ナント・なら・ずっと！
NANTO 南都銀行

Nanto Report Integrated Report

Fiscal year ended March 2026



Corporate Philosophy

1. Conduct sound, efficient management.
2. Provide superior comprehensive financial services.
3. Pursue efforts to promote regional development.
4. Seek an identity as a trustworthy bank with strong customer appeal.

Corporate Vision

“Vitality Creation Bank”

Our mission as a regional financial institution is to contribute to the growth and development of our region and customers. Maximizing all our management and staff capabilities, and creating new value unique to the Nanto Bank Group, we are reinforcing our position as the Bank of choice for customers throughout our region.

Nanto Bank Profile (as of March 31, 2026)



Established: June 1, 1934
Headquarters: 297-2 Omiyacho 4-chome, Nara, Japan
Capitalization: ¥37,924.15 million

The Nanto Bank Co., Ltd. was established on June 1, 1934 through a merger of Sixty-eight Bank Co., Ltd., Yoshino Bank Co., Ltd., Yagi Bank Co., Ltd. and Gose Bank Co., Ltd.
Today, the Bank and its Group offer comprehensive financial services, including leasing, trusts, securities and consulting, in addition to the banking business (deposits, loans, exchange, etc.), with Nara Prefecture and the surrounding regions as its primary base of operations.

Editorial policy

Compiled in pursuit of further understanding among stakeholders of the Nanto Bank Group’s strategies for creating sustainable value in the medium-to-long term, this Integrated Report was edited in compliance with the IFRS Foundation’s “International Integrated Reporting Framework.”
Our specific intention in its compilation was to provide a clear, detailed explanation of our efforts to maintain our position to remain our customers’ banking group of choice in our markets by focusing on “sound management” and “human capital development” in accordance with our Medium-Term Management Plan.
For detailed financial information, please refer to the separately published Disclosure Report: Financial Data.

Scope of This Report

The report presents key information concerning the Nanto Bank Group’s management strategies, business model, business conditions, valued stakeholders, primary risks and opportunities, performance and outlook, and governance.

Covered Period

April 1, 2025 ~ March 31, 2026
(Contents as of July 2026)
In this report, “FY2025” refers to the fiscal year from April 1, 2025 to March 31, 2026. All other fiscal years are referenced on the same basis.

Date Issued

July 2026

Cautionary Note Regarding Forward-Looking Statements

This report contains forecasts and statements concerning the future prospects for the Nanto Bank Group’s business strategies and financial condition. These forecasts and statements involve risks and uncertainties stemming from their dependence on future events. Please be aware that the actual results may differ materially from those foreseen by the Nanto Bank Group.

CONTENTS

President's Message 2



About the Nanto Bank Group

Information Highlights 8
Nara Prefecture's Potential and Challenges 10
The Group's Materialities 12
Value Creation Process 14
Message from the Executive Officer in Charge of Finance 16
Message from the Executive Officer in Charge of the Market Division 19

Human Capital Development

Message from the Executive Officer in Charge of Human Resources 20
Human Capital Strategy 22
President and Outside Directors' Roundtable
Leveraging the Power of Human Capital to Pave the Way to the Future of Our Group and Our Region 28



Sound Management

Message from the Executive Officer in Charge of Sales 32
Sales Activities Aimed at Remaining Our Customers' Banking Group of Choice 34
Sales Roundtable Discussion
Firsthand Insights from the Front Lines of Sales: Engaging Closely with Customers to to Remaining Our Customers' Banking Group of Choice 36



Message from the Manager of the Investment Business Department 42
Establishing a New Investment and Financing Model 43
Creating Local Business Opportunities 46
Unleashing Nara's Charms as a Force for a Flourishing Future
~Exploring Nara's Potential and Regional Revitalization with Hoshino Resorts~ 49

Sustainability Initiatives

Addressing Climate Change 50

Governance

Message from the Chairman 54
Corporate Governance 56
Audit and Supervisory Committee Roundtable
Three Years On: Assessing the Effectiveness of Our Audit and Supervisory Committee
— Effectiveness Assessment and Evolution Toward Enhanced Governance, Including the Strengths and Challenges It Revealed — 64



Initiatives to Strengthen Cybersecurity 68
Enhancing the Risk Management System 70

Initiatives to Enhance Stakeholder Engagement 74
Overview of the Nanto Bank Group 76

Consolidated Financial Statements

Consolidated Financial Statements 78
Independent Auditors' Report 118
Capital Management 125

Leveraging the Power of Our Human Capital to Pave the Way to the Future

Remaining Our Customers' Banking Group of Choice: Combining Close Customer Engagement with Forward-Looking Investment

Let me begin by expressing our heartfelt gratitude for your continued support.

The Nanto Bank Group's operating environment is undergoing more far-reaching change than at any time in its history. These include not only structural changes in the regional economy—such as a declining population, low birthrate, and aging population, accompanied by a resulting decrease in the number of businesses—but also accelerated advances in digital technologies, including AI, and an end to the prolonged low-interest-rate environment.

These changes notwithstanding, our Group Mission remains unchanged: To maximize the value we provide our stakeholders—especially our regional customers—and foster regional vitality.

That said, we can expect it to be increasingly difficult to remain our customers' banking group of choice if we rely too heavily on the convenience provided by such physical infrastructure as branch offices and ATMs, the traditional strength of regional financial institutions, in an era characterized by advances in cashless and digital transactions in which AI consultation can often provide accurate answers. Our Group must respond by not only offering convenience, but also by remaining an institution that customers rely on as their "first point of contact in times of need."

This Integrated Report has been prepared to communicate clearly to our stakeholders all the ways in which we are working as a Group to enhance our corporate value sustainably, and to realize our vision of "Remaining our Customers' Banking Group of Choice." We hope you will take the time to read through it.



President (Representative Director)
Satoshi Ishida

Progress under the Medium-Term Management Plan and our direction toward enhancing corporate value

The Group launched its Medium-Term Management Plan, "Create Regional Vitality with the Power of Human Capital," in FY2025.

Core operating income remained robust in fiscal year 2025 due to factors such as an increase in loans. This combined with an improved earnings environment resulting from policy interest rate hikes and the Group's ongoing efforts to strengthen profitability to produce record-high profits for the second consecutive fiscal year.

Encouraged by these results, we have revised the numerical targets of our Medium-Term Management Plan upward to a consolidated net income of at least 30 billion yen and a return on equity (ROE) of at least 8.5% in fiscal year 2027. While acknowledging the steady strengthening of our earning power, we are also aware that external factors played a role in these results. To achieve further growth, we will accelerate our expansion into high-value-added businesses under appropriate risk management, with the long-term goal of achieving an ROE of 10% or higher.

We also recognize improvement of our Price-to-Book Ratio (PBR) as a key priority. By deploying carefully crafted strategies and initiatives to enhance the quality of our portfolio, we aim to achieve an ROE that consistently exceeds our cost of capital, thereby realizing a PBR of 1x while striving for further improvement.



For fiscal year 2026, we have identified two key priorities for achieving these goals: first, we must transition to area-based sales activities; and, second, we must seize new investment opportunities. These initiatives are more than mere business strategies; they also serve as practical opportunities for our employees to tackle the challenges facing our customers and our local communities, envision the future, and cultivate an ability to act toward finding solutions. Deploying these two initiatives to reinforce the capabilities of our human capital and organization as a whole, and channeling these strengths into new value creation, will assure our Group's sustainable growth in corporate value.

A shift to sales activities that deeply engage with the community

Our first initiative—a shift in sales activities—originated from my conviction that we have reached a critical juncture that requires us to reexamine the value we provide as a regional financial institution. To date, our Group has established a large market share and enjoyed strong support from regional customers in and around Nara Prefecture based on our infrastructure of branches and ATMs. With the ongoing advances in cashless and digital transactions, however, simply maintaining a network of convenient nearby branches and ATMs is no longer adequate to ensure continuing customer loyalty. Going forward, we believe that the value offered by a regional financial institution will lie not only in the convenience of its digital services, but also in its role as a financial institution customers can turn to for advice, backed up by an ability to provide prompt, accurate solutions.

In the prolonged negative interest rate environment that recently ended, financial institutions' perceived need to grasp limited revenue opportunities efficiently led to a tendency to focus sales efforts on customers with clearly defined needs. The resulting diminished contact with local customers led to new challenges. Among these, we recognize a weakening of our Group's presence in the community, accompanied by a diminishment of our opportunities to grasp customers' true sentiments and regional changes. Reversing this situation and re-

establishing our presence in the community is serving as the starting point for our shift in sales activities.

This shift began with moving away from our traditional segmented sales structure, in which staff were assigned separately to corporate or individual clients, to a regional assignment system. Sales staff assigned to each area will build a comprehensive understanding of every local stakeholder, from businesses and individuals to local governments. By engaging closely with the community and expanding their points of contact, they will seek to become trusted partners whom customers turn to first, thinking, "If something comes up, I'll talk to Nanto Bank."

As they broaden these contacts and work through the wide range of challenges and concerns that customers bring to them, our area representatives will strengthen their problem-solving skills and be able to offer more relevant, well-targeted proposals. This virtuous cycle will enable us to further deepen customer trust, expand deposit, loan and service transactions across each relationship, and improve the quality and profitability of our portfolio. This virtuous cycle will enable us to deepen our relationships of trust with customers further, expand our deposit, loan, and service transactions holistically, and improve the quality and profitability of our portfolio.

At the same time, sincerely engaging various customers in repeated conversations and working to resolve their challenges will also provide vital opportunities for employee growth. As they build relationships with a diversified assortment of local stakeholders ranging from individuals to corporations and local governments by engaging closely with them, both at the Bank and elsewhere in the community, they will enhance their ability to elicit customers' true feelings through dialog, identify the root causes of their issues, and guide them to solutions. Precisely because we are living in an era of advancing digitalization and AI, we will strengthen our focus on developing human capital who can provide unique value no one else can create, and who are capable of engaging with all kinds of customer on a personal level.

We are also strengthening our sales activities in Osaka, moreover—a region with which Nara Prefecture enjoys historically deep ties—in an effort to expand our business in the metropolis. We have long regarded Osaka as our "second home," and we have built a strong sales foundation there over the years. There remains, however, significant room for growth in our Group's market share. We are pursuing a policy of further deepening our relationships with existing customers and increasing the number of Osaka clients who choose us as their main bank. We are successfully capturing Osaka's robust demand for funds, as evidenced by growing loan volumes and a steady increase in corporate deposits. In the future, we will not simply seek to expand our new business. Instead, we will acquire a deep understanding of the roles our customers play in the local business flows and supply chains, and further strengthen our relationships with core customers who are vital to the regional economy. Building on this foundation, we will focus on partners operating in the supply chain and related challenges to extend our reach to grasp new funding needs and investment opportunities. While continuing to incorporate the community-focused sales approach we are advancing in Nara Prefecture, we will also take the specific characteristics of the Osaka market into account.

Taking on challenges in the investment sector with an eye to the future

In connection with our second focus initiative—seize new investment opportunities—our Group established a new Investment Business Department in April 2026. Traditionally, the banking business has primarily supported customers through lending based on past financial results and creditworthiness. In this time of increasing uncertainty, however, decisions based solely on past performance cannot fully capture customers' future value. The era to come will require a financing function that collaborates with clients to envision their future, assesses the growth potential of their businesses, and contributes to enhancing corporate value—including through capital

participation when necessary.

For our employees, these initiatives also provide an opportunity to hone their ability to view businesses, not only through the lens of past performance, but also from a future-oriented perspective, to assess growth potential and risks, and to take responsibility for their own judgments while supporting clients' decision-making. They will cultivate the ability to devise solutions by bringing together expertise from both within and outside the Bank and combining different perspectives. Developing as a team of professionals equipped with these mindsets and skill sets, we will work to help local companies expand their scale and improve their productivity by combining direct investment, fund investment, structured finance, and other approaches.

Our aim is to establish a new business model that engages proactively in restructuring the regional economy. We will position investment not merely as a means of providing capital, but also as an approach to enhancing corporate value by grasping our clients' future visions and analyzing the fundamental strengths of their businesses and evaluating their growth potential. We believe that by promoting these initiatives as a unified Banking Group, we can safeguard our regional employment, technologies, and commercial networks, and pass them on to the next generation.

Our Group's ability to engage actively in various investment activities is underpinned by the sound financial foundation and robust capital base we have built up over the years. It is precisely because of this foundation that we are able to provide funding actively to support the future value of local companies and the restructuring of regional industries—all while maintaining our own financial soundness—and thereby sustain their growth.

Reinforcing our investment capabilities also contributes to building a forward-looking portfolio. Operating in an environment with a declining population, it may become difficult to maintain deposits at their current level. This makes it important not to rely solely on a traditional business model that uses deposits as the source of funds for loans and securities investments, but rather to build a portfolio capable of generating stable returns, even within a diverse funding environment that includes market-based funding. Taking on new challenges in the investment sector not only contributes to the regional economy, but it can also lead to development of a business portfolio with diverse revenue streams that can adapt flexibly to future changes in the funding environment.

Strengthening human capital and organizations that support value creation

The force we are drawing on to power both of these key initiatives—shifting our sales activities and seizing new investment opportunities—is the formidable strength of our human capital. Both these initiatives are serving as practical training grounds for human capital development facilitating cultivation of attractive, capable individuals that goes beyond simply enhancing their financial knowledge and specialized skills to providing support for the future of our Banking Group.

The first qualification for recruitment is "interpersonal skills"—the ability to elicit customers' true feelings, identify the root causes of challenges, collaborate in envisioning a shared future, pool the necessary expertise, and lead the way to solutions by thinking independently and engaging others—combined with the "individuality" necessary to leverage their unique strengths and characteristics to the full.

The second qualification recognizes the importance of value that only human beings can provide in a world facing the ongoing advance of AI and digitalization. We seek talented employees who will do more than simply provide information, backed by experience and a sense of responsibility, to support the decision-making of customers who are making major investment or financing decisions. This includes encouraging them to act when appropriate and counseling them to pause when advisable. We believe that ongoing human resource development focusing on these talents will provide regional financial institutions with a competitive advantage in the future.

Our Group will leverage digital technologies to boost productivity and redirect the time saved toward high-value-added assignments, such as engaging in dialogue with customers and solving their challenges. Sharing information acquired through this dialog across our organization, and accumulating the insights obtained, will equip us to form future proposals and solutions. Creating this virtuous cycle will enhance our various employees' competencies and raise the organization's overall sales and problem-solving capabilities, thereby strengthening the structures supporting our sustainable value creation.

Flexible collaboration and transformation enhancing value for the community

The environment surrounding regional financial institutions is expected to remain uncertain for the foreseeable future. In addition to the contraction of regional economies as the population declines, a growing number of other emerging challenges—such as the needs to adapt to digitalization, advance system investments (including in cybersecurity), and secure specialized human capital—will be difficult for any single financial institution to address on its own.

Operating in this environment, we consider it critical that we carefully discern which areas the Group should tackle independently and which will require the adoption of external expertise and capabilities, while making the most value-added choices for all our stakeholders, including our customers, regional community, employees, and shareholders.

While continuing to cultivate our unique strengths—such as our community-rooted customer base, information sources, and human capital—we will construct a framework that enables us to provide even greater value to our customers by flexibly incorporating external expertise and capabilities in areas such as systems, cybersecurity, and investment.

Remaining Our Customers' Banking Group of Choice

The Nanto Bank Group's pursuit of growth is not conducted with a narrow focus on expansion of our scale alone. On the contrary, we seek growth that enhances value for both the local community and the Group through deep involvement with our customers and the local community. We work closely with them to address their challenges, envision future scenarios for joint achievements, and engage actively in their decision-making processes.

This requires that we view the community—including its corporations, residents, and local governments—as a unified area. We will create close bonds with our customers, engage them in conversation, and think things through together. Going beyond the limits of mere lending, we will participate proactively in our customers' futures by incorporating an investment perspective as well. Deploying all these initiatives, we will maximize our human capital's capabilities and weave their growth into the powerful structure of our organization.

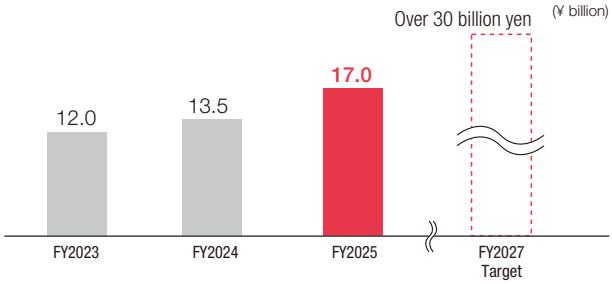
In an era of momentous change, the role expected of regional financial institutions is becoming even more crucial. Building on the deep fund of trust we have cultivated over the years, our Group will transform itself to achieve continuous growth in company with our community. Our executives and employees will continue to work together and take on new challenges to remain the banking group of choice for all our stakeholders. We ask for your continued support toward our endeavors.



Information Highlights

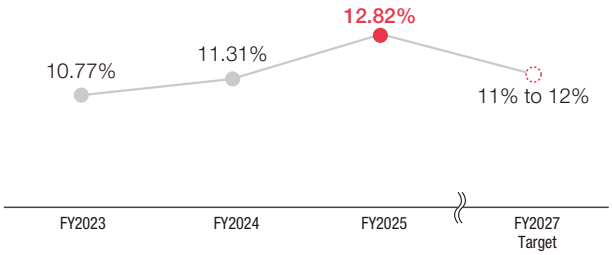
Fiscal Year Ended March 2026 Financial Highlights

Net income (consolidated) 17.0 billion yen



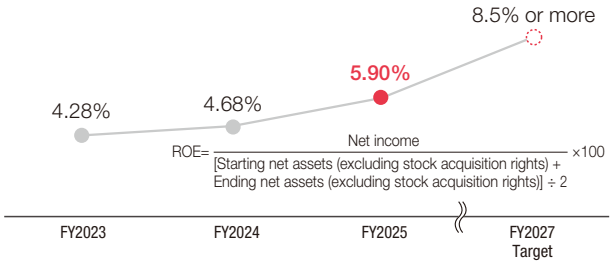
Net income for the year under review grew by 3.5 billion yen from the previous year to 17.0 billion yen, as increased operating expenses were offset by higher interest income and gains on government bonds and other securities, coupled with a downturn in credit-related expenses.

Capital adequacy ratio (consolidated) 12.82%



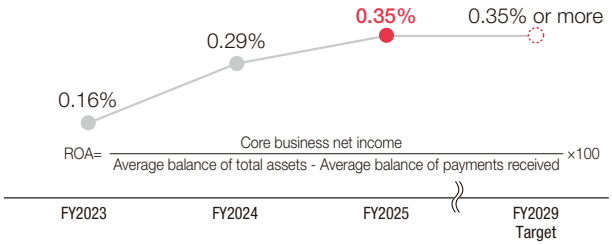
The consolidated capital adequacy ratio rose 1.51 percentage points year on year to 12.82%, as retained earnings lifted equity while risk-weighted assets declined on a temporary reduction in securities holdings following a strategic reallocation of assets.

Return on Equity (ROE) (consolidated) 5.90%

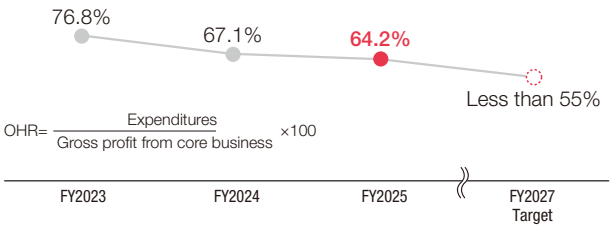


Both core operating profit and net income increased compared to the year before, and all the key performance indicators—ROE, ROA, and OHR—improved accordingly.

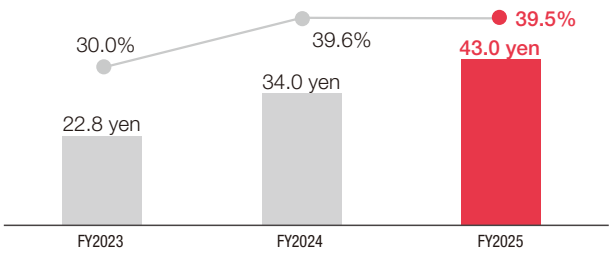
Return on Assets(ROA) (non-consolidated) 0.35%



Over Head Ratio (OHR) (consolidated) 64.2%



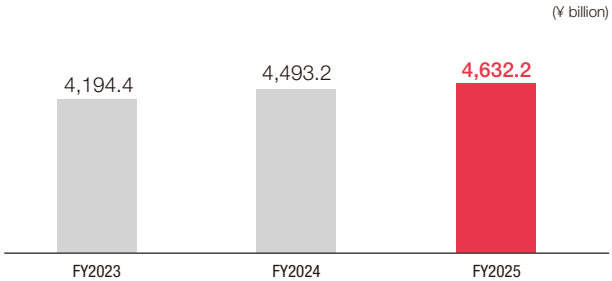
Dividend per share / Dividend payout ratio (consolidated) 43.0 yen/39.5%



The annual dividend was 43 yen per share. As concerns the dividend payout ratio, we target a payout of 40% while maintaining stable dividends.

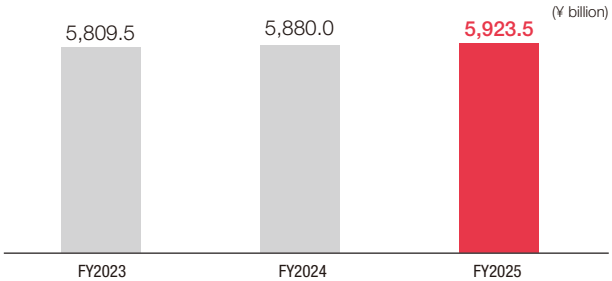
* Effective April 1, 2026, we conducted a 5-for-1 split of our common stock. The dividend per share is shown after adjusting for the impact of this stock split.

Loan balance (non-consolidated) 4,632.2 billion yen



The outstanding loan balance increased by 138.9 billion yen from the previous year to a total of 4.6322 trillion yen, due mainly to corporate loans and mortgages.

Balance of deposits (non-consolidated) 5,923.5 billion yen



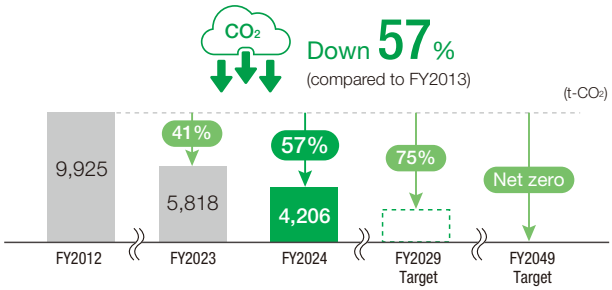
Both individual and corporate accounts registered higher balance of deposits, growing by 43.5 billion yen from the previous year to 5.9235 trillion yen.

*For detailed financial information, please refer to the separately published Disclosure Report: Financial Data.

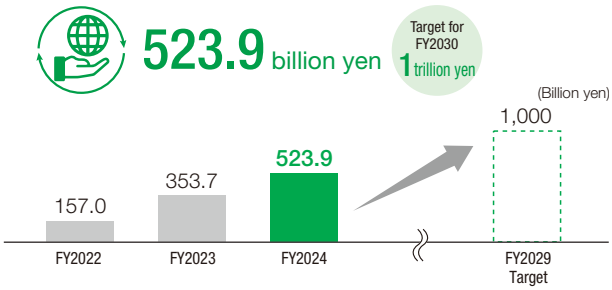
Non-financial Highlights

Environment

Group CO_2 emissions



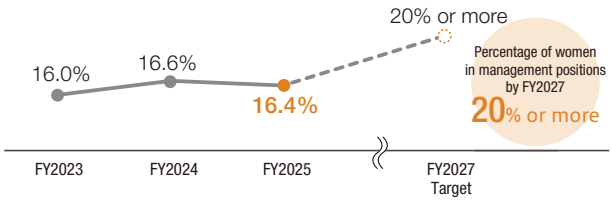
Total sustainable finance disbursed



Society

Percentage of female managers

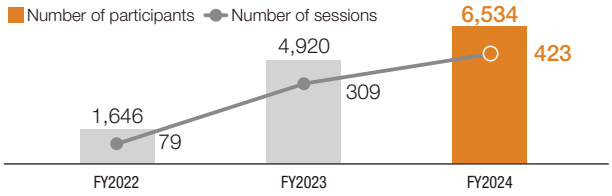
16.4%



Activities contributing to the improvement of financial literacy and related areas

Status of seminars held for customers

6,534 participants/423 sessions



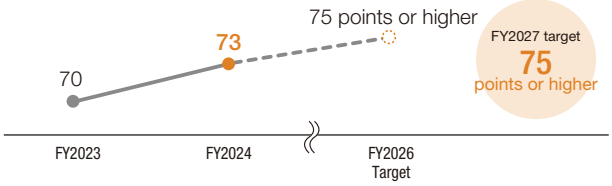
Male parental leave utilization rate

100%

The male parental leave utilization rate is calculated based on the number of fathers who took 5 or more days of parental leave.

Engagement score

73 points



Governance (As of June 26, 2026)

Composition of the Board of Directors



In-house 7

Outside 6 (3 women)

Number/ratio of Outside Directors

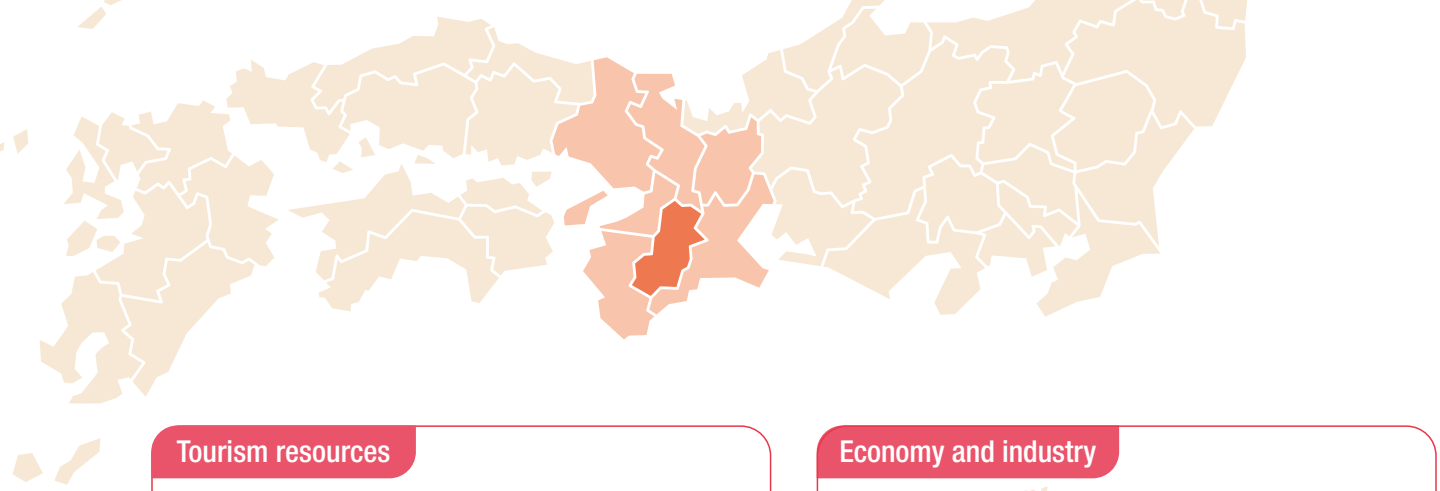
46.1%

External recognition

- 健康経営優良法人 2026 ホワイト500 — Certified Health & Productivity Management Outstanding Organization 2026 (White 500)
- プラチナくるみん — Recognized as a company that actively supports a work-life balance and child-rearing
- DX認定 — Certified as a DX-certified Business
- Certified under the Recognition Program for Outstanding Small and Medium-Sized Enterprise Owners in the Employment of People with Disabilities (Nanto Challenged Co., Ltd.)
- FTSE JPX Blossom Japan Index / FTSE JPX Blossom Japan Sector Relative Index — Selected as a constituent stock of the "FTSE JPX Blossom Japan Index" and the "FTSE JPX Blossom Japan Sector Relative Index"

Potential and challenges for Nara Prefecture, the Nanto Bank Group's primary market

The Kinki region, centered on Osaka Prefecture and the Nanto Bank Group's primary region of operation, is one of Japan's three major metropolitan areas. Each prefecture in the region has its own unique and fascinating history that remains fully alive today.
Nara Prefecture, in particular, the site of our head office, is distinguished as Japan's first capital and home to an abundant wealth of historical and scenic sites and historic buildings dating back to the 8th century. These attract many visitors to Nara from across Japan and around the world. Given its strong geographical and human ties with neighboring prefectures and easy access to major cities in the Kansai region, moreover, further development through wide-area collaboration is anticipated. At the same time, the region has not yet fully capitalized on the immense appeal and value of its own abundant local natural and cultural resources.



Tourism resources

A treasury of world-renowned assets keeping our history and culture alive

- Registered World Heritage sites: 4 (No.1 in Japan)
- Specified historic sites and natural monuments: 149 (No.1 in Japan)
- Specified National Treasures and Important Cultural Properties: 1,339 (3rd in Japan)

Powerful ability to attract both domestic and international visitors

- Number of annual tourists: 43.62 million
- Number of foreign tourists: 3.14 million (7th in Japan)

Shortage of accommodations and sluggish visitor traffic

- Number of rooms in Japanese inns and hotels: 10,426 (43rd in Japan)
- Annual number of guests: 2.83 million (44th in Japan)

Economy and industry

Active business location

- Number of factory locations: 27 (9th in Japan)

Abundant forest resources

- Ratio of forest area: 76.9%

Limited economic base

- Gross prefectural product (nominal): ¥3,921.0 billion (38th in Japan)
- Agricultural output: ¥47.5 billion (45th in Japan)
- Annual freight shipments: 9,133 thousand tons (46th in Japan)

Human resources

Highly educated local talent pool

- Percentage of high school graduates obtaining higher education 65.2% (8th in Japan)

Employment structure depending on workers from other prefectures

- Employment rate outside Nara Prefecture 27.3% (3rd in Japan)
- Daytime population outflow rate 14.75% (3rd in Japan)

Shortage of successors among local industries

- Ratio of businesses without successors 50.0%

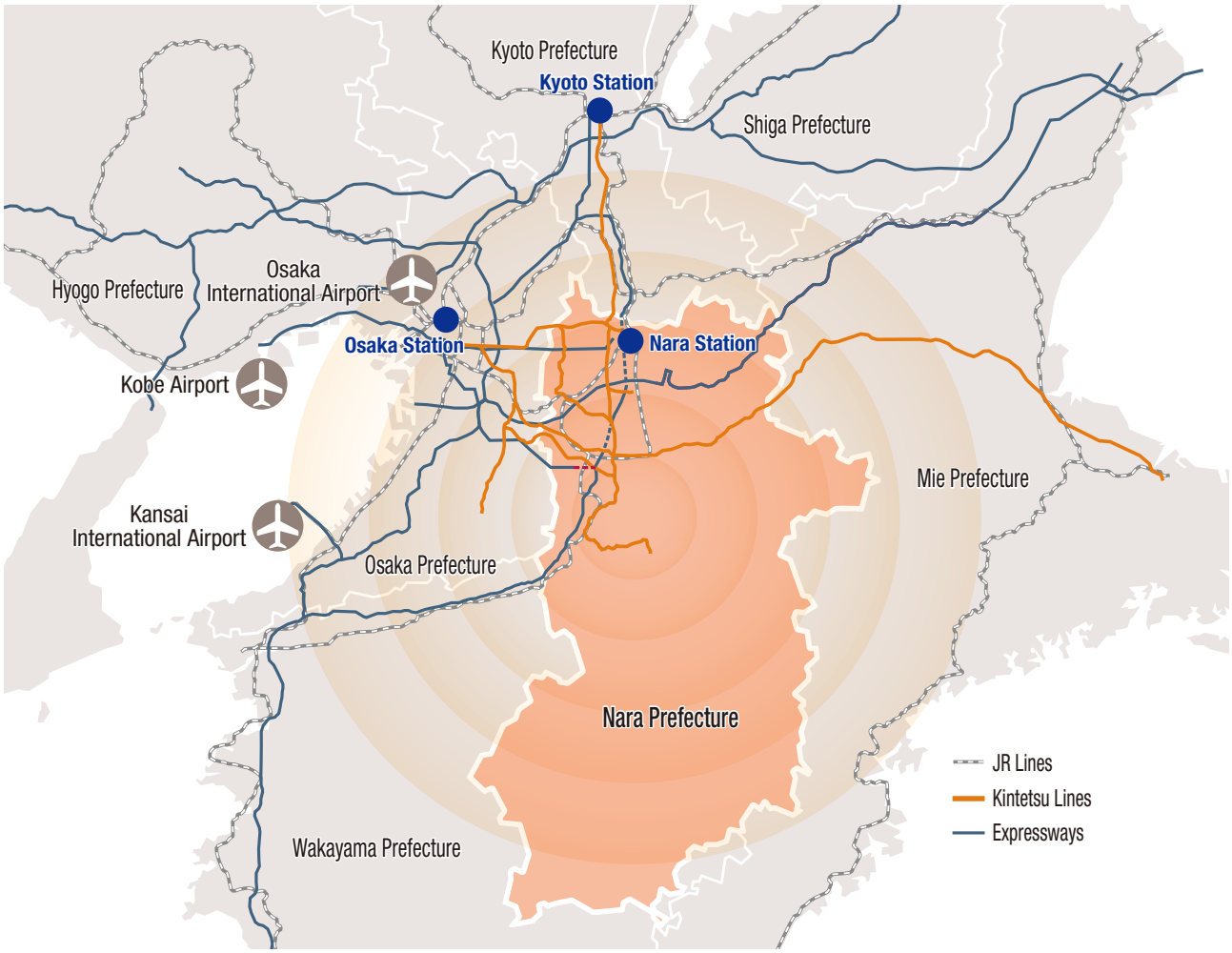
Household finances and living conditions

Substantial personal assets

- Per-household financial assets by prefecture (all households) ¥15.645 million (2nd in Japan)
- Year-on-year per-capita prefectural income growth rate 8.2% (3rd in Japan)
- Ratio of owner-occupied households 73.2% (8th in Japan)

Sources: Nara Prefecture, "The State of Nara Prefecture 2025" and "Nara Prefecture's Trends as Seen Through 100 Indicators (Reiwa 7 Edition)"; Agency for Cultural Affairs, "List of Japan's World Heritage Sites," "List of Designated National Treasures and Important Cultural Properties by Prefecture;" Nara Prefecture Tourism Bureau, Tourism Strategy Division, "Nara Prefecture Tourist Flow Survey Report;" Ministry of Economy, Trade and Industry, "Reiwa 7 Survey on Factory Location Trends;" Ministry of Agriculture, Forestry and Fisheries, "Reiwa 6 Statistics on Agricultural Production and Income;" Teikoku Databank, "Nara Prefecture: Survey on Trends in the 'Rate of Successor Shortages' (2025);" Ministry of Internal Affairs and Communications, "2019 National Household Structure Survey"

Transportation network offering convenient connections with neighboring prefectures



We recognize that the key challenges for ensuring Nara Prefecture's sustainable growth include a shift from day-trip tourism to overnight tourism, reinforcing the economic cycle in the prefectural economy, promoting the return of talented human capital to the region, and ensuring the sustainability of local industries.
At the same time, these challenges contain opportunities to transform local resources into new added value and promote further development of the regional economy.
With Nara Prefecture's operating environment in mind, our Banking Group has identified priority themes as "materialities," and has begun working with the local community to solve challenges and create value.

Identifying materialities and initiatives to address them

The Nanto Bank Group identifies materialities—challenging issues to address in conjunction with our management strategy, based on discussions by the Board of Directors, in order to both enhance corporate value over the medium-to-long term and realize a sustainable society.

These materialities serve as cornerstones linking value creation through our business activities to the resolution of social issues. Our aim is to remain our customers' banking group of choice by implementing measures founded on this principle, while periodically reviewing our approach in light of our ongoing efforts to address the issues concerned, the challenges that have emerged during the process, changes in the business environment, and emerging social issues.

Risks (● Most threatening risks; ○ Threatening risks)
Opportunities (●: Most promising opportunities, ○: Promising opportunities)

External environment (Nara Prefecture's surrounding environment)	Risks	Opportunities
E Environment Global warming Abundant forest resources	●**Deterioration of customers' business performance due to damage to their business infrastructure resulting from natural disasters spawned in large part by climate change** ○Higher credit costs due to impacts on customers' business and financial conditions of regulatory tightening, technological innovation, and market changes in support of decarbonization ○Higher credit costs due to damages that have reduced the value of customers' real estate collateral	●**Increased demand for environment-related businesses and other activities aimed at decarbonization** ●**Cultivation of regional environmental awareness through proactive environmental conservation efforts** ○Increased demand for funds for investment in disaster prevention infrastructure ○Growing need for protection against wind and/or flood disasters and other environmental changes, and resulting opportunities to provide insurance and other financial products and services to support environmental protection measures in preparation for disasters
S Society Slow economic growth Active business establishment Accelerated transition to digital operations Declining working-age population, falling birthrate and aging population Diversified lifestyles Substantial personal wealth High educational standards Wealth of tourism resources Shortage of overnight lodging facilities and sluggish visitor traffic Increased job mobility Employment structure dependent on workers from other prefectures Dissemination of work-style changes Progress in diversification	●**Increased numbers of non-performing loans and credit-related expenses due to deterioration of customers' business conditions induced by domestic and international economic trends, foreign exchange rates and related factors** ●**Increased numbers of business closures precipitated by a lack of successors and a resulting decline in demand for funds** ○Changes in existing business and industrial structures	●**Increased customer demand for non-financial services, including M&A, asset succession, and employee placement services** ●**Increased number of business opportunities benefiting from the region's wealth of tourism resources** ○Increased number of business opportunities stemming from new job creation in cooperation with local governments and other external organizations ○Increased demand for funds to support customers' cash management and core businesses, and greater number of opportunities to provide new services
	●**Changes in banking transactions in response to lifestyle changes and diversification and expansion of the digital native population** ○Growing concern about retirement savings accompanying the contraction of the working-age population and aging of the population	●**Growing demand for asset-building services from members of the younger generation** ●**Increased opportunities to provide services that meet customers' need for inheritance services and diversifying bequest and donation needs** ●**Growing demand for asset management driven by substantial personal wealth** ○Increased opportunities for provision of new products and services employing digital technologies
	●**Declining organizational strength due to a lack of diverse values and opinions, and a failure to implement proactive challenges leading to transformation** ○Insufficient staff motivation and outflow of human capital due to delayed development of career paths that match individual staff members' work styles.	●**Expansion of the business territory through acquisition of highly specialized IT, risk management, and other human capital** ●**Augmenting organizational strength and creating new value by promoting the active participation of a diversified workforce** ○Accessing diverse perspectives and values by expanding opportunities for women
G Governance Changes in laws and regulations Increased geopolitical risks	●**Loss of public trust due to leakage of customer information and system failures caused by increasingly sophisticated and stealthy cyberattacks** ●**Increased difficulty of risk management due to a highly uncertain business environment** ○Decreased asset value attributable to deterioration of loan customers' financial condition, etc. ○Decreased asset value attributable to fluctuations in interest rates, exchange rates, stock prices, etc.	●**Improved awareness of investors' needs obtained by creating more opportunities for constructive dialogue with shareholders and investors** ○Increased earnings opportunities due to rising interest rates

Materiality determination process

STEP 1 Identification of issues

Besides such international frameworks as the United Nations Global Compact and the Global Reporting Initiative (GRI), we referred to the Global Top 10 Risks announced by the World Economic Forum and the Japanese government's SDGs Action Plan and extracted the risks in consideration of the external and internal environments surrounding the Nanto Bank Group as well as of issues specific to the Bank.

STEP 2 Analysis and evaluation of identified issues

Among the foregoing, we identified issues that are of particular relevance to the Nanto Bank Group and analyzed and evaluated their importance from two perspectives: their impact on our stakeholders and their financial impact on our Group.

STEP 3 Identification of most significant issues

Based on the results of Step 2, the Management Meeting and Board of Directors identified the materialities after discussing the opportunities, risks, and matters to be prioritized.

Review in response to changes in the external environment

Materialities (initiatives, challenges, action plan)

Materialities (Priority Issues) Responding to the Effects of Accelerating Climate Change

Past Initiatives We are working to reduce our environmental impact by employing renewable energy, promoting energy-saving measures, and providing sustainable finance.

Challenges Achieving carbon neutrality in our local communities will require advancing the decarbonization of our Bank Group, while further strengthening our support for customers' decarbonization efforts.

FY2026 Action Plan
- Initiatives to address climate change ≫P50-53

Materialities (Priority Issues) Realizing Sustainable Growth of Our Regional Economy

Past Initiatives We are working to revitalize our regional economy by helping local businesses solve their challenges, providing support for business succession and M&A, and offering real estate solutions.

Challenges With such regional challenges as economic contraction becoming increasingly diverse, we are committed to proactively solving these challenges by strengthening our ties with clients, creating new business opportunities, and stimulating the flow of people into the region.

FY2026 Action Plan
- Expanding our customer base through area-based sales approach, the Osaka Strategy, and real estate market revitalization
- Establishing new investment and financing models, and creating new business opportunities in the region ≫P32-49

Materialities (Priority Issues) Realizing a Convenient, Prosperous Society

Past Initiatives We are promoting initiatives to create an environment in which a diversified workforce can make optimal use of their abilities, provide career development support, and enhance employee engagement, while also working to build a diverse talent portfolio and enhance our training programs.

Challenges To remain our customers' banking group of choice in an increasingly cashless and digital society, we must improve customer convenience and redouble our efforts to provide services that optimize a mix of interpersonal and digital experiences while streamlining our operations.

FY2026 Action Plan
- Investment in growth (enhancing customer convenience, optimizing the Group's productivity, and improving OHR)

Materialities (Priority Issues) Cultivating a Healthy Corporate Culture with Participation of Diverse Human Resources

Past Initiatives We are promoting initiatives to create an environment in which a diversified workforce can make full use of their abilities, to provide career development support, and to enhance human capital engagement, while also building a diverse talent portfolio and upgrading our training programs.

Challenges As the challenges faced by our local communities and individual customers become increasingly complex, we must redouble our efforts both to cultivate human capital who think and act independently and to foster an organizational culture in which a diversified workforce can thrive.

FY2026 Action Plan
- Human capital development, implementation of management policies, and empowerment of a diversified workfo ≫P20-31

Materialities (Priority Issues) Preparing for Increasingly Varied and Complex Risks

Past Initiatives We are working to reinforce our risk management structures by enhancing our compliance system, implementing cybersecurity measures, combating financial crime, and improving our business continuity plan (BCP).

Challenges As risks grow increasingly diverse and complex, we must redouble our efforts to strengthen our cybersecurity, upgrade our risk management structures, and raise awareness of compliance and human rights.

Initiatives to Address Challenges
- Reinforcing our risk management structures and fostering a culture of compliance ≫P68-73

Value Creation Process

Value Creation Process

The Nanto Bank Group's strategy for addressing materialities comprises three development themes—**regional development, cultivation of talented individuals who can promote vitality, and improved profitability**—as pillars of the Nanto Mission presented in our Management Plan introduced in FY2020.
In the Medium-Term Management Plan centered on "sound management" and "human capital development" we introduced in FY2025, we aim to remain our customers' banking group of choice by consistently providing all our stakeholders—including customers, local communities, employees, and shareholders—with value only our Group can deliver through its business activities.



Materialities

Resolving material issues

- Cultivating a Healthy Corporate Culture with Participation of Diverse Human Resources
- Realizing Sustainable Growth of Our Regional Economy
- Responding to the Effects of Accelerating Climate Change
- Realizing a Convenient, Prosperous Society
- Preparing for Increasingly Varied and Complex Risks

Operating capital

Customer base

- Large share of deposits and loans in Nara prefecture

Deposits **50.0%**

Loans **48.6%**

- Chosen as the main bank by businesses operating in Nara Prefecture

59.4%

(Teikoku Databank National Corporate "Main Bank" Trend Survey 2025)

Human resources base

- Number of employees

2,297

Financial base

- Strong capital adequacy ratio

Capital adequacy ratio

Consolidated **12.82%**

(End March 2026)

Bu

Nanto Mission
Goals to be achieved by 2030

Pursuit of regional development

Raise Nara Prefecture's GDP by approximately*1 ¥350 billion (a 10% increase from fiscal 2016)

*1 To be achieved by the end of FY2026, so that the achievement will be announced in 2029 (Nara prefecture's GDP is usually announced approximately two-and-a-half years after the relevant fiscal year-end).

Medium-Term Management Plan (FY2025-FY2027)

Achieving sound management providing ongoing support for the community

Development of human capital who think and act on their own and solve local problems

Governance and compliance supporting the Group's business activities

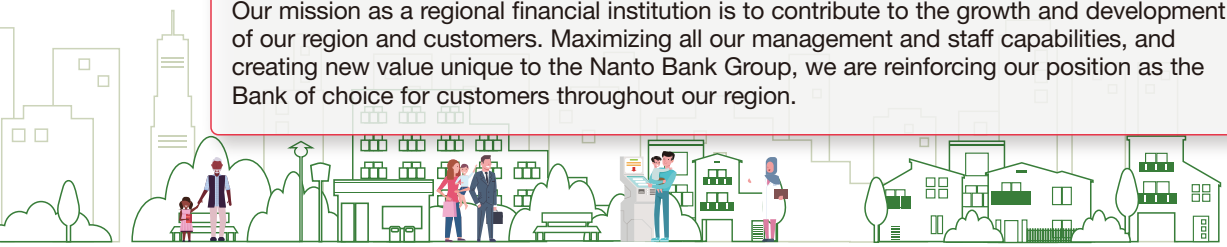
Corporate Philosophy

1. Conduct sound, efficient management.
2. Provide superior comprehensive financial services.
3. Pursue efforts to promote regional development.
4. Seek an identity as a trustworthy bank with strong customer appeal.

Corporate Vision

"Vitality Creation Bank"

Our mission as a regional financial institution is to contribute to the growth and development of our region and customers. Maximizing all our management and staff capabilities, and creating new value unique to the Nanto Bank Group, we are reinforcing our position as the Bank of choice for customers throughout our region.



usiness activities → Value we are offering all our stakeholders → Vision

Fostering vitality-creating human resources

Management personnel cultivation*2 350

Profitability enhancement

ROA (non-consolidated) 0.35% or above

*2 Human resources who can share management decision-making with local customers

2026 Action Plan

Infrastructure	Expanding our customer base through area-based sales approach
	Osaka Strategy
	Revitalizing the real estate market
Investment	Establishing new investment and financing models
	Investing in growth
	Creating local business opportunities
	Addressing climate change
Human capital	Developing our human capital
	Instilling management policies and empowering a diverse workforce

Customers

- Supply of funds in accordance with the borrower's business characteristics
- Financial products and services to support affluent living
- Provision of management personnel
- Creation of new business opportunities

Local community

- Collaboration as a leader in regional development with local governments, businesses and educational institutions
- Lively town development and business creation

Employees

- Realizing flexible workstyles
- Providing a workplace environment that supports employees' autonomous growth and encourages taking on challenges

Shareholders

- High market rating
- Continuing stable dividends

Remaining Our Customers' Banking Group of Choice

Status of corporate governance >>P54-67
Upgrading our risk management systems >>P70-71
Initiatives to strengthen cybersecurity >>P68-69
Initiatives to strengthen our compliance structures >>P72

Laying a sound financial foundation by optimizing our profitability and capital efficiency to secure our position to Remain Our Customers' Banking Group of Choice



Director and Managing Executive Officer
Yoshinori Kurahigashi

Review of Business Performance

Progress in strengthening our revenue base while adapting to changes in our operating environment

Fiscal 2025 was a period of steady progress in strengthening our core business earnings amid a significant shift in the nation's interest rate environment following the Bank of Japan's policy rate hike.

Consolidated net income for the year reached a new record high of 17 billion yen, boosted primarily by an increase in our loan balance and higher net interest income due to rising yields.

While we attribute these results largely to our ongoing efforts to strengthen our operations base and enhance our market management capabilities, we also recognize the contribution of external factors such as the increase in the policy interest rate to this achievement. The results reinforce our belief that there is further room for improvement in the Group's earnings power.

(¥ Billion)

		FY2024 Actual results	FY2025 Actual results	Year-on-year comparison
Consolidated	**Ordinary income**	19.6	**24.8**	+5.1
	Net income	13.5	**17.0**	+3.5
Bank (non-consolidated)	Gross business profit	61.8	**66.0**	+4.1
	Net interest income	56.3	**61.7**	+5.4
	Interest on loans	43.4	**55.1**	+11.6
	Interest on securities	19.7	**19.5**	-0.1
	Of which, gains/losses on redemption of investment trusts	1.5	**-2.7**	-4.3
	Interest on deposits	3.7	**11.8**	+8.0
	Fee and commission income	7.3	**6.7**	-0.6
	Other operating income (excluding gains/losses on government bonds and other bonds)	-1.7	**-2.4**	-0.6
	Gain on foreign exchange transactions	2.9	**2.2**	-0.6
	Operating expenses	41.6	**42.4**	+0.7
	Personnel expenses	22.3	**23.0**	+0.7
	Property expenses	16.0	**16.5**	+0.4
	Core net business income	20.1	**23.5**	+3.4
	Net gains (losses) on bonds	-2.1	**-1.2**	+0.8
	Gains/losses on stocks and other securities	3.9	**3.9**	-0
	Ordinary profit	19.0	**23.7**	+4.6
	Net Income	13.3	**16.5**	+3.2
	Credit-related expenses	2.7	**2.8**	+0.1
	Market Division revenue	12.9	**15.8**	+2.9

Outlook for earnings and the sustainability of our revenue growth

FY2026 earnings outlook and challenges for profitability

In fiscal 2026, we plan to raise our net interest income by securing higher interest income from loans and improving our Market Operations Department's investment performance, while also working to strengthen our fee and commission income. Our projections show net income rising to 22 billion yen as a result.

To begin with, we expect further growth in net interest income, our core earnings category, supported by an improvement in the spread between deposit and loan rates as well as by a planned increase in loans of approximately 100 billion yen, primarily through structured finance and other initiatives.

In light of the changes in the interest rate environment, moreover, we are restructuring our securities portfolio to achieve steadily improving yields by the Market Operations Department through replacement of low-yield assets and optimization of asset allocations. In the current interest rate environment, the fluctuations in valuation gains and losses on bonds tend to be significant, requiring continuous portfolio management focused on balancing profitability and soundness.

Although we anticipate a year-on-year increase of 400 million yen in fees and commissions, we believe significant room for revenue growth remains. We intend to pursue growth in non-interest income by expanding our network of customer touchpoints and proactively addressing customers' challenges.

In addition to strengthening our earnings power, we consider it essential to reinforce the management foundation supporting this growth in order to achieve sustainable enhancement of our corporate value. While working to optimize productivity, we continue to invest in human capital and IT, and we project an improvement in the OHR to 59.1% for fiscal year 2026.

(¥ Billion)

		FY2026 Plan	Year-on-year comparison
Consolidated	**Ordinary income**	**32.5**	+7.6
Consolidated	**Net income**	**22.0**	+4.9
Bank (non-consolidated)	Gross business profit	**77.3**	+11.3
Bank (non-consolidated)	Net interest income	**71.9**	+10.1
Bank (non-consolidated)	Interest on loans	**68.6**	+13.5
Bank (non-consolidated)	Interest on securities	**24.6**	+5.1
Bank (non-consolidated)	Of which, gains/losses on redemption of investment trusts	**1.5**	+4.2
Bank (non-consolidated)	Interest on deposits	**21.0**	+9.2
Bank (non-consolidated)	Fee and commission income	**7.2**	+0.4
Bank (non-consolidated)	Other operating income (excluding gains/losses on government bonds and other bonds)	**-1.8**	+0.6
Bank (non-consolidated)	Gain on foreign exchange transactions	**1.6**	-0.6
Bank (non-consolidated)	Operating expenses	**45.1**	+2.7
Bank (non-consolidated)	Personnel expenses	**23.8**	+0.8
Bank (non-consolidated)	Property expenses	**18.6**	+2.1
Bank (non-consolidated)	Core net business income	**32.0**	+8.4
Bank (non-consolidated)	Net gains (losses) on bonds	**-3.5**	-2.2
Bank (non-consolidated)	Gains/losses on stocks and other securities	**4.5**	+0.5
Bank (non-consolidated)	Ordinary profit	**31.5**	+7.7
Bank (non-consolidated)	Net Income	**21.5**	+4.9
Bank (non-consolidated)	Credit-related expenses	**2.5**	-0.3
Bank (non-consolidated)	Market Division revenue	**18.0**	+2.1

Progress report and review of our Medium-Term Management Plan

Raising numerical targets in the Medium-Term Management Plan

In light of the steady performance of our core business revenues, and with such factors as the effects of policy interest rate hikes taken into account, we have revised the numerical targets set in our Medium-Term Management Plan upward.

The revisions are not simply about raising profit targets. They are also intended to embed a management discipline focused on the cost of capital and the share price, and thereby to enhance corporate value.

Of particular note, since our current PBR remains below a satisfactory level, we have revised our ROE target for fiscal year 2027 upward to 8.5% or higher. This reflects our long-term aim of achieving an ROE that exceeds our cost of capital and improving our PBR further through strategic asset allocation.

In this context, the target of 8.5% or higher is strictly a goal for the period of the Medium-Term Management Plan, and no more than a milestone on the path toward the Group's ultimate vision. In the medium-to-long term, we will achieve an ROE of 10% or higher by simultaneously enhancing our profitability and our capital efficiency.

■Quantitative targets

		FY2025 (actual)	FY2026 plan	FY2027 plan	(Initial target)	Target level for the future
Sound management	**ROE** (Consolidated)	5.9%	7.0% or more	8.5% or more	5.5% or more	10% or more
Sound management	**Capital adequacy ratio** (Consolidated)	12.8%	11-12%	11-12%	Target range 11-12%	—
Sound management	**Net Income** (Consolidated)	17 billion yen	22 billion yen	30 billion yen or more	18 billion yen or more	—
Sound management	**OHR** (Consolidated)	64.2%	Less than 60%	Less than 55%	Less than 65%	—
Development of human capital	**Engagement score**	73 points	—	75 points or more	72 points or more	—
Development of human capital	**Percentage of female managers**	16.4%	—	20% or more	20% or more	—

Enhancing the revenue base

Far from relying on revenue growth driven by improvements in the interest rate environment, we are aware that ongoing achievement of sustainable growth will require construction of a revenue base that is less susceptible to changes in the business environment.

Although our current revenue structure is dominated by net interest income—primarily from interest on loans—we cannot assume that this growth will continue indefinitely, especially in light of such factors as the continued declines in population and the number of business establishments in our region. We also recognize the challenges raised by our current revenue structure, in which revenues are vulnerable to changes in interest rates and market conditions.

Guided by this understanding, our Group plans to diversify its revenue sources and spread risk by strengthening our efforts in areas such as structured finance and investments—led by the Investment Business Department established in April 2026—in addition to our traditional loan-centric model. Going forward, we will enhance the quality of our earnings and build a revenue base that is less susceptible to changes in the business environment by achieving balanced growth in interest income from loans, fees, and investments.

Message from the Executive Officer in Charge of Finance

The concepts of capital efficiency and capital allocation

We are convinced that achievement of sustainable growth in corporate value will require a balance of financial soundness and improved capital efficiency.

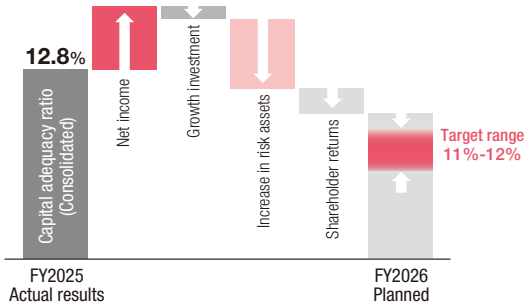
As of end March 2026, our consolidated capital adequacy ratio stood at 12.8%, exceeding our target range of 11% to 12%. This was made possible not only by our accumulation of profits, but also by a reduction in risk-weighted assets resulting from a temporary decrease in our securities holdings.

At the same time, it is essential that we not only maintain an adequate level of equity capital but also allocate it appropriately in areas that contribute to enhancing corporate value. Given the Bank's current PBR, we recognize the need to allocate ample capital to growth areas while maintaining financial soundness, and to achieve an ROE that exceeds our cost of capital.

In fiscal 2026 we consequently plan to expand the allocation of capital not only to lending, but also to areas such as structured finance and investments, where higher returns can be expected. Due to factors such as increases in risk-weighted assets associated with these initiatives, the capital adequacy ratio as of end March 2027 is projected to register approximately 11.9%, a level we believe will continue to ensure sufficient financial soundness.

By refining the sophistication of our risk and asset management, moreover, we will construct a framework that facilitates more efficient use of our limited capital.

In coming months, we will continue to conduct capital allocation that balances profitability and soundness, while striving to improve our earning power and capital efficiency, with the aim of achieving a sustainable increase in ROE and enhancing corporate value.

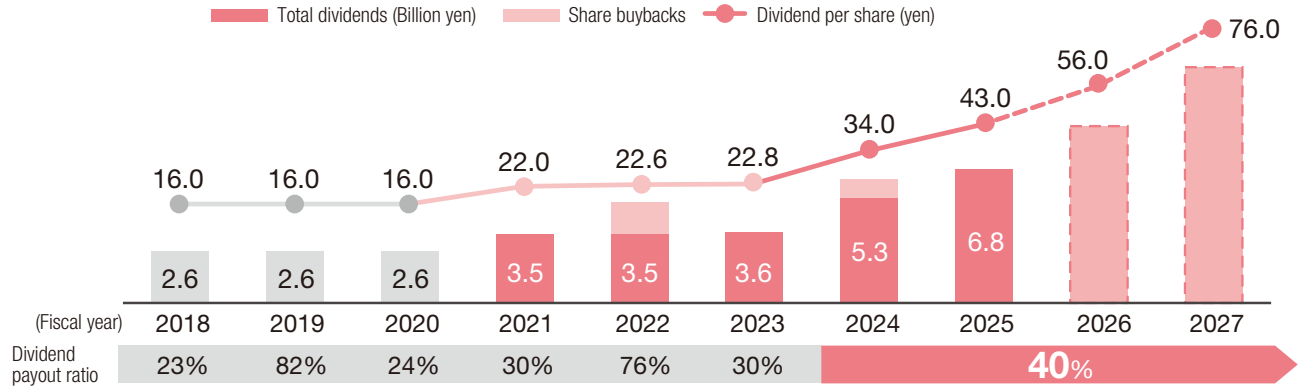


Shareholder returns

We regard returning profits to shareholders as a key management priority. We recognize that sustainable growth in corporate value is possible only through balanced efforts to strengthen earnings power through growth investments and optimize shareholder returns.

Guided by this philosophy, we raised our targeted dividend payout ratio from 30% to 40% as of fiscal year 2024. We plan to pay an annual dividend of 56 yen for fiscal year 2026.

Going forward, we will continue to execute growth investments steadily while maintaining a sound financial foundation, and to continue to provide stable, sustainable returns to shareholders, thus creating a virtuous cycle of enhancing corporate value and enriching shareholder returns.

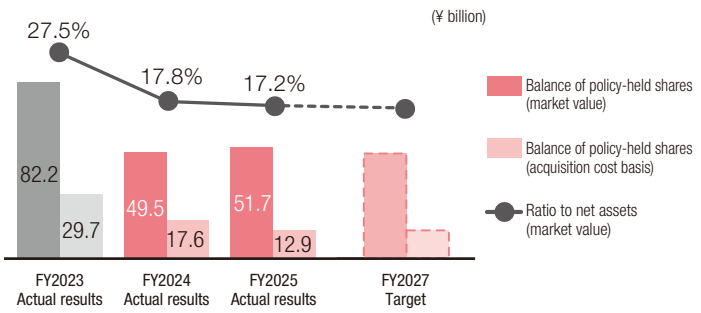


*1 *As of April 1, 2026, the Bank conducted a 5-for-1 stock split. The dividend per share is shown after adjusting for the effects of this split.
*2 The dividend payout ratio is rounded to the nearest whole number.

Policy-held shares

We are reviewing our policy-held share structure with a view to improving capital efficiency and enhancing our corporate value. As of fiscal 2025, the ratio of policy-held shares (market value) to consolidated net assets had decreased to 17.2%.

Going forward, we will continue to periodically evaluate the rationale for holding each stock and the profitability of our transactions. Selling shares for which we find no apparent rationale for holding enables us to use capital more effectively and improve capital efficiency.



Message from the Executive Officer in Charge of the Market Division

Constructing a securities portfolio that generates consistently stable returns



Director and Managing Executive Officer
Haruyuki Kakutani

Review of business performance

Stabilization of revenue for the term

Nanto Bank's basic policy in its market operations is to secure stable, sustainable returns from a medium-to-long-term perspective, with deposit trends and other funding conditions considered.

Currently, the interest rate environment is undergoing significant changes in line with the Bank of Japan's normalization of monetary policy, creating conditions in which an improvement in market investment yields can be expected. At the same time, however, managing interest rate risk has become more important than ever, as fluctuations in valuation gains and losses—particularly for yen-denominated bonds—have become more pronounced.

Under these circumstances, the Bank continues to focus primarily on yen-denominated bonds and on building a ladder-type portfolio based on the assumption of holding securities to maturity. Based on market outlooks derived from economic and inflation trends, moreover, the Bank aims to secure stable returns even during periods of rising interest rates by broadly diversifying its investment horizons and timing, while appropriately managing the overall portfolio risk.

Improving our portfolio quality

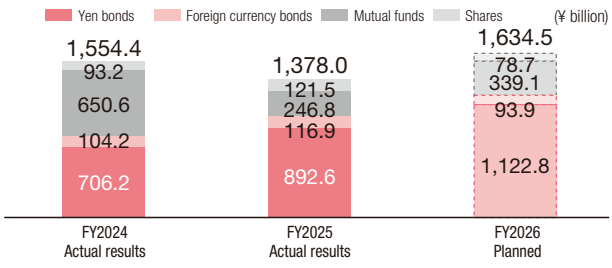
Our other efforts to secure stable returns include improving the quality of our portfolio from a risk-return perspective. We are taking advantage of today's rising interest rate environment to restructure our securities portfolio by replacing low-yielding assets and reviewing our outsourced investment strategies.

We are optimizing our asset allocation while leveraging capital gains and other sources of returns, moreover, to enhance our future income flows and strengthen our earnings base simultaneously.

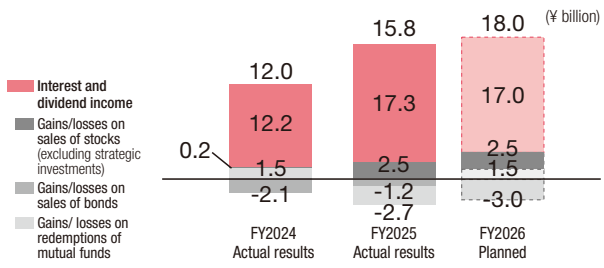
We are also pursuing enhanced diversification of our portfolio, meanwhile, by varying our revenue sources and spreading risk through an appropriate combination of yen-denominated bonds with foreign-currency bonds, equities, J-REITs, and other assets.

Going forward, we will maintain our efforts to assess changes in market conditions accurately while pursuing a balance between profitability and financial soundness. Constructing a portfolio that generates consistently stable returns will contribute positively to strengthening the Group's earnings base.

■Securities portfolio (ending balance)



■Market Division revenue



Message from the Executive Officer in Charge of Human Resources

Development of human capital who think and act on their own and solve local problems



Director and Senior Managing Executive Officer
(Representative Director)
Takeshi Sugiura

Creating regional vitality with the power of human capital

My interactions with local customers and the community have made me realize that a regional financial institution's greatest competitive advantage lies in its human capital. Its branches, systems, and products and services are also important management resources. But it is individual employees who deploy these resources to create new value while maintaining close contact with customers and the community. The growth of our human capital leads to development of the region. And this regional development supports sustainable growth of the Nanto Bank Group. An investment in human capital is therefore essentially an investment in the region's future.

Today, the environment surrounding our local communities and businesses is undergoing significant changes, including a declining and aging population, low birthrate, shortage of business successors and labor, and advances in digitalization. We have entered an era of increasingly complex and diverse challenges that financial services can no longer solve on their own. It is precisely for this reason that the Bank is stepping forward to serve as a partner who can work personally with a wider range of stakeholders to identify the root causes of the specific challenges facing them and collaborate in guiding them toward solutions.

Faced with these ongoing environmental changes, we are working to enhance our human capital's capabilities to ensure that we will remain the banking group of choice for our customers and local communities. We have positioned human capital management as the core of our business strategies, and prioritized support for the growth of each individual and their efforts to solve challenges. A mindset seeking deep understanding of our clients' business challenges and embracing proposals that extend beyond the sphere of finance, along with a proactive approach to self-directed learning and expertise enhancement, is consequently spreading throughout our organization. We are steadily expanding our offering of multifaceted solutions, moreover, including support for business succession, business matching, human resources, and digital transformation (DX).

We believe that these behavioral changes can provide the impetus for enhancing value for our clients and fostering vitality in our local communities.

Integrated management of our human capital and business strategies

Under its Medium-Term Management Plan, our Group has adopted "creating regional vitality with the power of human capital" as a guiding principle and positioned its human capital strategy as a core pillar of management. To meet diversifying needs—such as support for local business management, business succession issues, wealth-building, and decarbonization initiatives—we are actively fostering talented human capital who combine expertise with an ability to offer proactive solutions. Our goal is to extend our offering beyond financial services to become a partner who collaborates with the community to envision and shape its future.

We are also pursuing human capital development in the investment arena, into which we are extending our focus. By cultivating talented human capital capable of assessing a company's future prospects and growth potential—and providing capital support when necessary—we will contribute further to the sustainable growth of local businesses and development of the regional economy.

In fiscal 2025, we clarified the "capabilities required of officers and employees" and redefined our ideal human capital profile and code of conduct. We place particular emphasis on fostering employees who are "being honest and sincere," "continuously seeking ways to improve one's productivity," "not taking information at face value and having one's own opinions," and "always acting with an eye on the future." In light of our transition to a regional assignment system, we are working to cultivate talented human capital capable of contributing to the resolution of regional issues through personal dialogue with a diverse range of stakeholders, including corporations, individuals, and local governments.

Building an organization that supports sustainable growth

Maximizing the potential of our human capital and creating value for our local communities will require construction of an organization in which diverse workforce can thrive. We are responding by promoting women's advancement, expanding mid-career hiring, and fostering and appointing specialized talent. By simultaneously cultivating an organizational culture suitable for those with varied values and experiences, we are generating new ideas and initiatives that can lead to solution of local challenges and value creation.

We are maintaining an ongoing dialogue between our management and staff, moreover, as we review our training structures and evaluation systems and expand our Career Challenge Program. These initiatives support the autonomous growth and career development of individual employees, who are combining forces to drive the growth of the organization as a whole.

One indicator demonstrating these results is the "engagement score." We view this score as a key management indicator reflecting "conditions under which employees find meaning in their work, think independently, take on challenges, and strive to achieve growth." In our fiscal 2025 engagement survey, we achieved a score of 73, surpassing our target of 71 ahead of schedule. Going forward, we will continue to foster an organizational culture that welcomes challenges and learns from failures, thereby realizing the sustainable growth of both our human capital and our organization.

Investing in human capital to shape the future of our communities

Meanwhile, we are confronting challenges such as development and acquisition of specialized human capital in the field of digital consulting, cultivation of managerial talent, and adaptation to diversifying values and work styles. We will continue to address these challenges steadfastly while further advancing creation of an environment in which individuals can maximize their personal potential. Nor is investing in our people an end in itself. We consider its true value to be realized only when it leads to provision of greater value to our communities and customers.

The purpose of human capital management is to provide our customers and communities with new value through the personal growth of our personnel, which leads in turn to an increase in the Group's corporate value. Investment in human capital generates behavioral changes, and the accumulation of these changes leads to regional development and sustainable growth of our Group. We consider the creation of this virtuous cycle to be the essence of human capital management.

I am firmly convinced that our human capital are a motive force helping to shape the future of our communities. Guided by this shared conviction, we will deepen our human capital management further, support the growth and responsiveness to challenges of every individual employee, and remain our customers' banking group of choice by "creating regional vitality with the power of human capital."

The Group's human capital strategy

By investing in human capital to cultivate employees who can shape the future in cooperation with our customers, build an organization in which a diverse workforce can thrive, and foster a workplace environment that enables everyone to work with confidence, the Group aims to boost employee engagement while revitalizing the local community and remain our customers' banking group of choice.



Human capital — Developing talented human capital who can cooperate with customers to shape the future —

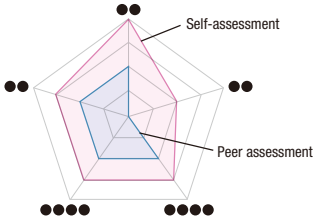
In line with the goal introduced in our Medium-Term Management Plan of "development of human capital who think and act on their own and solve local problems," we are proceeding this fiscal year with a review of our human capital development framework, including "establishing skill assessments," "restructuring our training system," and "partially revising our performance evaluation system."

●Visualization of skills

Visualization can identify the skills, abilities, and behavioral characteristics of individual employees, clarifying the gaps separating them from the desired human capital profile and uncovering potential growth areas. It serves as the starting point for all employee talent development initiatives, including future development strategies, training assignments, and work experience opportunities.

Visualizing the skills, strengths, and challenges of individual employees

We employ an objective process involving self-assessments and supervisor evaluations to identify each individual employee's current skills, demonstrated strengths, and determine areas for future development.



Employees' perception of their own current status based on self-assessment and peer assessment

Promoting proactive career development

This serves as an opportunity for employees to recognize the gap between their current status and the target human capital profile, and to act proactively to acquire the necessary skills and abilities to close it.



Strengthening development through dialogue with supervisors

Based on the results of the skills assessment, the employee and supervisor discuss the employee's current status, future work experience, competency development, training, and related matters, and establish a specific development plan.



Investment in human capital

Implementation of a variety of training programs

We view training as the starting point for knowledge acquisition and as a catalyst for self-directed learning. We conduct systematic rank-based and job-specific training to support the growth of each employee.

Our rank-based training begins with a foundational skills development program that designates the first two years after employees join the Bank as a development period. We also provide development opportunities at other levels, each tailored to the employees' roles and competencies, such as training for newly appointed executives.

Our function-specific training programs, meanwhile, aim not only at providing specialized knowledge in such areas as lending operations and support for wealth-building and succession planning, but also at honing employees' skills in communicating with customers and their ability to propose solutions.

The Bank is committed to contributing to the sustainable development of local economies and communities by developing talented human capital equipped with advanced expertise and problem-solving skills.

Regional cross-industry networking workshop

Cross-industry networking among community-based companies organized to solve local issues and meet other goals.

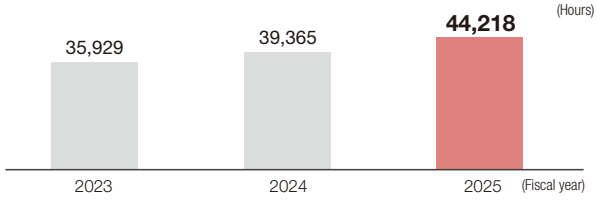


Dispatch of staff to business schools to develop next-generation leaders

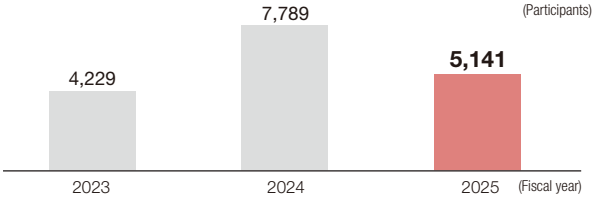
A program designed to instill employees with the practical business skills and mindset required by the next generation of leaders, transcending industry and generational boundaries.

FY2025 (actual)	FY2026 (projected)
14	33

■Total training hours



■Number of training participants



* Includes training for employees who switched career tracks following the April 2024 revision of the personnel system

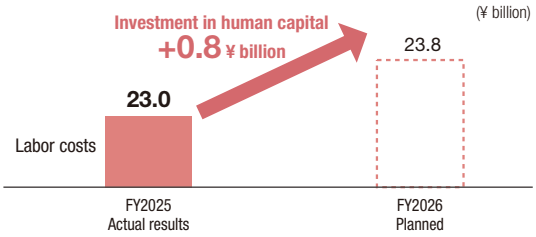
Support for obtaining certifications

The Group has established a Certification Incentive Program to support independent learning and growth by individual employees. We provide incentive payments to employees who pass job-related certification and qualification exams, and we even subsidize the cost of study materials and other resources for certain certifications.

By covering a wide range of certifications and qualification exams and setting incentive payments appropriate for each, we encourage employees to pursue self-improvement, enhance their expertise, and take on new challenges in different fields.

Investment in human capital

Our wide-ranging investment in human capital, which includes base pay increases, training expenses, and raises in starting salaries, is provided both to foster talented personnel who can contribute to sustainable growth and to help secure talented personnel of this kind. Acting from a belief that human capital is our Group's most important management asset, we will continue to pursue proactive investment aimed at enhancing our corporate value over the medium to long term.



Updating our performance evaluation system

We are committed to developing employees who think and act on their own to strengthen our human capital base and achieve sustainable growth. Recent efforts to this end include revising certain aspects of our performance evaluation system and introducing a new Required Competencies Evaluation.

This evaluation seeks to clarify the behaviors our Group expects of employees, and to encourage self-awareness and behavioral change appropriate to the individual through evaluation and feedback.

Ensuring the system's effectiveness requires that its purpose and evaluation methods are correctly understood and translated into daily action. To assure this, members of the Human Resources and General Affairs Department are visiting all our branches to hold individual briefings and present careful explanations of the system's objectives and operating procedures.

Role assessment
+
Assessment of acquired competencies
Understanding behavioral patterns through multi-faceted assessments

■Capabilities required of officers and employees

Continuously seek ways to improve productivity	Do not take information at face value; form your own view	Always act with an eye on the future
Be honest and sincere		



A scene from an individual information session led by members of the Human Resources and General Affairs Department

Organization — Constructing an organization in which diverse human capital can thrive —

We seek to be an organization that creates value for our customers and local communities by harnessing the strengths of our diverse workforce and translating information into timely, accurate decisions.

●Securing talented personnel to support growth

New graduate recruitment

We are working to reinforce our recruitment efforts with the goal of "developing human capital who think and act on their own and solve local problems." Our new graduate recruitment program for fiscal 2026 welcomed 112 new colleagues with diverse values and experiences.

Throughout the recruitment process, we prioritize mutual understanding by engaging in dialogue with students to identify common ground between their aspirations to contribute to local communities and their career visions, on the one hand, and our Group's Corporate Philosophy and Corporate Vision for the future, on the other.

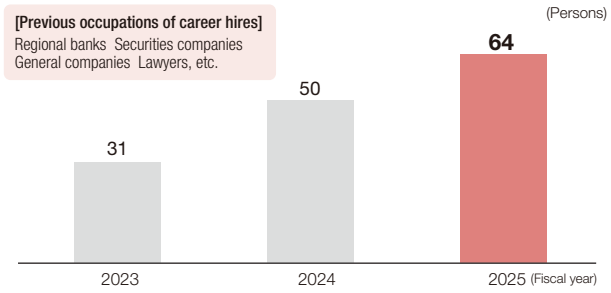

A glimpse into our new employee training

We are directing efforts to ensuring a steady supply of diverse, talented personnel going forward, moreover, to enhance our competitiveness in the new graduate recruitment market. Among these efforts, we have raised starting salaries for the fourth consecutive year, setting the starting salary for new hires joining our ranks in fiscal 2026 at 285,000 yen—an increase of 15,000 yen from the current level.

Mid-career hiring

To achieve sustainable growth and enhance corporate value over the medium-to-long term, we view securing a diverse pool of human capital with the experience and expertise necessary to execute our management strategies as a key priority on a par with our established recruitment of new graduates. We are therefore actively promoting recruitment of experienced men and women with advanced skills and specialized knowledge who can contribute immediately as productive members of our team.

■Number of career hires (cumulative total since fiscal 2020)



Staff interview


Plan Manager, Solutions Sales Department
Naoki Katayama

I joined Nanto Bank as a mid-career hire from another regional financial institution and am now leveraging the experience I gained in my previous position to develop proposals and plans aimed at solving management challenges for our clients who operate hospitals. I am also responsible for planning support measures for management challenges shared by all our clients, such as human capital management, IT implementation support, and sustainable management.

Because my role allows me to participate in both sales and planning, I make a point of regularly gathering direct feedback from clients and staff on the front lines of sales and incorporating it into my planning. I approach my work by constantly considering whether the head office's initiatives are addressing on-site challenges effectively and seeking ways to expand our customer base.

I am confident that our Group is fostering a culture in which employees can proactively shape its future direction. We are developing a culture that provides opportunities for a diverse workforce to thrive, and I am drawn to the potential for further evolution of this culture and our organizational structure.

As the number of challenges that cannot be solved by a single person continues to grow, I hope to serve as a bridge between the front lines of sales and the Planning Department, thus contributing to enhancement of our clients' corporate value and the sustainable growth of our Group.

Alumni events

In April 2024, we introduced a new Alumni Hiring Program to rehire former employees (alumni) who had previously left the Group. Through this program, we leverage the expertise, experience, and fresh perspectives gained by these individuals outside the Bank to promote innovation and enhance our organizational strength.

We also operate an alumni network, moreover, to continuously share the latest news and recruitment information about our Group, while also fostering community building and providing opportunities for interaction. Through these initiatives, we maintain and strengthen our ties with alumni, promote active participation by a diverse workforce, and seek to further expand our alumni hiring program.


Group photo with participants in an alumni event

Supporting a diverse range of talented employees in taking on new challenges

Career Challenge Program

We have recently introduced the Career Challenge Program internal job posting system as an initiative to support individual employees' autonomous career development. The program provides opportunities for employees to take on new duties or explore new areas of expertise they choose themselves. This can lead to various new career paths, such as secondment to Headquarters, Group companies, or outside firms.

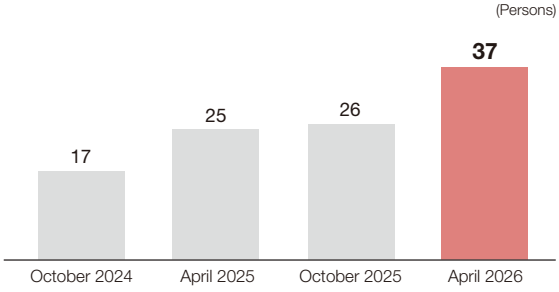
In April 2026, we held an open recruitment drive for positions involving regional revitalization and trust services, to which 37 employees applied.

Going forward, we will continue to encourage every employee to take on new challenges, thereby promoting enhancement of expertise and diversification of experience.

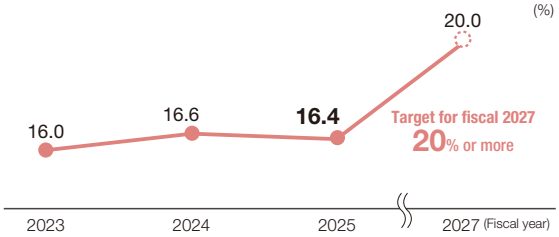
Training programs for female management candidates

We conduct training programs designed to cultivate human capital who take the initiative to tackle challenges and achieve personal growth, as well as to develop female talent who aspire to become managers in the future.

■Trends in the number of applicants for the Career Challenge Program



■Percentage of female managers



Staff interview



Planner,Human Resources and General Affairs Department
Keiko Onishi

Since this past spring, I've been working at Headquarters for the first time as a member of the "Diversity Promotion Team" dedicated to building an organization in which a diverse pool of talent can maximize their potential. My focus is primarily on initiatives to promote women's advancement in an effort to create an environment in which every individual can leverage training, policies, and communication to shape her own career path proactively.

The thing I value most in my work is "never losing sight of the goal." I consider policies and initiatives to be merely a means to an end; they have value only when they lead to changes in employees' mindsets and behaviors—and, ultimately, to the growth of the organization. When planning my first training program, I made a conscious effort to identify the core issues by repeatedly asking myself what message was the most important to convey, and whether the content would invite participants to recognize it as something that applied to them personally.

The appeal of our Group lies in our commitments both to our local communities and customers and to advancing the personal growth of our employees. I myself was transferred from a branch office to Headquarters, where I had the opportunity to achieve growth by facing various challenges and learning new things.

Going forward, I hope to create opportunities that inspire individual staff members to approach new things with a "Let's give this a try" attitude, as well as to strengthen my ability to support them in taking that first step. Challenges undertaken by individual employees lead to organizational growth, which leads in turn to provision of greater value to the local community. My goal is to become a professional who can create virtuous cycles like this.

Project to promote participation by women

In an effort to stabilize branch operations and retain talented human capital, branch office and Headquarters' staff are working together to identify challenges and develop measures for creating an environment in which female employees can continue to contribute to their full potential, even after life events such as childbirth.

Besides reviewing our institutional structures, they are assessing such practical challenges as on-site implementation and psychological barriers and translating these insights into effective measures.



Scenes from the project discussions

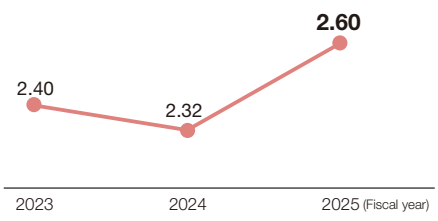
Supporting active participation by employees with disabilities

The Group is intent on creating workplaces in which members of our diversified workforce can make full use of their abilities and find fulfillment in their work. We have outpaced our special-status subsidiary in promoting the employment of people with disabilities across the Group as a whole, guided by the principle of placing the right people in the right roles and thus supporting the active participation of each individual.

In December 2025, Challenged Co., Ltd.—a special-purpose Group subsidiary in Nara Prefecture—became the first company of its kind to receive "Monisu Certification" as an outstanding employer of people with disabilities, based on the "Certification System for Outstanding Small and Medium-sized Enterprise Employers Regarding the Employment of People with Disabilities" established by the Minister of Health, Labor, and Welfare.

Going forward, we will continue to collaborate with local communities' efforts to realize an inclusive society in which everyone can thrive.

■Employment rate for people with disabilities



Human Capital Strategy

Environment — Creating workplaces in which everyone can thrive with peace of mind —

We are working to establish and expand our employee leave policies and working hour reduction systems, while supporting flexible work styles reflecting employees' life events, in order to create workplace environments that enable employees to balance work and family life. We also conduct ongoing awareness campaigns to foster a deeper understanding of these policies and promote employees' use of them, thereby creating an environment in which every employee can confidently demonstrate their abilities.

●Various programs and policies

To build an organization in which a diversified workforce can thrive in the long run, we are working continuously to enhance our workplace environments by making them more comfortable and rewarding, and to improve our various programs and policies in consideration of changing community lifestyles and values. These initiatives are designed to contribute to the Group's sustainable growth and enhanced corporate value by promoting employees' well-being and boosting their engagement.

Flexible working hour system	Hourly compensatory leave	Side job policy
We introduced a flexible working hour system in April 2024. With standard working hours as the basis, this established an environment that gives employees considerable flexibility in setting the times they start and finish work depending on current work conditions and their personal circumstances.	This is a system that permits employees to take compensatory leave in hourly increments. We are creating an environment in which employees have the flexibility to take leaves as appropriate to accommodate circumstances such as childcare, caregiving, or medical appointments.	We have implemented a policy that supports employees in their pursuit of outside employment in accordance with our belief that diverse experiences, advanced expertise and skills, and professional connections and networks gained through activities outside of banking operations can add value to their work performance.

Support for child-rearing

Parental leave system
Available until the end of the month in which the child turns two years old

Support for fathers' participation in childcare
We offer male employees up to four weeks of paid parental leave to be taken within eight weeks of a child's birth
We provide five days of paid "family support leave" before or after the birth of a child (or grandchild)

Return-to-work support
To support a smooth return to work after parental leave, we implement a return-to-work program that includes providing employees with information during their leave and training sessions after their return to work.

Reduced-hour work system, exemption from or limitations on overtime, and restrictions on late-night work
Available until the child enters junior high school

Child allowance
¥30,000 per child per month

Childcare support leave
Employees can take five days of childcare support leave a year (10 days if there are two or more children) until their child enters junior high school



●Initiatives for health management

We view employee health—comprising both physical and mental, social, and economic well-being—as the foundation of our human capital. In addition to efforts to prevent and detect diseases early through regular health checkups and support for comprehensive health screenings, we encourage employees to take paid leave to maintain their physical and mental health and improve their productivity.

The Bank's management team also takes the lead in promoting health management. In March 2026, we were certified as a "Health Management Excellence Corporation 2026 (White 500)" by the Ministry of Economy, Trade and Industry and the Japan Health Conference.

2026
健康経営優良法人
KENKO Investment for Health
大規模法人部門
ホワイト500

Improving engagement

In July 2024, we introduced an engagement survey as part of our efforts to enhance employee engagement. We use the results of these surveys to sharpen our focus on creating workplace environments that support the sustainable growth of our Banking Group as a whole as we seek to ensure that our employees feel a greater sense of fulfillment in their work.

We produce monthly video messages from executives, moreover, to communicate our management policies and the thinking behind them directly to our employees. We also hold town hall meetings to provide opportunities for two-way dialogue between our executives and employees. Through initiatives such as these, we are deepening our employees' understanding of our management's thinking and fostering a shared vision for the future of our Group.

Video messages from executive officers

Monthly video messages from executive officers to employees

FY2025 results

12 videos released



Town hall meetings

Executive officers visit branch offices to provide opportunities for direct dialogue aimed at strengthening ties between our executives and staff.

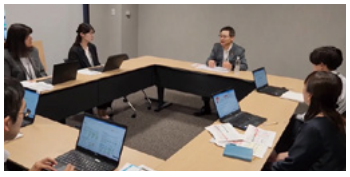
FY2025 results

96 sessions held

1,475 participants*;

698 one-on-one interviews

* Branch office staff excluding department managers and part-time employees (as of April 2026)



Meetings between executives and department/store managers

Held with the aim of instilling awareness of management policies throughout the various organizations and encouraging their implementation in daily operations and human capital development.

FY2026 results

102 general managers of departments and branches



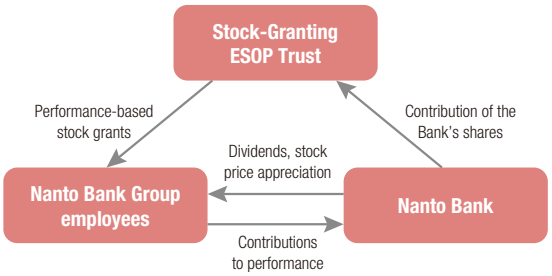
Stock-granting ESOP Trust

The Group has adopted "development of human capital who think and act on their own and solve local problems" as the central theme of its Medium-Term Management Plan. This reflects our commitment to enhancing growth opportunities for our human capital and promoting diversity in our workforce.

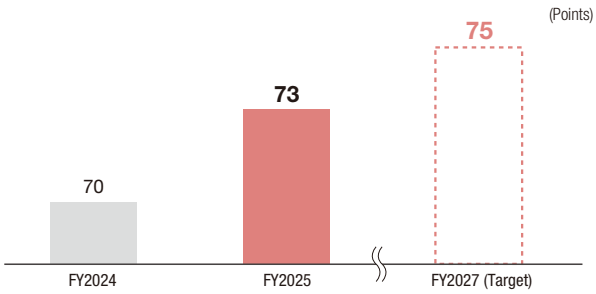
In May 2025, we introduced the "Stock-granting ESOP Trust" as an incentive plan that grants shares in our Bank to all our Group employees.

The purpose of this program is to encourage employees to share the perspectives of our shareholders, stimulate their efforts to boost their business performance and corporate value, and motivate them to contribute actively to regional community development.

Under this system, points are awarded to employees based on the Group's business performance. At the end of the period under the Medium-Term Management Plan, they receive Bank shares or other benefits equivalent to their accumulated points.



Engagement score



Leveraging the power of human capital to pave the way to the future of our group and our region

Under its Medium-Term Management Plan, "creating regional vitality with the power of human capital," the Nanto Bank Group has positioned its personnel as the source of value creation and made human capital management a core theme of its business strategy. To ensure that human capital management is more than just a concept, but rather a positive force leading to behavioral changes in our executives and employees and to cultivation of the organization's culture, we examined the perspectives from which the Board of Directors is conducting discussions and working to enhance the effectiveness of these efforts. Outside Directors Kozue Nakayama, Takashi Nishimura, and Yuuko Tahara exchanged views on these concerns with President Satoshi Ishida.



Outside Director Takashi Nishimura | Outside Director Yuuko Tahara | Outside Director Kozue Nakayama | President (Representative Director) Satoshi Ishida

It is precisely because we live in an era of rapid change that the strengths of our human capital are determining the success of our business.

Ishida: The theme of our Medium-Term Management Plan, "creating regional vitality with the power of human capital," is intended to clarify the means by which our Group will enhance its competitiveness and deliver value to the community moving forward. The environment is undergoing significant changes, including a decline in the population, contraction of our regional economies, and accelerating progress in digitalization. It is ultimately our personnel who engage directly with our customers, identify their challenges, and devise solutions. This is precisely why we regard our people as our most important management asset.

Nakayama: Even from our perspective as outside directors, we recognize that positioning human capital strategy at the core of management is of utmost importance. At regional banks, the attitudes and actions of every executive and employee translate directly into trust in the bank. Customers choose a bank based not only on its products, but also on the trust it has established—the feeling that "We want to consult with this institution" or "We feel at ease with these people." This is why we consider investment in human capital as more than just a human resource initiative. It is a full-fledged management strategy that builds the foundation for future profitability and trust.

Nishimura: While our current business performance remains solid, the Board of Directors is actively discussing key measures to ensure that these results are not fleeting phenomena. The environment surrounding financial institutions will continue to evolve. This is why it is crucial to look ahead, strengthen our investment in human capital, and enhance our future

competitiveness. Our Group has built a relationship of trust with the local community over many years, but we must clearly articulate and define the strengths of our human resources—the foundation of that trust—rather than letting them remain vague principles.

Tahara: Human capital management is meaningless if the efforts are superficial. While many companies mouth the phrase, "Our human capital are our most important asset," the words are meaningless without a clear definition of exactly what kind of organization it is. In our case, our Group is an organization that delivers value through its human capital. One important challenge for the Group is to find ways of developing talented personnel capable of walking alongside our communities and customers toward their future, while continuously tackling challenges for which there are no clear-cut answers. We require employees who do more than simply propose financial products; they must work closely with customers to identify challenges of which the customers themselves may not be aware, and to deploy not only internal resources, but also the Group's extensive internal and external networks, to find solutions.

Defining the capabilities required of officers and employees

Ishida: To ensure effective human capital management requires that we define our ideal employee profile in terms of specific behaviors and share it throughout the organization. Our Group has identified four core capabilities that are capabilities required of officers and employees: "being honest and sincere," "continuously seeking ways to improve one's productivity," "not taking information at face value and having one's own opinions," and "always act with an eye on the future." We are determined not to let these competencies remain mere slogans; rather, we intend to establish them as shared vocabulary that every executive and employee keeps in mind during their daily work and translates into action.

Nakayama: Of the four core competencies, I place particular importance on "being honest and sincere," which serves as the foundation for all of them. For a regional bank, the trust of its local community and customers is of utmost importance. Trust is not something that comes into play only in special circumstances; it is built through the accumulation of daily efforts—by engaging sincerely with customers and tackling challenges head-on without shying away from difficulties. At the same time, being honest and sincere is not just a matter of diligence. It requires that we consider customers' true needs and communicate information with care and respect—even when it involves things that are painful for customers to hear. I believe that this approach embodies the kind of integrity we require for the years ahead.

Nishimura: Amid all the remarkable advances in AI, I also consider "not taking information at face value and having one's own opinions" as a crucial skill. In our daily work, we are presented with a variety of factors to consider—including customer feedback, instructions from headquarters and supervisors, social trends, and even information generated by AI. Rather than simply accepting all these without question, it is important to cultivate the habit of asking, "Is that really true?" and "Why can we say that?" This does not mean being contrary but rather thinking analytically in order to make better decisions. As the number of human capital who understand the context and objectives of decisions and act based on their personal independent thinking increases, the quality of decision-making across the organization as a whole will improve.



Tahara: As we adapt to changes in the way we work, I believe that "continuously seeking ways to improve one's productivity" and putting this into practice are extremely important. It is essential that each of us thoroughly masters digital tools and generative AI and thinks continually about how to transform our work. The goal of improving productivity is not simply to reduce working hours. It is crucial to use the time freed up by increased efficiency to create value that only human beings can provide—such as engaging in dialogue with customers, solving problems, and making forward-looking proposals—and to use digital tools and generative AI with sound judgment and a strong ethical sense.

Ishida: A mindset to "always act with an eye on the future" is required to set the direction our Group should pursue in the future. Rather than focusing solely on immediate transactions, we expect our Group's executives and staff to take an interest in the future our customers envision, and to envision that future together with them. By leveraging our four core competencies, we aim to further enhance our customers' trust, and to develop into an increasingly profitable Group as a result.

Initiatives aimed at pursuing behavioral change

Ishida: Simply articulating our competencies will not lead automatically to changes in actual behavior. We will also need to create a system in which every employee understands and embraces the competencies and applies them to their daily actions. In our Group, we employ a cycle of "buying into management policies," "acting in accordance with management policies," and "performance evaluations linked to management policies" to ensure that human capital management goes beyond mere conceptualization to motivate actual behavioral change and become deeply ingrained in our organizational culture.
One new initiative we employ specifically to accomplish this is the town hall meeting. The Group recently began a program in which the executives convey our vision and the objectives of our initiatives to employees via video messages. This raised the challenge, however, that it remained one-way communication from executives to employees. We responded by launching town hall meetings as a forum for management to visit various workplaces—including branch offices—and engage in direct dialogue with employees. The meetings have two primary objectives. First, they convey management's vision directly to individual workplaces. Second, they enable management to gain firsthand insights into the actual conditions at branch offices—specifically to understand how the branch employees are interpreting and implementing the Bank's policies.



Nakayama: Simply circulating a management message does not mean it has truly taken root. It is important to understand how staff members understand the message, and what questions or concerns they may have about it. Town hall meetings not only bridge the gap between management and the various work environments, but they also provide opportunities for executives and staff to consider and discuss issues in their own words. When it comes to the "capabilities required of officers and employees," in particular, interpretations of one-way verbal communications may vary from one work site to another. This is why we consider it important to employ a process centered on dialogue that enables all the participants to shares a common understanding of the meaning of a communication, and to consider ways of applying it in their own work.

Nishimura: One of the chief benefits of town hall meetings is that they allow management to gain firsthand knowledge of the actual working conditions at various workplaces. While policies are designed at Headquarters, it is the personnel at individual workplaces who carry them out. It is therefore extremely important for management to recognize that simply issuing instructions is not enough to motivate action or to identify obstacles that may be hindering behavioral change. Awareness of the concerns and challenges faced by individual workplaces is also beneficial when considering future initiatives. Management should employ the ongoing dialogues provided by the town hall meetings to refine its performance evaluation systems, recognition programs, and operating procedures.



Tahara: I think it's important to position town hall meetings as opportunities to transform our organizational culture rather than as mere management briefings. When management speaks directly at work sites and the site personnel share their candid opinions, the insights that emerge can lead to improvements. If we can establish this cycle, employees' sense of participation in management will also increase. Looking to the future, while refining our skills in setting themes and facilitating dialogue, it will be essential for management to gather customer feedback directly from the front lines of sales, and to encourage participants to engage in ways other than simply "listening and moving on" by creating spaces for them to reflect on "how they should change their own behavior."

Ishida: The town hall meetings represent an unprecedented initiative, and a sense that "things are different now" is beginning to take hold in various workplaces. It will be most important, however, to ensure that these dialogues do not end up as one-off exercises. We must not only communicate management's vision to various workplaces, but we must also identify the specific challenges facing them individually, review any necessary measures to respond to them, and incorporate the results into our evaluation and developmental systems. By continuing this process of trial and error, we will promote behavioral change in every executive and employee. To make these efforts even more effective, we will launch a new "Department and Office Manager Meeting" within fiscal 2026. The purpose of this meeting will be to enable department and office managers—who play a central role in organizational operations—to serve proactively as bridges between management and the front lines. Employing these efforts in combination with the town hall meetings, we will empower two new forward-looking activities: two-way dialogue and front-line-originated practices.

Employee acceptance of the evaluation leads to behavioral change

Nishimura: In human capital management, it is also extremely important for executives and employees to feel that the evaluation process is fair and reasonable. If the "capabilities required of officers and employees" are to be reflected in the evaluation criteria, they must be translated into specific job duties. The behaviors expected at each level and for each job type must be clearly outlined so that the personnel undergoing evaluation can recognize their personal relevance. There are elements that are crucial to the organization but difficult to define clearly as evaluation metrics. These include qualities that bring out the best in a team, such as the ability to engage others, thoughtfulness, and the role of a team morale booster. We believe it is important to have a perspective that appropriately recognizes and evaluates these elements as well.

Nakayama: It is also incumbent on evaluators to explain their evaluations clearly to employees based on objective facts. If the evaluation criteria are unclear, the employees under evaluation will not be convinced. The language used as the basis for performance evaluations should be easy to understand so that employees can relate it to their own work. At the same time, the words and actions of supervisors, with whom employees interact on a daily basis, will determine how well these principles take root in each workplace. It is essential that the entire organization share the understanding that developing human capital is a key role of management.

Tahara: Employees should take the lead moreover, in developing draft evaluation criteria based on guidelines provided by management. If employees articulate their own vision for tests based on their daily work experiences the resulting evaluation criteria will be grounded in real-world experience. A culture that encourages taking on challenges is essential for a diverse workforce to thrive. Only when there is a culture in which employees can voice their opinions regardless of age or position, in which taking on challenges is valued in itself, and in which people can learn from their failures, will a workforce's potential be maximized.

Ishida: Performance evaluations are not intended to rank people in minute detail but to foster growth. We will not only refine our evaluation system but will also enhance understanding through dialogue to realize behavioral changes in every employee. People do not develop through training alone. They grow by addressing customers' challenges, thinking for themselves, failing periodically, and improving with the guidance of those around them. It is the accumulation of these daily experiences that is nurturing our human capital.

The growth of our human capital supports the future of the community and our Group.

Tahara: As an outside director, my priority is to assess whether human capital management is truly functioning in individual workplaces, and to ask continually how it should evolve. It is not enough simply to establish systems and communicate messages. We must continuously verify the changing behavior in each workplace and make sure our employees are on board.

Nakayama: Human capital management cannot be evaluated solely on the basis of short-term results. I believe it will manifest itself only in a few years' time as differences in the organizational culture and decision-making quality. Precisely because short-term results are difficult to discern, engaging in candid discussions at Board of Directors' meetings and continuously reviewing and improving our approach will lead to more sophisticated decision-making and clearer accountability, thereby laying the foundation for enhanced management transparency and effectiveness.

Nishimura: I believe that one of the key roles played by outside directors in advancing human capital management is verification of whether management's philosophy is being communicated effectively to individual workplaces and whether the mechanisms for implementing it are feasible. Are the messages expressed in clear, easy-to-understand language? Are they linked to performance evaluations? Do they place an excessive burden on the various workplaces? I intend to continue maintaining these perspectives.

Ishida: The role of a regional bank extends beyond simply providing financial services; it lies in supporting the local community. Each employee takes the future of our customers and our region to heart and works to create value. The accumulation of these efforts generates vitality in the region and leads to sustainable growth of our Group. Human capital management cannot be achieved through management statements alone. It becomes meaningful only when it is communicated to every workplace, leads to behavioral changes, includes linkage to performance evaluations, and results in tangible growth. As the future unfolds, we will continue to refine our human capital strategy, building on discussions by the Board of Directors, and seek to develop the human capital required to support the future of both the region and our Group.



Message from the Executive Officer in Charge of Sales

Engaging with the local community and building a sales structure that keeps us our customers' banking group of choice



Director and Managing Executive Officer
Kouji Honda

To date, the Nanto Bank Group has established a solid presence and secured a significant market share as a regional financial group in Nara Prefecture with the support of our many customers and local communities. We realize, however, that the relationships we have built with our customers and the foundation we have established in the region are by no means guaranteed to last far into the future. With the regional economy expected to contract due to such factors as a declining and aging population, outflow of deposits to other regions due to inheritances, and decrease in the number of businesses, we intend to pursue evolution of our sales activities by engaging more deeply with our communities and strengthening our relationships with customers to remain their banking group of choice.

With this backdrop communicating a sense of urgency, we have recognized a need to go beyond the limits of traditional financial practices centered on lending and act proactively to encourage creation of new businesses and attract more people to the region. We are supporting the growth of local companies through engagement in business succession, real estate asset optimization, and growth investments, while also generating new vitality in the region by supporting companies and startups that are venturing into growth sectors.

At the same time, to ensure that our Group continues to be chosen by customers and to achieve sustainable growth even under these circumstances, we must strengthen both the quality and quantity of our customer contact points and implement sales activities that are more closely attuned to the emerging needs of our customers and communities. Through these efforts, we will reinforce the transactional foundation supporting our sustainable growth by strengthening our relationships of trust with customers and cultivating our Group's human capital, while simultaneously conducting increasing numbers of deposit, loan, and service transactions.

Reinforcing our sales capabilities by expanding our network of connections in the local community

Our central focus will be on a shift toward sales activities that view the community as a unified area and strengthen our connections throughout. We have begun by revising our previously segmented sales structure—which separated corporate and retail accounts—and transitioning to a system in which the sales representatives assigned to each region maintain a broad network of contacts with local stakeholders of all kinds, including corporations, individuals, and local governments. Our Group refers to this strategy as an "area-based sales activities" rather than as a series of isolated customer relationships. By engaging closely with the community and expanding our points of contact with customers further, we will acquire a deeper understanding of both the region and our

customers, which will lead, in turn, to resolution of their challenges.

Meanwhile, our sales activities continue to rely in part on the experience and intuition of each individual representative, which raises the challenge that standardization of sales activities across the entire organization is insufficient. We consequently need to systematically accumulate and utilize information and data obtained through our sales activities to enhance our ability to make proposals and solve problems.

By leveraging this knowledge and data to augment our sales activities and human capital development, we will seek to build a sales structure over the coming months that can consistently provide high added value as an organization, rather than relying solely on the individual capabilities of our sales representatives.

Deploying the Osaka Strategy to multiply our growth opportunities

The Osaka region, our "second home," with its deep historical and geographical ties to Nara Prefecture, represents a key market for our Group. Boosted by robust demand for funds in Osaka, our loan portfolio is currently expanding, and our corporate deposits are also showing steady growth. We believe, however, that ample room remains to expand our market share in the region.

While leveraging our customer base and regional knowledge cultivated in Nara, we are working to both deepen our relationships with existing customers and acquire new clients among growing companies in our markets. Whether in Nara or Osaka, the importance of engaging closely with customers and building relationships of trust remains unchanged. When working with our existing customers, we strive to enhance our business relationships by engaging in ongoing dialogue with their leadership and playing an active role in such key corporate milestones as new business ventures, capital investment, M&A, and business succession.

We are at the same time expanding our network of connections with core companies that support the regional economy. We engage in dialogue with our clients to identify new financing needs and supply chain challenges, while refining our proposals for addressing these issues. Efforts such as these will help in further deepening our relationships with clients and translating our enhanced presence in Osaka into steady revenue growth.

Supporting local companies' growth through investment initiatives

With the establishment of our new Investment Business Department in April 2026, we consolidated investment functions that had previously been dispersed across various departments and established a structure that allows us to engage more deeply in the growth of local companies and the resolution of regional challenges.

To date, our Group has supported the growth of local companies through financial assistance centered on lending. As the challenges facing our clients—whether handling business successions, entering into new business fields, or making growth investments, for instance—become increasingly complex, there are growing numbers of instances in which lending alone is insufficient to address their needs.

We are consequently engaging more deeply than ever in our clients' growth by leveraging methods such as investments, structured finance, and direct investments. By linking the challenges and growth opportunities we identify through our sales activities to our investment operations, moreover, we will provide support that goes beyond the scope of traditional finance.

Our investment business is not structured merely to expand our profit opportunities. It is also designed to foster the sustainable development of the regional economy by supporting the growth of local companies, facilitating business succession, and promoting the creation of new ventures. In the future, we will continue to support our clients through both lending and investment, thus contributing to the growth of local companies and revitalization of the regional economy.

Toward a virtuous cycle in which the local community, our customers, and our Group grow together

It is precisely the increasing complexity of the challenges facing our regional businesses that is giving our Group a greater role to play. By thoroughly engaging in sales activities that allow us to engage deeply with the community and strengthen our connections with customers, while also working to expand our customer base in Osaka and support growth through investment initiatives, we will contribute to enhancing our customers' corporate value and advancing development of the regional economy.

Engaging with a wide range of customers and working to solve their challenges also fosters the growth of our Group's human capital. By consistently pursuing these initiatives, we are constructing a sales base that ensures our customers' continued fidelity to our Group, thereby creating a virtuous cycle enabling our region, our customers, and our Group to grow together.

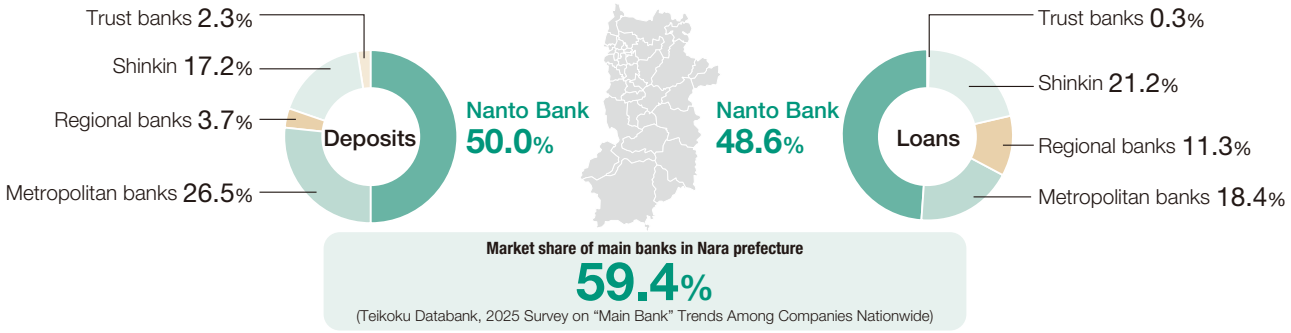
Sales Activities Aimed at Remaining Our Customers' Banking Group of Choice

The Group's operating environment

Market share in Nara Prefecture

Our Group enjoys a significant market share of both deposits and loans in Nara Prefecture, where we have long served as the main bank for many of our customers. We recognize the need to adapt to structural changes, however, due to such factors as the declining birthrate, aging and declining population, and advance of digitalization.

■Share of deposits and loans in Nara Prefecture

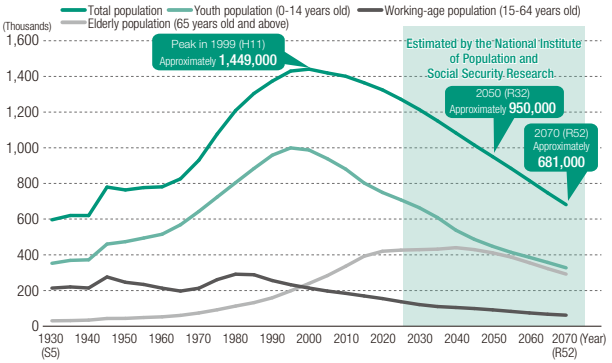


Population and business establishment trends

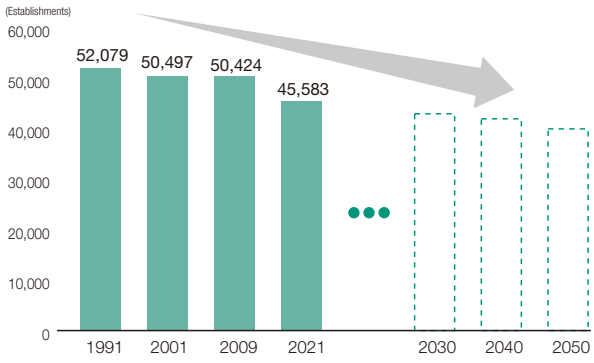
Nara Prefecture's total population began to decline after peaking in 1999. According to estimates by the National Institute of Population and Social Security Research (NIPSSR), the elderly population (residents aged 65 and over) is also expected to decline in the future, falling to approximately 681,000 by 2070.

With the number of private-sector businesses also trending downward year after year, moreover, we are called upon as a regional financial institution based in Nara Prefecture, to implement initiatives that contribute to the maintenance and expansion of the prefectural economy.

■Changes in the total population and population by age group in Nara Prefecture



■Number of business establishments



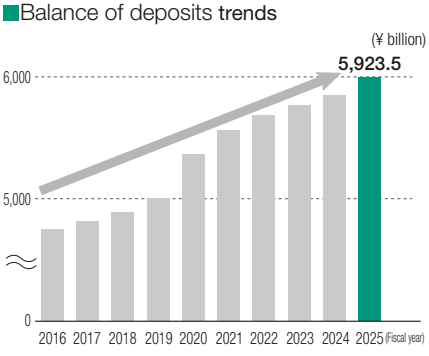
Source: "The Future of Nara Prefecture 2025," Reiwa 3 Economic Census and Business Activity Survey

Current status of deposits at Nanto Bank

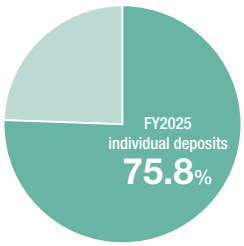
Under these circumstances, our current balance of deposits is steadily increasing and is now approaching 6 trillion yen.

Meanwhile, approximately 75% of our balance of deposits consists of deposits from individual customers. In light of the aging population and future population decline, we recognize that maintaining our customer base by preventing the outflow of inheritance deposits is a key challenge.

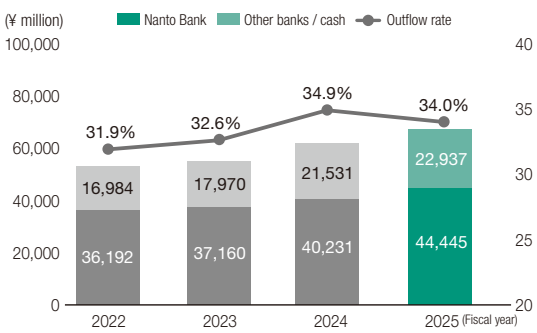
■Balance of deposits trends



■Percentage of total deposits held by individuals



■Outflow rate of inherited deposits



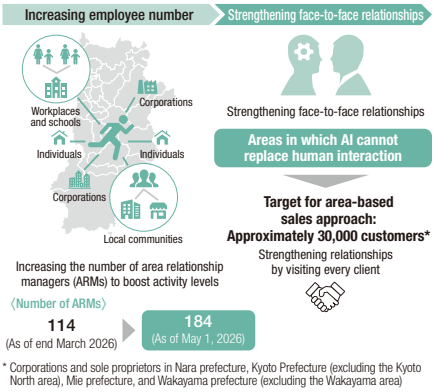
Sales activities conducted to ensure that we remain our customers' banking group of choice

Sales activities view the community as a unified area rather than as individual points

In response to developments in our Group's operating environment—including a declining and aging population and ongoing outflow of deposits to other regions resulting from inheritances—we began a shift to sales activities that view the community as a unified area rather than as individual points. Viewing the corporations, individuals, various organizations, local governments, and community groups in their assigned territories as a unified whole equips our sales representatives to grasp the regional structure, connections between people and businesses, and potential challenges and growth opportunities—factors that were difficult to discern through interactions with individual customers alone.

We have increased the number of "area relationship managers" who lead these efforts and extended our outreach to approximately 30,000 customers. By engaging in dialogue with more clients and immersing ourselves more deeply in our local communities, we can identify diverse needs at an early stage and transform them into solutions.

This new approach to sales activities will not only reinforce our Group's presence, but it will also hone the proposal and problem-solving skills of our individual representatives, thus fostering talented human capital capable of delivering greater value to our customers. By providing the unique value that only human beings can create—staying close to our customers and building relationships of trust through ongoing dialogue—we will generate a virtuous cycle of shared growth among members of the local community, our customers, and our Group, thereby establishing a sales foundation that ensures our ability to remain customers' banking group of choice for years to come.



Osaka Strategy

Our Group has long regarded Osaka Prefecture—with which our home prefecture of Nara shares deep historical and geographical ties—as our "second home," which we have designated a key strategic area.

During the current term, we will clearly identify core companies in the supply chain as targets in our efforts to enhance our Group's presence by strengthening business relationships with existing clients and intensifying efforts to attract new ones.

Targets in Osaka (capturing growth areas)

Focus on core companies with high growth potential to develop new business and expand existing relationships

Core companies

Companies that fall into one of the government's 17 strategic sectors, and which are thus poised to benefit from market growth, while also exerting influence on supply chains and regional economies

Enhancing business relationships with existing customers

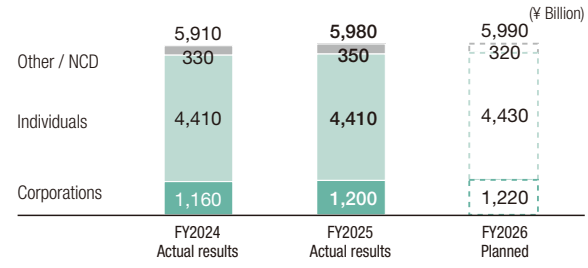
To date, we have consistently conducted meetings with key decision-makers—such as company executives—at our existing client companies in the Osaka region.
We aim to become a main bank for these clients by engaging with them during pivotal moments in their corporate development, such as when they initiate new business ventures and conduct M&A activities.

Initiatives for FY2025	Initiatives for FY2026	Our objective
Strengthening dialogue with company executives	Enhancing our business relationships	Becoming customers' main bank

Results of sales activities that view the community as a unified area instead of individual contact points and the Osaka Strategy

Through these activities, the Bank plans to raise its average deposit balance by approximately ¥10.0 billion and its average loan balance by approximately ¥110.0 billion, while lifting net fees and commissions to ¥7.2 billion (up ¥0.4 billion year on year).

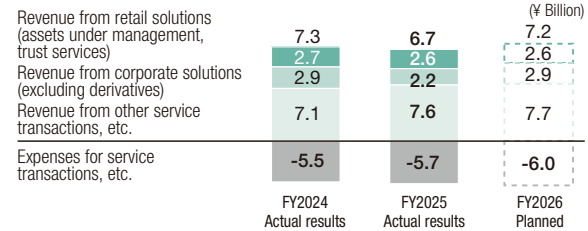
Average balance of deposits, etc.



Average balance of loans



Profit from service transactions, etc.



Sales Roundtable

Firsthand insights from the front lines of sales: engaging closely with customers to Remain Our Customers' Banking Group of Choice

The Nanto Bank Group is adopting a sales model that expands its points of contact with local communities and customers with the goal of remaining our customers' banking group of choice. We are transitioning toward sales activities that envision the region as a unified whole and seek to understand every customer holistically, without distinguishing between corporate and individual clients.
This new initiative does not change the essence of sales—which continue to involve face-to-face communication with customers—but, rather, represents a new stage in the evolution of the way we engage with them.
In Osaka, meanwhile, which we consider our "second home", we are working to enhance our Group's presence and strengthen our business relationships.
In this roundtable discussion, a group of sales representatives from different areas in the Nara and Osaka regions join the Manager of the Sales Support Department to discuss their perspectives on the shift in our sales activities, the progress and challenges they experience in their daily work, and the ideal roles they aspire to play as human capital supporting the vision to remain our customers' banking group of choice.



Kashiba Branch
Yuki Date

Amagasaki Branch
Natsumi Takayama

Takada Branch
Suzuna Matsumoto

Osaka-Higashi Branch
Hikaru Takeshita

Executive Officer Sales Support Department Manager
Yasuyuki Yamanaka

Participants' views of the shift in sales activities

Yamanaka: Our Group is currently implementing a shift in our sales activities in all its markets. In Nara, we are focusing on "area-based sales activities" aimed at deepening ties with the local community, while in Osaka, we are working to strengthen our business relationships by positioning the metropolis as our "second home." I'd like to begin today by asking how you all feel about these changes.

Matsumoto: I've come to realize that our previous approach treating corporate and personal matters as separate issues was, in itself, somewhat at odds with our customers' actual life experience. For business owners, a company's cash flow and business succession issues are interconnected with their family's future and personal assets. Since we've assigned a single point of contact to each customer, we've heard them say such things as, "It's easy to talk with you about anything." This reconfirms my belief that seeking to understand our clients holistically—without drawing a line between company and personal matters—is the first step toward establishing a relationship of trust.

Takeshita: When doing business in Osaka, I often feel that Nanto Bank is still "just one of many available financial institutions." That's why I consider it so significant that the Bank has now clearly made improving our customer relationships here an official policy—rather than leaving it to individual efforts. We view our relationships with customers—from deposits, loans, and payments to transactions with company executives and their families—as a single, integrated whole. Now that this mindset is shared throughout the branch, I feel we are finally all moving in the same direction.

Date: As we transition to a market with interest rates, the importance of deposits is rising. At the same time, the circumstances concerning deposits are becoming increasingly challenging due to factors such as the need to manage capital outflows associated with inheritances and intensifying competition from other financial institutions, including online banks. With customers

selecting among a wider range of options, it's more important than ever to maintain regular contact with them—rather than simply reaching out only when necessary—so that we can quickly identify changes in their circumstances and needs. In this environment, sales activities that deepen our ties with the local community are essential. We view this shift in sales activity as a crucial step toward deepening our relationships with customers and enhancing the Bank's presence in the community.

Takayama: I see this shift in sales activities as an opportunity to rethink our relationships with customers. The Amagasaki Branch is located some distance from our home base in Nara, and our Bank does not have a strong presence in the area. Compared to the situation in Nara, we have fewer customers who use us as their main bank, and if we limit our interactions to superficial communication, we won't be able to convince customers to choose us in this highly competitive market. We must take further steps to acquire a true understanding of our customers' future visions and the challenges they're facing today. It's only by walking beside them that we can earn their trust. If I am to achieve this myself, I feel a greater need to achieve more personal growth than ever before.

Challenges revealed by the shift in sales activities

Yamanaka: While increasing the number of interactions with customers is important, simply visiting them more frequently will not make us their preferred choice. The key is to maintain a high volume of activity while improving the quality of our proposals. In this connection, what challenges do you face in your day-to-day sales activities?

Matsumoto: The more opportunities I have to meet with clients, the wider the range of issues they bring to me. While I'm grateful for this, addressing their concerns and challenges requires an increasingly wider range of knowledge and judgment. As the number of issues grows, internal administrative tasks and verifications take up more and more time, making it difficult for me to maintain the same number of client visits. Rather than reducing my workload, however, I am seeking creative ways to manage it so that I can maintain a consistent level of connection with my customers.

Takeshita: In Osaka, we often find that another bank is already handling customers' key transactions, such as payment processing, so it takes time and patience to make significant progress in our business relationships. We focus on understanding our clients' businesses and cash flows, identifying places where we can truly be of service, and gradually deepening our relationships.



Date: I joined Nanto Bank after leaving another financial institution, and I've found Nanto Bank to be an institution where a culture of sincerely engaging with customers and striving to acquire a deep understanding of their challenges and concerns is deeply ingrained. I consider the system of visualizing our relationships with customers and deepening trust through ongoing dialogue to be truly excellent. At the same time, however, there are occasions on which I feel that this approach isn't being fully conveyed to our customers. No matter how much we care about our them, our feelings won't lead to trust if they don't come across. With this shift in sales activities, I believe our challenge for the future will be to increase our points of contact with customers even further to make sure they truly experience our Bank's approach firsthand.

Takayama: To me, the greatest challenge is identifying potential customer issues. To understand not only the specific concerns my customers bring to me, but also their underlying anxieties about the future and needs they haven't yet articulated, requires me to do much more than simply accumulate knowledge of financial products and services. I also need to understand industry trends, local conditions, and broader societal trends. There are times when I can't answer a customer's question on the spot, but I never leave it unresolved—I consult with senior colleagues or my supervisor and make sure I provide an answer during my next visit. I hope my ongoing efforts will gradually help me to improve the quality of my dialogue with customers.

A shift in sales strategies encouraging human capital growth

Yamanaka: The shift in sales activities will also contribute to the personal growth of every individual sales representative. So what changes or growth do you personally notice in your daily activities?

Date: My interactions with a wide variety of clients have led me to realize that the challenges every company faces are unique. Since there are limits to what I can address with my own rather limited knowledge alone, I've had more opportunities to collaborate with Headquarters and our Group companies than I would have otherwise. My own knowledge has grown through this process, and I feel I've gradually developed an ability to determine which specialized departments I can connect customers with to solve their various problems, as well as ways of structuring my own proposals better.



Matsumoto: I think I've learned to adopt a broader perspective on our customers' challenges. In my past work as a corporate account manager, my primary focus was on the challenges facing client companies, but I now consider a wider range of issues, including the personal wealth management, estate planning, and business succession of the business owners themselves. There have even been instances in which a discussion concerning a change in company leadership has expanded to cover real estate transfers, gifts, and insurance as well. It's undeniable that expanding my perspective to include the company owners' private affairs in addition to their companies' business concerns has broadened the scope of my proposals.

Sales Activities Aimed at Remaining Our Customers' Banking Group of Choice



Takeshita: Working in a market with rising interest rates, I've come to realize that simply proposing a loan solution to customer needs is no longer sufficient. We have to consider the owner's personal cash flows, their investment portfolio, and even their savings balance to construct the best possible proposal. I've found that delving deeper into companies' sustainability and the mindset of their executives has broadened my perspective as a sales representative.

Takayama: I've become much more proactive in thinking for myself and taking the initiative in my work. In the past, I usually followed my seniors' colleagues' instructions to the letter, but I now make it a point to analyze the client's situation on my own, formulate hypotheses, and then visit them. I test my hypotheses through actual conversation and use the insights that emerge to develop my next proposal. I believe I'm gradually honing not only my knowledge but also my active listening and communication skills through this iterative process.

How to become a banker who continues to be chosen

Yamanaka: Finally, I'd like to ask you what kind of sales representatives or bank employees you envision yourselves becoming in the future. In other words, what kind of professional do you hope to become to ensure that our Group remain our customers' banking group of choice?

Matsumoto: I aspire to be a sales representative customers trust to manage their important relationships—whether with business partners, friends, or others. While it's not easy to obtain new customer referrals, I consider it a testament to the trust they place in me. In an era in which it's difficult to differentiate ourselves solely through products and services, a representative's responsiveness and the trust they build with customers are more important than ever. In the future, I intend to become a familiar face in the community—Someone people naturally turn to when they have questions or need advice about this particular isssue.



Date: A former supervisor once told me, "The fastest way to achieve your goals is to become the best bank employee in your assigned area," and I continue to keep these words in front of mind. At a time in which we are competing not only with other banks in the community, but also with companies in different industries and even AI, I believe we will ultimately be set apart by the degree to which we engage with our customers and our ability to understand them. I want to provide value that exceeds customers' expectations as the bank employee who understands them best.

Takeshita: My vision is to become the bank representative who comes to mind first as the best person to solve even customers' smallest concerns. I believe I can realize relationships like this only by going beyond a company's finances and business operations to include an understanding of the CEO's personal character and values. I want to play a part in raising Nanto Bank's profile in Osaka as a banker who identifies challenges and opportunities that clients may not even realize exist, and who fully understands their companies and supports their growth.

Takayama: I also aspire to be the bank employee customers in my community turn to first when they encounter difficulties. This will require an ability to propose solutions for a wide range of issues extending beyond just loans and deposits to include business succession and wealth management as well. I realize that becoming such a banker requires me to deepen my knowledge, respond promptly, and treat every customer with thoughtfulness and sincerity. I believe that the daily effort I put into engaging with all my customers and striving to deepen my understanding of their needs will not only enhance my own capabilities, but will also help build relationships of mutual trust.

Yamanaka: While listening to all your stories, I couldn't help feeling that the shift in our sales activities has begun to produce a steady change in the mindset and behavior of our front-line staff.

In Nara, we are pursuing "broad-based" sales activities designed to further deepen our ties with our local communities, while in Osaka, we are focusing on sales strategies to ensure we will be chosen by customers in a competitive environment. Although the environment and our own roles differ in these two region, they reflect a common desire to "understand our customers better" and "serve them well." Meeting with customers, engaging in repeated dialogue, and deepening our understanding—it is through these cumulative efforts that customers' responses are changed and our sales representatives themselves experience personal growth. Challenges remain to be addressed, from balancing the level of our activities with the quality of our proposals to cultivating our ability to identify latent needs and enhancing our collaboration with Headquarters and our Group companies. Nevertheless, I believe the fact that every member of our frontline staff is thinking and acting more independently, moving for-ward while experiencing this change firsthand, is proof that the Group's sales transformation is making steady progress.

Going forward, I expect every sales representative to earn our customers' trust and become the first person they turn to when they face difficulties, thereby supporting our vision to remain our customers' banking group of choice."



Implementing a sales approach that views the community as a unified area rather than as individual points
On the front lines of customer engagement—viewpoints of two regional branch managers—

The Oji Branch has embraced a spirit of "activities that bring joy to as many customers as possible" to strengthen its deposit-gathering efforts by leveraging its connections with local customers, even in the current high interest-rate environment. Rather than relying on the benefits of long-standing business relationships, we encourage our sales staff to "listen more closely to both individual and corporate customers we already know." Guided by this principle, we formulate hypotheses based on information about customers' businesses, families, and assets. Engaging in frequent dialogue with corporate customers focused on cash flows and payments, thereby building connections with their employees, as well as in dialogue with individual customers focused on inheritances, asset management, and next-generation banking has enabled us to increase our deposits in both customer categories. This shift in our sales approach aligns with initiatives our branch has long valued: viewing the community as a unified area, acquiring a deeper understanding of customers' circumstances, and building lasting relationships with customers. Although challenges and difficulties remain, we will continue our efforts to ensure that our Group remains the go-to financial advisor in our community.



Branch Manager, Oji Branch
Taichi Hirai

At the Shin-Osaka Branch, we have long regarded strengthening our deposit-gathering base as a key priority. With this in mind, we have been working to acquire a deeper understanding of our corporate clients' cash flows and business challenges. We have consistently encouraged our staff not to focus on deposit growth alone, but to broaden their dialogue to cover payment-processing, cash flow management, payroll transfers, employee benefits, and even future investment plans. We have instilled in them a mindset of delving deeply into challenges and needs identified through these conversations with customers, and of using the insights they glean to develop their next set of proposals. These cumulative efforts have convinced our customers to recognize us as trusted business advisors, a recognition that is reflected in the growth of our corporate deposits. The transformation of our sales practices and initiatives to enhance our presence and market share in Osaka, as demonstrated in this context, aligns with the direction our branch had already been pursuing: expanding our points of contact with customers while instilling an understanding of our Group's value. Going forward, the staff of the Shin-Osaka branch will work as one to ensure that we continue to lead efforts to enhance our Group's presence in Osaka.



Branch Manager, Shin-Osaka Branch
Takuya Onaka

Deposit base reflecting customer's continued preference

Besides offering a variety of deposit products, we are expanding our points of contact with customers through digital services, home loans, business succession planning, and support for wealth-building. By creating long-term relationships of trust, we will establish a deposit base that ensures our continued presence as customers' banking group of choice.

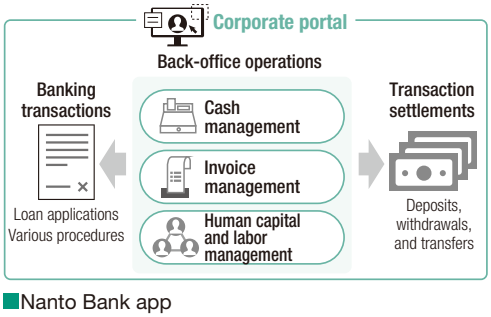
Deploying digital technologies to strengthen our deposit base

We have identified "strengthening our funding base" as a key strategy for maximizing profitability. The core of this strategy comprises creation of a system that generates stable deposits, not by actively "attracting" them, but by serving as the foundation for daily transactions.

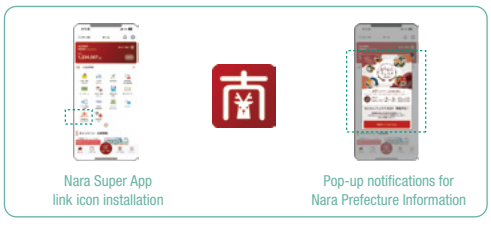
We are strengthening our deposit base for corporate customers, to begin with, by engaging deeply with their business processes, starting with such daily financial transactions as payments and cash management. By providing internet banking and various payment services, in particular, we consolidate cash flows within our Group in a manner that contributes to sustained retention of deposits. With digital services for corporate customers scheduled to launch around fall 2027, moreover, we plan to provide financial services that are integrated into corporate activities by offering one-stop solutions applicable to everything from accounting to cash management and financial transactions.

For individual customers, meanwhile, we are developing non-face-to-face channels centered on the Nanto Bank app. By using the app to integrate account management activities, payments, and various other procedures into customers' daily lives, we are ensuring ongoing customer engagement. Through this approach, we aim to expand our deposit base by providing safe, secure banking services to younger customers and dual-income households—groups with whom it has traditionally been difficult to establish relationships.

■Digital services for businesses
(scheduled to launch around autumn 2027)



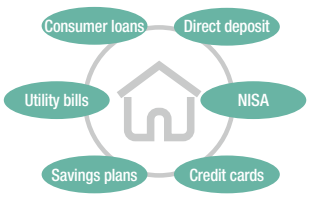
■Nanto Bank app



Expanding the transaction base beginning with home loans

Our Bank views home loans as a key strategic product for building long-term relationships with customers. By offering preferential interest rates to customers who use our core services—such as direct salary deposits—we seek to attract them to employ us as their main bank and to open settlement accounts with us, thereby expanding our customer base to drive future growth in deposits and asset management transactions.

■Preferential interest rate programs



■Comprehensive transaction bonus rates

	FY2025
Direct deposit	45.2%
Credit cards	22.2%
Consumer loans	21.2%
NISA	11.5%
Nanto Bank app	74.6%

Sales Activities Aimed at Remaining Our Customers' Banking Group of Choice

Expanding our range of products and services to meet diverse needs

We offer products and services tailored to customers' life stages and social needs as part of efforts to expand our network of customer touchpoints and strengthen our deposit-gathering base.

[Opening branches on holidays]

The AEONMALL Kashihara Branch office and AEONMALL Yamatokoriyama Branch Office, both located in a highly convenient large-scale AEONMALL shopping complex, have recently marked the first anniversary of their openings. The Bank's first cashless branches, both locations are open on Saturdays, Sundays, and holidays.

Each of these branches also shares its location with a L Plaza Hoken No Madoguchi@Nanto Bank, which provides consultations on insurance, asset management, and various types of loans, making it a one-stop destination for customers with needs concerning wealth-building and life-planning.

We are also working to create branches that are accessible to customers of all ages, moreover, by holding monthly asset management seminars and events for children, as well as installing a nursing room at the AEONMALL Yamatokoriyama Branch office.

In the future, we will continue to adapt to our customers' diversifying lifestyles and needs, and to support their efforts to achieve fulfilling lives through asset management and loan consultations.



A look at our planning for year-end and New Year's events

["Nanto" Familia]

The "Nanto" Familia promotional campaign offers original gifts for customers who open their first account with our Bank (including checking accounts, automatic savings plans, and term deposits) in the name of a child aged 0 to 15. We even sweeten the offering further by applying a special interest rate for term deposits.

The aims of this program are to give children their first banking experience and to help their families build assets for their future, thereby fostering long-term relationships with our customers.


Compression pouch
Lunch bag
Tumbler

["Nanto" Life & Work Support Plan]

We now offer the "Nanto" Life & Work Support Plan, a new product designed to support the growth of our corporate clients and assist their employees in planning their personal lives.

The Plan leverages benefits such as discounted monthly fees for employee welfare services, preferential interest rates on term deposits for employees, and favorable interest rates on various loan products to build long-term relationships with our corporate clients and the personnel in their employ.

	Businesses	Employees		
		Term deposits	Loans	
Premium	Relo Club "employee benefits club" Preferential fees	10,000 yen or more, up to 1 million yen Branch-advertised interest rate + 0.30% per year	Home loans Branch-advertised interest rate -2.55% per year	Unsecured loans Branch-advertised interest rate -2.10% per year
Light		10,000 yen or more, up to 1 million yen Branch-advertised interest rate + 0.20% per year	Home loans Branch-advertised interest rate -2.40% per year	Unsecured loans Branch-advertised interest rate -1.50% per year

["Nanto" Sustainable Deposit]

The "Nanto" Sustainable deposit private placement bond is an instrument that allocates funds entrusted to us by our customers toward loans that contribute to renewable energy and the realization of a sustainable society.

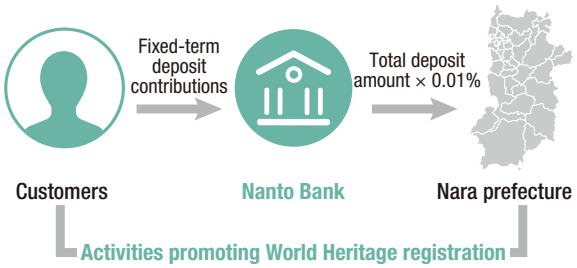
This product contributes to sustainable development of local communities, while at the same time reinforcing our deposit-funding base and creating social value.



[Ancient Capitals of Asuka and Fujiwara World Heritage Support Time Deposit]: a time deposit launched to support Nara's bid for UNESCO World Heritage inscription of the Asuka-Fujiwara sites

We are also pursuing active efforts to attract deposits from outside the region. One initiative, the Ancient Capitals of Asuka and Fujiwara World Heritage Support Time Deposit, which was available at all our branch counters and through our app from December 2025 through February 2026, attracted support from customers nationwide for World Heritage registration of "Ancient Capitals of Asuka and Fujiwara." Approximately ¥32.5 billion in total deposits were collected.

We donated 3,257,160 yen—an amount equivalent to 0.01% of the total deposits—to Nara Prefecture. The funds are now being used to support various initiatives aimed at securing official World Heritage designation for the Ancient Capitals of Asuka and Fujiwara. »P74



Such initiatives are among efforts to attract deposits from outside the region to support the preservation and promotion of our region's historical and cultural assets, thereby contributing to the revitalization of the local economy.

[Inheritance Support Benefits Program]

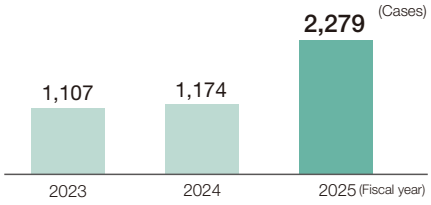
With the outflow rate of inherited deposits »P34 becoming a growing challenge, we plan to introduce a new Inheritance Support Benefits Program that offers various preferential services aimed at encouraging beneficiaries to continue doing business with our Bank. We are also working to maintain and expand our deposit base by offering trust services and establishing early relationships with beneficiaries.

Building long-term business relationships through business succession and M&A

Besides addressing the outflow of inheritance deposits, we consider it essential to strengthen our support systems for customers' business succession and M&A needs stemming from such challenges such as the aging of business owners and a shortage of successors to their businesses.

Dedicated business succession and M&A specialists in our Group collaborate with not only outside experts such as certified public tax accountants and M&A firms, but also with Nanto Capital Partners and funds in which the Bank invests as a limited partner (LP) to provide various forms of support tailored to the needs of these customers, with the aim of securing a stable number of business locations and steady local employment.

■Number of business succession and M&A support cases



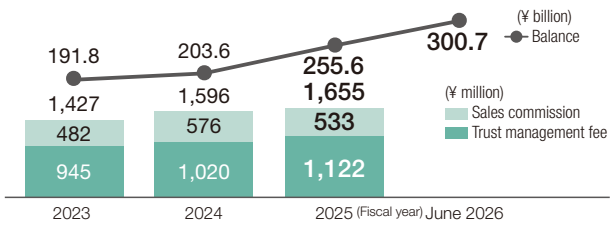
Building long-term relationships of trust through client wealth-building

We believe that supporting systematic wealth accumulation to ensure customers' ability to live with peace of mind well into the future leads to the establishment of long-term relationships of trust with them and contributes to our Group's stable deposit base. We support medium-to-long-term wealth accumulation through investment trusts, regular investment plans, and NISA accounts, while also providing financial and economic education through seminars and one-on-one consultations.

Mutual funds

We promote mutual fund solutions based on the principles of "long-term, regular contributions and diversification" to support customers' medium-to-long-term wealth accumulation. Efforts to build relationships of trust with customers through ongoing consulting and after-sales support have contributed to steady growth of our asset management business, which now registers mutual fund assets under management in excess of 300 billion yen.

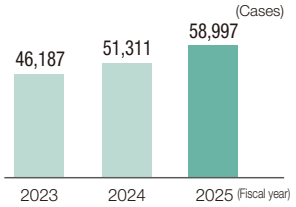
■Trends in mutual fund assets and returns



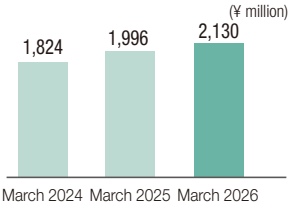
NISA and regular investment plans

Our support for customers' medium-to-long-term wealth accumulation also includes promoting regular investment plans alongside the NISA program. We employ proposals tailored to their life plans and ongoing follow-up support to expand their number of regular investment contracts, thereby building medium-to-long-term relationships with our customers and contributing to the growth of our assets under management and deposit base.

■NISA account trends



■Monthly transfer amounts for mutual fund savings plans



Financial and economic educational initiatives »P9 »P74

Message from the Manager of the Investment Business Department

Using equity to support the sustainable growth of our communities



Manager, Investment Business Department
Kazumasa Okada

Throughout our long-standing relationships with local customers, our Group has sought to meet their financing needs and to help resolve their management challenges. Against the backdrop of today's population decline, aging society, shortage of business successors, and underutilized real estate, however, the challenges faced by local businesses and our regional economy can no longer be resolved by addressing financing needs alone. If local businesses are to continue to operate and grow, they will need support in achieving smooth business successions and growth investments. It will be essential, at the same time, to make efficient use of their real estate and other local assets to enhance the value of the region as a whole. This will require them to envision their corporate management and the future of the region as a single, integrated whole, devise the necessary support measures, and translate them into action.

In this environment, the role expected of regional financial institutions will clearly be to provide much more than just financial support. We must assess clients' future visions comprehensively alongside the potential for deploying and enhancing the value of their local assets—including real estate—and, when necessary, engaging ourselves in capital investment aimed at raising the value of our local businesses and the regional community. Adopting an equity-based approach is not simply a matter of supplying risk capital. It represents proactive engagement with the future of our business owners and regional assets, assuming the requisite roles and responsibilities, and demonstrating the resolve to see solutions through to the end.

In April 2026, our Group established a new Investment Business Department to deliver this support in a more agile, specialized manner. By integrating our expertise in equity investment, structured finance, corporate finance, business succession and M&A, real estate development, and policy-based investment, we have established a structure that permits us to engage more deeply and continuously in initiatives that foster the growth of local businesses, facilitate business succession, and unlock the potential of regional assets, including real estate.

The mission of the Investment Business Department is not merely to provide funding for investment projects. By combining local insights gained through our branch offices' ongoing dialogue with customers with the Group's accumulated expertise on business operations, supply chains, real estate, and capital structures, we identify challenges within the region and among our customers and translate them into concrete investment and financing opportunities.

These efforts not only provide value for our customers and regional assets, but they also serve as a training ground for developing the Group's human capital. By honing their ability to assess business viability and asset value while advancing projects through dialogue with stakeholders, we cultivate both specialized professionals responsible for investment projects and future leaders who can support our Group.

Investment operations require us to assume a certain level of risk after assessing future value. Our Group is not in the business of taking risk in pursuit of short-term profit; rather, it assumes risk appropriately to facilitate the growth of local businesses and enhance the value of regional assets. To this end, we carefully assess the business viability, asset value, and anticipated ripple effects in the region for each project first, and then maintain ongoing involvement in the venture after making the investment to achieve both value enhancement for the entire region and creation of revenue opportunities. By accumulating these results one by one and generating tangible value for the region's future, we aim to remain our customers' banking group of choice.

Establishing a New Investment and Financing Model

Tackling regional challenges starting with equity

In the Investment Business Department, we focus primarily on fund investments, structured finance, business succession and M&A, and real estate development. Beginning with frequent dialogue between our branch offices and customers, we incorporate the specialized expertise of our Headquarters into the project to conduct a comprehensive analysis of such factors as the customers' business operations, supply chains, real estate, and capital structure. Going beyond traditional lending, we combine equity financing aimed at raising regional value with approaches such as business succession, growth investments, and real estate optimization.

These initiatives superseding simple provision of finance delve into clients' future visions and the potential for deploying their regional assets, and work collaboratively with stakeholders as appropriate to realize our shared goals.

Supporting the sustainable growth of local businesses, and contributing to strengthening the foundation of local industries

When designing investment strategies for local businesses, we adopt an integrated approach—beginning with identifying and structuring investment opportunities and extending through investment execution, growth support, and business succession support to exit strategies—for businesses that possess the technologies, capabilities, and customer bases necessary to support the sustainability of the local economy. Our starting point is "broad-based" sales activities conducted by our branch offices, which view local stakeholders—including corporations, individuals, and local governments—as a unified whole, and which expand our points of contact with customers. By combining the information gathered through these activities—such as funding needs, supply chains, business succession, and asset optimization—with the specialized expertise of our Investment Business Department, we identify the businesses' challenges, growth possibilities, and potential ripple effects on the local community from the pre-investment stage to the discovery and development of investment opportunities.

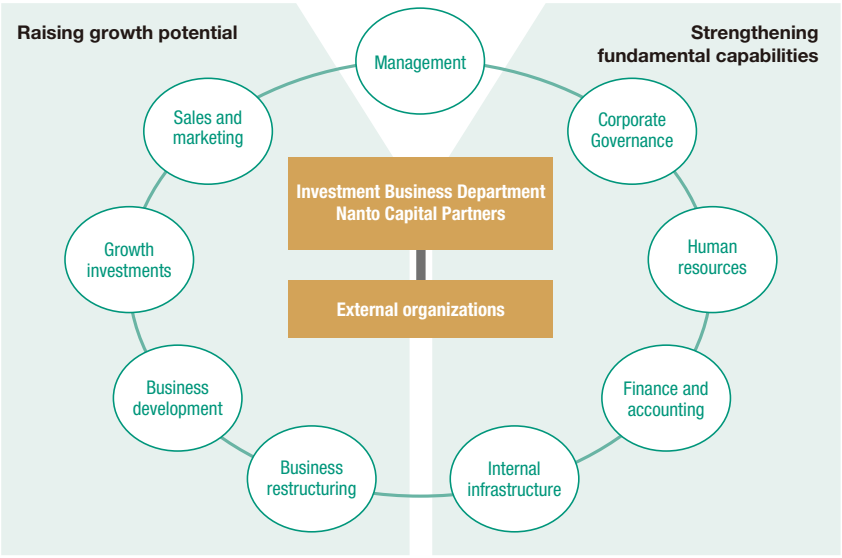
When executing investments, our Group takes a proactive role, making investment decisions only after carefully assessing the target company's business model and challenges. After the investment, we combine our Group's financial and non-financial capabilities with our network of external specialized institutions to strengthen the business partners' management foundations and growth potential through support activities such as establishing management systems and reviewing business portfolios to conducting growth investments and business development. Through this series of initiatives, we both provide value to the local community and enhance our Group's corporate value.

Providing hands-on support as a unified Group

To enhance the value of our portfolio companies, it is essential to provide not only capital but also concrete support tailored to their management challenges. With the Investment Business Department and Nanto Capital Partners at the core, we provide hands-on support for our portfolio companies in collaboration with various departments within our Group and selected external organizations.

This support covers a wide range of factors, including management, corporate governance, human capital, finance and accounting, internal infrastructure, business restructuring, business development, growth investments, and sales and marketing. We employ it to achieve sustainable growth for our portfolio companies, expand their revenue opportunities, ensure job stability and increase employee income, and, ultimately, contribute value to the local economy.

Hands-on support through collaboration with our Group and external organizations



Our Vision

Enhancing value for communities and businesses

Investments that benefit all our stakeholders

Delivering value to our communities

- Increasing regional GDP
- Creating new jobs

Delivering value to businesses

- Enhancing corporate value through sustainable growth
- Expanding revenue opportunities through diversification
- Ensuring job stability and increasing employee incomes

Expanding our Group's revenue base

- Generating stable recurring revenue
- Expanding revenue opportunities through long-term partnerships

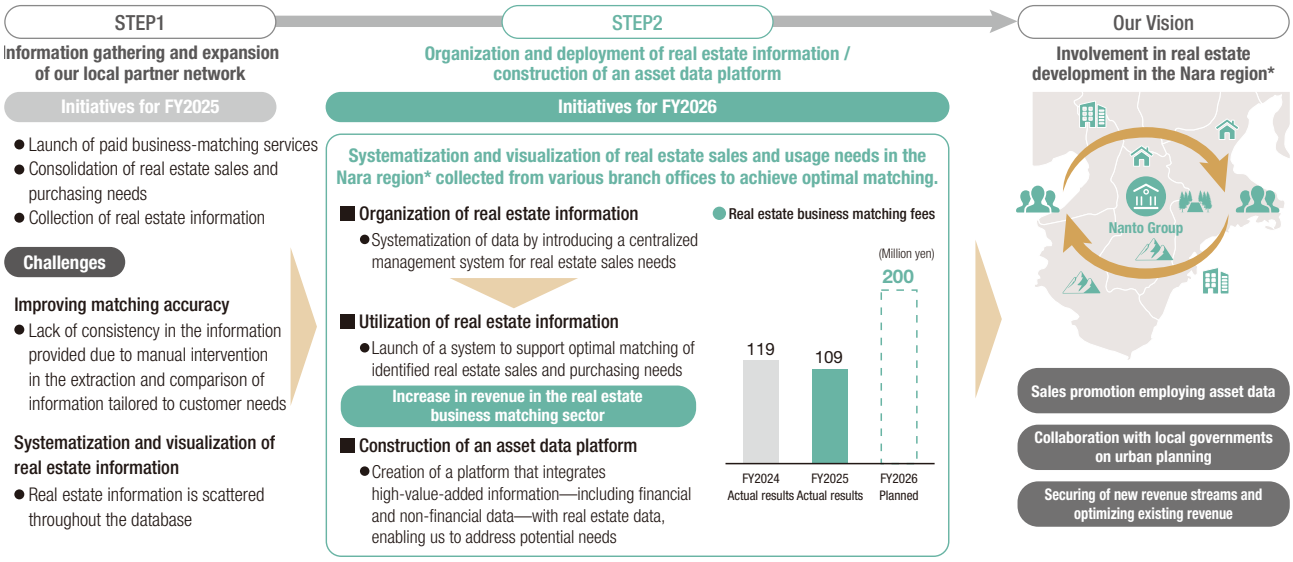
Establishing a New Investment and Financing Model

Unlocking the potential of local assets to create new value for the community

Real estate is a vital local asset closely tied to the business challenges faced by local companies, the asset succession needs of individual customers, and community development. Needs related to real estate sales, purchases, and allocation tend to accumulate on a case-by-case basis, however. Without the ability to systematically organize and visualize this information, it becomes difficult to provide optimal proposals tailored to each customer and to promote the effective allocation of assets across the region.

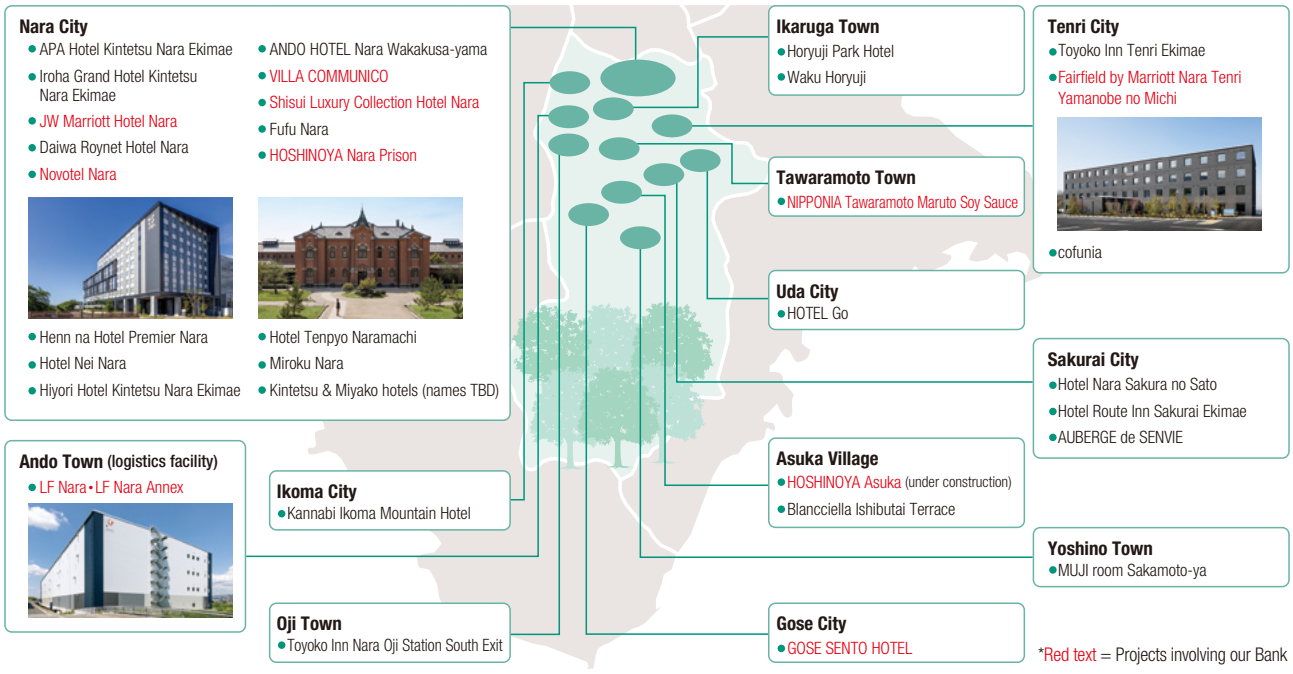
The Investment Business Department collects data on local real estate sales and usage needs identified by our branch offices through daily interactions with customers. By combining this data with financial and non-financial information, we systematize and visualize it as an asset data platform. This will not only improve the accuracy of our efforts to match existing sales needs, but it will also help us uncover latent needs related to asset deployment, business succession, and regional development for local businesses.

We will deepen our collaboration with local real estate operators and municipal governments, moreover, to promote the allocation of underutilized assets and our involvement in urban planning and regional development. Our Group has long been actively engaged in initiatives to address regional challenges, such as supporting the increases in guest room capacity at *ryokan* and hotels, as well as supporting the development of public and logistical infrastructure. Moving forward, we will continue to leverage our Group's investment and financing capabilities to pursue projects that contribute to raising the value of the region as a whole. We will be involved in every stage of the process—from development and revitalization to the effective utilization of assets.



*Nara region: Nara Prefecture, southern Kyoto Prefecture, northern Wakayama Prefecture, and western Mie Prefecture

Recent real estate development projects in Nara Prefecture

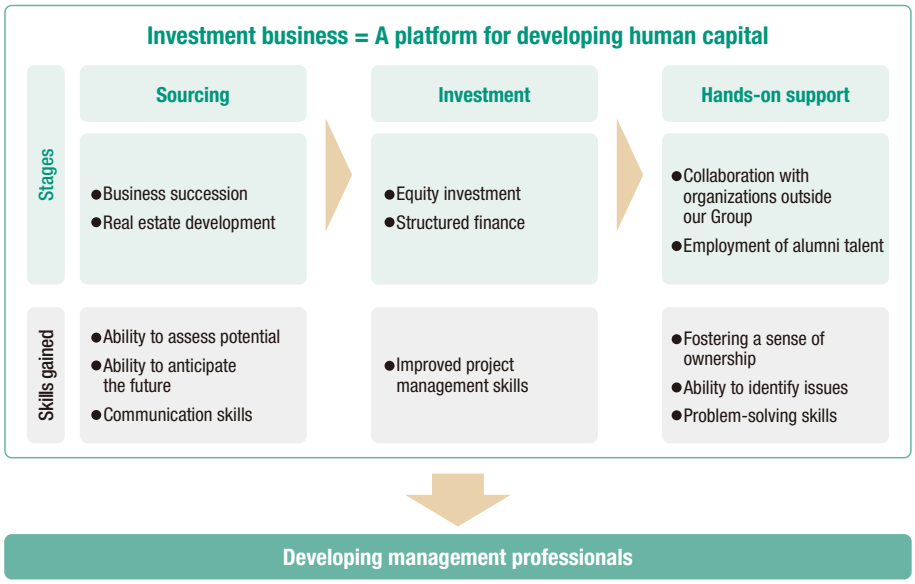


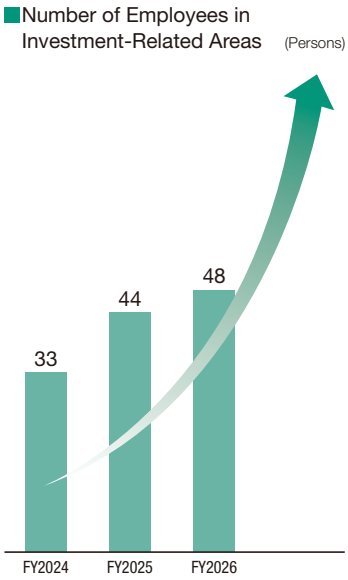
*Red text = Projects involving our Bank

Developing the next generation of business leaders through investment activities

In the process of advancing investment initiatives, we must identify business strengths and the potential of regional assets—aspects that financial information alone cannot reveal—and work to build consensus with management and external experts while putting our vision into action.

By engaging in specific investment projects, our Group's human capital will develop the ability to identify business strengths and the potential of regional assets, as well as the ability to put concepts into action while building consensus with stakeholders. Through these cumulative experiences, we will cultivate management talent who, in addition to their investment expertise, can deeply engage with regional challenges and lead efforts to resolve them.



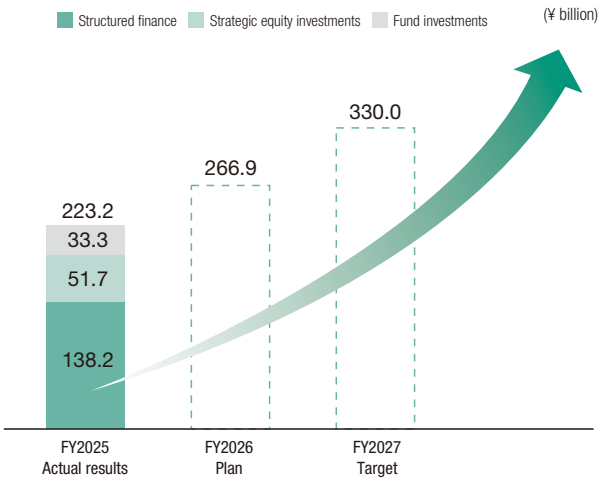


Diversifying our revenue base by delivering value to the community

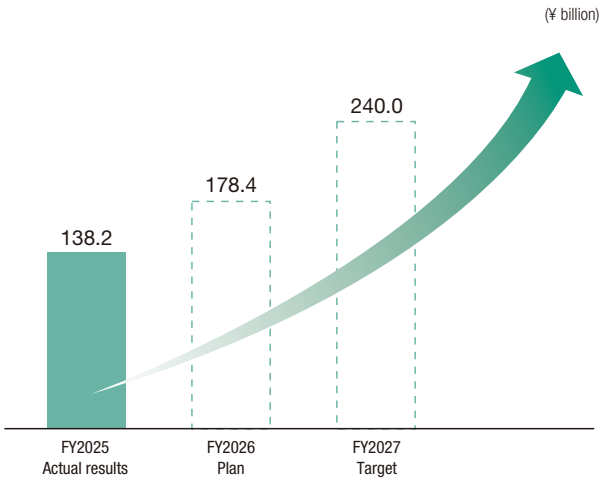
Through these initiatives, we will enhance the value we provide the community while steadily building revenue through structured finance and fund investments. With investments as a starting point, moreover, we combine financial arrangements, M&A and business succession support, and hands-on assistance to advance to a multi-layered revenue structure that combines investment income, interest income, and fees from service transactions.

The Investment Business Department seeks to build a new growth model that balances the value we provide the region with the sustainable growth of our Group by enhancing our ability to generate investment opportunities, make sound investment decisions, support value enhancement, and design exit strategies.

Average balance, Investment Business Department assets



Average balance, structured finance (excluding marketable loans, etc.)



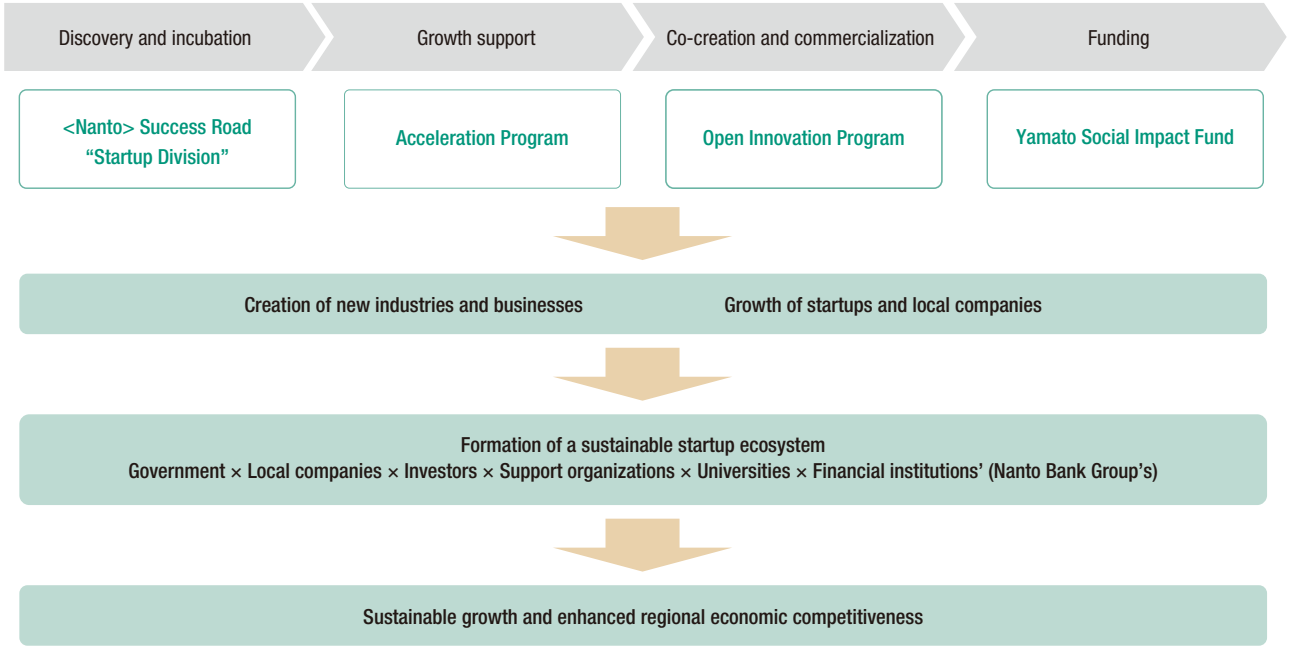
Creating Local Business Opportunities

Creating local business opportunities

Our Group is actively developing new business ventures in the region by identifying startups that are addressing social issues, nurturing entrepreneurs, promoting co-creation with local companies, and providing growth capital.

By supporting startups to encourage the creation of new businesses and innovations, we are seeking to generate a startup ecosystem and contribute to the creation of new value and sustainable development in the region.

[Startup support structure]



<Nanto> Success Road "Startup Division"

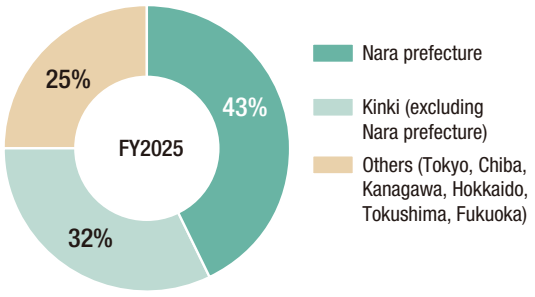
The Group hosts the <Nanto> Success Road Startup Division, a program that invites entrepreneurs across the country to submit business plans for tackling social issues in the Yamato region.*

An Acceleration Program and Field-based Open Innovation Program designed to cultivate impact-oriented entrepreneurs who can contribute to solving regional challenges are open to candidates who pass the second round of screening.

Each year, we receive applications from entrepreneurs nationwide who are motivated to tackle challenges and promote development of the Yamato region. In fiscal 2025, we selected four companies from among 44 applicants as winners.

*Yamato region: Nara Prefecture and surrounding areas

■Applications by region



Fant Co., Ltd. (Hokkaido)	A matching platform that connects farmers struggling with wildlife damage directly with hunters
OhMyFamily Co., Ltd. (Kyoto Prefecture)	Seeking to foster "the strength to rely on others" and build a society in which the anxiety of raising children alone is alleviated and emotional burdens are reduced
WMATCHA & Co. LLC (Kyoto Prefecture)	Providing a platform that connects Japanese tea producers directly with restaurants, retailers, and overseas buyers
Mahoroba Entertainment Co., Ltd. (Nara City)	Transforming local stories into IP that generates enthusiasm and building a business funnel that connects everything from customer acquisition to purchase

Acceleration Program

We offer a six-month Acceleration Program to entrepreneurs selected for the <Nantes> Success Road Startup Division. The program features lectures by impact investors and mentoring from venture capitalists to help participants solve challenges and advance their businesses. Participants engage in fieldwork to acquire a deeper understanding of the challenges facing the Yamato region through on-site research, moreover, which helps them refine their business objectives and the value they provide.



Field-based Open Innovation Program

Since fiscal 2025 we have been cooperating with business partners to provide pilot test sites and other resources through matchmaking with entrepreneurs selected for the <Nanto> Success Road Startup Division. By demonstrating startup services and technologies in the Yamato region, we aim to foster business growth while promoting collaboration and co-creation between startups and local companies.

Yamato Social Impact Fund

This fund focuses on solving regional challenges operated by Nanto Capital Partners Co., Ltd.—our Bank's specialized investment subsidiary—and Capital Medica Ventures Co., Ltd. It was established in 2022 with the aim of addressing social challenges in the Yamato region and cultivating a large number of practitioners dedicated to solving regional challenges through the formation and management of impact funds.

The initiatives of the Yamato Social Impact Fund were selected for inclusion in "Examples of Distinctive Initiatives by Financial Institutions and Others Contributing to Regional Revitalization," a publication of the Cabinet Secretariat and the Cabinet Office in 2026. The fund was recognized for its comprehensive approach, which spans identification of regional challenges to be addressed, selection of potential investment targets, post-investment support, and development of capitalists.



(From left) Mr. Aoki, Representative Director of Capital Medica Ventures Co., Ltd.; Mr. Tsushima, State Minister of the Cabinet Office; and Mr. Sakai, President and CEO of Nanto Capital Partners Co., Ltd.

Three target investment areas

Investment areas aligned with the focus on pursuing prosperity in the Yamato region

1. "Health capital (healthcare)" in the healthcare sector,
2. "Natural capital (nature)" encompassing agriculture, forestry, and fisheries, and
3. "Cultural capital (culture)" encompassing education, crafts, cultural assets, tourism, and sports.

We target startups that address challenges in the Yamato region within these three areas.

Fund overview

Name	Yamato Social Impact Investment Limited Partnership
General Partner	Nanto Capital Partners Co., Ltd., Capital Medica Ventures, Inc.
Limited Partners	Nanto Bank, Ltd., Koyama Corporation, Toyota United Nara Corporation
Committed Capital	¥1.0 billion
Fund term	10 years (5-year investment period)

Yamato Regional Information Exchange Meeting

Nara Prefecture offers only limited opportunities for local businesses, startups, investors, local governments, universities, and other stakeholders to get together and share insights and networks, a situation that creates obstacles to new business creation and co-creation. To help meet this challenge, our Bank, in collaboration with Nanto Capital Partners, hosted the "1st Yamato Regional Information Exchange Meeting: The Reality of the Region (Solving Regional Challenges and Innovation)" aimed at building an ecosystem for addressing regional challenges and promoting sustainable growth of the prefectural economy.

A total of 61 participants representing local businesses, startups, Venture Capital (VCs) and Corporate Venture Capital (CVCs), financial institutions, local governments, universities, and support organizations attended the event. During the sessions, in addition to hearing presentations on startup support measures by Nara Prefecture, Nara City, and financial institutions, participants learned about the initiatives of startups operating in the region. Discussions on the future of the regional economy were deepened by views from diverse perspectives, through events including a panel discussion on "Regional Appeal" featuring VCs and CVCs active nationwide, insights into cutting-edge AI trends based on the latest developments in Silicon Valley, and discussions among business leaders regarding growth strategies.



Local business leaders discuss options for growth



The current state of AI in the U.S. market

Creating Local Business Opportunities

■ Nara Mirai Design's initiatives

Establishing sustainable agriculture and cultivating a new generation of farmers

The aging of the agricultural workforce and a shortage of new farmers are becoming increasingly serious issues in Nara Prefecture, making development of a sustainable agricultural model a critical challenge. Nara Mirai Design Co., Ltd., a member of our Group, aims to realize an agricultural sector that balances profitability and sustainability through demonstrations of organic farming, creation of high added-value through downstream processing and direct sales (Japan's "sixth-industrialization" model), introduction of smart agriculture, and promotion of collaboration between the agriculture and social welfare sectors. By creating new value using local resources and fostering an environment in which a diverse workforce can thrive, we are working to make agriculture an appealing field that attracts increasing numbers of new practitioners.

Demonstration project for establishing organic farming

[Promotional demonstration experiments] We are currently practicing organic farming in collaboration with four neighboring farms, with which we are developing a model case as a means of promoting organic farming.



Labor savings and increased productivity using smart farming equipment

[Aigamo Robo] We are working on organic rice cultivation using Aigamo Robo, a robotic system that helps control weeds in rice paddies.



Adding value through downstream processing and direct sales (Japan's "sixth-industrialization" model)

[Sake brewing] We produce sake using harvested sake rice. Today, our sake is served at luxury hotels and major airlines and sold at more than 40 locations, including department stores.



Securing labor and creating employment opportunities through agriculture-welfare collaboration

[Collaboration with welfare facilities] Agriculture-welfare collaboration is under way involving welfare facilities located near farmers' fields. We outsource tasks such as harvesting white onions and other vegetables to these facilities, thereby addressing the farm labor shortage and supporting the independence of people with disabilities.



Expanding local consumption through a shift from day-trip tourism to overnight tourism

While Nara Prefecture is blessed with World Heritage sites and historical and cultural resources, the fact that a large percentage of tourists limit their visits to day trips means that tourism spending is not reinvested in the local community to a satisfactory degree. To address this challenge, our Group is supporting the development of lodging facilities that employ traditional Japanese houses and historic buildings, while also working to create high-value-added tourism content that capitalizes on the region's unique appeal. By promoting regional collaboration to encourage itineraries that cover multiple destinations, moreover, we are seeking to extend the length of stays within Nara Prefecture and revitalize the local economy through increased tourism spending.

Issues

Most tourists travel around northern Nara prefecture and then leave the prefecture



Initiatives

Develop appealing content

Develop tourism hubs and support placemaking





Diversifying visitor inflow routes through wide-area collaboration

Regional banks on the Kii Peninsula concluded a "Partnership Agreement for Revitalizing the Tourism Industry in the Kii Peninsula Region."

We are considering the formation of a promotional organization to support tourism-related businesses.

Agreement signed Signatories: Kiyo Bank, Sanjusan Bank, Hyakugo Bank, and Nanto Bank

Areas of Cooperation

(1) Establish a promotional organization to support tourism-related businesses.
(2) Develop diverse financing mechanisms to support tourism-related businesses.
(3) Provide other necessary support for tourism-related businesses.

Our Vision

Transform Nara into a wide-area, stay-based destination by enhancing the value of visitors' stays



Expanding sales channels for Nara Prefecture's products and enhancing the strength of the regional brand

Raising awareness of Nara's products and expanding sales channels are essential for the growth of local businesses. Through our e-commerce operations, our Group is working to promote the appeal of Nara's products and create new sales opportunities for local businesses. By expanding exposure to Nara's products through shareholder benefits, participation in various events, and the use of gift cards, we aim to capture demand from outside the region and enhance the value of the regional brand. Through these initiatives, we are stimulating consumption both within and outside the region, thereby revitalizing the local economy.

Raising awareness of Nara's products through shareholder benefits

We offer a catalog of gift options featuring a selection of Nara's products handpicked by Nara Mirai Design as shareholder benefits. By showcasing the appeal of Nara's products among our shareholders, we contribute to raising awareness and revitalizing the local community.





Supporting sales and promoting Nara's products through e-commerce

Making use of the Narawashi e-commerce site and Ee Koto Nara tourism information site, we are working to support sales and raise awareness of products from Nara, while also promoting the prefecture's attractions and local information.

Nara specialty online shop

narawashi

Tourism information site

古都なら

Stimulating demand for souvenirs through gift cards

This initiative employed the Narawashi gift card, a gift certificate redeemable on the Narawashi e-commerce site. By offering gift wrapping and paper bags, the initiative helped expand demand for products from Nara among a variety of occasions in addition to gifts and souvenirs.



Expanding sales channels and strengthening PR through event participation

The Narawashi Marche 2026 @ JR Nara Station event was held with co-hosts JR West and Nara Mirai Design. Six popular merchants from the Narawashi e-commerce site set up booths to expand their sales channels and raise awareness of products from Nara.



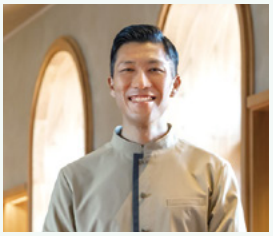
Unleashing Nara's Charms as a Force for a Flourishing Future

~Exploring Nara's Potential and Regional Revitalization with Hoshino Resorts~

The Nanto Bank Group aims to promote the sustainable development of the region by leveraging Nara's historical and cultural resources to revitalize tourism and stimulate the local economy. Hoshino Resorts' efforts to develop new lodging facilities in Nara Prefecture are aligned with our Group's objectives in the sense that they also seek to enhance the region's appeal and create new value.

Recognizing the potential of Nara's historical and cultural resources, Hoshino Resorts, a resort consortium offering accommodations throughout Japan, will open HOSHINOYA Nara Prison in June 2026, to be followed by HOSHINOYA Asuka in 2027.

We wondered what kind of appeal and potential they see in Nara, viewing it as they do from a perspective shaped by observing tourist destinations around the world. And what kind of value can be created for Nara's future through tourism? Taking the opportunity created by events at the former Nara Prison, we spoke with them about their vision for regional revitalization and their expectations for local financial institutions, including the Nanto Bank Group.



General Manager of HOSHINOYA Nara Prison
Masaya Kakegawa



Director of Nara Prison Museum by Hoshino Resorts
Kae Yasoda

The unique value of Nara, as discovered by Hoshino Resorts



HOSHINOYA Nara Prison

Nara is a region with tremendous potential, where ancient shrines and temples and other world-class cultural resources coexist with abundant natural beauty.

The more seasoned the traveler, the more they tend to value unique destinations with authentic histories and cultures over those with newly constructed opulence. In Nara, this appeal is alive and well in its everyday scenery, and we believe the region holds immense potential to attract visitors from both Japan and abroad.

Among Nara's greatest attractions is the opportunity it provides to experience Japan's history firsthand in a single journey. From the historical heritage of the ancient Asuka and Nara periods to the former Nara Prison from the Meiji era—which has been restored—you can trace Japan's history in a single trip. We believe this rich experience across timelines is a value unique to Nara.

The power of tourism to pass down historical and cultural resources to future generations

We believe the project of repurposing the former Nara Prison as a hotel is Japan's first initiative to utilize and maintain an Important Cultural Property as a lodging—and that it has the potential to serve as a model for cultural property preservations in Japan.

To pass on large-scale modern architectural structures like the former Nara Prison to future generations, it is essential to establish a sustainable system that goes beyond mere "preservation" through facility tours. When private-sector operators like our Group employ the site as a hotel or museum and generate revenue, we can ensure its maintenance for years to come. We believe the greatest significance of this project lies in putting into practice our social mission: "to permanently protect and revitalize cultural properties through the power of tourism."

From a stopover destination to a Nara that invites longer stays

With our initiative at the former Nara Prison, we are seeking to transform Nara's tourism—which has traditionally been centered on day-trips tourism to overnight tourism.

At HOSHINOYA Nara Prison, we recommend stays of two or more consecutive nights in the hope that staying longer will encourage guests to explore the surrounding areas and various other parts of Nara Prefecture, giving them an opportunity to experience Nara's hidden charms fully at their own pace.

Our facility also features the Nara Prison Museum by Hoshino Resorts, which is open to day-trip visitors. Even now, three months after its preliminary opening, the museum continues to attract large crowds—with tickets selling out through advance reservations—and the flow of tourists, previously concentrated in the vicinity of Todai-ji Temple and Nara Park, is beginning to expand into the Kitamachi area where our facility is located.

Enhancing Nara's appeal regionwide

To further develop tourism in Nara will require that the whole region—not just individual facilities or businesses—work together to enhance its appeal.

Operating as a unified community to cultivate initiatives that encourage longer stays—such as nighttime and early-morning activities, as well as unique local cuisine and experiential content—will elevate Nara's tourism value further.



Nara Prison Museum by Hoshino Resorts

To achieve this, collaboration among a diverse range of businesses—including not only tourism operators but also restaurants, transportation providers, manufacturers, and agricultural producers—is indispensable. We believe regional financial institutions can play a significant role in promoting this kind of collaboration.

We expect the Nanto Bank Group to both provide financial support and to serve as a "regional hub" that connects local businesses and encourages them to take on new challenges.

Nara's future will be shaped by cooperative activities bringing together the region's diverse range of active players. We are committed to working with the local community to realize a sustainable region that passes on Nara's appeal to future generations.

Increasing disclosure in accordance with TCFD recommendations

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

* The Task Force on Climate-related Financial Disclosures (TCFD) was established in December 2015 by the Financial Stability Board (FSB) at the request of the G20 finance ministers and the central bank governors. The TCFD published its final report offering recommendations to encourage voluntary disclosure by companies in June 2017. These recommendations targeted not only financial companies but the corporate sector as a whole.

Governance

The Group has formulated a "Basic Sustainability Policy" as a foundation for addressing sustainability issues, and the Board of Directors is discussing matters to be prioritized contained in the Policy. The Board has identified "addressing the escalating problem of climate change" as one of the Group's top materialities (priority issues).

The Board of Directors examines the conclusions reached at the semi-annual Management Meetings of the Executive Committee to determine their appropriateness in light of the Group's Management Strategy.

Strategy

The Nanto Bank Group is working as one to address climate change, providing value to stakeholders by fulfilling our mission of "regional development," "vibrant talent creation," and "profitability improvement."

As a member of the local community, we not only pursue our own decarbonization efforts, for example, but we also actively support those of our customers and other members of the local community.

Under our decarbonization policy, we have set CO_2-reduction and net-zero targets and are introducing renewable energy, converting in-branch and off-premises ATM lighting to LEDs, and adopting eco-friendly vehicles. When constructing or rebuilding branches, we plan to install rooftop solar panels and continue to install environmentally friendly equipment. To curb paper use, we run ongoing awareness initiatives to limit printing, promote paperless meetings, and digitize documents.

Nanto Bank has had a specialist in sustainability management assigned to Headquarters since fiscal 2025 to support customers' decarbonization and other sustainability initiatives. We are consequently always prepared to employ sustainable finance and related initiatives to help customers resolve their management challenges.

Our efforts to decarbonize the region also include offering <Nanto> J-Credit donation-type private placement bonds. Under this program, we purchase J-Credits derived from Nara Prefecture's forests valued at up to 0.1% of the amount issued and donate them to Nara or Osaka Prefecture. These donations stimulate local customers' decarbonization initiatives and support efforts to address climate change and resolve customers' management challenges.

In our commitment to working together as a community to support customers' decarbonization and energy conservation efforts, we have joined the Energy-Saving and Regional Partnership* providing energy-conservation information and support for subsidies and loans to install energy-saving equipment.

* The Partnership is a new framework established by the Agency for Natural Resources and Energy to strengthen cooperation between financial institutions and energy-saving organizations (organizations that conduct energy-saving diagnoses, etc.) and to build a regional system to support the energy-saving efforts of small and medium-sized enterprises. Participating members include more than 200 financial institutions and energy-saving support organizations.

Risks and opportunities

We assessed the risks and opportunities associated with climate change based on several public scenarios,* including the 1.5°C and 4°C scenarios. The timeline is analyzed for the short term (5 years), medium term (10 years), and long term (30 years).

		Contents	Temporal perspective
Risk	Transition risk	Increase in credit costs (credit risk) resulting from negative effects of tighter climate change regulations and changes in the tax system on customers' business and financial conditions, as well as damage to the value of real estate collateral due to non-compliance with environmental regulations.	Short- to long-term
		Decrease in the Bank's corporate value due to insufficient responses to climate change (operational risk related to damaging rumors)	Short- to long-term
	Physical risk	Increase in credit costs (credit risk) due to damage to real estate collateral resulting from large-scale windstorms, floods, or other natural disasters, as well as suspension of business and/or adverse effects on business stemming from damage to customers' operating bases, etc.	Medium- to long-term
		Increase in restoration costs (operational risk related to tangible assets) stemming from damage to the Bank's bases by large-scale windstorms, flood disasters, or other natural disasters.	Medium- to long-term
Opportunity		Increase in customer demand for capital investment in decarbonization projects	Short- to long-term
		Increase in demand for funds for infrastructure investment in disaster-prevention measures	Short- to long-term
		Increase in opportunities to offer disaster preparedness insurance products and financial products and services related to environmental protection stemming from growing numbers of windstorms and flood disasters that lead to increasingly environmentally conscious customer behavior	Short- to long-term
		Increase in business opportunities for services such as solution provision to support customers' decarbonization efforts	Short- to long-term

*Referenced public scenarios
1.5°C scenario with progressive decarbonization: IEA NZE2050, IEA APS, NGFS Net Zero2050, IPCC SSP1-1.9, SSP1-2.6
4°C scenario with warming exceeding 4°C: IEA STEPS, current NGFS policies, IPCC SSP5-8.5

Scenario analysis

Our assessment of the analysis results suggested that there was only a limited financial impact of transition risk and physical risk.

Since the analysis is based on certain assumptions, however, we will continue to upgrade our analysis methods and expand the scope of coverage.

	Transition risk	Physical risk
Risks to be analyzed	Increase in credit costs due to impacts on customers' business and financial conditions of tightened regulations, changes in taxation systems, and other such factors.	Damage to real estate collateral due to flooding, and increased credit costs due to suspension or stagnation of business operations resulting from damage to customers' sales offices
Scenarios	IEA*1 / NZE (1.5°C scenario), SDS (2°C scenario)	IPCC*2 / RCP8.5 (4°C scenario), RCP2.6 (2°C scenario)
Portfolios to be analyzed	Electricity and gas sectors	Business loans in the Bank's operating region
Analysis methodology	Projected future financial impacts and estimated additional credit costs based on transition scenarios	Additional credit costs due to damage to collateral and reduced sales, estimated by determining inundation risk based on collateral property and customer location
Analysis results	Increased credit costs to 2050, cumulative total up to approx. ¥2.1 billion	Increased credit costs to 2050, cumulative total up to approx. ¥6.0 billion

*1 IEA (International Energy Agency) *2 IPCC (Intergovernmental Panel on Climate Change)

Carbon emissions-related assets

The percentage of carbon-related assets (excluding renewable energy generation projects) measured as a percentage of the Bank's loans according to the Revised TCFD Annex is as shown below (as of March 31, 2026).

Energy	Transportation	Materials & buildings	Agriculture, food & forest products
2.4%	3.8%	25.0%	3.3%

Our calculations are based on the Bank of Japan's industry classification and may be different from calculations based on the Global Industry Classification (GICS).

Risk Management

The Group recognizes that addressing climate change is a central issue for sustainable regional development.

The Bank's climate change risk is classified into two categories, credit risk and operational risk, each of which is incorporated into the items for monitoring by the ALM Committee and Operational Risk Management Committee, respectively, to enhance appropriate risk management.

Our Group has also established an investment and financing policy featuring active engagement in investments and financing that contribute to realization of sustainable local communities by addressing environmental and social issues. We make it a point at the same time to carefully evaluate the advisability of proceeding with investments or financing that may exert adverse environmental or social impacts, and seek to mitigate or avoid any such impacts.

Investment and financing policies aimed at achieving a sustainable society

Guided by its "Basic Policy on Sustainability," the Group engages in investments and financing that contribute to realization of sustainable local communities by addressing environmental and social challenges. We make it a point at the same time to carefully evaluate the advisability of proceeding with investments or financing that may exert adverse environmental or social impacts, and seek to mitigate or avoid any such impacts.

<Actively pursued investments and financing>

1. Investments and financing that contribute to environmental preservation, such as renewable energy and energy conservation
2. Investments and financing that contribute to social issue solution and regional development, such as new business creation and business succession

<Entirely prohibited investments and financing>

1. Investments and financing in businesses that violate public order and morals
2. Investments and financing in businesses known to commit human rights violations, such as child labor, forced labor, and human trafficking

<Investment and financing in specified sectors>

1. Weapons

We do not conduct investment or financing in businesses that manufacture weapons of mass destruction such as nuclear weapons, or inhumane weapons such as cluster munitions, that are designed for killing or destruction in the context of war or other conflicts.

2. Coal-fired power generation

As a general rule, we do not engage in investment or financing to fund construction of new coal-fired power plants. In exceptional cases in which we do we consider such engagement, however, we refer to international guidelines and other relevant sources, closely investigate the individual project's power generation efficiency and environmental and social impacts, and carefully evaluate the advisability of proceeding.

3. Coal mining and mine development

We carefully evaluate the feasibility of investments and financing in coal mining and mine development with their environmental and social impacts taken into account. We do not engage in investments or financing for the following projects, however, that exert significant negative environmental impacts:

- Coal mining projects employing the mountain top removal (MTR) method, which severely damages the natural environment
- New thermal coal mining projects for power generation, as well as expansion projects for existing thermal coal mining operations
- New development or expansion projects for facilities and equipment associated with thermal coal mining projects for power generation

4. Large-scale hydropower

We carefully evaluate the advisability of proceeding with investments and financing intended for large-scale hydropower projects (with a capacity of 30 MW or more and a dam height of 15 meters or more), taking their environmental and social impacts and other factors into account.

5. Oil and gas

As for the investments and loans to fund new projects related to oil and gas extraction listed below, we carefully evaluate the advisability of proceeding, taking their environmental and social impacts and other factors into account.

- Oil sand extraction projects
- Oil and gas extraction projects in the Arctic Circle (above 66°33' north latitude)
- Shale oil and shale gas extraction projects
- Oil and gas pipeline construction projects

6. Deforestation

When considering investments or financing for development and other projects involving deforestation, we carefully evaluate the advisability of proceeding, taking into account the legality of the logging and potential environmental impacts.

7. Large-scale farms

As for investments and financing to fund development of large-scale farms*1, we carefully evaluate the advisability of proceeding, taking into account the formulation status of policies such as NDPE*2 and their environmental and social impacts.

*1 Projects covering 10,000 hectares or more (including projects for cultivating soybeans, natural rubber, cocoa, coffee, etc., or pastureland development)

*2 Policies regarding zero deforestation, zero peatland development, and zero exploitation, primarily adopted by companies in the palm oil sector

8. Palm oil plantation development

As concerns investments and financing for palm oil plantation development, we carefully evaluate the advisability of proceeding, taking into account such factors as the status of international certification for sustainable palm oil (RSPO*) and potential environmental and social impacts.

*A roundtable on sustainable palm oil

9. Wood biomass power generation

As for new investment and financing projects to fund wood biomass power generation, we carefully evaluate the advisability of proceeding, taking into consideration the potential environmental and social impacts and other factors.

Addressing Climate Change

Indicators and Targets

The Group adopted "C-Turtle®FE," a greenhouse gas emissions calculation tool provided by NTT Data Corporation, for its fiscal 2025 CO_2 emissions calculations and is continuing to use it in accordance with the GHG Protocol*.

*An international standard for calculating greenhouse gas emissions

CO_2 emissions of the Nanto Bank Group (Scopes 1 and 2)

Our CO_2 emissions for fiscal 2025 were 4,206 t- CO_2, a 57% reduction from fiscal 2013.

Emissions decreased year on year, driven by the effects of introducing renewable energy and purchasing non-fossil certificates.

We will continue to accelerate progress toward a decarbonized society by installing solar panels in newly built branches, including our new head office building, which has obtained ZEB certification.

Group CO_2 emission reduction targets

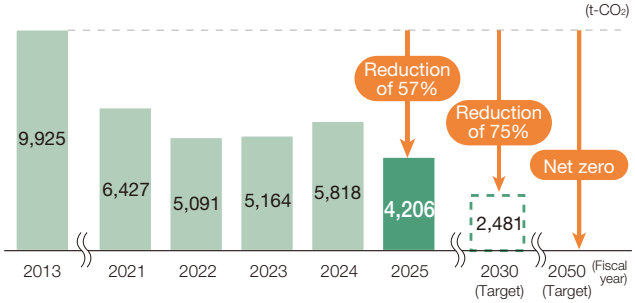
Reduction of 75%
by FY2030 compared to FY2013

By FY2050
Net zero

FY2025 actual result

4,206 tons of CO_2
(57% reduction compared to fiscal 2013)

■Group's CO_2 emissions (Scopes 1 and 2)



(t-CO_2)

Calculation items		FY2013	FY2021	FY2022	FY2023	FY2024	FY2025
Scope 1 Direct emissions	City gas, LP gas, gasoline, heavy oil	1,584	1,509	1,517	1,410	1,389	1,162
Scope 2 Indirect emissions	Electricity	8,341	4,918	3,574	3,755	4,429	3,044
Total		9,925	6,427	5,091	5,164	5,818	4,206

Group's CO_2 emissions (Scope 3)

Scope 3 emissions increased primarily in connection with an increase in Category 15 (financed emissions).

■Scope 3

(t-CO_2)

Calculation items	FY2023	FY2024	FY2025
Category 1: Purchased products and services	15,463	17,994	18,273
Category 2: Capital goods	56,748	63,094	47,239
Category 3: Fuel and energy activities not included in scope 1 or 2	1,028	1,041	999
Category 4: Transportation and distribution (upstream)	0	0	0
Category 5: Waste generated in operations	332	312	2,523
Category 6: Business travel	*1 110 (87)	131	144
Category 7: Commuting	*1 1,953 (1,965)	1,772	1,460
Category 8: Leased assets (upstream)	0	0	0

Calculation items	FY2023	FY2024	FY2025
Category 9: Transportation and distribution (downstream)	153	117	122
Category 10: Processing of sold products	0	0	0
Category 11: Use of sold products	9,998	8,431	7,764
Category 12: End-of-life disposal of sold products	18	11	12
Category 13: Leased assets (downstream)	15,790	13,438	13,781
Category 14: Franchises	0	0	0
Category 15: Investments and loans*2	8,895,074	8,991,183	9,655,305
Total	8,996,667	9,097,524	9,747,622

*1 As concerns Scope 3 emissions for fiscal 2023, we revised the category 6 and 7 emissions intensities, which required revision of the final results. ( ) Figures in parentheses are those disclosed in the previous fiscal year.
*2 Category 15 applies to the Bank on a non-consolidated basis.

Scope 3 Category 15 calculation

Indirect emissions from an investment and lending account for a large share of financial institutions' Scope 3 emissions; we view this as a key indicator in our climate-related efforts. In fiscal 2025, we again calculated Category 15 (investment and loan) emissions based on the PCAF Standard* as we had the year before. Emissions increased slightly due to our higher loan balance.

We use these results to inform engagement with our business partners and support their emissions reductions as a further contribution toward realization of a decarbonized society. We will continue to expand the scope and refine our methodologies (emissions calculation results may change in the future due to revisions of the calculation methods and business partner disclosure status, etc.).

Subject of calculation

Loans to domestic corporations (excluding project finance) as of September 30, 2025

Loans for which the financial data required for the calculation is insufficient are excluded, and loans subject to calculation account for 99.7% of loans to domestic corporations.

Calculation methodology

Calculated in accordance with the PCAF standard. The following calculation formulae are used for every company to which we provide loans or investment funds.

$$\text{Portfolio company emissions volume} \times \frac{\text{Loan amount}}{\text{Total amount of financing}}$$

Note that since FY2025, carbon intensity has been calculated by dividing the emissions of investment and financing recipients by their sales revenue.

Understanding emissions

The emissions of each company to which we have provided loans or financing were calculated using a combination of the bottom-up and top-down methods.

- Bottom-up method: A method employing emission data disclosed by the individual company
- Top-down method: Estimate by multiplying each company's sales by an average emission factor (using the Ministry of the Environment's emissions intensity database).

The data quality score as defined by PCAF is 2.7, and we will continue our efforts to improve its accuracy going forward.

* PCAF (Partnership for Carbon Accounting Financials) is an international initiative that provides standards for measuring and disclosing GHG emissions from financial institutions' investment and loan portfolios.

Main category	Sub-categories	Loan amount (million yen)	Carbon intensity (tCO_2/loan amount)	Emissions (tCO_2)
Energy	Oil and gas	30,852	1.9	156,996
	Coal	0	—	0
	Power utilities	41,104	14.3	382,318
Transportation	Air cargo	710	2.4	3,500
	Passenger air freight	779	6.4	5,210
	Ocean transportation	21,472	6.5	106,266
	Rail transportation	37,775	0.9	15,935
	Trucking services	49,254	3.4	474,088
	Automotive & parts	43,265	0.2	202,770
Materials & buildings	Metals & mining	59,708	8.1	1,191,105
	Chemicals	138,439	3.3	713,903
	Construction materials	18,233	11.7	332,514
	Capital goods	336,949	2.7	2,321,173
	Real estate management & development	276,364	0.6	91,418
Agriculture, food, forest products	Beverages	7,376	0.9	32,864
	Agriculture	1,584	7.0	37,014
	Processed foods & meat	42,501	3.4	289,844
	Paper and forest products	44,276	3.3	284,261
Others	Others	1,108,183	1.8	3,014,117
Total		**2,258,834**	—	**9,655,305**
Previous fiscal year (increase/decrease)		**2,124,420** **134,414**	—	**8,991,183** **664,122**

Sustainable finance

The Nanto Bank Group has set the following targets for the amount of sustainable finance disbursements to provide financial support for activities aimed at resolving sustainability issues facing local communities and customers.

The cumulative disbursements from fiscal 2023 to fiscal 2025 are expected to reach ¥523.9 billion (52.3% of the ¥1 trillion target), of which ¥162.0 billion will represent environmental finance.

Financing that contributes to solving environmental and social issues

- Environmental: Renewable energy, energy conservation, ZEB, ZEV, etc.
- Social: Regional revitalization, community revitalization, startups, business succession, BCP measures, etc.

Finance supporting or promoting clients' efforts to achieve the SDGs

Sustainable finance goals

FY2023-FY2030
Cumulative amount of investment and loan disbursements **¥1 trillion**

Cumulative results

¥523.9 billion
(of which, ¥162.0 billion environmental finance)

Raising Governance Effectiveness to Support Growth of Our Local Community and Our Group



Chairman (Representative Director)
Takashi Hashimoto

Seeking to achieve both sustainable enhancement of corporate value and revitalization of our local community, the Nanto Bank Group has identified enhancement of corporate governance as one of its top management priorities. At a time when changes in the financial environment and structural challenges in the local economy are becoming increasingly apparent, we consider it is essential that we not only ensure sound, transparent management but also improve the quality of our decision-making from a medium- to long-term perspective.

Since I assumed the position of president in 2015, I have regarded corporate governance reform as a cornerstone of our management structure. We have implemented various measures to enhance our systems, including establishment of a Nomination and Compensation Committee, unveiling of a director skills matrix, transition to a Company with an Audit and Supervisory Committee, and introduction of non-financial metrics for our performance-based stock compensation plan.

Since I assumed the position of chairman in 2025, we have built on our past efforts to shift our focus from establishing systems to enhancing their effectiveness. In addition to strengthening the Board of Directors' traditional oversight functions, we are implementing initiatives to improve the quality of our decision-making itself.

More specifically, we reviewed the Board's agenda items and reporting requirements to transform the role of the Board of Directors from a forum for receiving reports on operational performance to a forum for discussing medium- to long-term strategies and risks and determining the direction of management. While streamlining our routine reporting, we have allocated more time for discussion of key issues, such as optimizing our management strategies, enhancing our financial intermediation function, responding to new business areas, and upgrading our human capital development and risk-taking strategies.

We are simultaneously taking measures to enhance the quality of our discussions. By ensuring thorough advance briefings and well-prepared materials—and thus clarifying the key issues before each Board of Directors' meeting—we have improved our ability to conduct more in-depth discussions than ever before on such fundamental issues as alignment with the Group's medium- to long-term strategies and determination of whether returns commensurate with the risks they entail are secured, rather than focusing too heavily on the merits of individual proposals.

Our Board of Outside Directors comprises individuals with experience and expertise in a wide range of fields, including corporate management, finance, DX, human capital, and regional revitalization. Their diverse perspectives bring breadth and depth to the Board of Directors. In addition to providing comprehensive advance briefings and enhanced information sharing on important matters, I make a conscious effort in my role as Chairman to foster an environment in which members can speak freely and openly. This facilitates constructive discussions based on candid opinions, unencumbered by preconceived notions.

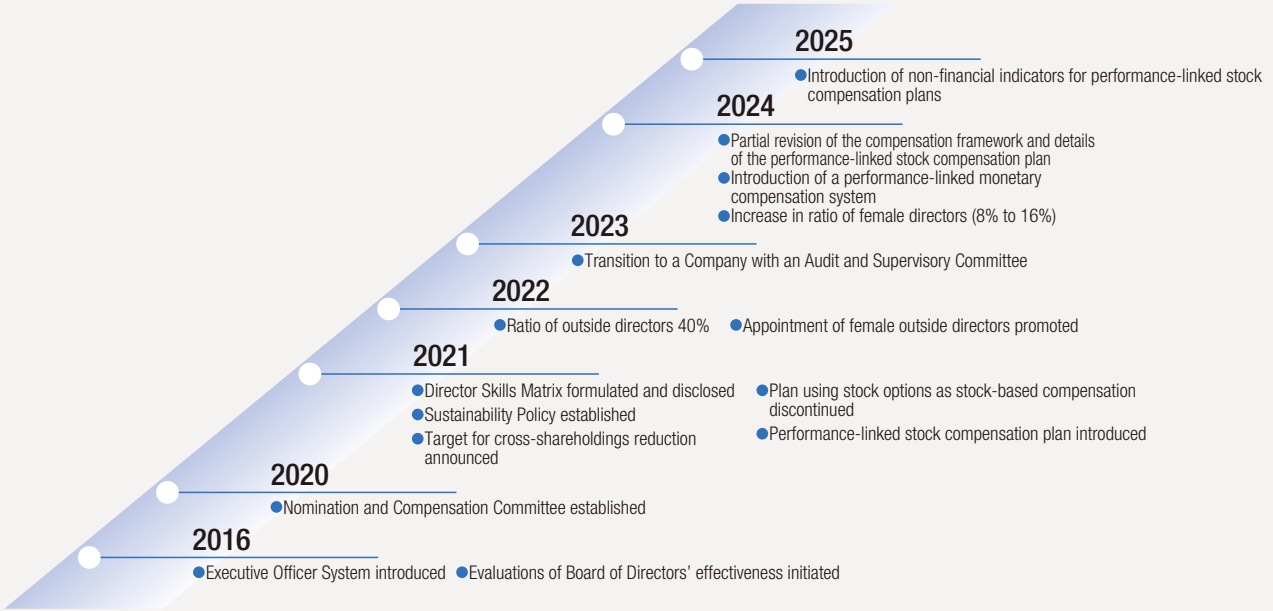
As concerns evaluation of the Board of Directors' effectiveness, we go beyond assessing its current status to identifying specific topics on which discussion has been insufficient and areas in which our oversight function needs strengthening. We have followed up by establishing a PDCA cycle to incorporate these findings into operational improvements for the following fiscal year. Through these cumulative efforts, we have enhanced the quality of discussions at Board of Directors regarding medium- to long-term management issues. The approach to risk-taking, in particular, is a key topic under continuous discussion as we seek to balance corporate value enhancement with financial soundness. In addition to deliberating on individual projects, we examine the risk-and-return balance across the full portfolio and make decisions that strike a balance between "defense" and "offense"—such as allocating risk appropriately to sectors that contribute to regional economic growth.



At the same time, we realize that enhancement of our corporate governance is still a work in progress, and that room remains for further improvement. We will level up the effectiveness of our governance by feeding back opinions gathered through dialogue with our stakeholders to the Board of Directors and incorporating them into its management decision-making.

Through these and other initiatives, our Group will increase the transparency and fairness of its management further, live up to the trust placed in us by our stakeholders, achieve sustainable growth in corporate value, and contribute to development of the local economy.

■History of Corporate Governance



Corporate Governance

From the perspective of enhancing and strengthening its corporate governance, the Nanto Bank Group places a top priority on increasing our management transparency and efficiency, realizing fair management that earns the unswerving trust of our stakeholders—including our customers and shareholders—and meeting stakeholders' expectations by continuously increasing our corporate value. The main components of our corporate governance structure are as follows (as of June 26, 2026).

Corporate governance structure

The Group's corporate governance structure is centered on the Board of Directors, which comprises 13 directors (including six outside directors). We have developed a system that enables swift, efficient decision-making while adhering strictly to the Board of Directors' Bylaws.

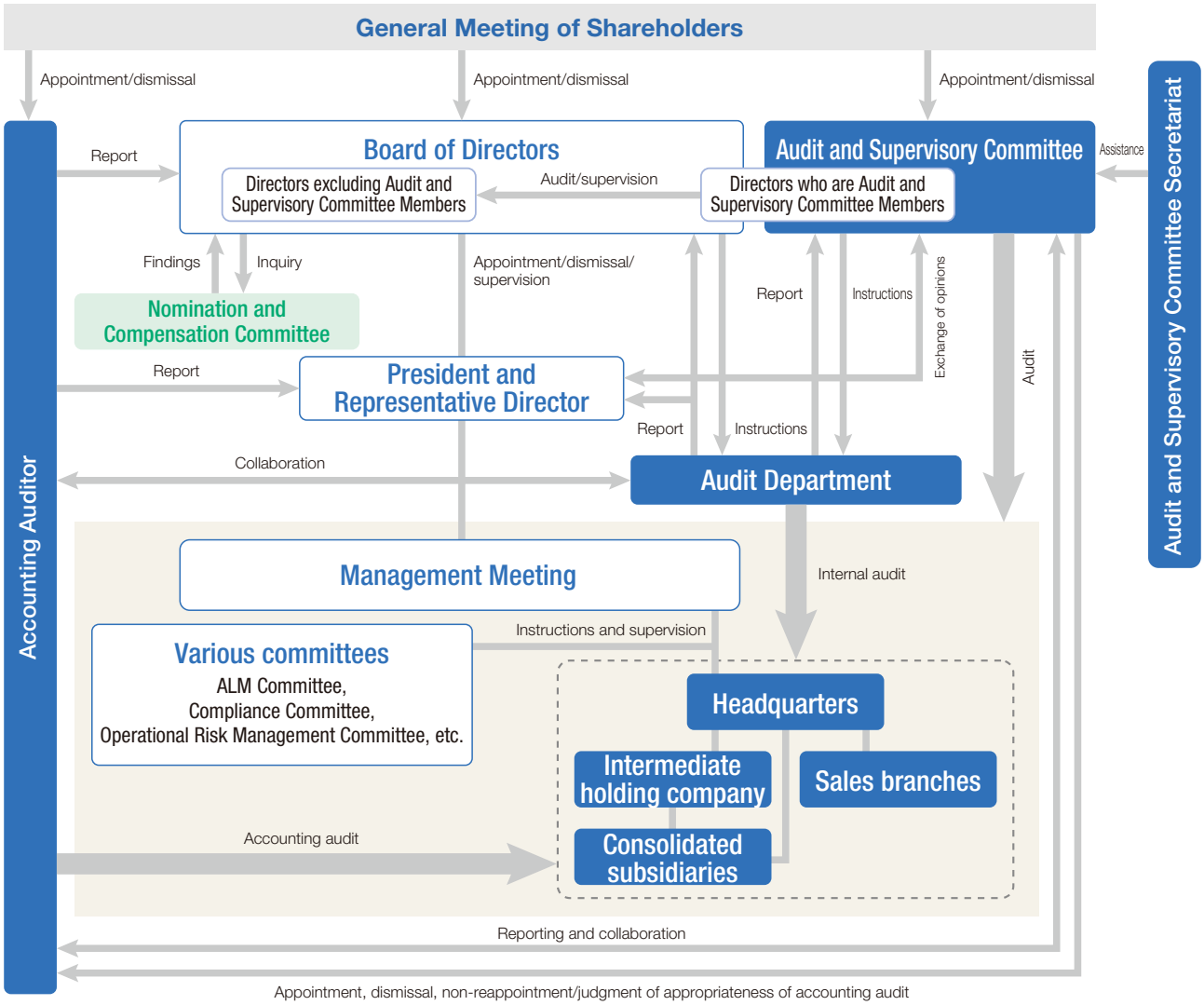
The Board of Directors convenes once a month, in principle, and holds special meetings as necessary to make decisions on important management matters and execute various business operations, as well as to review reports on the status of business operations and the activities of various committees.

The Nomination and Compensation Committee deliberates on important matters concerning the nomination and compensation of the directors and submits recommendations to the Board of Directors.

Second in importance is the Executive Committee, whose members include directors (excluding outside directors and directors who are members of the Audit and Supervisory Committee Member). The Management Meeting meets once a week, in principle, to perform its duties as the decision-making body responsible for pressing matters involving day-to-day management. The executive officers assist the directors with business execution to expedite decision-making. Various other committees, such as the ALM Committee and Compliance Committee, have also been established, moreover, to address the diversification and increasing complexity of our business operations and ensure appropriate business execution.

In June 2023, we transitioned to a Company with an Audit and Supervisory Committee, and we continue to strengthen our audit and supervisory functions and to expedite decision-making further.

Corporate governance structure



Director Skills Matrix

Name	Current position in the Bank	Business strategy	Risk management	Finance & accounting	Sales	Human capital management	IT & DX	Market operations	Regional economy	Sustainability & ESG
Takashi Hashimoto	Chairman (Representative Director)	●	●	●	●	●	●		●	
Satoshi Ishida	President (Representative Director)	●	●	●	●	●	●		●	●
Takeshi Sugiura	Director and Senior Managing Executive Officer (Representative Director)	●	●	●	●	●		●	●	
Kouji Honda	Director and Managing Executive Officer	●			●		●		●	
Haruyuki Kakutani	Director and Managing Executive Officer	●			●	●	●	●		
Yoshinori Kurahigashi	Director and Managing Executive Officer	●	●	●	●				●	●
Kozue Nakayama	Outside Director	●				●	●		●	●
Takashi Nishimura	Outside Director	●	●		●				●	
Yuuko Tahara	Outside Director				●	●	●		●	●
Maoko Kotani	Outside Director								●	●
Koushi Okamoto	Director and Audit and Supervisory Committee Member		●	●						
Yoshihiko Kasuya	Outside Director Audit and Supervisory Committee Member	●		●	●				●	
Tomoyuki Fukumoto	Outside Director Audit and Supervisory Committee Member		●	●				●	●	

<Basis for Each Director's Evaluation in the Skills Matrix>

* Internal directors: Assessment is based on experience at the department manager level or above, including experience as an executive officer in charge of a department at the Bank as well as at other companies.
* Outside directors: Assessment is based on the following factors:

Kozue Nakayama ..... Ms. Nakayama's qualifications include experience in management and business operations of a global corporation; experience in regional development at a local government organization; and experience as an outside director at two listed companies (including serving on various committees).

Takashi Nishimura..... Mr. Nishimura's qualifications include experience in corporate management, organization operations, and risk management at companies in the railway, real estate, and hotel industries, as well as experience and achievements in regional development as a corporate manager.

Yuuko Tahara..... Ms. Tahara has an established track record of consulting for several companies in areas including human capital development and educational programs and system planning support and implementation, and serving as an outside director (including participation on various committees) at two listed companies.

Maoko Kotani ..... Ms. Kotani is known for her exceptional insight into domestic and international economic trends and corporate management gained over many years of experience as a news and business anchor; through her proven track record as an outside director at multiple companies and as a trustee of various foundations (including service on various committees); and through her extensive experience in corporate governance and the promotion of ESG and SDGs, among other areas.

Yoshihiko Kasuya ..... Mr. Kasuya's impressive record includes conducting business operations at a megabank, providing insight into the economic and financial environment cultivated by financial institutions, and participation in organization management and governance at multiple business corporations.

Tomoyuki Fukumoto ... Mr. Fukumoto is notable for his knowledge of market operations, the economy, and the financial environment cultivated at the Bank of Japan, his insight into economics developed as a university professor, and his track record as an outside director (audit and supervisory committee member) at a listed company.

* The qualifications attributed to the various directors do not cover their full fund of knowledge, experience, and insight.

Why the listed skills are considered necessary

Skills	Content (reasons for its inclusion)
Business strategy	A medium- to long-term perspective is essential: accurately grasp shifts in our operating environment, communities, and customer needs; develop and update strategy; and lead Group-wide execution.
Risk management	We must identify and appropriately manage the diverse, complex risks inherent in financial services.
Finance & accounting	An accurate understanding of our business circumstances is a prerequisite for sound decisions on risk management and capital policy, and for sustaining healthy growth through regulatory compliance and profitability analysis.
Sales	Building trust with a diverse set of stakeholders and creating mechanisms for value co-creation are essential to addressing local economic challenges and, as a result, expanding our Group's credit creation.
Human capital management	We consider it necessary to identify the gaps in our current situation, invest in appropriate human capital, and hire and develop employees as human capital who can think and act on their own and solve local problems.
IT & DX	We must operate essential IT systems required for financial business operations securely and efficiently while driving digitalization across the Group, our communities and our customers—laying the foundations for value co-creation.
Market operations	We must maintain a revenue base that supports stable, continuous operations in a rapidly changing environment.
Regional economy	To identify the regional issues the Group should address as conditions change, we need an accurate grasp of perspectives across the local economy and among stakeholders.
Sustainability & ESG	We must advance ESG risk management and sustainable investment and lending strategies while meeting tighter regulations and investor expectations.

Corporate Governance

Operational status of the Board of Directors

To ensure prompt, timely decision-making based on thorough discussion, even in a highly uncertain business environment, our Board of Directors shares the decision-making process concerning business operations with outside directors by providing them with advance explanations of the background and the key issues of agenda items, as well as minutes from Management Meetings and other sessions. This approach reduces the time spent explaining agenda items during Board of Directors meetings and helps engender more constructive discussions.

In addition, the Board of Directors holds opinion-exchange session to discuss important management issues and medium- to long-term themes after resolutions are made and reports compiled. The directors engage in lively discussions at these meetings, especially the outside directors, who offer their opinions from various perspectives.

Number of Board of Directors meetings and main subjects of discussion (April 2025 - March 2026)

Board of Directors Chairperson Chairman Meetings held 12

Main items for deliberation

- Action Plan for the current fiscal year based on the Business Plan and monitoring of its progress
- Policy on shareholder returns
- Initiatives to strengthen the Board of Directors' effectiveness
- Initiatives to address sustainability issues (climate change, etc.)
- Review of cross-shareholdings
- Other matters required by law (financial results, convening of the Annual General Meeting of Shareholders, election of Representative Directors and other Directors, etc.)

Opinion Exchange Session Chairperson Chairman Meetings held 2

Main issues discussed

- Create regional vitality with the power of human capital
- Establishment of the new Investment Business Department

Number of Nomination and Compensation Advisory Committee meetings and main advisory matters (April 2025 - March 2026)

Nomination and Compensation Committee Meetings held 6

Main consultation contents

- Selection of candidates for the offices of Director and Representative Director
- Updating the skills matrix
- Setting of executive compensation and performance-linked stock compensation goals for the current fiscal year
- Introduction of non-financial indicators for the Performance-linked Stock Compensation Plan

For details on the activities of the Board of Directors and the Nomination and Remuneration Committee, please see page 44 of the Securities Report. https://www.nantobank.co.jp/investor/ir_library/pdf/yuuka138a.pdf

Outside directors' support system

- To facilitate more in-depth discussions at Board of Directors' meetings, department managers and other executives concerned provide the outside directors (including Audit and Supervisory Committee Members) with advance briefings on all the next meeting's agenda items and supply them with the information necessary for the performance of their duties. We strive, in addition, to enhance their understanding of the Bank's business and operating performance by arranging visits to business locations and providing opportunities for dialogue with internal directors, executive officers, and department managers. We also arrange training sessions and seminars as needed, moreover, to help them acquire all the knowledge they need.
- For outside members of the Audit and Supervisory Committee, full-time committee members provide a continuous flow of information concerning the Bank's status—including various reports from the Internal Audit and Risk Management Departments—to ensure sufficient communication and collaboration within the Audit and Supervisory Committee. Outside Audit and Supervisory Committee members also actively obtain the information necessary for the audits themselves—by such means as attending meetings with the Representative Director and participating in audit briefing sessions conducted by the independent auditors at the end of each fiscal year—and consistently express objective opinions from an independent standpoint at both Board of Directors and the Audit and Supervisory Committee meetings.

Compensation for directors

The Bank has established the following policy for determining the content of compensation, etc., for each individual director ("determination policy" hereinafter).

Basic policy

- Nanto Bank's compensation system is designed to encourage directors (excluding directors who are members of the Audit and Supervisory Committee. Same hereafter) to improve performance each fiscal year, conduct management from a medium- to long-term perspective, and enhance their awareness of their duty to contribute to improving the Bank's performance and increasing its corporate value. As a basic policy, compensation for each director shall be set at an appropriate level determined by the Board of Directors once a year following deliberation and reporting by the Nomination and Compensation Committee.
- More specifically, directors' compensation comprises fixed monthly compensation (monetary compensation) and performance-linked stock-based and monetary compensation, while compensation for outside directors, whose responsibility is limited to a supervisory function, comprises only monthly compensation as fixed compensation determined in consideration of their duties.

Policy on determination of individual monthly remuneration (monetary)

- The monthly remuneration for the Bank's directors shall be a fixed monthly amount, which shall be determined comprehensively in accordance with the "Remuneration Regulations for Directors and Corporate Auditors," taking into consideration their position, the level of other companies' compensation, the Bank's performance, and the level of employees' salaries.

Policy for determining the details and method of calculating the amount of performance-linked cash remuneration

- The purpose of performance-linked cash remuneration is to clarify the linkage between directors' remuneration and the Bank's business performance, and to increase the directors' awareness of their contribution to improving the Bank's business performance each fiscal year.
- In accordance with the "Directors' Remuneration Regulations" and "Performance-linked Monetary Remuneration Regulations for Directors" established by the Board of Directors, bonuses will be paid at a set time each year in the form of cash remuneration varying between 0% and 200%, depending on the recipient's position and degree of achievement of the Bank's performance targets for that fiscal year, with a target value of net income attributable to owners of the parent company (hereinafter referred to as "consolidated net income") for each fiscal year used as an indicator.
- If consolidated net income is less than 0.0 billion yen, however, the amount of performance-linked monetary compensation shall be 0 yen.

<Target> Consolidated net income: 22 billion yen (FY2026)

<Performance-linked coefficient>

Deviation from the target	Performance-linked coefficient
+5 billion yen	200.0%
+4 billion yen to +5 billion yen	180.0%
+3 billion yen to +4 billion yen	160.0%
+2 billion yen to +3 billion yen	140.0%

Deviation from the target	Performance-linked coefficient
+1 billion yen to +0 billion yen	120.0%
0.0 billion yen to +1 billion yen	100.0%
- 1 billion yen to -0.0 billion yen	80.0%
- 2 billion yen to -1 billion yen	60.0%

Deviation from the target	Performance-linked coefficient
- 3 billion yen to -2 billion yen	40.0%
- 4 billion yen to -3 billion yen	20.0%
-4 billion yen or less	0%

Policy on determination of the details and methods of calculating the amount and number of performance-linked stock compensation (non-monetary compensation)

- The purpose of performance-linked, stock-based compensation is to clarify the linkage between directors' compensation and the Bank's business performance and stock value, and to increase the directors' awareness of the need to contribute to improving the Bank's business performance and increasing its corporate value over the medium to long term.
- The Bank will adopt a structure known as a Board Incentive Plan (BIP) Trust ("BIP Trust") as performance-linked, stock-based compensation for the three terms from the fiscal year ended March 31, 2025 to the fiscal year ended March 31, 2027.
- The BIP Trust is an incentive plan for directors under which shares of the Bank and an amount equivalent to the cash proceeds from the conversion of the Bank's shares are delivered or paid to directors in accordance with their position and the degree to which indicators such as performance targets have been achieved.
- In accordance with the Directors' Compensation Regulations and the Share Delivery Regulations Concerning the Directors' Compensation BIP Trust established by the Board of Directors, "fixed points" corresponding to the directors' positions and "performance-linked points" ranging from 0% to 200%, depending on their achievement of the Bank's performance targets for that fiscal year, are assigned at a set time each year.
- Points awarded accumulate annually. Each point is equivalent to 5 shares of the Bank's stock (based on the number of shares following the stock split effective April 1, 2026). Upon retirement (including cases of retirement in which a director who is not a member of the Audit and Supervisory Committee is subsequently reappointed as a director who is a member of the Audit and Supervisory Committee), the Bank grants shares of its stock or other securities based on the accumulated value of the points.
- To increase employees' motivation to contribute to the "improvement of mid- to long-term capital returns" and the "practice of sustainable management" the Bank aims for in its Management Plan, "performance-linked points" for each fiscal year are determined based on the target value of consolidated ROE set for each fiscal year as a financial item and the employee engagement survey score as a non-financial item. The composition of "performance-linked points" will be 80% of the target value of consolidated ROE for each fiscal year as a financial item and 20% for the employee engagement survey score as a non-financial item.
- The maximum amount contributed by the Bank over three fiscal years shall be a total of 240 million yen (representing 480,000 total shares of the Bank's stock to be issued [based on the number of shares following the stock split effective April 1, 2026).
- Should a director commit a material breach of their power-of-attorney agreement with the Bank in the performance of their duties, or should a director be dismissed due to an action constituting other grounds for dismissal, the Bank shall refrain from delivering shares to the director, etc., under this plan (malus), or, failing this, demand the return of moneys equivalent to the shares delivered to the director (clawback).

<Formula for calculation of allotted points> Fixed points = Base amount of stock-based compensation by position (*1) × 1/2 ÷ Assumed stock price (*2)
Performance-linked points = Base amount of stock-based compensation by position × 1/2 × 80% × performance-linked coefficient (financial item) ÷ assumed stock price
+ Base amount of stock-based compensation by position × 1/2 × 20% × performance-linked coefficient (non-financial item) ÷ assumed stock price
*1 Total amount of compensation for each position to be paid under the scheme when the performance achievement rate is 100%.
*2 Average acquisition unit price of the Bank's shares initially acquired by the BIP Trust (rounded down to the nearest whole number): ¥3,195

<Standard amount of stock compensation by rank> (Unit: ¥ million)

Position (*3)	Standard amount of stock-based compensation by position (*1)	Breakdown	
		Fixed portion	Performance-linked portion
Chairman (Representative Director)	8.64	4.32	4.32
President (Representative Director)	8.64	4.32	4.32
Director and Senior Managing Executive Officer(Representative Director)	6.60	3.30	3.30
Director and Managing Executive Officer	5.28	2.64	2.64

*3 The position at the beginning of the period subject to payment (from the day following the Annual General Meeting of Shareholders of the previous year to the date of the Annual General Meeting of Shareholders of the current year) is applied.

<Target value (financial item)> Consolidated ROE: 7.00% (FY2026)

<Performance-linked coefficient>

Deviation from the target	Performance-linked coefficient
+2.00% or more	200.0%
+1.75% or more ~ +2.00% or less	187.5%
+1.50% or more ~ +1.75% or less	175.0%
+1.25% or more ~ +1.50% or less	162.5%
+1.00% or more ~ +1.25% or less	150.0%
+0.75% or more ~ +1.00% or less	137.5%

Deviation from the target	Performance-linked coefficient
+0.50% or more ~ +0.75% or less	125.0%
+0.25% or more ~ +0.50% or less	112.5%
0.00% or more ~ +0.25% or less	100.0%
-0.25% or more ~ 0.00% or less	87.5%
-0.50% or more ~ -0.25% or less	75.0%
-0.75% or more ~ -0.50% or less	62.5%

Deviation from the target	Performance-linked coefficient
-1.00% or more ~ -0.75% or less	50.0%
-1.25% or more ~ -1.00% or less	37.5%
-1.50% or more ~ -1.25% or less	25.0%
-1.75% or more ~ -1.50% or less	12.5%
-1.75% or less	0.0%

<Target value (non-financial item)> Employee engagement survey score: improvement from previous year

<Performance-linked coefficient (financial item)>

Based on improvement from the previous year's score, determined within the range of 0% to 200% based on a performance-linked coefficient established by the Bank's Board of Directors after deliberation and recommendation by the Nomination and Compensation Committee.

Policy on monthly remuneration, performance-linked monetary compensation and performance-linked stock compensation as a percentage of remuneration, etc., for individual directors

- The Bank shall determine the ratio of remuneration according to each individual director's classification to ensure that the level of remuneration encourages directors to improve their performance every fiscal year, and to conduct management from a medium- to long-term perspective and with heightened awareness of the need to contribute to improving the Bank's performance and to increasing its corporate value for the foreseeable future.
- Specifically, monthly remuneration shall be fixed remuneration, the ratio of performance-linked monetary compensation shall be 0% to 40% of total annual monthly remuneration depending on the degree to which the target values are achieved, and the ratio of performance-linked stock compensation shall be 10% to 30% of the total annual monthly remuneration, depending on the degree to which target values are achieved.

Matters concerning determination of individual directors' remuneration, etc.

- In its efforts to ensure objectivity and transparency in the procedures employed to determine remuneration and enhance corporate value, the Bank has established the Nomination and Compensation Committee, of which the Chair and a majority of the members are outside directors.
- Individual directors' compensation is determined by the Board of Directors in accordance with the "Regulations on Directors' Remuneration," based on deliberations and reports of the Nomination and Compensation Committee.

This Determination Policy has been adopted by resolution of the Board of Directors.

Remuneration for individual Directors is determined by the Nomination and Compensation Committee after reviewing relevant factors, including consistency with this Determination Policy. The Board of Directors generally respects the Committee's recommendations and judges proposed remuneration to be consistent with the Policy.

As concerns remuneration for Audit and Supervisory Board members, meanwhile, payment is made in a fixed monthly amount according to the members' duties with the aim of increasing their independence and further strengthening corporate governance. This monthly amount is determined through discussion by the Audit and Supervisory Committee in accordance with the Directors' Remuneration Regulations, and the annual total is set at no more than 100 million yen, the amount approved by the General Meeting of Shareholders.

The details of the resolution adopted at the General Meeting of Shareholders regarding compensation, etc., of the Bank's directors are as follows:

Remuneration for directors (excluding Audit and Supervisory Committee members; including salaries for directors who also serve as employees):
Up to ¥400 million per year (up to ¥80 million for outside directors)
Date of resolution: June 29, 2023
Number of directors at the conclusion of said General Meeting of Shareholders: 9 (including 3 outside directors)

Performance-linked share remuneration (non-monetary)
The total amount for the three fiscal years shall not exceed 240 million yen (with the total number of shares of the Bank to be issued capped at 480,000 shares [as of April 1, 2026, following the stock split]).
Date of resolution: June 27, 2024
Number of eligible directors at the conclusion of said General Meeting of Shareholders: 6

Remuneration for directors (Audit and Supervisory Committee members)
Up to ¥100 million per year
Date of resolution: June 29, 2023
Number of eligible directors (Audit and Supervisory Committee members) after said General Meeting of Shareholders: 3 (including 2 outside members)

Total compensation by executive officer category, total compensation by type of compensation, and number of executive officers eligible for compensation, etc.

Current fiscal year (April 1, 2025 to March 31, 2026) (Million yen)

Executive officer classifications	Number of executive officers	Total remuneration, etc.	Basic remuneration (fixed remuneration)	Performance-linked remuneration	
				Monetary remuneration	Stock-based remuneration (non-cash remuneration)
Directors (excluding Audit and Supervisory Committee members and outside directors)	7	258	197	20	41
Audit and Supervisory Committee Member (excluding outside directors)	1	22	22	0	0
Outside directors	6	41	41	0	0

(Notes)
1. The Bank has introduced performance-linked remuneration (monetary and stock-based remuneration) for directors. The performance-linked remuneration (monetary and stock-based remuneration) in the table seen here is the amount recorded as an expense for the fiscal year under review.
2. The target for consolidated net income, which serves as the basis for calculating performance-linked remuneration (cash remuneration) for the fiscal year under review, was 15.0 billion yen, and the actual result was 17.0 billion yen (¥2.0 billion above target).
3. The target for consolidated ROE, which serves as the basis for calculating performance-linked remuneration (stock-based remuneration) for the fiscal year under review, was 5.30%, and the actual result was 5.90% (target +0.6 points).
4. No employee salaries were paid to directors who also serve as employees.
5. There is no director whose total amount of remuneration, etc., on a consolidated basis is 100 million yen or more.

Evaluation of the Board of Directors' effectiveness

Since fiscal 2016, the Bank has followed a policy of conducting an annual analysis and evaluation of the effectiveness of the Board of Directors.

The table shows the progress made in addressing issues identified in the previous year, as well as the methods and results of the evaluation of the Board of Directors' effectiveness in fiscal 2025.

Progress in addressing issues identified in the previous year's evaluation of the effectiveness of the Board of Directors

(1) Deepening discussions on medium- to long-term strategies for enhancing corporate value

⇒To achieve the goals of our Medium-Term Management Plan and ensure sustainable growth, we concentrate efforts on deepening the discussions at Board of Directors' meetings, enhancing understanding of on-site operations and business procedures through facility visits, and ensuring ample opportunities for communication.

(2) Enhancing the Board of Directors to deepen its discussions further

⇒We continue our efforts to enhance and deepen Board of Directors' operations by securing more time for discussion during meetings. This involves providing more complete advance briefings, creating an annual schedule to set the agenda for report items appropriately, and conducting timely executive training sessions.

Evaluation method

In fiscal 2025, the Bank conducted an evaluation of the effectiveness of the Bank's Board of Directors as discussed below based on the results of a questionnaire compiled and analyzed by an external consultant.

(1) A questionnaire was sent to all the directors (12 members, including the Audit and Supervisory Committee members) in February 2026 concerning the composition, operation, and deliberations of the Board of Directors ("FY2025 Questionnaire").

(2) At the Board of Directors' meeting held on June 18, 2026, the Board of Directors discussed the challenges facing the Bank's future initiatives and finalized its Effectiveness Assessment for fiscal 2025.

The main items included in the FY2025 Questionnaire are as follows. Each question in the questionnaire is designed to be rated on a 5-point scale. Starting in the current fiscal year, comments must be included for each main item.

- I. Composition and operation of the Board of Directors (5 questions)
- II. Management and sales strategies (11 questions)
- III. Corporate ethics and risk management (3 questions)
- IV. Dialogue with shareholders (4 questions)
- V. Nomination and compensation of management (3 questions)
- VI. Status of responses to this year's initiatives (2 questions)

Summary of FY2025 Questionnaire analysis and evaluation results

The Board of Directors discussed the results of the outside consultant's analysis of the FY2025 Questionnaire and determined that, overall, the Board of Directors had held lively discussions and achieved improvement in the issues raised in the previous year. It found that the Bank's Board of Directors operated appropriately and exhibited effectiveness for the most part, although various tasks remain to be addressed.

<Issues identified in the Questionnaire results>

- Enhanced discussion of key strategies and strengthened monitoring systems
- Further enhancing the operations of the Board of Directors
- Promoting and overseeing human resources strategies, including those related to executive talent

Future Initiatives

As a result of discussions held by the Board of Directors concerning issues identified from the results of the FY2025 Questionnaire, the following initiatives will be implemented in fiscal 2026 to enhance the effectiveness of the Board of Directors further.

<Initiatives for fiscal 2026>

- Improving the quality of discussions focused on medium- to long-term strategies aimed at enhancing corporate value
- Enhancing the effectiveness of Board of Directors' meetings through improved management practices

The Bank will continue its efforts to optimize the effectiveness of the Board of Directors and reinforce its governance structure, including improvement of the above issues.

Assessing the effectiveness of the Audit and Supervisory Committee

Three years having passed since the Bank transitioned from a Company with a Board of Auditors to a Company with an Audit and Supervisory Committee (June 29, 2023), the Audit and Supervisory Committee conducted an assessment of the effectiveness of its operations in fiscal 2025 to clarify its progress to date and further enhance its governance oversight structure.

Evaluation method

Following the completion of signed responses to a self-assessment questionnaire by every member of the Audit and Supervisory Committee (total of three members: one full-time member and two outside members), all the members of the Committee exchanged opinions, analyzed the results for each item, and compiled the Committee's final evaluation.

Evaluation criteria

- I. Independence of the Audit and Supervisory Committee
- II. Composition of the Audit and Supervisory Committee
- III. Operations of the Audit and Supervisory Committee
- IV. Attendance at Board of Directors' meetings and other important meetings
- V. Coordination with internal directors
- VI. Coordination among the three types of auditors
- VII. Audit activities
- VIII. Reporting to and dialogue with external stakeholders

The evaluation comprising 25 items was conducted for these eight categories.

Evaluation results

The Audit and Supervisory Committee's oversight of the directors and the Board of Directors was assessed as functioning effectively in all material respects. Nevertheless, we identified areas in which there is room for further improvement. In addition to strengthening oversight of the directors' cybersecurity and other IT controls and improving the Board of Directors' crisis management responses—issues that have had significant societal impact recently and exposed companies to the risk of business suspension—we also recognized strengthening oversight of management plans and enhancement of corporate value as an ongoing priority audit area. We will reflect these issues in our future audit plans and audit activities and strive to continuously improve their effectiveness.

Corporate Governance

Executive Officers

Directors



Chairman
(Representative Director)

Takashi Hashimoto

Apr. 1977 Joined Nanto Bank
June 2005 General Manager, Nanto Bank Public Affairs Department
June 2007 Executive Officer and General Manager, Personnel Planning Department
June 2010 Executive Officer and General Manager, Sales Management Department
June 2011 Executive Officer and General Manager, Osaka District Headquarters
June 2013 Executive Officer, Nanto Bank
June 2014 Senior Executive Officer
June 2015 President (Representative Director)
Apr. 2025 Chairman (Representative Director) (current position)

During his tenure as President and Representative Director, Mr. Hashimoto established a sustainable management foundation for the Bank by demonstrating strong leadership in implementing medium- to long-term business operations and organizational reforms. Since assuming the role of chairman, he has played a central role in strengthening the Board of Directors' operations and governance while ensuring management continuity. In the future, we expect him to continue to leverage his extensive management experience and broad expertise to contribute to formulating management strategies and fulfilling key supervisory functions.



President
(Representative Director)

Satoshi Ishida

(Departments) Secretary's Office, Audit Department

Apr. 1997 Joined Dai-Ichi Kangyo Bank, Ltd. (current Mizuho Bank, Ltd.)
July 2001 Chief of Management Guidance, Construction Industry Department, General Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism
Nov. 2003 Manager, Industrial Revitalization Corporation of Japan
July 2010 Director, Industrial Growth Platform Inc.
Aug. 2013 Supervisory Coordinator, General Affairs Department; Supervisory Bureau, Financial Services Agency
July 2015 Policy Manager, Policy Department, General Affairs Planning Bureau, Financial Services Agency
July 2016 Manager, Monitoring Planning Office, General Affairs Department, Inspection Bureau, Financial Services Agency
July 2017 Director, Regional Financial Planning Office, Supervisory Bureau, Financial Services Agency
Nov. 2018 Director, Industrial Growth Platform Inc.
Feb. 2019 Advisor, Nanto Bank
Apr. 2019 Senior Managing Executive Officer and General Manager, Corporate Strategy Headquarters
June 2019 Vice President and Executive Officer, General Manager, Corporate Strategy Headquarters (Representative Director)
Apr. 2020 Deputy President (Representative Director)
Apr. 2025 President (Representative Director) (current position)

Mr. Ishida has demonstrated strong leadership by leveraging his extensive experience and understanding of corporate management and the financial industry in pursuit of business strategy development and organizational reforms. He has, at the same time, worked on reinforcing the Group's corporate governance by pursuing DX and formulating and implementing management plans. He possesses all the knowledge and experience a top executive could ever need to manage the Bank's operations accurately, fairly, and efficiently, and we believe his contributions to enhancing the Bank's corporate value will continue.



Director and Senior Managing Executive Officer
(Representative Director)

Takeshi Sugiura

(Departments) Examination Department, Human Resources & General Affairs Department, Compliance Control Department

Apr. 1986 Joined Nanto Bank
June 2014 Manager, Sakurai Branch
Apr. 2017 Executive Officer and Manager, Sakurai Branch
Apr. 2018 Executive Officer and Manager, Tokyo Branch
Apr. 2019 Executive Officer and General Manager, Nara Chuwa Block Headquarters
Apr. 2021 Managing Executive Officer
June 2021 Director and Managing Executive Officer
Apr. 2022 Director and Managing Executive Officer, General Manager, Sales Promotion Headquarters
Apr. 2024 Director and Senior Managing Executive Officer, General Manager, Sales Promotion Headquarters
Apr. 2025 Director and Senior Managing Executive Officer (Representative Director) (current position)

As a member of the Board of Directors, Mr. Sugiura has been responsible at various times for the Market Operations, Examination, Sales, Human Resources & General Affairs, and Compliance Control Departments, contributing in every assignment to strengthening and development of the Group's administrative functions—including enhancement of our human capital management and compliance functions. Among the Group's business operations, he has acquired particularly extensive experience in both sales and administrative support, and we believe he will continue to contribute to enhancing the Bank's corporate value.



Director and Managing Executive Officer

Kouji Honda

(Departments) Sales Support Department, Solutions Sales Department, Investment Business Department, Public Affairs and Regional Co-creation Department, Channel Management Department

Apr. 1987 Joined Nanto Bank
Oct. 2015 Koriyama Branch Manager
Apr. 2018 Executive Officer and General Manager, Osaka Chuo Sales Department
Apr. 2019 Executive Officer and General Manager, Osaka Block Headquarters
Apr. 2021 Executive Officer and General Manager, Nara-Kitawa Block Headquarters
Apr. 2022 Executive Officer and Deputy General Manager, Sales Promotion Department, General Manager, Nara-Kitawa Block Headquarters and General Manager, Kyoto Block Headquarters
Apr. 2023 Managing Executive Officer, Nanto Bank
June 2023 Director and Managing Executive Officer, Nanto Bank
Apr. 2025 Director and Managing Executive Officer, General Manager, Nanto Bank Sales Promotion Head Office (current position)

During his tenure on the Board of Directors, Mr. Honda's responsibilities have included directorship of the IT Strategy Department, Administrative Support Department, Examination Department, Public Affairs & Community Co-Creation Department, and Sales Promotion Headquarters. Acquiring unrivaled knowledge of the Group's business operations along the way, he has shown commendable leadership in strengthening the Bank's regional customer base by implementing initiatives that contribute to regional revitalization. The Board feels certain that he will continue to draw on his wealth of hands-on experience and exceptional leadership skills to contribute further to enhancing the Bank's corporate value.



Director and Managing Executive Officer

Haruyuki Kakutani

(Departments) Market Operations Department, IT Strategy Department, Administrative Support Department, Centralized Administrative Affairs Department

Apr. 1988 Joined Nanto Bank
Apr. 2018 Manager, Sakurai Branch
Oct. 2019 General Manager, Sakurai Area / Manager, Sakurai Branch
May 2020 General Manager, Sakurai Area / Manager, Sakurai Branch / Manager, Miwa Branch
June 2020 Managing Director, Nanto Management Service Co.
Aug. 2020 General Manager, Human Resources & General Affairs Department
Apr. 2021 Executive Officer and General Manager, Personnel & General Affairs Department
Apr. 2024 Managing Executive Officer
June 2024 Director and Managing Executive Officer (current position)

Since joining the Board of Directors, Mr. Kakutani has headed the Human Resources & General Affairs, Market Operations, IT Strategy, and Administrative Support Departments. His particular focus has been on strengthening the Group's IT infrastructure to promote its digital transformation and optimization of our market operations portfolio, operations that have improved the Bank's operational efficiency and enhanced its competitiveness. We are convinced that he will continue to employ his powerful analytical and execution skills to contribute to increasing the Bank's corporate value.



Director and Managing Executive Officer

Yoshinori Kurahigashi

(Departments) Corporate Planning Department, Risk Management Department, Responsibility for special DX / SDGs missions

Apr. 1990 Joined Nanto Bank
Apr. 2019 General Manager, Osaka Central Sales Department
Apr. 2020 Manager, Corporate Planning Department
Apr. 2021 Executive Officer and General Manager, Corporate Planning Department
Apr. 2023 Executive Officer
Deputy General Manager, Sales Promotion Head Office and General Manager, Sales Support Department
Apr. 2024 Managing Executive Officer
Deputy General Manager, Sales Promotion Department and General Manager, Sales Support Department
Apr. 2025 Managing Executive Officer
June 2025 Director and Managing Executive Officer (current position)

Throughout his time on the Board of Directors, Mr. Kurahigashi has been in charge of the Corporate Planning Department, in which position he has contributed to the Bank's sustainable growth through initiatives such as implementation of our Medium-Term Management Plan and reinforcement of our corporate governance. In addition to a deep well of diverse knowledge and experience in bank management, he exhibits formidable strategic thinking and practical skills, and we believe his contributions to enhancing the Bank's corporate value will continue for the foreseeable future.

Directors and Audit and Supervisory Board Members



Director
Audit and Supervisory Committee Member

Koushi Okamoto

Apr. 1987 Joined Nanto Bank
Apr. 2018 General Manager, Examination Department / Manager, Business Revitalization Support Office
Apr. 2019 Executive Officer and General Manager, Examination Department/ Manager, Business Revitalization Support Office
Apr. 2021 Executive Officer, General Manager of Examination Department
Apr. 2023 Managing Executive Officer, General Manager of Examination Department
Apr. 2024 Adviser
July 2024 Director and Audit Committee Member (current position)

Leveraging his extensive experience in corporate auditing and his accumulated fund of expertise in finance, accounting, and risk management, Mr. Okamoto has contributed to strengthening the Board of Directors' oversight functions and governance framework, for example, by providing management with objective recommendations in has capacity as a full-time member of the Audit and Supervisory Committee. We believe he will help to ensure that our internal controls function properly, while maintaining an appropriate balance of checks and balances with management.



Outside Director
Audit and Supervisory Committee Member

Yoshihiko Kasuya

(Main concurrent positions)
Outside Corporate Auditor, Chino Corporation

Apr. 1979 Joined The Mitsubishi Bank, Ltd. (current The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
May 1994 Deputy General Manager, Bangkok Branch, MUFG
Mar. 1997 Assistant Manager, Sales Department 3, Sales Department 1, MUFG
Oct. 2000 Deputy General Manager, General Affairs Office, MUFG
May 2003 General Manager, International Operations Department, MUFG
May 2006 General Manager, Kyoto Branch, MUFG
June 2006 Executive Officer and General Manager, Kyoto Branch, MUFG
June 2008 President and Director, Chitose Kosan Co., Ltd. (current Chitose Corporation)
June 2010 Director and Managing Executive Officer, Prince Hotel Co., Ltd.
Apr. 2015 Vice President and Executive Director, Seibu Construction Co., Ltd.
June 2023 Outside Corporate Auditor, Chino Corporation (current position)
Outside Director and Audit and Supervisory Board Member, Nanto Bank (current position)

In addition to his deep insight into the economic and financial environment cultivated through extensive experience at financial institutions, Mr. Kasuya brings organization management experience as a corporate executive at several companies and extensive knowledge of governance to the job. At the Bank, we expect him to oversee management from an independent, objective standpoint as an Audit and Supervisory Committee member, including provision of advice on ways of improving our internal controls drawn from his diverse experience and knowledge.



Outside Director

Kozue Nakayama

(Main concurrent positions)
Outside Director, TDK Corporation
Outside Auditor, Imperial Hotel, Ltd.

Apr. 1982	Joined Nissan Motor Co.
Apr. 2005	General Manager, Planning Department
Apr. 2008	General Manager, Brand Management Office
Sep. 2010	Deputy General Manager, Brand Coordination Department
Apr. 2011	Joined Yokohama City Hall
Apr. 2012	Director, City of Yokohama Culture and Tourism Bureau
June 2018	President and Representative Director, PACIFICO Yokohama International Peace Conference Center
Apr. 2019	Visiting Professor, Tama Graduate School of Business (current position)
June 2019	Outside Corporate Auditor, Imperial Hotel, Ltd. (current position)
June 2020	Outside Director, TDK Corporation (current position)
June 2020	Outside Director, Isuzu Motors Ltd.
June 2022	Outside Director, Nanto Bank (current position)

In addition to considerable management experience accumulated at corporations and local government agencies, Ms. Nakayama has acquired extensive expertise in corporate management, regional development, and corporate governance through her service as an outside director at publicly traded companies, including global corporations. As an outside director of the Bank, She is expected to help oversee its management from an independent, objective standpoint, providing advice on enhancing its corporate governance and sharing insights for its regional development.



Outside Director

Yuuko Tahara

(Main concurrent positions)
Representative Director, Basic Corporation
Outside Director (Audit Committee member), Sanyo Homes Corporation
Outside Director, Kanematsu Corporation

Apr. 1991	Joined Manpower Japan Co., Ltd.
Aug. 1993	General Manager, RIC Co., Ltd., Electrified Housing Promotion Office
July 1998	Representative Director, Basic Corporation (current position)
June 2012	Framework Promotion Association (current position) Representative Director, Knowledge Management Lab Incorporated Association) (current position)
June 2018	Outside Director and Audit Committee Member, Sanyo Homes Corporation (current position)
June 2019	Outside Director, Kanematsu Corporation (current position)
Apr. 2020	Visiting Professor, Institute of Advanced Education, Graduate University of Socio-Information Studies (current The Graduate School of Social Design)
Apr. 2021	Professor, Graduate School of Practical Education, Graduate University of Socio-Information Studies (current Graduate University of Social Design) (current position)
June 2024	Nanto Bank, Outside Director (current position)

In addition to extensive experience as a corporate executive, Ms. Tahara is endowed with wide-ranging knowledge and deep insight into organizational management, gained through consulting experience—including creation of employee development and training programs and support for system implementation—and through experience as an outside director at a publicly traded company. Our Bank expects her to oversee the Bank's management from an independent, objective standpoint, providing advice on human capital management, promotion of diversity, and initiatives related to the SDGs.



Outside Director
Audit and Supervisory Committee Member

Tomoyuki Fukumoto

(Main concurrent positions)
Professor, Faculty of Economics, Osaka University of Economics
Outside Director, Audit and Supervisory Committee Member, Mitsui High-Tech Inc.

Apr. 1989	Joined the Bank of Japan
July 2010	Director, General Affairs Department, International Department, Bank of Japan
July 2011	Counselor, International Department, Bank of Japan
Oct. 2012	Head, Beijing Office, Bank of Japan
Sep. 2015	General Manager, Kitakyushu Branch, Bank of Japan
May 2017	Deputy Director, International Department, Head, Asia Relations, International Department, Bank of Japan
Jan. 2020	Director, International Bureau, Bank of Japan
Apr. 2021	Professor, Faculty of Economics, Osaka University of Economics (current position)
May 2021	Senior Fellow, Industrial Growth Platform, Inc.
Oct. 2021	Researcher, Tokyo Foundation Policy Research Institute
Apr. 2022	Outside Director, Audit and Supervisory Committee Member, Mitsui High-Tech Inc. (current position)
June 2025	Outside Director, Audit and Supervisory Committee Member, Nanto Bank (current position)

Mr. Fukumoto has served as General Manager, Kitakyushu Branch, and Director-General, International Department, among other positions at the Bank of Japan. Since retiring from these positions, he has served as a university professor of economics and an outside director at a listed company. He has extensive experience and in-depth knowledge of finance and economics in general. As an Audit and Supervisory Committee Member at Nanto Bank, we expect him to draw on his specialized knowledge to provide independent, objective oversight of the Bank's management, including advice on ways of improving our internal controls.



Outside Director

Takashi Nishimura

(Main concurrent positions)
Chairman of the Board, Kintetsu Miyako Hotels International, Inc.

Apr. 1979	Joined Kinki Nippon Railway Co., Ltd. (current Kintetsu Group Holdings Co., Ltd.)
Sep. 1979	Seconded to Kintetsu Real Estate Co., Ltd.
Nov. 2000	General Manager, General Planning Office, Kintetsu Real Estate Co., Ltd.
Dec. 2002	Director, Kintetsu Real Estate Co., Ltd.
June 2010	Executive Officer in Charge, General Planning Department, Kintetsu Railway Co., Ltd.
June 2011	Executive Officer, Deputy General Manager, Real Estate Business Department, Kintetsu Railway Co., Ltd.
June 2012	Executive Officer, General Manager, Distribution Business Management Department, Lifestyle Business Department, Kintetsu Railway Co., Ltd.
June 2013	Director and Managing Executive Officer, General Manager, Distribution Business Management Department, Lifestyle Business Department
Apr. 2015	Senior Managing Director, Kintetsu Real Estate Co., Ltd.
June 2019	Executive Vice President, Kintetsu Real Estate Co., Ltd.
June 2020	Director, Kintetsu Group Holdings, Inc.
June 2020	President and Representative Director, Kintetsu Miyako Hotels International, Inc.
June 2021	Group Executive Officer, Kintetsu Group Holdings, Inc.
June 2023	Outside Director, Nanto Bank (current position)
June 2024	Chairman of the Board, Kintetsu Miyako Hotels International, Inc. (current position)

Besides extensive experience as an executive officer participating in corporate operations in the railway, real estate, and hotel industries, Mr. Nishimura has accumulated a deep fund of knowledge and insight concerning corporate management and governance. As an outside director at the Bank, he is expected to leverage his diverse experience in managing and operating companies to help us oversee our operations from an independent, objective standpoint, and to provide advice on regional development beyond the bounds of financial institutions, while also providing guidance in organizational management.



Outside Director

Maoko Kotani

(Main concurrent positions)
Outside Director, Open House Group Co., Ltd.
Outside Director, Polaris Capital Group Co., Ltd. Board member
Japan Association for the United Nations World Food Programme (WFP) (specified nonprofit corporation)

Apr. 1986	Joined Japan Airlines Co., Ltd.
Apr. 1990	Main anchor, "Morning Wide" on NHK General TV
Apr. 1998	Main anchor, "World Business Satellite" on TV Tokyo Interviewer, "Maoko Kotani's KANDAN" on BS Japan
Apr. 2013	Member, International Media Council of the World Economic Forum (WEF)
Apr. 2014	Main anchor, "Nikkei Plus 10" on BS Japan
Apr. 2015	Moderator, Annual Meeting of the Organization for Economic Cooperation and Development (OECD)
June 2018	Director, Toyota Mobility Foundation (General Incorporated Foundation)
Mar. 2020	Main anchor, BS TV Tokyo's "The Future Transformed by the SDGs: Maoko Kotani's Global Investigation"
Dec. 2020	Outside Director, Open House Group Co., Ltd. (current position)
June 2021	Outside Director, Polaris Capital Group Co., Ltd. (current position)
Apr. 2022	Outside Director, HITOWA Holdings Co., Ltd. United Nations World Food Programme (UNWFP) Director, WFP Association (current position)
Aug. 2022	Advisor, Mitsubishi Estate TMIP (Tokyo Marunouchi Innovation Platform)
Dec. 2024	Appeared in an episode of BS TV Tokyo's "GOLD ASEAN"
June 2026	Outside Director, Nanto Bank (current position)

Many years of experience in the fields of journalism and economics have given Ms. Kotani in-depth knowledge of domestic and international economic trends and corporate management. Her experience on top of this as an outside director at several companies has, moreover, earned her an impressive level of expertise in corporate governance, ESG, and the SDGs. In appointing her as an outside director, the Bank expects her to oversee its management from an independent, objective perspective, providing advice on matters such as regional economic revitalization, sustainability management, and diversification.

(Note) Directors Kozue Nakayama, Takashi Nishimura, Yuuko Tahara and Maoko Kotani, as well as Directors and Audit and Supervisory Board Members Yoshihiko Kasuya and Tomoyuki Fukumoto, are outside directors as defined in Article 2, Paragraph 15 of the Companies Act. All outside directors meet the Bank's "Independence Criteria" and have been reported to the Tokyo Stock Exchange, Inc. as independent officers.

Three years on: assessing the effectiveness of our audit and supervisory committee

— Effectiveness assessment and evolution toward enhanced governance, including the strengths and challenges it revealed —

How can we increase the effectiveness of the Audit and Supervisory Committee and leverage its strengths to improve the Nanto Bank Group's corporate governance?
Outside Directors Yoshihiko Kasuya and Tomoyuki Fukumoto joined Director Koushi Okamoto to mark the completion of three years since the Bank's transition to a company with an Audit and Supervisory Committee, of which they are members, with an exchange of views on the current situation and future challenges facing the Bank under the new format.



Outside Director
Audit and Supervisory Committee Member
Tomoyuki Fukumoto

Director
Audit and Supervisory Committee Member
Koushi Okamoto

Outside Director
Audit and Supervisory Committee Member
Yoshihiko Kasuya

The significance of conducting an effectiveness evaluation
— Avoiding "evaluation for its own sake" —

Okamoto: As of June 2026, it had been three years since the Bank completed its transition from a Company with a Board of Auditors to a Company with an Audit and Supervisory Committee. At a time when effectiveness assessments by boards of directors have become widely practiced, the Audit and Supervisory Committee—an independent body—decided to conduct one for the first time itself to review its past activities and further enhance its corporate governance.
For the Bank, conducting this effectiveness evaluation was not an end in itself; rather, we consider it a critical process enabling the Audit and Supervisory Committee to reassess its own activities objectively and to translate any insights that emerge into improvements. We determined that simply conducting a superficial evaluation would be meaningless; only any meaningful insights we gained and our response to them would give it value.
With this in mind, I look forward to having a frank exchange of views today regarding the results of the effectiveness assessment conducted by our Audit and Supervisory Committee, with a focus on the challenges the various Committee members identified and the strategies they recommend to remedy them.

Kasuya: Rather than employ the effectiveness evaluation simply to assess the various evaluation items, we delved deeper to articulate such factors as the following: "Why was an evaluation called for?" "What issues of concern were uncovered?" and "Where was the Committee found lacking?"

We conducted this process meticulously to prevent the Audit and Supervisory Committee from becoming complacent and to encourage more substantive discussions and other improvements. I find significant value in the fact that bringing together the perspectives and concerns of the various Committee members can cast light on issues that any single individual might overlook.

Fukumoto: Most notably, I became aware that when Committee members with different experiences and backgrounds exchange candid opinions from their personal perspectives, it can contribute to the Audit and Supervisory Committee's maturation. I believe that continuing this process will be, in itself, a crucial mechanism supporting the organization's expertise and evolution.

I became increasingly aware that the Audit and Supervisory Committee itself grew in maturity as committee members with different experiences and backgrounds continued to exchange candid opinions from their respective perspectives. I am convinced that this process must be maintained as a crucial mechanism promoting the organization's continued learning and evolution.

Approaches to independence and structure
— Balancing form and substance —



Okamoto: Assessment of the independence and composition of the Audit and Supervisory Committee: Issues such as the proportions of outside and female directors and the skills matrix applied are of particular interest to external stakeholders from a governance perspective and are therefore factors requiring special consideration.

Kasuya: Ensuring compliance with established requirements is clearly highly important in light of the Corporate Governance Code and market expectations. Considering the Bank's size and the nature of our business, however, there is a risk that meeting these formal requirements could become an end in itself.

If we expend too much energy on achieving numerical targets for the proportion of outside directors or degree of diversity we achieve, we might end up putting the cart before the horse and undervaluing the "quality of substantive discussions" and "effectiveness of the audit function"—which should be our highest priorities. I consider maintaining a balance between form and substance to be a critical issue.

Fukumoto: The same challenges apply to the skills matrix. If creating the matrix becomes an end in itself, it will not lead to the original objectives of "supplementing the Committee's expertise" or "improving the content of its discussions."

Casting a cool eye on our current situation, I find that we have attained an enviable level of expertise in such areas as operations, management, and finance. Looking to the future, however, I foresee many changes emerging in the business environment. We clearly need to begin considering ways of addressing more advanced and specialized fields as well.

Okamoto: At the same time, with efforts to ensure diversity now extending to the Board of Directors as well, the Audit and Supervisory Committee also perceives a need to reconsider the composition of its membership from a medium- to long-term perspective. Diversity may not be an issue requiring immediate solution by the committee, but we consider it imperative that we recognize it as an increasingly pressing future challenge.

Assessing the current status of the Audit and Supervisory Committee operations
— Quality and transparency of discussions —

Okamoto: As concerns the operations of the Audit and Supervisory Committee—including such factors as the number of meetings, duration of the deliberations, and conduct of the discussions—the assessors reached a consensus that they were generally appropriate. Whether the number or duration of meetings is sufficient is less important, however, than whether the substance of the discussions is up to par.

Kasuya: I believe the strength of the Bank's Audit and Supervisory Committee lies in its atmosphere fostering frank, open discussions. The fact that an atmosphere has been cultivated, in which every member can express their opinions candidly, regardless of their position or background, is extremely important from the perspective of effectiveness.

I might add that another commendable factor is the Committee's demonstrated ability to transform even conflicting opinions into constructive discussions.

Fukumoto: The Committee's care to provide the requisite information at the right time enables every Committee member to organize their thoughts about issues in advance and to engage in substantive discussions during meetings. Having such a well-established information-sharing system in place clearly contributes to more constructive discussions.

Providing the committee members with essential information at the right time enables each of them to organize their

Audit and Supervisory Committee Roundtable

thinking about the issues before meetings and engage in high-quality discussions. Having a well-established information-sharing system like ours in place makes constructive discussions possible.

Okamoto: I believe the strength of the Bank's Audit and Supervisory Committee lies in its ability to develop frank discussions. Its cultivation of an atmosphere in which every member feels free to express their opinions candidly, regardless of their position or background, is enormously significant from the perspective of effectiveness.

Identified issue 1
— Risk-based auditing and the IT/DX domain —

Okamoto: One issue that emerged with relative prominence from this effectiveness assessment was the need to deepen our risk-based auditing further. We cannot yet claim with assurance that our proprietary risk assessment tools and evaluation methods are sufficiently systematized.



Kasuya: While decisions based on past experience and insights are important, there are dangers in relying solely on these. Especially in an environment like ours in which conditions are in constant flux, we need to employ data and systems that enable us to assess risks more objectively and systematically.

I feel that a more strategic approach is needed when it comes to prioritizing risks and allocating audit resources as well.

Fukumoto: Fields such as IT, DX, and cybersecurity require advanced expertise, and we cannot be certain that the Audit and Supervisory Committee is currently fully equipped to address them. We reached a consensus during the effectiveness assessment that these factors should be recognized as priority issues moving forward. We consider it advisable to enhance our capacity to address them, even drawing on external expertise as necessary.

Okamoto: We look forward to continuing our dialogue with management on acquisition of a comprehensive understanding of risk-based auditing, IT governance, and DX, and we plan to continue exploring the ways in which the Audit and Supervisory Committee should engage in these areas.

Identified issue 2
— Responding to scandals and crisis management systems —

Okamoto: Another issue of concern involves our crisis management systems and our ability to respond properly to crises and scandals. We recognize that our policies on responding—especially our responses to incidents or scandals with significant social impact—are not yet sufficiently well-defined.

Fukumoto: We need to clarify in advance when the Audit and Supervisory Committee should become involved if a scandal should occur—and to what extent it should take the lead in responding.

Defining roles and procedures in advance, rather than reacting after the fact, we will facilitate prompt, appropriate responses.

Kasuya: None of these issues can be resolved by the Audit and Supervisory Committee alone; we also need to clarify the role of the audit function in promoting further renovation of our crisis management structures across the Group as a whole.

It will be essential to address these issues from the perspective of overall optimization, including coordination with management, the Internal Audit Department, the Compliance Department, and our external auditors.

Okamoto: Going forward, we will continue to explore development of crisis response regulations and manuals for the Audit and Supervisory Committee.

Involvement in management and the perspective of the Audit and Supervisory Committee
— Confronting "never-ending challenges" —

Okamoto: In the past, there has been significant room for improvement regarding our involvement in business planning and corporate value enhancement, making it a topic that could be described as a "never-ending challenge."

Kasuya: While the Audit and Supervisory Committee primarily serves a "protective" function, it is important that its role not be limited to oversight. It must also act, instead, as a body that offers constructive suggestions and raises issues concerning management from an independent perspective.

This means that the Committee must go beyond superficial verification and cultivate a deeper familiarity with management's underlying assumptions and strategic directions.

Fukumoto: Although determining how far to pursue these efforts always involves difficult judgment calls, simply stating clearly that the "Audit and Supervisory Committee is closely monitoring the situation" would contribute to improving the quality of governance.

I also believe that asking the right questions during discussions will lead to improving the quality of our management decision-making.

Future directions based on the effectiveness assessment
— In search of continuous evolution —

Okamoto: We have reaffirmed through our effectiveness assessment that the Bank's Audit and Supervisory Committee demonstrates admirable strengths. It has established a culture of frank, open discussion; it stands on a firm foundation; it shares necessary information in a timely, appropriate manner; and its auditing structures exhibit excellent stability. These strengths were not accumulated overnight. They are the result of cumulative efforts over the years, and we believe they constitute a foundation that we must continue to cherish, maintain, and develop in the future.
At the same time, it has become clear that issues such as conducting successful IT governance, addressing DX, enhancing our crisis management systems and our responses to misconduct, and assuring competency and transparency in our management and strategy implementation are not matters that can be resolved in the short term, but rather critical challenges that will require our ongoing attention.
Looking to the future, we consider it is necessary to prioritize these challenges and, rather than limiting our responses to one-off measures, to position them as medium- to long-term initiatives for improvement spanning multiple fiscal years, while continuously applying the PDCA cycle to check our progress. We recognize, moreover, that translating the insights gained from the effectiveness evaluation into concrete action plans and monitoring their implementation will lead to true improvement in effectiveness.



Fukumoto: In my case, it was the effectiveness assessment that convinced me of the importance of the Audit and Supervisory Committee as an organization that continues to learn and evolve. I do not consider the identification of challenges through the assessment process as a negative process; rather, we should view it as a starting point for growth.
As the roles of audits related to IT, cybersecurity, and especially non-financial information, continue to expand, it is becoming increasingly necessary for every Committee member to internalize new insights, and for the Committee as a whole to share and build on them. I am convinced that this cumulative effort will ultimately lead to higher-quality discussions and more precise decision-making, which will, in turn, enhance the value added to the Bank and the region by the Audit and Supervisory Committee.
This attitude of continuous improvement can serve as an important message to our stakeholders. Actively communicating the fact that "the Audit and Supervisory Committee conducts self-assessments, identifies challenges, and uses them to promote improvement" will, I believe, contribute to greater transparency and foster trust.

Kasuya: I believe it would be a mistake to consider these challenges as issues calling for final resolution. Rather, we should realize that the effectiveness of our governance and auditing must be continually reviewed as the environment in which we operate changes, and that this process of constantly seeking an optimal solution for each situation is a source of value in and of itself.
Given all the changes in our environment—with notable examples including the advances in IT and DX and the increasing sophistication and complexity of risks—the roles expected of the Audit and Supervisory Committee and the standards set for it are clearly rising. In this context, any attempt to address these issues merely by extending existing practices raises the risk that effectiveness will decline without our realizing it. This is why it is so important not to employ the effectiveness assessment as a mere annual event, but rather as an "opportunity to question the status quo and reexamine our assumptions." We believe that deliberately evaluating ourselves from a critical perspective and maintaining a mindset that does not overlook even the slightest sense of unease or single early sign of emerging issues will ultimately lead to improvement in the quality of the Audit and Supervisory Committee.
Our Group possesses an array of strengths—including our talented human capital and loyal customer base—cultivated over more than 90 years of history. Significant room remains for further growth, however, and we members of the Audit and Supervisory Committee intend to continue working to fulfill the trust placed in us by our shareholders, business partners, and other stakeholders.

Okamoto: Going forward, we plan to continue using the effectiveness assessment as a practical tool to monitor and improve the role of the Audit and Supervisory Committee, taking care to ensure that the assessments do not decline into mere formalities. We recognize that the Audit and Supervisory Committee is expected to contribute to improving the quality of our Group's governance through this ongoing process.

Initiatives to Strengthen Cybersecurity

Basic action guidelines

At a time when technological advances in generative AI and quantum computing, accompanied by an intensification of digitalization efforts, are raising expectations of increasingly severe threats of cyberattacks in the future, Nanto Bank has designated cybersecurity as a key management priority to protect its customers' safety and information assets. Under the active leadership of senior management, the Bank as a whole is working continuously to strengthen its ability to respond swiftly to cyberattacks.

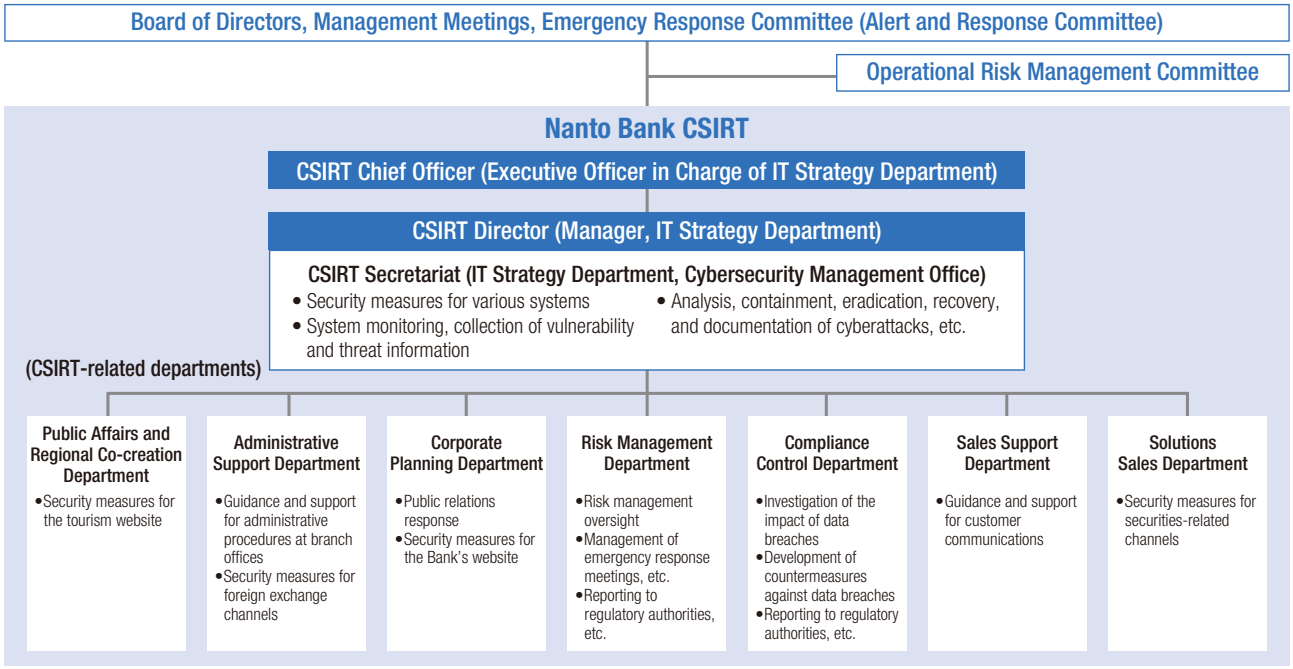
Cybersecurity management structure

Led by senior management and prompted by threats of increasingly sophisticated and complex cyberattacks, we established "Nanto Bank CSIRT*"—a cross-functional organization within the Bank that collects and analyzes intelligence concerning threats related to cyberattacks, investigates and responds to detected attacks, and implements security measures to defend against them.

In April 2026, with the aim of further strengthening various security measures and our response capabilities in the event of an incident, we established the Cybersecurity Management Office within the IT Strategy Department as a specialized unit dedicated to cybersecurity issues. We also added staff to reinforce our organizational structure.

*CSIRT (Computer Security Incident Response Team): An organization responsible for responding to computer security incidents.

■Nanto Bank CSIRT organization chart



Management involvement and governance reinforcement

The Bank's Information Asset Management Regulations stipulate that the Executive Officer in charge of the IT Strategy Department shall serve as CSIRT director. CSIRT meetings at the Bank center on items such as discussions of the progress on the medium-term roadmap and annual plans for cybersecurity, as well as the surrounding environment and challenges facing it. High-priority matters, such as changes in the Bank-wide security architecture, the results of self-assessments regarding the development of cybersecurity measures, and corresponding policies—are discussed and reported at Management Meetings.

Information on cyberattack incidents and internal and external trends is also reported to the CSIRT director and the Operational Risk Management Committee, ensuring that management takes the lead in strengthening cybersecurity measures, even during normal operations. With serious security incidents occurring more frequently even in Japan, we are increasing the frequency of our information-sharing with the CSIRT director—through weekly reporting and other means—to ensure more timely sharing of current internal and external conditions. Going forward, we plan to enhance our management-level engagement further and hold regular discussions at Board of Directors' meetings regarding the status of our initiatives and our cybersecurity posture.

As regards the "Guidelines on Cybersecurity in the Financial Sector" published by the Financial Services Agency in 2024, meanwhile, we are using these guidelines as a roadmap for strengthening our cybersecurity posture. We have conducted a self-assessment of our current status and formulated an action plan to address the guidelines. We are employing third-party evaluations conducted by consulting firms, moreover, to ensure the objectivity of our self-assessments and action plan and to further enhance our cybersecurity posture.

Cybersecurity measures

Ensuring convenience and security

The Bank is committed to maintaining a system infrastructure that balances convenience and security. As part of our 2025 system upgrade, we implemented state-of-the-art security measures that incorporate elements of the "Zero Trust Model," which does not rely on traditional perimeter-based security. By implementing such technologies as "endpoint detection and response (EDR)" and "microsegmentation," we have created an environment that enables employees to use the internet and cloud services safely and conveniently. This equips us to protect our customers' information assets securely while providing them with even greater value.

Emergency measures

Besides introducing various security measures to enhance our defenses due to the recent intensification of cyberattacks and incidents at other companies, we are also preparing for the possibility of large-scale ransomware infections. To this end, we are reinforcing our data backups to enable rapid recovery and developing BCP in preparation for prolonged outages of critical systems.

Third-party and outsourced vendor management

When accessing cloud services or outsourcing operations concerned with information systems, we evaluate the implementation status of their security measures based on the Bank's information system security standards. We proceed with implementation only if the standards are met, and we continue to conduct regular evaluations after implementation.
In light of the recent expansion of business stakeholders and the frequent occurrence of data breaches and system outages caused by cyberattacks originating from third parties, moreever, we are moving to strengthen our Bank-wide third-party management structures further and implement more rigorous management.

Education and training for executives and employees

In light of recent technological advancements, we conduct online training for all our executives and employees aimed at improving their IT and security literacy. We also carry out targeted email training that reflects current threat trends for all the executives, employees, and members of our Group. This includes monitoring their responses to suspicious emails and fostering a security-conscious mindset throughout the organization with awareness campaigns based on training results and recent threat trends. Drawing on examples of cybersecurity incidents at other companies, moreever, we are conducting cyber drills and BCP exercises that simulate potential incidents at our Bank.

Audit framework

The Audit Department conducts system audits every year to enhance the reliability of the Bank's operations by verifying its information system security.

To perform advanced audits that address recent trends in threats affecting financial institutions, moreover, the Audit Department collaborates with major consulting firms when conducting its cybersecurity audits. Based on guidelines such as the "Cybersecurity Management Guidelines" (Ministry of Economy, Trade and Industry) and "CIS Controls" (CIS, United States), we conduct audits of both organizational and technical aspects. The issues we identify are managed and addressed on an ongoing basis under the Nanto Bank CSIRT's annual plan, and the Audit Department monitors the progress of these initiatives. Through such efforts, we are making organization-wide efforts to strengthen our cybersecurity management framework.

When approaching cybersecurity, an ability to respond quickly and accurately to the rapidly changing threat landscape and assure secure executive-level involvement are critical capabilities. For this reason, I myself maintain a constant state of readiness to serve as a bridge between senior management and our front-line employees, while also working to accelerate decision-making and reporting.

Since cybersecurity risks can no longer be managed by any single department, we are reinforcing our cross-departmental framework by bringing together such departments as the Corporate Planning and Risk Management Departments, while working continuously to improve security literacy throughout the Bank.

This field is non-competitive, and while the Bank is already engaged in mutual assistance initiatives with participating banks in the "Chance" regional bank sharing system, we intend to expand these efforts to the local community in the future. We also plan to enter into agreements concerning cybersecurity and BCP with financial institutions in other regions to access the benefits from the mutual assistance this provides to help maintain our local customers' financial transactions and safeguard their information assets.



Manager, IT Strategy Department
Takayasu Sakagami

Enhancing the Risk Management System

Basic policy

Nanto Bank is reinforcing its risk management in recognition of the importance of preventing assorted management risks and taking measures to mitigate or avoid others, while also responding to emergency situations that could exert a significant impact on its corporate activities.

Risk management systems

Integrated risk management

To reinforce our ability to manage the risks we face in our banking business, Nanto Bank has assigned responsibility for each risk to an appropriate department and established the Risk Management Department to handle them in an integrated manner by determining the various risks' individual positioning and magnitude and responding to each promptly and accurately.

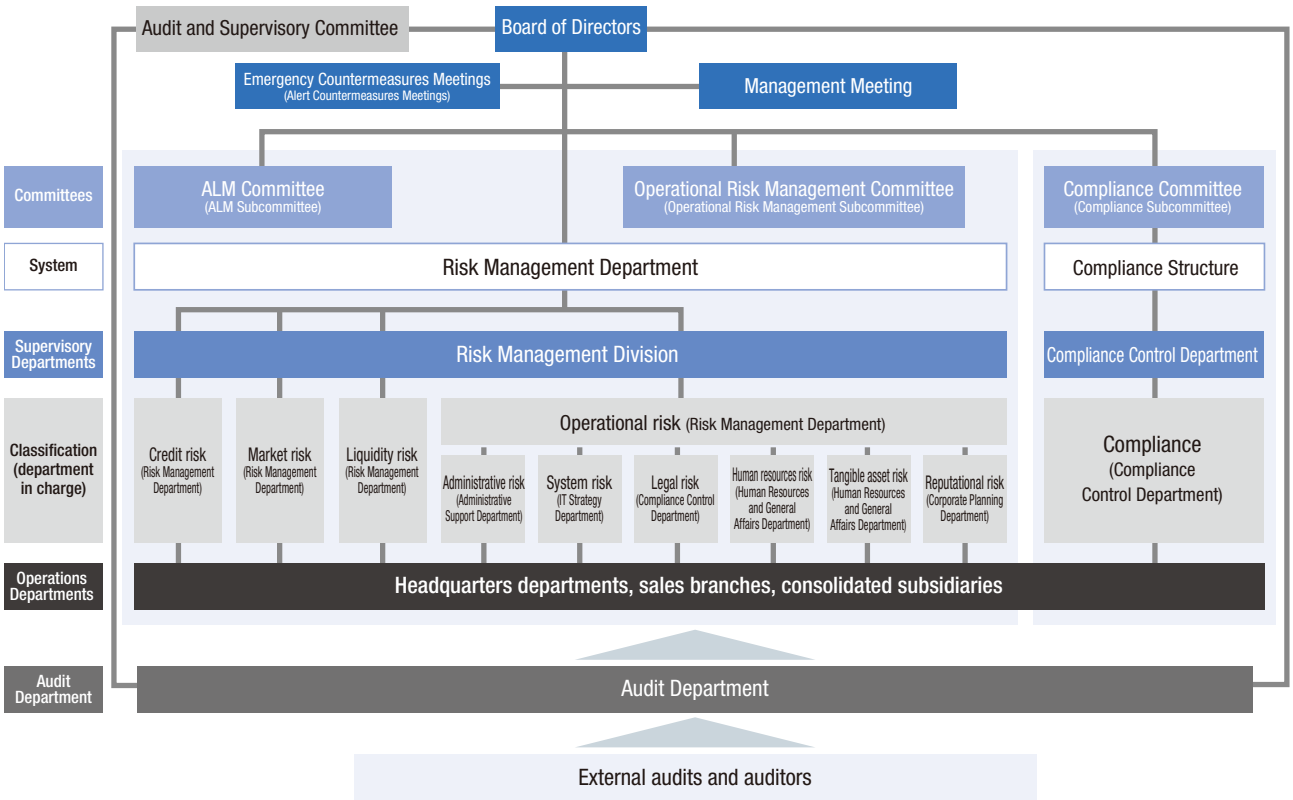
In our commitment to risk management, we have specified basic risk management policies through various directives, including our Integrated Risk Management Regulations.

To realize integrated risk management in which risks are quantified on a unified scale and the amount of each is controlled to an appropriate level in relation to equity capital in consideration of management strength, we determine the risk capital allotment (capital allocation amount) for each type of risk semi-annually within the range of equity capital, and control each risk amount (value at risk = VaR, etc.) to ensure that it falls within the scope of capital. The ALM Committee evaluates the status of each risk at its monthly meetings as part of its efforts to achieve more efficient, effective risk / return management, and systems are in place to exercise appropriate controls for ensuring management stability and improving profitability from the perspective of effective use of capital.



- **Operational/processing risk**
  (Ensuring accurate and reliable back-office processing)
- **System risk management**
  (Response to system failures/prevention of unauthorized use)
- **Legal risk management**
  (Monitoring of legal compliance)
- **Human risk management**
  (Response to personnel and labor problems)
- **Tangible asset risk management**
  (Response to impairment of tangible assets)
- **Reputational risk management**
  (Response to false assertions circulating in the market and among customers)

■Risk management organization



Crisis management system

Nanto Bank's risk management systems, discussed below, are reinforced by a Crisis Management Plan and an accompanying response manual for every type of crisis that might impact our business. The topics include natural disasters ranging from large-scale earthquakes and system failures to infectious disease epidemics. In the event of a crisis, the Crisis Management Headquarters and other relevant bodies will gather information and communicate requisite centralized guidance and orders to minimize its impact on operations.

We also implement measures to ensure the Bank's ability to continue providing customer services as one of the service providers playing an essential role in maintaining social functions. These include such measures as enhancing our facilities to enable continued operation, even in the event of a disaster, and ensuring the effectiveness and continuous improvement of our Crisis Management System through crisis management drills and other measures.

Measures to combat money laundering and financing of terrorism, diffusion finance, corruption, and bribery

Recent years have brought increasing demand from the international community for measures to combat money laundering and prevent financing of terrorism, diffusion finance, corruption, and bribery ("money laundering, etc."). In this context, we have positioned money laundering etc. prevention as one of our most important management issues. We have appointed the officer in charge of the department responsible for overseeing measures to prevent money laundering, etc. as the AML General Bank Manager. We also aim to improve the effectiveness and sophistication of our money laundering prevention by, for example, establishing the Policy Against Money Laundering, etc. as a fundamental Group policy.

In response to the emerging financial crimes that are becoming more complex and sneakier, we are also striving to maintain safe, highly convenient financial services by enhancing our preventive measures to prevent our customers from accidentally becoming involved in any financial crimes.

Policy Against Money Laundering, etc.

1. Organizational structure

(1) The Bank considers countermeasures against criminal activities such as money laundering, etc. to be one of the most important issues for management. It complies with all applicable laws and regulations concerning their prevention and establishes and implements the necessary administrative procedures. We also deploy our resources appropriately, including assignment of personnel with the requisite expertise and allocation of budgets.

(2) The Bank shall establish a centralized management system by designating a person responsible and a supervisory department for money laundering, etc. prevention and shall respond to the relevant issues in a cross-organizational manner through coordinated efforts of the departments concerned.

2. Risk-based approach

The Bank shall employ a risk-based approach to appropriately identify and assess money laundering, etc. and other risks and shall implement mitigation measures commensurate with the risks.

3. Customer management policy

The Bank shall establish a system for conducting confirmation appropriately at the time of transactions and other customer management measures in accordance with the applicable legal and regulatory requirements. It shall also examine and analyze customer transaction records periodically and implement necessary customer management measures.

4. Reporting of suspicious transactions

The Bank shall confirm and determine whether transactions reported by its branch offices or detected through transaction monitoring are suspicious and shall notify the authorities immediately if it determines that a transaction is suspicious.

5. Correspondent bank management

The Bank shall collect information on correspondent banks, assess it adequately, and take proper measures in response to the risks associated with it. It shall eliminate any relationships with spurious banks that have no actual business operations as well as any business with correspondent banks that engage in transactions with fictitious banks with no business presence.

6. Management and employee training

The Bank shall conduct ongoing training programs to educate its officers and employees fully with respect to money laundering to raise their levels of expertise and assure proper responses.

7. Compliance auditing

The independent Internal Audit Department shall conduct regular audits of the Bank's money laundering, etc. and related systems, and the Bank shall draw on the results of the audits to improve its systems further.

8. Economic sanctions and asset freezing

The Bank shall take such appropriate measures in accordance with domestic and foreign laws and regulations as eliminating business relationships with parties subject to economic sanctions and freezing their assets.

9. Anti-bribery and anti-corruption actions

The Bank shall comply with the main objectives of laws and regulations related to the prohibition of bribery and the prevention of corruption. It shall refuse any requests to engage in bribery and avoid providing entertainment or gifts that exceed the socially acceptable value.

We shall endeavor, to ensure that our officers and employees are trained in the highest professional ethics. We have established guidelines regarding business entertainment and gifts, etc., with which our officers and employees are required to comply.

Strengthening credit risk management

Credit risk is the risk of incurring losses due to a decrease or loss of the value of assets stemming from deterioration of the financial condition of the creditor. We contribute to our customers' development through solutions based on our "know your customer" efforts, offering thorough financial and/or core business support to improve the quality of the Group's assets at the same time.

Responding to Diverse Risks

Compliance systems reinforcement

Compliance must always be ensured in observance of not only laws, government ordinances, and internal rules, but also of ethical and social norms. It is imperative that banks fulfill their social responsibilities and public missions in good faith. At Nanto Bank, we are implementing the following measures to ensure our full compliance with any and all applicable rules:

- Fully aware of its public mission and social responsibility as a financial institution, the Bank seeks to gain the trust of all our stakeholders, including our regional community and shareholders, by positioning compliance with laws and regulations as the most important issue for management. To this end, we have formulated Basic Guidelines and a Code of Conduct as corporate policies with which all the Bank's officers and employees must comply.
- The Bank formulates a Compliance Program including these policies each fiscal year and ensures that it is shared with and observed by all its Group member companies. The progress and status of achievement of the Compliance Program is verified semiannually and reported to the Compliance Committee and the Board of Directors.
- In order to define a basic framework for our compliance systems, we have clarified our stance toward compliance with laws and regulations, not only by establishing compliance regulations but also by formulating disciplinary regulations that show the fairness and transparency of our disciplinary actions.
- We have established a Compliance Committee chaired by the president to serve as a cross-sectional organization within the Bank that discusses and decides important matters related to compliance, as well as a supervisory department responsible for planning and supervising compliance.
- Each fiscal year, we prepare a compliance program as a concrete, practical plan for achieving compliance, after which we investigate the program's implementation status and make appropriate revisions.
- We are pursuing efforts to optimize the operation of our compliance hotline, a whistle-blower system established for purposes of prevention, early detection and response to violations of laws and regulations, harassment, and corrupt practices such as bribery. To protect whistleblowers, we accept reports made anonymously or under their real name and conduct investigations under strict information management, including management ensuring that their personal information is handled only by a designated contact person in strict compliance with confidentiality standards to protect their identity. We also ensure that whistleblowers are not tracked down or treated unfavorably in any way, including through personnel actions, because of their reporting.
- Our efforts to prevent violations of laws and regulations, harassment, bribery, and other acts of corruption include conducting annual training sessions and providing guidance for all our executives and employees. We also hold monthly compliance seminars at every branch and office, moreover, led by compliance officers assigned to the local area, and seek to raise awareness among our executives and employees regarding prevention of law-breaking and harassment.
- We have compiled a Compliance Handbook to serve as a detailed guide to maintaining compliance, and we are following up with efforts to foster a compliance mindset by distributing the handbook to all our management and general personnel, and by holding regular group training and study sessions at every workplace.
- In accordance with our resolute attitude toward antisocial forces that threaten the order and safety of civil society, we have formulated a set of Regulations for Dealing with Antisocial Forces, etc. to establish and maintain a system that eliminates any relationships with antisocial forces.

Internal audit structure

Basic Internal Audit Policy

To ensure sound management and appropriate operations, our Basic Internal Audit Policy calls for an effective, independent audit framework that verifies and evaluates the appropriateness and effectiveness of internal controls and strengthens those controls through recommendations for improvement and other measures.

Internal Audit Structure

The Audit Department reports directly to the Board of Directors to ensure efficient execution of its oversight function with respect to the departments it audits. The department conducts audits in accordance with the Internal Audit Regulations established by the Board of Directors. The Medium-Term Internal Audit Plan formulated to systematically implement continuous improvement of internal audits, moreever, and the Internal Audit Plan presenting the audit policies for specified fiscal years are subject to approval by the Board of Directors. Prior to submitting these plans to the Board for deliberation, the Audit Department must obtain the consent of the Audit and Supervisory Committee. These plans are drawn up in consideration of the Bank's management policies, changes in the external environment, and trends in various risks as well as the opinions of the Board of Directors and the Audit and Supervisory Committee. The Audit Department strives to strengthen governance by maintaining close cooperation with the Audit and Supervisory Committee, through procedures including regular reporting and consultation regarding the annual internal audit plan, internal audit results, and various internal and external information.

Internal audits are conducted at branch offices, Headquarters, and consolidated subsidiaries. In addition to comprehensive audits verifying the appropriateness and effectiveness of the Bank's overall internal control system—including its compliance and risk management—partial audits designed to counter fraud and misconduct, and follow-up audits to confirm the status of improvements, the Bank also conducts cross-organizational thematic audits to verify the status of responses to management issues and significant risks.

Initiatives to enhance our internal auditing

The Audit Department is working to improve the effectiveness and quality of internal audits based on its Medium-Term Internal Audit Plan.

As part of these efforts, we are establishing and implementing a risk-based audit approach designed by refining our risk assessments and enhancing our off-site monitoring. These developments enable us to accurately identify the occurrence and magnitude of changes in the risk environment and to prioritize the allocation of audit resources to high-risk areas. By enhancing our thematic audits which verify the status of responses to management issues and key risks—we are constructing an audit system that responds quickly and effectively to changes in the business environment.

In addition to making continuous improvements through regular quality assessments, we are seeking to enhance the internal audit function sustainably by improving our audit quality in accordance with global internal audit standards, as well as by cultivating top-flight audit personnel with enhanced expertise.

Nanto Bank Group's Internal Audit https://www.nikkei.com/nkd/disclosure/tdnr/20260623576619/ Corporate Governance Report, pages 13-14

Nanto Bank Group's Human Rights Policy

The Group recognizes respect for human rights as an important management issue that requires a proper response. We responded by compiling the Nanto Bank Group Human Rights Policy to assure that every Group member respects, protects, and promotes the human rights of all our stakeholders in every business activity.

Nanto Bank Group Human Rights Policy

The Nanto Bank Group recognizes respect for human rights as a crucial management issue to be addressed in order to realize sustainable management that grows with the community. We have accordingly established the Nanto Bank Group Human Rights Policy as an initiative promoting respect for human rights in our business activities.

We will comply with the laws and regulations of every country and region concerned in all our business activities and fulfill our responsibility to respect human rights.

In the event of a conflict between the laws and regulations of a specific country and internationally recognized norms, we will seek ways to support and respect internationally recognized human rights-related norms, regardless of whether the country in question recognizes a legal obligation to respect human rights.

Respect for international standards

The Nanto Bank Group complies with the laws and regulations applicable in each country and region in which it conducts business. As concerns human rights, the Group supports and respects international standards such as the International Bill of Human Rights, the Guiding Principles on Business and Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Principles on Children's Rights and Business.

Scope of application

This policy applies to all officers and employees of the Nanto Bank Group.

We also expect all our stakeholders—including our customers and suppliers—to be made aware of and supportive of our policy.

Regarding our customers

The Nanto Bank Group respects the human rights of our customers and strives to ensure that they experience no discriminatory treatment in the provision of our services.

We will work together with our customers to resolve human rights issues, moreover, and ask them to refrain from infringing on human rights.

If the services we provide are linked to human rights violations, the Nanto Bank Group will respond appropriately and will encourage our customers to take appropriate action as well.

Regarding our suppliers

The Group also respects the human rights of its suppliers and requires them to refrain from infringing upon others' rights. If a supplier is found to be impacting human rights negatively, the Nanto Bank Group takes appropriate action and encourages the supplier to do the same.

To all employees and corporate officers

The Nanto Bank Group respects the human rights of all its employees and officers—and refuses to tolerate discrimination or human rights violations based on nationality, race, ethnic origin, social status, religion, beliefs, age, gender, sexual orientation, gender identity, disability, or any other grounds under any circumstances. We encourage equal relationships in which employees and executives recognize one another as business partners and exchange opinions freely, thus fostering a corporate culture that rejects harassment and respects human rights. We strictly prohibit harassment, employ established consultation channels, and work to create comfortable work environments.

The Nanto Bank Group recognizes freedom of association and the right to collective bargaining as rights of its officers and employees. While promoting compliance with laws and regulations and respect for these rights, we strive to ensure appropriate communication between management and labor.

The Nanto Bank Group follows laws and regulations, including the Labor Standards Act, governing working conditions in the Group. Our basic policy is to strive to curb excessive workloads and reduce overtime, provide a workplace environment where employees can work safely and in good health, and comply with the minimum wage set by law while also seeking to pay wages exceeding a living wage.

We are appropriately implementing a Japanese statutory requirement effective from April 2020, moreover, and advancing our policy of creating an environment in which all our executives and employees can find fulfillment in their work, regardless of their employment status.

Fair hiring practices

The Nanto Bank Group conducts strict, fair hiring practices based on an individual applicant's character, abilities, and aptitude.

Human rights due diligence

In deploying human rights due diligence, the Nanto Bank Group is committed to preventing and mitigating any adverse impacts on human rights resulting from its business activities.

Management systems and training

We report to management on the status of our initiatives regarding respect for human rights, verify their effectiveness, strive to improve them, and revise our policies as necessary. We also conduct training sessions to deepen employees' knowledge and understanding of human rights.

Remedial measures

If it becomes apparent that officers or employees of the Nanto Bank Group or the services it provides have caused or been involved in inflicting an adverse impact on human rights, the Group takes appropriate actions and works to remedy the situation.

Disclosure and dialogue

We are committed to actively disclosing information regarding the Nanto Bank Group's human rights initiatives. We employ dialogue with our stakeholders, moreover, in our efforts to improve and enhance these initiatives.

Whistleblower hotline

To ensure early detection and prompt remediation of legal violations and other misconduct involving the Bank, its Group companies, or their respective officers or employees, the Bank has established an internal reporting channel—the Compliance Hotline—which enables strict information management in accordance with confidentiality standards, and dedicated to strengthening the Bank's compliance-oriented management. We observe strict confidentiality protocols—including measures to ensure that information regarding whistleblowers is handled exclusively by designated personnel. We conduct investigations in a manner that securely protects the whistleblower's identity from exposure. We are also fully committed to ensuring that whistleblowers are not tracked down, and that they do not face any adverse treatment, in personnel or official circumstances, in response to filing a report.

Reporting content

Violations of laws and regulations or issues related to compliance and ethics involving the Bank or Group companies, officers, or employees.

[All officers and employees of Nanto Bank and its Group companies, including those who left within the past year]
[Reporting contact] (Internal contact) Name: Compliance Control Department, The Nanto Bank, Ltd.
(External contact) Name: Ohmine Law Office

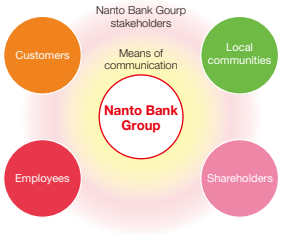
[All officers and employees (including those who have retired within the past one year) of entities handling business outsourced by Nanto Bank and its Group companies]
[Reporting contact] Name: Ohmine Law Office

Whistleblower Hotline https://www.nantobank.co.jp/hotline/

Strengthening Relationships with Stakeholders to Maintain Our Position to Remain Our Customers' Banking Group of choice

Basic concept

The Nanto Bank Group places particular importance on engagement with its stakeholders. We listen closely to the ideas and opinions expressed by stakeholders, ranging from our customers and shareholders to our employees and local community residents, and incorporate their suggestions into our responses as appropriate. We are steadily implementing the Bank's Action Plan, while engaging in continuous dialogue and creating new value in cooperation with our stakeholders as an avenue to realizing sustainable management that grows with the community and remain our customers' banking group of choice.



Stakeholders	Main issues and needs	Primary means of communication
Customers	Diversification and growing complexity of customer needs	• Dialogue using customer feedback cards, etc.
Local communities	Sustainable local communities Developing human resources for the next generation within the community	• Crowdfunding • Financial and economic education • Nanto Scholarship Society • "Magokoro no Issatsu" ("sincere book") campaign • Nanto Bank Hockey Club • Donations through trusts • Volunteer river cleanup activities • Association for the Protection of Yoshino Cherry Blossoms • Donation to the Nara Prefectural Council of Social Welfare
Employees	Ensuring a comfortable workplace environment Initiatives to reform work styles	• Increases in basic and starting salaries • Employee benefits, work environment, and diversity promotion
Shareholders	Timely and appropriate information disclosure Appropriate returns to shareholders Enhancement of corporate value	• IR meetings • Dialogue with institutional investors and analysts • General Meeting of Shareholders • Corporate Presentation

Engagement with customers

We employ the feedback and requests we receive from our customers to improve our operations and enhance our products and services, thereby practicing customer-centric business operations. Through these efforts, we seek to deepen our relationships of trust with customers and strengthen our position to remain our customers' banking group of choice.

Customer-oriented business operations

In its commitment to conducting business in the best interests of customers, the Nanto Bank Group* has established an Action Plan for realizing its Policy Initiative for Customer-oriented Business Operations.

Our Policy on Customer-oriented Business Operations documents our commitment to helping customers achieve stable asset formation through our sales of financial products. Guided by this policy, we establish indicators (KPIs) to confirm the results of our efforts, and review and disclose the results periodically.

* Group companies subject to the KPIs: The Nanto Bank, Ltd. and Nanto Mahoroba Securities Co., Ltd.

Please refer to our website for details of our "customer-oriented business management."

Engagement with Local Communities

We are working collaboratively with local communities to solve their issues and revitalize the region. By contributing to sustainable regional development, we remain our customers' banking group of choice.

Community financial literacy improvement activities

Customer seminar

We held an event titled the Financial and Economic Education Event in Nara: Learn and Save!—Talking About Money in the Era of the 100-Year Life Span. As its name suggests, the event was designed to help customers—from young adults to retirees—learn about building wealth in an enjoyable and easily understandable manner in this era of the 100-year life span. Many customers came to listen and learn.



Attending a lecture by Taizo Sugimura

Strengthening relationships with the community through social contributions

Donation to Nara Prefecture in support of the Ancient Capitals of Asuka and Fujiwara World Heritage Support Time Deposit

The Bank donated 3,257,160 yen to Nara Prefecture, an amount equivalent to 0.01% of the total deposits made into the Ancient Capitals of Asuka and Fujiwara World Heritage Support Time Deposit we sponsored. Available over the counter at all our branch counters and via our app, this product was developed to support efforts toward World Heritage registration of the Ancient Capitals of Asuka and Fujiwara. Large numbers of customers nationwide endorsed its purpose by purchasing deposits in a total amount that met our initially targeted fundraising cap.



(Left) Mr. Honda, Executive Director of Nanto Bank
(Right) Governor Yamashita of Nara Prefecture

Donations to the Social Welfare Council

In 2004, the Bank marked its 70th anniversary by beginning a tradition of making annual donations to the Nara Prefecture Social Welfare Council with the aim of contributing to the local community and improving social welfare. In fiscal year 2025, we donated 600,000 yen.

The donations are used to support the operation of children's cafeterias and to provide grants to volunteer organizations throughout Nara Prefecture.

Donations to Food Banks

The Bank organizes regular food drives during which the Group's executives and employees bring food items from home to support residents who are short on food and to help eliminate food waste. In December 2025, we donated 13 boxes of food (101.2 kg) to the Nara Food Bank, a specified nonprofit organization. The donations were distributed to single-parent households, children's cafeterias, and welfare facilities throughout Nara Prefecture.

Nanto Ikueikai Public Interest Foundation

The Nanto Ikueikai Public Interest Foundation's contributions to its local community include offering scholarships to support the education of high school and university students of outstanding character and academic ability residing in Nara Prefecture. As of March 2025, the society had provided scholarship support for 1,524 students since its establishment in 1964.

Yoshino's Cherry Blossom Preservation Society

The Bank is a special member of the Yoshino Cherry Blossom Preservation Society, which was established cooperatively by the public and private sectors to protect the Shiroyama Sakura cherry trees (approx. 30,000 trees) on World Heritage Site Yoshino Mountain (Yoshino-cho, Nara Prefecture), which have shown signs of remarkable deterioration in recent years. As a regional financial institution, Nanto Bank cooperates actively with efforts to protect and nurture Yoshino's cherry trees by such means as dispatching volunteer staff to various related events.

Nanto Bank Field Hockey Club

In 1982, the Bank established a women's field hockey club, which has been contributing ever since to promoting sports in Nara Prefecture as the "Nanto Bank SHOOTING STARS." The club participates in Nara City sports events, visits schools, and holds field hockey training sessions for local elementary school students. The players are dedicated to contributing to and interacting with the local community through field hockey games.

Contributing to local employment

As a leading employer in our region, we contribute to stabilizing local employment through our recruitment efforts for new graduates—including high school graduates—and mid-career hires. We also hire part-time workers and promote career development that leads to full-time employment.

Employee engagement »P22-27

We are implementing various initiatives and creating an environment designed to help every individual employee find fulfillment in their work and continue to grow day by day. By supporting our employees' growth and efforts to take on new challenges, we aim to remain our customers' banking group of choice for our employees and executive officers.

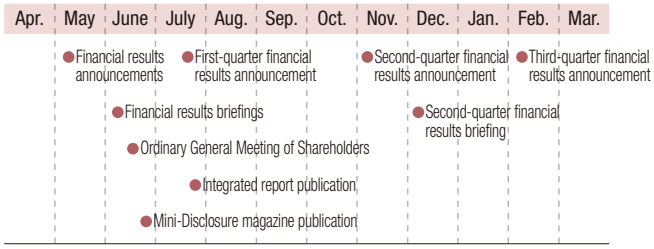
Engagement with shareholders

We are committed to providing our shareholders with timely, appropriate disclosures and to engaging in constructive dialogue with them to attain sustainable growth and enhanced corporate value over the medium to long term. We will continue to deepen our relationship of trust with our shareholders to ensure that we remain our customers' banking group of choice.

Nanto Bank Group Investor Relations (IR) Activities

We seek to provide shareholders and investors with the information about our Group they need to make knowledgeable investment decisions, including information about its financial status, management indicators, and Corporate Vision, in a continuous, fair, and easily understandable manner. We also actively engage in constructive dialogue with shareholders and investors through IR activities and incorporate their feedback into our management to enhance the Group's corporate value.

[IR Calendar]



[Activities]

General Meeting of Shareholders	Financial results briefing (IR meeting)	Management briefing	Number of meetings with analysts and institutional investors
Total participants: 105 (including online)	Two meetings: 249 participants	Nine meetings: 2,039 participants	35 meetings
			

[Responses Based on Dialogue with Shareholders and Investors]

Main topics and areas of interest

- **Update on financial targets following the increase in the interest rate policy**
- **Target level for the capital adequacy ratio**
- **Expansion of shareholder benefits**

Matters addressed through dialogue

Opinion	Updated quantitative targets in response to a policy interest rate hike.
Response	In May 2026, we revised the numerical targets of our Medium-Term Management Plan.
Opinion	Please consider expanding the shareholder benefits program.
Response	In FY2026, we are introducing a new Shareholder Benefit Time Deposit and implementing a stock split (5-for-1) to facilitate the investment cycle.

We are committed to the following activities to promote constructive dialogue with our shareholders.

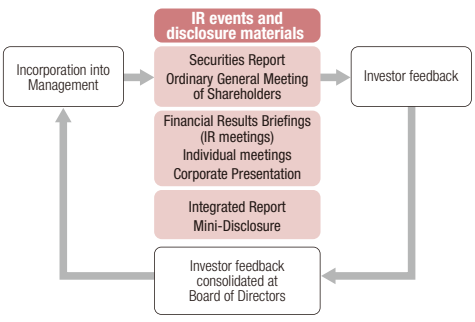
1. Dialogue with shareholders
To assure constructive dialogue with shareholders, the Director of the Corporate Planning Department, who oversees the Bank's IR activities, plays a central role by participating actively in the dialogue.

2. Internal structure facilitating dialogue
The Corporate Planning Department responsible for IR activities has established a system of compiling information from the relevant departments and providing proper information to shareholders.

3. Means of dialogue other than individual meetings
IR activities are conducted as required to provide shareholders with explanations. We will also continue to enhance our disclosure activities and to disseminate information widely by posting it on our website.

4. Feedback on shareholder opinions, etc.
The Director of the Corporate Planning Department provides management with feedback concerning opinions obtained through dialogue with shareholders at meetings of the Board of Directors and other meetings as appropriate.

5. Management of insider information
The Bank's basic policy is to disclose information in a fair, timely, and appropriate manner. It has accordingly established internal rules for prevention of insider trading and has put a strict information management system in place.



Overview of the Nanto Bank Group (As of March 31, 2026)

Company profile

Name:	The Nanto Bank, Ltd.
Founded:	June 1, 1934
Head Office:	297-2 Omiyacho 4-chome, Nara City, Nara, Japan
Capital:	¥37,924.15 million
Total assets:	¥6,658.5 billion
Balance of deposits:	¥5,923.5 billion
Loan balance:	¥4,632.2 billion
Loans to small and medium-sized enterprises:	¥1,613.1 billion
Domestic offices:	101 (62 in Nara Prefecture, including Internet branches, and 39 in other locations)
Employees:	2,297
Capital adequacy ratio:	12.82% (consolidated); 12.38% (non-consolidated)
URL:	https://www.nantobank.co.jp

Overview of Nanto Bank's consolidated subsidiary operations

Company name	Location	Principal business	Capital (million yen)	Percentage of subsidiaries' voting rights held by the Bank (%)
Nanto Management Service Co., Ltd.	Nara City, Nara Prefecture	Subsidiary management business	40	100
Nanto Credit Guarantee Co., Ltd.	Nara City, Nara Prefecture	Credit guarantee business	10	100 (100)
Nanto Lease Co., Ltd.	Nara City, Nara Prefecture	Leasing business	500	100 (100)
Nanto Computer Service Co., Ltd.	Nara City, Nara Prefecture	Software development business	10	100 (100)
Nanto DC Card Co., Ltd.	Ikoma City, Nara Prefecture	Credit card business	50	100 (100)
Nanto Card Service Co., Ltd.	Ikoma City, Nara Prefecture	Credit card business	50	100 (100)
Nanto Consulting Co., Ltd.	Nara City, Nara Prefecture	Consulting business	100	100 (100)
Nanto Challenged Co., Ltd.	Nara City, Nara Prefecture	Bank's administrative agency business	20	100 (100)
Nanto Mahoroba Securities Co., Ltd.	Nara City, Nara Prefecture	Financial instrument trading business	3,000	100 (100)
Nanto Capital Partners Co., Ltd.	Nara City, Nara Prefecture	Investment business	100	100

Notes: 1. Figures in parentheses in the "Percentage of subsidiaries' voting rights held by the Bank" column indicate the percentage of indirect voting rights.
2. Nanto Management Service Co., Ltd. is an intermediate holding company.
3. On April 1, 2026, Nanto Consulting Co., Ltd. changed its official name to Nanto Research & Consulting Co., Ltd.

(Reference) Affiliated companies accounted for by the equity method

Company name	Location	Principal business	Capital (million yen)	Percentage of subsidiaries' voting rights held by the Bank (%)
Nara Mirai Design Co., Ltd.	Nara City, Nara Prefecture	Regional revitalization business	80	39.9 (39.9)
Nara Kominka Machizukuri Partners Co., Ltd.	Nara City, Nara Prefecture	Investment business	3	— (—)
Frontier Nanto Investment LLC	Nara City, Nara Prefecture	Investment business	5	50.0 (50.0)

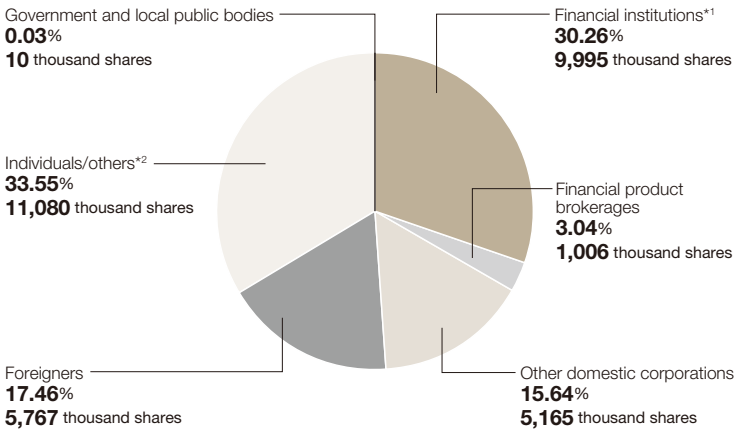
Notes: 1. Figures in parentheses in the "Percentage of voting rights held by Nanto Bank" column indicate the percentage of indirect voting rights.
2. Nara Kominka Machizukuri Partners Co., Ltd. ("the Company") is partly owned by Nara Mirai Design Co., Ltd., an equity-method affiliate of the Bank. Although the Bank holds less than 20% of the voting rights in the Company, the Company is accounted for as an equity-method affiliate because the Bank exercises significant influence over the Company.

Current status of stock issuance

Total shares issued: 33,025 thousand

Number of shareholders: 19,505

Stock distribution by owner category



*1 Total of banks, trust banks, life insurance companies, non-life insurance companies, etc.
*2 Includes 1.22 milliom treasury shares
The number of shares owned is rounded down to the nearest thousand.

Major shareholders (top 10)

Name	Number of shares held (unit: 1,000)*1	Ratio of number of shares owned to total number of shares issued (%)*2
The Master Trust Bank of Japan, Ltd. (trust account)	3,735	11.74
Custody Bank of Japan, Ltd. (trust account)	1,656	5.20
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1,053	3.31
Meiji Yasuda Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	1,043	3.27
Nanto Bank Employee Stock Ownership Association	796	2.50
STATE STREET BANK AND TRUST COMPANY 505223	667	2.10
Sumitomo Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	662	2.08
RE FUND 107–CLIENT AC	530	1.66
Daiwa Gas Co., Ltd.	471	1.48
JP MORGAN CHASE BANK 385781	420	1.32

(Note) *1 The number of shares owned is rounded down to the nearest thousand.
*2 The percentage of shares held is calculated after deducting treasury stock (1,224 thousand shares) and rounded down to the nearest hundredth. Note that treasury stock does not include the Bank's shares held by the Executive Compensation BIP Trust (128 thousand shares) or the Stock-Granting ESOP Trust (260 thousand shares).

Total shareholder returns (TSR)

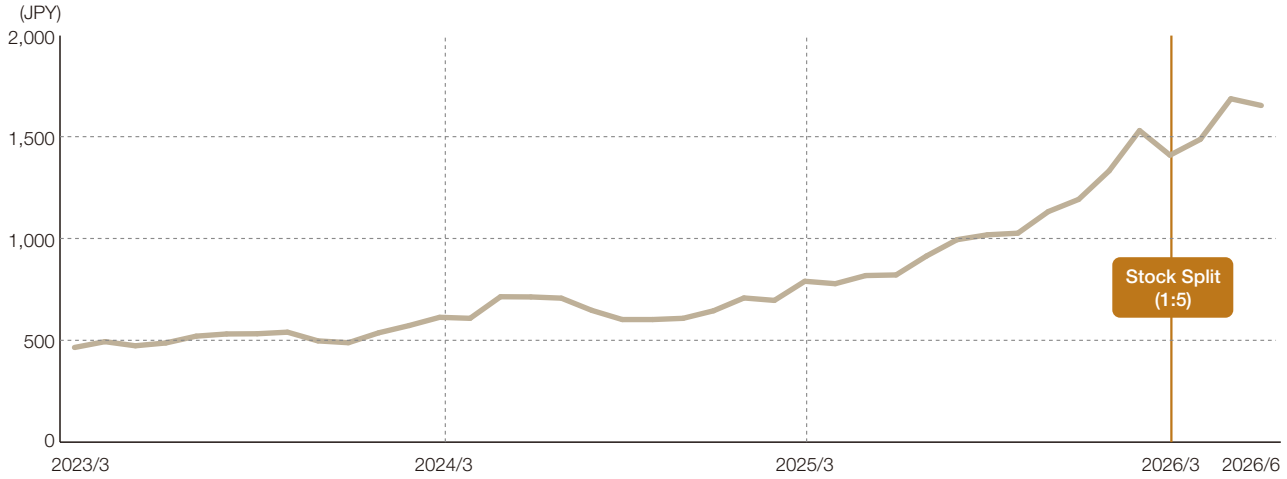
	Mar. 2024	Mar. 2025	Mar. 2026
Nanto Bank (%)	172.5	226.0	393.8
TOPIX (including dividends) (%)	152.5	150.1	202.2

Dividends per share / Dividend payout ratio

	Mar. 2024	Mar. 2025	Mar. 2026
Dividends per share (yen)	22.8	34.0	43.0
Consolidated dividend payout ratio (%)	30.0	39.6	39.5

*On April 1, 2026, the Bank conducted a 5-for-1 stock split. The dividend per share is shown after adjustment for the effect of this stock split.

Nanto Bank stock price trends



*On April 1, 2026, the Bank conducted a 5-for-1 stock split. The graph shows the stock price after adjustment for the effect of the stock split.

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	¥ —

Consolidated Financial Statements

Thousands of U.S. dollars

	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	¥ —	¥ —

Consolidated Financial Statements

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
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

Consolidated Financial Statements

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:	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		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.

Independent auditor's report

To the Board of Directors of The Nanto Bank, Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of The Nanto Bank, Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2026 and 2025, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026 and 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Appropriateness of the estimates of the reserve for possible loan losses for loans and bills discounted to small and medium-sized enterprises (SMEs)	
The key audit matter	**How the matter was addressed in our audit**
The Nanto Bank, Ltd. ("the Company") and its consolidated subsidiaries reported loans and bills discounted of ¥4,601,265 million, accounting for 68.9% of total assets, and a reserve for possible loan losses related to such loans and bills discounted of ¥21,565 million in the consolidated balance sheet. Reserve for possible loan losses reported in the balance sheet of the Company accounted for a significant portion in the consolidated balance sheet. As described in the Notes to Consolidated Financial Statements, 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES i. Reserve for possible loan losses and 3. SIGNIFICANT ACCOUNTING ESTIMATES, the Company classifies borrowers based on their credit risk rating in accordance with the predetermined standards for write-offs and reserves and reports the reserve for possible loan losses by calculating the loan loss ratio based on the category of borrowers by region. The category of borrowers is determined based on the credit rating determined by the rating model and the borrowers' repayment ability based on their substantial financial positions, financing capacities, and profitability, etc., and the terms and conditions of the loans and payment status of the borrowers. Also, the Company gives comprehensive consideration to the borrowers' sustainability, projected profitability, and ability to pay	The primary procedures we performed to assess whether the Company's estimates of the reserve for possible loan losses for loans and bills discounted to SMEs were appropriate included the following: **(1) Internal control testing** In order to test the design and operating effectiveness of certain internal controls of the Company that are relevant to the determination of the category of borrowers, we: ● tested the effectiveness of internal controls related to various regulations for the internal self-assessment criteria, and the policy for write-offs and reserves; ● tested the effectiveness of internal controls to ensure the reliability of borrowers' financial information entered into the financial reporting system; ● tested IT application controls over the quantitative determination of the category of borrowers; and ● tested the effectiveness of internal controls of the Credit Analysis Division related to the determination of the category of borrowers in consideration of qualitative factors. **(2) Assessment of determination of the**

obligations based on their annual repayable amounts, appropriateness of their business improvement plans, and other factors in light of the borrowers' industry characteristics.
The Company aims to increase Nara prefecture's real gross domestic product by 10%, as compared with 2016, in its management plan, "Nanto Mission and Objectives for the Next 10 Years," which is targeted to be achieved by 2029. The Company also strives to contribute to the development of the region by taking the initiative in resolving regional issues, with the aim of "Development of human capital who think and act on their own and solve local problems" and "Achieving sound management providing ongoing support for the community."

The Company operates mainly in Nara prefecture, neighboring prefectures, and Tokyo, but its business coverage area is limited. The main borrowers are SMEs, and the Company's balance sheet reported loans and bills discounted to SMEs of ¥1,640,653 million.

Since the business fundamentals of SMEs tend to be weaker than medium to large-sized enterprises, the Company determines the category of SME borrowers by comprehensively considering not only their financial conditions but their technical capabilities, sales capacity and growth potential, their managements' income status, asset quality, and guarantee status and capacity, in light of their business conditions.
As a result, management judgment is required over the qualitative factors including the reasonableness and feasibility of the business improvement plan which is important for borrowers categorized as "need-attention borrowers (excluding claims corresponding to restructured loans)" based mainly on the premise that reasonable and

category of borrowers

In order to assess the appropriateness of the determination of the category of borrowers, we selected borrowers to be tested individually by considering quantitative factors such as credit limits and qualitative factors such as the progress of the borrower's business improvement plans and the impact of rising prices, and performed the following procedures:

- compared the quantitative information of borrowers, including financial ratios, to the supporting materials, in order to verify that the information is based on accurate and the latest information;
- inspected related documents and inquired of personnel in the relevant divisions, such as the Credit Analysis Division, to assess whether judgments based on qualitative factors were made in a timely and appropriate manner, and assessed the appropriateness of the determination of the categories of borrowers based on qualitative factors for borrowers of which the categories have a relatively high degree of dependency on management judgment, particularly those categorized as need-attention borrowers (excluding claims corresponding to restructured loans) based mainly on the grounds that a reasonable and highly feasible business improvement plan exists; and
- assessed whether the determined categories of borrowers were appropriate, focusing on the

highly feasible business improvement plans exist. In addition, SMEs may be significantly impacted by rising prices and geopolitical risk abroad. Accordingly, management judgment on the determination of the category of borrowers may have a significant impact on the reported amount of the reserve for possible loan losses. We, therefore, determined that our assessment of the appropriateness of the estimates of the reserve for possible loan losses for loans and bills discounted to SMEs, especially the appropriateness of the management judgment on the category of borrowers, was of the most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	recoverability from the current business performance and financial conditions. To conduct this assessment, we understood the latest business conditions of borrowers and considered their industry characteristics through the inspection of related documents and the inquiries of personnel in the relevant divisions, such as the Credit Analysis Division, while considering the impact of rising prices and geopolitical risk abroad on borrowers' operating results.

Other Information

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

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

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

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

We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 105 million yen and 21 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

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

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Yoshiyuki Sumihiro
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Osaka Office, Japan
October 27, 2026

Capital Management

• Consolidated Capital Adequacy Ratio

As of March 31, 2026 and 2025

Millions of yen

	2026	2025
(1) Capital adequacy ratio ((2)/(3))	**12.82%**	11.31%
(2) Capital	**¥ 293,763**	¥ 283,724
(3) Risk-weighted assets	**2,291,213**	2,508,241
(4) Requisite capital	**91,648**	100,329

Note: The capital adequacy ratio was calculated on the basis of the formula provided by the Ministry of Finance under Provision 14, Clause 2 of the Banking Law.

• Nonconsolidated Capital Adequacy Ratio

As of March 31, 2026 and 2025

Millions of yen

	2026	2025
(1) Capital adequacy ratio ((2)/(3))	**12.38%**	10.93%
(2) Capital	**¥ 278,587**	¥ 269,368
(3) Risk-weighted assets	**2,249,088**	2,462,714
(4) Requisite capital	**89,963**	98,508

Note: The capital adequacy ratio was calculated on the basis of the formula provided by the Ministry of Finance under Provision 14, Clause 2 of the Banking Law.



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Nanto Bank supports the Kizukai Movement organized to promote use of wood from Japan's domestic forests.

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The Nanto Bank, Ltd. Corporate Planning Department
297-2 Omiyacho 4-chome, Nara City, Nara Prefecture 630-8677, Japan
Tel.: +81-742-27-1599
Homepage: https://www.nantobank.co.jp/