Committee

- When an employee of the Audit Committee Office is supporting the duties of the Audit Committee, he or she works only under the direction or order of the Audit Committee.

(9) System of Reporting to the Audit Committee

- Our Executive Officers report to the Audit Committee, on a regular basis, the status of the execution of our Executive Officers' duties, and Executive Officers and employees of the Bank and its subsidiaries report on the status of the execution of their duties upon the request of the Audit Committee. In particular, through reporting, the Audit Committee has confirmed that efforts are being made to improve the internal control system to guard against internal misconduct, as well as to strengthen personal information management systems in coordination with other Japan Post Group companies, including stepping up our oversight of Japan Post Co., which is our banking services contractor, in response to incidents involving the inappropriate use of non-public financial information at post offices.

In addition, a system is in place to ensure that Directors (excluding Directors who concurrently serve as members of the Audit Committee), Executive Officers and employees promptly report to the members of the Audit Committee any important matters that could have a material impact on the management of our business.

Furthermore, a system is in place to ensure that people who report to the Audit Committee are not treated unfavorably because of such reporting.

(10) Matters Regarding the Procedures Relating to the Pre-payment and Compensation of Costs that Arise during the Execution of the Audit Committee's Duties and Policies Related to Settlement of Other Costs and Liabilities that Arise during the Execution of these Duties

- There are budgetary and other measures in place to ensure that if a member of the Audit Committee requests payment for costs necessary to execute his or her duties, then such request is not denied unless it is found that such costs were not necessary.

(11) Other Steps to Ensure That the Audit Committee's Audit is Performed Effectively

- The President and Representative Executive Officer are making an effort to deepen mutual understanding between him or her and the Audit Committee, by having regular informational sessions with the committee about matters important to management, such as basic management policies, issues to be addressed, the status of functions of the internal control system and other matters.
- In formulating its internal audit plans, the Internal Audit Division obtains both the consent of the Audit Committee and the approval of the President and Representative Executive Officer. In addition, a system is in place to ensure that while regularly reporting the status and results of internal audits to the Audit Committee, the Internal Audit Division also promptly reports to the members of the Audit Committee any important matters that could have a material impact on the management of our business.
- Changes to the executive officer in charge of the Internal Audit Division and the head of the Internal Audit Planning Department are made upon obtaining the consent of the Audit Committee or an Audit Committee member selected by the Audit Committee.
- The Audit Committee receives an explanation from the independent auditor in advance of the financial audit plan and regularly receives status updates of the financial audits, as well as communicates with the independent auditor as necessary, so that they are aware of all important issues regarding financial audit at all times.
- When performing its duties, the Audit Committee are striving to coordinate with the audit committee of Japan Post Holdings, such as through regularly exchanging opinions and ideas.

Matters Concerning Specified Wholly-Owned Subsidiaries

Not applicable.

Matters Concerning Accounting Advisors

(1) Liability Limitation Agreement

Not applicable.

(2) Indemnity Agreement

1) Indemnity agreement with accounting advisors in office

Not applicable.

2) Matters concerning execution of indemnity agreement

Not applicable.

Non-Consolidated Statement of Changes in Net Assets (For the fiscal year ended March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward
Balance at the beginning of the fiscal year	3,500,000	3,500,000	–	3,500,000	2,571,077
Cumulative effects of changes in accounting policies					47
Restated balance	3,500,000	3,500,000	–	3,500,000	2,571,125
Changes during the fiscal year					
Cash dividends					(184,494)
Net income					410,557
Repurchase of treasury stock					
Disposal of treasury stock			0	0	
Cancellation of treasury stock			(19,971)	(19,971)	
Transfer from retained earnings to capital surplus			19,971	19,971	(19,971)
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	–	–	–	–	206,091
Balance at the end of the fiscal year	3,500,000	3,500,000	–	3,500,000	2,777,217

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(1,523)	9,569,554	1,357,803	(1,266,085)	91,718	9,661,272
Cumulative effects of changes in accounting policies		47		(47)	(47)	–
Restated balance	(1,523)	9,569,601	1,357,803	(1,266,133)	91,670	9,661,272
Changes during the fiscal year						
Cash dividends		(184,494)				(184,494)
Net income		410,557				410,557
Repurchase of treasury stock	(25,206)	(25,206)				(25,206)
Disposal of treasury stock	373	373				373
Cancellation of treasury stock	19,971	–				–
Transfer from retained earnings to capital surplus		–				–
Net changes in items other than shareholders' equity			(965,262)	139,180	(826,082)	(826,082)
Total changes during the fiscal year	(4,861)	201,230	(965,262)	139,180	(826,082)	(624,851)
Balance at the end of the fiscal year	(6,384)	9,770,832	392,541	(1,126,952)	(734,411)	9,036,421

Notes to Non-Consolidated Financial Statements

Amounts less than one million yen are rounded down.

Subsidiaries and affiliates are defined based on Article 2, Paragraph 8 of the Banking Act and Article 4-2 of the Order for Enforcement of the Banking Act.

Significant accounting policies

1. Trading account securities

Trading account securities are stated at fair value.

2. Securities

(1) Held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost (straight-line method) determined by the moving-average method. Investments in subsidiaries and affiliates are stated at cost determined by the moving-average method. Available-for-sale securities are stated at fair value (cost of securities sold is primarily calculated using the moving-average method). However, shares, etc. that do not have a market price are stated at cost determined by the moving-average method.

Net unrealized gains or losses including foreign exchange fluctuations, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations, net of applicable income taxes, are stated as a separate component of net assets.

(2) For the securities that form part of trust assets in money held in trust, stocks are stated using the same method as 2. (1) above.

Net unrealized gains or losses on money held in trust classified as available-for-sale are stated as a separate component of net assets.

3. Derivatives

Derivatives are stated at fair value.

4. Fixed assets

(1) Tangible fixed assets

Depreciation of tangible fixed assets is computed using the straight-line method. The range of useful lives is principally from 3 to 50 years for buildings and from 2 to 75 years for others.

(2) Intangible fixed assets

The amortization of intangible fixed assets is computed using the straight-line method. Capitalized cost of computer software developed and obtained for internal use is amortized over the estimated useful life (mainly 5 years).

5. Reserves

(1) Reserve for possible loan losses

The reserve for possible loan losses is provided for in accordance with the prescribed standards for write-offs and reserves as described below:

Loans to normal borrowers and borrowers requiring caution, as provided by “Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions” (Japanese Institute of Certified Public Accountants (JICPA), Special Committee for Audits of Banks, etc., Report No. 4, April 14, 2022), are classified into certain groups, and a reserve is provided for each group based on the estimated rate of loan losses. For loans to doubtful borrowers, a reserve is provided in the amount of loans, net of amounts expected to be collected through disposition of collateral or through execution of guarantees, and considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, a reserve is provided based on the amount of loans, net of amounts expected to be collected through disposition of collateral or to be recoverable under guarantees.

All loans are assessed initially by the marketing and other departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the marketing and other departments, reviews these self-assessments.

(2) Reserve for bonuses

The reserve for bonuses is provided for the estimated amount of employees' bonuses attributable to the fiscal year.

(3) Reserve for bonuses for management board

The reserve for bonuses for management board is provided for the estimated amount of bonuses for management board attributable to the fiscal year.

(4) Reserve for employees' retirement benefits

The reserve for employees' retirement benefits, which is provided for future payments to employees, is recorded in the amount deemed accrued based on the projected benefit obligation and plan assets as of March 31, 2025. The method of attributing projected benefit obligation to the periods ended on or before March 31, 2025 is the benefit formula basis.

Prior service cost is amortized using the straight-line method for a fixed period (10 years), within the employees' average remaining service period.

Actuarial gains and losses are amortized using the straight-line method for a fixed period (10 years), within the employees' average remaining service period, from the following year after they are incurred.

(5) Reserve for employee stock ownership plan trust

The reserve for employee stock ownership plan trust, which is provided for the payment of the Bank's shares to employees, is recorded in the amount expected to be incurred at the end of the fiscal year based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(6) Reserve for management board benefit trust

The reserve for management board benefit trust, which is provided for the payment of the Bank's shares, etc. to Executive Officers, is recorded in the amount expected to be incurred at the end of the fiscal year based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(7) Reserve for reimbursement of deposits

The reserve for reimbursement of deposits, which is provided for depositors' requests for refunds in relation to deposits that are no longer recorded as liabilities, is recorded in the amount of expected losses to be incurred, which is estimated based on future requests for refunds.

6. Revenue recognition

The Bank has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020). The Bank recognizes revenue at the amount expected to be received in exchange for the promised goods or services when the control of its goods or services is transferred to customers.

7. Foreign currency transactions

Foreign currency denominated assets and liabilities of the Bank are translated into Japanese yen principally at the exchange rates in effect at the balance sheet date.

8. Hedge accounting

(1) Hedging against interest rate risks

The Bank uses interest rate swaps to reduce its exposure to interest rate risk on its monetary assets and liabilities. The Bank applies the deferred hedge accounting method for hedges of interest rate risk on its monetary assets and liabilities.

As for portfolio hedges on groups of large-volume, small-value monetary debts, the Bank applies the deferred hedge accounting method as stipulated in “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (JICPA Industry Audit Committee Report No. 24, March 17, 2022).

To evaluate the effectiveness of portfolio hedges on groups of large-volume, small-value monetary debts, the Bank designates deposits as hedged items and interest rate swaps and others as hedging instruments and assesses how the hedging instruments offset changes in the fair value of hedged items by grouping them into their maturities.

The Bank considers the individual hedges to be highly effective because the Bank designates the hedges in such a way that the major conditions of the hedged items are almost the same as the hedging instruments, which allows the interest rate swaps to meet conditions stipulated for special accounting treatment for interest rate swaps.

(2) Hedging against foreign exchange fluctuation risks

The Bank applies the deferred hedge accounting method, the fair value hedge accounting method or the allocation method to reduce its exposure to exchange rate fluctuations on the portion of the net unrealized gains or losses on available-for-sale securities exposed to the risks of foreign exchange fluctuations.

In order to hedge risk arising from volatility of exchange rates for securities denominated in foreign currencies, the Bank applies portfolio hedges, on the conditions that the hedged foreign securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged foreign securities denominated in the same foreign currencies.

In case of the individual hedges, the Bank considers its hedges to be highly effective because the Bank designates the hedges in such a way that the major conditions of the hedged items and the hedging instruments are almost the same.

9. Accounts to record gains or losses on cancellation and redemption of investment trusts

Gains or losses on cancellation and redemption of investment trusts are recorded as “interest and dividends on securities” if the underlying investment assets are bonds and bond equivalent, and as “gains on sales of stocks and other securities” or “losses on sales of stocks and other securities” if the underlying investment assets are other than bonds and bond equivalent. However, if the total of “interest and dividends on securities” of investment trusts is a loss, such loss is recorded as “losses on redemption of bonds.”

Changes in accounting policies

(Application of the Accounting Standard for Current Income Taxes)

The Bank has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter “Income Taxes Accounting Standard”), etc. from the beginning of the fiscal year ended March 31, 2025.

With regard to the amendment to categories in which current income taxes should be recorded, the Bank applies the transitional treatment provided for in the proviso to Paragraph 20-3 of the

Income Taxes Accounting Standard. The cumulative amount affected by the retrospective application of the new accounting policy prior to the beginning of the fiscal year ended March 31, 2025 has been added to or deducted from retained earnings as of the beginning of the fiscal year ended March 31, 2025, the corresponding amount has been added to or deducted from the appropriate category in valuation and translation adjustments, and the Bank has applied the new accounting policy from the balance at the beginning of the period.
The impact of the application of the accounting standard, etc. on the non-consolidated financial statements is minimal.

Significant accounting estimates

Items using accounting estimates reported in the financial statements for the current fiscal year that may have a significant impact on the items on the financial statements for the following fiscal year are as follows:

Fair value measurement of securities
The Bank's balance of securities measured at fair value is material, and it has a significant impact on the financial statements. Accordingly, the fair value of securities is considered as a significant factor in accounting estimates.
(1) Carrying amount in the financial statements for the fiscal year

(Millions of yen)

	As of March 31, 2025
Securities	143,565,339

(2) Information that facilitates readers' understanding of the details of the significant accounting estimates used for the identified items
Notes are omitted as the same information is presented in the notes to consolidated financial statements.

Additional information

(Transactions for Delivery of the Bank's Shares, etc. to its Executive Officers through Trusts)

Notes on the performance-linked stock compensation system and non-performance-linked stock compensation system using a trust for Executive Officers are omitted as the same information is presented in the notes to consolidated financial statements.

(Transactions for Delivery of the Bank's Shares to its Management Employees in the Investment Division through Trusts)

Notes on the employee stock ownership plan using a trust for the management employees in the Investment Division are omitted as the same information is presented in the notes to consolidated financial statements.

Notes related to non-consolidated balance sheet

1. Stocks and investments in capital of subsidiaries and affiliates totaled ¥107,820 million.
2. “Japanese government bonds” include ¥3,222,274 million of unsecured and secured loaned securities for which borrowers have the right to sell or pledge (securities collateralized bond lending/borrowing transactions).
   Of the securities that the Bank had the right to sell or (re-)pledge without restrictions among those purchased under resale agreements, etc., the Bank held ¥2,083,354 million of those neither sold nor pledged as of March 31, 2025.
3. Loans under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. Loans include Japanese corporate bonds (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part and for which the corporate bonds were issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)) in “securities,” “loans,” “foreign exchanges,” accrued interest in “accrued income,” suspense payments in “other assets,” and items recorded in customers’ liabilities for acceptances and guarantees in the non-consolidated balance sheet.

	(Millions of yen)
Loans to borrowers classified as bankrupt or quasi-bankrupt	0
Loans to borrowers classified as doubtful	0
Past-due loans for three months or more	–
Restructured loans	–
Total	0

Loans to borrowers classified as bankrupt or quasi-bankrupt refer to loans to borrowers who have fallen into bankruptcy due to the commencement of bankruptcy proceedings, reorganization proceedings, rehabilitation proceedings, etc., or similar loans.

Loans to borrowers classified as doubtful refer to loans for which the borrowers have not yet entered into bankruptcy, but their financial condition and business performance have deteriorated and it is highly probable that the principal cannot be collected and the interest cannot be received in accordance with the contract, and exclude loans to borrowers classified as bankrupt or quasi-bankrupt.

Past-due loans for three months or more refer to loans with principal or interest unpaid for three months or more after the day following the due date, excluding loans to borrowers classified as bankrupt or quasi-bankrupt and loans to borrowers classified as doubtful.

Restructured loans refer to loans of which terms and conditions have been amended in favor of the borrowers, such as by a reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness, with the objective of restructuring businesses of the borrowers or supporting them, excluding the loans to borrowers classified bankrupt or quasi-bankrupt, loans to borrowers classified as doubtful and past-due loans for three months or more.

Amounts of loans shown above are the amounts before the reserve for possible loan losses is deducted.

4. Assets pledged as collateral and their relevant liabilities were as follows:

	(Millions of yen)
Assets pledged as collateral:	
Securities	33,391,196
Liabilities corresponding to assets pledged as collateral:	
Deposits	336,328
Payables under repurchase agreements	26,985,038
Payables under securities lending transactions	2,004,678
Borrowed money	2,510,100

In addition, the settlement accounts of Bank of Japan overdrafts, exchange settlement transactions, or derivative transactions were collateralized, and margins for future transactions, etc. were substituted by securities of ¥3,817,805 million and loans of ¥202,164 million.

"Other assets" included guarantee deposits of ¥2,251 million, margins with central counterparty of ¥318,833 million and other margins, etc. of ¥3,882 million, respectively.

5. Contracts of overdraft facilities and loan commitments are contracts with customers to lend funds up to a certain limit agreed in advance. The Bank will make the loans upon the request of an obligor to draw down funds under such loan agreements, unless any terms or conditions stipulated in the relevant loan agreement are violated. The unused commitment balance relating to these loan agreements amounted to ¥41,931 million as of March 31, 2025. Of this amount, there were ¥3,968 million of loans in which the term of the agreement was less than one year, or the unconditional cancellation of the agreement was allowed at any time as of March 31, 2025.

   In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused amount will not necessarily affect future cash flows of the Bank. Conditions are included in certain loan agreements that allow the Bank to decline the request for a loan draw-down when there is due cause to do so, such as when there is a change in financial condition or when it is necessary to protect the Bank's credit. At the inception of contracts, the Bank has the obligor pledge collateral to the Bank in the form of real estate, securities, etc., if considered to be necessary. Subsequently, the Bank reviews the obligor's financial condition in accordance with the Bank's established internal procedures and takes necessary measures to protect its credit.

6. Accumulated depreciation of tangible fixed assets was ¥191,416 million.
7. Monetary assets to parent company, subsidiaries, and affiliates totaled ¥76,987 million.
8. Monetary liabilities to parent company, subsidiaries, and affiliates totaled ¥1,394,594 million.
9. "Transfer deposits" correspond to "Current deposits" and "TEIGAKU deposits" to "Other deposits" in liabilities in accordance with the "Ordinance for the Enforcement of the Banking Act." "Special deposits" represent the deposits received from the Organization for Postal Savings, Postal Life Insurance and Post Office Network. "TEIGAKU deposits" are a kind of 10-year-maturity time deposits unique to the Bank. The key feature is that depositors have the option to withdraw money anytime six months after the initial deposit. The interest rates on such deposits rise every six months in a staircase pattern, with duration of up to three years. After three years, the interest is compounded using fixed interest rates until the maturity of 10 years.

Notes related to non-consolidated statement of income

1. Income earned from transactions with parent company, subsidiaries, and affiliates was as follows:

	(Millions of yen)
Total interest income	183
Total fees and commissions income	890
Total other operating income and other ordinary income	3

Expenses on transactions with parent company, subsidiaries, and affiliates were as follows:

Total interest expenses	1,053
Total fees and commissions expenses	789
Other expenses	29,526

2. Transactions with related parties

(1) Transactions between the Bank and the parent company, or major corporate shareholders

JAPAN POST HOLDINGS Co., Ltd. (Parent company)

Ownership of voting rights held	50.05% of the Bank's shares (direct)	
Nature of transactions	Management of JAPAN POST GROUP Concurrent holding of positions by executive management directors Contract for using IT system service	
Details of transactions	Payment of brand royalty fees (*)	Payment of IT system service charge (**)
Transaction amount	¥4,481 million	¥15,348 million
Account	Other liabilities	Other liabilities
Outstanding balance at the end of the fiscal year	¥410 million	¥1,216 million

Transaction conditions and policies on determining transaction conditions, etc.

* The Bank belongs to JAPAN POST GROUP and receives benefits from the brand value of JAPAN POST GROUP that reflects the Bank's performance, and pays brand royalty fees calculated at a certain rate of the average deposit balance for the previous fiscal year, which is considered as the representative performance metric.

** Payment is made for IT system service within JAPAN POST GROUP at rates determined based on the arm's length principle.

(2) Transactions between the Bank and subsidiaries or affiliates

There were no transactions between the Bank and subsidiaries or affiliates for the fiscal year ended March 31, 2025.

(3) Transactions between the Bank and companies with the same parent or subsidiaries of the Bank's affiliates

JAPAN POST Co., Ltd. (Subsidiary of parent company)

<table>
<tr><td>Ownership of voting rights held</td><td colspan="6">Nil</td></tr>
<tr><td>Nature of transactions</td><td colspan="6">Concurrent holding of positions by executive management directors, Commissions on bank agency services, etc., Bank counter services agreement and Consignment contracts for logistics operations</td></tr>
<tr><td>Details of transactions</td><td>Payment of commissions on bank agency services, etc. (*)</td><td colspan="2">Receipt and payment of funds related to bank agency services</td><td colspan="2">Payment of consignment fees for logistics operations (****)</td></tr>
<tr><td>Transaction amount</td><td>¥302,872 million</td><td>¥861,857 million</td><td>— (***)</td><td colspan="2">¥2,613 million</td></tr>
<tr><td>Account</td><td>Other liabilities</td><td>Other assets (**)</td><td>Other liabilities (***)</td><td>Other liabilities</td><td>Accrued expenses</td></tr>
<tr><td>Outstanding balance at the end of the fiscal year</td><td>¥27,939 million</td><td>¥740,000 million</td><td>¥46,530 million</td><td>¥291 million</td><td>¥43 million</td></tr>
</table>

Transaction conditions and policies on determining transaction conditions, etc.

* The figures are determined based on costs, etc., incurred in connection with commissions on bank agency services, etc.

** The figures represent advance payments of funds necessary for delivery of deposits in bank agency services. The transaction amounts are presented on an average balance basis for the fiscal year ended March 31, 2025.

*** The figures represent the unsettled amount between the Bank and JAPAN POST Co., Ltd. in connection with receipt/payment operations with customers in bank agency services. Transaction amounts are not presented because, being settlement transactions, these amounts are substantial.

**** Payment is made for consigned operations, such as loading and unloading, storage, and delivery of articles at rates determined based on the arm's length principle.

Note: In addition to the above transactions, pursuant to the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network, from the fiscal year ended March 31, 2020, of the costs necessary to maintain the post office network, the costs that are indispensable for securing the universal services (except for those incurred by JAPAN POST Co., Ltd.) are covered by the subsidy from the Organization for Postal Savings, Postal Life Insurance and Post Office Network granted to JAPAN POST Co., Ltd. The subsidy has been funded by contributions from the Bank and JAPAN POST INSURANCE Co., Ltd. The contribution made by the Bank for the fiscal year ended March 31, 2025 was ¥246,735 million.

(4) Transactions between the Bank and directors and/or executive officers, or major individual shareholders

There were no transactions between the Bank and directors and/or executive officers, or major individual shareholders during the fiscal year ended March 31, 2025.

Notes related to non-consolidated statement of changes in net assets

Type and number of treasury stock for the fiscal year ended March 31, 2025 were as follows:

(Thousand shares)

	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year	Notes
Treasury stock					
Common stock	1,449	16,546	13,617	4,378	(*) (**) (***) (****)

* The number of shares of treasury stock at the beginning of the fiscal year and that at the end of the fiscal year included 1,379 thousand shares and 1,064 thousand shares of treasury stock held by the stock benefit trust.

** The increase of 16,546 thousand shares of treasury stock represents an increase of 16,511 thousand shares due to the repurchase of treasury stock, an increase of 35 thousand shares due to the purchase by the stock benefit trust, and an increase of 0 thousand shares due to the purchase of shares less than one unit.

*** The decrease of 13,617 thousand shares of treasury stock represents a decrease of 13,266 thousand shares of treasury stock due to the cancellation of treasury stock, a decrease of 350 thousand shares of treasury stock due to the grant and the sale of treasury stock by the stock benefit trust, and a decrease of 0 thousand shares of treasury stock due to the sale of treasury stock in response to requests to purchase additional shares less than one unit.

**** At the Board of Directors meeting held on February 27, 2025, the Bank passed a resolution on matters related to the repurchase of treasury stock pursuant to Article 39, Paragraph 1 of the Bank's Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the Companies Act. In addition, the Bank passed a resolution on matters related to the cancellation of treasury stock pursuant to the provisions of Article 178 of the Companies Act.

(1) Details of matters related to the repurchase
Class of shares to be repurchased: Common stock of the Bank
Total number of shares to be repurchased: 40,000 thousand shares (maximum)
Aggregate repurchase price of shares to be repurchased: 40,000 million yen (maximum)
Repurchase period: From March 18, 2025 to May 14, 2025 (excluding the period from March 25, 2025 to March 31, 2025)
Method of repurchase: Market purchases under discretionary transaction contracts with respect to the repurchase of shares

(2) Details of matters related to the cancellation
Class of shares to be cancelled: Common stock of the Bank
Total number of shares to be cancelled: All shares of treasury stock to be repurchased pursuant to (1) above
Scheduled cancellation date: May 30, 2025

Of the shares of treasury stock repurchased but not completely cancelled as of the end of the fiscal year are as follows.

Book value: ¥5,154 million
Class of shares: Common stock
Number of shares: ¥3,244 thousand shares

Securities

The fair value information of securities was as follows.

Securities discussed here include trading account securities, monetary claims bought, as well as Japanese government bonds, Japanese local government bonds, short-term corporate bonds, Japanese corporate bonds, Japanese stocks, and other securities listed on the balance sheet.

1. Trading account securities as of March 31, 2025

There were no unrealized gains or losses from trading account securities included in the profit and loss recorded in the statement of income for the fiscal year.

2. Held-to-maturity securities as of March 31, 2025

(Millions of yen)

	Type	Amount on the balance sheet	Fair value	Difference
Those for which the fair value exceeds the amount on the balance sheet	Japanese government bonds	–	–	–
	Japanese local government bonds	16,026	16,044	18
	Japanese corporate bonds	14,371	14,384	12
	Others:	5,512,265	5,854,535	342,270
	Foreign bonds	5,512,265	5,854,535	342,270
	Total	5,542,662	5,884,963	342,300
Those for which the fair value does not exceed the amount on the balance sheet	Japanese government bonds	25,037,387	22,766,025	(2,271,361)
	Japanese local government bonds	4,749,430	4,604,005	(145,425)
	Japanese corporate bonds	6,632,775	6,394,048	(238,726)
	Others:	3,207,618	3,134,088	(73,530)
	Foreign bonds	3,207,618	3,134,088	(73,530)
	Total	39,627,212	36,898,167	(2,729,044)
Total		45,169,875	42,783,131	(2,386,743)

3. Investments in subsidiaries and affiliates as of March 31, 2025

There were no investments in subsidiaries and affiliates with a fair value.

Note: Investments in subsidiaries and affiliates that do not have a market price are as follows:

(Millions of yen)

	Amount on the balance sheet
Investments in subsidiaries	107,605
Investments in affiliates	214
Total	107,820

4. Available-for-sale securities for which fair value is available as of March 31, 2025

(Millions of yen)

	Type	Amount on the balance sheet	Acquisition cost	Difference (*)
Those for which the amount on the balance sheet exceeds the acquisition cost	Japanese stocks	1,458	1,121	336
	Bonds:	1,714,256	1,665,383	48,873
	Japanese government bonds	1,608,696	1,560,435	48,260
	Japanese local government bonds	12,237	11,908	329
	Short-term corporate bonds	–	–	–
	Japanese corporate bonds	93,323	93,040	283
	Others:	60,851,152	56,805,723	4,045,428
	Foreign bonds	15,967,762	13,418,220	2,549,542
	Investment trusts (**)	44,854,104	43,358,246	1,495,857
	Total	62,566,867	58,472,229	4,094,638
Those for which the amount on the balance sheet does not exceed the acquisition cost	Japanese stocks	5,340	6,087	(746)
	Bonds:	17,941,354	19,798,143	(1,856,789)
	Japanese government bonds	13,696,569	15,449,953	(1,753,383)
	Japanese local government bonds	823,180	834,502	(11,321)
	Short-term corporate bonds	678,731	678,731	–
	Japanese corporate bonds	2,742,872	2,834,956	(92,083)
	Others:	18,283,759	18,662,276	(378,516)
	Foreign bonds	3,136,081	3,202,104	(66,022)
	Investment trusts (**)	14,583,224	14,884,266	(301,042)
	Total	36,230,455	38,466,507	(2,236,052)
Total		98,797,322	96,938,736	1,858,585

* Of the difference shown above, ¥1,548,817 million gains were included in the statement of income due to the application of fair value hedge accounting.

** Investment trusts are mainly invested in foreign bonds.

Note: Shares, etc. that do not have a market price and investments in partnerships which are not included above were as follows:

(Millions of yen)

	Amount on the balance sheet
Unlisted stocks, etc. (*)	21,334
Investments in partnerships (**)	62,725
Total	84,060

* Unlisted stocks, etc. are not included in the scope of fair value disclosures in accordance with Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

** Investments in partnerships are not included in the scope of fair value disclosures in accordance with Paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

5. Held-to-maturity securities sold during the fiscal year ended March 31, 2025

There were no held-to-maturity securities sold during the fiscal year ended March 31, 2025.

6. Available-for-sale securities sold during the fiscal year ended March 31, 2025

(Millions of yen)

	Sales proceeds	Total realized gains	Total realized losses
Bonds:	1,067,375	381	(768)
Japanese government bonds	1,050,938	380	(666)
Japanese corporate bonds	16,436	0	(102)
Others:	1,889,495	85,441	(97,724)
Foreign bonds	608,833	2,612	(1,020)
Investment trusts	1,280,662	82,829	(96,703)
Total	2,956,870	85,822	(98,493)

7. Securities for which accounting for impairment was applied

For securities (excluding shares, etc. that do not have a market price and investments in partnerships) other than trading securities, whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Bank reduces its book value of securities to fair value on the non-consolidated balance sheet and charges valuation differences to income (hereafter “impairment losses”) in the fiscal year in which they are recognized.

No impairment losses were recognized for the fiscal year ended March 31, 2025.

The criteria for determining if a security’s fair value shows a “substantial decline,” as a general principle, are as follows:

a) Bonds and bonds equivalent
- Securities whose fair value is 70% or less than the acquisition cost

b) Securities other than a)
- Securities whose fair value is 50% or less than the acquisition cost, or
- Securities whose fair value is 70% or less but over 50% of the acquisition cost and the market price continues to be less than a certain level

However, domestic listed stocks, etc. are determined using the value calculated based on the average market price during the period of one month before the fiscal year-end, instead of the fair value in b) above.

Money held in trust

The fair value information of money held in trust was as follows.

1. Money held in trust for the purpose of trading as of March 31, 2025
   The Bank did not hold money held in trust for the purpose of trading.

2. Money held in trust for the purpose of being held-to-maturity as of March 31, 2025
   The Bank did not hold money held in trust for the purpose of being held-to-maturity.

3. Money held in trust (excluding trading and held-to-maturity purposes) as of March 31, 2025

(Millions of yen)

	Amount on the balance sheet	Acquisition cost	Difference	Those for which the amount on the balance sheet exceeds the acquisition cost	Those for which the amount on the balance sheet does not exceed the acquisition cost
Money held in trust classified as: Available-for-sale	2,101,358	1,937,818	163,539	330,946	(167,406)

Notes: 1. "Those for which the amount on the balance sheet exceeds the acquisition cost" and "Those for which the amount on the balance sheet does not exceed the acquisition cost" represent the breakdown of the "Difference" for the respective items.

2. Money held in trust classified as available-for-sale consisting of shares, etc. that do not have a market price and investments in partnerships which is not included above was as follows:

(Millions of yen)

	Amount on the balance sheet
Money held in trust classified as: Available-for-sale	3,620,615

* Unlisted stocks, etc. are not included in the scope of fair value disclosures in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).

** Investments in partnerships are not included in the scope of fair value disclosures in accordance with Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

4. Money held in trust for which accounting for impairment was applied

For the securities (excluding shares, etc. that do not have a market price and investments in partnerships) that form part of the trust assets in money held in trust other than that for the purpose of trading, whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Bank reduces its book value of securities to fair value on the non-consolidated balance sheet and charges valuation differences to income (hereafter "impairment losses") in the fiscal year in which they are recognized.

Impairment losses for the fiscal year ended March 31, 2025 amounted to ¥1,879 million.

The criteria for determining if a security's fair value shows a "substantial decline," as a general principle, are as follows:

a) Bonds and bonds equivalent
- Securities whose fair value is 70% or less than the acquisition cost

b) Securities other than a)
- Securities whose fair value is 50% or less than the acquisition cost, or
- Securities whose fair value is 70% or less but over 50% of the acquisition cost and the market price continues to be less than a certain level

However, domestic listed stocks, etc. are determined using the value calculated based on the average market price during the period of one month before the fiscal year-end, instead of the fair value in b) above.

Deferred tax assets/liabilities

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2025 were as follows:

(Millions of yen)

Deferred tax assets:	
Reserve for possible loan losses	220
Reserve for employees' retirement benefits	39,676
Accrued enterprise taxes	5,339
Net deferred losses on hedges	513,210
Reserve for reimbursement of deposits	13,367
Depreciation	7,564
Unrealized losses of money held in trust	1,137
Other	40,612
Total deferred tax assets	621,129
Deferred tax liabilities:	
Net unrealized gains on available-for-sale securities	(176,626)
Other	(3,522)
Total deferred tax liabilities	(180,148)
Net deferred tax assets	440,981

Revenue recognition

- Useful information in understanding revenue

  Notes on useful information in understanding revenue from contracts with customers is omitted as the same information is presented in the notes to consolidated financial statements.

Per share data

Net assets per share as of March 31, 2025 and net income per share for the fiscal year then ended were as follows:

(Yen)

Net assets per share (*)(***)	2,510.14
Net income per share (**)(***)	113.55

* Net assets per share is calculated using the net assets of ¥9,036,421 million divided by the number of common stock outstanding (excluding treasury stock) as of March 31, 2025 (3,599,956 thousand shares).

** Net income per share is calculated using the net income of ¥410,557 million divided by the average number of common stock outstanding for the fiscal year ended March 31, 2025 (3,615,355 thousand shares).

*** To calculate net assets per share, the treasury stock deducted from the number of common stock outstanding as of March 31, 2025 included 1,064 thousand shares of treasury stock held by the stock benefit trust.

To calculate net income per share, the treasury stock deducted to calculate the average number of outstanding shares for the fiscal year ended March 31, 2025 included 1,123 thousand shares of treasury stock held by the stock benefit trust.

Consolidated Statement of Changes in Net Assets (For the fiscal year ended March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	3,500,000	3,500,000	2,574,567	(1,523)	9,573,043
Cumulative effects of changes in accounting policies			47		47
Restated balance	3,500,000	3,500,000	2,574,615	(1,523)	9,573,091
Changes during the fiscal year					
Cash dividends			(184,494)		(184,494)
Net income attributable to owners of parent			414,324		414,324
Repurchase of treasury stock				(25,206)	(25,206)
Disposal of treasury stock		0		373	373
Cancellation of treasury stock		(19,971)		19,971	–
Transfer from retained earnings to capital surplus		19,971	(19,971)		–
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	–	–	209,858	(4,861)	204,997
Balance at the end of the fiscal year	3,500,000	3,500,000	2,784,473	(6,384)	9,778,088

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	1,358,768	(1,266,085)	1,101	93,784	41,094	9,707,923
Cumulative effects of changes in accounting policies		(47)		(47)		–
Restated balance	1,358,768	(1,266,133)	1,101	93,736	41,094	9,707,923
Changes during the fiscal year						
Cash dividends						(184,494)
Net income attributable to owners of parent						414,324
Repurchase of treasury stock						(25,206)
Disposal of treasury stock						373
Cancellation of treasury stock						–
Transfer from retained earnings to capital surplus						–
Net changes in items other than shareholders' equity	(967,918)	139,180	(2,934)	(831,673)	9,742	(821,931)
Total changes during the fiscal year	(967,918)	139,180	(2,934)	(831,673)	9,742	(616,933)
Balance at the end of the fiscal year	390,850	(1,126,952)	(1,833)	(737,936)	50,836	9,090,989

Notes to Consolidated Financial Statements

Amounts less than one million yen are rounded down.

Subsidiaries and affiliates are defined based on Article 2, Paragraph 8 of the Banking Act and Article 4-2 of the Order for Enforcement of the Banking Act.

Significant accounting policies for preparing consolidated financial statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 16 companies

Name of principal companies

JAPAN POST BANK LOAN CENTER Co., Ltd.

Japan Post Investment Corporation

JAPAN POST BANK CAPITAL PARTNERS Co., Ltd.

JAPAN POST BANK CAPITAL PARTNERS Co., Ltd. and two other newly established companies are included in the scope of consolidation from the fiscal year ended March 31, 2025.

(2) Non-consolidated subsidiaries:

Name of principal company

Advanced Fintech I Limited Partnership

The non-consolidated subsidiaries were excluded from the scope of consolidation since their assets, ordinary income, and our share of their net income, retained earnings and accumulated other comprehensive income did not have a material impact on, and their exclusion from the scope of consolidation would not prevent a reasonable judgment of, the Group's financial position and business results.

2. Application of the equity method

(1) Affiliates accounted for by the equity method: 2 companies

Name of principal companies

ATM Japan Business Service, Ltd.

JP Asset Management Co., Ltd.

(2) Non-consolidated subsidiaries that are not accounted for by the equity method:

Name of principal company

Advanced Fintech I Limited Partnership

(3) Affiliates that are not accounted for by the equity method:

Name of principal company

JKK Co., Ltd.

The non-consolidated subsidiaries and affiliates that are not accounted for by the equity method were excluded from the scope of the equity method since our share of their net income, retained earnings and accumulated other comprehensive income did not have a material impact, and their exclusion from the equity method would not have a significant impact, on the consolidated financial statements.

3. Fiscal years of consolidated subsidiaries

(1) Balance sheet dates of the consolidated subsidiaries are as follows:

December 31: 12 companies

March 31: 4 companies

(2) Certain consolidated subsidiaries whose balance sheet date is December 31 are consolidated using the preliminary financial statements as of March 31, while other consolidated subsidiaries are consolidated using the financial statements as of their respective balance sheet dates.

Appropriate adjustments were made to material transactions during the periods between their respective balance sheet dates and the consolidated balance sheet date.

4. Accounting policies

(1) Trading account securities

Trading account securities are stated at fair value.

(2) Securities

(i) Held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost (straight-line method) determined by the moving-average method. Available-for-sale securities are stated at fair value (cost of securities sold is primarily calculated using the moving-average method). However, shares, etc. that do not have a market price are stated at cost determined by the moving-average method.

Net unrealized gains or losses including foreign exchange fluctuations, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations, net of applicable income taxes, are stated as a separate component of net assets.

(ii) For the securities that form part of trust assets in money held in trust, stocks are stated using the same method as (2) (i) above.

Net unrealized gains or losses on money held in trust classified as available-for-sale are stated as a separate component of net assets.

(3) Derivatives

Derivatives are stated at fair value.

(4) Fixed assets

(i) Tangible fixed assets

Depreciation of tangible fixed assets is computed using the straight-line method. The range of useful lives is principally from 3 to 50 years for buildings and from 2 to 75 years for others.

(ii) Intangible fixed assets

The amortization of intangible fixed assets is computed using the straight-line method. Capitalized cost of computer software developed and obtained for internal use is amortized over the estimated useful life (mainly 5 years).

(5) Reserve for possible loan losses

The reserve for possible loan losses is provided for in accordance with the prescribed standards for write-offs and reserves as described below:

Loans to normal borrowers and borrowers requiring caution, as provided by “Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions” (Japanese Institute of Certified Public Accountants (JICPA), Special Committee for Audits of Banks, etc., Report No. 4, April14, 2022), are classified into certain groups, and a reserve is provided for each group based on the estimated rate of loan losses. For loans to doubtful borrowers, a reserve is provided in the amount of loans, net of amounts expected to be collected through disposition of collateral or through execution of guarantees, and considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, a reserve is provided based on the amount of loans, net of amounts expected to be collected through disposition of collateral or to be recoverable under guarantees.

All loans are assessed initially by the marketing and other departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the marketing and other departments, reviews these self-assessments.

(6) Reserve for possible investment losses

Reserve for possible investment losses, which is provided for the losses on investment, is recorded in the amount recognized to be necessary in consideration of the financial condition, etc. at the issuer of securities.

(7) Reserve for bonuses

The reserve for bonuses is provided for the estimated amount of employees’ bonuses attributable to the fiscal year.

(8) Reserve for bonuses for management board

The reserve for bonuses for management board is provided for the estimated amount of bonuses for management board attributable to the fiscal year.

(9) Reserve for employee stock ownership plan trust

The reserve for employee stock ownership plan trust, which is provided for the payment of the Bank’s shares to employees, is recorded in the amount expected to be incurred at the end of the fiscal year based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(10) Reserve for management board benefit trust

The reserve for management board benefit trust, which is provided for the payment of the Bank’s shares, etc. to Executive Officers, is recorded in the amount expected to be incurred at the end of the fiscal year based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(11) Reserve for reimbursement of deposits

The reserve for reimbursement of deposits, which is provided for depositors’ requests for refunds in relation to deposits that are no longer recorded as liabilities, is recorded in the amount of expected losses to be incurred, which is estimated based on future requests for refunds.

(12) Employees’ retirement benefits

The method of attributing projected benefit obligation to the periods ending on or before March 31, 2025 is the benefit formula basis.

Prior service cost is amortized using the straight-line method for a fixed period (10 years), within the employees’ average remaining service period.

Actuarial gains and losses are amortized using the straight-line method for a fixed period (10 years), within the employees’ average remaining service period, from the following fiscal year after they are incurred.

(13) Revenue recognition

The Group has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020). The Group recognizes revenue at the amount expected to be received in exchange for the promised goods or services when the control of its goods or services is transferred to customers.

(14) Foreign currency transactions

Foreign currency denominated assets and liabilities are translated into Japanese yen principally at the exchange rates in effect at the consolidated balance sheet date.

(15) Hedge accounting

(i) Hedging against interest rate risks

The Group uses interest rate swaps to reduce its exposure to interest rate risk on its monetary assets and liabilities. The Group applies the deferred hedge accounting method for hedges of interest rate risk on its monetary assets and liabilities.

As for portfolio hedges on groups of large-volume, small-value monetary debts, the Group applies the deferred hedge accounting method as stipulated in "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, March 17, 2022).

To evaluate the effectiveness of portfolio hedges on groups of large-volume, small-value monetary debts, the Group designates deposits as hedged items and interest rate swaps and others as hedging instruments and assesses how the hedging instruments offset changes in the fair value of hedged items by grouping them into their maturities.

The Group considers the individual hedges to be highly effective because the Group designates the hedges in such a way that the major conditions of the hedged items are almost the same as the hedging instruments, which allows the interest rate swaps to meet conditions stipulated for special accounting treatment for interest rate swaps.

(ii) Hedging against foreign exchange fluctuation risks

The Group applies the deferred hedge accounting method, the fair value hedge accounting method or the allocation method to reduce its exposure to exchange rate fluctuations on the portion of the net unrealized gains or losses on available-for-sale securities exposed to the risks of foreign exchange fluctuations.

In order to hedge risk arising from volatility of exchange rates for securities denominated in foreign currencies, the Group applies portfolio hedges, on the conditions that the hedged foreign securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged foreign securities denominated in the same foreign currencies.

In case of the individual hedges, the Group considers its hedges to be highly effective because the Group designates the hedges in such a way that the major conditions of the hedged items and the hedging instruments are almost the same.

(16) Accounts to record gains or losses on cancellation and redemption of investment trusts

Gains or losses on cancellation and redemption of investment trusts are recorded as "interest and dividends on securities" if the underlying investment assets are bonds and bond equivalent, and as gains or losses on sales of stocks and other securities in "other ordinary income" or "other ordinary expenses" if the underlying investment assets are other than bonds and bond equivalent. However, if the total of "interest and dividends on securities" of investment trusts is a loss, such loss is recorded as losses on redemption of bonds in "other operating expenses."

Changes in accounting policies

(Application of the Accounting Standard for Current Income Taxes)

The Group has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter "Income Taxes Accounting Standard"), etc. from the beginning of the fiscal year ended March 31, 2025.

With regard to the amendment to categories in which current income taxes should be recorded (tax on other comprehensive income), the Group applies the transitional treatment provided for in the proviso to Paragraph 20-3 of the Income Taxes Accounting Standard. The cumulative amount affected by the retrospective application of the new accounting policy prior to the beginning of the fiscal year ended March 31, 2025 has been added to or deducted from retained earnings as of the beginning of the fiscal year ended March 31, 2025, the corresponding amount has been added to or deducted from the appropriate category in total accumulated other comprehensive income, and the Group has applied the new accounting policy from the balance at the beginning of the period.

The impact of the application of the accounting standard, etc. on the consolidated financial statements is minimal.

Accounting pronouncements issued but not yet adopted

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024)
- “Implementation Guidance on Accounting Standards for Leases” (ASBJ Guidance No. 33, September 13, 2024)

Others include the relevant amendment to accounting standards, implementation guidance on accounting standards, practical solutions, and transferred guidelines.

(1) Overview

As with international accounting standards, the Group determined to record all leases of lessees as assets and liabilities.

(2) Scheduled date of application

The implementation of the guidance is scheduled to be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Impact from the application of these accounting standards

Evaluation of the impact was ongoing at the time when these consolidated financial statements were prepared.

Significant accounting estimates

Items using accounting estimates reported in the consolidated financial statements for the current fiscal year that may have a significant impact on the items on the consolidated financial statements for the following fiscal year are as follows:

Fair value measurement of securities

The Group’s balance of securities measured at fair value is material, and it has a significant impact on the consolidated financial statements. Accordingly, the fair value of securities is considered as a significant factor in accounting estimates.

(1) Carrying amount in the consolidated financial statements for the fiscal year

(Millions of yen)

	As of March 31, 2025
Securities	143,588,016

(2) Information that facilitates readers’ understanding of the details of the significant accounting estimates used for the identified items

(i) Calculation methodology and key assumptions

For bonds, the Group uses the Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association, the comparable price method, or the price provided by third parties such as outside vendors and brokers, etc., as the fair value. The Group uses the funds’ unit price for investment trust as the fair value. Key assumptions for the comparable price method, or the price provided by third parties are inputs used for fair value measurement which include directly or indirectly observable inputs in the markets such as yield curves, spreads estimated based on the prices of similar securities, as well as inputs that are unobservable in the markets containing significant estimates.

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

Fair value of securities may fluctuate due to changes in inputs that are key assumptions, due to factors such as changes in market environment.

Additional information

(Transactions for Delivery of the Bank's Shares, etc. to its Executive Officers through Trusts)

The Bank introduced a performance-linked stock compensation system and a non-performance-linked stock compensation system using a trust for the Bank's Executive Officers.

Regarding the accounting treatment of relevant trust agreements, the Bank adopted the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Issues Task Force (PITF) No. 30, March 26, 2015).

(1) Overview of transactions

The Bank grants points to its Executive Officers in accordance with the Stock Benefit Regulations, and delivers the Bank's shares to Executive Officers who have satisfied the beneficiary requirements as set forth in the Stock Benefit Regulations (hereinafter the "beneficiaries") in accordance with the number of points granted to the beneficiaries. A certain portion of the Bank's shares scheduled to be delivered will be converted into cash and the money will be paid by the trust (the management board benefit trust).

As for shares which the Bank intends to deliver to its Executive Officers, a trust bank acquires the Bank's shares from the stock market, including those intended for future deliveries, using money entrusted by the Bank in advance to establish the trust, and such acquired shares are separately managed as trust assets.

(2) Residual shares remaining in the trust

The Bank recorded the shares remaining in the trust as treasury stock under net assets, at the book value in the trust (excluding incidental expenses). The book value and the number of said shares of treasury stock, as of March 31, 2025, were ¥749 million and 716 thousand shares.

(Transactions for Delivery of the Bank's Shares to its Management Employees in the Investment Division through Trusts)

The Bank introduced an employee stock ownership plan using a trust for the Bank's management employees in the Investment Division.

Regarding the accounting treatment of relevant trust agreements, the Bank adopted the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Issues Task Force (PITF) No. 30, March 26, 2015).

(1) Overview of transactions

The Bank grants points to its management employees in the Investment Division in accordance with the Stock Benefit Regulations, and delivers the Bank's shares to those who have satisfied the beneficiary requirements as set forth in the Stock Benefit Regulations (hereinafter the "beneficiaries") in accordance with the number of points granted to the beneficiaries through the trust (the stock benefit trust).

As for shares which the Bank intends to deliver to its management employees in the Investment Division, a trust bank acquires the Bank's shares from the stock market, including those intended for future deliveries, using money entrusted by the Bank in advance to establish the trust, and such acquired shares are separately managed as trust assets.

(2) Residual shares remaining in the trust

The Bank recorded the shares remaining in the trust as treasury stock under net assets, at the book value in the trust (excluding incidental expenses). The book value and the number of said shares of treasury stock, as of March 31, 2025, were ¥375 million and 347 thousand shares.

Notes related to consolidated balance sheets

1. Stocks and investments in capital of affiliates (excluding stocks and investments in capital of consolidated subsidiaries) totaled ¥9,228 million.
2. Japanese government bonds in "Securities" include ¥3,222,274 million of unsecured and secured loaned securities for which borrowers have the right to sell or pledge (securities collateralized bond lending/borrowing transactions).
   Of the securities that the Group had the right to sell or (re-)pledge without restrictions among those purchased under resale agreements, etc., the Group held ¥2,083,354 million of those neither sold nor pledged as of March 31, 2025.
3. Loans under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. Loans include Japanese corporate bonds (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part and for which the corporate bonds were issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)) in "securities," "loans," "foreign exchanges," accrued interest and suspense payments in "other assets," and items recorded in customers' liabilities for acceptances and guarantees in the consolidated balance sheets.

	(Millions of yen)
Loans to borrowers classified as bankrupt or quasi-bankrupt	0
Loans to borrowers classified as doubtful	0
Past-due loans for three months or more	–
Restructured loans	–
Total	0

Loans to borrowers classified as bankrupt or quasi-bankrupt refer to loans to borrowers who have fallen into bankruptcy due to the commencement of bankruptcy proceedings, reorganization proceedings, rehabilitation proceedings, etc., or similar loans.

Loans to borrowers classified as doubtful refer to loans for which the borrowers have not yet entered into bankruptcy, but their financial condition and business performance have deteriorated and it is highly probable that the principal cannot be collected and the interest cannot be received in accordance with the contract, and exclude loans to borrowers classified as bankrupt or quasi-bankrupt.

Past-due loans for three months or more refer to loans with principal or interest unpaid for three months or more after the day following the due date, excluding loans to borrowers classified as bankrupt or quasi-bankrupt and loans to borrowers classified as doubtful.

Restructured loans refer to loans of which terms and conditions have been amended in favor of the borrowers, such as by a reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness, with the objective of restructuring businesses of the borrowers or supporting them, excluding the loans to borrowers classified bankrupt or quasi-bankrupt, loans to borrowers classified as doubtful and past-due loans for three months or more.

Amounts of loans shown above are the amounts before the reserve for possible loan losses is deducted.

4. Assets pledged as collateral and their relevant liabilities were as follows:

	(Millions of yen)
Assets pledged as collateral:	
Securities	33,391,196
Liabilities corresponding to assets pledged as collateral:	
Deposits	336,328
Payables under repurchase agreements	26,985,038
Payables under securities lending transactions	2,004,678
Borrowed money	2,510,100

In addition, the settlement accounts of Bank of Japan overdrafts, exchange settlement transactions, or derivative transactions were collateralized, and margins for future transactions, etc. were substituted by securities of ¥3,817,805 million and loans of ¥202,164 million.

"Other assets" included initial margins for future transactions of ¥47,000 million, guarantee deposits of ¥2,292 million, cash collateral paid for financial instruments of ¥2,205,844 million, margins with central counterparty of ¥318,833 million and other margins, etc. of ¥3,882 million, respectively.

5. Contracts of overdraft facilities and loan commitments are contracts with customers to lend funds up to a certain limit agreed in advance. The Group will make the loans upon the request of an obligor to draw down funds under such loan agreements, unless any terms or conditions stipulated in the relevant loan agreement are violated. The unused commitment balance relating to these loan agreements amounted to ¥41,931 million as of March 31, 2025. Of this amount, there were ¥3,968 million of loans in which the term of the agreement was less than one year, or those in which the unconditional cancellation of the agreement was allowed at any time as of March 31, 2025.

   In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused amount will not necessarily affect future cash flows of the Group. Conditions are included in certain loan agreements that allow the Group to decline the request for a loan draw-down when there is due cause to do so, such as when there is a change in financial condition or when it is necessary to protect the Group's credit. At the inception of contracts, the Group has the obligor pledge collateral to the Group in the form of real estate, securities, etc., if considered to be necessary. Subsequently, the Group reviews the obligor's financial condition in accordance with the Group's established internal procedures and takes necessary measures to protect the Group's credit.

6. Accumulated depreciation of tangible fixed assets was ¥191,549 million.

Notes related to consolidated statements of income

1. "Other ordinary income" included the following:

	(Millions of yen)
Gains on sales of stocks and other securities	83,207
Gains on money held in trust	460,912

2. "Other ordinary expenses" included the following:

	(Millions of yen)
Losses on sales of stocks and other securities	96,703

Notes related to consolidated statements of changes in net assets

1. Type and number of shares issued and treasury stock for the fiscal year ended March 31, 2025 were as follows:

(Thousand shares)

	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year	Notes
Shares issued					
Common stock	3,617,602	–	13,266	3,604,335	(*)
Treasury stock					
Common stock	1,449	16,546	13,617	4,378	(**) (***) (****) (*****)

* The decrease of 13,266 thousand shares of common stock issued represents a decrease of 13,266 thousand shares due to the cancellation of treasury stock.

** The number of shares of treasury stock at the beginning of the fiscal year and that at the end of the fiscal year included 1,379 thousand shares and 1,064 thousand shares of treasury stock held by the stock benefit trust.

*** The increase of 16,546 thousand shares of treasury stock represents an increase of 16,511 thousand shares due to the repurchase of treasury stock, an increase of 35 thousand shares due to the purchase by the stock benefit trust, and an increase of 0 thousand shares due to the purchase of shares less than one unit.

**** The decrease of 13,617 thousand shares of treasury stock represents a decrease of 13,266 thousand shares of treasury stock due to the cancellation of treasury stock, a decrease of 350 thousand shares of treasury stock due to the grant and the sale of treasury stock by the stock benefit trust, and a decrease of 0 thousand shares of treasury stock due to the sale of treasury stock in response to requests to purchase additional shares less than one unit.

***** At the Board of Directors meeting held on February 27, 2025, the Bank passed a resolution on matters related to the repurchase of treasury stock pursuant to Article 39, Paragraph 1 of the Bank's Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the Companies Act. In addition, the Bank passed a resolution on matters related to the cancellation of treasury stock pursuant to the provisions of Article 178 of the Companies Act.

(1) Details of matters related to the repurchase
Class of shares to be repurchased: Common stock of the Group
Total number of shares to be repurchased: 40,000 thousand shares (maximum)
Aggregate repurchase price of shares to be repurchased: 40,000 million yen (maximum)
Repurchase period: From March 18, 2025 to May 14, 2025 (excluding the period from March 25, 2025 to March 31, 2025)
Method of repurchase: Market purchases under discretionary transaction contracts with respect to the repurchase of shares

(2) Details of matters related to the cancellation
Class of shares to be cancelled: Common stock of the Group
Total number of shares to be cancelled: All shares of treasury stock to be repurchased pursuant to (1) above
Scheduled cancellation date: May 30, 2025

Of the shares of treasury stock repurchased but not completely cancelled as of the end of the fiscal year are as follows.
Book value: ¥5,154 million
Class of shares: Common stock
Number of shares: ¥3,244 thousand shares

2. Dividends

(1) Dividends distributed during the fiscal year

Resolution	Type	Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
May 15, 2024 at the meeting of the Board of Directors	Common stock	184,494	51.00	March 31, 2024	June 19, 2024

Note: The total amount of dividends resolved by the Board of Directors' meetings held on May 15, 2024 included dividends of ¥70 million for the Bank's shares held by the stock benefit trust.

(2) Dividends with the record date within the fiscal year and with the effective date coming after the end of the fiscal year

Resolution	Type	Cash dividends (Millions of yen)	Resource of dividends	Cash dividends per share (Yen)	Record date	Effective date
May 15, 2025 at the meeting of the Board of Directors	Common stock	208,859	Retained earnings	58.00	March 31, 2025	June 25, 2025

Note: The total amount of dividends resolved by the Board of Directors' meeting held on May 15, 2025 included dividends of ¥61 million for the Bank's shares held by the stock benefit trust.

Financial instruments

1. Notes related to the conditions of financial instruments

(1) Policy for handling financial instruments

The Group's operations comprise deposit-taking up to designated limits, syndicated loans and other lending, securities investment, domestic and foreign exchange, retail sales of Japanese government bonds, investment trusts, and insurance products, intermediary services including mortgages, and credit card operations.

The Group raises funds primarily through deposits from individuals, and subsequently manages those funds by investing in securities including Japanese bonds and foreign bonds as well as by making loans. Most of these financial assets and liabilities are subject to price fluctuations associated with market movements and other risks, making it necessary to manage them so that future interest rate and foreign exchange rate movements do not have a negative impact on the Group including affecting the stability of its earnings. The Group therefore strives to appropriately manage its earnings and risks using integrated asset-liability management (ALM), and as part of this, engages in derivative transactions including interest rate swaps, currency swaps and others.

Since its incorporation in October 2007, the Group has diversified its earnings sources through investment diversification and consequently the outstanding amount of financial assets with credit risk has steadily grown. However, these investments are made with careful regard to the securities in which the Group invests and the amount invested so that the occurrence of a credit risk event or other factors will not result in excessive losses.

(2) Details of financial instruments and associated risks

The financial assets held by the Group are securities including Japanese bonds and foreign bonds. These financial assets contain credit risk with regard to the issuer and risks associated with interest rate fluctuations, market price movements, and other factors. Financial assets also include loans and stock investments via money held in trust, but the amounts of these investments are less than those of bonds and other securities.

From the viewpoints of the Group's ALM, the Group utilizes interest rate swaps and others as hedging instruments for interest rate-related transactions to avoid the risks of changes in future economic values and interest rates (cash flows) of securities, loans, and time deposits on fluctuations of the yen interest rate. For currency-related transactions, the Group utilizes currency swaps and others as hedging instruments to avoid the risk of foreign exchange fluctuations in connection with the translation of foreign currency-denominated securities held by the Group and related yen translation amounts of redemption of principal and interest.

Derivative transactions which meet certain requirements are accounted for by the hedge accounting method to control the effect on financial accounting within a fixed range when utilizing derivatives for hedging purposes. The hedging instruments, the hedged items, the hedging policy, and the way to evaluate the effectiveness of hedges are included in the section "Significant accounting policies for preparing consolidated financial statements 4. Accounting policies (15) Hedge accounting."

(3) Risk management structure for financial instruments

(i) Basic policy

The Executive Committee has established special advisory committees, the Risk Management Committee and the ALM Committee, to handle risk management responsibilities. These advisory committees submit risk management reports based on the nature of each risk and discuss risk management policies and measures.

(ii) Credit risk

The Group manages credit risk using Value at Risk (VaR: a statistical method that identifies the maximum loss possible based on designated probabilities in the financial assets and liabilities held) based on internal guidelines to quantitatively measure the amount of credit risk. The Group sets appropriate risk limits to reflect risk capital allocations and then ensures the amounts of credit risk do not exceed its limits based on its financial strength, which is driven by a number of factors including capital.

In order to control credit concentration, the Group has set upper limits of exposure for individual companies, corporate groups, countries and regions to monitor and manage such risk.

The Risk Management Department oversees credit risk management activities including credit risk measurement, management of credit concentration risk and the Group’s internal credit rating system. The Credit Department assigns internal credit ratings, monitors borrower status, watches large borrowers, and judges individual loans.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the credit risk management structure, and matters related to the implementation of credit risk management.

(iii) Market risk

As per the Group’s ALM policy, the Group makes investments in instruments including Japanese and foreign bonds and equities as part of its banking operations, and these investments may therefore be affected by interest rate, exchange rate, stock price and other fluctuations. However, based on internal guidelines regarding market risk management, the Group measures the amount of market risk using the VaR statistical method. The Group sets appropriate risk limits to reflect risk capital allocations and then ensures the amounts of market risk do not exceed its limits based on its financial strength, which is driven by a number of factors including capital.

The main financial instruments held by the Group or transactions undertaken by the Group that are affected by changes in variable components of major market risk (interest rates, currency exchange rates, stock prices) are call loans, monetary claims bought, money held in trust, securities, loans, deposits and derivative transactions.

The Group measures and manages market risk using the VaR method. For its market risk measurement model, the Group uses a historical simulation method (holding period of 240 business days (one year); confidence interval of 99%; and observation period of 1,200 business days (five years)). For liability measurement, the Group uses its own internal model.

As of March 31, 2025, the Group calculated the amounts of its market risk exposure (estimated potential losses from such risk) at ¥3,557,257 million. VaR provides the major market risk exposure which is statistically calculated under certain probability based on historical market fluctuations. Thus, it may not capture fully the risk stemming from extraordinary changes in the market environment that are normally considered improbable. To complement such risks, the Group conducts stress testing using a variety of scenarios.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the market risk management structure, and matters related to the implementation of market risk management.

In addition, the Group has a distinctive asset and liability structure, with marketable securities accounting for the majority of its assets and deposits for the majority of its liabilities. Recognizing the importance of the impact of interest rate risk on the Group's profit structure, the Group closely monitors and carefully controls interest rate risk by performing earnings simulations based on various market scenarios as part of its ALM.

Policy with regard to its ALM is discussed and determined at meetings of the Executive Committee, and the status of its implementation is reported to the ALM Committee and the Executive Committee.

The Group manages market risk that arises from derivative transactions by separating the responsibilities of executing transactions, evaluating the effectiveness of hedges and operational management, and by establishing an internal control structure, based on internal guidelines related to derivatives.

(iv) Funding liquidity risk

The Group's funding liquidity risk management consists primarily of closely monitoring funding conditions and taking timely and appropriate actions. It then maintains appropriate liquidity reserves for unexpected fund outflows.

Through these steps, the Group sets, monitors, and analyzes its funding liquidity indicators to ensure stable liquidity management.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the funding liquidity risk management structure and matters related to the implementation of funding liquidity risk management.

(4) Supplementary explanation of items related to the fair value of financial instruments

The Group determines the fair value of financial instruments based on various assumptions, and the value may be changed if different assumptions and other factors are applied.

2. Notes related to the fair value of financial instruments

The amounts in the consolidated balance sheets, the fair values, and the differences between the two as of March 31, 2025, were as follows.

Notes on cash and due from banks, call loans, receivables under resale agreements, payables under repurchase agreements, and payables under securities lending transactions are omitted as their fair values are approximately the same as their book values due to the short settlement period.

(Millions of yen)

	Amount on the consolidated balance sheet	Fair value	Difference
(1) Monetary claims bought	593,739	593,739	–
(2) Trading account securities:			
Securities classified as trading purposes	224	224	–
(3) Money held in trust (*)	2,101,358	2,101,358	–
(4) Securities:			
Held-to-maturity securities	45,169,875	42,333,134	(2,836,741)
Available-for-sale securities (*)	98,230,288	98,230,288	–
(5) Loans:	3,130,595		
Reserve for possible loan losses (**)	(152)		
	3,130,443	3,015,926	(114,516)
Total assets	149,225,928	146,274,671	(2,951,257)
(1) Deposits	190,461,748	189,985,446	(476,301)
(2) Borrowed money	2,510,100	2,502,732	(7,367)
Total liabilities	192,971,848	192,488,179	(483,669)
Derivative transactions (***):			
For which hedge accounting is not applied	(62,683)	(62,683)	–
For which hedge accounting is applied	(1,744,563)	(1,744,563)	–
Total derivative transactions	(1,807,247)	(1,807,247)	–

* Investment trusts for which the funds' unit prices are deemed as the fair value in accordance with Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) are included.

** Reserve for possible loan losses is the general reserve for possible loan losses and the specific reserve for possible loan losses corresponding to loans.

*** Figures are total derivative instruments recorded in other assets or other liabilities. The net amount is shown for net claims and obligations arising from derivative transactions, with totals that are net obligations shown in parentheses.

Derivatives under the allocation method, such as foreign exchange forward contracts, are treated as being an inseparable part of the securities being hedged, and their fair value is therefore included in that of the corresponding securities.

(Note 1) The amounts in the consolidated balance sheets of shares, etc. that do not have a market price and investments in partnerships were as follows. The fair value information of these financial instruments is not included in “Assets (3) Money held in trust” and “Assets (4) Securities.”

(Millions of yen)

Type		Amount on the consolidated balance sheet
Money held in trust (*)(**)		3,620,615
Securities		
	Unlisted stocks, etc. (*)	39,827
	Investments in partnerships (**)	148,025
Total (***)		3,808,468

* Unlisted stocks, etc. are not included in the scope of fair value disclosures in accordance with Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

** Investments in partnerships are not included in the scope of fair value disclosures in accordance with Paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

*** An impairment loss of ¥550 million was recognized in the fiscal year ended March 31, 2025.

(Note 2) Scheduled redemption amounts of monetary claims and securities with a maturity date subsequent to the fiscal year

(Millions of yen)

	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Monetary claims bought	1,022	26,155	52,385	59,669	208,925	256,964
Securities:	10,550,557	15,835,802	13,600,967	7,106,640	18,420,367	29,300,171
Held-to-maturity securities	2,492,975	6,234,120	5,372,730	2,491,678	13,666,352	15,312,233
Available-for-sale securities (with maturity date)	8,057,581	9,601,682	8,228,236	4,614,961	4,754,014	13,987,937
Loans (*)	893,678	652,460	655,198	413,523	248,383	264,341
Total	11,445,258	16,514,419	14,308,551	7,579,832	18,877,676	29,821,477

* Loans do not include ¥0 million in loans, etc. to bankrupt, substantially bankrupt and doubtful borrowers, for which redemption cannot be expected.

(Note 3) Scheduled repayment amounts of interest-bearing liabilities subsequent to the fiscal year

(Millions of yen)

	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Deposits (*)	136,247,090	14,308,382	15,671,940	9,137,404	15,096,931	–
Borrowed money	1,216,500	1,272,500	21,100	–	–	–
Total	137,463,590	15,580,882	15,693,040	9,137,404	15,096,931	–

* Demand deposits are included in “One Year or Less.”

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

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

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.
Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.
Level 3 fair value: Fair value measured using unobservable inputs.

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

(1) Financial instruments booked at fair value on the consolidated balance sheets

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	–	–	593,739	593,739
Money held in trust (*)	1,808,231	–	–	1,808,231
Trading account securities and securities:				
Securities classified as trading purposes				
Japanese government bonds	224	–	–	224
Available-for-sale securities				
Japanese stocks	8,616	–	–	8,616
Japanese government bonds	15,182,054	123,211	–	15,305,265
Japanese local government bonds	–	835,418	–	835,418
Short-term corporate bonds	–	678,731	–	678,731
Japanese corporate bonds	–	2,836,196	–	2,836,196
Others:	12,230,567	58,487,137	95,822	70,813,527
Foreign bonds	12,230,567	6,777,962	95,315	19,103,844
Investment trusts (*)	–	51,709,175	–	51,709,175
Total assets	29,229,693	62,960,695	689,561	92,879,950
Derivative transactions (**):				
Interest rate-related derivatives	–	50,135	–	50,135
Currency-related derivatives	–	(1,857,382)	–	(1,857,382)
Total derivative transactions	–	(1,807,247)	–	(1,807,247)

* Investment trusts for which the funds' unit prices are deemed as the fair value in accordance with Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) are not included. Investment trusts to which the treatment in Paragraph 24-3 is applied amounted to ¥7,752,533 million in the consolidated balance sheets. Investment trusts to which the treatment in Paragraph 24-9 is applied amounted to ¥182,583 million in the consolidated balance sheets.

** Figures are total derivative instruments recorded in other assets or other liabilities. The net amount is shown for net claims and obligations arising from derivative transactions, with totals that are net obligations shown in parentheses.

(2) Financial instruments other than those booked at fair value on the consolidated balance sheets

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust	–	110,543	–	110,543
Securities:				
Held-to-maturity securities				
Japanese government bonds	22,766,025	–	–	22,766,025
Japanese local government bonds	–	4,620,049	–	4,620,049
Japanese corporate bonds	–	6,408,433	–	6,408,433
Others	3,590,691	4,947,934	–	8,538,625
Loans	–	–	3,015,926	3,015,926
Total assets	26,356,716	16,086,961	3,015,926	45,459,605
Deposits	–	189,985,446	–	189,985,446
Borrowed money	–	2,502,732	–	2,502,732
Total liabilities	–	192,488,179	–	192,488,179

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

Assets

Monetary claims bought

The Group uses the price provided by third parties such as brokers, etc. as the fair value, and classifies the monetary claims bought as Level 3 fair value.

Money held in trust

For the securities representing trust assets in money held in trust, the Group uses the price at the exchange market for stocks and investment trusts that have a quoted market price and uses the Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association for bonds as the fair value. As a result, the trust assets in money held in trust are principally classified as Level 1 fair value. For investment trusts that do not have quoted market prices, in case there are significant restrictions that market participants would require compensation for risk with respect to cancellation or repurchase request, the Group adopts the accounting treatment that funds' unit prices are deemed as the fair value in accordance with Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) but does not classify the fair value into any level of fair value hierarchy.

Notes pertaining to money held in trust by holding purpose are included in the section "Money held in trust."

Trading account securities

The Group uses the purchase price provided by the Bank of Japan as the fair value and classifies the trading account securities as Level 1 fair value as unadjusted quoted prices in active markets are available.

Securities

For stocks, since price on the stock exchange is quoted as fair value of stocks where unadjusted market price in active market is available, fair value of stocks is classified as Level 1 fair value.

For bonds, the Group uses the Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association, the comparable price method, or the price provided by third parties such as outside vendors and brokers, etc., as the fair value.

Of bonds that use the Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association and the comparable price method as the fair value, Japanese government bonds and treasury discount bills are principally classified as Level 1 fair value, while bonds other than those are classified as Level 2 fair value. Bonds that use the price provided by third parties such as outside vendors and brokers, etc. as the fair value are classified as either of Level 1, 2 or 3, based on observability of the prices obtained and inputs, etc. in the market.

For bonds subject to the allocation method, such as foreign exchange forward contracts, etc., the fair value of such foreign exchange forward contracts, etc. is reflected.

For investment trusts that do not have quoted market prices, in case there are no significant restrictions that market participants would require compensation for risk with respect to cancellation or repurchase request, the Group uses the funds' unit prices as the fair value and classifies it as Level 2 fair value. In case there are significant restrictions, the Group adopts the accounting treatment that funds' unit prices are deemed as the fair value in accordance with Paragraph 24-3 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) but does not classify the fair value into any level of fair value hierarchy.

Notes pertaining to securities by holding purpose are included in the section "Securities."

Loans

Loans with floating interest rates reflect market interest rates within the short term. When a borrower's credit standing does not change significantly after the loan was originated, the fair value is approximately the same as the book value, and therefore the Group uses the book value as the fair value. The fair value of fixed-rate loans is stated at the present value of each loan, which is calculated by discounting the total principal and interest amounts at the interest rate that reflects the remaining tenor and credit risk of the borrower. As a result, fixed-rate loans are classified as Level 3 fair value.

For loans that are limited to within a designated percentage of the amount of pledged assets, such as loans secured by deposit, the fair value is approximately the same as the book value based on the repayment period, interest rate conditions, etc., and therefore the Group uses the book value as the fair value. As a result, such loans are classified as Level 3 fair value.

Liabilities

Deposits

For demand deposits including transfer deposits and ordinary deposits, the Group uses the amount that might be paid on demand on the consolidated balance sheet date (the book value) as the fair value and classifies demand deposits as Level 2 fair value.

For fixed-term deposits, the Group categorizes the deposits by specified tenors and calculates the present value by discounting the projected future cash flow, which is used as their fair value. As a result, fixed-term deposits are classified as Level 2 fair value.

For TEIGAKU deposits, the Group categorizes the deposits by specified tenors and calculates the present value by discounting the projected future cash flow, reflecting an early cancellation rate calculated using historical results, which is used as their fair value. When unobservable inputs are not significant to the fair value measurement, these TEIGAKU deposits are classified as Level 2 fair value. When significant unobservable inputs are used for measurement, the TEIGAKU deposits are classified as Level 3 fair value.

The Group uses the interest rates on newly accepted deposits as the discount rates applied to fixed-term deposits and TEIGAKU deposits.

Borrowed money

The fair value of borrowed money is stated at its present value, which is calculated by discounting the projected future cash flow, using the refinancing rate applicable to a similar loan. The fair value of borrowed money of which the remaining tenor is short (due within one year) is approximately the same as the book value, and therefore the Group uses the book value as the fair value and classifies borrowed money as Level 2 fair value.

Derivative transactions

The derivative instruments are classified as Level 1 fair value when unadjusted quoted prices in active markets are available for the measurement.

However, since most of the derivative instruments are traded over the counter and there are no quoted market prices, the Group measures their fair value using valuation techniques including the discounted cash flow method according to their transaction type and maturity period. Major inputs used for these measurement methods are interest rates and exchange rates. Measurement reflects price adjustments, as necessary, based on counterparty credit risk and the Bank’s own credit risk. When unobservable inputs are not used or their impact is insignificant, such derivative instruments, e.g., plain vanilla interest rate swap transactions, foreign exchange forward contracts, etc., are classified as Level 2 fair value. When significant unobservable inputs are used for measurement, these derivative instruments are classified as Level 3 fair value.

(Note 2) Information about Level 3 fair value of financial instruments that are recorded on the consolidated balance sheets at their fair value

(1) Quantitative information on significant unobservable inputs

As the Bank does not conduct estimation of inputs it cannot observe itself, the quantitative information is not provided.

(2) Reconciliation from the beginning balance to the ending balance and unrealized gains or losses recognized in profit or loss for the fiscal year ended March 31, 2025

(Millions of yen)

	Beginning Balance	Profit or loss or other comprehensive income for the fiscal year ended March 31, 2025		Net amount of purchase, sale, issuance and settlement	Transfer into Level 3 fair value	Transfer out of Level 3 fair value	Ending balance	Unrealized gains or losses of financial assets and financial liabilities held at the end of the period included in profit or loss for the fiscal year ended March 31, 2025 (*)
		Recognized in profit or loss (*)	Recognized in other comprehen-sive income					
Monetary claims bought	515,606	(6)	(6,127)	84,266	–	–	593,739	–
Securities								
Available-for-sale securities								
Others	106,945	(662)	(1,856)	(8,604)	–	–	95,822	(1,664)

* Principally included in “other operating income” in the consolidated statements of income.

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

The fair value verification department has established policies and procedures for measuring fair value, and each fair value measurement department measures fair value accordingly. The fair value verification department that is independent from the fair value measurement departments verifies whether the fair value obtained is measured using valid valuation techniques and inputs, and based on the verification results, financial instruments are classified into an appropriate level of the fair value hierarchy. The results of the verification are reported to the ALM Committee 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 financial instrument. In addition, when using quoted prices obtained from third parties, the Group verifies whether the prices are valid using appropriate methods, such as confirming the valuation techniques and inputs used and comparing them with the fair value of similar financial instruments.

(4) Explanation of an impact on fair value in the case of changing significant unobservable inputs

As the Bank does not conduct estimation of inputs it cannot observe itself, the explanation is not provided.

(Note 3) Information about investment trusts for which the funds' unit prices are deemed as the fair value in accordance with Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021)

(1) Reconciliation from the beginning balance to the ending balance for the fiscal year of the investment trusts to which the treatment in Paragraph 24-3 is applied

(Millions of yen)

Beginning Balance	Profit or loss or other comprehensive income for the fiscal year ended March 31, 2025		Net amount of purchase, sale, and redemption	Amount by which the funds' unit price has become regarded as the fair value of investment trusts	Amount for which the treatment provided for in Paragraph 24-3 has ceased to be applied	Ending balance	Unrealized gains or losses of investment trusts held at the end of the period included in profit or loss for the fiscal year ended March 31, 2025
	Recognized in profit or loss (*)	Recognized in other comprehen-sive income					
6,923,184	82,647	(64,449)	811,150	–	–	7,752,533	–

* Principally included in "other ordinary income" in the consolidated statements of income.

(2) Reconciliation from the beginning balance to the ending balance for the fiscal year of the investment trusts to which the treatment in Paragraph 24-9 is applied

(Millions of yen)

Beginning Balance	Profit or loss or other comprehensive income for the fiscal year ended March 31, 2025		Net amount of purchase, sale, and redemption	Amount by which the funds' unit price has become regarded as the fair value of investment trusts	Amount for which the treatment provided for in Paragraph 24-9 has ceased to be applied	Ending balance	Unrealized gains or losses of investment trusts held at the end of the period included in profit or loss for the fiscal year ended March 31, 2025
	Recognized in profit or loss (*)	Recognized in other comprehen-sive income					
165,320	1,492	2,254	13,515	–	–	182,583	–

* Principally included in "other ordinary income" in the consolidated statements of income.

(3) Breakdown by contents of restrictions on cancellation or repurchase request as of the consolidated balance sheet date

e.g., low liquidity of investment trusts comprising trust assets and longer interval between cancelable dates of investment trust ¥7,752,533 million

Securities

The fair value information of securities was as follows.

Securities discussed here include trading account securities, monetary claims bought, as well as securities listed on the consolidated balance sheets.

1. Trading account securities as of March 31, 2025

   There were no unrealized gains or losses from trading account securities included in the profit and loss recorded in the consolidated statements of income for the fiscal year under review.

2. Held-to-maturity securities as of March 31, 2025

(Millions of yen)

	Type	Amount on the consolidated balance sheet	Fair value	Difference
Those for which the fair value exceeds the amount on the consolidated balance sheet	Japanese government bonds	–	–	–
	Japanese local government bonds	16,026	16,044	18
	Japanese corporate bonds	14,371	14,384	12
	Others:	5,512,265	5,854,535	342,270
	Foreign bonds	5,512,265	5,854,535	342,270
	Total	5,542,662	5,884,963	342,300
Those for which the fair value does not exceed the amount on the consolidated balance sheet	Japanese government bonds	25,037,387	22,766,025	(2,271,361)
	Japanese local government bonds	4,749,430	4,604,005	(145,425)
	Japanese corporate bonds	6,632,775	6,394,048	(238,726)
	Others:	3,207,618	3,134,088	(73,530)
	Foreign bonds	3,207,618	3,134,088	(73,530)
	Total	39,627,212	36,898,167	(2,729,044)
Total		45,169,875	42,783,131	(2,386,743)

3. Available-for-sale securities for which fair value is available as of March 31, 2025

(Millions of yen)

	Type	Amount on the consolidated balance sheet	Acquisition cost	Difference (*)
Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Japanese stocks	3,275	2,628	647
	Bonds:	1,714,256	1,665,383	48,873
	Japanese government bonds	1,608,696	1,560,435	48,260
	Japanese local government bonds	12,237	11,908	329
	Short-term corporate bonds	–	–	–
	Japanese corporate bonds	93,323	93,040	283
	Others:	60,875,532	56,820,797	4,054,735
	Foreign bonds	15,967,762	13,418,220	2,549,542
	Investment trusts (**)	44,878,484	43,373,320	1,505,164
	Total	62,593,065	58,488,808	4,104,256
Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost	Japanese stocks	5,340	6,087	(746)
	Bonds:	17,941,354	19,798,143	(1,856,789)
	Japanese government bonds	13,696,569	15,449,953	(1,753,383)
	Japanese local government bonds	823,180	834,502	(11,321)
	Short-term corporate bonds	678,731	678,731	–
	Japanese corporate bonds	2,742,872	2,834,956	(92,083)
	Others:	18,284,266	18,662,783	(378,516)
	Foreign bonds	3,136,081	3,202,104	(66,022)
	Investment trusts (**)	14,583,224	14,884,266	(301,042)
	Total	36,230,962	38,467,014	(2,236,052)
Total		98,824,027	96,955,822	1,868,204

* Of the difference shown above, ¥1,548,817 million gains were included in the consolidated statements of income due to the application of fair value hedge accounting.

** Investment trusts are mainly invested in foreign bonds.

Note: Shares, etc. that do not have a market price and investments in partnerships which are not included above were as follows:

(Millions of yen)

	Amount on the consolidated balance sheet
Unlisted stocks, etc.	37,623
Investments in partnerships	141,001
Total	178,624

4. Held-to-maturity securities sold during the fiscal year ended March 31, 2025

There were no held-to-maturity securities sold during the fiscal year ended March 31, 2025.

5. Available-for-sale securities sold during the fiscal year ended March 31, 2025

(Millions of yen)

	Sales proceeds	Total realized gains	Total realized losses
Japanese stocks	778	377	–
Bonds:	1,067,375	381	(768)
Japanese government bonds	1,050,938	380	(666)
Japanese corporate bonds	16,436	0	(102)
Others:	1,889,495	85,441	(97,724)
Foreign bonds	608,833	2,612	(1,020)
Investment trusts	1,280,662	82,829	(96,703)
Total	2,957,649	86,200	(98,493)

6. Securities for which accounting for impairment was applied

For securities (excluding shares, etc. that do not have a market price and investments in partnerships) other than trading securities, whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Group reduces its book value of securities to fair value on the consolidated balance sheet and charges valuation differences to income (hereafter “impairment losses”) in the fiscal year in which they are recognized.

No impairment losses were recognized for the fiscal year ended March 31, 2025.

The criteria for determining if a security’s fair value shows a “substantial decline,” as a general principle, are as follows:

a) Bonds and bonds equivalent
- Securities whose fair value is 70% or less than the acquisition cost

b) Securities other than a)
- Securities whose fair value is 50% or less than the acquisition cost, or
- Securities whose fair value is 70% or less but over 50% of the acquisition cost and the market price continues to be less than a certain level

However, domestic listed stocks, etc. are determined using the value calculated based on the average market price during the period of one month before the fiscal year-end, instead of the fair value in b) above.

Money held in trust

The fair value information of money held in trust was as follows.

1. Money held in trust for the purpose of trading as of March 31, 2025
   The Group did not hold money held in trust for the purpose of trading.

2. Money held in trust for the purpose of being held-to-maturity as of March 31, 2025
   The Group did not hold money held in trust for the purpose of being held-to-maturity.

3. Money held in trust (excluding trading and held-to-maturity purposes) as of March 31, 2025

(Millions of yen)

	Amount on the consolidated balance sheet	Acquisition cost	Difference	Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost
Money held in trust classified as: Available-for-sale	2,101,358	1,937,818	163,539	330,946	(167,406)

Notes: 1. "Those for which the amount on the consolidated balance sheet exceeds the acquisition cost" and "Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost" represent the breakdown of the "Difference" for the respective items.

2. Money held in trust classified as available-for-sale consisting of shares, etc. that do not have a market price and investments in partnerships which is not included above was as follows:

(Millions of yen)

	Amount on the consolidated balance sheet
Money held in trust classified as: Available-for-sale	3,620,615

4. Money held in trust for which accounting for impairment was applied
   For the securities (excluding shares, etc. that do not have a market price and investments in partnerships) that form part of the trust assets in money held in trust other than that for the purpose of trading, whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Group reduces its book value of securities to fair value on the consolidated balance sheets and charges valuation differences to income (hereafter "impairment losses") in the fiscal year in which they are recognized.
   Impairment losses for the fiscal year ended March 31, 2025 amounted to ¥1,879 million.
   The criteria for determining if a security's fair value shows a "substantial decline," as a general principle, are as follows:
   a) Bonds and bonds equivalent
      • Securities whose fair value is 70% or less than the acquisition cost
   b) Securities other than a)
      • Securities whose fair value is 50% or less than the acquisition cost, or
      • Securities whose fair value is 70% or less but over 50% of the acquisition cost and the market price continues to be less than a certain level

   However, domestic listed stocks, etc. are determined using the value calculated based on the average market price during the period of one month before the fiscal year-end, instead of the fair value in b) above.

Revenue recognition

1. Disaggregation of revenue from contracts with customers

(Millions of yen)

	Fiscal year ended March 31, 2025
Fees and commissions:	182,575
Exchange and settlement-related fees	93,581
Other ordinary income	454
Revenue from contracts with customers	183,029

2. Useful information in understanding revenue
   Main performance obligations in revenue from contracts with customers are the provision of exchange and settlement services, and the Group has an obligation to provide services every time its customer makes a request. The performance obligation is in principle deemed satisfied when an exchange transaction or a settlement is completed, and the Group recognizes revenue.
   No estimate of significant variable consideration and financing component is included in revenue from contracts with customers.

3. Useful information in understanding revenue for the fiscal year ended March 31, 2025 and for the following fiscal years
   Notes are omitted due to immateriality.

Per share data

Net assets per share as of March 31, 2025 and net income attributable to owners of parent per share for the fiscal year then ended were as follows:

(Yen)

Net assets per share (*)(***)	2,511.18
Net income attributable to owners of parent per share (**)(***)	114.60

* Net assets per share is calculated using the net assets of ¥9,090,989 million, net of non-controlling interests of ¥50,836 million, divided by the number of common stock outstanding (excluding treasury stock) as of March 31, 2025 (3,599,956 thousand shares).

** Net income attributable to owners of parent per share is calculated using the net income attributable to owners of parent of ¥414,324 million divided by the average number of common stock outstanding for the fiscal year ended March 31, 2025 (3,615,355 thousand shares).

*** To calculate net assets per share, the treasury stock deducted from the number of common stock outstanding as of March 31, 2025 included 1,064 thousand shares of treasury stock held by the stock benefit trust.
To calculate net income attributable to owners of parent per share, the treasury stock deducted to calculate the average number of outstanding shares for the fiscal year ended March 31, 2025 included 1,123 thousand shares of treasury stock held by the stock benefit trust.