Consolidated Financial Statements

• Consolidated Balance Sheets

The Nanto Bank, Ltd. and Consolidated Subsidiaries as of March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Assets:			
Cash and due from banks (Notes 23 and 25)	¥ 435,470	¥ 678,270	$ 2,723,730
Call loans and bills bought (Note 25)	110,000	—	688,016
Debt purchased (Notes 25 and 26)	699	661	4,372
Money held in trust (Notes 25 and 26)	14,220	15,510	88,941
Securities (Notes 9, 10, 11, 14, 25 and 26)	1,372,777	1,549,089	8,586,295
Loans and bills discounted (Notes 10, 11, 12 and 25)	4,601,265	4,465,125	28,779,490
Foreign exchanges (Note 10)	1,472	1,833	9,206
Lease receivables and lease investment assets (Note 11)	30,957	30,494	193,626
Other assets (Notes 10, 11 and 15)	57,619	56,418	360,389
Tangible fixed assets (Note 13)	50,502	49,062	315,874
Buildings	20,712	19,996	129,547
Land	23,778	23,777	148,724
Construction in progress	193	779	1,207
Other tangible fixed assets	5,817	4,510	36,383
Intangible fixed assets	6,179	4,969	38,647
Software	5,738	4,527	35,889
Other intangible fixed assets (Note 11)	441	441	2,758
Deferred tax assets (Note 29)	13,257	18,659	82,918
Customers' liabilities for acceptances and guarantees (Note 10)	5,270	6,999	32,962
Reserve for possible loan losses (Notes 3 and 25)	(22,455)	(23,866)	(140,449)
Total assets	¥ 6,677,236	¥ 6,853,227	$ 41,764,048
Liabilities and net assets:			
Liabilities:			
Deposits (Notes 11 and 25)	¥ 5,911,929	¥ 5,868,778	$ 36,977,289
Negotiable certificates of deposit (Note 25)	33,348	32,107	208,581
Payables under securities lending transactions (Notes 11 and 25)	75,409	300,642	471,659
Borrowed money (Notes 11, 25 and 34)	281,837	301,745	1,762,803
Foreign exchanges	424	664	2,651
Borrowed money from trust account	3,054	3,630	19,101
Other liabilities (Note 34)	54,037	49,384	337,984
Liability for retirement benefits (Note 28)	9,907	10,132	61,965
Reserve for reimbursement of deposits	118	163	738
Reserve for contingent losses	1,419	1,027	8,875
Reserve for share-based payment	345	140	2,157
Reserve under special laws	5	3	31
Deferred tax liabilities (Note 29)	9	11	56
Acceptances and guarantees	5,270	6,999	32,962
Total liabilities	¥ 6,377,117	¥ 6,575,432	$ 39,886,896
Net assets (Note 7):			
Common stock: Authorized 64,000 thousand shares in 2026 and 2025 Issued 33,025 thousand shares in 2026 and 2025	¥ 37,924	¥ 37,924	$ 237,202
Capital surplus	34,968	34,749	218,714
Retained earnings	228,662	218,089	1,430,210
Less treasury stock: Issued 1,613 thousand shares in 2026 and 1,620 thousand shares in 2025	(4,822)	(4,613)	(30,160)
Total stockholders' equity	296,732	286,149	1,855,966
Valuation difference on available-for-sale securities (Note 26)	(1,551)	(15,267)	(9,701)
Deferred gains (losses) on hedges (Note 27)	4,318	6,279	27,007
Accumulated adjustments for retirement benefits (Note 28)	620	633	3,877
Total accumulated other comprehensive income	3,386	(8,354)	21,178
Total net assets	300,119	277,795	1,877,151
Total liabilities and net assets	¥ 6,677,236	¥ 6,853,227	$ 41,764,048

See Notes to Consolidated Financial Statements.

• Consolidated Statements of Income

The Nanto Bank, Ltd. and Consolidated Subsidiaries for the Fiscal Years Ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Ordinary income (Note 15):	¥ 115,665	¥ 103,085	$ 723,448
Interest income	77,542	66,885	485,001
Interest on loans and bills discounted	54,890	43,339	343,319
Interest and dividends on securities	19,124	19,449	119,614
Interest on call loans and bills bought	113	215	706
Interest on deposits with banks	2,842	1,964	17,775
Other interest income	571	1,917	3,571
Trust fees	29	25	181
Fees and commissions	27,542	26,885	172,266
Other operating income (Note 16)	3,545	3,530	22,172
Other income	7,006	5,758	43,820
Reversal of reserve for possible loan losses	12	—	75
Recovery of written-off claims	508	282	3,177
Other (Note 17)	6,485	5,476	40,561
Ordinary expenses:	90,845	83,411	568,207
Interest expense	16,527	11,080	103,371
Interest on deposits	11,800	3,758	73,805
Interest on negotiable certificates of deposit	273	66	1,707
Interest on call money and bills sold	15	50	93
Interest on payables under securities lending transactions	3,074	4,704	19,226
Interest on borrowings and rediscounts	1,239	2,426	7,749
Other interest expense	124	73	775
Fees and commissions	16,129	15,373	100,881
Other operating expenses (Note 18)	7,199	7,291	45,027
General and administrative expenses (Note 19)	45,080	44,262	281,961
Other expenses	5,908	5,402	36,952
Provision of reserve for possible loan losses	—	2,490	—
Other (Note 20)	5,908	2,912	36,952
Ordinary profit	24,820	19,674	155,241
Extraordinary income:	53	0	331
Gain on disposal of non-current assets	53	0	331
Extraordinary losses:	166	191	1,038
Loss on disposal of non-current assets	101	100	631
Impairment loss (Note 21)	63	90	394
Provision of reserve for financial instruments transaction liabilities	1	0	6
Income before income taxes	24,706	19,483	154,528
Income taxes (Note 29):			
Current	7,636	6,191	47,760
Deferred	7	(218)	43
Total income taxes	7,644	5,972	47,810
Net income	17,062	13,510	106,717
Net income attributable to owners of parent	¥ 17,062	¥ 13,510	$ 106,717

	Yen		U.S. dollars (Note 1)
Per share of common stock:			
Net income - basic (Note 32)	¥ 108.64	¥ 85.80	$ 0.67
Dividends (Note 7)	43.00	34.00	0.26

Note: The Bank conducted a five-for-one share split of its common stock effective April 1, 2026. Net income per share are calculated assuming that the share split was conducted on April 1, 2024.
See Notes to Consolidated Financial Statements.

• Consolidated Statements of Comprehensive Income

The Nanto Bank, Ltd. and Consolidated Subsidiaries for the Fiscal Years Ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Net income	¥ 17,062	¥ 13,510	$ 106,717
Other comprehensive income (loss) (Note 22):			
Valuation difference on available-for-sale securities	13,715	(29,499)	85,783
Deferred gains (losses) on hedges	(1,961)	(295)	(12,265)
Adjustments for retirement benefits (Note 28)	(13)	896	(81)
Total other comprehensive income (loss)	11,741	(28,899)	73,436
Total comprehensive income (loss) for the year	¥ 28,803	¥ (15,388)	$ 180,153
Total comprehensive income (loss) attributable to:			
Owners of parent	¥ 28,803	¥ (15,388)	$ 180,153

Consolidated Financial Statements

• Consolidated Statements of Changes in Net Assets

The Nanto Bank, Ltd. and Consolidated Subsidiaries for the Fiscal Years Ended March 31, 2026 and 2025

Millions of yen

	Number of shares of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Less treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Accumulated adjustments for retirement benefits	Total net assets
Balance at April 1, 2024	33,025	¥ 37,924	¥ 34,749	¥ 208,825	¥ (3,413)	¥ 14,232	¥ 6,575	¥ (262)	¥ 298,631
Cash dividends				(4,246)					(4,246)
Net income attributable to owners of parent				13,510					13,510
Purchase of treasury stock					(1,221)				(1,221)
Disposition of treasury stock			0		21				21
Net changes in items other than stockholders' equity						(29,499)	(295)	896	(28,899)
Balance at April 1, 2025	33,025	¥ 37,924	¥ 34,749	¥ 218,089	¥ (4,613)	¥ (15,267)	¥ 6,279	¥ 633	¥ 277,795
Cash dividends				(6,489)					**(6,489)**
Net income attributable to owners of parent				17,062					**17,062**
Purchase of treasury stock					(1,007)				**(1,007)**
Disposition of treasury stock			218		798				**1,017**
Net changes in items other than stockholders' equity						13,715	(1,961)	**(13)**	**11,741**
Balance at March 31, 2026 (Note 7)	**33,025**	**¥ 37,924**	**¥ 34,968**	**¥ 228,662**	**¥ (4,822)**	**¥ (1,551)**	**¥ 4,318**	**¥ 620**	**¥ 300,119**

Thousands of U.S. dollars (Note 1)

	Common stock	Capital surplus	Retained earnings	Less treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Accumulated adjustments for retirement benefits	Total net assets
Balance at April 1, 2025	$ 237,202	$ 217,344	$ 1,364,079	$ (28,852)	$ (95,490)	$ 39,273	$ 3,959	$ 1,737,521
Cash dividends			**(40,586)**					**(40,586)**
Net income attributable to owners of parent			**106,717**					**106,717**
Purchase of treasury stock				**(6,298)**				**(6,298)**
Disposition of treasury stock		**1,363**		**4,991**				**6,361**
Net changes in items other than stockholders' equity					**85,783**	**(12,265)**	**(81)**	**73,436**
Balance at March 31, 2026 (Note 7)	**$ 237,202**	**$ 218,714**	**$ 1,430,210**	**$ (30,160)**	**$ (9,701)**	**$ 27,007**	**$ 3,877**	**$ 1,877,151**

See Notes to Consolidated Financial Statements.

• Consolidated Statements of Cash Flows

The Nanto Bank, Ltd. and Consolidated Subsidiaries for the Fiscal Years Ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Cash flows from operating activities			
Income before income taxes	¥ 24,706	¥ 19,483	$ 154,528
Depreciation	4,358	4,294	27,257
Impairment loss	63	90	394
Share of loss (profit) of entities accounted for using equity method	(11)	(7)	(68)
Increase (decrease) in reserve for possible loan losses	(1,410)	2,436	(8,819)
Increase (decrease) in liability for retirement benefits	(244)	(248)	(1,526)
Increase (decrease) in reserve for reimbursement of deposits	(45)	(26)	(281)
Increase (decrease) in reserve for contingent losses	392	100	2,451
Increase (decrease) in reserve for share-based payment	205	16	1,282
Interest income	(77,542)	(66,885)	(485,001)
Interest expense	16,527	11,080	103,371
Loss (gain) on securities	(2,660)	(1,864)	(16,637)
Loss (gain) on money held in trust	(22)	828	(137)
Foreign exchange losses (gains)	(9,630)	2,008	(60,232)
Losses (gains) on sales of fixed assets	48	100	300
Net decrease (increase) in loans and bills discounted	(136,139)	(294,570)	(851,507)
Net increase (decrease) in deposits	43,151	71,013	269,896
Net increase (decrease) in negotiable certificates of deposit	1,241	26,368	7,762
Net increase (decrease) in borrowed money	(19,907)	(53,911)	(124,512)
Net decrease (increase) in due from banks (excluding due from the Bank of Japan)	(13)	287	(81)
Net decrease (increase) in call loans and bills bought	(110,038)	2,725	(688,253)
Net increase (decrease) in payables under securities lending transactions	(225,233)	47,505	(1,408,762)
Net decrease (increase) in foreign exchange assets	360	(608)	2,251
Net increase (decrease) in foreign exchange liabilities	(240)	(132)	(1,501)
Net decrease (increase) in lease receivables and lease investment assets	(559)	(2,380)	(3,496)
Net increase (decrease) in borrowed money from trust account	(576)	(473)	(3,602)
Interest received	76,406	66,422	477,895
Interest paid	(15,194)	(10,638)	(95,033)
Other	2,050	17,459	12,822
Subtotal	(429,961)	(159,525)	(2,689,273)
Income taxes paid	(6,259)	(8,375)	(39,148)
Income taxes refund	10	—	62
Net cash used in operating activities	(436,211)	(167,901)	(2,728,365)
Cash flows from investing activities			
Purchase of securities	(524,941)	(419,585)	(3,283,343)
Proceeds from sales of securities	689,208	235,290	4,310,783
Proceeds from maturities of securities	41,342	59,597	258,581
Increase in money held in trust	(7,638)	(8,540)	(47,773)
Decrease in money held in trust	8,926	33,429	55,829
Purchase of tangible fixed assets	(4,406)	(10,117)	(27,558)
Proceeds from sales of tangible fixed assets	89	23	556
Purchase of intangible fixed assets	(2,627)	(1,620)	(16,431)
Proceeds from sales of intangible fixed assets	3	37	18
Other	(86)	(137)	(537)
Net cash provided by (used in) investing activities	199,871	(111,621)	1,250,131
Cash flows from financing activities			
Dividends paid	(6,482)	(4,245)	(40,542)
Purchase of treasury stock	(1,007)	(1,221)	(6,298)
Proceeds from sales of treasury stock	1,016	21	6,354
Net cash used in financing activities	(6,473)	(5,445)	(40,486)
Effect of exchange rate changes on cash and cash equivalents	—	0	—
Net increase (decrease) in cash and cash equivalents	(242,813)	(284,968)	(1,518,720)
Cash and cash equivalents at beginning of year	676,630	961,599	4,232,111
Cash and cash equivalents at end of year (Note 23)	¥ 433,817	¥ 676,630	$ 2,713,391

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

The Nanto Bank, Ltd. and Consolidated Subsidiaries
Fiscal Years Ended March 31, 2026 and 2025

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of The Nanto Bank, Ltd. (the "Bank") and its consolidated subsidiaries (together, the "Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and the Ordinance for Enforcement of the Banking Law and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English, with some expanded descriptions, from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Some supplemental information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

As permitted by the Financial Instruments and Exchange Act of Japan, amounts less than one million yen have been omitted. As a result, the totals shown in the consolidated financial statements may not necessarily agree with the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2026, which was ¥159.88 to US$1.00. The 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its ten (ten in 2025) subsidiaries at March 31, 2026.
(Changes in scope of consolidation)

In the fiscal year ended March 31, 2025, Nanto Business Service Co., Ltd. was excluded from the scope of consolidation due to the completion of its liquidation.

As of March 31, 2026, the Bank has six unconsolidated subsidiaries (six as of March 31, 2025), Nanto Sixth Industry Support Investment Limited Partnership, Nanto Regional Vitality Creation Support Investment Limited Partnership, Nanto CVC No. 3 Akebono Investment Limited Partnership, Nanto TSUNAGU Fund Investment Limited Partnership, Nanto CVC No. 4 Sakigake Investment Limited Partnership, and one other company. These subsidiaries were excluded from the scope of consolidation because the Bank's equity interests in their assets, ordinary income, net income (loss), retained earnings, accumulated other comprehensive income and others that correspond to the Bank's equity were immaterial, and their exclusion from the scope of consolidation did not preclude reasonable judgment of the Group's financial position and results of operations.
(Establishment of unconsolidated subsidiaries)

In the fiscal year ended March 31, 2025, Nanto CVC No. 4 Sakigake Investment Limited Partnership became an unconsolidated subsidiary due to its new establishment on February 28, 2025.

The Bank had three (three in 2025) affiliates over which it had the ability to exercise significant influence over operating and financial policies in the fiscal year ended March 31, 2026, Nara Mirai Design Co., Ltd., Nara Kominka Machizukuri Partners Co., Ltd. and Frontier Nanto Investment LLC, and these affiliates were accounted for by the equity method.

As of March 31, 2026, the Bank has six unconsolidated subsidiaries (six as of March 31, 2025) that are not accounted for using the equity method: Nanto Sixth Industry Support Investment Limited Partnership, Nanto Regional Vitality Creation Support Investment Limited Partnership, Nanto CVC No. 3 Akebono Investment Limited Partnership, Nanto TSUNAGU Fund Investment Limited Partnership, Nanto CVC No. 4 Sakigake Investment Limited Partnership, and one other company. The Bank also had five (five in 2025) affiliates not accounted for by the equity method, Nanto CVC Investment Limited Partnership, Nanto CVC No. 2 Investment Limited Partnership, Nara Kominka Machizukuri Fund Investment Limited Partnership, Frontier Nanto Investment Limited Partnership, and Yamato Social Impact Investment Limited Partnership. The unconsolidated subsidiaries and affiliates not accounted for by the equity method were excluded from the scope of the equity method because the effect of their exclusion on the consolidated financial statements would not have been significant in terms of the portion of net income (loss), retained earnings, accumulated other comprehensive income and others which correspond to the Bank's equity.
(Establishment of unconsolidated subsidiaries not accounted for by the equity method)

In the fiscal year ended March 31, 2025, Nanto CVC No. 4 Sakigake Investment Limited Partnership became an unconsolidated subsidiary that is not accounted for using the equity method due to its new establishment on February 28, 2025.

Potager Co., Ltd., in which the Bank held between 20% and 50% of the voting rights (execution rights), was not recognized as an affiliate for the fiscal years ended March 31, 2026 and 2025 because it is held by the Bank's unconsolidated subsidiary for the purpose of incubating the investee and not for the purpose of controlling the entity.

All consolidated subsidiaries have fiscal years ending on March 31.

All significant intercompany accounts, transactions and unrealized profits on transactions are eliminated.

b. Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash and cash equivalents represent cash and due from the Bank of Japan.

c. Finance leases

As lessor:
Finance leases are accounted for in a manner similar to those used for ordinary sale transactions. Revenue from finance lease transactions and related costs are recognized upon receipt of the lease payments. Finance leases in which the ownership of the leased assets is transferred to the lessee are recognized as lease receivables, and all finance leases in which the ownership of the leased assets is not transferred to the lessee are recognized as lease investment assets.

d. Securities

Trading securities are stated at fair value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains and losses in the period of the disposal or the change. Cost of sales for such securities is determined using the moving average method. Held-to-maturity debt securities are stated at amortized cost on a straight-line method, cost of which is determined using the moving average method. Stocks of affiliates accounted for by the equity method and unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost using the moving average method. Available-for-sale securities are stated at fair value. Unrealized gains and losses on available-for-sale securities are reported, net of applicable income taxes, as a separate component of accumulated other comprehensive income. Equity securities, etc., with no market price included in available-for-sale securities are stated at moving average cost.

If the fair value of held-to-maturity debt securities or available-for-sale securities declines significantly, the securities are stated at fair value, and the difference between the fair value and the carrying amount is recognized as a loss in the period of the decline. In such a case, the fair value will be the carrying amount of the securities at the beginning of the next fiscal year.

Securities managed as trust assets in individually managed money held in trust primarily for securities management purposes are measured at fair value.

e. Derivatives and hedge accounting

Derivatives are measured at fair value.

To account for hedging transactions in connection with interest rate risk arising from financial assets and liabilities, the Bank applies the deferred hedge accounting method stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Committee Report No. 24, March 17, 2022). The Bank assesses the effectiveness of such hedges in offsetting movement in the fair value from changes in interest rates by classifying the hedged items, such as loans and deposits, and the hedging instruments, such as interest rate swaps, by their maturity. The Bank assesses the effectiveness of cash flow hedges by verifying the correlation between the hedged items and the hedging instruments.

In order to hedge risk arising from the volatility of exchange rates for available-for-sale securities (excluding bonds) denominated in foreign currencies, the Bank applies fair value hedge accounting with the condition that the hedged available-for-sale securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged securities denominated in the same foreign currency.

f. Tangible fixed assets (except for leased assets)

Depreciation of tangible fixed assets of the Bank is computed by the declining balance method, except for buildings (excluding facilities attached to buildings and structures acquired on or before March 31, 2016, which are depreciated by the declining balance method) which are depreciated by the straight-line method. The estimated useful lives of major items are as follows:

Buildings	6 to 50 years
Others	3 to 20 years

Depreciation of the assets of the consolidated subsidiaries is computed principally by the declining balance method over the estimated useful life of the asset.

g. Intangible fixed assets (except for leased assets)

Amortization of intangible fixed assets is computed by the straight-line method. Acquisition costs of software to be used internally are capitalized and amortized by the straight-line method primarily over a useful life of five years.

h. Leased assets

Leased assets with respect to finance leases in which the ownership of tangible fixed assets and intangible fixed assets is not transferred to the lessee, are depreciated or amortized using the straight-line method with the assumption that the term of the lease is the useful life. The residual value of leased assets is the value guaranteed in the lease contract or zero for assets without such guaranteed value.

i. Reserve for possible loan losses

A reserve for possible loan losses is provided according to predetermined standards.

For loans to insolvent customers who are undergoing bankruptcy or other special liquidation ("bankrupt borrowers") or who are in a similar financial condition ("effectively bankrupt borrowers"), the reserve for possible loan losses is provided based on the amount of the claims net of the amount expected to be recovered from collateral and guarantees and net of the deducted amount mentioned below. For the unsecured and unguaranteed portions of loans to customers not presently in the above circumstances but for whom there is a high probability of so becoming ("likely to become bankrupt borrowers"), the Bank deducts the estimated future cash flows and the amount expected to be recovered from collateral and guarantees from the loan amount and of that remainder reports the amount that it recognizes to be necessary after comprehensively judging the customer's ability to pay.

For loans pertaining to customers other than the above, the Bank reports mainly the anticipated loss for the next one or three years. The anticipated loss is calculated by region using the loss rate based on the average value in a fixed past period of the loan loss ratio with the actual loan loss of one or three years as its foundation with necessary adjustments such as future prospects, etc.

All claims are assessed by the operating divisions based on the self-assessment criteria for asset quality, and the assessment results are audited by the asset audit division, which is independent from the operating divisions.

For claims against "bankrupt borrowers" and "effectively bankrupt borrowers," the amount exceeding the estimated value of collateral and guarantees is deemed uncollectible and is deducted directly from those claims in principle. At March 31, 2026 and 2025, the deducted amounts were ¥7,590 million ($47,473 thousand) and ¥5,955 million, respectively.

The reserve for possible loan losses of the consolidated subsidiaries is provided for general claims by the amount deemed necessary based on the historical loan loss ratio and for certain doubtful claims by the amount deemed uncollectible based on an assessment of each claim.

j. Employee retirement benefits

In calculating projected benefit obligations, expected benefits are attributed to each period by the benefit formula basis.

Prior service costs are recognized as profit or loss at the time of occurrence.

Actuarial gains and losses are amortized from the fiscal year following the year in which the gains and losses are recognized by the straight-line method over a fixed period (ten years) within the average remaining service years of the current employees.

Consolidated subsidiaries applied the simplified method where the amount to be required for voluntary termination at the fiscal year-end is recorded as projected benefit obligations in the calculation of the liability for retirement benefits and retirement benefit costs.

k. Reserve for reimbursement of deposits

A reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

l. Reserve for contingent losses

The Bank provides a reserve for contingent losses, that are not covered by other reserves in an amount deemed necessary based on estimated future losses for its contribution payable to the Credit Guarantee Corporation.

m. Reserve for share-based payment

To prepare for the delivery of the Bank's shares through the Director Remuneration BIP (Board Incentive Plan) Trust for its Directors and Executive Officers and the Employee Stock Ownership Plan (ESOP) Trust, the Bank recognized a reserve for share-based payment in an amount based on the estimated amount of shares to be delivered in proportion to the points allocated to the Directors, Executive Officers, employees of the Bank, and employees of its group companies in accordance with the stock benefit rules.

n. Reserve under special laws

Reserve under the special laws represents Financial Instruments Transaction Liability Reserve prescribed in Article 46-5, Paragraph 1 of the Financial Instruments Exchange Act. The amount is recorded as determined by the consolidated subsidiary in accordance with the provisions of Article 175 of the Cabinet Office Order on Financial Instruments Business, etc., in order to provide for losses arising from security related accidents.

o. Foreign currency translations

Foreign currency assets and liabilities are translated at fiscal year-end exchange rates.

p. Income taxes

Deferred income taxes are recorded to reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting purposes.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes.

q. Criteria for recognizing lease income and costs for finance leases

Lease income and costs are recognized at the time of receiving lease fees.

r. Criteria for recognizing revenue from contracts with customers

The Group has adopted the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan ("ASBJ") Statement No. 29, March 31, 2020) and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021), and recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services.

The Bank and its consolidated subsidiaries recognize information on transactions with customers based on the following five steps:

Step 1: Identify the contract(s) with customers.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue from transactions with customers of the Bank and its consolidated subsidiaries, etc. relates mainly to transaction services that are recognized when control of the promised goods or services is transferred to the customer, and includes fees and commissions related to deposit services, lending services, exchange services and others.

3. SIGNIFICANT ACCOUNTING ESTIMATES

Those items whose amounts have been recognized in the consolidated financial statements for the current consolidated fiscal year based on accounting estimates which could have a material impact on the consolidated financial statements for the next consolidated fiscal year are as follows.

(1) Reserve for possible loan losses

Credit operations are one of the major operations of the Group, and assets with credit risk, such as loans, occupy a very important place in consolidated net assets on the consolidated balance sheet. So recognition of the reserve for possible loan losses has a large impact on the operating results and financial position and is judged to be material in the accounting estimates.

(2) Amount recognized in the consolidated financial statements

The reserve for possible loan losses recognized in the consolidated balance sheets as of March 31, 2026 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Reserve for possible loan losses	**¥ 22,455**	¥ 23,866	**$ 140,449**

The details concerning the accounting estimates adopted when making the calculation are set forth below.

(3) Accounting estimates

(a) Methods for calculating amounts

Calculation methods are stated in the Notes (SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES i. Reserve for possible loan losses). The asset appraisals stated in the reserve for possible loan losses recognition standards refer to individually analyzing and considering the assets held and classifying them based on the degree of nonrecovery risk and loss of value risk. Appropriate write-off and reserves are implemented based on the category of borrowers (normal, need attention, likely to become bankrupt, effectively bankrupt and bankrupt).

(b) Major assumptions used in calculating amounts

The Bank assumes that losses nearly equivalent to historical loan losses for each category of borrowers would be incurred. For the claims equivalent to normal claims and claims which need attention, the Bank calculated the required reserve amount for each region using the expected loss rate taking into consideration the necessary adjustments to the average value of the loan loss ratio for a fixed period in the past.

The determination of the borrower category is based on the credit rating determined by the rating models and the borrower's repayment ability based on their substantial financial position, financing capacities, and profitability, etc., and the terms and conditions of the loans and payment status of the borrower. Also, the Bank comprehensively considers the outlook on sustainability and profitability of their businesses, and ability to service their obligations based on their annual repayable amount, appropriateness of their business improvement plans, and other factors in light of the borrower's industry characteristics.

Furthermore, in the case that management reconstruction is thought to be proceeding in line with a drastic and highly feasible business improvement plan and a reasonable and highly feasible business improvement plan, the loans shall be deemed not to qualify as claims corresponding to restructured loans or claims likely to become bankrupt borrowers.

Note that, at the end of the fiscal years ended March 31, 2026 and 2025, the employment and income conditions recovered moderately supported by accommodative financial environment. However, uncertainty continued to grow due to inflation, geopolitical risks abroad, and other factors.

Considering these uncertainties, the Bank has provided for possible loan losses by judging the category of each borrower and reviewing it as necessary based on the available information after taking into account of the characteristics of the industrial sector, the possibility of recovery from short-term business performance, and cash flow status, etc.

(c) The impact on the consolidated financial statements for the next fiscal year

The uncertainties of the material estimates, such as the expected loss rate by region and by borrower category, the category of borrowers as of the end of the current fiscal year, the amount expected to be recovered using collateral and guarantees, changes in geopolitical situations, and effects of foreign exchange rate, are included in the major assumptions used for the calculation of the amount of the reserve for possible loan losses.

The major assumptions concerning the estimates of the reserve for possible loan losses are determined based on the available information. However, if the business condition of a major customer worsens or incidents which affect the economy occur, there is a possibility that such events would have an impact on the operating results and financial position for the next fiscal year may change, such as an increase in the reserve for possible loan losses.

4. CHANGES IN ACCOUNTING POLICIES

Fiscal year ended March 31, 2026

Not applicable.

Fiscal year ended March 31, 2025

Application of Accounting Standard for Current Income Taxes, etc.

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

For the revision on the accounting classification of income taxes (taxation on other comprehensive income), the Group follows the transitional treatment prescribed in the proviso of Paragraph 20-3 of the Accounting Standard for Income Taxes, etc. and the transitional treatment prescribed in the proviso of Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). This change has no impact on the consolidated financial statements.

5. STANDARDS AND GUIDANCE NOT YET ADOPTED

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

- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024)
- Other related accounting standards, implementation guidance, practical solutions, and transferred guidance

(1) Overview

These standards and guidance prescribe the accounting treatment for recording assets and liabilities for all leases held by lessees in the same manner as international accounting standards.

(2) Effective date

The Group is scheduled to apply the standards and guidance from the beginning of the fiscal year ending March 31, 2028.

(3) Effects of the application of the standards and guidance

The Group is currently evaluating the effects of the application of the "Accounting Standard for Leases," other standards and guidance on the consolidated financial statements.

6. ADDITIONAL INFORMATION

Director Remuneration BIP (Board Incentive Plan) Trust

The Bank has introduced a Director Remuneration BIP Trust for directors of the Bank (excluding outside directors, Directors who are Audit & Supervisory Board Members, and nonresidents in Japan) and its executive officers (excluding nonresidents in Japan; collectively with the abovementioned directors, "the Bank's directors, etc."

(1) Overview of transactions

The Director Remuneration BIP Trust is a board incentive plan designed to motivate the Bank's directors to contribute to achieving mid- to long-term performance improvement and increasing corporate value. This is a stock-based compensation plan in which points are awarded to the Bank's directors based on their position and achievement of performance targets, etc. The Bank's shares corresponding to the points and a cash payment equivalent to the value of the Bank's shares are delivered or paid to the Bank's directors at the time of their retirement from office (including the case when he/she resigns as a Director, who is not an Audit & Supervisory Board Member and assumes the position of Director and Audit & Supervisory Board Member).

(2) Accounting treatment for transactions in which the Bank's shares are delivered through the Trust

The Bank has followed the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts" (Practical Issues Task Force No. 30, March 26, 2015) with respect to the accounting treatment of this trust agreement.

(3) Matters on Bank's shares held by the Trust

(a) The book value of the Bank's shares held by the Trust as of March 31, 2026 and 2025 was ¥354 million ($2,214 thousand) and ¥330 million, respectively.
(b) The Bank's shares held by the Trust are recorded as treasury stock under stockholders' equity.
(c) The numbers of shares as of March 31, 2026 and 2025 were 128 thousand and 125 thousand, respectively, and the average numbers of shares during the fiscal years ended March 31, 2026 and 2025 were 128 thousand and 103 thousand, respectively.
(d) The numbers of shares at the end of the fiscal years ended March 31, 2026 and 2025 and the average numbers of shares during the respective fiscal years are included in treasury stock to be deducted for computing per share information.

Employee Stock Ownership Plan (ESOP) Trust

The Bank introduced the ESOP Trust for the employees of the Bank and its group companies during the fiscal year ended March 31, 2026.

(1) Overview of transactions

The ESOP Trust is an employee incentive plan designed to align the interests of employees with those of the Bank's shareholders, thereby raising employees' awareness of the importance of improving business performance and its stock price, and enhancing their motivation to contribute to regional development and the creation of corporate value. Under this plan, the ESOP Trust acquires the Bank's shares and distributes them to employees in accordance with pre-established stock benefit rules.

(2) Accounting treatment for transactions in which the Bank's shares are delivered through the Trust

The Bank has followed the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts" (Practical Issues Task Force No. 30, March 26, 2015) with respect to the accounting treatment of this trust agreement.

(3) Matters on Bank's shares held by the Trust

(a) The book value of the Bank's shares held by the Trust as of March 31, 2026 was ¥954 million ($5,966 thousand).
(b) The Bank's shares held by the Trust are recorded as treasury stock under stockholders' equity.
(c) The number of shares as of March 31, 2026 was 260 thousand, and the average number of shares during the fiscal year ended March 31, 2026 was 214 thousand.
(d) The number of shares as of March 31, 2026 and the average number of shares during the fiscal year were included in treasury stock to be deducted when calculating per-share information.

Note: The Bank conducted a five-for-one share split of its common stock effective April 1, 2026. The number of shares as of March 31, 2026 and the average number of shares during the fiscal year ended March 31, 2026 are presented on a pre-split basis.

7. CHANGES IN NET ASSETS

(1) Type and numbers of shares issued and treasury stock for the fiscal years ended March 31, 2026 and 2025

(Thousands of shares)

	2026				Remarks
	April 1, 2025	Increase	Decrease	March 31, 2026	
Shares issued					
Common stock	33,025	—	—	33,025	Note 1
Total	33,025	—	—	33,025	
Treasury stock					
Common stock	1,620	273	280	1,613	Notes 1, 2, 3 & 4
Total	1,620	273	280	1,613	

Notes: 1. The Bank conducted a five-for-one share split of its common stock effective April 1, 2026. The numbers of share of common stock and treasury stock are presented on a pre-split basis.
2. The number of shares of treasury stock as of March 31, 2026 includes 128 thousand shares and 260 thousand shares of the Bank's stock held by the Director Remuneration BIP Trust and the ESOP Trust, respectively.
3. The increase of 273 thousand shares in treasury stock is attributable to an increase of 12 thousand shares due to the acquisition of the Bank's shares by the Director Remuneration BIP Trust, an increase of 260 thousand shares due to the acquisition of the Bank's shares by the ESOP Trust, and an increase of 1 thousand shares due to the purchase of shares of less than one unit.
4. The decrease of 280 thousand shares in treasury stock is attributable to a decrease of 8 thousand shares due to the delivery of the Bank's shares by the Director Remuneration BIP Trust, allocations of 12 thousand shares and 260 thousand shares of the Bank's stock to the Director Remuneration BIP Trust and the ESOP Trust, respectively.

(Thousands of shares)

	2025				Remarks
	April 1, 2024	Increase	Decrease	March 31, 2025	
Shares issued					
Common stock	33,025	—	—	33,025	Note 1
Total	33,025	—	—	33,025	
Treasury stock					
Common stock	1,270	360	10	1,620	Notes 1, 2, 3 & 4
Total	1,270	360	10	1,620	

Notes: 1. The Bank conducted a five-for-one share split of its common stock effective April 1, 2026. The numbers of common stock and treasury stock are presented on a pre-split basis.
2. The number of shares of treasury stock as of March 31, 2025 includes 125 thousand shares of the Bank's stock held by the Director Remuneration BIP Trust.
3. The increase of 360 thousand shares in common stock of treasury stock is attributable to an increase of 291 thousand shares due to the acquisition of treasury stock pursuant to the resolution by the Board of Directors held on May 10, 2024, an increase of 67 thousand shares due to the acquisition of the Bank's shares by the Director Remuneration BIP Trust, and an increase of 1 thousand shares due to the purchase of shares of less than one unit.
4. The decrease of 10 thousand shares in common stock of treasury stock is attributable to a decrease of 10 thousand shares due to the delivery of the Bank's shares by the Director Remuneration BIP Trust and a decrease of 0 thousand shares due to the sale of shares of less than one unit.

(2) Stock acquisition rights

Fiscal years ended March 31, 2026 and 2025
Not applicable.

(3) Information on dividends is as follows:

(a) Dividends paid in the fiscal year ended March 31, 2026

		Millions of yen (thousands of U.S. dollars), except per share amount (yen (U.S. dollars))			
Resolution	Type of shares	Aggregate amount of dividends	Cash dividends per share	Record date	Effective date
Annual stockholders' meeting held on June 27, 2025	Common stock	¥ 3,468 ($ 21,691)	¥ 110.00 ($ 0.68)	March 31, 2025	June 30, 2025
Board of Directors' meeting held on November 10, 2025	Common stock	¥ 3,021 ($ 18,895)	¥ 95.00 ($ 0.59)	September 30, 2025	December 5, 2025

Notes: 1. Aggregate amount of dividends resolved by the Annual stockholders' meeting on June 27, 2025 includes dividends for the Bank's shares held by the Director Remuneration BIP Trust of ¥13 million ($81 thousand).
2. Aggregate amount of dividends resolved by the Board of Directors on November 10, 2025 includes dividends for the Bank's shares held by the Director Remuneration BIP Trust and the ESOP Trust of ¥12 million ($75 thousand) and ¥24 million ($150 thousand), respectively.
3. The Bank conducted a five-for-one share split of its common stock effective April 1, 2026. Cash dividends per share are presented on a pre-split basis.

(b) Dividends paid in the fiscal year ended March 31, 2025

		Millions of yen, except per share amount (yen)			
Resolution	Type of shares	Aggregate amount of dividends	Cash dividends per share	Record date	Effective date
Annual stockholders' meeting held on June 27, 2024	Common stock	¥ 2,354	¥ 74.00	March 31, 2024	June 28, 2024
Board of Directors' meeting held on November 11, 2024	Common stock	¥ 1,891	¥ 60.00	September 30, 2024	December 5, 2024

Notes: 1. Aggregate amount of dividends resolved by the Annual stockholders' meeting on June 27, 2024 includes dividends for the Bank's shares held by the Director Remuneration BIP Trust of ¥5 million.
2. Aggregate amount of dividends resolved by the Board of Directors on November 11, 2024 includes dividends for the Bank's shares held by the Director Remuneration BIP Trust of ¥12 million.
3. The Bank conducted a five-for-one share split of its common stock effective April 1, 2026. Cash dividends per share are presented on a pre-split basis.

(c) Dividends to be paid in the fiscal year ending March 31, 2027

	Millions of yen (thousands of U.S. dollars), except per share amount (yen (U.S. dollars))					
Resolution	Type of shares	Aggregate amount of dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Annual stockholders' meeting held on June 26, 2026	Common stock	¥ 3,816 ($ 23,867)	Retained earnings	¥ 120.00 ($ 0.75)	March 31, 2026	June 29, 2026

Notes: 1. Aggregate amount of dividends includes dividends for the Bank's shares held by the Director Remuneration BIP Trust and the ESOP Trust of ¥15 million ($93 thousand) and ¥31 million ($193 thousand), respectively.
2. The Bank conducted a five-for-one share split of its common stock effective April 1, 2026. Cash dividends per share are presented on a pre-split basis.

8. STOCKHOLDERS' EQUITY

Under the Banking Law of Japan and the Company Law, the entire amount of the issue price of shares is required to be accounted for as capital, although the Bank may, by resolution of its Board of Directors, account for an amount not exceeding one half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

The Banking Law provides that an amount equal to at least 20% of cash dividends and other cash appropriations be appropriated and set aside as legal earnings reserve until the total amount of legal earnings reserve and additional paid-in capital equals 100% of common stock. The total amount of legal earnings reserve and additional paid-in capital of the Bank has reached 100% of common stock. Therefore, the Bank is not required to provide additional legal earnings reserve.

The legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the stockholders' meeting or may be capitalized by resolution of the Board of Directors. On condition that the total amount of legal earnings reserve and additional paid-in capital remains equal to or more than 100% of common stock, they are available for distribution by resolution of the stockholders' meeting. Legal earnings reserve is included in retained earnings in the accompanying financial statements.

The maximum amount that the Bank can distribute as dividends is calculated based on the nonconsolidated financial statements of the Bank in accordance with the Company Law.

9. SHARES OR INVESTMENTS IN CAPITAL OF UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Shares or investments in capital of unconsolidated subsidiaries and affiliates at March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Investments in capital	**¥ 6,357**	¥ 5,833	**$ 39,761**

10. NONPERFORMING CLAIMS

The Bank reported claims based on the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions at March 31, 2026 and 2025. The claims consisted of those recorded in the consolidated balance sheets as corporate bonds in "Securities" (limited to those for which redemption of the principal and payment of interest are guaranteed in whole or in part and are issued by private placement of securities in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act), loans and bills discounted, foreign exchanges, accrued interest and suspense payments in "Other assets," customers' liabilities for acceptances and guarantees, and securities in lending securities transactions indicated in the Notes (limited to those under loan for use or lease contracts).

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Bankrupt or quasi-bankrupt claims	**¥ 4,501**	¥ 4,397	**$ 28,152**
Doubtful claims	**47,844**	50,394	**299,249**
Claims past due for three months or more	**500**	438	**3,127**
Restructured claims	**5,067**	6,581	**31,692**
Total	**¥ 57,914**	¥ 61,812	**$ 362,234**

Bankrupt or quasi-bankrupt claims are claims made against obligors who have fallen into bankruptcy for reasons such as the commencement of bankruptcy proceedings or reorganization proceedings, or the petition for commencement of rehabilitation proceedings, and claims similar to these.

Doubtful claims are claims that are made against obligors who are yet to have fallen into bankruptcy, but it is highly probable that the contractual principal and interest cannot be collected/received due to deterioration of the obligor's financial condition and business performance and those not classified as bankrupt or quasi-bankrupt claims.

Claims past due for three months or more represent claims for which payments of principal or interest have been in arrears for three months or more from the day following the agreed-upon payment date, but do not meet the criteria for bankrupt, quasi-bankrupt claims or doubtful claims.

Restructured claims are claims that provide certain concession favorable to the obligors with the intent of facilitating the obligor's restructuring or otherwise providing support, such as by reducing or exempting interest, postponing principal/interest payments, releasing credits, or providing other benefits and those that are not classified in any of the above categories.

The amounts of claims in the above table are before deduction of reserve for possible loan losses.

Bills discounted are accounted for as financing transactions in accordance with "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA Industry Committee Report No. 24, March 17, 2022). This accounting treatment gives the Bank the right to sell or pledge such bills without restrictions. The total face value of commercial bills and purchased foreign exchange bills obtained as a result of discounting was ¥6,227 million ($38,947 thousand) and ¥8,497 million at March 31, 2026 and 2025, respectively.

Regarding loan participation and based on the "Accounting Treatment and Presentation of Loan Participation" (ASBJ Transferred Guidance No. 1, July 1, 2024), of the participating principal amount accounted for as loans and bills discounted with respect to the original debtor, the amount recorded in the consolidated balance sheets was ¥6,911 million ($43,226 thousand) and ¥3,914 million at March 31, 2026 and 2025, respectively.

11. PLEDGED ASSETS

Assets pledged as collateral at March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Assets pledged as collateral:			
Securities	¥ **350,779**	¥ 572,446	$ **2,194,014**
Loans and bills discounted	**66,811**	79,282	**417,882**
Other assets	**156**	176	**975**
Liabilities corresponding to assets pledged as collateral:			
Deposits	**64,298**	57,590	**402,164**
Payables under securities lending transactions	**75,409**	300,642	**471,659**
Borrowed money	**277,586**	291,997	**1,736,214**

In addition to the above, the following was pledged as collateral for transaction guarantees or as a substitute for margin money for forward transactions.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Other assets	¥ **4,685**	¥ 2,435	$ **29,303**

The following was pledged as collateral for borrowed money of ¥375 million ($2,345 thousand) and ¥761 million at March 31, 2026 and 2025, respectively.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unexpired lease contract claims	¥ **678**	¥ 1,423	$ **4,240**

Other assets included initial margins of futures markets and security deposits and other intangible fixed assets included key money as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Initial margins of future markets	¥ **1,193**	¥ 1,059	$ **7,461**
Security deposits	**1,020**	1,020	**6,379**
Key money	**441**	441	**2,758**

12. LOAN COMMITMENTS

Overdraft contracts and commitment line contracts on loans are agreements to lend to customers up to a prescribed amount when they apply for borrowing as long as there is no violation of any condition established in the contracts. The amounts of unused commitments at March 31, 2026 and 2025 were ¥1,029,084 million ($6,436,602 thousand) and ¥1,025,155 million, respectively, and the amounts of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time at March 31, 2026 and 2025 were ¥933,114 million ($5,836,339 thousand) and ¥934,219 million, respectively.

Since many of these commitment line contracts are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily affect actual future cash flow.

Many of these commitment line contracts have clauses that allow the Group to reject the application from customers or reduce the contract amounts if economic conditions change. In addition, the Group may request that customers pledge collateral such as real estate and securities or take other necessary measures such as scrutinizing customers' financial positions and revising contracts when the need to secure claims arise.

13. TANGIBLE FIXED ASSETS

Accumulated depreciation of tangible fixed assets was ¥46,628 million ($291,643 thousand) and ¥44,977 million at March 31, 2026 and 2025, respectively. Accumulated capital gains directly offset against the acquisition cost of tangible fixed assets to obtain tax benefits were ¥770 million ($4,816 thousand) and ¥770 million at March 31, 2026 and 2025, respectively. For the fiscal years ended March 31, 2026 and 2025, the capital gain offset from acquisition costs was nil.

14. GUARANTEES

The amount guaranteed by the Bank for privately placed bonds (stipulated by Article 2, Paragraph 3 of the Financial Instruments Exchange Act) included in "Bonds" of "Securities" was ¥44,894 million ($280,798 thousand) and ¥45,006 million at March 31, 2026 and 2025, respectively.

15. REVENUE

(1) Revenue from contracts with customers

Ordinary income is not disclosed by disaggregating revenue from contracts with customers and other sources of revenue.
Revenue from contracts with customers on a disaggregated basis for the fiscal years ended March 31, 2026 and 2025 was as follows:

Millions of yen

	2026			
	Reportable segments			
	Banking	Leasing	Other	Total
Fees and commissions	¥ 9,101	¥ —	¥ 2,858	¥ 11,960
Deposit and loan services	1,918	—	—	1,918
Exchange services	2,487	—	—	2,487
Trust related services	137	—	—	137
Securities related services	—	—	821	821
Agency services	2,605	—	—	2,605
Custody and safe deposit box services	199	—	—	199
Guarantee services	—	—	—	—
Other	1,752	—	2,037	3,790
Ordinary income from contracts with customers	¥ 9,101	¥ —	¥ 2,858	¥ 11,960
Ordinary income other than the above	90,767	11,849	1,088	103,705
Ordinary income from outside customers	¥ 99,869	¥ 11,849	¥ 3,946	¥ 115,665

Millions of yen

	2025			
	Reportable segments			
	Banking	Leasing	Other	Total
Fees and commissions	¥ 8,676	¥ —	¥ 2,442	¥ 11,119
Deposit and loan services	1,919	—	—	1,919
Exchange services	2,170	—	—	2,170
Trust related services	130	—	—	130
Securities related services	—	—	543	543
Agency services	2,658	—	—	2,658
Custody and safe deposit box services	212	—	—	212
Guarantee services	—	—	—	—
Other	1,585	—	1,899	3,484
Ordinary income from contracts with customers	¥ 8,676	¥ —	¥ 2,442	¥ 11,119
Ordinary income other than the above	79,663	11,317	985	91,966
Ordinary income from outside customers	¥ 88,339	¥ 11,317	¥ 3,428	¥ 103,085

Thousands of U.S. dollars

	2026			
	Reportable segments			
	Banking	Leasing	Other	Total
Fees and commissions	$ 56,923	$ —	$ 17,875	$ 74,806
Deposit and loan services	11,996	—	—	11,996
Exchange services	15,555	—	—	15,555
Trust related services	856	—	—	856
Securities related services	—	—	5,135	5,135
Agency services	16,293	—	—	16,293
Custody and safe deposit box services	1,244	—	—	1,244
Guarantee services	—	—	—	—
Other	10,958	—	12,740	23,705
Ordinary income from contracts with customers	$ 56,923	$ —	$ 17,875	$ 74,806
Ordinary income other than the above	567,719	74,111	6,805	648,642
Ordinary income from outside customers	$ 624,649	$ 74,111	$ 24,681	$ 723,448

Note: "Other" is business segments which are not included in the reportable segments and include the following services: credit guarantees, real estate leasing and management, software development, credit cards and securities.

(2) Receivables from contracts with customers

Receivables from contracts with customers of ¥562 million ($3,515 thousand) and ¥521 million as of March 31, 2026 and 2025, respectively, was included in other assets.

16. OTHER OPERATING INCOME

For the fiscal years ended March 31, 2026 and 2025, other operating income consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Gain on foreign exchange transactions	¥ 2,242	¥ 2,928	$ 14,023
Gains on sales of bonds	1,191	469	7,449
Other	111	132	694
Total	¥ 3,545	¥ 3,530	$ 22,172

17. OTHER INCOME

For the fiscal years ended March 31, 2026 and 2025, "other" under other income consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Gains on sales of stocks and other securities	¥ 5,451	¥ 4,563	$ 34,094
Other	1,034	912	6,467
Total	¥ 6,485	¥ 5,476	$ 40,561

18. OTHER OPERATING EXPENSES

For the fiscal years ended March 31, 2026 and 2025, other operating expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Losses on financial derivatives	¥ 4,720	¥ 4,713	$ 29,522
Losses on sales of bonds	2,477	2,574	15,492
Other	0	4	0
Total	¥ 7,199	¥ 7,291	$ 45,027

19. GENERAL AND ADMINISTRATIVE EXPENSES

For the fiscal years ended March 31, 2026 and 2025, general and administrative expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Salaries and allowances	¥ 20,593	¥ 19,942	$ 128,802
Retirement benefit costs	1,313	1,403	8,212
Other	23,173	22,917	144,939
Total	¥ 45,080	¥ 44,262	$ 281,961

20. OTHER EXPENSES

For the fiscal years ended March 31, 2026 and 2025, "other" under other expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Write-offs of loans	¥ 3,023	¥ 971	$ 18,907
Losses on sales of stocks and other securities	40	576	250
Other	2,845	1,364	17,794
Total	¥ 5,908	¥ 2,912	$ 36,952

21. IMPAIRMENT LOSS

Fiscal year ended March 31, 2026
The Group reports impairment losses for the following asset groups.

Region	Principal use	Type	Millions of yen Impairment loss	Thousands of U.S. dollars Impairment loss
Nara Prefecture - inside	One branch	Leased assets, etc.	¥ 63	$ 394
	Total		¥ 63	$ 394

Due to a decline in operating cash flows, the Bank reduced the carrying amounts of the above fixed asset to the recoverable amount and recognized the decrease as an impairment loss of ¥63 million ($394 thousand) in extraordinary losses.

The Bank groups assets by area and branch units because it continuously monitors income and expenditure for each area and branch. For idle assets, the grouping is carried out using each asset as the unit. Furthermore, the Headquarters, Administrative Center, Training Center, etc., are assets that contribute to the generation of the future cash flows of multiple assets and asset groups, so they are deemed to be corporate assets. Each subsidiary uses the grouping with each respective company as the unit.

The recoverable amount was calculated mainly based on value in use, which was determined to be zero because no future cash flows are expected to be generated.

Fiscal year ended March 31, 2025
The Group reports impairment losses for the following asset groups.

Region	Principle use	Type	Millions of yen Impairment loss
Nara Prefecture - inside	Five branches	Buildings, etc.	¥ 89
Nara Prefecture - inside	One branch	Software	0
	Total		¥ 90

Due to a decline in operating cash flows and the reorganization of the branch network, the Bank reduced the carrying amounts of the above fixed assets to the recoverable amounts and recognized the decrease as an impairment loss of ¥90 million in extraordinary losses.

The Bank groups assets by area and branch because it continuously monitors income and expenditure for each area and branch. For idle assets, the grouping is carried out using each asset as the unit. Furthermore, the Headquarters, Administrative Center, Training Center, etc., are assets that contribute to the generation of the future cash flows of multiple assets and asset groups, so they are deemed to be corporate assets. Each subsidiary uses the grouping with each respective company as the unit.

The recoverable amount of impaired assets was measured at the net selling price or value in use, whichever was higher. Net selling prices were calculated based on Real Estate Appraisal Standards, etc., and the value in use was computed by discounting future cash flows at 2.7%.

22. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of yen 2026	Millions of yen 2025	Thousands of U.S. dollars 2026
Valuation difference on available-for-sale securities:			
Gains (losses) incurred during the year	¥ 20,808	¥ (38,504)	$ 130,147
Reclassification adjustments to net income	(917)	(3,432)	(5,735)
Amount before income taxes and tax effect	19,890	(41,936)	124,405
Income taxes and tax effect	(6,174)	12,436	(38,616)
Valuation difference on available-for-sale securities	13,715	(29,499)	85,783
Deferred gains (losses) on hedges			
Gains (losses) incurred during the year	(2,242)	1,409	(14,023)
Reclassification adjustments to net income	(494)	(1,834)	(3,089)
Amount before income taxes and tax effect	(2,737)	(425)	(17,119)
Income taxes and tax effect	775	129	4,847
Deferred gains (losses) on hedges	(1,961)	(295)	(12,265)
Adjustments for retirement benefits:			
Gains (losses) incurred during the year	(29)	1,171	(181)
Reclassification adjustments to net income	9	128	56
Amount before income taxes and tax effect	(19)	1,299	(118)
Income taxes and tax effect	6	(403)	37
Adjustments for retirement benefits	(13)	896	(81)
Total other comprehensive income (loss)	¥ 11,741	¥ (28,899)	$ 73,436

23. STATEMENTS OF CASH FLOWS

The reconciliations between cash and due from banks in the consolidated balance sheets at March 31, 2026 and 2025 and cash and cash equivalents in the consolidated statements of cash flows for the fiscal years then ended were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash and due from banks on the consolidated balance sheets	**¥ 435,470**	¥ 678,270	**$ 2,723,730**
Current deposits due from banks	**(9)**	(4)	**(56)**
Time deposits due from banks	**(600)**	(600)	**(3,752)**
Other due from banks	**(1,043)**	(1,035)	**(6,523)**
Cash and cash equivalents on the consolidated statements of cash flows	**¥ 433,817**	¥ 676,630	**$ 2,713,391**

24. LEASE TRANSACTIONS

Operating leases

As lessee:

Future minimum lease payments under operating leases which were not cancelable at March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Due within one year	**¥ 121**	¥ 136	**$ 756**
Due after one year	**482**	591	**3,014**
Total	**¥ 603**	¥ 728	**$ 3,771**

As lessor:

Future minimum lease receipts under operating leases which were not cancelable at March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Due within one year	**¥ 29**	¥ 33	**$ 181**
Due after one year	**29**	58	**181**
Total	**¥ 58**	¥ 92	**$ 362**

25. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

a. Status of financial instruments

(1) Policy on financial instruments

The Group is composed of the Bank, its ten (ten in 2025) consolidated subsidiaries and its three (three in 2025) affiliates accounted for by the equity method and provides financial services such as banking, securities, leasing and credit guarantee services.

The Group's major banking business includes (i) the acceptance of deposits, lending services, bills discounting and remittance, and (ii) the guarantee of debt, acceptance of bills and other services related to the banking business. The securities business includes underwriting and dealing in securities, over-the-counter derivative transactions and other related services, including security index future transactions in accordance with the Financial Instruments and Exchange Act.

The Bank, in addition to being a money lender and borrower in the interbank market to adjust its surpluses and deficits of funds, raises funds by borrowed money and bonds with consideration for the financial market conditions and the balance of length.

The Bank conducts asset and liability management (ALM), identifying various types of risk exposures associated with the banking business as the Bank holds financial assets and liabilities exposed to the market risk associated with fluctuation in interest rates. As part of its risk management, the Bank utilizes derivative transactions such as interest rate swaps. The Bank also enters into derivative transactions for trading purposes with certain position limits.

(2) Contents and risk of financial instruments

Financial assets held by the Group are composed mainly of loans to corporate and individual customers that are exposed to credit risk arising from customer nonperformance. In addition, loan balances are significantly concentrated in Nara prefecture, where the head office of the Bank is located. Accordingly, changes in the economic circumstances of the region could have a great impact on the credit risk.

Securities consist principally of Japanese government bonds, Japanese local government bonds, equity securities, foreign securities, investment trusts that are classified as other securities (available-for-sale), private bonds guaranteed by the Bank that are classified as held-to-maturity debt securities and Japanese government bonds classified as trading purpose securities. These securities are exposed to the credit risk of issuers and the market risk of fluctuation in interest rates and market prices. Since financial assets denominated in foreign currencies are exposed to exchange rate risk, currency related derivative transactions are used to balance the amount of funding and amount of operations for each currency to reduce the risk.

In the banking business, financial liabilities consist principally of deposits from retail clients in Japan and are exposed to interest rate risk. In addition, foreign currency deposits are exposed to exchange rate risk. With respect to borrowed money, the Group may be forced to raise funds under unfavorable conditions and, accordingly, become significantly exposed to liquidity risk if the fund raising capacity of the Group significantly declined and led to the inability to repay under circumstances such as the significant deterioration of the financial position of the Group. Furthermore, borrowed money with floating interest rates is exposed to interest rate risk.

Derivative transactions include interest rate swaps for interest rate related transactions, currency swaps and forward foreign exchange transactions for currency related transactions, and bond future transactions and bond option transactions for bond related transactions. The Bank utilizes those derivative transactions in order to hedge the position of the customers as well as to capture various risks associated with transactions with customers and control those risks properly. The Bank also uses derivatives for trading purposes with certain position limits. Interest rate swaps are used as hedging instruments to avoid interest rate risks of hedged items such as loans and deposits with fixed interest rates. Deferred hedge accounting has been applied to derivatives used as hedging instruments.

The Bank assesses the effectiveness of hedges in offsetting movement in the fair value from changes in interest rates by classifying the hedged items such as deposits and loans and the hedging instruments such as interest rate swaps by their maturity. For cash flow hedges, the Bank assesses the effectiveness by verifying the correlation of the interest rate components between the hedged items and the hedging instruments. Transactions which do not meet the requirements of hedge accounting and derivative transactions for trading purposes are exposed to interest rate risk, foreign currency risk, price fluctuation risk and credit risk.

(3) Risk management system for financial instruments

Credit risk management

The Group has established a framework for credit control which includes credit reviews for individual transactions, credit limits, credit information management, internal credit ratings, guarantees and collateral and self-assessment in accordance with the Group's "Rules on Credit Risk Management" and "Rules on Self-Assessment of Assets." These credit controls are performed by each branch and the Examination Department. The Audit Department, which is independent from the said branches and department, audits the status of credit risk controls and its results. The status of credit risk controls is periodically evaluated and reported to the Management Meeting and the Board of Directors.

Credit risks associated with the issuers of securities are managed by the Market Operations Department and Risk Management Department. With respect to the credit risks associated with the issuer of the securities and counterparty risk associated with derivative transactions, related credit information and fair values of the securities are periodically checked to monitor those risks.

Market risk management

The Group's "Rules on Market Risk Management" stipulates that the Bank makes efforts to manage the market sector effectively, taking risk and reward into account as well as avoiding excessive risk taking by setting appropriate risk limits based on the Group's ability to take risk and identifying market risk properly.

The ALM Committee, the decision-making entity for the management of market risks, sets certain semiannual risk limits determined by VaR based upon the Bank's capital adequacy and market conditions. The Bank pursues profit opportunities within the risk limits while taking appropriate risks.

The Bank has a market risk management structure to ensure checks and balances by segregating a market operations department (front office) and an administrative management department (back office), as well as establishing a risk management department (middle office).

The Risk Management Department, which acts as the risk management department, monitors VaR, and captures and analyses the risk in a multifaceted manner such as interest rate risk based on standards for Interest Rate Risk in the Banking Book (IRRBB), Basis Point Value (BPV) and Stress Test. The result of the said monitoring and analysis is reported to the ALM Committee every month.

With respect to derivative transactions for hedging purposes, the Group establishes internal rules defining the authority and hedge policies which are governed by the Risk Management Department. With respect to derivative transactions for trading purposes, certain trading limits and loss limit rules are set semiannually by the ALM Committee. The Risk Management Department, which serves as the middle office, monitors compliance and calculates the total amount of risk. The Market Operations Department, which serves as the back office, checks each derivative transaction, marked-to-market position, and evaluates the profit and loss from the transactions on a daily basis. In addition to those functions, the related divisions check each other so as not to exceed limits on loss.

The directors of the Bank receive reports from both the middle office and the back office and monitor the risks associated with the Bank's portfolio as a whole, including loans, deposits and securities at the ALM Committee.

Quantitative information relating to market risk

The Group manages the quantity of market risk for financial instruments such as loans, deposits, securities and derivatives by VaR. To calculate VaR, the Group has adopted the historical method (confidence level of 99%, observation period of 1,250 business days, holding period of 120 business days) and the correlation of risk categories are considered.

At March 31, 2026, the Group's total market risk (decrease in estimated economic value) was ¥60,708 million ($379,709 thousand) (¥68,757 million in 2025). In addition, the Group conducted back tests comparing actual profit or loss with the VaR calculated by the model. However, VaR is a statistical measure of market risk based on past fluctuations in the market and certain probability of occurrence. It may not be possible to capture the risk if the market fluctuates rapidly under extraordinary circumstances.

Management of liquidity risk associated with financing activities

The Group has established a structure that appropriately manages its liquidity risk, prescribing the basic policy and management structure of the liquidity risk management in accordance with the Group's "Rules on Liquidity Risk Management." The Market Operations Department manages the Bank's cash position based upon the monthly funding plan designed by the ALM Committee, while the Risk Management Department monitors the situation. The ALM Committee manages financing risk comprehensively by understanding the amount of cash for which the Bank can liquidate and also can raise from the market on a regular basis.

In addition, the Group categorizes its financing situation into "Regular Phase," "Concern Phase" and "Crisis Phase" and prepares appropriate management structures for each phase so that the Group can take proper action accordingly.

(4) Supplementary explanation on the fair value of financial instruments

Certain assumptions are used in measuring the fair value of financial instruments. Accordingly, the result of these fair value measurements may vary if different assumptions are used.

b. Fair value of financial instruments

The table below summarizes the carrying amounts, fair values and differences for financial instruments as of March 31, 2026 and 2025. Equity securities, etc., with no market price and investments in partnerships are not included in the following table (see Note 1 below).

Cash and due from banks, debt purchased, foreign exchange in assets and negotiable certificates of deposit, call money and bills sold, payables under repurchase agreements, payables under securities lending transactions and foreign exchange in liabilities, whose fair value approximates carrying amount, and because they are settled within a short term, are also omitted. In addition, immaterial financial instruments are omitted.

Millions of yen

	2026		
	Carrying amount	Fair value	Difference
Money held in trust (*1)	**¥ 14,220**	**¥ 14,220**	**¥ —**
Securities (*1)			
Held-to-maturity debt securities	**44,994**	**44,338**	**(656)**
Available-for-sale securities	**1,304,245**	**1,304,245**	**—**
Loans and bills discounted	**4,601,265**		
Reserve for possible loan losses (*2)	**(21,565)**		
	4,579,699	**4,481,990**	**(97,708)**
Total assets	**¥ 5,943,159**	**¥ 5,844,794**	**¥ (98,364)**
Deposits	**¥ 5,911,929**	**¥ 5,910,231**	**¥ (1,698)**
Borrowed money	**281,837**	**281,792**	**(45)**
Total liabilities	**¥ 6,193,767**	**¥ 6,192,024**	**¥ (1,743)**
Derivative transactions (*3)			
Hedge accounting not applied	**¥ (7,776)**	**¥ (7,776)**	**¥ —**
Hedge accounting applied	**6,216**	**6,216**	**—**
Total derivative transactions	**¥ (1,560)**	**¥ (1,560)**	**¥ —**

Millions of yen

	2025		
	Carrying amount	Fair value	Difference
Money held in trust (*1)	¥ 15,510	¥ 15,510	¥ —
Securities (*1)			
Held-to-maturity debt securities	45,106	44,900	(206)
Available-for-sale securities	1,480,809	1,480,809	—
Loans and bills discounted	4,465,125		
Reserve for possible loan losses (*2)	(20,836)		
	4,444,289	4,386,174	(58,114)
Total assets	¥ 5,985,715	¥ 5,927,394	¥ (58,321)
Deposits	¥ 5,868,778	¥ 5,867,172	¥ (1,606)
Borrowed money	301,745	301,687	(58)
Total liabilities	¥ 6,170,523	¥ 6,168,859	¥ (1,664)
Derivative transactions (*3)			
Hedge accounting not applied	¥ 2,560	¥ 2,560	¥ —
Hedge accounting applied	9,213	9,213	—
Total derivative transactions	¥ 11,774	¥ 11,774	¥ —

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	2026		
	Carrying amount	Fair value	Difference
Money held in trust (*1)	$ 88,941	$ 88,941	$ —
Securities (*1)			
Held-to-maturity debt securities	281,423	277,320	(4,103)
Available-for-sale securities	8,157,649	8,157,649	—
Loans and bills discounted	28,779,490		
Reserve for possible loan losses (*2)	(134,882)		
	28,644,602	28,033,462	(611,133)
Total assets	$ 37,172,623	$ 36,557,380	$ (615,236)
Deposits	$ 36,977,289	$ 36,966,668	$ (10,620)
Borrowed money	1,762,803	1,762,521	(281)
Total liabilities	$ 38,740,098	$ 38,729,196	$ (10,901)
Derivative transactions (*3)			
Hedge accounting not applied	$ (48,636)	$ (48,636)	$ —
Hedge accounting applied	38,879	38,879	—
Total derivative transactions	$ (9,757)	$ (9,757)	$ —

(*1) These include investment trusts whose standard quotation is deemed as fair value by applying the treatment prescribed in Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).
(*2) General reserve for possible loan losses and specific reserve for possible loan losses corresponding to loans are deducted.
(*3) Assets and liabilities arising from derivative transactions are presented on a net basis, and net liabilities are presented in parentheses.

(Note 1) The carrying amount of equity securities, etc., with no market price and investments in partnerships as of March 31, 2026 and 2025 are set forth in the table below. These amounts are not included in "Available-for-sale securities" in the table for fair value of financial instruments.

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unlisted equity securities (*1) (*2)	¥ 1,496	¥ 1,507	$ 9,357
Investments in partnerships (*3)	22,040	21,665	137,853

(*1) Unlisted equity securities are not subject to fair value disclosure in accordance with Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).
(*2) The Group recognized impairment loss of ¥1,463 million ($9,150 thousand) on unlisted equity securities for the fiscal year ended March 31, 2026, while no impairment loss was recognized for the fiscal year ended March 31, 2025,
(*3) Investments in partnerships are not subject to fair value disclosure in accordance with Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

(Note 2) Redemption schedule of monetary claims and securities with maturities

Millions of yen

	2026					
	Due within one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ 379,209	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	110,000	—	—	—	—	—
Debt purchased	699	—	—	—	—	—
Securities	18,507	140,325	148,607	171,115	443,560	175,772
Held-to-maturity debt securities	14,543	20,959	8,379	1,113	—	—
Bonds	14,543	20,959	8,379	1,113	—	—
Available-for-sale securities with contractual maturities	3,964	119,366	140,228	170,002	443,560	175,772
Japanese government bonds	—	7,000	57,000	76,500	212,000	37,000
Japanese local government bonds	3,044	42,279	71,654	66,997	183,558	1,241
Corporate bonds	919	53,699	11,574	100	2,400	100,358
Other	—	16,388	—	26,404	45,602	37,173
Loans and bills discounted (*)	494,171	805,683	793,893	432,682	546,665	1,078,608
Total	¥ 1,002,587	¥ 946,009	¥ 942,501	¥ 603,797	¥ 990,226	¥ 1,254,381

Millions of yen

	2025					
	Due within one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ 626,467	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	—	—	—	—	—	—
Debt purchased	661	—	—	—	—	—
Securities	19,599	49,144	151,229	89,220	312,695	240,078
Held-to-maturity debt securities	13,360	21,682	8,869	1,194	—	—
Bonds	13,360	21,682	8,869	1,194	—	—
Available-for-sale securities with contractual maturities	6,239	27,461	142,360	88,025	312,695	240,078
Japanese government bonds	—	—	29,000	15,000	165,000	43,000
Japanese local government bonds	5,435	6,140	57,772	62,906	136,976	882
Corporate bonds	804	6,369	53,692	400	1,000	113,455
Other	—	14,952	1,895	9,718	9,718	82,740
Loans and bills discounted (*)	533,427	801,820	671,813	432,945	521,259	1,070,988
Total	¥ 1,180,156	¥ 850,964	¥ 823,042	¥ 522,165	¥ 833,955	¥ 1,311,066

Thousands of U.S. dollars

	2026					
	Due within one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	**$ 2,371,835**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Call loans and bills bought	**688,016**	**—**	**—**	**—**	**—**	**—**
Debt purchased	**4,372**	**—**	**—**	**—**	**—**	**—**
Securities	**115,755**	**877,689**	**929,490**	**1,070,271**	**2,774,330**	**1,099,399**
Held-to-maturity debt securities	**90,961**	**131,092**	**52,408**	**6,961**	**—**	**—**
Bonds	**90,961**	**131,092**	**52,408**	**6,961**	**—**	**—**
Available-for-sale securities with contractual maturities	**24,793**	**746,597**	**877,082**	**1,063,309**	**2,774,330**	**1,099,399**
Japanese government bonds	**—**	**43,782**	**356,517**	**478,483**	**1,325,994**	**231,423**
Japanese local government bonds	**19,039**	**264,442**	**448,173**	**419,045**	**1,148,098**	**7,762**
Corporate bonds	**5,748**	**335,870**	**72,391**	**625**	**15,011**	**627,708**
Other	**—**	**102,501**	**—**	**165,148**	**285,226**	**232,505**
Loans and bills discounted (*)	**3,090,886**	**5,039,298**	**4,965,555**	**2,706,292**	**3,419,220**	**6,746,359**
Total	**$ 6,270,871**	**$ 5,916,993**	**$ 5,895,052**	**$ 3,776,563**	**$ 6,193,557**	**$ 7,845,765**

(*) Loans from "bankrupt," "effectively bankrupt" and "likely to become bankrupt" borrowers, which are not expected to be repaid, amounting to ¥45,584 million ($285,113 thousand) and ¥47,241 million at March 31, 2026 and 2025, respectively, are not included.
Loans whose payment terms were not determined amounting to ¥403,975 million ($2,526,738 thousand) and ¥385,629 million at March 31, 2026 and 2025, respectively, are not included.

(Note 3) Redemption schedule of borrowed money and interest-bearing liabilities

Millions of yen

	2026					
	Due within one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*)	**¥ 5,521,566**	**¥ 310,120**	**¥ 80,242**	**¥ —**	**¥ —**	**¥ —**
Negotiable certificates of deposit	**33,348**	**—**	**—**	**—**	**—**	**—**
Payables under securities lending transactions	**75,409**	**—**	**—**	**—**	**—**	**—**
Borrowed money	**144,632**	**137,180**	**25**	**—**	**—**	**—**
Total	**¥ 5,774,956**	**¥ 447,300**	**¥ 80,267**	**¥ —**	**¥ —**	**¥ —**

Millions of yen

	2025					
	Due within one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*)	¥ 5,464,498	¥ 353,270	¥ 51,009	¥ —	¥ —	¥ —
Negotiable certificates of deposit	32,107	—	—	—	—	—
Payables under securities lending transactions	300,642	—	—	—	—	—
Borrowed money	34,565	263,490	700	2,990	—	—
Total	¥ 5,831,814	¥ 616,760	¥ 51,709	¥ 2,990	¥ —	¥ —

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	2026					
	Due within one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*)	$ 34,535,689	$ 1,939,704	$ 501,888	$ —	$ —	$ —
Negotiable certificates of deposit	208,581	—	—	—	—	—
Payables under securities lending transactions	471,659	—	—	—	—	—
Borrowed money	904,628	858,018	156	—	—	—
Total	$ 36,120,565	$ 2,797,723	$ 502,045	$ —	$ —	$ —

(*) Demand deposits are included in "Due within one year or less."

c. Financial instruments categorized by fair value hierarchy

The fair value of financial instruments is categorized into the following three levels depending on the observability and materiality of the inputs used to calculate fair value.

Level 1: Fair values measured by using observable inputs that are quoted prices in active markets for identical assets or liabilities

Level 2: Fair values measured by using observable inputs other than those included within Level 1

Level 3: Fair values measured by using unobservable inputs

In cases where multiple inputs with a material impact on the fair value measurement are used, the fair value is classified into the lowest level from which significant inputs were used.

(1) Financial instruments carried at fair value in the consolidated balance sheet

Millions of yen

	2026			
	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust (trading purposes and other) (*1)	¥ —	¥ 12,669	¥ —	¥ 12,669
Securities				
Available-for-sale securities (*1)				
Japanese government bonds and Japanese local government bonds, etc.	355,233	341,852	—	697,086
Corporate bonds	—	148,199	—	148,199
Stocks	109,704	90	—	109,794
Other	152,067	196,356	—	348,424
Derivative transactions (*2)				
Interest rate related	—	9,058	—	9,058
Currency related	—	4,407	—	4,407
Total assets	¥ 617,005	¥ 712,633	¥ —	¥ 1,329,639
Derivative transactions (*2)				
Interest rate related	¥ —	¥ 2,605	¥ —	¥ 2,605
Currency related	—	12,420	—	12,420
Total liabilities	¥ —	¥ 15,025	¥ —	¥ 15,025

Millions of yen

	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust (trading purposes and other) (*1)	¥ —	¥ 13,551	¥ —	¥ 13,551
Securities				
Available-for-sale securities (*1)				
Japanese government bonds and Japanese local government bonds, etc.	235,030	257,360	—	492,391
Corporate bonds	—	166,435	—	166,435
Stocks	81,356	90	—	81,446
Other	121,578	618,221	—	739,799
Derivative transactions (*2)				
Interest rate related	—	10,581	—	10,581
Currency related	—	7,309	—	7,309
Total assets	¥ 437,966	¥ 1,073,549	¥ —	¥ 1,511,515
Derivative transactions (*2)				
Interest rate related	¥ —	¥ 1,108	¥ —	¥ 1,108
Currency related	—	5,008	—	5,008
Total liabilities	¥ —	¥ 6,116	¥ —	¥ 6,116

Thousands of U.S. dollars

	2026			
	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust (trading purposes and other) (*1)	$ —	$ 79,240	$ —	$ 79,240
Securities				
Available-for-sale securities (*1)				
Japanese government bonds and Japanese local government bonds, etc.	2,221,872	2,138,178	—	4,360,057
Corporate bonds	—	926,938	—	926,938
Stocks	686,164	562	—	686,727
Other	951,132	1,228,146	—	2,179,284
Derivative transactions (*2)				
Interest rate related	—	56,654	—	56,654
Currency related	—	27,564	—	27,564
Total assets	$ 3,859,175	$ 4,457,299	$ —	$ 8,316,481
Derivative transactions (*2)				
Interest rate related	$ —	$ 16,293	$ —	$ 16,293
Currency related	—	77,683	—	77,683
Total liabilities	$ —	$ 93,976	$ —	$ 93,976

(*1) Investment trusts whose standard quotation is deemed as fair value by applying the treatment prescribed in Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) are not included in the above tables.
The amount of investment trusts in the consolidated balance sheet at March 31, 2026 to which the treatment of Paragraphs 24-3 and 24-9 are applied was ¥1,550 million ($9,694 thousand) and ¥741 million ($4,634 thousand), respectively.
The amount of investment trusts in the consolidated balance sheet at March 31, 2025 to which the treatment of Paragraphs 24-3 and 24-9 are applied was ¥1,958 million and ¥735 million, respectively.
(*2) The amount of derivative transactions to which hedge accounting is applied in the consolidated balance sheet at March 31, 2026 and 2025 was ¥6,216 million ($38,879 thousand) and ¥9,213 million, respectively.

(a) Reconciliation from the beginning balance to the ending balance of investment trusts to which the treatment of Paragraphs 24-3 and 24-9 are applied

Millions of yen

2026							
	Income (loss) or other comprehensive income for the current fiscal year						
Beginning balance	Recorded in income (loss) (*1)	Recorded in other comprehensive income (*2)	Net amount of purchase, sale and redemption	Amount of investment trusts of which standard quotations are deemed as fair value	Amount of investment trusts of which standard quotations are not deemed as fair value	Ending balance	Valuation gains (losses) on investment trusts held at year-end recorded in income (loss) for the current fiscal year (*1)
¥ 2,694	¥ (44)	¥ 5	¥ (363)	¥ —	¥ —	¥ 2,291	¥ (44)

Millions of yen

2025							
	Income (loss) or other comprehensive income for the current fiscal year						
Beginning balance	Recorded in income (loss) (*1)	Recorded in other comprehensive income (*2)	Net amount of purchase, sale and redemption	Amount of investment trusts of which standard quotations are deemed as fair value	Amount of investment trusts of which standard quotations are not deemed as fair value	Ending balance	Valuation gains (losses) on investment trusts held at year-end recorded in income (loss) for the current fiscal year (*1)
¥ 4,655	¥ (374)	¥ 9	¥ (1,595)	¥ —	¥ —	¥ 2,694	¥ (374)

Thousands of U.S. dollars

2026							
	Income (loss) or other comprehensive income for the current fiscal year						
Beginning balance	Recorded in income (loss) (*1)	Recorded in other comprehensive income (*2)	Net amount of purchase, sale and redemption	Amount of investment trusts of which standard quotations are deemed as fair value	Amount of investment trusts of which standard quotations are not deemed as fair value	Ending balance	Valuation gains (losses) on investment trusts held at year-end recorded in income (loss) for the current fiscal year (*1)
$ 16,850	$ (275)	$ 31	$ (2,270)	$ —	$ —	$ 14,329	$ (275)

(*1) Included in "Other operating income" in the consolidated statements of income.
(*2) Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.

(b) Breakdown of restrictions on cancellation or claims for repurchase at year-end

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Main restrictions on cancellation or claims for repurchase			
Halted acceptance of cancellation due to being in the process of liquidation of funds	**¥ 470**	¥ 571	**$ 2,939**
Lock-up period: One year after purchase Acceptance of cancellation: At the end of every quarter with 90 days' advance notice required Upper limit per cancellation: 25% of each investor's initial investment value Refund: Retain 5% of cancellation refund in funds and pay back after settlement of funds	**—**	358	**—**
Acceptance of cancellation: At the end of every month with 4 months' advance notice required Upper limit per cancellation: 10% of the entire fund Refund: Pay back after 2 months from the cancellation date	**1,079**	1,029	**6,748**

(2) Financial instruments not carried at fair value in the consolidated balance sheet

Millions of yen

	2026			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Corporate bonds	**¥ —**	**¥ —**	**¥ 44,338**	**¥ 44,338**
Loans and bills discounted	**—**	**222,394**	**4,259,596**	**4,481,990**
Total assets	**¥ —**	**¥ 222,394**	**¥ 4,303,935**	**¥ 4,526,329**
Deposits	**¥ —**	**¥ 5,910,231**	**¥ —**	**¥ 5,910,231**
Borrowed money	**—**	**277,647**	**4,144**	**281,792**
Total liabilities	**¥ —**	**¥ 6,187,879**	**¥ 4,144**	**¥ 6,192,024**

Millions of yen

	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Corporate bonds	¥ —	¥ —	¥ 44,900	¥ 44,900
Loans and bills discounted	—	238,281	4,147,893	4,386,174
Total assets	¥ —	¥ 238,281	¥ 4,192,793	¥ 4,431,075
Deposits	¥ —	¥ 5,867,172	¥ —	¥ 5,867,172
Borrowed money	—	295,064	6,623	301,687
Total liabilities	¥ —	¥ 6,162,236	¥ 6,623	¥ 6,168,859

Thousands of U.S. dollars

	2026			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Corporate bonds	**$ —**	**$ —**	**$ 277,320**	**$ 277,320**
Loans and bills discounted	**—**	**1,391,005**	**26,642,456**	**28,033,462**
Total assets	**$ —**	**$ 1,391,005**	**$ 26,919,783**	**$ 28,310,789**
Deposits	**$ —**	**$ 36,966,668**	**$ —**	**$ 36,966,668**
Borrowed money	**—**	**1,736,596**	**25,919**	**1,762,521**
Total liabilities	**$ —**	**$ 38,703,271**	**$ 25,919**	**$ 38,729,196**

(Note) Valuation techniques and inputs used in fair value measurement

Assets

Money held in trust:

The fair value of securities managed as trust assets in individually managed money held in trust primarily for securities management purposes is determined based the price provided by the financial institutions, and classified according to the level of their components.

Money held in trust categorized by holding purposes is described in Note 26, "SECURITIES AND MONEY HELD IN TRUST."

Securities:
The fair value of securities with unadjusted quoted prices in active markets are classified as Level 1. This includes mainly listed equity securities and Japanese government bonds.

Even when there are published quoted prices, however, fair values arising from markets that are not active are classified as Level 2. This mainly includes Japanese local government bonds, corporate bonds and residential mortgage-backed securities. The fair value of investment trusts with no transaction price in markets is determined using a standard quotation if there are no material restrictions causing market participants to demand compensation for risk of cancellation or claims for repurchase, and is classified as Level 2.

The fair value of private bonds guaranteed by the Bank is calculated by discounting the total amount of principal and interest at an interest rate applicable to new similar bonds, following a division into certain periods, redemption methods and guarantee classification. For private bonds guaranteed by the Bank issued by "bankrupt," "effectively bankrupt" and "likely to become bankrupt" borrowers, an estimated loan loss is calculated based on either a present value of estimated future cash flows or an amount expected to be recovered from collateral and guarantees. Therefore, their fair values approximate the carrying amounts of bonds at the balance sheet date less reserve for possible loan losses, and such amounts are used as fair values. The fair value of private bonds guaranteed by the Bank is classified as Level 3.

Securities categorized by the purpose for which they are held are described in Note 26, "SECURITIES AND MONEY HELD IN TRUST."

Loans and bills discounted:
The fair value of loans and bills discounted is calculated by discounting the total amount of principal and interest at a discounted rate, that is a market interest rate adjusted for credit risk, etc., following a division into loan type, internal rating and period. For loans with floating interest rates which reflect market interest rates within a short period of time, fair value approximates carrying amount as long as the credit standing of the borrowers has not changed significantly from the time of the transaction, therefore the carrying amount is used as the fair value. For loans to "bankrupt," "effectively bankrupt" and "likely to become bankrupt" borrowers, the fair value is calculated based on the discounted present value of the estimated future cash flows or that using an amount expected to be recovered from collateral and guarantees. These are classified as Level 3.

The fair value of embedded derivative loans is determined based on the discounted present value of future cash flows or a value calculated by option pricing models, etc., using observable inputs, such as interest rates, and are classified as Level 2.

Liabilities
Deposits:
For demand deposits, the amount required to be paid if demanded on the consolidated balance sheet date is deemed to be the fair value. The fair value of time deposits is determined based on the present value by discounting future cash flows classified by a certain period. The interest rate applicable to new deposits is used as the discount rate. For deposits whose contract period is short (within a year), the fair value approximates carrying amount, which is therefore used as the fair value.

These are classified as Level 2.

Borrowed money:
The fair value of borrowed money is based on the net present value calculated by discounting the total amount of principal and interest classified by a certain period at an interest rate that takes the remaining period and credit risk into account. For borrowed money with floating interest rates which reflect market interest rates within a short period of time, the fair value is deemed to approximate the carrying amount as long as the credit standing of the Bank and its consolidated subsidiaries has not changed significantly after the transaction. In these cases, the carrying amount is used as fair value. For borrowed money whose contract period is short (within a year), the fair value approximates the carrying amount, which is therefore used as fair value.

These are classified mainly as Level 2.

Derivative transactions:
The fair value of derivative transactions with unadjusted quoted prices in active markets available is classified as Level 1. This includes mainly bond futures transactions and interest rate futures transactions.

However, as most derivatives are over-the-counter transactions and there are no published quoted prices, the fair value is determined based on a discounted present value of future cash flows or a value calculated by option pricing models, etc., depending on the transaction type and the period to maturity. In cases in which unobservable inputs are not used or their impact is immaterial, fair value is classified as Level 2. These cases include plain vanilla interest rate swaps and forward foreign exchange contracts. In addition, in cases in which significant unobservable inputs are used, the fair value is classified as Level 3.

26. SECURITIES AND MONEY HELD IN TRUST

The securities in this note include "Trading account securities" and beneficial interests in trust assets under "Debt purchased," in addition to "Securities" classified on the consolidated balance sheets.

(1) Trading account securities and securities at March 31, 2026 and 2025
Fair values and unrealized gains and losses on trading securities, held-to-maturity debt securities and available-for-sale securities as of March 31, 2026 and 2025 were as follows:

(a) Trading securities
Not applicable for the fiscal years ended March 31, 2026 and 2025.

(b) Held-to-maturity debt securities

Millions of yen

	2026		
	Carrying amount	Fair value	Unrealized gains (losses)
Fair value exceeding carrying amount:			
Corporate bonds	**¥ 2,981**	**¥ 2,989**	**¥ 7**
Subtotal	**¥ 2,981**	**¥ 2,989**	**¥ 7**
Fair value not exceeding carrying amount:			
Corporate bonds	**¥ 42,012**	**¥ 41,349**	**¥ (663)**
Subtotal	**¥ 42,012**	**¥ 41,349**	**¥ (663)**
Total	**¥ 44,994**	**¥ 44,338**	**¥ (656)**

Millions of yen

	2025		
	Carrying amount	Fair value	Unrealized gains (losses)
Fair value exceeding carrying amount:			
Corporate bonds	¥ 10,793	¥ 10,821	¥ 28
Subtotal	¥ 10,793	¥ 10,821	¥ 28
Fair value not exceeding carrying amount:			
Corporate bonds	¥ 34,313	¥ 34,078	¥ (235)
Subtotal	¥ 34,313	¥ 34,078	¥ (235)
Total	¥ 45,106	¥ 44,900	¥ (206)

Thousands of U.S. dollars

	2026		
	Carrying amount	Fair value	Unrealized gains (losses)
Fair value exceeding carrying amount:			
Corporate bonds	**$ 18,645**	**$ 18,695**	**$ 43**
Subtotal	**$ 18,645**	**$ 18,695**	**$ 43**
Fair value not exceeding carrying amount:			
Corporate bonds	**$ 262,772**	**$ 258,625**	**$ (4,146)**
Subtotal	**$ 262,772**	**$ 258,625**	**$ (4,146)**
Total	**$ 281,423**	**$ 277,320**	**$ (4,103)**

(c) Available-for-sale securities

Millions of yen

	2026		
	Carrying amount	Acquisition cost	Unrealized gains (losses)
Carrying amount exceeding acquisition cost:			
Stocks	**¥ 109,019**	**¥ 26,005**	**¥ 83,014**
Bonds	**—**	**—**	**—**
Japanese government bonds	**—**	**—**	**—**
Japanese local government bonds	**—**	**—**	**—**
Japanese corporate bonds	**—**	**—**	**—**
Others	**72,086**	**70,653**	**1,432**
Foreign securities included	**40,497**	**39,915**	**581**
Subtotal	**¥ 181,105**	**¥ 96,658**	**¥ 84,447**
Carrying amount not exceeding acquisition cost:			
Stocks	**¥ 774**	**¥ 813**	**¥ (38)**
Bonds	**845,285**	**923,934**	**(78,649)**
Japanese government bonds	**355,233**	**386,560**	**(31,326)**
Japanese local government bonds	**341,852**	**366,040**	**(24,188)**
Japanese corporate bonds	**148,199**	**171,333**	**(23,134)**
Others	**277,079**	**289,242**	**(12,163)**
Foreign securities included	**82,363**	**89,452**	**(7,088)**
Subtotal	**¥ 1,123,139**	**¥ 1,213,990**	**¥ (90,851)**
Total	**¥ 1,304,245**	**¥ 1,310,649**	**¥ (6,404)**

Millions of yen

	2025		
	Carrying amount	Acquisition cost	Unrealized gains (losses)
Carrying amount exceeding acquisition cost:			
Stocks	¥ 80,575	¥ 29,481	¥ 51,093
Bonds	6,311	6,305	5
Japanese government bonds	5,877	5,871	5
Japanese local government bonds	30	30	0
Japanese corporate bonds	404	403	0
Others	130,712	129,241	1,471
Foreign securities included	24,144	23,687	457
Subtotal	¥ 217,599	¥ 165,028	¥ 52,570
Carrying amount not exceeding acquisition cost:			
Stocks	¥ 871	¥ 905	¥ (33)
Bonds	652,515	692,442	(39,926)
Japanese government bonds	229,153	244,778	(15,625)
Japanese local government bonds	257,330	270,024	(12,694)
Japanese corporate bonds	166,031	177,639	(11,607)
Others	609,822	647,327	(37,504)
Foreign securities included	85,857	97,255	(11,398)
Subtotal	¥ 1,263,209	¥ 1,340,674	¥ (77,464)
Total	¥ 1,480,809	¥ 1,505,703	¥ (24,894)

Thousands of U.S. dollars

	2026		
	Carrying amount	Acquisition cost	Unrealized gains (losses)
Carrying amount exceeding acquisition cost:			
Stocks	**$ 681,880**	**$ 162,653**	**$ 519,226**
Bonds	**—**	**—**	**—**
Japanese government bonds	**—**	**—**	**—**
Japanese local government bonds	**—**	**—**	**—**
Japanese corporate bonds	**—**	**—**	**—**
Others	**450,875**	**441,912**	**8,956**
Foreign securities included	**253,296**	**249,655**	**3,633**
Subtotal	**$ 1,132,755**	**$ 604,565**	**$ 528,189**
Carrying amount not exceeding acquisition cost:			
Stocks	**$ 4,841**	**$ 5,085**	**$ (237)**
Bonds	**5,286,996**	**5,778,921**	**(491,925)**
Japanese government bonds	**2,221,872**	**2,417,813**	**(195,934)**
Japanese local government bonds	**2,138,178**	**2,289,467**	**(151,288)**
Japanese corporate bonds	**926,938**	**1,071,634**	**(144,696)**
Others	**1,733,043**	**1,809,119**	**(76,075)**
Foreign securities included	**515,155**	**559,494**	**(44,333)**
Subtotal	**$ 7,024,887**	**$ 7,593,132**	**$ (568,244)**
Total	**$ 8,157,649**	**$ 8,197,704**	**$ (40,055)**

(2) Held-to-maturity debt securities sold for the fiscal years ended March 31, 2026 and 2025

Millions of yen

	2026		
	Cost of sales	Sales amount	Gains (losses) on sales
Bonds	**¥ 549**	**¥ 555**	**¥ 6**
Japanese corporate bonds	**549**	**555**	**6**
Total	**¥ 549**	**¥ 555**	**¥ 6**

Millions of yen

	2025		
	Cost of sales	Sales amount	Gains (losses) on sales
Bonds	¥ 60	¥ 60	¥ 0
Japanese corporate bonds	60	60	0
Total	¥ 60	¥ 60	¥ 0

Thousands of U.S. dollars

	2026		
	Cost of sales	Sales amount	Gains (losses) on sales
Bonds	$ 3,433	$ 3,471	$ 37
Japanese corporate bonds	3,433	3,471	37
Total	$ 3,433	$ 3,471	$ 37

(Reason for sale) Sales of Japanese corporate bonds comprise retirement by purchase of private bonds.

(3) Available-for-sale securities sold for the fiscal years ended March 31, 2026 and 2025

Millions of yen

	2026		
	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 6,547	¥ 2,875	¥ 27
Bonds	62,161	7	2,008
Japanese government bonds	46,272	7	966
Japanese local government bonds	15,888	—	1,042
Others	116,888	3,753	480
Foreign securities included	67,333	541	353
Total	¥ 185,597	¥ 6,636	¥ 2,516

Millions of yen

	2025		
	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 6,012	¥ 3,748	¥ 24
Bonds	121,159	331	2,115
Japanese government bonds	78,139	331	635
Japanese local government bonds	43,020	—	1,479
Others	49,471	952	1,010
Foreign securities included	32,415	460	337
Total	¥ 176,644	¥ 5,032	¥ 3,151

Thousands of U.S. dollars

	2026		
	Sales amount	Gains on sales	Losses on sales
Stocks	$ 40,949	$ 17,982	$ 168
Bonds	388,797	43	12,559
Japanese government bonds	289,417	43	6,042
Japanese local government bonds	99,374	—	6,517
Others	731,098	23,473	3,002
Foreign securities included	421,147	3,383	2,207
Total	$ 1,160,851	$ 41,506	$ 15,736

(4) Money held in trust at March 31, 2026 and 2025

(a) Money held in trust for trading purposes

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Carrying amount (fair value)	¥ 12,000	¥ 13,000	$ 75,056
Amount of net unrealized gains (losses) included in the consolidated statements of income	186	244	1,163

(b) Money held in trust for held-to-maturity purpose
Not applicable as of March 31, 2026 and 2025.

(c) Money held in trust for purposes other than trading or held-to-maturity

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Carrying amount	¥ 2,220	¥ 2,510	$ 13,885
Acquisition cost	2,220	2,510	13,885
Difference	—	—	—
Unrealized gain	—	—	—
Unrealized loss	—	—	—

(d) The principal amount in trust with contracts to compensate losses on the principal was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Money held in trust	¥ 3,048	¥ 3,626	$ 19,064

(5) Components of the valuation difference on available-for-sale securities recorded under net assets at March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Valuation difference	¥ (4,492)	¥ (24,383)	$ (28,096)
Available-for-sale securities	(4,492)	(24,383)	(28,096)
Money held in trust for purposes other than trading or held-to-maturity	—	—	—
Deferred tax assets (liabilities)	2,940	9,115	18,388
Valuation difference on available-for-sale securities before adjustment for noncontrolling interests	¥ (1,551)	¥ (15,267)	$ (9,701)
Noncontrolling interests adjustment	—	—	—
Valuation difference on available-for-sale securities	¥ (1,551)	¥ (15,267)	$ (9,701)

(6) Securities reclassified for the fiscal years ended March 31, 2026 and 2025

Not applicable.

(7) Impairment loss on securities

In the event that the fair value of securities other than securities held for trading purpose (excluding stocks, etc. that do not have a market price and investments in partnerships) declines significantly from the acquisition cost and the fair value is not expected to recover, such securities are stated at fair value and the difference between the fair value and the acquisition cost is recognized as loss in the period of the decline ("impairment loss"). The fair value is regarded as "significantly declined" when (i) the fair value as of the end of the fiscal year has declined by more than 50% of the acquisition cost or (ii) the fair value as of the end of the fiscal year has declined by more than 30% but less than 50% of the acquisition cost, and is not expected to recover within one year. No impairment loss was recognized for the fiscal year ended March 31, 2026, whereas impairment loss of ¥18 million on stocks was recognized for the fiscal year ended March 31, 2025.

27. DERIVATIVE TRANSACTIONS

(1) Derivative contracts to which hedge accounting is not applied

With respect to derivatives to which hedge accounting is not applied, the contract amount or notional principal amount defined in the contract, fair value and unrealized gains (losses) by transaction type as of March 31, 2026 and 2025 were as follows.

Note that the contract amount does not represent the market risk exposure of the derivative transactions themselves.

(a) Interest rate related transactions

		Millions of yen			
		2026			
Category	Transaction type	Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Exchange transactions	Interest rate futures				
	Sold	¥ —	¥ —	¥ —	¥ —
	Bought	—	—	—	—
	Interest rate options				
	Sold	—	—	—	—
	Bought	—	—	—	—
Over-the-counter transactions	Forward rate agreements				
	Sold	—	—	—	—
	Bought	—	—	—	—
	Interest rate swaps				
	Receive fixed rate/pay floating rate	33,462	33,462	(2,602)	(2,602)
	Receive floating rate/pay fixed rate	33,932	33,867	2,838	2,838
	Receive floating rate/pay floating rate	—	—	—	—
	Interest rate options				
	Sold	—	—	—	—
	Bought	—	—	—	—
	Other				
	Sold	—	—	—	—
	Bought	—	—	—	—
Total		¥ —	¥ —	¥ 236	¥ 236

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Millions of yen

Category	Transaction type	2025 Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Exchange transactions	Interest rate futures				
	Sold	¥ —	¥ —	¥ —	¥ —
	Bought	—	—	—	—
	Interest rate options				
	Sold	—	—	—	—
	Bought	—	—	—	—
Over-the-counter transactions	Forward rate agreements				
	Sold	—	—	—	—
	Bought	—	—	—	—
	Interest rate swaps				
	Receive fixed rate/pay floating rate	33,764	33,664	(1,052)	(1,052)
	Receive floating rate/pay fixed rate	34,415	34,314	1,311	1,311
	Receive floating rate/pay floating rate	—	—	—	—
	Interest rate options				
	Sold	—	—	—	—
	Bought	—	—	—	—
	Other				
	Sold	—	—	—	—
	Bought	—	—	—	—
Total		¥ —	¥ —	¥ 258	¥ 258

Thousands of U.S. dollars

Category	Transaction type	2026 Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Exchange transactions	Interest rate futures				
	Sold	**$ —**	**$ —**	**$ —**	**$ —**
	Bought	**—**	**—**	**—**	**—**
	Interest rate options				
	Sold	**—**	**—**	**—**	**—**
	Bought	**—**	**—**	**—**	**—**
Over-the-counter transactions	Forward rate agreements				
	Sold	**—**	**—**	**—**	**—**
	Bought	**—**	**—**	**—**	**—**
	Interest rate swaps				
	Receive fixed rate/pay floating rate	**209,294**	**209,294**	**(16,274)**	**(16,274)**
	Receive floating rate/pay fixed rate	**212,234**	**211,827**	**17,750**	**17,750**
	Receive floating rate/pay floating rate	**—**	**—**	**—**	**—**
	Interest rate options				
	Sold	**—**	**—**	**—**	**—**
	Bought	**—**	**—**	**—**	**—**
	Other				
	Sold	**—**	**—**	**—**	**—**
	Bought	**—**	**—**	**—**	**—**
Total		**$ —**	**$ —**	**$ 1,476**	**$ 1,476**

Notes: 1. The above transactions are measured at fair value, and unrealized gains (losses), except those in Note 2 below, are recognized in the consolidated statements of income.
2. The following amounts for which the application of hedge accounting was cancelled since the requirements for hedge accounting were not met were included in "Receive floating rate/pay fixed rate" of interest rate swaps.

	Millions of yen 2026	2025	Thousands of U.S. dollars 2026
Contract amount	**¥ 469**	¥ 651	**$ 2,933**
Fair value	**31**	16	**193**
Unrealized gains (losses)	**31**	16	**193**

The following unrealized gains (losses) on "Receive floating rate/pay fixed rate" were deferred over the hedge period due to the cancellation.

	Millions of yen 2026	2025	Thousands of U.S. dollars 2026
Unrealized gains (losses)	**¥ (13)**	¥ (24)	**$ (81)**

(b) Currency related transactions

Millions of yen

Category	Transaction type	2026 Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Exchange transactions	Currency futures				
	Sold	¥ —	¥ —	¥ —	¥ —
	Bought	—	—	—	—
	Currency options				
	Sold	—	—	—	—
	Bought	—	—	—	—
Over-the-counter transactions	Currency swaps	**1,655,887**	**1,428,524**	**(8,138)**	**(8,138)**
	Forward foreign exchange contracts				
	Sold	**17,413**	**13,641**	**(3,326)**	**(3,326)**
	Bought	**16,701**	**13,553**	**3,451**	**3,451**
	Currency options				
	Sold	—	—	—	—
	Bought	—	—	—	—
	Other				
	Sold	—	—	—	—
	Bought	—	—	—	—
Total		¥ —	¥ —	¥ **(8,013)**	¥ **(8,013)**

Millions of yen

Category	Transaction type	2025 Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Exchange transactions	Currency futures				
	Sold	¥ —	¥ —	¥ —	¥ —
	Bought	—	—	—	—
	Currency options				
	Sold	—	—	—	—
	Bought	—	—	—	—
Over-the-counter transactions	Currency swaps	1,595,172	1,370,164	1,990	1,990
	Forward foreign exchange contracts				
	Sold	18,443	13,567	(2,341)	(2,341)
	Bought	17,955	13,342	2,652	2,652
	Currency options				
	Sold	—	—	—	—
	Bought	—	—	—	—
	Other				
	Sold	—	—	—	—
	Bought	—	—	—	—
Total		¥ —	¥ —	¥ 2,301	¥ 2,301

Thousands of U.S. dollars

Category	Transaction type	2026 Contract amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Exchange transactions	Currency futures				
	Sold	$ —	$ —	$ —	$ —
	Bought	—	—	—	—
	Currency options				
	Sold	—	—	—	—
	Bought	—	—	—	—
Over-the-counter transactions	Currency swaps	**10,357,061**	**8,934,976**	**(50,900)**	**(50,900)**
	Forward foreign exchange contracts				
	Sold	**108,912**	**85,320**	**(20,803)**	**(20,803)**
	Bought	**104,459**	**84,769**	**21,584**	**21,584**
	Currency options				
	Sold	—	—	—	—
	Bought	—	—	—	—
	Other				
	Sold	—	—	—	—
	Bought	—	—	—	—
Total		$ —	$ —	$ **(50,118)**	$ **(50,118)**

Note: The above transactions are measured at fair value, and unrealized gains (losses) are recognized in the consolidated statements of income.

(c) Stock related transactions
None.

(d) Bond related transactions
None.

(e) Commodity related transactions
None.

(f) Credit derivative transactions
None.

(2) Derivative contracts to which hedge accounting is applied
With respect to derivatives to which hedge accounting is applied, the contract amount or notional principal amount defined in the contract, and fair value by transaction type and by hedge accounting method as of March 31, 2026 and 2025 were as follows. Note that the contract amount does not represent the market risk exposure of the derivative transactions themselves.

(a) Interest rate related transactions

Millions of yen

			2026		
Hedge accounting method	Transaction type	Major hedged items	Contract amount	Contract amount due after one year	Fair value
Fundamental method	Interest rate swaps:	Interest-bearing assets and liabilities such as loans, deposits, and securities denominated in foreign currencies			
	Receive fixed rate/pay floating rate		**¥ —**	**¥ —**	**¥ —**
	Receive floating rate/pay fixed rate		**42,196**	**42,161**	**6,216**
	Interest rate futures		**—**	**—**	**—**
	Interest rate options		**—**	**—**	**—**
	Other		**—**	**—**	**—**
Exceptional accounting method for interest rate swaps	Interest rate swaps	—			
	Receive fixed rate/pay floating rate		**—**	**—**	**—**
	Receive floating rate/pay fixed rate		**—**	**—**	**—**
Total		—	**¥ —**	**¥ —**	**¥ 6,216**

Millions of yen

			2025		
Hedge accounting method	Transaction type	Major hedged items	Contract amount	Contract amount due after one year	Fair value
Fundamental method	Interest rate swaps:	Interest-bearing assets and liabilities such as loans, deposits, and securities denominated in foreign currencies			
	Receive fixed rate/pay floating rate		¥ —	¥ —	¥ —
	Receive floating rate/pay fixed rate		87,904	87,904	9,213
	Interest rate futures		—	—	—
	Interest rate options		—	—	—
	Other		—	—	—
Exceptional accounting method for interest rate swaps	Interest rate swaps	—			
	Receive fixed rate/pay floating rate		—	—	—
	Receive floating rate/pay fixed rate		—	—	—
Total		—	¥ —	¥ —	¥ 9,213

			Thousands of U.S. dollars		
			2026		
Hedge accounting method	Transaction type	Major hedged items	Contract amount	Contract amount due after one year	Fair value
Fundamental method	Interest rate swaps: Receive fixed rate/pay floating rate	Interest bearing assets and liabilities such as loans, deposits, and securities denominated in foreign currencies	$ —	$ —	$ —
	Receive floating rate/pay fixed rate		263,922	263,704	38,879
	Interest rate futures		—	—	—
	Interest rate options		—	—	—
	Other		—	—	—
Exceptional accounting method for interest rate swaps	Interest rate swaps Receive fixed rate/pay floating rate	—	—	—	—
	Receive floating rate/pay fixed rate		—	—	—
Total		—	$ —	$ —	$ 38,879

Note: Gain/loss on the above contracts is principally deferred until the maturity of the hedged items under the fundamental method in accordance with the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA Industry Committee Report No. 24, March 17, 2022).

(b) Currency related transactions
None.

(c) Stock related transactions
None.

(d) Bond related transactions
None.

28. PROJECTED BENEFIT OBLIGATIONS

(1) Outline of employees' retirement allowance

The Bank provides a non-contributory unfunded lump-sum retirement allowance plan, a funded defined benefit pension plan, and a funded defined contribution pension plan for employees.

On April 1, 2018, the Bank transferred its defined benefit pension plans to risk sharing pension plans and defined contribution pension plans classified as a defined contribution plan provided in Paragraph 4 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, December 16, 2016). In addition, a plan similar to a cash balance plan has been introduced to some of the employees subject to the risk-sharing pension plans.

In addition to the amounts that are equivalent to standard contributions, the Bank makes contributions to risk sharing pension plans that are commensurate with risks as prescribed in the plan terms. Benefits from the risk sharing pension plans increase or decrease each fiscal year based on the assets of the pension plan.

Under the plan similar to a cash balance plan, a virtual individual account balance corresponding to the funded amounts and source of pension funds will be set up for each participant, and after retirement, interest principally based on market interest rate trends will be credited to the balance.

Ten (ten in 2025) consolidated subsidiaries have non-contributory unfunded lump-sum retirement allowance plans as defined benefit plans and apply the simplified method in the calculation of their liability for retirement benefits and retirement benefit costs using the method in which the necessary amounts to be paid for retirement benefits on a voluntary basis is regarded as the retirement benefit obligations. Certain consolidated subsidiaries have adopted funded defined contribution pension plans.

In addition, some consolidated subsidiaries participate in the Smaller Enterprise Retirement Allowance Mutual Aid Scheme (the "SERAMA Scheme").

(2) Defined benefit plans

(a) Movement in projected benefit obligations

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at the beginning of the fiscal year	¥ 10,345	¥ 11,908	$ 64,704
Service cost	477	573	2,983
Interest cost	192	78	1,200
Actuarial loss (gain)	29	(1,171)	181
Benefits paid	(945)	(1,044)	(5,910)
Prior service costs	—	—	—
Balance at the end of the fiscal year	¥ 10,099	¥ 10,345	$ 63,166

Note: Plans based on the simplified method have been included in the above.

(b) Movements in plan assets

Not applicable for the fiscal years ended March 31, 2026 and 2025.

(c) Reconciliation from projected benefit obligations and plan assets to liability (asset) for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Funded projected benefit obligations	¥ 440	¥ 471	$ 2,752
Plan assets	—	—	—
Funded assets under the SERAMA Scheme	(192)	(212)	(1,200)
	248	259	1,551
Unfunded projected benefit obligations	9,658	9,873	60,407
Net liability (asset) for retirement benefits recorded on the consolidated balance sheet	¥ 9,907	¥ 10,132	$ 61,965
Liability for retirement benefits	¥ 9,907	¥ 10,132	$ 61,965
Asset for retirement benefits	—	—	—
Net liability (asset) for retirement benefits recorded on the consolidated balance sheet	¥ 9,907	¥ 10,132	$ 61,965

Note: Plans based on the simplified method have been included in the above.

(d) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Service cost	¥ 477	¥ 573	$ 2,983
Interest cost	192	78	1,200
Expected return on plan assets	—	—	—
Net actuarial loss amortization	9	128	56
Amortization of prior service costs	—	—	—
Total retirement benefit costs	¥ 680	¥ 780	$ 4,253

Note: Retirement benefit costs of consolidated subsidiaries which have applied the simplified method are included in "Service cost."

(e) Adjustments for retirement benefits

The components of adjustments for retirement benefits (before income taxes and tax effect) were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Actuarial gain (loss)	¥ (19)	¥ 1,299	$ (118)
Total	¥ (19)	¥ 1,299	$ (118)

(f) Accumulated adjustments for retirement benefits

The components of accumulated adjustments for retirement benefits (before income taxes and tax effect) were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unrecognized actuarial gain (loss)	¥ 902	¥ 922	$ 5,641
Total	¥ 902	¥ 922	$ 5,641

(g) Plan assets

Not applicable for the fiscal years ended March 31, 2026 and 2025.

(h) Actuarial assumptions

The principal actuarial assumptions for the fiscal years ended March 31, 2026 and 2025 were as follows:

	2026	2025
Discount rate	1.99%	1.99%
Long-term expected rate of return	—%	—%
Estimated rate of increase in salary	2.10%	2.50%

(3) Defined contribution plans

(a) Retirement benefit costs for defined contribution plans

The amounts paid to defined contribution plans by the Bank and its consolidated subsidiaries were ¥633 million ($3,959 thousand) and ¥622 million for the fiscal years ended March 31, 2026 and 2025, respectively.

(b) The amounts equivalent to contributions commensurate with risks

The contributions that are commensurate with risks required to be contributed from the next fiscal year onwards are ¥508 million ($3,177 thousand), and the number of years remaining for contributions equivalent to the contributions that are commensurate with risks is three and a half years.

29. INCOME TAXES

The Group is subject to a number of taxes based on income, including corporation tax, inhabitant tax and enterprise tax, which, in the aggregate, indicate a statutory tax rate in Japan of approximately 30.4 % for the fiscal years ended March 31, 2026 and 2025.

(1) Significant components of deferred tax assets and liabilities as of March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax assets:			
Excess reserve for possible loan losses	¥ 8,427	¥ 8,553	$ 52,708
Liability for retirement benefits	3,133	3,195	19,595
Depreciation	751	795	4,697
Write-down of land	898	898	5,616
Impairment loss	1,245	1,245	7,787
Valuation loss on securities	2,502	2,219	15,649
Valuation difference on available-for-sale securities	2,946	9,115	18,426
Deferred gains or losses on hedges	—	—	—
Tax loss carryforwards	812	838	5,078
Other	3,153	2,868	19,721
Subtotal deferred tax assets:	23,870	29,729	149,299
Valuation allowance pertaining to tax loss carryforwards (Note 2)	(812)	(829)	(5,078)
Valuation allowance pertaining to total of deductible temporary differences, etc.	(7,694)	(7,352)	(48,123)
Subtotal valuation allowance	(8,506)	(8,181)	(53,202)
Total deferred tax assets	15,364	21,547	96,097
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(5)	—	(31)
Deferred gains or losses on hedges	(1,967)	(2,742)	(12,302)
Other	(143)	(156)	(894)
Total deferred tax liabilities	(2,116)	(2,899)	(13,234)
Net deferred tax assets (liabilities) (Note 1)	¥ 13,247	¥ 18,648	$ 82,855

Notes: 1. Net deferred tax assets (liabilities) as of March 31, 2026 and 2025 are included in the following accounts in the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax assets	¥ 13,257	¥ 18,659	$ 82,918
Deferred tax liabilities	9	11	56

2. Amount of tax loss carryforwards and their deferred tax assets by carryforwards period

Millions of yen

	2026						
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Tax loss carryforwards (*)	¥ —	¥ —	¥ 122	¥ 136	¥ 142	¥ 410	¥ 812
Valuation allowance	—	—	(122)	(136)	(142)	(410)	(812)
Deferred tax assets	—	—	—	—	—	—	—

Millions of yen

	2025						
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Tax loss carryforwards (*)	¥ —	¥ —	¥ —	¥ 127	¥ 147	¥ 563	¥ 838
Valuation allowance	—	—	—	(127)	(147)	(554)	(829)
Deferred tax assets	—	—	—	—	—	8	8

Thousands of U.S. dollars

	2026						
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Tax loss carryforwards (*)	$ —	$ —	$ 763	$ 850	$ 888	$ 2,564	$ 5,078
Valuation allowance	—	—	(763)	(850)	(888)	(2,564)	(5,078)
Deferred tax assets	—	—	—	—	—	—	—

(*) The tax loss carryforwards are the amounts multiplied by the statutory tax rate.

(2) Significant differences between the statutory tax rate and the effective tax rate for financial statement purposes for the fiscal years ended March 31, 2026 and 2025

	2026	2025
Statutory tax rate	**30.4%**	30.4%
Valuation allowance	**1.3%**	2.5%
Non-deductible expenses	**0.2%**	0.2%
Non-taxable income	**(0.6)%**	(0.7)%
Inhabitant tax on per capita basis, etc.	**0.2%**	0.3%
Special corporation tax credit for increase in payment of salary, etc.	**—**	(1.8)%
Upward revision of deferred tax assets at fiscal year-end due to a change in tax rate	**—**	(1.2)%
Donations through the hometown tax donation program	**(0.4)%**	—
Other	**(0.1)%**	1.0%
Effective tax rate	**30.9%**	30.6%

(3) Revision of the amounts of deferred tax assets and deferred tax liabilities due to changes in income tax rates

Following the enactment of the Act for Partial Revision of the Income Tax Act (Act No. 13 of 2025) on March 31, 2025, the Special Corporation Tax for National Defense will be imposed from the fiscal years beginning on or after April 1, 2026. Accordingly, the statutory tax rate used to calculate deferred tax assets and liabilities has been changed from 30.4% in the previous years to 31.3% for temporary differences, etc. expected to be reversed in the fiscal years beginning on or after April 1, 2026. Due to this change, deferred tax assets, deferred tax liabilities, valuation difference on available-for-sale securities increased by ¥488 million, ¥0 million, and ¥262 million, respectively, while accumulated adjustments for retirement benefits and income taxes - deferred decreased by ¥8 million and ¥234 million, respectively, as of March 31, 2025 and for the fiscal year then ended.

30. SEGMENT AND RELATED INFORMATION

(1) Overview of the reportable segments

The Bank's reportable segments are determined on the basis that separate financial information for such segments is available and examined periodically by the Board of Directors to make decisions regarding the allocation of management resources and assess the business performance of the segments within the Group. The Group's main operations are banking services. The Group also provides leasing services and operates securities services, credit card services, and consulting services. The Group has divided its business operations into the two reportable segments of "Banking" and "Leasing."

(2) Basis of measurement for reported segment profit (loss), segment assets, segment liabilities and other material items

The accounting methods used for reportable business segments are presented in accordance with Note 2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES." The reportable segment profit figures are based on ordinary profit. Income arising from intersegment transactions is based on arm's length prices.

(3) Reportable segment ordinary income, segment profit (loss), segment assets, segment liabilities and other material items

Segment information for the fiscal years ended March 31, 2026 and 2025 is summarized as follows:

Millions of yen

	2026						
	Reportable segments						
	Banking	Leasing	Total	Other	Total	Adjustment	Consolidated
Ordinary income:							
Outside customers	**¥ 99,936**	**¥ 11,897**	**¥ 111,833**	**¥ 3,701**	**¥ 115,535**	**¥ 130**	**¥ 115,665**
Intersegment income	**1,220**	**290**	**1,511**	**2,304**	**3,815**	**(3,815)**	**—**
Total	**¥ 101,157**	**¥ 12,187**	**¥ 113,345**	**¥ 6,005**	**¥ 119,350**	**¥ (3,685)**	**¥ 115,665**
Segment profit	**¥ 23,721**	**¥ 67**	**¥ 23,789**	**¥ 1,766**	**¥ 25,556**	**¥ (735)**	**¥ 24,820**
Segment assets	**6,658,595**	**47,303**	**6,705,899**	**29,534**	**6,735,434**	**(58,197)**	**6,677,236**
Segment liabilities	**6,371,914**	**42,336**	**6,414,250**	**12,120**	**6,426,371**	**(49,254)**	**6,377,117**
Others:							
Depreciation	**4,117**	**118**	**4,235**	**116**	**4,352**	**5**	**4,358**
Interest income	**78,228**	**8**	**78,237**	**412**	**78,649**	**(1,107)**	**77,542**
Interest expense	**16,512**	**296**	**16,808**	**15**	**16,824**	**(297)**	**16,527**
Extraordinary gain	**53**	**—**	**53**	**—**	**53**	**—**	**53**
Extraordinary loss	**101**	**0**	**101**	**65**	**166**	**—**	**166**
Tax expense	**7,150**	**20**	**7,170**	**453**	**7,623**	**20**	**7,644**
Increase in tangible and intangible fixed assets	**6,888**	**125**	**7,013**	**125**	**7,139**	**(105)**	**7,033**

Notes: 1. Ordinary income is presented in place of net sales of operating companies of other industry groups.
2. "Other" includes business segments which are not included in the reportable segments and comprises credit guarantees, real estate leasing and management, software development, credit cards and securities.
3. Adjustments are as below:
(1) Adjustment of ordinary income from outside customers of ¥130 million is mainly the recovery of written-off claims included in "Other."
(2) Adjustment of segment profit of ¥(735) million is the elimination of intersegment transactions.
(3) Adjustment of segment assets of ¥(58,197) million is the elimination of intersegment transactions.
(4) Adjustment of segment liabilities of ¥(49,254) million is the elimination of intersegment transactions and the adjustment of liability for retirement benefits.
(5) Adjustment of depreciation of ¥5 million is the elimination of intersegment transactions.
(6) Adjustment of interest income of ¥(1,107) million is the elimination of intersegment transactions.
(7) Adjustment of interest expense of ¥(297) million is the elimination of intersegment transactions.
(8) Adjustment of tax expense of ¥20 million is the elimination of intersegment transactions.
(9) Adjustment of increase in tangible and intangible fixed assets of ¥(105) million is due to intersegment transactions.
4. Segment profit is reconciled to ordinary profit in the consolidated statements of income.

Millions of yen

	2025						
	Reportable segments						
	Banking	Leasing	Total	Other	Total	Adjustment	Consolidated
Ordinary income:							
Outside customers	¥ 88,351	¥ 11,298	¥ 99,649	¥ 3,334	¥ 102,984	¥ 100	¥ 103,085
Intersegment income	1,008	352	1,360	2,415	3,775	(3,775)	—
Total	¥ 89,359	¥ 11,650	¥ 101,010	¥ 5,750	¥ 106,760	¥ (3,674)	¥ 103,085
Segment profit	¥ 19,079	¥ (152)	¥ 18,926	¥ 1,486	¥ 20,412	¥ (738)	¥ 19,674
Segment assets	6,832,707	46,234	6,878,941	29,426	6,908,368	(55,140)	6,853,227
Segment liabilities	6,567,769	41,368	6,609,138	12,445	6,621,583	(46,151)	6,575,432
Others:							
Depreciation	4,065	116	4,181	105	4,287	6	4,294
Interest income	67,324	7	67,332	505	67,837	(952)	66,885
Interest expense	11,049	181	11,231	10	11,242	(161)	11,080
Extraordinary gain	7	—	7	0	7	(7)	0
Extraordinary loss	184	0	184	6	191	—	191
Tax expense	5,586	(43)	5,542	414	5,956	15	5,972
Increase in tangible and intangible fixed assets	11,568	186	11,755	91	11,846	(109)	11,737

Notes: 1. Ordinary income is presented in place of net sales of operating companies of other industry groups.
2. "Other" includes business segments which are not included in the reportable segments and comprises credit guarantees, real estate leasing and management, software development, credit cards and securities.
3. Adjustments are as below:
(1) Adjustment of ordinary income from outside customers of ¥100 million is mainly the recovery of written-off claims included in "Other."
(2) Adjustment of segment profit of ¥(738) million is the elimination of intersegment transactions.
(3) Adjustment of segment assets of ¥(55,140) million is the elimination of intersegment transactions.
(4) Adjustment of segment liabilities of ¥(46,151) million is the elimination of intersegment transactions and the adjustment of liability for retirement benefits.
(5) Adjustment of depreciation of ¥6 million is the elimination of intersegment transactions.
(6) Adjustment of interest income of ¥(952) million is the elimination of intersegment transactions.
(7) Adjustment of interest expense of ¥(161) million is the elimination of intersegment transactions.
(8) Adjustment of extraordinary gain of ¥(7) million is the elimination of intersegment transactions.
(9) Adjustment of tax expense of ¥15 million is the elimination of intersegment transactions.
(10) Adjustment of increase in tangible and intangible fixed assets of ¥(109) million is due to intersegment transactions.
4. Segment profit is reconciled to ordinary profit in the consolidated statements of income.

Thousands of U.S. dollars

	2026						
	Reportable segments						
	Banking	Leasing	Total	Other	Total	Adjustment	Consolidated
Ordinary income:							
Outside customers	$ 625,068	$ 74,412	$ 699,480	$ 23,148	$ 722,635	$ 813	$ 723,448
Intersegment income	7,630	1,813	9,450	14,410	23,861	(23,861)	—
Total	$ 632,705	$ 76,225	$ 708,937	$ 37,559	$ 746,497	$ (23,048)	$ 723,448
Segment profit	$ 148,367	$ 419	$ 148,792	$ 11,045	$ 159,844	$ (4,597)	$ 155,241
Segment assets	41,647,454	295,865	41,943,326	184,726	42,128,058	(364,004)	41,764,048
Segment liabilities	39,854,353	264,798	40,119,151	75,806	40,194,964	(308,068)	39,886,896
Others:							
Depreciation	25,750	738	26,488	725	27,220	31	27,257
Interest income	489,291	50	489,348	2,576	491,925	(6,923)	485,001
Interest expense	103,277	1,851	105,128	93	105,228	(1,857)	103,371
Extraordinary gain	331	—	331	—	331	—	331
Extraordinary loss	631	0	631	406	1,038	—	1,038
Tax expense	44,721	125	44,846	2,833	47,679	125	47,810
Increase in tangible and intangible fixed assets	43,082	781	43,864	781	44,652	(656)	43,989

Notes: 1. Ordinary income is presented in place of net sales of operating companies of other industry groups.
2. "Other" includes business segments which are not included in the reportable segments and comprises credit guarantees, real estate leasing and management, software development, credit cards and securities.
3. Adjustments are as below:
(1) Adjustment of ordinary income from outside customers of $813 thousand is mainly the recovery of written-off claims included in "Other."
(2) Adjustment of segment profit of $(4,597) thousand is the elimination of intersegment transactions.
(3) Adjustment of segment assets of $(364,004) thousand is the elimination of intersegment transactions.
(4) Adjustment of segment liabilities of $(308,068) thousand is the elimination of intersegment transactions and the adjustment of liability for retirement benefits.
(5) Adjustment of depreciation of $31 thousand is the elimination of intersegment transactions.
(6) Adjustment of interest income of $(6,923) thousand is the elimination of intersegment transactions.
(7) Adjustment of interest expense of $(1,857) thousand is the elimination of intersegment transactions.
(8) Adjustment of tax expense of $125 thousand is the elimination of intersegment transactions.
(9) Adjustment of increase in tangible and intangible fixed assets of $(656) thousand is due to intersegment transactions.
4. Segment profit is reconciled to ordinary profit in the consolidated statements of income.

Consolidated Financial Statements

(4) Information about services

Millions of yen

	2026				
	Lending	Securities and investments	Leasing	Other	Total
Ordinary income from outside customers	**¥ 56,143**	**¥ 26,416**	**¥ 11,897**	**¥ 21,209**	**¥ 115,665**

Millions of yen

	2025				
	Lending	Securities and investments	Leasing	Other	Total
Ordinary income from outside customers	¥ 44,493	¥ 24,846	¥ 11,298	¥ 22,446	¥ 103,085

Thousands of U.S. dollars

	2026				
	Lending	Securities and investments	Leasing	Other	Total
Ordinary income from outside customers	**$ 351,157**	**$ 165,223**	**$ 74,412**	**$ 132,655**	**$ 723,448**

Note: Ordinary income is presented in place of net sales of operating companies of other industry groups.

(5) Information about geographic areas

(a) Ordinary income

The ratio of ordinary income from outside customers within Japan to the total ordinary income in the consolidated statements of income exceeded 90% for both fiscal years ended March 31, 2026 and 2025; therefore, no information about geographic areas is required to be disclosed.

(b) Tangible fixed assets

The ratio of tangible fixed assets located in Japan to the total tangible fixed assets in the consolidated balance sheets exceeded 90% as of March 31, 2026 and 2025; therefore, no information about geographic areas is required to be disclosed.

(6) Information about major customers

There was no ordinary income from a specific customer exceeding 10% of the total consolidated ordinary income for both fiscal years ended March 31, 2026 and 2025; therefore, information about major customers is not required to be disclosed.

(7) Impairment loss on fixed assets for each reportable segment

Millions of yen

	2026			
	Reportable segments			
	Banking	Leasing	Other	Total
Impairment loss	**¥ —**	**¥ —**	**¥ 63**	**¥ 63**

Millions of yen

	2025			
	Reportable segments			
	Banking	Leasing	Other	Total
Impairment loss	¥ 89	¥ —	¥ 0	¥ 90

Thousands of U.S. dollars

	2026			
	Reportable segments			
	Banking	Leasing	Other	Total
Impairment loss	**$ —**	**$ —**	**$ 394**	**$ 394**

Note: "Other" comprises financial product transactions.

(8) Amortization of goodwill and its remaining balance for each reportable segment

There is no information to be reported on amortization of goodwill and its remaining balance.

(9) Gain on negative goodwill for each reportable segment

There is no information to be reported on gain on negative goodwill.

31. RELATED PARTY TRANSACTIONS

For the fiscal year ended March 31, 2026, related party transactions were as follows:

Relationship with the Bank	Name	Location	Paid-in capital	Occupation/Business	Voting rights ownership (%)	Relationship of related parties	Details of transactions	Transaction amount	Accounting title	Year-end balance
A company in which a majority of voting rights are held by officers of the Bank and their relatives	Segawa Food Co., Ltd. (Note 2)	Koryo Town, Kitakatsuragi County Nara	¥ 10 million ($62 thousand)	Food wholesaler	–	Loans	Lending of money	¥ 870 million ($5,441 thousand)	Loans	¥ 229 million ($1,432 thousand)
							Interest receivable	¥1 million ($6 thousand)	–	–
						Lease transactions	Receipt of lease payments	¥12 million ($75 thousand)	Lease receivables and lease investment assets	¥25 million ($156 thousand)

Policies regarding and terms and conditions of the transactions

Notes: 1. Terms and conditions of loans and lease transactions are determined on an arm's length basis.
2. Hirotsugu Segawa (Executive Officer of the Bank) and his relatives directly held 13.0% and 66.4%, respectively, of the voting rights in this company.

For the fiscal year ended March 31, 2025, there was no related party transaction.

32. PER SHARE INFORMATION

Net assets per share at March 31, 2026 and 2025 and net income per share for the fiscal years then ended were as follows:

	Yen		U.S. dollars
	2026	2025	2026
Net assets per share	**¥ 1,910.83**	¥ 1,769.09	**$ 11.95**
Net income per share – basic	**108.64**	85.80	**0.67**

Basic information in computing the above per share data was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
(Net assets per share)			
Net assets	**¥ 300,119**	¥ 277,795	**$ 1,877,151**
Net assets attributed to common stock	**300,119**	277,795	**1,877,151**
Outstanding number of shares of common stock at end of year (unit: thousands of shares)	**157,062**	157,026	**–**
(Net income per share – basic)			
Net income attributable to owners of parent	**¥ 17,062**	¥ 13,510	**$ 106,717**
Net income attributable to common stockholders of parent	**17,062**	13,510	**106,717**
Average outstanding number of shares during the year (unit: thousands of shares)	**157,054**	157,457	**–**

Notes: 1. Net income per share –diluted for the fiscal years ended March 31, 2026 and 2025 is not presented because there were no residual shares.
2. The Bank introduced the Director Remuneration BIP Trust and the ESOP Trust. The Bank's shares held by these Trusts, which were recorded as treasury stock in stockholders' equity, were included in treasury stock deducted in calculating net assets per share and net income per share.
The numbers of shares of treasury stock as of March 31, 2026 and 2025 deducted in calculating net assets per share were 1,941 thousand shares (641 thousand shares held by the Director Remuneration BIP Trust and 1,300 thousand shares held by the ESOP Trust) and 626 thousand shares (all shares held by the Director Remuneration BIP Trust), respectively. In addition, the average numbers of shares of treasury stock during the fiscal years ended March 31, 2026 and 2025 deducted in calculating net assets per share were 1,715 thousand shares (643 thousand shares held by the Director Remuneration BIP Trust and 1,072 thousand shares held by the ESOP Trust) and 515 thousand shares (all shares held by the Director Remuneration BIP Trust), respectively.
3. The Bank conducted a five-for-one share split of its common stock effective April 1, 2026. Net assets per share and net income per share are calculated as if the share split was conducted on April 1, 2024.

33. SUBSEQUENT EVENTS

Share Split and Partial Amendment to the Articles of Incorporation

(1) Share split

The Bank resolved at a meeting of the Board of Directors held on November 10, 2025, to conduct a share split and partially amended its Articles of Incorporation and conducted the share split effective April 1, 2026.

(a) Purpose of share split

The purpose of the share split is to enhance share liquidity and further broaden its investor base by lowering the amount per investment unit of its shares, thereby making its shares more accessible to shareholders and investors.

(b) Method of share split

The Bank conducted a five-for-one share split of its common stock held by shareholders recorded on the final shareholder register on March 31, 2026 (record date). The amount of share capital remained unchanged following this share split.

(c) Number of shares increased by share split

Total number of issued shares before the share split	33,025,656 shares
Number of shares increased by this share split	132,102,624 shares
Total number of issued shares after the share split	165,128,280 shares
Total number of shares authorized to be issued after the share split	320,000,000 shares

(d) Timetable of the share split

Date of public notice of the record date	March 13, 2026
Record date	March 31, 2026
Effective date	April 1, 2026

(2) Partial amendment to the Articles of Incorporation

(a) Reason for the amendment

In connection with the share split, the Articles of Incorporation of the Bank were partially amended as described below, effective April 1, 2026, pursuant to the resolution of the Board of Directors based on the provisions of Article 184, Paragraph 2 of the Companies Act.

(b) Details of the amendment (Amended portions are underlined.)

Current Articles of Incorporation	After the amendment
(Total number of shares authorized to be issued) Article 6 The total number of shares authorized to be issued by the Bank shall be sixty-four million (64,000,000).	(Total number of shares authorized to be issued) Article 6 The total number of shares authorized to be issued by the Bank shall be three hundred and twenty million (320,000,000)

(c) Timetable of the amendment

Effective date: Wednesday, April 1, 2026

Claims Uncollectible or Subject to Collection Delays

The Bank was notified on May 29, 2026 by the legal counsel in charge to prepare a bankruptcy petition for the Bank's customer, Fukunishi Meriyasu Co., Ltd. and its two group companies. Accordingly, the claims against these companies are considered uncollectible or subject to delayed collection. The claims against these companies consist of loans totaling ¥1,407 million ($8,800 thousand). The Bank recorded an allowance in the first quarter of the fiscal year ending March 31, 2027, for the entire unsecured portion of ¥1,013 million ($6,336 thousand), which is not covered by collateral or guarantees.

34. BORROWED MONEY AND LEASE OBLIGATIONS

a. The details of borrowed money as of March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Borrowed money			
Due from April 2026 through May 2029			
Average interest rate: 0.26% p.a.	¥ 281,837	¥ 301,745	$ 1,762,803

Annual maturities of borrowed money as of March 31, 2026 were as follows:

	Millions of yen	Thousands of U.S. dollars
2027	¥ 144,632	$ 904,628
2028	136,505	853,796
2029	675	4,221
2030	25	156
2031	—	—
2032 and thereafter	—	—
Total	¥ 281,837	$ 1,762,803

b. The details of lease obligations as of March 31, 2026 and 2025 were as follows:

Lease obligations are included in "Other liabilities" in the accompanying consolidated balance sheets.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Current portion of lease obligations			
Due from April 2026 through March 2027	¥ 1	¥ 1	$ 6
Lease obligations (excluding current portion)			
Due from April 2027 through June 2029	2	3	12

Average interest rates are omitted since the interest equivalent amount included in total lease charges is allocated over the related period using the straight-line method.

Annual maturities of lease obligation as of March 31, 2026 were as follows:

	Millions of yen	Thousands of U.S. dollars
2027	¥ 1	$ 6
2028	1	6
2029	0	0
2030	0	0
2031	—	—
2032 and thereafter	—	—
Total	¥ 4	$ 25

c. Other

The Group has not issued commercial paper by way of promissory notes to fund operating activities.