

I Independent Auditor's Report

Financial Information

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Independent auditor's report

To the Board of Directors of Yamaguchi Financial Group, Inc.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Yamaguchi Financial Group, Inc. and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2025 and 2024, the consolidated statements of income and comprehensive income, the consolidated statements of changes in net assets and the consolidated statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the Borrower Classification for Recipients of Management Improvement Support Initiatives by Group Banks

The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet of Yamaguchi Financial Group, Inc., loans and bills discounted (hereinafter referred to as the "Loans") of ¥8,572,119 million were recognized, accounting for approximately 66.0%, which is a significant portion of the total consolidated assets. The corresponding allowance for loan losses was ¥62,358 million. These included the balances of Yamaguchi Bank, Ltd, Momiji Bank, Ltd and Kitakyushu Bank, Ltd (hereinafter referred to as the "Group banks"), all of which are consolidated subsidiaries. Loans of the Group banks, before eliminations of intercompany balances of consolidated subsidiaries, were ¥8,639,120 million and the corresponding allowance for loan losses was ¥62,200 million.</p> <p>As described in Note 2, "SIGNIFICANT ACCOUNTING POLICIES, (4) Accounting Policies, Allowance for loan losses" to the consolidated financial statements, the Group banks assess their receivables, including the Loans, in accordance with the self-assessment criteria. Based on the results of the self-assessments, the Loans are classified into loans to normal borrowers, etc., and an allowance for loan losses is provided by each class, in accordance with the method specified in the write-off and provisioning standards, for the expected amount of losses based on the actual rate of losses from bad debts and the default probability, or the amount calculated by deducting the amount expected to be collected through disposition of collateral or execution of guarantees, etc.</p> <p>As described in Note "Major accounting estimates, Allowance for loan losses" to the consolidated financial statements, in the self-assessment, the borrower classification is determined based on the status of the borrower's credit risk, taking into account qualitative factors including forward-looking information as well as quantitative factors including financial information. If certain conditions are met, such as</p>	<p>The primary procedures we performed to assess the appropriateness of the borrower classification of the recipients of management improvement support initiatives taking into account qualitative factors at Group banks included the following:</p> <p>(1) Internal control testing</p> <p>We evaluated the design and operating effectiveness of certain internal controls over the process of determining the borrower classification, focusing on the following:</p> <ul style="list-style-type: none"> ① Establishment of rules for self-assessment in compliance with the applicable accounting standards. ② Verification and approval by the assessment departments in determining the borrower classification. <p>(2) Evaluation of the appropriateness of the borrower classification</p> <p>We mainly performed the following procedures for borrowers selected based on certain criteria. We considered both quantitative and qualitative factors, in our selection.</p> <ul style="list-style-type: none"> ① We inspected the financial analyses and other materials used as a basis for the borrower classification to determine whether the borrower classification was carried out in accordance with the Group banks' rules for self-assessment. ② If a business improvement plan has been created, we mainly performed the following procedures to assess the reasonableness and feasibility of the plan, <ul style="list-style-type: none"> • Inspection of the business improvement plans. • Inquiry to the assessment departments about the basis for assumptions included in the business improvement plans. • Comparison of financial position and operating results of borrowers with the

the existence of a reasonable and highly feasible business improvement plan, the borrower classification is determined taking into account the details of the plan.

The Group banks' primary business areas in Yamaguchi Prefecture, Hiroshima Prefecture and the city of Kitakyushu face various challenges, including a declining population, a low birthrate, aging demographic, a shortage of business successors and staff, and inflation. In order to cope with these circumstances, the Group banks conduct business feasibility assessment activities as part of measures to develop and revitalize the regional economy. In particular, the Group banks designate borrowers who are deemed to require business improvement support as "recipients of management improvement support initiatives" and focus on supporting them. Loans to borrowers designated as "recipients of management improvement support initiatives" amounted to ¥118,476 million, and the corresponding allowance for loan losses was ¥31,142 million.

The determination of the borrower classification for those borrowers designated as recipients of management improvement support initiatives takes into account qualitative factors and depends significantly on the estimates based on forward-looking information, such as the reasonableness and feasibility of the business improvement plans prepared assuming such support. Such estimates involve significant uncertainty and require a high degree of management judgment.

We, therefore, determined that evaluation of the appropriateness of the allowance for loan losses of the Group banks for recipients of management improvement support initiatives, specifically the appropriateness of the borrower classification which takes into account qualitative factors, was the most significant in the audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.

forward-looking information, including planned figures.

- ③ We inquired of the assessment departments about the basis for the borrower classification.
- ④ We assessed the appropriateness of the borrower classification by comprehensively taking into account the actual financial status of the borrower, the debt repayment capacity considering the latest operating results and cash flows, liquidity position and forward-looking information including the business improvement plans.

Other Information

The other information comprises the information included in the YMFG Business Situation, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and The audit and supervisory committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit and supervisory committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 199 million yen and 15 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

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

Atsuji Maeno

Designated Engagement Partner

Certified Public Accountant

Yoshinao Abe

Designated Engagement Partner

Certified Public Accountant

Yoshimori Takahashi

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

October 28, 2025

YMFG Business Situation

Summary of Business Results

■ The Regional Economy

Through the fiscal year ended March 31, 2025, the Japanese economy gradually recovered due to improvements in employment and income conditions, along with various government policies addressing rising consumer and energy prices, despite challenges from rising resource prices primarily driven by Russia's prolonged invasion of Ukraine and price increases caused by a weakening yen. Yen has weakened further mainly from the interest rate differences between U.S. and Japan. The Nikkei Stock Average hit a record high, and the Bank of Japan raised monetary policy rates as a step towards normalization of its monetary policy. The outlook, however, still remains uncertain, affected mainly by ongoing price increases and downside risks in domestic and overseas economies, such as concerns about the future of the Chinese economy, the situation in the Middle East, and the impact of U.S. tariff hikes.

In the regional economy, overall production activity remained flat as the steel and chemical sectors stagnated due to sluggish construction demand driven by labor shortages and soaring material prices, despite an increase in capital and public investment, and growth in electric and manufacturing machinery. Personal consumption showed a moderate overall recovery trend, steadily improving despite the impact of price increases, thanks to gradual improvements in the employment and income environment.

■ YMFG Performance

YMFG started its mid-term management plan "YMFG Medium-Term Management Plan 2022 - Co-Creating a Bountiful Future for Our Region" in the fiscal year ended March 31, 2023. With the cornerstone of management based on the Mission and Reason for Existence (Purpose) of the Group, we have strived for community- and customer-oriented business activities as "Team YMFG" to improve the sustainability of the community and YMFG.

In the fiscal year ended March 31, 2025, the final year of the Medium-Term Management Plan, we worked towards "improving the sustainability of community" and "building a sustainable business model for YMFG" by implementing the Plan with the purpose of delivering solid results even in a highly uncertain business environment, and setting the direction towards a growth trajectory for the future.

■ Financial Results

On a consolidated basis, total income increased ¥28,871 million year on year, to ¥214,186 million, due primarily to increases in interest on loans and discounts and interest and dividends on securities. As a result, net income attributable to owners of the parent increased ¥10,128 million year on year, to ¥35,345 million, marking the record highs for both total income and net income attributable to owners of the parent.

Comprehensive income decreased ¥71,679 million year on year, to ¥(12,351) million. This decrease was due primarily to an increase of ¥10,195 million in net income, a decrease of ¥65,084 million in unrealized gains (losses)

on available-for-sale securities, a decrease of ¥9,121 million in remeasurements of defined benefit plans, and a decrease of ¥7,412 million in deferred gains (losses) on hedges.

Deposits stood at ¥10,983.4 billion, up ¥639.4 billion from the previous fiscal year-end, due to the Group's initiatives to enhance products and services to meet increasingly diverse customer needs, as well as steady progress in developing sales rooted in the region.

Loans and bills discounted decreased ¥17.8 billion, to ¥8,572.1 billion, despite the Group's efforts to fulfill its role as a regional financial institution through its financial intermediary function and to proactively meet capital needs of business partners in response to their trust in YMFG.

The Group's holdings of securities amounted to ¥2,128.6 billion, up ¥63.1 billion. This change is due to promoting a shift to a stable profit structure in the management of securities.

Total assets amounted to ¥12,993.5 billion at fiscal year-end, up ¥444.9 billion from one year earlier. This increase was a result of an increase in due from banks, against a backdrop of increases in deposits.

Net assets stood at ¥622.1 billion, down ¥33.6 billion from a year earlier. The decrease was due to a ¥24.3 billion increase in retained earnings attributable to accumulated profits, a ¥42.6 billion decrease in unrealized gains on available-for-sale securities, a ¥9.9 billion increase in treasury stock due to its acquisition.

Yamaguchi Financial Group, Inc., Management Indices (Consolidated)

	Millions of yen 2025	Millions of yen 2024	Millions of yen 2023	Millions of yen 2022	Thousands of U.S. dollars* ¹ 2025
Consolidated total income	214,186	185,315	159,108	156,292	1,432,491
Consolidated net income (loss) attributable to owners of the parent	35,345	25,217	17,895	(13,005)	236,393
Consolidated comprehensive income	(12,351)	59,328	(1,302)	(31,336)	(82,604)
Consolidated total net assets	622,177	655,736	614,666	636,345	4,161,162
Consolidated total assets	12,993,479	12,548,539	12,211,646	12,182,663	86,901,278
Net assets per share	2,933.92 yen	3,009.37 yen	2,718.04 yen	2,652.26 yen	19.62 U.S. dollars
Current term net income (loss) per share	165.17 yen	114.19 yen	77.41 yen	(53.29) yen	1.10 U.S. dollars
Current term net income per share (diluted)* ³	165.15 yen	114.17 yen	77.39 yen	— yen	1.10 U.S. dollars
Capital ratio* ²	12.85%	13.14%	14.35%	12.65%	—
Earnings on equity – increase	5.55%	3.98%	2.88%	(1.99)%	—
Group price earnings ratio* ⁴	10.63 times	13.64 times	10.48 times	— times	—

*1 US dollar amounts have been translated, for convenience only, at the rate of ¥149.52 = US\$1.00 as of March 31, 2025.

*2 YMFG calculated its capital ratio according to the uniform international standard (Basel 3).

*3 Net income per share (diluted) for the year ended March 31, 2022 is not described, because net loss per share is recorded although dilutive shares exist.

*4 Group price earnings ratio for the year ended March 31, 2022 is not described because net loss per share is recorded.

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

March 31, 2025 and 2024

		Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1)
ASSETS		2025	2024	2025
Assets	Cash and due from banks (Notes 3, 4 and 9)	¥1,860,263	¥1,386,905	\$12,441,566
	Call loans and bills purchased (Note 4)	2,990	—	19,997
	Monetary claims bought	2,015	1,941	13,476
	Trading assets (Notes 4 and 6)	3,293	4,059	22,024
	Money held in trust (Notes 4 and 6)	35,308	31,036	236,142
	Securities (Notes 4, 5, 6 and 9)	2,128,563	2,065,415	14,235,975
	Loans and bills discounted (Notes 4, 7 and 8)	8,572,119	8,589,934	57,330,919
	Foreign exchanges	26,501	27,315	177,241
	Lease receivables and investment assets	27,818	24,048	186,049
	Other assets (Notes 4, 6 and 9)	218,119	290,458	1,458,797
	Tangible fixed assets (Notes 10, 11, 15 and 20)	80,186	82,181	536,289
	Intangible fixed assets (Note 20)	7,242	7,093	48,435
	Net defined benefit asset (Note 14)	42,781	44,768	286,122
	Deferred tax assets (Note 21)	12,377	1,684	82,778
	Customers' liabilities for acceptances and guarantees (Note 16)	39,219	63,917	262,299
	Allowance for loan losses	(65,315)	(72,215)	(436,831)
	Total assets	¥12,993,479	¥12,548,539	\$86,901,278

LIABILITIES AND NET ASSETS

Liabilities	Deposits (Notes 4 and 9)	¥10,983,396	¥10,344,023	\$73,457,705
	Call money and bills sold (Notes 4 and 9)	206,383	438,029	1,380,304
	Payables under securities lending transactions (Notes 4 and 9)	208,446	194,309	1,394,101
	Trading liabilities (Notes 4 and 6)	1,235	1,731	8,260
	Borrowed money (Notes 4, 9 and 13)	697,798	615,961	4,666,921
	Foreign exchanges	73	117	488
	Corporate bonds	67,400	42,400	450,776
	Other liabilities (Notes 4 and 6)	151,139	169,150	1,010,828
	Provision for bonuses	3,784	3,335	25,308
	Net defined benefit liability (Note 14)	2,402	2,501	16,065
	Provision for directors' retirement benefits	272	279	1,819
	Provision for loss on interest repayments	12	14	80
	Provision for reimbursement of deposits	138	236	923
	Provision for customers point services	132	138	883
	Provision for directors' stock benefits	583	543	3,899
	Provision for employees' stock benefits	93	46	622
	Reserves under special laws	19	19	127
	Deferred tax liabilities (Note 21)	297	7,692	1,986
	Deferred tax liabilities for land revaluation (Notes 15 and 21)	8,481	8,363	56,722
	Acceptances and guarantees (Note 16)	39,219	63,917	262,299
	Total liabilities	12,371,302	11,892,803	82,740,116
Net Assets (Notes 22 and 23)	Capital stock	50,000	50,000	334,403
	Capital surplus	33,128	33,117	221,562
	Retained earnings	564,748	540,430	3,777,073
	Treasury stock	(29,187)	(19,277)	(195,205)
	Total shareholders' equity	618,689	604,270	4,137,833
	Unrealized gains on available-for-sale securities (Note 6)	(37,353)	5,252	(249,819)
	Deferred gains (losses) on hedges	16,405	17,535	109,718
	Revaluation reserve for land (Note 15)	18,302	18,826	122,405
	Foreign currency translation adjustments	(5)	—	(33)
	Remeasurements of defined benefit plans	2,974	6,887	19,890
	Total accumulated other comprehensive income	323	48,500	2,161
	Stock options (Note 24)	24	24	161
	Non-controlling interests	3,141	2,942	21,007
	Total net assets	622,177	655,736	4,161,162
Total liabilities and net assets		¥12,993,479	¥12,548,539	\$86,901,278

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2025 and 2024

	Millions of yen 2025	Millions of yen 2024	Thousands of U.S. dollars (Note 1) 2025
Income (Note 26)			
Interest income:			
Interest on loans and discounts	¥113,401	¥105,921	\$758,434
Interest and dividends on securities	31,115	24,780	208,099
Other interest income	4,643	2,001	31,053
Trust fees	0	0	0
Fees and commissions	28,739	28,828	192,208
Trading income	483	999	3,230
Other operating income	18,014	13,251	120,479
Recoveries of written-off claims	14	38	94
Other income (Note 17)	17,777	9,497	118,894
Total income	214,186	185,315	1,432,491
Expenses			
Interest expense:			
Interest on deposits	12,695	4,970	84,905
Interest on borrowings and rediscounts	14,158	12,388	94,690
Interest on bonds payable	628	405	4,200
Other interest expense	7,651	14,812	51,170
Fees and commissions	10,081	9,662	67,422
Other operating expenses	46,054	33,527	308,012
General and administrative expenses (Notes 18 and 24)	64,286	63,329	429,949
Impairment losses (Note 12)	560	343	3,745
Other expenses (Note 19)	5,873	8,668	39,281
Total expenses	161,986	148,104	1,083,374
Income before income taxes	52,200	37,211	349,117
Income taxes (Note 21):			
Current	13,518	11,642	90,409
Deferred	3,138	220	20,987
Net income	35,544	25,349	237,721
Net income attributable to non-controlling interests	199	132	1,331
Net income attributable to owners of the parent	¥35,345	¥25,217	\$236,390
	Yen 2025	Yen 2024	U.S. dollars (Note 1) 2025
Amounts per share of common stock:			
Net income attributable to owners of the parent (Note 30)	¥165.17	¥114.19	\$1.10

See accompanying notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended March 31, 2025 and 2024

	Millions of yen 2025	Millions of yen 2024	Thousands of U.S. dollars (Note 1) 2025
Net income	¥35,544	¥25,349	\$237,721
Other comprehensive income (Note 27)	(47,895)	33,979	(320,325)
Unrealized gains (losses) on available-for-sale securities	(42,595)	22,489	(284,878)
Deferred gains (losses) on hedges	(1,130)	6,282	(7,558)
Revaluation reserve for land	(243)	—	(1,625)
Remeasurements of defined benefit plans	(3,913)	5,208	(26,170)
Share of other comprehensive income of affiliates accounted for by the equity method	(14)	—	(94)
Comprehensive income (Note 27)	¥(12,351)	¥59,328	\$(82,604)
Comprehensive income attributable to owners of the parent	(12,550)	59,196	(83,935)
Comprehensive income attributable to non-controlling interests	199	132	1,331

See accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years ended March 31, 2025 and 2024

	Millions of yen													
	Shareholders' Equity					Accumulated other comprehensive income						Stock options	Non-controlling interests	Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Unrealized gains on available-for-sale securities	Deferred losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2023	¥50,000	¥58,639	¥522,894	¥(34,847)	¥596,686	¥(17,237)	¥11,253	¥19,432	—	¥1,679	¥15,127	¥43	¥2,810	¥614,666
Changes of items during the year														
Dividend paid			(8,287)		(8,287)									(8,287)
Net income attributable to owners of the parent			25,217		25,217									25,217
Purchase of treasury stock				(10,758)	(10,758)									(10,758)
Disposal of treasury stock		(22)		828	806									806
Cancellation of treasury stock		(25,500)		25,500	—									—
Changes due to merger of unconsolidated subsidiaries by consolidated subsidiaries					—									—
Reversal of revaluation reserve for land			606		606									606
Net changes of items other than shareholders' equity						22,489	6,282	(606)	—	5,208	33,373	(19)	132	33,486
Total changes of items during the year	—	(25,522)	17,536	15,570	7,584	22,489	6,282	(606)	—	5,208	33,373	(19)	132	41,070
Balance at March 31, 2024	¥50,000	¥33,117	¥540,430	¥(19,277)	¥604,270	¥5,252	¥17,535	¥18,826	—	¥6,887	¥48,500	¥24	¥2,942	¥655,736
Changes of items during the year														
Dividend paid			(11,280)		(11,280)									(11,280)
Net income attributable to owners of the parent			35,345		35,345									35,345
Purchase of treasury stock				(10,002)	(10,002)									(10,002)
Disposal of treasury stock		11		92	103									103
Cancellation of treasury stock					—									—
Changes due to merger of unconsolidated subsidiaries by consolidated subsidiaries			(29)		(29)									(29)
Reversal of revaluation reserve for land			282		282									282
Net changes of items other than shareholders' equity						(42,605)	(1,130)	(524)	(5)	(3,913)	(48,177)	—	199	(47,978)
Total changes of items during the year	—	11	24,318	(9,910)	14,419	(42,605)	(1,130)	(524)	(5)	(3,913)	(48,177)	—	199	(33,559)
Balance at March 31, 2025	¥50,000	¥33,128	¥564,748	¥(29,187)	¥618,689	¥(37,353)	¥16,405	¥18,302	¥(5)	¥2,974	¥323	¥24	¥3,141	¥622,177

	Thousands of U.S. dollars (Note 1)													
	Shareholders' Equity					Accumulated other comprehensive income						Stock options	Non-controlling interests	Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Unrealized gains on available-for-sale securities	Deferred losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2024	\$334,403	\$221,488	\$3,614,439	\$(128,926)	\$4,041,404	\$35,119	\$117,276	\$125,916	—	\$46,060	\$324,371	\$161	\$19,676	\$4,385,612
Changes of items during the year														
Dividend paid			(75,441)		(75,441)									(75,441)
Net income attributable to owners of the parent			236,390		236,390									236,390
Purchase of treasury stock				(66,894)	(66,894)									(66,894)
Disposal of treasury stock		74		615	689									689
Cancellation of treasury stock					—									—
Changes due to merger of unconsolidated subsidiaries by consolidated subsidiaries			(194)		(194)									(194)
Reversal of revaluation reserve for land			1,879		1,879									1,879
Net changes of items other than shareholders' equity						(284,938)	(7,558)	(3,511)	(33)	(26,170)	(322,210)	—	1,331	(320,879)
Total changes of items during the year	—	74	162,634	(66,279)	96,429	(284,938)	(7,558)	(3,511)	(33)	(26,170)	(322,210)	—	1,331	(224,450)
Balance at March 31, 2025	\$334,403	\$221,562	\$3,777,073	\$(195,205)	\$4,137,833	\$(249,819)	\$109,718	\$122,405	\$(33)	\$19,890	\$2,161	\$161	\$21,007	\$4,161,162

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2025 and 2024

	Millions of yen 2025	Millions of yen 2024	Thousands of U.S. dollars (Note 1) 2025
Cash flows from operating activities:			
Income before income taxes	¥52,200	¥37,211	\$349,117
Depreciation	4,881	4,372	32,644
Impairment losses	560	343	3,745
Amortization of goodwill	49	51	328
Loss (gain) on extinguishment of tie-in shares	—	(14)	—
Equity in earnings of affiliates (Note 3)	237	1	1,585
Net change in allowance for loan losses	(6,899)	(196)	(46,141)
Net change in provision for bonuses	450	639	3,010
Net change in defined benefit asset	1,987	(10,433)	13,289
Net change in defined benefit liability	(99)	(87)	(662)
Net change in provision for directors' retirement benefits	(8)	(2)	(54)
Net change in provision for directors' stock benefits	39	115	261
Net change in provision for employees' stock benefits	47	46	314
Net change in provision for loss on interest repayments	(1)	(0)	(7)
Net change in provision for reimbursement of deposits	(98)	(124)	(655)
Net change in provision for customers point services	(6)	14	(40)
Increase (decrease) in reserves under special laws	—	2	—
Interest income	(149,159)	(132,702)	(997,586)
Interest expenses	35,132	32,575	234,965
Net gains related to securities transactions	9,878	9,153	66,065
Net losses (gains) from money held in trust	(167)	313	(1,117)
Net exchange losses (gains)	797	(28,190)	5,330
Net losses (gains) from disposition of fixed assets	(74)	(260)	(495)
Compensation for forced relocation	(302)	—	(2,020)
Loss on tax purpose reduction entry of fixed assets	52	—	348
Net change in trading assets	765	(82)	5,116
Net change in trading liabilities	(496)	(83)	(3,317)
Net change in loans and bills discounted	17,815	(242,101)	119,148
Net change in deposits	312,303	103,914	2,088,704
Net change in negotiable certificates of deposits	327,070	(85,612)	2,187,467
Net change in borrowed money excluding subordinated loans	81,837	212,658	547,331
Net change in deposits with bank	(1,287)	11,784	(8,608)
Net change in call loans and bills purchased	(3,065)	1,452	(20,499)
Net change in call money and bills sold	(231,646)	97,976	(1,549,264)
Net change in payables under securities lending transactions	14,137	(91,014)	94,549
Net change in foreign exchanges (asset account)	813	9,458	5,437
Net change in foreign exchanges (liability account)	(44)	18	(294)
Net change in lease receivables and investment assets	(3,771)	(4,242)	(25,221)
Interest received	148,666	126,550	994,288
Interest paid	(32,259)	(32,065)	(215,750)
Other, net	47,179	18,649	315,539
Subtotal	627,513	40,087	4,196,850
Income taxes paid	(13,746)	(10,791)	(91,934)
Income taxes refunds	1,324	2,660	8,855
Net cash provided by (used in) operating activities	615,091	31,956	4,113,771
Cash flows from investing activities:			
Purchases of securities	(618,460)	(937,227)	(4,136,303)
Proceeds from sales of securities	440,855	426,515	2,948,468
Proceeds from maturity of securities	46,441	37,870	310,601
Purchases of money held in trust	(17,641)	(27,010)	(117,991)
Proceeds from sales of money held in trust	11,800	12,290	78,919
Purchases of tangible fixed assets	(2,037)	(5,240)	(13,624)
Proceeds from sales of tangible fixed assets	1,368	2,112	9,149
Purchases of intangible fixed assets	(2,599)	(3,038)	(17,382)
Purchases of shares of affiliates accounted for by the equity method	(6,345)	—	(42,436)
Net cash provided by (used in) investing activities	(146,618)	(493,728)	(980,599)
Cash flows from financing activities:			
Issuance of subordinated bonds	24,858	—	166,252
Dividends paid	(11,280)	(8,287)	(75,441)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(108)	—
Purchases of treasury stock	(10,002)	(10,758)	(66,894)
Proceeds from disposal of treasury stock	21	755	140
Net cash provided by (used in) financing activities	3,597	(18,398)	24,057
Effect of exchange rate changes on cash and cash equivalents	(0)	0	(0)
Net change in cash and cash equivalents	472,070	(480,170)	3,157,229
Cash and cash equivalents at the beginning of fiscal year	1,374,505	1,854,675	9,192,790
Increase in cash and cash equivalents resulting from merger	0	—	0
Cash and cash equivalents at the end of fiscal year (Note 3)	¥1,846,575	¥1,374,505	\$12,350,019

See accompanying notes.

Notes to Consolidated Financial Statements

Years ended March 31, 2025 and 2024

1. BASIS OF PRESENTATION

Yamaguchi Financial Group, Inc. ("YMFG") is a holding company for The Yamaguchi Bank, Ltd. ("Yamaguchi Bank"), Momiji Bank, Ltd. ("Momiji Bank"), The Kitakyushu Bank, Ltd. ("Kitakyushu Bank") and other subsidiaries.

YMFG and its consolidated subsidiaries ("the Group") maintain their accounts and records in accordance with the provisions set forth in the Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"). Japanese GAAP are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards ("IFRS").

The accompanying consolidated financial statements are a translation of the audited consolidated financial statements of YMFG which were prepared in accordance with Japanese GAAP and were filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act.

In preparing the accompanying consolidated financial statements, certain restructuring and reclassifications have been made in the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

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

2. SIGNIFICANT ACCOUNTING POLICIES

Consolidation and equity method

(1) Scope of consolidation

Japanese accounting standards on consolidated financial statements require a company to consolidate any subsidiaries of which the company substantially controls the operations, even if it is not a majority owned subsidiary. Control is defined as the power to govern the decision-making body of an enterprise.

(i) Consolidated subsidiaries were 23 at March 31, 2025 and 2024.

The names of the main consolidated subsidiaries are listed on page 90 of "YMFG Integrated Report 2025."

(ii) Unconsolidated subsidiaries were 9 and 11 at March 31, 2025 and 2024, respectively.

Name of major subsidiary:

KAICA Corporation

The unconsolidated subsidiaries are excluded from the scope of consolidation because their total assets, ordinary income, net income (in proportion to ownership), retained earnings (in proportion to ownership) and accumulated other comprehensive income (in proportion to ownership) are so immaterial

that they do not hinder a rational judgment of YMFG's consolidated financial position and results of operations when excluded from the scope of consolidation.

(2) Application of the equity method

Japanese accounting standards also require any unconsolidated subsidiaries and affiliates with financial and operating policies over which YMFG is able to exercise material influence to be accounted for by the equity method.

(i) No unconsolidated subsidiary was accounted for by the equity method at March 31, 2025 and 2024.

(ii) As at March 31, 2025 and 2024, three and two affiliates were accounted for by the equity method, respectively.

Affiliates as at March 31, 2025 were as follows:

YM Saison Co., Ltd.

Nishiseto Marine Partners

Dream Incubator Inc.

(Change in the scope of application of equity method)

The scope of application of equity method includes Dream Incubator Inc. due to the acquisition of shares in the year ended March 31, 2025.

Affiliates as at March 31, 2024 were as follows:

YM Saison Co., Ltd.

Nishiseto Marine Partners

(iii) As at March 31, 2025 and 2024, 9 and 11 unconsolidated subsidiaries were not accounted for by the equity method, respectively.

Name of major subsidiary:

KAICA Corporation

The unconsolidated subsidiaries that are not accounted for by the equity method are excluded from the scope of application of equity method because their net income (in proportion to ownership), retained earnings (in proportion to ownership) and accumulated other comprehensive income (in proportion to ownership) do not have a material impact on YMFG's consolidated financial statements when excluded from the scope of application of equity method.

(iv) There were no affiliates that were not accounted for by the equity method as at March 31, 2025 and 2024.

(3) The balance sheet dates of consolidated subsidiaries

(i) The balance sheet dates of consolidated subsidiaries are as follows:

December 31: One company

March 31: 22 companies

(ii) Consolidated subsidiaries are consolidated based on their financial statements as of their balance sheet dates.

Necessary adjustments are made to material transactions which occurred between the consolidated balance sheet date and the aforementioned balance sheet dates.

(4) Accounting policies

Criteria for recording dividends payable on securities

Dividends distributed from other retained earnings (cash dividends only) are recorded in the year that includes the effective date of the dividend-related resolution by the issuing company's general meeting of shareholders, Board of Directors or other institution with decision-making authority.

Trading assets, trading liabilities and transactions for trading purposes

The valuation method of "trading assets" and "trading liabilities" is as follows:

Balances incurred by transactions of which the purpose is to earn a profit by taking advantage of short-term fluctuations in a market or discrepancies in different markets of interest rates, currency exchange rates, share prices or other indices (hereinafter referred to as "trading purposes") are included in "trading assets" or "trading liabilities" in the consolidated balance sheets as of the date on which the transactions have been contracted. The income or losses on these transactions are recorded as "trading income" and "trading expenses" in the consolidated statements of income.

Trading assets and trading liabilities are valued, in the case of securities and commercial paper, at the market value as of the date of the balance sheet and, in the case of derivatives, including swaps, futures and options, at the amount due if the transactions were to be settled as of the date of the balance sheet.

"Trading income" and "trading expenses" include interest income and interest expense, respectively, and gains and losses, respectively, resulting from the valuation of securities, commercial paper, derivatives, etc., which are included in "trading assets" or "trading liabilities."

Securities

With regard to the valuation of securities, held-to-maturity debt securities are stated at amortized cost (straight-line method) using the moving-average method.

Available-for-sale securities are stated at fair value (cost of sale calculated primarily according to the moving-average method). Shares, etc. that do not have a market price are valued at cost using the moving-average method.

Unrealized gains (losses) on available-for-sale securities (excluding valuation differences due to foreign exchange fluctuations, which are included in foreign exchange trading gains or losses as other operating income or other operating expenses) are reported as a component of net assets.

Money in trust

Trust assets within money held in trust are valued using the market value method.

Derivatives

Derivatives other than those for which exceptional accounting treatment is applied are stated at fair value.

Criteria for recording gains or losses on the cancellation of investment trusts

When handling the cancellation of investment trusts by consolidated subsidiaries engaged in the banking

business, YMFG does not offset cancellation gains and losses occurring on each transaction. Rather, cancellation losses are recorded in "loss on redemption of government bonds, etc.," which is within "other operating expenses." Cancellation gains are recorded in "interest and dividends on securities."

Criteria for recording income and expenses related to lease transactions

Criteria for recording income and cost are recognized at the time lease fees are received. Income is recorded in "other operating income," and cost of sale is recorded in "other operating expenses."

Criteria for recording sales and cost of sales of installment sales transactions

The amount equivalent to principal is recorded in installment receivables at the commencement of installment sales transactions, and subsequent installment payments are processed by separating them into principal and interest portions. The interest method is adopted for the allocation of interest. For installment sales, principal at the commencement of installment sales transactions and allocated interest are recorded in "other operating income." As for installment costs, costs at the commencement of installment sales transactions are recorded in "other operating expenses."

Method for recording revenue

YMFG recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which YMFG expects to be entitled in exchange for those goods or services.

Method of hedge accounting

The subsidiaries that conduct the banking business ("the Banks") apply deferred hedge accounting in accordance with the "Treatments of Accounting and Audit on Application of Accounting Standard for Financial Instruments in Banking Industry" (The Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 24, March 17, 2022; hereinafter, the "Industry Audit Committee Report No. 24").

As for the hedge to offset market fluctuation, the Banks assess the effectiveness of the hedge by grouping the hedged items such as deposits and loans and the hedging instruments such as interest rate swaps by their maturity.

Also, the Banks apply deferred hedge accounting to hedge foreign exchange risks associated with various foreign currency denominated monetary assets and liabilities as stipulated in the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25, October 8, 2020; hereinafter, the "Industry Audit Committee Report No. 25").

The effectiveness of the currency swap transactions, exchange swap transactions and similar transactions hedging the foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed based on comparison of the foreign currency position of the hedged monetary assets and liabilities and the hedging instruments.

Allowance for loan losses

The Banks provide allowance for loan losses according to the following write-off and provisioning standards:

For loans to borrowers who are legally bankrupt (due to bankruptcy, composition or suspension of transactions with banks by the rules of clearinghouses, etc.) or substantially bankrupt, an allowance is provided in the amount of loans, net of amounts expected to be collected through disposition of collateral or through execution of guarantees.

For loans to borrowers in danger of bankruptcy, an allowance is provided in the amount considered uncollectible based on the amount of loans, net of amounts expected to be collected through disposition of collateral or through execution of guarantees, and other sources.

Loans to normal borrowers and borrowers requiring caution are classified into certain groups, and expected losses are estimated for the upcoming one- or three-year period. For loans to normal borrowers, expected loss amounts are calculated by using average values for actual rates of losses from bad debts during a specific period in the past, based on actual amounts of bad debts over a one-year period, and adjusted as necessary for future forecasts taking into account the expected deterioration of operating performance. For loans to borrowers requiring caution, expected loss amounts are calculated by using average values for actual rates of losses from bad debts or default probabilities during a specific period in the past, based on actual amounts of bad debts or bankruptcy over a three-year period, and adjusted as necessary for future forecasts taking into account the expected deterioration of operating performance.

For loans to a large borrower requiring caution who has formulated a management improvement plan and carries specifically large credit risk and whose loan amount, net of amounts expected to be collected through disposition of collaterals or execution of guarantees, exceeds a certain amount, difference between the amount obtained by discounting cash flows at the initial contractual interest rate and the book value of loans is recorded as allowance for loan losses (discounted cash flow method), if the cash flows related to the collection of principal and the receipt of interest can be reasonably estimated.

Each branch as well as the credit supervision department evaluates all loans in accordance with the self-assessment rule.

Other consolidated subsidiaries provide an allowance for an amount calculated using the rate of collection losses in the past for loans of normal borrowers in addition to amounts estimated based on collectability analysis for borrowers in danger of bankruptcy and certain other borrowers.

Tangible fixed assets (excluding lease assets)

Depreciation of tangible fixed assets of YMFG and its consolidated subsidiaries that conduct the banking business is computed by using the declining-balance method except for buildings (excluding fixtures) acquired after April 1, 1998 and fixtures and buildings acquired after April 1, 2016, which are depreciated using the straight-line method.

The estimated useful lives of the assets are primarily as follows:

Buildings: 6 to 50 years

Others: 2 to 20 years

Other consolidated subsidiaries depreciate their tangible fixed assets using mainly the declining-balance method over the useful lives of the respective assets provided by the Corporation Tax Act in Japan.

Intangible fixed assets (excluding lease assets)

Amortization of intangible fixed assets is computed by using the straight-line method. Software costs for internal uses are amortized over the estimated useful life (five years).

Lease assets

Lease assets included within tangible fixed assets related to finance lease transactions that do not transfer ownership are depreciated over the lease term using the straight-line method. For lease assets with a guaranteed residual value stated in their lease agreements, the residual value is set at the guaranteed amount. Otherwise, the residual value is assumed to be zero.

Income taxes

Income taxes comprise corporate, enterprise and inhabitant taxes. The Group recognizes tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

Foreign currency translation

Foreign currency assets and liabilities and the accounts of overseas branches of consolidated subsidiaries are translated into yen at the rates prevailing at the consolidated balance sheet date.

Provision for bonuses

Provision for bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses that are attributable to the year.

Method of accounting for retirement benefits

When calculating retirement benefit obligations, the benefit formula method is used for attributing expected retirement benefits to the year-end. Actuarial gains or losses are apportioned for each year as incurred using the straight-line method over a fixed period (10 to 11 years) within the employees' average remaining service period and expensed in each of the following years.

Some consolidated subsidiaries employ the simplified method for calculating retirement benefit obligations and periodic benefit costs, stating retirement benefit obligations at the amounts required as if all employees voluntarily terminate their employment as of March 31, 2025.

Provision for directors' retirement benefits

The provision for directors' retirement benefits for consolidated subsidiaries outside the banking business is provided for the estimated amount corresponding to

accrued retirement benefit payments to directors as of March 31, 2025.

Provision for directors' stock benefits

The provision for directors' stock benefits is determined according to the directors' stock benefit regulations for YMFG and its subsidiaries (banks within YMFG (Yamaguchi Bank, Momiji Bank and Kitakyushu Bank) and YM Securities; the same shall apply hereafter) in preparation for the payment of stock benefits to directors (excluding directors who are members of the Audit and Supervisory Committee, part-time directors and outside directors) and executive officers (hereinafter, "Subject Directors, etc.") based on expected stock benefit obligations as of March 31, 2025.

Provision for employees' stock benefits

The provision for employees' stock benefits is determined according to the stock benefit regulations for YMFG in preparation for the payment of stock benefits to employees of YMFG and its member companies based on expected stock benefit obligations as of March 31, 2025.

Provision for loss on interest repayment

Provision for loss on interest repayment is provided for possible losses on reimbursements of excess interest payments and loan losses related to consumer finance loans extended at interest rates in excess of the maximum interest rate prescribed in the Interest Rate Restriction Law.

In accordance with the "Audit Guidelines on Consumer Finance Companies' Provisions for Possible Losses on Reimbursements of Excess Interest Payments," issued by the JICPA in 2012, the amount of such provision is rationally estimated and booked based on actual historical repayment claims by debtors.

Provision for reimbursement of deposits

Provision for reimbursement of deposits is provided for in order to meet depositor requests for reimbursement on deposits already derecognized as liabilities, in an amount deemed necessary by estimating the losses corresponding to the expected requests for reimbursements in the future.

Provision for customer point services

Provision for customer point services is provided in conjunction with a point system to promote credit card use. The provision is recorded for the expected cost to be incurred when credit card members use points they have received as of March 31, 2025.

Reserves under special laws

Reserves under special laws consist of the financial instruments transaction responsibility reserve posted by YM Securities Co., Ltd., which were calculated according to the specified formula of Article 46-5 of the Financial Instruments and Exchange Act and Article 175 of the Cabinet Office Order Related to the Financial Instruments Business, to prepare for future eventual losses originating from incidents relating to the purchase and sale of securities or other transactions.

Amounts per share of common stock

Computations of net income per share of common stock are based on the weighted-average number of shares outstanding during each year.

Cash dividends per share represent the cash dividends declared as applicable to each year.

Amortization of goodwill

Goodwill is amortized mainly over a 10-year period using the straight-line method.

The same method as above is adopted for the investment difference (amount equivalent to goodwill) arising from the application of equity method.

Consumption taxes

Non-deductible consumption taxes for purchase of property, plant and equipment are recognized as expenses for the year of the purchase.

Adoption of group tax sharing system

YMFG and certain of its consolidated subsidiaries adopted the group tax sharing system as provided under the "Act for Partial Amendment of the Income Tax Act, etc."

Major accounting estimates

Allowance for loan losses

The items below relate to all banks within YMFG.

1. Amounts in the consolidated financial statements for the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total loan amount before intra-Group eliminations	¥8,639,120	¥8,673,556	\$57,779,026
Corresponding allowance for loan losses	62,200	68,917	415,998

Of this, the following amounts were to borrowers of management improvement support initiatives:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total loan amount before intra-Group eliminations	¥118,476	¥123,679	\$792,376
Corresponding allowance for loan losses	31,142	31,611	208,280

2. Details of major accounting estimates related to items identified separately

(1) Calculation method

At YMFG banks, branches and departments conducting self-assessments perform asset appraisals of all obligations, including loans, based on asset self-assessment criteria. Asset appraisals are conducted in accordance with borrowers' credit risk. In addition to financial details and other quantitative information, judgments incorporate factors related to the borrower, such as forecasts for the future. Appraisals also take into consideration the satisfaction of certain conditions, such as the formulation of management improvement plans determined to be rational and highly likely to be achieved. Borrower categories are determined on the basis of such considerations.

Information related to recording the allowance for loan losses is provided in "Allowance for loan losses" under (4) Accounting policies in "2. SIGNIFICANT ACCOUNTING POLICIES."

(2) Major assumptions

YMFG's primary business areas in Yamaguchi Prefecture, Hiroshima Prefecture and the city of Kitakyushu face various challenges, including a declining population, a low birthrate, aging demographic, a shortage of business successors and staff, and inflation.

As one aspect of its efforts to achieve regional revitalization and regional economic invigoration amid these circumstances, YMFG conducts business feasibility assessments. YMFG designates borrowers that it determines to require management improvement support as "borrowers of management improvement support initiatives" and concentrates on providing such support.

The determination of borrower categories as borrowers of management improvement support initiatives is based on YMFG's estimates of future forecasts, namely, the expectation that management improvement plans on which such support is based are rational and achievable.

At YMFG banks, for sectors strongly affected by COVID-19 in the past, additional allowance for loan losses had been recorded using the expected loss rate adjusted based on the expected deterioration of operating performance. However, the additional allowance was fully reversed as of March 31, 2025 since the impact of COVID-19 on the economic environment has been fading, including the change of the classification of COVID-19 to Class V under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases.

(3) Impact on consolidated financial statements for the next year

Deterioration of the overall economic environment, a decrease in the value of collateral or other unforeseen circumstances could require the Group to change the standards it has set or adjust expected losses. Furthermore, accumulations in the allowance for loan losses could have a significant effect on operating performance and the financial condition.

Standards and guidance not yet adopted

The following standards and guidance were issued but not yet adopted:

(Accounting standards for leases)

- "Accounting Standard for Leases" (ASBJ Statement No. 34, issued on September 13, 2024)

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

(1) Overview

As part of initiatives for establishing internationally consistent Japanese standards, based on international accounting standards, the Accounting Standards Board of Japan (ASBJ) considered the development of an accounting standard for leases in which assets and liabilities are recognized for all leases of borrowers. Under the basic policy of adopting only major provisions of IFRS 16, rather than all provisions, based on the single accounting model stipulated in IFRS 16, the ASBJ published the accounting standard for leases, etc. which aims at simplicity, convenience and basically not requiring modifications even if using the provisions of IFRS 16 for

individual financial statements.

With respect to cost allocation for leases of borrowers as accounting of borrowers, in the same way as in IFRS 16, the accounting standard applies the single accounting model that records depreciation charge for right-of-use assets and an amount equivalent to interest on lease liabilities for all leases, irrespective of whether they are finance leases or operating leases.

(2) Effective date

To be effective from the beginning of the year ending March 31, 2028.

(3) Effects of the application of the standards

The impact of applying the "Accounting Standard for Leases," etc. on the consolidated financial statements is currently being measured.

(Practical guidelines on accounting for financial instruments)

- "Practical Guidelines on Accounting for Financial Instruments" (revised Transferred Guidance No. 9, issued on March 11, 2025)

(1) Overview

The ASBJ revised accounting treatment for equity in venture capital funds, limited to the scope centered on shares without a market price that are constituent assets of partnerships, etc. equivalent to venture capital funds.

(2) Effective date

To be effective from the beginning of the year ending March 31, 2027.

(3) Effects of the application of the standards

The impact of applying the "Practical Guidelines on Accounting for Financial Instruments" on the consolidated financial statements is currently being measured.

Additional information

(Board Benefit Trust (BBT))

YMFG has introduced a Board Benefit Trust ("BBT") to raise awareness among Subject Directors, etc. of YMFG and its subsidiaries (banks within the Group (Yamaguchi Bank, Momiji Bank and Kitakyushu Bank) and YM Securities; the following shall apply hereinafter) toward raising operating performance at YMFG over the medium to long term and contributing to increases in corporate value.

(1) Overview of transactions

Via the trust, YMFG acquires YMFG's common shares using funds provided by YMFG. YMFG's share and cash equivalent to the fair value of YMFG's stock measured at the time of retirement are granted to be distributed via the trust to Subject Directors, etc. according to Subject Directors, etc.' positions and the level of achievement of operating performance in accordance with the directors' stock benefit regulations established by YMFG and its subsidiaries.

(2) Company shares residing in the trust

YMFG's shares residing in the trust are recorded as treasury stock in the net assets section based on the book

value of the trust (excluding ancillary expenses).

The book value and the number of shares of this treasury stock amounted to ¥451 million (\$3 million) and 515 thousand shares on March 31, 2025 and ¥542 million and 619 thousand shares on March 31, 2024.

(Employee Stock Ownership Plan (J-ESOP))

YMFG has introduced an Employee Stock Ownership Plan ("J-ESOP"), an incentive plan to provide employees of YMFG and its member companies (hereinafter, "Employees") with treasury stock for the purpose of bolstering Employee morale and motivation towards improved share price and operating performance.

(1) Overview of transactions

Via the trust, YMFG acquires YMFG's common shares using funds provided by YMFG. YMFG's share and cash equivalent to the fair value of YMFG's stock measured at the time of retirement are granted to be distributed via the trust to Employees according to Employees' contribution (results) to organizational operating performance in accordance with the stock benefit regulations established by YMFG.

(2) Company shares residing in the trust

YMFG's shares residing in the trust are recorded as treasury stock in the net assets section based on the book value of the trust (excluding ancillary expenses).

The book value and the number of shares of this treasury stock amounted to ¥754 million (\$5 million) and 908 thousand shares on March 31, 2025 and ¥755 million and 910 thousand shares on March 31, 2024.

3. CONSOLIDATED STATEMENTS OF CASH FLOWS AND CASH EQUIVALENTS

In preparing the consolidated statements of cash flows, the Group considers cash and due from THE BANK OF JAPAN as cash and cash equivalents.

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash and due from banks	¥1,860,263	¥1,386,905	\$12,441,566
Time deposits in other banks	(4,184)	(1,512)	(27,976)
Other	(9,504)	(10,888)	(63,571)
Cash and cash equivalents	¥1,846,575	¥1,374,505	\$12,350,019

4. FINANCIAL INSTRUMENTS

Items pertaining to the status of financial instruments

(1) Policies on financial instruments

YMFG provides community-based integrated financial services centered on the banking, securities and credit card businesses. Accordingly, the Group is subject to a variety of risks, including credit risk, market risk and liquidity risk. Due to changes in economic, social and financial conditions, these risks have grown more diverse

and complex. Under these conditions, the Group considers strengthening its risk management structure as a priority issue. To maintain and enhance the soundness of its operations, YMFG has created groupwide risk management regulations, which clarify the Group's fundamental stance on risk management.

(2) Content and risks of financial instruments

Of financial assets held by the Group, principally loans and bills discounted extended to business partners are subject to the credit risk from breach of contract. The Group holds securities, principally debt securities, equity securities and investment trusts, for trading purposes, for holding to maturity, for pure investment purposes or to promote positive business relations. These securities are subject to issuer credit risk, interest rate fluctuation risk and market price fluctuation risk.

The Group's financial liabilities center on deposits and negotiable certificates of deposit, and call money that it raises in the market. However, the Group is subject to the liquidity risk of becoming unable to secure necessary funding. The Group is also subject to interest rate risk arising from fluctuations in financial and economic conditions.

The Group employs derivative transactions to hedge underlying market risks on its assets and liabilities. The Group also provides derivatives as financial products to meet customers' needs. Interest-related and securities-related derivative transactions are employed to limit the impact on income of future interest rate fluctuations and price fluctuations for loans and bills discounted, deposits, securities and other instruments bearing long-term interest at fixed rates. Currency-related derivative transactions are used primarily to avoid fluctuations in income stemming from future exchange rate fluctuations, stabilize funding denominated in foreign currencies, as well as offered as products to clients. With regard to transactions to secure income through changes in market rates, which are conducted on a limited basis, the Group has established stringent standards that include risk limits and loss limits.

As market risk factors, interest-rate-related and securities-related derivative transactions are subject to the risk of fluctuations in interest rates and prices, and currency-related derivative transactions are subject to exchange rate fluctuations. For transactions that are not conducted on exchanges, the Group is subject to credit risk, the risk of loss in the event a counterparty becomes unable to fulfill its contractual obligations due to deteriorating financial conditions.

With regard to use of hedge accounting, the Group applies deferred hedge accounting after it ensured in advance that the established conditions are satisfied. As for hedging methods, the Group employs the portfolio hedge where certain group of assets with similar risk is identified and such risk is hedged comprehensively. In addition, for certain interest swap contracts, exceptional accounting treatment is applied.

(3) Risk management structure related to financial instruments

(i) Management of credit risk

Through the appropriate operation of a credit rating

system, the Group endeavors to determine the financial conditions of business partners and accurately evaluate their credit risk. The Group has enhanced the precision of its credit evaluations, reviewing business partner credit ratings swiftly and appropriately for each financial period and each time their credit conditions change.

The Group conducts self-assessments according to stringent standards that are consistent throughout the Group. The Group performs write-off and provisions based on the results of its self-assessments. The Group's authentication departments verify the content of such self-assessments. Independence is maintained through internal audits conducted by audit & inspection departments. In addition, the Group undergoes external audits conducted by its independent external auditors.

With regard to the screening of individual transactions, the Group employs a screening system suited to each subsidiary bank's size of the business and characteristics to conduct detailed screenings that take individual sector and regional characteristics into consideration. In terms of portfolio management, the Group strives to enhance its risk management by first measuring credit risk, and then managing risk by category, sector and geographic area.

Risk administration departments periodically obtain credit information and fair value as a part of managing credit risks on securities issuers and counterparty risks on derivative transactions.

(ii) Management of market risk

Qualitative information on the management of market risk

The Group has formulated a market risk management process that identifies and quantitatively measures market risks. An asset-liability management (ALM) system is employed to control market risk within allowable limits, and the Group ALM Committee is periodically held to respond to such risks.

YMFG periodically evaluates market risk conditions and verifies the appropriateness of risk controls. Quantitative information on the management of market risk

The market risk (estimated loss amount) of the loans, securities, deposits and derivatives transactions of Yamaguchi Bank, Momiji Bank and Kitakyushu Bank of the Group is calculated according to value at risk (VaR). Furthermore, the covariance method is used to calculate VaR.

As of March 31, 2025, the market risk (estimated loss amount) of Yamaguchi Bank was ¥92,838 million (\$621 million), the market risk (estimated loss amount) of Momiji Bank was ¥44,565 million (\$298 million) and the market risk (estimated loss amount) of Kitakyushu Bank was ¥26,891 million (\$180 million). Also, as of March 31, 2024, the market risk (estimated loss amount) of Yamaguchi Bank was ¥75,487 million, the market risk (estimated loss amount) of Momiji Bank was ¥38,402 million and the market risk (estimated loss amount) of Kitakyushu Bank was ¥28,986 million.

Assumptions used in calculating VaR include a holding period of three months (however, one year for a holding period for shares held for the purpose of strategic investment), a confidence interval of 99.9% and an observation period of five years.

Yamaguchi Bank, Momiji Bank and Kitakyushu Bank conduct back-testing to compare the VaR calculated by

the model with the actual losses. Increasing price volatility in financial markets has led to cases in which the banks were unable to cover risks. As a result, VaR was corrected, using a multiple obtained from the number of conflicts resulting from back-testing from the year ended March 31, 2021.

However, as the practice of measuring market risk amount with a set risk probability calculated on the basis of historical market fluctuations remains unchanged even after revising the measurement method to appropriately capture the market risk amount, in some cases it is not possible to capture market risk in the event of sudden changes in the market environment outside the normally expected scope.

(iii) Management of liquidity risk related to fundraising
The majority of funds is raised through deposits, which constitute a stable base for procuring funds. The Group manages funds on the basis of elaborate forecasts, confirming cash flows primarily through the management of financial balances using short-term financial markets.

For cash flow management, the Group strives to manage the liquidity risk by ensuring stability, preparing for unexpected events and maintaining highly liquid assets.

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

As assumptions are used in the calculation of the fair values of financial instruments, different assumptions can yield different values.

Items pertaining to the fair value of financial instruments

The table below indicates the consolidated balance sheet amounts of financial instruments, as well as their fair values and the differences between the two. Line items whose fair value is approximately the same as their book value due to their short settlement period, including cash and due from banks, call loans and bills purchased, call money and bills sold and payables under securities lending transactions, as well as line items with little significance to balance sheet amounts, have been omitted. Shares and investments in partnerships, etc. that do not have a market price are not included in the table below. (Refer to (Note 1).)

	Millions of yen		
	2025		
	Consolidated balance sheet amount	Fair value	Difference
(i) Money held in trust	¥35,308	¥35,308	¥—
(ii) Securities			
Held-to-maturity debt securities	310,043	290,705	(19,338)
Available-for-sale securities (*1)	1,776,229	1,776,229	—
(iii) Loans and bills discounted	8,572,119		
Allowance for loan losses (*2)	(62,358)		
	8,509,761	8,418,981	(90,780)
Total assets	¥10,631,341	¥10,521,223	¥(110,118)
(i) Deposits	¥10,983,396	¥10,982,232	¥(1,164)
(ii) Borrowed money	697,798	697,240	(558)
Total liabilities	¥11,681,194	¥11,679,472	¥(1,722)
Derivative transactions (*3)			
Hedge accounting not applied	¥1,458	¥1,458	¥—
Hedge accounting applied	¥1,398	¥1,398	¥—
Total derivative transactions	¥2,856	¥2,856	¥—

	Millions of yen		
	Consolidated balance sheet amount	Fair value	Difference
(i) Money held in trust	¥31,036	¥31,036	¥—
(ii) Securities			
Held-to-maturity debt securities	262,467	260,401	(2,066)
Available-for-sale securities (*1)	1,768,773	1,768,773	—
(iii) Loans and bills discounted	8,589,934		
Allowance for loan losses (*2)	(69,189)		
	8,520,745	8,488,732	(32,013)
Total assets	¥10,583,021	¥10,548,942	¥(34,079)
(i) Deposits	¥10,344,023	¥10,344,266	¥243
(ii) Borrowed money	615,961	615,761	(200)
Total liabilities	¥10,959,984	¥10,960,027	¥43
Derivative transactions (*3)			
Hedge accounting not applied	¥(131)	¥(131)	¥—
Hedge accounting applied	¥(14,752)	¥(14,752)	¥—
Total derivative transactions	¥(14,883)	¥(14,883)	¥—

	Thousands of U.S. dollars		
	Consolidated balance sheet amount	Fair value	Difference
(i) Money held in trust	\$236,142	\$236,142	\$—
(ii) Securities			
Held-to-maturity debt securities	2,073,589	1,944,255	(129,334)
Available-for-sale securities (*1)	11,879,541	11,879,541	—
(iii) Loans and bills discounted	57,330,919		
Allowance for loan losses (*2)	(417,055)		
	56,913,864	56,306,722	(607,142)
Total assets	\$71,103,136	\$70,366,660	\$(736,476)
(i) Deposits	\$73,457,705	\$73,449,920	\$(7,785)
(ii) Borrowed money	4,666,921	4,663,189	\$(3,732)
Total liabilities	\$78,124,626	\$78,113,109	\$(11,517)
Derivative transactions (*3)			
Hedge accounting not applied	\$9,751	\$9,751	\$—
Hedge accounting applied	\$9,350	\$9,350	\$—
Total derivative transactions	\$19,101	\$19,101	\$—

- (*1) Available-for-sale securities for the years ended March 31, 2025 and 2024 include investment trusts to which the treatment of deeming net asset value as fair value as provided in Paragraph 24-3 and Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is applied. There are no investment trusts to which the treatment provided in Paragraph 24-3 is applied. The consolidated balance sheet amount of investment trusts to which the treatment provided in Paragraph 24-9 is applied is ¥9,080 million (\$61 million) and ¥8,877 million for the years ended March 31, 2025 and 2024, respectively.
- (*2) The general allowance for loan losses and specific allowance for loan losses are deducted.
- (*3) The amount collectively represents derivative transactions that are recorded as trading assets and liabilities, and other assets and liabilities. This indicates the net amount of rights and obligations under derivative transactions. Parentheses, (), indicate that the net amount is negative.

(Note 1) Consolidated balance sheet amounts of shares and investments in partnerships, etc. that do not have a market price

Shares and investments in partnerships, etc. that do not have a market price are not included in "available-for-sale securities."

Category	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
	Consolidated balance sheet amount		
(1) Unlisted equity securities (*1, *2)	¥9,006	¥9,260	\$60,233
(2) Investments in partnerships, etc. (*3)	27,413	24,914	183,340
Total	¥36,419	¥34,174	\$243,573

- (*1) Unlisted equity securities are not included in the scope of fair value disclosures based on Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).
- (*2) During the years ended March 31, 2025 and 2024, impairment losses of ¥86 million (\$575 thousand) and ¥280 million were recorded on unlisted equity securities, respectively.
- (*3) Investments in partnerships, etc. are not included in the scope of fair value disclosures based on Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value

Measurement" (ASBJ Guidance No. 31, June 17, 2021).

(Note 2) Expected maturity amount of monetary claims and securities with maturities after the consolidated balance sheet date

	Millions of yen				
	2025				
	Within one year	More than one year and within three years	More than three years and within five years	More than five years and within seven years	More than seven years
(1) Due from banks	¥1,771,992	¥—	¥—	¥—	¥—
(2) Call loans and bills purchased	2,990	—	—	—	—
(3) Money held in trust	35,308	—	—	—	—
(4) Securities	58,255	232,142	346,519	182,712	1,005,422
Held-to-maturity debt securities	16,418	25,260	60,651	22,158	193,327
Japanese government bond	—	—	10,000	—	148,300
Local government bond	3,047	11,237	45,151	21,460	44,727
Corporate bond	13,371	14,023	5,500	698	300
Available-for-sale securities with maturities	41,837	206,882	285,868	160,554	812,095
Japanese government bond	—	35,000	30,100	7,000	424,850
Local government bond	15,547	55,686	95,721	88,622	83,311
Corporate bond	20,146	76,924	71,890	12,045	62,759
Others	6,144	39,272	88,157	52,887	241,175
(5) Loans and bills discounted (*)	1,724,753	1,275,816	1,252,143	994,947	3,324,460
Total	¥3,593,298	¥1,507,958	¥1,598,662	¥1,177,659	¥4,329,882

	Millions of yen				
	2024				
	Within one year	More than one year and within three years	More than three years and within five years	More than five years and within seven years	More than seven years
(1) Due from banks	¥1,296,442	¥—	¥—	¥—	¥—
(2) Money held in trust	31,036	—	—	—	—
(3) Securities	45,349	131,961	346,876	234,665	960,726
Held-to-maturity debt securities	8,551	24,160	53,793	27,064	155,715
Japanese government bond	—	—	10,000	—	121,700
Local government bond	2,555	6,077	32,731	25,960	33,915
Corporate bond	5,996	18,083	11,062	1,104	100
Available-for-sale securities with maturities	36,798	107,801	293,083	207,601	805,011
Japanese government bond	—	—	23,400	26,200	391,750
Local government bond	12,804	34,645	70,448	105,599	91,438
Corporate bond	17,474	37,114	86,515	18,907	48,026
Others	6,520	36,042	112,720	56,895	273,797
(4) Loans and bills discounted (*)	1,847,714	1,275,773	1,172,460	1,048,014	3,245,973
Total	¥3,220,541	¥1,407,734	¥1,519,336	¥1,282,679	¥4,206,699

	Thousands of U.S. dollars				
	2025				
	Within one year	More than one year and within three years	More than three years and within five years	More than five years and within seven years	More than seven years
(1) Due from banks	\$11,851,204	\$—	\$—	\$—	\$—
(2) Call loans and bills purchased	19,997	—	—	—	—
(3) Money held in trust	236,142	—	—	—	—
(4) Securities	389,613	1,552,582	2,317,543	1,221,990	6,724,331
Held-to-maturity debt securities	109,805	168,941	405,638	148,194	1,292,984
Japanese government bond	—	—	66,881	—	991,841
Local government bond	20,379	75,154	301,973	143,526	299,137
Corporate bond	89,426	93,787	36,784	4,668	2,006
Available-for-sale securities with maturities	279,808	1,383,641	1,911,905	1,073,796	5,431,347
Japanese government bond	—	234,082	201,311	46,816	2,841,426
Local government bond	103,979	372,432	640,189	592,710	557,190
Corporate bond	134,738	514,473	480,805	80,558	419,736
Others	41,091	262,654	589,600	353,712	1,612,995
(5) Loans and bills discounted (*)	11,535,266	8,532,745	8,374,418	6,654,274	22,234,216
Total	\$24,032,222	\$10,085,327	\$10,691,961	\$7,876,264	\$28,958,547

(*) Loans and bills discounted for which no period is specified are included in "within one year."

(Note 3) Estimated repayment amounts of deposits, negotiable certificates of deposits and other interest-bearing liabilities to be repaid after the consolidated balance sheet date

	Millions of yen			
	2025			
	Within one year	More than one year and within two years	More than two years and within three years	Three years or more
(i) Deposits (*)	¥10,274,499	¥518,230	¥138,758	¥51,909
(ii) Call money and bills sold	206,383	—	—	—
(iii) Payables under securities lending transactions	208,446	—	—	—
(iv) Borrowed money	354,210	135,264	195,309	13,015
Total	¥11,043,538	¥653,494	¥334,067	¥64,924

	Millions of yen			
	2024			
	Within one year	More than one year and within two years	More than two years and within three years	Three years or more
(i) Deposits (*)	¥9,718,870	¥375,220	¥211,819	¥38,114
(ii) Call money and bills sold	438,029	—	—	—
(iii) Payables under securities lending transactions	194,309	—	—	—
(iv) Borrowed money	273,310	4,810	133,880	203,961
Total	¥10,624,518	¥380,030	¥345,699	¥242,075

	Thousands of U.S. dollars			
	2025			
	Within one year	More than one year and within two years	More than two years and within three years	Three years or more
(i) Deposits (*)	\$68,716,553	\$3,465,958	\$928,023	\$347,171
(ii) Call money and bills sold	1,380,304	—	—	—
(iii) Payables under securities lending transactions	1,394,101	—	—	—
(iv) Borrowed money	2,368,981	904,655	1,306,240	87,045
Total	\$73,859,939	\$4,370,613	\$2,234,263	\$434,216

(*) Within deposits, demand deposits are included in "within one year."

Fair value information by level within the fair value hierarchy

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

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

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

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

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

(1) Financial instruments measured at fair value

Category	Millions of yen			
	2025			
	Level 1	Level 2	Level 3	Total
Money held in trust	¥24,375	¥10,934	¥—	¥35,309
Securities (*1)				
Available-for-sale securities				
Japanese government bond and local government bond	439,743	323,567	—	763,310
Corporate bond	—	223,650	11,646	235,296
Equity securities	91,051	100	—	91,151
Foreign bond	105,057	90,548	—	195,605
Investment trusts	197,401	284,386	—	481,787
Derivative transactions (*2)				
Interest-rate-related	—	25,593	—	25,593
Currency-related	—	(22,737)	—	(22,737)
Total assets	¥857,627	¥936,041	¥11,646	¥1,805,314

Category	Millions of yen			
	2024			
	Level 1	Level 2	Level 3	Total
Money held in trust	¥19,608	¥11,427	¥—	¥31,035
Securities (*1)				
Available-for-sale securities				
Japanese government bond and local government bond	415,351	309,956	—	725,307
Corporate bond	—	193,129	13,031	206,160
Equity securities	110,494	—	—	110,494
Foreign bond	117,128	110,840	—	227,968
Investment trusts	169,559	320,408	—	489,967
Derivative transactions (*2)				
Interest-rate-related	—	25,881	—	25,881
Currency-related	—	(40,765)	—	(40,765)
Total assets	¥832,140	¥930,876	¥13,031	¥1,776,047

Category	Thousands of U.S. dollars			
	2025			
	Level 1	Level 2	Level 3	Total
Money held in trust	\$163,022	\$73,127	\$—	\$236,149
Securities (*1)				
Available-for-sale securities				
Japanese government bond and local government bond	2,941,031	2,164,038	—	5,105,069
Corporate bond	—	1,495,787	77,889	1,573,676
Equity securities	608,955	669	—	609,624
Foreign bond	702,628	605,591	—	1,308,219
Investment trusts	1,320,231	1,901,993	—	3,222,224
Derivative transactions (*2)				
Interest-rate-related	—	171,168	—	171,168
Currency-related	—	(152,067)	—	(152,067)
Total assets	\$5,735,867	\$6,260,306	\$77,889	\$12,074,062

(*1) Securities do not include investment trusts to which the treatment of deeming net asset value as fair value as provided in Paragraph 24-3 and Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is applied.

(*2) The amount collectively represents derivative transactions that are recorded as trading assets and liabilities, and other assets and liabilities. This indicates the net amount of receivables and payables under derivative transactions. Parentheses, (), indicate that the net amount is payable.

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

Category	Millions of yen			
	2025			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Japanese government bond and local government bond	¥136,513	¥120,656	¥—	¥257,169
Corporate bond	—	2,266	31,270	33,536
Loans and bills discounted	—	—	8,418,981	8,418,981
Total assets	¥136,513	¥122,922	¥8,450,251	¥8,709,686
Deposits	—	10,982,232	—	10,982,232
Borrowed money	—	697,240	—	697,240
Total liabilities	¥—	¥11,679,472	¥—	¥11,679,472

Category	Millions of yen			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Japanese government bond and local government bond	¥123,397	¥100,746	¥—	¥224,143
Corporate bond	—	2,890	33,368	36,258
Loans and bills discounted	—	—	8,488,732	8,488,732
Total assets	¥123,397	¥103,636	¥8,522,100	¥8,749,133
Deposits	—	10,344,266	—	10,344,266
Borrowed money	—	615,761	—	615,761
Total liabilities	¥—	¥10,960,027	¥—	¥10,960,027

Category	Thousands of U.S. dollars			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Japanese government bond and local government bond	\$913,008	\$806,956	\$—	\$1,719,964
Corporate bond	—	15,155	209,136	224,291
Loans and bills discounted	—	—	56,306,722	56,306,722
Total assets	\$913,008	\$822,111	\$56,515,858	\$58,250,977
Deposits	—	73,449,920	—	73,449,920
Borrowed money	—	4,663,189	—	4,663,189
Total liabilities	\$—	\$78,113,109	\$—	\$78,113,109

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

(1) Assets

Money held in trust

As for the securities held as trusted assets in money held in trust established independently for the purpose of investing mainly in the securities, the value on stock exchanges is taken as fair value for the equity securities, and either the value on exchanges or a price indicated by brokers or information vendors is taken as fair value for the debt securities. The fair value is classified as Level 1 or Level 2.

Additional information related to money held in trust by the purpose of holding is described in the note entitled "Money held in trust."

Securities

The fair value of securities for which unadjusted quoted prices in active markets are available is classified as Level 1. These securities mainly include equity securities, Japanese government bonds and government bonds (foreign bonds) of major countries (G7). The fair value of securities for which quoted prices are used but the markets are not active is classified as Level 2. These securities mainly include local government bonds and corporate bonds (excluding private placement bonds guaranteed by Yamaguchi Bank, Momiji Bank and Kitakyusyu Bank).

The fair value of investment trusts that do not have a transaction price in the market is their net asset value if there are no material restrictions which allow market participants to require consideration for risk in relation to cancellation or repurchasing claims. The fair value is classified as Level 2.

Since private placement bonds guaranteed by Yamaguchi Bank and Momiji Bank do not have a quoted price, their fair value is determined by discounting the total amount of interest, principal and guarantee commission to their present value, using the interest rate obtained by adding the credit cost for each internal rating category. The fair value is classified as Level 3 because the discount rate is unobservable.

Loans and bills discounted

For loans and bills discounted with floating interest rates, as in the short term their values reflect market interest rates, unless the credit status of the obligor has changed significantly since the loans were extended, their fair value is similar to their book value, so their book value is taken as their fair value. For loans and bills discounted bearing fixed interest rates, fair value is determined for each type and period by discounting the total amount of interest and principal to their present value, using as the discount rate the market interest rate as of the valuation date for operating loans and bills discounted plus the credit cost for each internal rating category. For consumer loans and bills discounted and housing loans, fair value is determined by discounting the total amount of interest and principal to their present value using the assumed interest rate on new loans of the same type. These fair values are classified as Level 3, because they are determined using a discount rate reflecting risk factors, such as credit risk, and the discount rate is unobservable.

With regard to loans to legally bankrupt obligors, substantially bankrupt obligors or obligors who are in danger of bankruptcy, the estimated collectible amount is based on either the present value of estimated future cash flows or the expected amounts recoverable from the disposal of collateral and/or under guarantees, etc. As the fair value is essentially equivalent to the amount after deducting the allowance for possible loan losses from the book value as of the consolidated balance sheet date, it is classified as Level 3.

For loans that have no specific repayment period, as the fair value is assumed to be equivalent to the book value according to the expected payment dates and interest rates, book value is taken as the fair value. The fair value is classified as Level 3.

(2) Liabilities

Deposits

The fair value of demand deposits is determined as the payment amount if payment were required on the consolidated balance sheet date (book value). The fair value of time deposits is determined by discounting future cash flows to their present value by certain time periods. The discount rate employed is the interest rate required for newly accepted deposits. For deposits having a short period (within one year) and time deposits with variable interest rates, as their fair values and book values are approximately the same, their book value is taken as their fair value.

The fair value of deposits is classified as Level 2.

Borrowed money

Short-term market interest rates are used for borrowings having a short contract period (within one year) or variable interest rates. In addition, the market value is assumed to be similar to the book value, as the credit standing of YMFG and its consolidated subsidiaries is unchanged before and after taking out these borrowings. The current values of borrowings having a long contract period (more than one year) and borrowings with fixed interest rates are calculated by applying an assumed discount rate to the total principal amount borrowed, separating principal amounts according to their borrowing periods.

The fair value of borrowed money is classified as Level 2.

Derivative transactions

The fair value of derivative transactions for which unadjusted quoted prices in active markets are available is classified as Level 1. These derivative transactions mainly include bond futures transactions and stock futures transactions.

However, most of the derivative transactions are over-the-counter transactions and do not have a quoted price. Accordingly, the fair value of these derivative transactions is determined using valuation techniques, such as a present value technique and the Black-Scholes model, in accordance with the type of transactions and the period to maturity. The main inputs used in these valuation techniques include interest rates, exchange rates and volatility. Moreover, price adjustments are made based on the credit risk of counterparties as well as that of YMFG and its consolidated subsidiaries. The calculation of credit risk-related price adjustments takes into account probability of default and loss given default which are observed from credit default swaps, or those which are estimated from the country, sector and external ratings, etc. of counterparties. The fair value of over-the-counter transactions which use observable inputs or which use unobservable inputs whose effect is immaterial is classified as Level 2. These transactions include plain vanilla interest rate swap transactions and foreign exchange forward contract transactions.

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

(1) Quantitative information on significant unobservable inputs

2025				
Category	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Corporate bond				
Private placement bond	Present value technique	Credit cost rate	0.058%-12.671%	0.127%

2024				
Category	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Corporate bond				
Private placement bond	Present value technique	Credit cost rate	0.031%-8.361%	0.127%

(2) Reconciliation from the beginning balances to the ending balances and gains or losses on valuation of financial assets and liabilities held at the end of the year included in profit (loss) for the year

Millions of yen							
2025							
	Beginning balance	Recorded in profit (loss) (*1)	Recorded in other comprehensive income (*2)	Purchases, sales, issuances and settlements, net	Transfer into Level 3 (*3)	Transfer out of Level 3 (*4)	Ending balance
Securities							
Available-for-sale securities							
Corporate bond	¥13,031	¥—	¥(69)	¥(1,316)	¥—	¥—	¥11,646

Millions of yen							
2024							
	Beginning balance	Recorded in profit (loss) (*1)	Recorded in other comprehensive income (*2)	Purchases, sales, issuances and settlements, net	Transfer into Level 3 (*3)	Transfer out of Level 3 (*4)	Ending balance
Securities							
Available-for-sale securities							
Corporate bond	¥14,389	¥—	¥(24)	¥(1,334)	¥—	¥—	¥13,031

Thousands of U.S. dollars							
2025							
	Beginning balance	Recorded in profit (loss) (*1)	Recorded in other comprehensive income (*2)	Purchases, sales, issuances and settlements, net	Transfer into Level 3 (*3)	Transfer out of Level 3 (*4)	Ending balance
Securities							
Available-for-sale securities							
Corporate bond	\$87,152	\$—	\$(461)	\$(8,802)	\$—	\$—	\$77,889

(*1) There were no gains or losses on valuation of financial assets and liabilities held at the end of the year included in profit (loss) for the year.

(*2) Included in "unrealized gains (losses) on available-for-sale securities" under "other comprehensive income" in the consolidated statements of comprehensive income.

(*3) There were no transfers out of Level 2 fair value into Level 3 fair value.

(*4) There were no transfers out of Level 3 fair value into Level 2 fair value.

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

The risk administration divisions of the Group have established policies and procedures for measuring fair value, and each trading division measures fair value accordingly. Independent authentication departments verify whether the fair value obtained is measured using valid valuation techniques and inputs as well as whether they are classified into an appropriate level of the fair value hierarchy to ensure that the policies and procedures for measuring fair value are appropriate.

In measuring fair value, YMFG uses a valuation model that most appropriately reflects the nature, characteristics and risks of each asset. In addition, when using quoted prices obtained from third parties, YMFG verifies whether the prices are valid using appropriate methods, such as confirming the valuation techniques and inputs used and comparing them with similar financial instruments.

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

Discount rate

The discount rate is determined by adding brand-specific risk premiums according to credit risk to the base market interest rate, such as TIBOR and OIS. Generally, a significant increase (decrease) in the discount rate will result in a significantly lower (higher) fair value measurement.

5. SECURITIES

Securities held at March 31, 2025 include shares of unconsolidated subsidiaries and affiliates amounting to ¥5,939 million (\$39,720 thousand). The corresponding figure at March 31, 2024 was ¥98 million.

Bonds held at March 31, 2025 and 2024 of ¥67,400 million (\$451 million) and ¥42,400 million, respectively, comprise waivers in the event of substantial bankruptcy and subordinated bonds.

The amount of guarantee obligations for private placement bonds (Article 2-3 of the Financial Instruments and Exchange Act), out of bonds included in securities, amounted to ¥43,338 million (\$290 million) and ¥46,521 million as of March 31, 2025 and 2024, respectively.

6. FAIR VALUE INFORMATION

Securities

The following tables summarize book values, fair values and acquisition cost of securities with available fair values as of March 31, 2025 and 2024:

(a) Trading securities

Amount of unrealized gain (loss) on trading securities included in the consolidated statements of income — ¥(19) million (\$127 thousand) and ¥(3) million as at March 31, 2025 and 2024, respectively.

(b) Held-to-maturity debt securities

Millions of yen				
2025				
	Type	Book value	Fair value	Difference
Securities with fair value exceeding book value	Japanese government bonds	¥—	¥—	¥—
	Local government bonds	—	—	—
	Corporate bonds	1,657	1,667	10
	Subtotal	1,657	1,667	10
Securities with fair value not exceeding book value	Japanese government bonds	150,681	136,513	(14,168)
	Local government bonds	125,472	120,656	(4,816)
	Corporate bonds	32,233	31,869	(364)
	Subtotal	308,386	289,038	(19,348)
	Total	¥310,043	¥290,705	¥(19,338)

Millions of yen				
2024				
	Type	Book value	Fair value	Difference
Securities with fair value exceeding book value	Japanese government bonds	¥30,002	¥30,197	¥195
	Local government bonds	38,745	38,829	84
	Corporate bonds	25,021	25,083	62
	Subtotal	93,768	94,109	341
Securities with fair value not exceeding book value	Japanese government bonds	95,061	93,200	(1,861)
	Local government bonds	62,316	61,917	(399)
	Corporate bonds	11,322	11,175	(147)
	Subtotal	168,699	166,292	(2,407)
	Total	¥262,467	¥260,401	¥(2,066)

Thousands of U.S. dollars				
2025				
	Type	Book value	Fair value	Difference
Securities with fair value exceeding book value	Japanese government bonds	\$—	\$—	\$—
	Local government bonds	—	—	—
	Corporate bonds	11,082	11,149	67
	Subtotal	11,082	11,149	67
Securities with fair value not exceeding book value	Japanese government bonds	1,007,765	913,008	(94,757)
	Local government bonds	839,165	806,956	(32,209)
	Corporate bonds	215,577	213,142	(2,435)
	Subtotal	2,062,507	1,933,106	(129,401)
	Total	\$2,073,589	\$1,944,255	\$(129,334)

(c) Available-for-sale securities

Millions of yen				
2025				
	Type	Book value	Acquisition cost	Difference
Securities with book value exceeding acquisition cost	Shares	¥85,882	¥37,340	¥48,542
	Japanese government bonds	20,978	20,959	19
	Local government bonds	—	—	—
	Corporate bonds	250	250	0
	Others	289,507	267,083	22,424
	Subtotal	396,617	325,632	70,985
Securities with book value not exceeding acquisition cost	Shares	5,270	6,191	(921)
	Japanese government bonds	418,765	472,973	(54,208)
	Local government bonds	323,567	339,167	(15,600)
	Corporate bonds	235,045	244,202	(9,157)
	Others	396,965	441,987	(45,022)
	Subtotal	1,379,612	1,504,520	(124,908)
	Total	¥1,776,229	¥1,830,152	¥(53,923)

Millions of yen				
2024				
	Type	Book value	Acquisition cost	Difference
Securities with book value exceeding acquisition cost	Shares	¥105,056	¥41,206	¥63,850
	Japanese government bonds	28,360	28,096	264
	Local government bonds	14,805	14,752	53
	Corporate bonds	20,178	20,123	55
	Others	357,318	325,921	31,397
	Subtotal	525,717	430,098	95,619
Securities with book value not exceeding acquisition cost	Shares	5,438	6,632	(1,194)
	Japanese government bonds	386,991	422,715	(35,724)
	Local government bonds	295,150	300,882	(5,732)
	Corporate bonds	185,982	188,809	(2,827)
	Others	369,495	413,150	(43,655)
	Subtotal	1,243,056	1,332,188	(89,132)
	Total	¥1,768,773	¥1,762,286	¥6,487

Thousands of U.S. dollars				
2025				
	Type	Book value	Acquisition cost	Difference
Securities with book value exceeding acquisition cost	Shares	\$574,385	\$249,732	\$324,653
	Japanese government bonds	140,302	140,175	127
	Local government bonds	—	—	—
	Corporate bonds	1,672	1,672	0
	Others	1,936,243	1,786,270	149,973
	Subtotal	2,652,602	2,177,849	474,753
Securities with book value not exceeding acquisition cost	Shares	35,246	41,406	(6,160)
	Japanese government bonds	2,800,729	3,163,276	(362,547)
	Local government bonds	2,164,038	2,268,372	(104,334)
	Corporate bonds	1,571,997	1,633,240	(61,243)
	Others	2,654,929	2,956,039	(301,110)
	Subtotal	9,226,939	10,062,333	(835,394)
	Total	\$11,879,541	\$12,240,182	\$(360,641)

(d) Held-to-maturity debt securities sold during the year

Millions of yen			
2025			
	Cost of sale	Sale amount	Loss (gain) on sale
Corporate bonds	¥256	¥256	¥—
Total	¥256	¥256	¥—

Thousands of U.S. dollars			
2025			
	Cost of sale	Sale amount	Loss (gain) on sale
Corporate bonds	\$1,712	\$1,712	\$—
Total	\$1,712	\$1,712	\$—

(Reason for sale) Retirement by purchase of private placement bonds

There were no held-to-maturity securities sold during the year ended March 31, 2024.

(e) Available-for-sale securities sold during the year

	Millions of yen		
	2025		
	Sale amount	Total gain on sale	Total loss on sale
Shares	¥11,917	¥6,921	¥322
Japanese government bonds	167,958	288	16,639
Local government bonds	10,146	—	293
Corporate bonds	2,915	20	27
Others	166,409	6,528	2,284
Total	¥359,345	¥13,757	¥19,565

	Millions of yen		
	2024		
	Sale amount	Total gain on sale	Total loss on sale
Shares	¥7,710	¥3,552	¥760
Japanese government bonds	98,004	981	2,317
Local government bonds	2,429	0	1
Corporate bonds	22,020	7	23
Others	136,387	2,675	6,249
Total	¥266,550	¥7,215	¥9,350

	Thousands of U.S. dollars		
	2025		
	Sale amount	Total gain on sale	Total loss on sale
Shares	\$79,702	\$46,288	\$2,154
Japanese government bonds	1,123,315	1,926	111,283
Local government bonds	67,857	—	1,960
Corporate bonds	19,496	134	181
Others	1,112,955	43,660	15,276
Total	\$2,403,325	\$92,008	\$130,854

(f) Securities for which the purpose of holding changed
There were no securities for which the purpose of holding changed at March 31, 2025 and 2024.

Impairment losses on securities

Regarding securities (excluding shares and investments in partnerships, etc. that do not have a market price) other than trading securities, if their market values have fallen substantially below their acquisition price and are not expected to recover to the acquisition price, such market values are recorded as the consolidated balance sheet amounts. The valuation difference is recorded as a loss for the year in which such difference is realized (hereinafter, "impairment losses").

During the year ended March 31, 2025, there were no impairment losses and during the year ended March 31, 2024, impairment losses totaled ¥111 million on equity securities.

The basis for determining whether the market value has fallen significantly is as follows:

If the market value of the securities in general has fallen by 30% or more compared with the acquisition cost, the value of the securities is determined to have "fallen significantly." However, in the case of shares and equivalent securities, if their market value has fallen by 30% or more but less than 50% of the acquisition cost, the determination of whether the value has "fallen significantly" takes into consideration other factors such as the issuing company's credit risk (independent debtor classification, external ratings, etc.) and previous percentage decreases over a specific period of time in the past.

Money held in trust

Information on money held in trust as of March 31, 2025 and 2024 was as follows:

(a) Money held in trust classified as trading purposes

	Millions of yen	
	2025	
	Consolidated balance sheet amount	Unrealized gains (losses) included in profit (loss) for the year
Money held in trust classified as trading purposes	¥1,725	¥—

	Millions of yen	
	2024	
	Consolidated balance sheet amount	Unrealized gains (losses) included in profit (loss) for the year
Money held in trust classified as trading purposes	¥4,726	¥—

	Thousands of U.S. dollars	
	2025	
	Consolidated balance sheet amount	Unrealized gains (losses) included in profit (loss) for the year
Money held in trust classified as trading purposes	\$11,537	\$—

(b) Money held in trust classified as held-to-maturity
There are no corresponding transactions as at March 31, 2025 and 2024.

(c) Available-for-sale money held in trust

	Millions of yen		
	2025		
	Consolidated balance sheet amount	Acquisition cost	Unrealized gains (losses)
Available-for-sale money held in trust	¥33,583	¥36,609	¥(3,026)

	Millions of yen		
	2024		
	Consolidated balance sheet amount	Acquisition cost	Unrealized gains (losses)
Available-for-sale money held in trust	¥26,310	¥27,604	¥(1,294)

	Thousands of U.S. dollars		
	2025		
	Consolidated balance sheet amount	Acquisition cost	Unrealized gains (losses)
Available-for-sale money held in trust	\$224,605	\$244,843	\$(20,238)

Unrealized gains (losses) on available-for-sale securities

Information on unrealized gains (losses) on available-for-sale securities and available-for-sale money held in trust was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net unrealized gains (losses)	¥(55,160)	¥6,929	\$(368,914)
Available-for-sale securities	(52,134)	8,223	(348,676)
Available-for-sale money held in trust	(3,026)	(1,294)	(20,238)
Deferred tax assets	17,816	—	119,155
Deferred tax liabilities	—	1,677	—
Unrealized gains (losses) on available-for-sale securities before following adjustment	(37,344)	5,252	(249,759)
Equivalent to non-controlling interests	—	—	—
YMFG's interest in net unrealized gains (losses) on valuation of available-for-sale securities held by affiliates accounted for by the equity method	(9)	—	(60)
Unrealized gains (losses) on available-for-sale securities	¥(37,353)	¥5,252	\$(249,819)

Valuation differences on investments in partnerships that do not have a market price of ¥1,788 million (\$11,958 thousand) and ¥1,735 million at March 31, 2025 and 2024, respectively, are recorded in available-for-sale securities of net unrealized gains in the list above.

Derivatives

(1) Derivative transactions at March 31, 2025 and 2024, to which hedge accounting is not applied

(a) Interest-rate-related:

Type	Millions of yen			
	Contract amounts	Over one year	Fair value	Unrealized gains (losses)
Over-the-counter:				
Interest rate swaps:				
Receivable fixed, payable floating	¥51,388	¥44,242	¥(2,638)	¥(2,638)
Receivable floating, payable fixed	51,388	44,242	3,192	3,192
Total	¥—	¥—	¥554	¥554

Type	Millions of yen			
	Contract amounts	Over one year	Fair value	Unrealized gains (losses)
Over-the-counter:				
Interest rate swaps:				
Receivable fixed, payable floating	¥55,562	¥55,041	¥(2,923)	¥(2,923)
Receivable floating, payable fixed	55,562	55,041	3,521	3,521
Total	¥—	¥—	¥598	¥598

Type	Thousands of U.S. dollars			
	Contract amounts	Over one year	Fair value	Unrealized gains (losses)
Over-the-counter:				
Interest rate swaps:				
Receivable fixed, payable floating	\$343,686	\$295,894	\$(17,643)	\$(17,643)
Receivable floating, payable fixed	343,686	295,894	21,348	21,348
Total	\$—	\$—	\$3,705	\$3,705

(b) Currency-related:

Type	Millions of yen			
	Contract amounts	Over one year	Fair value	Unrealized gains (losses)
Over-the-counter:				
Currency swaps	¥67,692	¥6,138	¥(1,665)	¥(293)
Foreign exchange forward contracts:				
Sold	374,217	137,908	(18,849)	(18,849)
Bought	218,170	134,800	21,520	21,520
Currency options:				
Sold	464,507	391,574	(6,772)	2,555
Bought	464,507	391,574	6,670	563
Total	¥—	¥—	¥904	¥5,496

Type	Millions of yen			
	Contract amounts	Over one year	Fair value	Unrealized gains (losses)
Over-the-counter:				
Currency swaps	¥133,069	¥20,273	¥(2,604)	¥(413)
Foreign exchange forward contracts:				
Sold	398,273	131,403	(18,192)	(18,192)
Bought	235,287	126,940	20,172	20,172
Currency options:				
Sold	395,418	326,939	(9,752)	1,248
Bought	395,418	326,939	9,646	1,597
Total	¥—	¥—	¥(730)	¥4,412

Type	Thousands of U.S. dollars			
	Contract amounts	Over one year	Fair value	Unrealized gains (losses)
Over-the-counter:				
Currency swaps	\$452,729	\$41,051	\$(11,136)	\$(1,960)
Foreign exchange forward contracts:				
Sold	2,502,789	922,338	(126,063)	(126,063)
Bought	1,459,136	901,552	143,927	143,927
Currency options:				
Sold	3,106,655	2,618,874	(45,292)	17,088
Bought	3,106,655	2,618,874	44,609	3,765
Total	\$—	\$—	\$6,045	\$36,757

(c) Stock-related:

There were no stock-related transactions as at March 31, 2025 and 2024.

(d) Bond-related:

There were no bond-related transactions as at March 31, 2025 and 2024.

(e) Commodity-related:

There were no commodity-related transactions as at March 31, 2025 and 2024.

(f) Credit derivative:

There were no credit derivative transactions as at March 31, 2025 and 2024.

(2) Derivative transactions as at March 31, 2025 and 2024, to which hedge accounting is applied

(a) Interest-rate-related:

Type	Millions of yen		
	Contract amounts	Over one year	Fair value
Principal accounting procedure:			
Interest rate swaps			
Receivable floating, payable fixed	¥470,494	¥439,896	¥25,039
Total	¥—	¥—	¥25,039

Type	Millions of yen		
	Contract amounts	Over one year	Fair value
Principal accounting procedure:			
Interest rate swaps			
Receivable floating, payable fixed	¥471,962	¥471,962	¥25,283
Total	¥—	¥—	¥25,283

Type	Thousands of U.S. dollars		
	Contract amounts	Over one year	Fair value
Principal accounting procedure:			
Interest rate swaps			
Receivable floating, payable fixed	\$3,146,696	\$2,942,055	\$167,463
Total	\$—	\$—	\$167,463

(*) Of interest rate swaps employing exceptional accounting treatment, as these instruments are accounted for together with the hedged loans and bills discounted and borrowings, their fair value is included in the fair value of said loans and bills discounted within "4. FINANCIAL INSTRUMENTS."

(b) Currency-related:

Type	Millions of yen		
	Contract amounts	Over one year	Fair value
Principal accounting procedure:			
Currency swaps	¥435,913	¥81,017	¥(23,641)
Total	¥—	¥—	¥(23,641)

Type	Millions of yen		
	2024		
	Contract amounts	Over one year	Fair value
Principal accounting procedure:			
Currency swaps	¥403,922	¥115,990	¥(40,036)
Total	¥—	¥—	¥(40,036)

Type	Thousands of U.S. dollars		
	2025		
	Contract amounts	Over one year	Fair value
Principal accounting procedure:			
Currency swaps	\$2,915,416	\$541,847	\$(158,113)
Total	\$—	\$—	\$(158,113)

(c) Stock-related:

There were no stock-related transactions at March 31, 2025 and 2024.

(d) Bond-related:

There were no bond-related transactions at March 31, 2025 and 2024.

7. LOANS AND BILLS DISCOUNTED

Loans under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions at March 31, 2025 and 2024 are as follows. These loans consist of corporate bonds in “securities” (limited to those corporate bonds for which redemption of the principal and payment of interest are fully or partially guaranteed and which are issued through private placement of securities (Article 2-3 of the Financial Instruments and Exchange Act)), loans and bills discounted, foreign exchanges, interest accrual and suspense payments in “other assets” and customers’ liabilities for acceptances and guarantees in the consolidated balance sheets, as well as securities loaned under a loan-for-use or lease agreement.

- (1) Bankrupt/de facto bankrupt loans amounting to ¥20,022 million (\$134 million) and ¥22,456 million denote loans at March 31, 2025 and 2024, respectively, held against borrowers with failed business status due to commencement of bankruptcy proceedings, commencement of reorganization proceedings or commencement of rehabilitation proceedings, and any other type of loans equivalent thereto.
- (2) Doubtful loans amounting to ¥114,477 million (\$766 million) and ¥111,775 million denote loans at March 31, 2025 and 2024, respectively, whose borrower is not yet in the status of failure in business although such borrower’s financial status and operating performance are worsening, and for which it is highly probable that the principal will not be collected or interest will not be received in accordance with the contract, excluding bankrupt/de facto bankrupt loans.
- (3) Loans past due for three months or more amounting to ¥118 million (\$1 million) and ¥189 million denote loans at March 31, 2025 and 2024, respectively, where payment of interest or principal has been delayed for three months or more, excluding bankrupt/de facto bankrupt loans and doubtful loans.

- (4) Restructured loans amounting to ¥12,844 million (\$86 million) and ¥11,520 million denote loans at March 31, 2025 and 2024, respectively, to borrowers for which the repayment terms have been modified to more favorable terms including reduction of interest rate, deferral of interest payments, extension of principal payments and debt forgiveness with the objective of promoting recovery of borrowers in economic difficulty, excluding bankrupt/de facto bankrupt loans, doubtful loans and loans past due for three months or more.

The total of bankrupt/de facto bankrupt loans, doubtful loans, loans past due for three months or more and restructured loans amounted to ¥147,461 million (\$986 million) and ¥145,940 million at March 31, 2025 and 2024, respectively.

The loan amounts disclosed above are amounts before deducting an allowance for loan losses.

Commercial bills

Bills discounted are accounted for as financing transactions in accordance with the Industry Audit Committee Report No. 24, although the Banks have the right to sell or pledge them without restrictions. The total face value of commercial bills and purchased foreign exchange bills obtained as a result of discounting was ¥12,404 million (\$83 million) and ¥19,486 million at March 31, 2025 and 2024, respectively.

Loan participation

Based on the “Accounting and Presentation of Loan Participations” (Transferred Guidance No. 1, July 1, 2024), the consolidated balance sheet amount of loan participation agreements in which the Banks have acquired the economic benefits and risks of the underlying loans from the original lender was none and ¥546 million at March 31, 2025 and 2024, respectively.

8. COMMITMENT LINES

Loan agreements and commitment line agreements relating to loans are agreements that oblige the consolidated subsidiaries to lend funds up to a certain limit agreed in advance. The consolidated subsidiaries make the loans upon the request of an obligor to draw down funds under such loan agreements as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreement. The unused commitment balance relating to these loan agreements amounted to ¥869,618 million (\$5,816 million) and ¥885,726 million at March 31, 2025 and 2024, respectively. Of this amount, ¥772,249 million (\$5,165 million) and ¥778,487 million at March 31, 2025 and 2024, respectively, relate to loans for which the term of the agreement is one year or less, or unconditional cancellation of the agreement is allowed at any time.

In many cases the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused loan commitment will not necessarily affect future cash flows. Conditions are included in certain loan agreements that allow the

consolidated subsidiaries either to decline the request for a loan draw-down or to reduce the agreed limit amount 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 consolidated subsidiaries' credit. Consolidated subsidiaries take various measures to protect their credit. Such measures include having the obligor pledge collateral to the consolidated subsidiaries in the form of real estate, securities, etc., at entering into a loan agreement or in accordance with the consolidated subsidiaries' established internal procedures for confirming the obligor's financial condition, etc., at regular intervals.

9. PLEDGED ASSETS

At March 31, 2025 and 2024, the following assets were pledged as collateral for certain liabilities of the Banks:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash and due from banks	¥14	¥14	\$94
Securities	465,283	354,079	3,111,845
Loans and bills discounted	640,500	692,898	4,283,708

The collateral was pledged to secure the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deposits	¥29,906	¥27,220	\$200,013
Payables under securities lending transactions	208,446	194,309	1,394,101
Borrowings	667,200	586,300	4,462,279

In addition, securities not included in the above schedules were pledged as collateral for exchange settlements or as a substitute for futures margin. These securities amounted to ¥79,455 million (\$531 million) and ¥1,944 million at March 31, 2025 and 2024, respectively.

Also, other assets included security deposits, collateral pledged for transactions involving public funds, collateral pledged for financial instruments, collateral pledged for exchange settlements, financial futures margin and margin on bond futures transactions, as indicated below:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deposits	¥1,347	¥1,688	\$9,009
Collateral pledged for transactions involving public funds	1,196	1,196	7,999
Collateral pledged for financial instruments	35,999	49,419	240,764
Collateral pledged for exchange settlements	6,000	71,000	40,128
Financial futures margin	10	10	67
Margin on bond futures transactions	1,000	1,000	6,688

10. ACCUMULATED DEPRECIATION

Accumulated depreciation of tangible assets was ¥80,105 million (\$536 million) and ¥80,666 million at March 31, 2025 and 2024, respectively.

11. ADVANCED DEPRECIATION AMOUNT OF TANGIBLE FIXED ASSETS

At March 31, 2025 and 2024, accumulated advanced depreciation amount of tangible fixed assets was ¥7,839 million (\$52 million) and ¥7,788 million, respectively.

Advanced depreciation expenses in the years ended March 31, 2025 and 2024 were ¥52 million (\$0 million) and none, respectively.

12. IMPAIRMENT LOSSES

During the years ended March 31, 2025 and 2024, impairment losses were recorded on the following assets:

Location	Primary use	Type	Impairment loss		Thousands of U.S. dollars
			Millions of yen	2024	
			2025		2025
Within Yamaguchi Prefecture	Business-use assets, corporate assets	Land, buildings	¥348	¥—	\$2,327
Within Fukuoka Prefecture	Business-use assets, corporate assets	Land, buildings	68	—	455
Within Hiroshima Prefecture	Business-use assets, corporate assets	Buildings	63	—	421
Other	Corporate assets	Land, buildings	81	—	542
Within Yamaguchi Prefecture	Business-use assets	Land, buildings	—	177	—
Within Hiroshima Prefecture	Business-use assets	Land, buildings	—	152	—
Within Fukuoka Prefecture	Business-use assets	Buildings	—	9	—
Other	Business-use assets	Buildings	—	5	—
Total			¥560	¥343	\$3,745

For the year ended March 31, 2025, consolidated subsidiaries that engage in the banking business group their business-use assets into block units consisting of multiple branches as a single business unit, or into branch units, while those that engage in the securities business group their business-use assets into branch units. In line with the transition to a new business framework (block business framework) optimized through integrated block management, consolidated subsidiaries that engage in the banking business have changed the grouping method from branch units to block units or branch units from the year ended March 31, 2025.

In principle, consolidated subsidiaries that engage in the banking and securities business group their assets other than business-use assets as units of individual assets. In addition, corporate headquarters, administrative centers, training facilities, company housing and dormitories are considered corporate assets, as these are related to YMFG and all the consolidated subsidiaries which are engaged in the banking business.

Consolidated subsidiaries that do not engage in the banking and securities business group their assets, in principle, on an individual company basis.

In the year ended March 31, 2025, the book values of assets to be rebuilt, discontinued in use, moved or sold are reduced to their recoverable values, and the reduction of ¥560 million (\$3,745 thousand) was recognized as impairment losses. This amount includes land of ¥325 million (\$2,173 thousand) and buildings (including disposal costs) of ¥235 million (\$1,572 thousand).

The recoverable amount used to estimate the impairment loss for the year ended March 31, 2025 is the net selling price, which is calculated by deducting the expected disposal cost from the expected disposal value.

For the year ended March 31, 2024, YMFG and its consolidated subsidiaries that engage in the banking and securities business group their business-use assets into the smallest units possible from the standpoint of management accounting, which is the branch (If multiple branches operate in a same building, these branches are grouped in one group). Idle assets are, in principle, grouped as units of individual assets. In addition, corporate headquarters, administrative centers, training facilities, company housing and dormitories are considered corporate assets, as these are related to all the consolidated subsidiaries which are engaged in the banking business.

Consolidated subsidiaries that do not engage in the banking and securities business group their assets, in principle, on an individual company basis.

In the year ended March 31, 2024, the book values of assets to be moved, discontinued in use or sold are reduced to their recoverable values, and the reduction of ¥343 million was recognized as impairment losses. This amount includes land of ¥180 million and buildings (including disposal costs) of ¥163 million.

The recoverable amount used to estimate the impairment loss for the year ended March 31, 2024 is the net selling price, which is calculated by deducting the expected disposal cost from the expected disposal value.

13. BORROWED MONEY

Payment schedule of borrowed money as of March 31, 2025 is as follows:

	Millions of yen	Thousands of U.S. dollars
2025	¥354,210	\$2,368,981
2026	135,264	904,655
2027	195,309	1,306,240
2028	3,462	23,154
2029	1,780	11,905
Thereafter	7,773	51,986
Total	¥697,798	\$4,666,921

14. PROVISION FOR EMPLOYEE RETIREMENT BENEFITS

Overview of severance payments and pension plans

YMFG and some consolidated subsidiaries employ funded and unfunded defined benefit and defined contribution plans as employee retirement benefits.

Defined benefit plans include defined benefit corporate pension plans and lump-sum retirement plans. Also, some are established as retirement benefit trusts.

Some consolidated subsidiaries employ the simplified method for calculating retirement benefit obligations.

Defined benefit plans

(1) Reconciliation of retirement benefit obligation balances at the beginning and the end of the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Retirement benefit obligations at the beginning of the year	¥44,871	¥48,114	\$300,094
Service cost	1,086	1,195	7,263
Interest cost	333	228	2,227
Actuarial differences	(1,947)	(904)	(13,022)
Retirement benefit payments	(3,428)	(3,761)	(22,927)
Others	(6)	(1)	(33)
Retirement benefit obligations at the end of the year	¥40,909	¥44,871	\$273,602

(2) Reconciliation of plan asset balances at the beginning and the end of the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance of plan assets at the beginning of the year	¥87,137	¥79,861	\$582,778
Expected return on plan assets	2,377	1,857	15,898
Actuarial differences	(6,509)	7,166	(43,533)
Contribution from employer	407	420	2,722
Retirement benefit payments	(2,317)	(2,366)	(15,496)
Others	193	199	1,291
Balance of plan assets at the end of the year	¥81,288	¥87,137	\$543,660

(3) Reconciliation of the balances of retirement benefit obligations and plan assets at March 31, 2025 and 2024, and the carrying amounts of net defined benefit liability and net defined benefit asset

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Retirement benefit obligations of funded plans	¥40,789	¥44,755	\$272,800
Plan assets	(81,288)	(87,137)	(543,660)
	(40,499)	(42,382)	(270,860)
Retirement benefit obligations of unfunded plans	120	115	803
Net carrying amount of liabilities and assets	¥(40,379)	¥(42,267)	\$(270,057)

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net defined benefit liability	¥2,402	¥2,501	\$16,065
Net defined benefit asset	(42,781)	(44,768)	(286,122)
Net carrying amount of liabilities and assets	¥(40,379)	¥(42,267)	\$(270,057)

(4) Retirement benefit costs and their breakdowns

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Service cost	¥1,086	¥1,195	\$7,263
Interest cost	333	228	2,227
Expected return on plan assets	(2,377)	(1,857)	(15,898)
Recognized actuarial loss	(1,009)	(580)	(6,748)
Others	49	101	328
Retirement benefit costs on defined benefit plans	¥(1,918)	¥(913)	\$(12,828)

(5) Remeasurements of defined benefit plans

Items posted as remeasurements of defined benefit plans (before income taxes and tax-effect exclusions) break down as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Actuarial gain (loss)	¥(5,571)	¥7,490	\$(37,259)
Total	¥(5,571)	¥7,490	\$(37,259)

(6) Cumulative remeasurements of defined benefit plans

Items posted as cumulative remeasurements of defined benefit plans (before income taxes and tax-effect exclusions) break down as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized actuarial gain (loss)	¥(4,333)	¥(9,904)	\$(28,979)
Total	¥(4,333)	¥(9,904)	\$(28,979)

(7) Plan assets

(i) Percentages of major asset categories to total plan assets are as follows:

	2025	2024
Bonds	42%	39%
Shares	30%	36%
Others	28%	25%
Total	100%	100%

(Note) Plan assets include 32% of corporate pension plans established as retirement benefit trusts at March 31, 2025 and 34% at March 31, 2024.

(ii) Method of establishing expected long-term return on plan assets

(Corporate pensions)

Based on the weighted average rate according to the policy asset mix (medium- to long-term portfolio) of the expected rate of return for individual investment fiduciary institutions, net of investment cost

(Retirement benefit trusts)

Past dividend performance is converted to yield.

(8) Basis of actuarial calculation

The basis of actuarial calculations as of March 31, 2025 and 2024

	2025	2024
Discount rate	0.29%—3.23%	0.00%—2.70%
Expected long-term rate of return on plan assets	2.01%—3.28%	1.70%—2.62%
Expected rate of salary increase	0.71%—3.82%	0.63%—3.84%

Defined contribution plans

The required contribution to the consolidated subsidiaries' defined contribution plans at March 31, 2025 and 2024 was ¥303 million (\$2 million) and ¥308 million, respectively.

15. REVALUATION RESERVE FOR LAND

Pursuant to the Law concerning Revaluation of Land (Law No. 34, promulgated on March 31, 1998, the "Law"), YMFG revalued certain land used for banking operations by consolidated subsidiaries. The tax-equivalent portion of this revaluation amount was recorded in liabilities under "deferred tax liabilities for revaluation reserve for land," and the remainder under net assets as "revaluation reserve for land."

Revaluation date: March 31, 1998

Article 3-3 of the Law establishes the evaluation method as that prescribed by Article 2-4 of the Order for Enforcement of Law on Revaluation of Land (Enforcement Order No. 119, promulgated on March 31, 1998), and the amount of land tax is calculated on the basis of the land tax amount specified under Article 16 of the Land-holding Tax Act, adjusted rationally in accordance with the basis

of calculation announced officially by the Director General of the National Tax Administration Agency.

Total difference between the market value of land for business use revalued in accordance with Article 10 of the Law and the total post-revaluation book value of land at March 31, 2025 and 2024 was ¥9,222 million (\$62 million) and ¥10,517 million, respectively.

16. CONTINGENT LIABILITIES — ACCEPTANCES AND GUARANTEES

All contingent liabilities, including letters of credit, acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, customers' liabilities for acceptances and guarantees are shown on the asset side, which represent the Banks' right of indemnity from customers.

17. OTHER INCOME

Items included in other income for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Millions of U.S. dollars
	2025	2024	2025
Gains on sale of stock	¥13,130	¥5,867	\$88
Income from investment partnership	1,536	1,083	10
Dividends from creditor group insurance	1,097	870	7

18. GENERAL AND ADMINISTRATIVE EXPENSES

Items included in operating expenses for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Salary and allowance	¥30,562	¥29,012	\$204,401
Depreciation	4,881	4,372	32,644

19. OTHER EXPENSES

Items included in other expenses for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Loss on sale of stock	¥1,102	¥987	\$7,370
Cancellation fee	933	—	6,240
Losses on investment partnership	909	1,304	6,079
Share of loss of investments accounted for by the equity method	237	1	1,585
Losses on devaluation of stocks and other securities	86	391	575
Loss on financial derivatives	47	428	314
Loss on sale of receivables	37	7	247
Loss on investment in money held in trust	—	313	—

20. LEASE TRANSACTIONS

1. Finance lease transactions

Finance lease transactions that do not transfer ownership
Borrower

(i) Content of lease assets

Tangible fixed assets

Mainly vehicles and office equipment

(ii) Depreciation method for lease assets

As described in "Tangible fixed assets (excluding lease assets)" under (4) Accounting policies in "2.

SIGNIFICANT ACCOUNTING POLICIES."

2. Operating leases

Future minimum lease payments at March 31, 2025 and 2024 were as follows:

Borrower

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Within one year	¥143	¥141	\$956
More than one year	994	944	6,648
Total minimum lease payments	¥1,137	¥1,085	\$7,604

Lender

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Within one year	¥64	¥64	\$428
More than one year	62	89	415
Total minimum lease payments	¥126	¥153	\$843

21. INCOME TAXES

1. Significant components of the deferred tax assets and liabilities as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Allowance for loan losses	¥19,478	¥20,443	\$130,270
Unrealized gains (losses) on available-for-sale securities	17,816	—	119,155
Provision for bonuses	1,116	983	7,464
Depreciation	556	574	3,719
Net operating losses carryforwards	407	483	2,722
Net defined benefit liability	304	371	2,033
Losses on devaluation of securities	282	324	1,886
Other	3,111	2,405	20,807
Deferred tax assets	43,070	25,583	288,056
Valuation allowance	(12,864)	(11,139)	(86,050)
Total deferred tax assets	30,206	14,444	202,006
Deferred tax liabilities:			
Deferred gains or losses on hedges	(7,491)	(7,676)	(50,100)
Net defined benefit asset	(6,407)	(5,973)	(42,850)
Capital gain (loss) adjustment	(1,938)	(1,884)	(12,961)
Securities contributed to retirement benefit trusts	(964)	(1,859)	(6,447)
Reserve for advanced depreciation of non-current assets	(672)	(654)	(4,494)
Gains on cancellation of retirement benefit trusts	(507)	(631)	(3,391)
Unrealized gains (losses) on available-for-sale securities	—	(1,677)	—
Other	(147)	(98)	(971)
Total deferred tax liabilities	(18,126)	(20,452)	(121,214)
Net deferred tax assets (liabilities)	¥12,080	¥(6,008)	\$80,792

2. Significant differences between the statutory effective tax rate and the actual income tax rate after application of deferred income tax accounting

Information for the years ended March 31, 2025 and 2024 is omitted as the difference between the statutory

effective tax rate and the tax burden after the application of tax-effect accounting does not exceed five hundredths of the statutory effective tax rate.

3. Accounting of corporate taxes and local corporate taxes or accounting of relevant tax effect accounting

YMFG and certain consolidated subsidiaries have applied the group tax sharing system. Moreover, they conduct the accounting and disclosure of corporate taxes and local corporate taxes or relevant tax effect accounting in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021; hereinafter, the "PITF No. 42").

4. Revisions to the amounts of deferred tax assets and liabilities resulting from a change in the income tax rate

As the "Act on Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) was enacted on March 31, 2025, "special defense surtax" will be imposed for years beginning April 1, 2026 and thereafter. In line with this event, the statutory effective tax rate used to calculate deferred tax assets and liabilities for temporary differences expected to be resolved in and after the year beginning April 1, 2026 has changed from 30.46% to 31.36%. As a result of this tax rate change, for the year ended March 31, 2025, deferred tax assets increased by ¥1,352 million (\$9,042 thousand), deferred tax liabilities increased by ¥1,103 million (\$7,377 thousand), unrealized gains (losses) on available-for-sale securities increased by ¥510 million (\$3,411 thousand), deferred gains or losses on hedges decreased by ¥215 million (\$1,438 thousand), remeasurements of defined benefit plans decreased by ¥39 million (\$261 thousand) and income taxes – deferred increased by ¥8 million (\$54 thousand). Deferred tax liabilities for land revaluation increased by ¥243 million (\$1,625 thousand) and revaluation reserve for land decreased by the same amount.

22. NET ASSETS

Under the Companies Act of Japan (the "Act"), the entire amount paid for new shares is in principle required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Act, in cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Act, legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit, or may be capitalized, by a resolution of the shareholders' meeting.

Under the Act, additional paid-in capital and legal earnings reserve may not be distributed as dividends, however all of these may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that YMFG can distribute as dividends is calculated based on the unconsolidated financial statements of YMFG in accordance with the Act.

At the annual shareholders' meeting held on June 27, 2025, the shareholders approved cash dividends amounting to ¥6,372 million (\$43 million). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2025 and to be recognized in the period in which they are approved by the shareholders.

At the annual shareholders' meeting held on June 27, 2024, the shareholders approved cash dividends amounting to ¥4,806 million. Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2024 and to be recognized in the period in which they are approved by the shareholders.

23. CHANGES IN NET ASSETS

1. Type and number of shares issued and treasury shares were as follows:

	Number of shares (in thousand)			
	March 31, 2024	Increase	Decrease	March 31, 2025
Shares issued				
Common stock	234,767	—	—	234,767
Total	234,767	—	—	234,767
Treasury stock				
Common stock (*1, *2, *3)	17,855	6,032	104	23,782
Total	17,855	6,032	104	23,782

(*1) The increase in the number of treasury stock is due to market purchases of 6,031 thousand shares and purchases of shares constituting less than one trading unit, totaling 1 thousand shares.

The decrease of treasury stock included 103 thousand shares due to the exercise of rights of the BBT, 1 thousand shares due to allotment to the J-ESOP and purchases of shares constituting less than one trading unit, which amounted to 0 thousand shares.

(*2) Treasury stock as of beginning and ending of the year ended March 31, 2025 includes 619 thousand shares and 515 thousand shares held by the BBT, respectively.

(*3) Treasury stock as of beginning and ending of the year ended March 31, 2025 includes 910 thousand shares and 908 thousand shares held by the J-ESOP, respectively.

	Number of shares (in thousand)			
	March 31, 2023	Increase	Decrease	March 31, 2024
Shares issued				
Common stock (*1)	264,353	—	29,586	234,767
Total	264,353	—	29,586	234,767
Treasury stock				
Common stock (*2, *3, *4)	39,260	9,143	30,548	17,855
Total	39,260	9,143	30,548	17,855

(*1) The decrease in the number of shares issued is due to cancellation of treasury stock.

(*2) The increase in the number of treasury stock is due to market purchases of 8,231 thousand shares, acquisition of YMFG's shares via the J-ESOP, totaling 910 thousand shares, and purchases of shares constituting less than one trading unit, totaling 2 thousand shares.

The decrease of treasury stock included 29,586 thousand shares due to cancellation, 910 thousand shares due to allotment to the J-ESOP, 35 thousand shares due to the exercise of rights of the BBT, 17 thousand shares for the exercise of share options and purchases of shares constituting less than one trading unit, which amounted to 0 thousand shares.

(*3) Treasury stock as of beginning and ending of the year ended March 31, 2024 includes 654 thousand shares and 619 thousand

shares held by the BBT, respectively.

(*4) Treasury stock as of March 31, 2024 includes 910 thousand shares held by the J-ESOP.

2. Stock options

Stock options at March 31, 2025 and 2024 were ¥24 million (\$0 million) and ¥24 million, respectively.

3. Information on dividends is as follows:

(a) Dividends paid in the years ended March 31, 2025 and 2024

Type of shares	Aggregate amount of dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Resolved at the board of directors meeting on May 10, 2024				
Common stock	¥4,806 (*1)	¥22.00	Mar. 31, 2024	Jun. 28, 2024
Resolved at the board of directors meeting on November 8, 2024				
Common stock	¥6,474 (*2)	¥30.00	Sep. 30, 2024	Dec. 10, 2024

(*1) The total amount of dividends on common stock includes ¥34 million in dividends to the BBT and the J-ESOP.

(*2) The total amount of dividends on common stock includes ¥43 million in dividends to the BBT and the J-ESOP.

Type of shares	Aggregate amount of dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Resolved at the board of directors meeting on May 12, 2023				
Common stock	¥3,612 (*1)	¥16.00	Mar. 31, 2023	Jun. 29, 2023
Resolved at the board of directors meeting on November 10, 2023				
Common stock	¥4,674 (*2)	¥21.00	Sep. 30, 2023	Dec. 8, 2023

(*1) The total amount of dividends on common stock includes ¥10 million in dividends to the BBT.

(*2) The total amount of dividends on common stock includes ¥32 million in dividends to the BBT and the J-ESOP.

Type of shares	Aggregate amount of dividends (Thousands of U.S. dollars)	Cash dividends per share (U.S. dollars)	Record date	Effective date
Resolved at the board of directors meeting on May 10, 2024				
Common stock	\$32,143 (*1)	\$0.15	Mar. 31, 2024	Jun. 28, 2024
Resolved at the board of directors meeting on November 8, 2024				
Common stock	\$43,299 (*2)	\$0.21	Sep. 30, 2024	Dec. 10, 2024

(*1) The total amount of dividends on common stock includes \$227 thousand in dividends to the BBT and the J-ESOP.

(*2) The total amount of dividends on common stock includes \$288 thousand in dividends to the BBT and the J-ESOP.

(b) Dividends to be paid in the years ending March 31, 2026 and 2025 are as follows:

(Millions of yen, except per share amount)					
Type of shares	Aggregate amount of dividends (Millions of yen)	Source of dividends	Cash dividends per share (Yen)	Record date	Effective date
Resolved at the board of directors meeting on May 9, 2025					
Common stock	¥6,372*	Retained earnings	¥30.00	Mar. 31, 2025	Jun. 13, 2025

* The total amount of dividends on common stock includes ¥43 million in dividends to the BBT and the J-ESOP.

(Millions of yen, except per share amount)					
Type of shares	Aggregate amount of dividends (Millions of yen)	Source of dividends	Cash dividends per share (Yen)	Record date	Effective date
Resolved at the board of directors meeting on May 10, 2024					
Common stock	¥4,806*	Retained earnings	¥22.00	Mar. 31, 2024	Jun. 28, 2024

* The total amount of dividends on common stock includes ¥34 million in dividends to the BBT and the J-ESOP.

(Thousands of U.S. dollars, except per share amount)					
Type of shares	Aggregate amount of dividends (Thousands of U.S. dollars)	Source of dividends	Cash dividends per share (U.S. dollars)	Record date	Effective date
Resolved at the board of directors meeting on May 9, 2025					
Common stock	\$42,616*	Retained earnings	\$0.20	Mar. 31, 2025	Jun. 13, 2025

* The total amount of dividends on common stock includes \$288 thousand in dividends to the BBT and the J-ESOP.

24. STOCK OPTIONS

At a Board of Directors meeting, resolutions were passed with regard to subscription requirements for the allotment of stock options as compensation to directors of YMFG's banking subsidiaries, Yamaguchi Bank, Momiji Bank and Kitakyushu Bank. The details of these resolutions are described below:

1. Recording of expenses related to stock options and name of line items

There were no expenses in the years ended March 31, 2025 and 2024.

2. The contents of the stock options are outlined as below:

2015	
Category and number of persons to be granted stock options	27 directors (excluding directors who are members of the Audit and Supervisory Committee, part-time directors and outside directors) of YMFG's subsidiaries, Yamaguchi Bank, Momiji Bank and Kitakyushu Bank
Number of stock options by class of stock*	122,000 shares of YMFG's common stock
Grant date	August 25, 2015
Vesting conditions	No vesting conditions set
Target length of service period	No target length of service period set
Period for exercise of rights	August 26, 2015—August 25, 2045

2014	
Category and number of persons to be granted stock options	27 directors (excluding outside directors) of YMFG's subsidiaries, Yamaguchi Bank, Momiji Bank and Kitakyushu Bank
Number of stock options by class of stock*	182,900 shares of YMFG's common stock
Grant date	July 29, 2014
Vesting conditions	No vesting conditions set
Target length of service period	No target length of service period set
Period for exercise of rights	July 30, 2014—July 29, 2044

2013	
Category and number of persons to be granted stock options	27 directors (excluding outside directors) of YMFG's subsidiaries, Yamaguchi Bank, Momiji Bank and Kitakyushu Bank
Number of stock options by class of stock*	225,100 shares of YMFG's common stock
Grant date	July 23, 2013
Vesting conditions	No vesting conditions set
Target length of service period	No target length of service period set
Period for exercise of rights	July 24, 2013—July 23, 2043

2012	
Category and number of persons to be granted stock options	27 directors (excluding outside directors) of YMFG's subsidiaries, Yamaguchi Bank, Momiji Bank and Kitakyushu Bank
Number of stock options by class of stock*	294,900 shares of YMFG's common stock
Grant date	July 30, 2012
Vesting conditions	No vesting conditions set
Target length of service period	No target length of service period set
Period for exercise of rights	July 31, 2012—July 30, 2042

Note: Stated as the equivalent number of shares.

From the year ended March 31, 2016, the issuance of stock options to directors of YMFG's subsidiaries, Yamaguchi Bank, Momiji Bank and Kitakyushu Bank (excluding directors who are Audit and Supervisory Committee members, part-time directors and outside directors) was discontinued.

3. The summary of stock option activity is as indicated below:

(a) Number of stock options

	2015	2014	2013	2012
Prior to vesting				
As of the end of the previous year	—	—	—	—
Granted	—	—	—	—
Expired	—	—	—	—
Vested	—	—	—	—
Rights not yet determined	—	—	—	—
After vesting				
As of the end of the previous year	4,300	6,300	6,400	8,300
Rights determined	—	—	—	—
Rights exercised	—	—	—	—
Expiry	—	—	—	—
Amount unexercised	4,300	6,300	6,400	8,300

(b) Price information

	Yen			
	2015	2014	2013	2012
Exercise price	¥1	¥1	¥1	¥1
Average share price at time of exercise	—	—	—	—
Fair value on date granted	1,377	1,015	973	619

4. Method for estimating the number of rights determined for stock options

Due to the difficulty of rationally estimating the future number of rights that will expire, in general a method is employed that reflects only the number of rights that have actually expired.

25. INVESTMENT AND RENTAL PROPERTY

This note is omitted, as the total amount of investment and rental property is immaterial.

26. REVENUE RECOGNITION

1. Disaggregation of revenue from contracts with customers

The Group's business predominantly consists of the banking business, and the securities brokerage, credit card, leasing, consulting and other businesses conducted by the Group collectively are limited.

Disaggregation of revenue from contracts with customers is as follows:

Category	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Fees and commissions	¥26,531	¥26,579	\$177,441
Deposit and loan and bill discounted business	5,997	6,299	40,108
Exchange business	5,063	4,861	33,862
Securities-related business	4,929	4,832	32,965
Agency business	192	200	1,284
Safe custody and safe deposit box business	181	191	1,211
Other businesses	10,169	10,196	68,011
Other income	811	735	5,424
Income from contracts with customers	27,342	27,314	182,865
Income from other sources	186,093	157,440	1,244,603
Income from external customers	¥213,435	¥184,754	\$1,427,468

2. Useful information in understanding revenue from contracts with customers

As described in "Method for recording revenue" under (4) Accounting policies in "2. SIGNIFICANT ACCOUNTING POLICIES."

3. Contract asset and contract liability balances and transaction price allocated to the remaining performance obligations

(1) Contract asset and contract liability balances
Contract assets and contract liabilities of YMFG and its subsidiaries are omitted, as their balances have little significance and have not changed significantly. Revenue recognized in the year ended March 31, 2025 from performance obligations satisfied in prior periods is immaterial.

(2) Transaction price allocated to the remaining performance obligations

As for the transaction price allocated to the remaining performance obligations, YMFG and its subsidiaries have no significant contracts whose term initially expected exceeds one year. Accordingly, consideration from contracts with customers contains no significant financing component included in the transaction price.

27. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts of reclassification adjustments, income taxes and tax effect amounts related to other comprehensive income in the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrealized gains (losses) on available-for-sale securities			
Amount generated during the year	¥(68,085)	¥29,250	\$(455,357)
Reclassification adjustments	7,482	3,990	50,040
Before income taxes and tax effect adjustment	(60,603)	33,240	(405,317)
Income taxes and tax effect amount	18,008	(10,751)	120,439
Unrealized gains (losses) on available-for-sale securities	(42,595)	22,489	(284,878)
Deferred gains (losses) on hedges			
Amount generated during the year	1,959	12,790	13,102
Reclassification adjustments	(3,274)	(3,756)	(21,897)
Before income taxes and tax effect adjustment	(1,315)	9,034	(8,795)
Income taxes and tax effect amount	185	(2,752)	1,237
Deferred gains (losses) on hedges	(1,130)	6,282	(7,558)
Revaluation reserve for land			
Amount generated during the year	—	—	—
Reclassification adjustments	—	—	—
Before income taxes and tax effect adjustment	—	—	—
Income taxes and tax effect amount	(243)	—	(1,625)
Revaluation reserve for land	(243)	—	(1,625)
Remeasurements of defined benefit plans			
Amount generated during the year	(4,562)	8,070	(30,511)
Reclassification adjustments	(1,009)	(580)	(6,748)
Before income taxes and tax effect adjustment	(5,571)	7,490	(37,259)
Income taxes and tax effect amount	1,658	(2,282)	11,089
Remeasurements of defined benefit plans	(3,913)	5,208	(26,170)
Share of other comprehensive income of affiliates accounted for by the equity method			
Amount generated during the year	100	—	676
Reclassification adjustments	(116)	—	(783)
Before income taxes and tax effect adjustment	(16)	—	(107)
Income taxes and tax effect amount	2	—	13
Share of other comprehensive income of affiliates accounted for by the equity method	(14)	—	(94)
Total other comprehensive income	¥(47,895)	¥33,979	\$(320,325)

28. SEGMENT INFORMATION

Business segment information is not presented, as the Group's business predominantly consists of the banking business, and the securities brokerage, credit card, leasing, consulting and other businesses conducted by the Group collectively are limited.

Geographic segment information is not presented, as domestic income of the Bank and consolidated subsidiaries and their consolidated assets located substantially in Japan represent more than 90% of the Group's consolidated income and assets.

Overseas sales information is not presented, as overseas sales are less than 10% of the Group's consolidated income.

29. RELATED PARTY TRANSACTIONS

There are no material transactions with related parties to be presented.

30. PER SHARE DATA

	Yen		U.S. dollars
	2025	2024	2025
Net assets per share	¥2,933.92	¥3,009.37	\$19.62
Net income per share	165.17	114.19	1.10
Net income per share (diluted)	165.15	114.17	1.10

Net assets per share are calculated based on the following:

	Millions of yen except number of shares		Thousands of U.S. dollars
	2025	2024	2025
Net assets	¥622,177	¥655,736	\$4,161,162
Amounts excluded from net assets	3,165	2,966	21,168
Stock options	24	24	161
Non-controlling interests	3,141	2,942	21,007
Net assets attributable to common stock at the year-end	619,012	652,770	4,139,994
Number of common stock at the year-end used for the calculation of net assets per share (in thousands)*	210,985	216,912	—

* Shares of YMFG held by the BBT and the J-ESOP are shown on the balance sheets as treasury stock, so are not included in the above number of common stock at the year-end used for the calculation of net assets per share. The number of the shares was 1,424 thousand as of March 31, 2025 and 1,529 thousand as of March 31, 2024.

Net income per share is calculated based on the following:

	Millions of yen except number of shares		Thousands of U.S. dollars
	2025	2024	2025
Net income attributable to owners of the parent	¥35,345	¥25,217	\$236,390
Amount not attributable to common shareholders	—	—	—
Net income attributable to owners of the parent for common stock	35,345	25,217	236,390
Average shares of common stock during the year (*) (in thousands)	213,996	220,836	—

Diluted net income per share is calculated based on the following:

	Millions of yen except number of shares		Thousands of U.S. dollars
	2025	2024	2025
Net income adjustment attributable to owners of the parent	¥—	¥—	\$—
Increase of shares of common stock (in thousands)	25	29	—
Warrant	25	29	—
Dilutive shares not included in the calculation of diluted net income per share due to no dilutive effect	—	—	—

(*) Shares of YMFG held by the BBT and the J-ESOP are shown on the balance sheets as treasury stock, so are not included in the above average shares of common stock during the year. The average number of the shares was 1,454 thousand in the year ended March 31, 2025 and 1,462 thousand in the year ended March 31, 2024.

31. SUBSEQUENT EVENTS

For the year ended March 31, 2025
Dividends were made in June 2025. Please refer to “22. NET ASSETS.”

Early redemption of bonds
YMFG, at the meeting of the Board of Directors held on July 28, 2025, resolved to redeem the entire amount of the bonds stated below before maturity.

1. The 6th unsecured bonds subject to early redemption (subordinated bonds with waivers in the event of substantial bankruptcy)

(1) Issues to be early redeemed

The 6th Yamaguchi Financial Group, Inc.’s unsecured bonds subject to early redemption (subordinated bonds with waivers in the event of substantial bankruptcy)

(2) Total amount to be early redeemed
¥5,000 million

(3) Amount to be early redeemed
¥100 per amount of ¥100 of each bond

(4) Scheduled date of the early redemption
September 17, 2025

(5) Method to raise funds for the redemption
The entire amount will be redeemed with YMFG’s own funds.

For the year ended March 31, 2024
Dividends were made in June 2024. Please refer to “22. NET ASSETS.”

Conversion to an affiliate accounted for by the equity method through the acquisition of shares

On March 26, 2024, YMFG decided to enter into a capital and business alliance agreement with Dream Incubator Inc. (hereinafter, “Dream Incubator”) and to acquire part of the common shares of Dream Incubator. YMFG entered into the capital and business alliance agreement on that day.

Moreover, Dream Incubator became an affiliate accounted for by the equity method of the Group through the acquisition of the shares on April 17, 2024.

1. Purpose of the share acquisition

As a regional financial institution serving Yamaguchi, Hiroshima and Fukuoka prefectures, YMFG’s mission is to add value to the region by going beyond the boundaries of finance to solve social issues, aiming to progress and grow together with everyone in the region. In line with this mission, YMFG has been promoting initiatives to solve regional social issues and to enhance regional value.

Based on its mission “Create Business and Change Societies” and business strategy consulting base, Dream Incubator works on business production, including “industry production” which creates businesses starting from solving social issues on the strength of envisioning, formulating and partnering beyond boundaries.

As Dream Incubator already has a proven track record of creating businesses in Japan with the theme of solving social issues, YMFG and Dream Incubator examined the possibility of further development by leveraging their capabilities. The two companies believe that leveraging each other’s experience, human resources and customer bases, taking advantage of each other’s strengths and complementing each other through a capital and business alliance will lead to enhancing their businesses that start from solving social issues, and will contribute to solving regional social issues and enhancing regional value. YMFG is determined to contribute more than ever to solving

regional social issues in order to achieve its mission of enhancing regional value.

2. Name of counterparty in the share acquisition
VARECS Partners, Ltd.

3. Overview of company subject to the share acquisition
(1) Name
Dream Incubator Inc.

(2) Address
3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo

(3) Business
Business production

(4) Capital
¥5,020 million (\$33,155 thousand)

(5) Established
April 20, 2000

4. Date of the share acquisition
April 17, 2024

5. Number of shares acquired and equity ratio after the acquisition

(1) Number of shares acquired
2,100,000 shares

(2) Equity ratio after the acquisition
22.21%

(3) Acquisition price
¥6,300 million (\$41,609 thousand)

6. Funding method
On April 10, 2024, YMFG borrowed ¥6,300 million (\$41,609 thousand) from Yamaguchi Bank as funds for the acquisition.

Acquisition of treasury stock

At a Board of Directors meeting on May 10, 2024, YMFG resolved to acquire treasury stock, based on Article 156 of the Companies Act as applied by replacing terms pursuant to provisions of Article 165-3 of the Act, for the purpose of returning profits to shareholders through improving capital efficiency.

1. Type of shares to be acquired
Common stock of YMFG

2. Total number of shares to be acquired
10,000,000 shares (maximum)
(4.61% of the total number of shares issued (excluding treasury stock))

3. Total acquisition price of the shares
¥10.0 billion (\$66,046 thousand) (maximum)

4. Acquisition period
May 13, 2024 to March 24, 2025

5. Acquisition method

Market purchases on the Tokyo Stock Exchange

Issuance of unsecured subordinated bonds (with a non-viability write-off clause)

Based on the resolution at the board of directors meeting held on July 22, 2024 for issuance of unsecured bonds, YMFG determined the following conditions for the issuance on August 30, 2024. Payments for the 10th and 11th series of unsecured callable bonds were completed on September 5, 2024 and September 12, 2024, respectively.

Name	10th series of unsecured subordinated callable bonds (with a non-viability write-off clause) (Green Bonds)	11th series of unsecured subordinated callable bonds (with a non-viability write-off clause) (Green Bonds)
Issue amount	¥5,000 million	¥20,000 million
Denomination of each bond	¥100 million	¥1 million
Coupon rate	1.First five years: 1.610% per annum 2.After five years: Six-month Japanese yen TIBOR + 0.860%	1.First five years: 1.610% per annum 2.After five years: Five-year JGB yields + 1.100%
Issue price	¥100 per face value ¥100 of each bond	
Redemption price	¥100 per face value ¥100 of each bond	
Maturity	10 years (callable)	
Offering method	General offering in Japan	
Offering target	Mainly institutional investors	Mainly individual investors
Application period	August 30, 2024	September 2, 2024 to September 11, 2024
Payment date	September 5, 2024	September 12, 2024
Interest payment date	March 5 and September 5 each year	March 12 and September 12 each year
Maturity date	September 5, 2034	September 12, 2034
Early redemption date	Interest payment date on and after September 5, 2029	September 12, 2029
Use of proceeds	The proceeds from the issuance of these bonds based on this framework will be used by the Banks to finance new and existing loans that meet the following eligibility criteria. Of the eligibility criteria, however, BELS certifications for green buildings are limited to five stars or higher. 1. Renewable energy Financing for the following renewable energy power generation projects (both new/existing projects) i. Solar power generation ii. Biomass power generation (limited to projects that use sustainable feedstock or waste materials) iii. Wind power generation iv. Hydro power generation (limited to projects with a capacity less than 25 MW) 2. Green buildings Financing for projects associated with (1) construction/purchase of new buildings or (2) renovation/rebuilding of existing buildings which have obtained, or are scheduled to obtain, the following certifications i. LEED: Gold or higher ii. BREEAM: Excellent or higher iii. CASBEE: Rank A or higher iv. BELS: Four stars or higher v. DBJ Green Building: Four stars or higher	
Collateral/guarantee	Unsecured by collateral or guarantee	
Subordination	In an event of subordination, such as the commencement of bankruptcy proceedings, corporate reorganization proceedings or civil rehabilitation proceedings, the payment of principal and interest shall be subordinated to senior debts.	
Underwriter	Daiwa Securities Co. Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Nomura Securities Co., Ltd. SMBC Nikko Securities Inc. Tokai Tokyo Securities Co., Ltd.	Daiwa Securities Co. Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Nomura Securities Co., Ltd. SMBC Nikko Securities Inc. Tokai Tokyo Securities Co., Ltd. *Daiwa Securities Co., Ltd. will outsource the offering of these bonds to YM Securities Co., Ltd.
Transfer institution	Japan Securities Depository Center, Incorporated	
Bond rating	A (Rating and Investment Information, Inc. (R&I))	