

Annual Report 2026

The Bank of Iwate, Ltd. Annual Report



Bank of Iwate Red Brick Building



THE BANK OF IWATE, LTD.

1 Management Policy, Business Environment, and Issues to be Addressed

1. Management Policy

(1) Fundamental mission objectives

The Bank of Iwate Group (the “Group”) aims to sustainably contribute to the development of the local community as a leading corporate group in the region, while continuing to provide workplaces where all officers and employees can take pride in their work, based on its fundamental mission objectives of contributing to the development of the regional community and ensuring financial soundness of the Bank under all circumstances. Under these fundamental mission objectives, we are working to establish a solid management foundation that can continue to support the region in any situation by taking on challenges without fear of failure, even in times of rapid environmental change, to reinforce the trust placed in us by stakeholders and the market.

(2) Long-term vision

The Group has established its long-term vision to be a “value co-creation company that will solve our customers’ issues and drive the sustainable growth of the local community” for the 10 years from April 2023 to March 2033. Under this long-term vision, we aim to bring together all of the Group’s functions and resources to provide one-stop support for our customers and the local community, including financing, support for growth and asset formation, and the construction of social infrastructure through public-private collaboration, as an “area platformer” that addresses regional issues from both financial and non-financial perspectives.

2. Review of the Previous Medium-Term Management Plan

The achievement status of the major numerical targets of the previous Medium-Term Management Plan is shown below.

	FY2025	Final year targets
Consolidated net income	¥8.9 billion (US\$55,667 thousand)	¥7.0 billion
Consolidated ROE (based on shareholders’ equity)	4.7%	Over 4.0%
Consolidated capital ratio	11.17%	Around 10%
OHR (non-consolidated)	59.0%	60% level
Customer service business profit (non-consolidated)	¥3.35 billion (US\$20,953 thousand)	Over ¥1.0 billion

3. Business Environment

The Group’s business environment is currently undergoing a convergence of challenges not seen in recent years, including sustained interest rate increases at the same time as intensifying competition in attracting deposits. Meanwhile, rising prices and soaring energy costs, along with labor shortages, are affecting the operations of companies in the region. With the rapid advancement of AI and digital technologies, we face unprecedented uncertainty. Furthermore, the growing sophistication of financial crime, heightened demands for anti-money laundering measures, and increasing social expectations regarding climate change and regional decarbonization mean that the risks and requirements the Group must address are becoming increasingly varied and complex.

At the same time, these environmental changes also present significant growth opportunities for the Group. The transition to a positive interest rate environment offers us an opportunity to reinforce our earnings base, primarily through lending and deposit operations. Moreover, we believe that by leveraging our customer base, branch network, partnerships with external institutions, and consulting capabilities, we can address challenges such as the expansion of M&A and business succession needs, the rising demand for DX among companies in the region, and the growing need for stable asset formation by households. In this way, we believe we can solve the issues facing the region while simultaneously generating revenue opportunities.

4. Issues to be Addressed

(1) Positioning of the management plan

Based on this understanding of the environment, the Group has formulated the new Medium-Term Management Plan, covering the period from April 2026 to March 2029, as the second phase of our efforts to realize our long-term vision. This plan is fundamentally grounded in a shift to management adapted to an era of inflation, aiming to further enhance the business portfolio we have built to date through offensive management, while simultaneously reinforcing the organization at a high level through defensive management. We will make full use of the management foundations established during the previous Medium-Term Management Plan, bringing our initiatives to a stage where their effects can be realized and further amplified.

(2) Basic approach of the management plan

a. Business model centered on balancing dual objectives

The Group bases its business on addressing regional challenges. We invest the management resources cultivated to date in building a healthy social infrastructure and developing industrial foundations. We reinvest the profits generated by these businesses back into the community. Through this approach, we create a cycle that contributes to the sustainable growth of the region—enhancing social and environmental value—while simultaneously pursuing greater competitiveness and profitability (economic value) for the Group.

b. Updates to long-term financial targets

We will update the financial targets for the final year of our long-term vision (FY2032) from the previous targets of “consolidated net income of ¥10.0 billion” and “consolidated ROE of over 5%” to “consolidated net income of over ¥18.0 billion” and “consolidated ROE of over 7.5%.” We also aim to achieve a consolidated ROE of over 9% in FY2035, ten years from now, and will continue our efforts for the sustainable enhancement of corporate value.

(3) Basic policies and basic strategies

We have established “Balancing Regional Co-Creation and Corporate Growth” as the theme of our new Medium-Term Management Plan, and set forth the following three basic policies and five basic strategies.

- Basic Policy 1: Transform the business portfolio
- Basic Policy 2: Enhance regional growth potential
- Basic Policy 3: Strengthen the organization
- Basic Strategy 1: Deepen our core business
- Basic Strategy 2: Promote regional co-creation
- Basic Strategy 3: Expand business domains
- Basic Strategy 4: Pursue well-being
- Basic Strategy 5: Build a robust management foundation

(4) Key financial targets of the new Medium-Term Management Plan

Under the new Medium-Term Management Plan, we have established the following key financial targets.

	FY2028
Consolidated ROE (Tokyo Stock Exchange standard)	Over 6%
Consolidated net income	Over ¥13.0 billion
Non-consolidated OHR	Around 55%
ROA (core net business profit basis)	Over 0.5%
ROA (consolidated ordinary profit basis)	Over 0.4%

2 Our Stance on Sustainability and Initiatives Thereof

1. Overall Sustainability

(1) Sustainability Policy

With the aim of realizing sustainable local communities, The Bank of Iwate Group (hereinafter referred to as “the Group”) is committed to creating common environmental, social, and economic value with all stakeholders, including local communities, customers, shareholders, investors, and the Group’s employees, through our business activities, while respecting the rights and positions of all.

1. Create a virtuous cycle of “regional economic development” and “enhancement of the corporate value of the Group” through business activities that contribute to solving various issues faced by the community and our business partners.
2. Develop and provide high-quality financial functions answering the needs of our customers and local communities, and fulfill our Group’s mission of revitalizing local economies and enriching people’s lives.
3. As a corporate group with its main base of operations in Iwate Prefecture, which has a rich natural environment, we will practice environmentally-friendly management and aim to achieve both economic growth and environmental preservation.
4. All employees shall perform their duties with high ethical standards, with the aim of establishing a higher level of corporate governance system, such as improving management transparency and strengthening supervisory functions.
5. Based on the recognition that human resources are the source of all value, we will create an environment in which each employee can maximize his/her abilities and realize a work style that respects diversity, personality, and individuality.
6. We will strive to actively and fairly disclose management information and respond to the expectations and trust of our stakeholders through continuous and constructive dialogue.

(2) Materiality

In order to realize our long-term vision, we have identified five materialities from the perspectives of growth areas and management foundation, in line with the Group’s sustainability policy. These identified materialities are incorporated into our medium-term management plan and set as basic policies and key strategies.

Going forward, we will manage the progress of these key strategies, implement the PDCA cycle, and promote ESG & SX management.

Growth Areas

- Providing services and value through the use of data
- Regional development and support for the growth of regional industries
- Leading and innovative responses toward the realization of a decarbonized society

Management Foundation

- Building an organization that maximizes the value of human resources (Human Capital Management)
- Enhancement of our corporate governance structure

2. Climate Change

(1) Risks (transition risk and physical risk) and opportunities associated with climate change

The Bank's risks and opportunities associated with climate change are shown below.

Risk Type	Business Impact	Opportunities
Transition risk	• Occurrence or increase of carbon taxes and other payments • Capital investment and adaptation to new technologies • Changes in consumer behavior • Short-, medium-, and long-term risks affecting the financial aspects of the Bank and other companies in terms of policy, regulation, technology, markets, and reputation	• Loans and other financing that contributes to solving environmental and social issues and realizing a sustainable society • Provision of consulting and solution aimed at solving climate change-related issues • Leading and innovative responses toward the realization of a decarbonized society, including the reduction of GHG emissions by the Group
Physical risk	• Higher frequency of extreme events such as floods, strong winds, heat waves, and snow damage • Increase in average temperatures and rise in sea level • Acute and chronic physical risks affecting the financial aspects of the Bank and other companies due to the loss of real estate collateral and business suspensions	

a. Transition risk

We have calculated the risk amount for the energy sector, which is expected to have the greatest impact on decarbonization, and the automobile-related sector, which is the main industry in Iwate Prefecture, based on the level of credit provided.

The Net Zero Emissions (NZE) by 2050: 1.5°C Scenario developed by the IEA (International Energy Agency) was used for this calculation.

As a result of this analysis, the cumulative impact of transition risk on credit costs is expected to increase by ¥3.0 billion (US\$18,764 thousand).

b. Physical risk

We have calculated the amount of risk based on the Intergovernmental Panel on Climate Change (IPCC) 4°C scenario, which assumes that a once-in-a-century flood will occur within the next 25 years. This assessment includes potential damages to mortgaged buildings located in Iwate Prefecture, cases where corporations in Iwate Prefecture are forced to suspend their business operations, and damages to the Bank's own branches.

As a result of this analysis, the impact of physical risk on credit costs, etc. is expected to increase by up to ¥2.3 billion (US\$14,386 thousand).

(2) Carbon-related assets

Carbon-related assets are generally defined as assets or organizations with relatively high direct or indirect GHG emissions. Accordingly, the Bank considers assets associated with the following sectors to be carbon-related assets.

(Millions of yen)

Sector	Item	FY2024	FY2025
Energy	Amount	61,329	60,985
	Percentage of loans outstanding	2.77%	2.62%
Transportation	Amount	61,821	66,108
	Percentage of loans outstanding	2.80%	2.84%
Materials, buildings and capital goods	Amount	319,648	360,589
	Percentage of loans outstanding	14.48%	15.52%
Agriculture, food and forest products	Amount	71,760	74,960
	Percentage of loans outstanding	3.25%	3.23%
Total carbon-related assets		514,559	562,644
Percentage of loans outstanding		23.31%	24.21%

(Thousands of U.S. dollars)

Sector	Item	FY2024	FY2025
Energy	Amount	383,594	381,442
	Percentage of loans outstanding	2.77%	2.62%
Transportation	Amount	386,671	413,485
	Percentage of loans outstanding	2.80%	2.84%
Materials, buildings and capital goods	Amount	1,999,299	2,255,373
	Percentage of loans outstanding	14.48%	15.52%
Agriculture, food and forest products	Amount	448,837	468,852
	Percentage of loans outstanding	3.25%	3.23%
Total carbon-related assets		3,218,408	3,519,164
Percentage of loans outstanding		23.31%	24.21%

(3) GHG emissions

a. Scope 1, 2 (including consolidated subsidiaries, unit: t-CO₂)

Category	FY2024	FY2025
Scope 1	1,034	1,024
Scope 2	1,054	852
Total	2,088	1,876

b. Scope 3 (Categories 2 and 3 include consolidated subsidiaries and all others are non-consolidated, Unit: t-CO₂)

Category	FY2024	FY2025
1. Purchased products and services	8,966	5,385
2. Capital goods	2,188	2,639
3. Fuel and energy activities not included in Scope 1 and 2	668	631
4. Transportation, delivery (upstream)	237	236
5. Waste from business operations	18	15
6. Business trips	190	258
7. Employee commute	530	751
15. Investments and loans	3,483,580	3,375,740
Total	3,496,377	3,385,655

(4) Sustainability targets

a. Reducing the Group's GHG emissions

Target	Details
FY2030	Net zero (Scope 1 and 2)
FY2050	Net zero (Scope 1, 2 and 3)

In FY2025, Scope 1 and 2 emissions were 75% lower than in the baseline year (FY2013).

b. Sustainable finance

Item	Description
Sustainable finance	Investments, loans, and lease transactions that contribute to solving environmental and social issues and realizing a sustainable society
Target amount	Accumulated amount of execution, etc. ¥500.0 billion (US\$3,127,346 thousand)
Period	FY2021-FY2030

In FY2025, the Group provided ¥38.0 billion (\$237,678 thousand) in sustainable finance, making a total of ¥292.1 billion (US\$1,826,995 thousand) since FY2021.

3. Human Capital

(1) Human resources policy

We have established the human resources policy as our desired image for people and organization, based on our fundamental mission objectives and changes in the internal and external environment.

- People are our most important asset and the source of all value.
- Each and every employee and the Bank will continue to grow together in order to live up to the trust and expectations of our customers and pave the way for the future of the community.

(2) Professional development

Based on our belief that people are most important asset, as we aim to be a value co-creation company, we will actively invest in the development of professionals who can solve local issues and promote individual growth, while emphasizing the values of our employees and the diversity of the workplace.

Indicator

- Annual investment in professional development: ¥100 million (US\$625 thousand) (¥100 million (US\$625 thousand) invested in FY2025)

a. Training of professional human resources

The Bank has established a system to systematically develop strategic human resources such as consulting personnel and highly specialized talent. This includes long-term trainees in specialized institutions such as securities management and M&A, and support for obtaining publicly recognized qualifications. We are making human resource investments to nurture professional talent capable of solving regional issues and to promote individual growth.

b. D&I promotion

The Bank has been implementing D&I initiatives with the aims of creating flexible ideas that embrace diverse values and enhancing corporate value by improving the sense of management participation and productivity of employees. In FY2022, we established our Corporate Vision as well as Indicators and Targets, as detailed below, in order to further enhance our D&I initiatives.

1. Corporate Vision

Create an organization in which every employee can grow and play an active role with peace of mind

2. Key Themes

- (1) Create opportunities for dialogue
- (2) Support career development
- (3) Active recruitment of human resources

3. Indicators and Targets for FY2030

- (1) Promotion of female employees to manager positions
Percentage of women in newly appointed manager positions: 30% or more
(40% or more, from FY2025 onwards)
- (2) Childcare leave taken by male employees
Percentage of male employees taking childcare leave: 100% or more

Toru Iwayama, *President*

Analysis of the Financial Position and Business Performance of the Bank

(on a consolidated basis)

Financial Position

Principal Accounts

Deposits (including negotiable certificate of deposit) and Asset Under Management

Deposits (including negotiable certificate of deposit) at the fiscal year-end increased by ¥41.9 billion (US\$262 million) from the previous fiscal year-end to ¥3,455.6 billion (US\$21,614 million). This was due in part to increases in deposits by corporate clients and public deposits.

The fiscal year-end balance of assets under management posted an increase of ¥43.7 billion (US\$273 million) from the previous fiscal year-end to ¥421.6 billion (US\$2,637 million). This was mainly due to an increase in the balances of insurance, investment trusts and public bonds.

Loans

The fiscal year-end balance of loans increased by ¥116.4 billion (US\$728 million) from the previous fiscal year-end to ¥2,314.1 billion (US\$14,474 million). This was due in part to an increase in SMEs loans and personal loans.

Securities

The value of total securities decreased by ¥61.4 billion (US\$384 million) from the previous fiscal year-end to ¥1,132.7 billion (US\$7,085 million). This was due in part to decreases in corporate bonds and investment trusts, despite an increase in government bonds.

Cash Flow Analysis

Net cash provided by operating activities was a net inflow of ¥22.6 billion (US\$141 million) in the current fiscal year, while net cash of ¥152.4 billion (US\$953 million) was used in the previous fiscal year. This was mainly because of increases in deposits and negotiable certificates of deposit, as well as an increase in borrowed money.

Net cash provided by investing activities was a net inflow of ¥49.7 billion (US\$311 million) in the current fiscal year, while net cash of ¥90.8 billion (US\$568 million) was used in the previous fiscal year. This was due to proceeds from sale and redemption of securities exceeding the acquisition of securities in the current fiscal year, while proceeds from sale and redemption of securities fell short of the acquisition of securities in the previous fiscal year.

Net cash used in financing activities was a net outflow of ¥2.7 billion (US\$17 million) in the current fiscal year, while net cash of ¥1.6 billion (US\$10 million) was used in the previous fiscal year. This was due to the payment of cash dividends, etc.

As a result of the above, the fiscal year-end balance of cash and cash equivalents increased by ¥69.6 billion (US\$435 million) from the previous fiscal year-end to ¥387.7 billion (US\$2,425 million).

Business Performance

Earnings

Total income increased by ¥28.3 billion (US\$177 million) from the previous fiscal year to ¥77.5 billion (US\$485 million) due in part to an increase in interest income, including interest on loans and discounts and interest and dividends on securities, as well as an increase in gain on sale of stocks and other securities.

Total expenses increased by ¥25.2 billion (US\$158 million) from the previous fiscal year to ¥64.6 billion (US\$464 million) due in part to an increase in interest on deposits and other interest expenses, as well as increases in loss on sale of bonds and loss on redemption of bonds.

As a result, ordinary profit increased by ¥3.1 billion (US\$19 million) from the previous fiscal year to ¥12.9 billion (US\$80 million) and net income increased by ¥1.9 billion (US\$12 million) to ¥8.9 billion (US\$56 million).

Capital Ratio

In terms of capital adequacy, the Bank monthly monitors whether risks are within the risk capital allocated to each risk category, and believes it is maintaining a sufficient level based on the results. In the current fiscal year, the Bank aimed to accumulate risk assets while maintaining appropriate capital levels. As a result, the capital ratio decreased by 0.22 percentage points from the previous fiscal year-end to 11.17% on a consolidated capital adequacy basis and by 0.24 percentage points from the previous fiscal year-end to 10.85% on a non-consolidated capital adequacy basis.

The Bank aims to improve its corporate value by pursuing the optimum balance between the three themes of “investment for growth,” “ensuring of appropriate capital levels,” and “enhancement of shareholder return.”

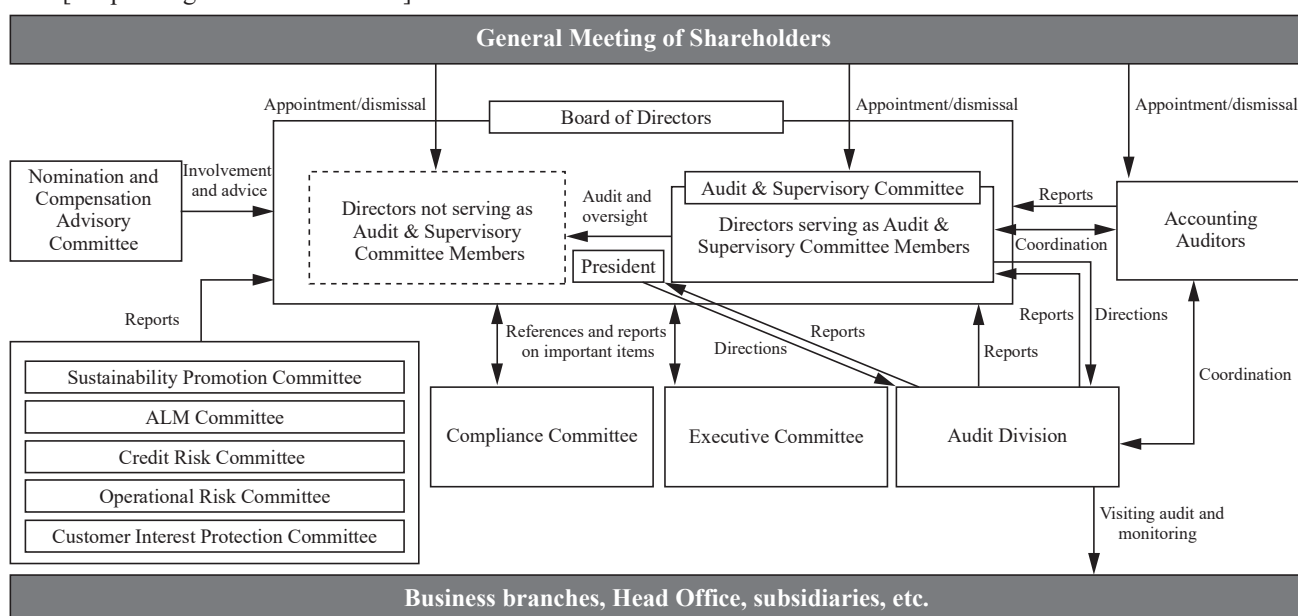
■ Basic Approach

Ever since its establishment, the management of the Bank has been based on the fundamental mission objectives of contributing to the development of the regional community and ensuring the financial soundness of the Bank under all circumstances. Even in today's rapidly changing business environment, in order to fulfill the duties expected of us as the leading bank in our region, by all stakeholders including our business partners and shareholders, we take complete responsibility for our management decisions and aim to establish the highest standard of corporate governance that includes improved management transparency and strengthened oversight functions.

■ Corporate Governance Structure

The Bank, pursuant to the resolution on the partial amendments to the Articles of Incorporation at the General Meeting of Shareholders held on June 22, 2018, transitioned to a company with Audit & Supervisory Committee. By transitioning to a company with Audit & Supervisory Committee, the Bank shall strive to further improve its corporate value through the enhancement of its corporate governance system by installing an Audit & Supervisory Committee, over half of whose members are Outside Directors, and strengthening oversight functions through the voting rights on the Board of Directors and the right to voice opinions on executive appointments and dismissals held by the Directors serving as Audit & Supervisory Committee Members.

[Corporate governance structure]



■ Configuration of the Board of Directors

From the viewpoint of ensuring the most effective and efficient functioning of the Board of Directors as well as to revitalize of the Board, the Articles of Incorporation stipulate that the number of Directors, excluding Audit & Supervisory Committee Members, shall not exceed twelve, and the Board of Directors shall consist of a combination of Directors who are familiar with the Group's business operations and multiple Outside Directors who have a wealth of experience and knowledge from outside the company. Outside Directors currently account for 50.0% of the Board of Directors, while female Directors account for 20.0%.

■ Role of the Board of Directors and Matters Deliberated

The Board of Directors makes important decisions on management plans, governance matters, and basic policies on risk and compliance, etc., by defining the scope of matters to be resolved by the Board of Directors and clarifying the scope of delegation to the management meetings and management team, etc., in the Board of Directors Regulations and other rules, as well as performs a more effective management oversight function.

Matters Discussed and Reported by the Board of Directors (FY2024)

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| <ol style="list-style-type: none">1 Management Plan2 Matters pertaining to sustainability3 Matters pertaining to risk and compliance4 Matters pertaining to corporate governance5 Human resources6 Sales7 Market8 Other<ul style="list-style-type: none">• Transformation of Headquarters Operating Model• Progress of alliance with The Akita Bank,Ltd. |
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• Board of Directors (As of July 1, 2026)

Inside Directors

President	Toru Iwayama
Director / Managing Executive Officer	Kazuhiro Sugawara
Director serving as an Audit & Supervisory Committee Member	Shinichi Matsumoto

Outside Directors

Director (Outside Director)	Atsushi Miyanoya
Director serving as an Audit & Supervisory Committee Member (Outside Director)	Masakazu Watanabe
Director serving as an Audit & Supervisory Committee Member (Outside Director)	Kazumi Matsuzawa

Managing Executive Officer	Manabu Fujiwara
Executive Officer/General Manager of Sales Strategy Division	Katsumi Yamazaki
Executive Officer/General Manager of Sendai Office	Shohei Morita
Executive Officer/General Manager of Personnel Division	Mutsuhisa Motomiya

Director / Senior Managing Executive Officer	Fumihiko Kikuchi
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Director / Managing Executive Officer	Toru Obara
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Director (Outside Director)	Toshinori Abe
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Director serving as an Audit & Supervisory Committee Member (Outside Director)	Chikako Maeda
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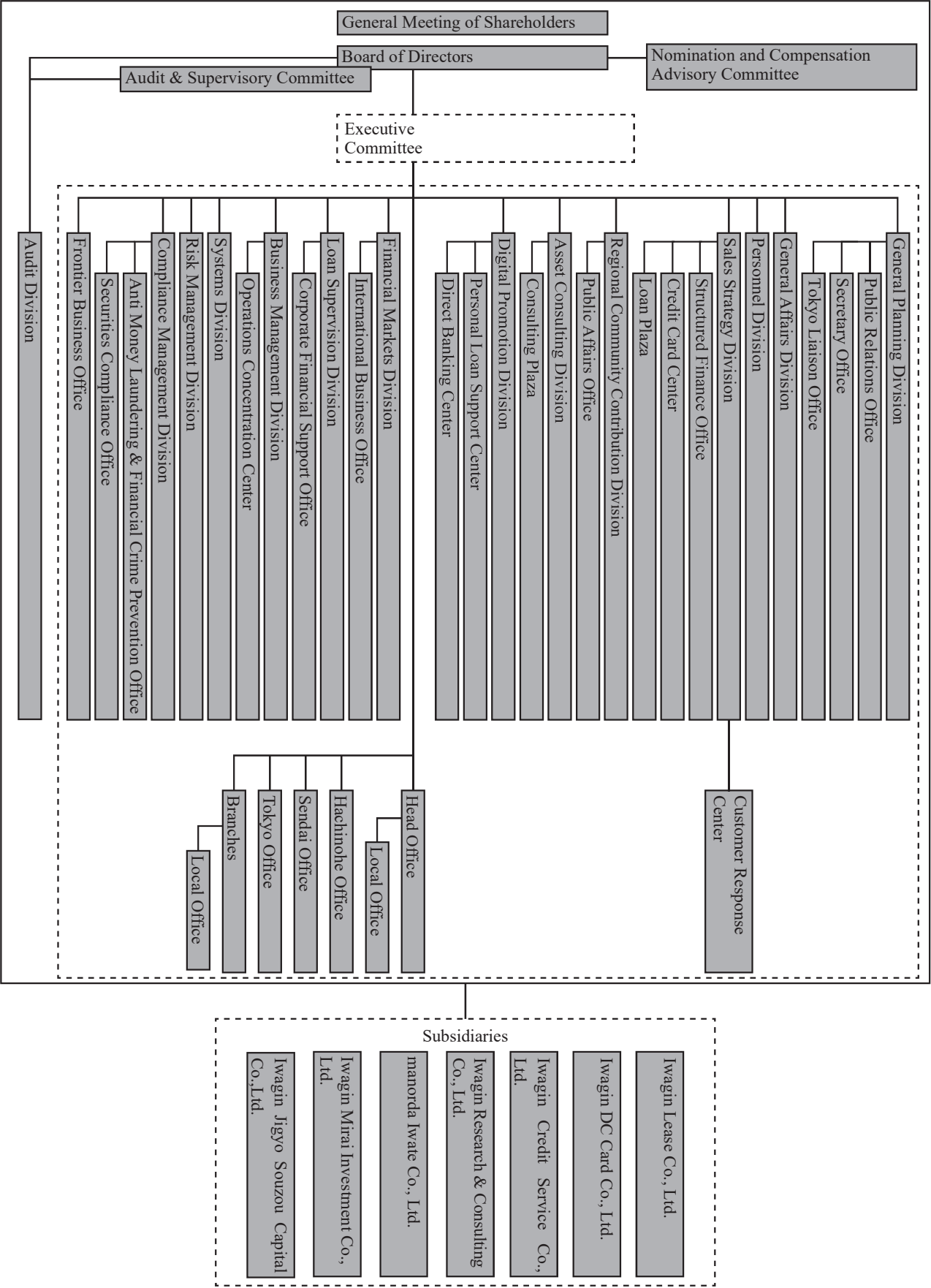
Managing Executive Officer	Shinichi Sasaki
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Executive Officer/General Manager of Head Office	Shuichi Yukikawa
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Executive Officer/General Manager of Tokyo Office	Akifumi Sugano
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Executive Officer/General Manager of Hanamaki Branch	Makoto Tanaka
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• Organization (As of July 1, 2026)



• The Bank of Iwate Group

Name/Address	Capital (Millions of yen)	Main Business	Date of Establishment	The Bank's Voting Rights	Voting Rights of Subsidiaries, etc. Other than Said Subsidiaries, etc.
Iwagin Lease Co., Ltd. 1-2-5 Chuo Dori, Morioka City, Iwate Prefecture	30	Leasing, etc.	April 1, 1972	100%	0%
Iwagin DC Card Co., Ltd. 1-2-3 Chuo Dori, Morioka City, Iwate Prefecture	20	Credit cards and credit guarantee, etc.	August 1, 1989	100%	0%
Iwagin Credit Service Co., Ltd. 1-2-3 Chuo Dori, Morioka City, Iwate Prefecture	20	Credit cards and credit guarantee, etc.	August 1, 1989	100%	0%
Iwagin Research & Consulting Co., Ltd. 1-2-3 Chuo Dori, Morioka City, Iwate Prefecture	100	Consulting, regional economic surveys, etc.	April 1, 2020	100%	0%
manorda Iwate Co., Ltd. 1-2-3 Chuo Dori, Morioka City, Iwate Prefecture	70	Local trading company business, renewable energy-related business, etc.	April 1, 2020	100%	0%
Iwagin Mirai Investment Co., Ltd. 1-2-3 Chuo Dori, Morioka City, Iwate Prefecture	50	Investment fund management, etc.	July 3, 2023	100%	0%
Iwagin Jigyo Souzou Capital Co., Ltd. 1-2-3 Chuo Dori, Morioka City, Iwate Prefecture	50	Investment fund management, etc.	April 1, 2015	100%	0%

Consolidated Balance Sheets

The Bank of Iwate, Ltd. and its consolidated subsidiaries

Years ended 31 March 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
ASSETS			
Cash and due from banks (Notes 3 and 6)	¥389,095	¥319,122	\$2,433,669
Monetary claims bought (Note 6)	5,285	3,915	33,056
Money held in trust (Notes 5 and 6)	9,306	6,479	58,206
Securities (Notes 4, 6, 8 and 15)	1,132,746	1,194,238	7,084,976
Loans and bills discounted (Notes 6, 7 and 9)	2,314,103	2,197,658	14,473,999
Foreign exchange assets	4,584	2,829	28,672
Premises and equipment (Notes 11 and 23)	13,204	13,590	82,587
Intangible assets (Notes 12 and 23)	1,437	1,494	8,988
Net defined benefit asset (Note 16)	14,400	11,031	90,068
Deferred tax assets (Note 17)	3,804	5,634	23,793
Customers' liabilities for acceptances and guarantees (Note 15)	3,210	3,465	20,077
Other assets (Notes 6, 8 and 10)	38,558	58,480	241,168
Allowance for doubtful accounts (Note 6)	(16,019)	(15,148)	(100,194)
Total assets	¥3,913,713	¥3,802,787	\$24,479,065
LIABILITIES AND NET ASSETS			
Liabilities:			
Deposits (Notes 6, 8 and 13)	¥3,455,641	¥3,413,738	\$21,613,967
Borrowed money (Notes 6 and 8)	218,717	169,276	1,368,007
Foreign exchange liabilities	29	26	181
Accrued bonuses for directors and corporate auditors	35	21	219
Net defined benefit liability (Note 16)	65	790	407
Retirement benefits for directors and corporate auditors	20	17	125
Provision for losses on reimbursement of dormant deposits	47	113	294
Provision for contingent losses	318	358	1,989
Deferred tax liabilities (Note 17)	17	95	106
Acceptances and guarantees (Note 15)	3,210	3,465	20,078
Other liabilities (Notes 6, 14 and 23)	40,863	30,230	255,585
Total liabilities	3,718,962	3,618,129	23,260,958
Net assets (Note 18):			
Common stock:			
Authorized — 49,450 thousand shares as at 31 March 2026 and 2025			
Issued and outstanding — 18,498 thousand shares as at 31 March 2026 and 2025	12,090	12,090	75,619
Capital surplus	5,667	5,667	35,445
Retained earnings	179,236	173,126	1,121,066
Treasury stock, at cost	(4,342)	(4,506)	(27,158)
Total shareholders' equity	192,651	186,377	1,204,972
Net unrealized holding gains on available-for-sale securities (Note 4)	(9,802)	(5,337)	(61,309)
Net unrealized gains (losses) on hedging derivatives (Note 6)	8,432	2,748	52,740
Remeasurements of defined benefit plans (Note 16)	3,402	802	21,278
Total accumulated other comprehensive income	2,032	(1,787)	12,709
Stock acquisition rights (Note 19)	68	68	426
Total net assets	194,751	184,658	1,218,107
Total liabilities and net assets	¥3,913,713	¥3,802,787	\$24,479,065
	Yen		U.S. dollars
	2026	2025	2026
Per share data:			
Net assets (Note 25)	¥2,820.16	¥2,683.34	\$17.64

As of April 1, 2026, the Bank conducted a stock split at a ratio of 4 shares per common share. The above assumes that the stock split was conducted at the beginning of the previous consolidated fiscal year.

See accompanying notes.

Consolidated Statements of Income

The Bank of Iwate, Ltd. and its consolidated subsidiaries

Years ended 31 March 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Income:			
Interest income:			
Interest on loans and discounts	¥28,016	¥21,129	\$175,231
Interest and dividends on securities	15,996	12,137	100,050
Other interest income	1,323	818	8,275
Fees and commissions	9,827	9,946	61,465
Other operating income	4,780	4,480	29,898
Other income (Note 22)	17,555	737	109,801
Total income	77,497	49,247	484,720
Expenses:			
Interest expenses:			
Interest on deposits	6,923	2,204	43,301
Interest on borrowings	493	48	3,084
Other interest expenses	621	597	3,884
Fees and commissions	3,951	3,746	24,712
Other operating expenses (Note 20)	24,854	6,776	155,454
General and administrative expenses (Note 21)	25,750	24,771	161,058
Other expenses (Note 22)	2,115	1,358	13,229
Total expenses	64,707	39,500	404,722
Income before income taxes	12,790	9,747	79,998
Provision for income taxes (Note 17)			
Current	3,820	2,990	23,893
Deferred	51	(219)	319
	3,871	2,771	24,212
Net income	8,919	6,976	55,786
Net income attributable to owners of parent	¥8,919	¥6,976	\$55,786
	Yen		U.S. dollars
	2026	2025	2026
Per share data:			
Net income (Note 25)	¥129.41	¥101.72	\$0.81
Diluted net income (Note 25)	129.13	101.42	0.81
Cash dividends applicable to the year (Note 28)	208.00	125.00	1.30

As of April 1, 2026, the Bank conducted a stock split at a ratio of 4 shares per common share. The above assumes that the stock split was conducted at the beginning of the previous consolidated fiscal year.

See accompanying notes.

Consolidated Statements of Comprehensive Income

The Bank of Iwate, Ltd. and its consolidated subsidiaries

Years ended 31 March 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Net income	¥8,919	¥6,976	\$55,786
Other comprehensive losses (Note 24):			
Net unrealized holding losses on available-for-sale securities	(4,465)	(23,116)	(27,928)
Net unrealized gains on hedging derivatives (Note 6)	5,684	2,698	35,552
Remeasurements of defined benefit plans (Note 16)	2,600	207	16,262
Total other comprehensive income (losses)	3,819	(20,211)	23,886
Comprehensive income (losses)	¥12,738	¥(13,235)	\$79,672
 Total comprehensive income (losses)	 ¥12,738	 ¥(13,235)	 \$79,672
Attributable to:			
Owners of parent	12,738	(13,235)	79,672

See accompanying notes.

Consolidated Statements of Changes in Net Assets

The Bank of Iwate, Ltd. and its consolidated subsidiaries
Years ended 31 March 2026 and 2025

	Millions of yen										
	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gains on available-for-sale securities	Net unrealized gains (losses) on hedging derivatives	Remeasurements of defined benefit plans	Total accumulated other comprehensive losses	Stock acquisition rights	Total net assets
BALANCE, 1 April 2024	¥12,090	¥5,667	¥167,955	¥(4,921)	¥180,791	¥17,779	¥50	¥595	¥18,424	¥221	¥199,436
Change during the year											
Cash dividends	—	—	(1,740)	—	(1,740)	—	—	—	—	—	(1,740)
Net income attributable to owners of parent	—	—	6,976	—	6,976	—	—	—	—	—	6,976
Acquisition of treasury stock	—	—	—	(2)	(2)	—	—	—	—	—	(2)
Disposal of treasury stock	—	—	(65)	417	352	—	—	—	—	—	352
Net changes in items other than shareholders' equity during the year	—	—	—	—	—	(23,116)	2,698	207	(20,211)	(153)	(20,364)
Total change during the year	—	—	5,171	415	5,586	(23,116)	2,698	207	(20,211)	(153)	(14,778)
BALANCE, 1 April 2025	12,090	5,667	173,126	(4,506)	186,377	(5,337)	2,748	802	(1,787)	68	184,658
Change during the year											
Cash dividends	—	—	(2,806)	—	(2,806)	—	—	—	—	—	(2,806)
Net income attributable to owners of parent	—	—	8,919	—	8,919	—	—	—	—	—	8,919
Acquisition of treasury stock	—	—	—	(3)	(3)	—	—	—	—	—	(3)
Disposal of treasury stock	—	—	(3)	167	164	—	—	—	—	—	164
Net changes in items other than shareholders' equity during the year	—	—	—	—	—	(4,465)	5,684	2,600	3,819	—	3,819
Total change during the year	—	—	6,110	164	6,274	(4,465)	5,684	2,600	3,819	—	10,093
BALANCE, 31 March 2026	¥12,090	¥5,667	¥179,236	¥(4,342)	¥192,651	¥(9,802)	¥8,432	¥3,402	¥2,032	68	¥194,751

	Thousands of U.S. dollars (Note 1)										
	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gains on available-for-sale securities	Net unrealized gains (losses) on hedging derivatives	Remeasurements of defined benefit plans	Total accumulated other comprehensive losses	Stock acquisition rights	Total net assets
BALANCE, 1 April 2025	\$75,619	\$35,445	\$1,082,850	\$(28,184)	\$1,165,730	\$(33,381)	\$17,188	\$5,016	\$(11,177)	\$426	\$1,154,979
Change during the year											
Cash dividends	—	—	(17,551)	—	(17,551)	—	—	—	—	—	(17,551)
Net income attributable to owners of parent	—	—	55,786	—	55,786	—	—	—	—	—	55,786
Acquisition of treasury stock	—	—	—	(19)	(19)	—	—	—	—	—	(19)
Disposal of treasury stock	—	—	(19)	1,045	1,026	—	—	—	—	—	1,026
Net changes in items other than shareholders' equity during the year	—	—	—	—	—	(27,928)	35,552	16,262	23,886	—	23,886
Total change during the year	—	—	38,216	1,026	39,242	(27,928)	35,552	16,262	23,886	—	63,128
BALANCE, 31 March 2026	\$75,619	\$35,445	\$1,121,066	\$(27,158)	\$1,204,972	\$(61,309)	\$52,740	\$21,278	\$12,709	\$426	\$1,218,107

See accompanying notes.

Consolidated Statements of Cash Flows

The Bank of Iwate, Ltd. and its consolidated subsidiaries
Years ended 31 March 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	¥12,790	¥9,747	\$79,998
Adjustments to reconcile income before income taxes to net cash used in operating activities:			
Depreciation	1,705	1,832	10,664
Impairment losses	14	49	88
Gain on negative goodwill	—	(22)	—
Loss on step acquisitions	—	(4)	—
Increase (decrease) in allowance for doubtful accounts	871	391	5,448
Increase (decrease) in provision for contingent losses	(40)	77	(250)
Increase (decrease) in accrued bonuses for directors and corporate auditors	14	(4)	88
(Increase) decrease in net defined benefit asset	(711)	(133)	(4,447)
Increase (decrease) in net defined benefit liability	399	(401)	2,496
Increase (decrease) in retirement benefits for directors and corporate auditors	3	(4)	19
Increase (decrease) in provision for losses on reimbursement of dormant deposits	(66)	(23)	(413)
Interest income	(45,335)	(34,084)	(283,556)
Interest expenses	8,037	2,849	50,269
Investment securities (gains) losses, net	2,868	1,499	17,938
(Increase) decrease in money held in trust	(111)	114	(694)
Foreign exchange (gains) losses, net	(1,830)	122	(11,446)
(Gains) losses on disposal of premises and equipment	47	10	294
Net (increase) decrease in loans and bills discounted	(116,445)	(106,531)	(728,328)
Net increase (decrease) in deposits	27,230	(38,650)	170,315
Net increase (decrease) in negotiable certificates of deposit	14,674	(24,410)	91,781
Net increase (decrease) in borrowed money	49,441	(61,801)	309,238
Net (increase) decrease in due from banks, excluding the Bank of Japan	(405)	(176)	(2,533)
Net (increase) decrease in call loans and others	(1,370)	51,435	(8,569)
Net (increase) decrease in foreign exchange assets	(1,756)	1,071	(10,983)
Net increase (decrease) in foreign exchange liabilities	3	(12)	18
Interest received	43,690	32,868	273,267
Interest paid	(6,651)	(1,997)	(41,600)
Other, net	39,433	16,380	246,641
Subtotal	26,499	(149,808)	165,743
Income taxes paid	(3,943)	(2,637)	(24,662)
Income taxes refunded	16	17	100
Net cash provided by (used in) operating activities	22,572	(152,428)	141,181
Cash flows from investing activities:			
Acquisition of securities	(216,878)	(252,366)	(1,356,505)
Proceeds from sale of securities	100,139	13,958	626,339
Proceeds from redemption of securities	170,616	149,616	1,067,150
Increase in money held in trust	(5,459)	(879)	(34,144)
Decrease in money held in trust	2,661	—	16,643
Acquisition of premises and equipment	(755)	(754)	(4,722)
Proceeds from sale of premises and equipment	11	64	69
Payment for retirement of premises and equipment	(33)	(19)	(206)
Acquisition of intangible assets	(630)	(356)	(3,941)
Payment for asset retirement obligations	(0)	(19)	(0)
Acquisition of shares of subsidiaries resulting in change in scope of consolidation	—	(36)	—
Net cash provided by (used in) investing activities	49,672	(90,791)	310,683

Consolidated Statements of Cash Flows (Continued)

The Bank of Iwate, Ltd. and its consolidated subsidiaries
Years ended 31 March 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Cash flows from financing activities:			
Repayments of lease obligations	(3)	(28)	(18)
Cash dividends paid	(2,806)	(1,740)	(17,551)
Payment for acquisition of treasury stock	(3)	(2)	(19)
Proceeds from sale of treasury stock	135	170	844
Net cash used in financing activities	(2,677)	(1,600)	(16,744)
Effect of exchange rate changes on cash and cash equivalents	—	—	—
Net increase (decrease) in cash and cash equivalents	69,567	(244,819)	435,120
Cash and cash equivalents at the beginning of the year	318,039	562,858	1,989,236
Cash and cash equivalents at the end of the year (Note 3)	387,606	318,039	\$2,424,356

See accompanying notes.

Notes to Consolidated Financial Statements

The Bank of Iwate, Ltd. and its consolidated subsidiaries
Years ended 31 March 2026 and 2025

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Bank of Iwate, Ltd. (the “Bank”) and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan, its related accounting regulations and the Banking Act of Japan, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects, such as application and disclosure requirements, from 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 supplementary information included in the statutory Japanese language consolidated financial statements, but not necessarily required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers, using the prevailing exchange rate as at 31 March 2026, which was ¥159.88 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The consolidated financial statements include the accounts of the Bank and its significant subsidiaries. Japanese GAAP on consolidated financial statements requires the consolidation of all significant investees that are controlled through substantial ownership of majority voting rights or existence of certain conditions. All significant intercompany transactions and account balances are eliminated.

Six non-consolidated subsidiaries are excluded from the scope of consolidation because in terms of their total assets, ordinary income, net income or loss (amount corresponding to equity), retained earnings (amount corresponding to equity) and accumulated other comprehensive income or loss (amount corresponding to equity), they have minor impact on the consolidated financial statements even if they are excluded from the scope of consolidation.

Investments in affiliates over which the Bank has the ability to exercise significant influence in terms of operating and financial policies of the investees are accounted for by the equity method.

There are no investments in affiliates that are accounted for by the equity method.

Six non-consolidated subsidiaries that are not accounted for by the equity method are excluded from the scope of the equity method because in terms of their net income or loss (amount corresponding to equity), retained earnings (amount corresponding to equity) and accumulated other comprehensive income or loss (amount corresponding to equity), they have minor impact on the consolidated financial statements even if they are excluded from the scope of the equity method.

Trading account securities and other securities

Securities are classified as follows based on the purpose: (a) securities held for trading purposes ("trading account securities"), (b) debt securities intended to be held to maturity ("held-to-maturity debt securities"), (c) equity securities issued by unconsolidated subsidiaries and affiliated companies, and (d) all other securities that are not classified in any of the categories above ("available-for-sale securities").

(a) Trading account securities — National government bonds held for trading purpose are presented as trading account securities.

Trading account securities are stated at fair value (cost of securities sold is calculated using the moving-average method). Gains and losses realized on disposal and unrealized gains and losses from fair value fluctuations are recognized as gains or losses in the period of the change.

(b) Held-to-maturity debt securities are carried at amortized cost (straight-line method) using the moving-average method.

(c) Equity securities issued by subsidiary companies, subsidiary corporations, etc. which are not consolidated or accounted for by the equity method, are carried at cost using the moving-average method.

(d) Available-for-sale securities with available fair values are primarily carried at the market prices (cost of securities sold is calculated using the moving-average method).

Shares, etc. that do not have a market price are stated at the moving-average cost.

Net unrealized holding gains (losses) on these securities, net of applicable income taxes, are reported in a separate component of net assets.

Available-for-sale securities with available fair values are written down when a significant decline in fair value below the cost of such securities is deemed to be other than temporary. The amount written down is accounted for as an impairment loss.

Money held in trust

As for securities invested as part of trust assets in independently managed money trusts that invest primarily in securities, money held in trust for investment purposes are stated at fair value, and other money held in trust is stated in the same way as "Available-for-sale securities" above.

Derivatives and hedge accounting

The Bank employs forward exchange contracts, currency swaps and interest rate swaps to meet customers' needs and mitigate interest rate risks and foreign exchange risks. Derivative financial instruments are stated at fair value.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Bank defers recognition of gains or losses resulting from changes in fair value of the derivative financial instruments until the related gains or losses on the hedged items are recognized (deferral method).

Transactions to hedge against interest rate risks affecting the financial assets of the Bank are accounted for using deferred hedge accounting. Regarding hedging transactions, to avoid interest rate risk arising from the financial assets which are hedged items, each transaction is used as a hedging method. The Bank offers "individual hedging," which enables derivative transactions such as interest rate swap transactions tailored to individual needs.

Regarding the evaluation of hedging effectiveness, the Bank substitutes the evaluation of effectiveness by stating that the conditions for the hedge instrument and the hedge items are generally identical.

Certain interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differential to be paid or received under the swap contracts is recognized as interest expense or income (exceptional method).

Depreciation and amortization methods

(1) Premises and equipment (excluding leased assets)

The Bank's premises and equipment are stated at cost less accumulated depreciation. The Bank depreciates its premises and equipment under the declining-balance method over their estimated useful lives. Depreciation of buildings acquired on and after 1 April 1998 (excluding installed facilities) and installed facilities and structures acquired on and after 1 April 2016 by the Bank is computed under the straight-line method. Estimated useful lives are as follows:

Buildings: 3-30 years

Equipment and furniture: 2-20 years

Consolidated subsidiaries depreciate their premises and equipment primarily under the declining-balance method over their estimated useful lives.

(2) Intangible assets (excluding leased assets)

The Bank and its consolidated subsidiaries (the "Group") amortize intangible assets under the straight-line method over their estimated useful lives. Costs of computer software developed or obtained for internal use are amortized using the straight-line method over estimated useful lives of five years.

(3) Leased assets

Depreciation and amortization of leased assets pertaining to finance lease transactions other than those that transfer the ownership of the leased assets to the Group, which are included in "Premises and equipment" and "Intangible assets," are computed under the straight-line method. The lease term is equal to the useful life and there is no residual value except where residual value guarantees are stipulated in lease contracts.

Depreciation of leased assets pertaining to finance lease transactions that transfer the ownership of the leased assets to the Group is computed by the same method used for fixed assets owned by the Group.

Allowance for doubtful accounts

The reserve for loans to borrowers that are classified as legally bankrupt or substantially bankrupt is calculated by deducting the estimated disposal value of collateral and the amount deemed collectible from guarantees from the book value.

The Bank also provides specific reserves for potentially bankrupt borrowers by calculating the amount of loss expected during the three-year period subsequent to the balance sheet date on the loan balance ("unsecured amount"), less expected collection from disposal of collateral, guarantees and repayment on the uncovered portion of the loan from historical experiences. The amount of expected loss is calculated based on the average loan loss ratio derived from the actual loan loss during the past three years, with necessary amendments such as future prospects.

For loans to large borrowers whose unsecured amount exceeds a certain level, cash flows related to the collection of loan principal and the receipt of interest are estimated using a reasonable method, and the difference between the amount of cash flows discounted at the initial contracted interest rate and the book value of the loans is recorded as allowance for doubtful accounts (cash flow estimation method ["DCF method"]).

The reserve for loans to borrowers that are classified as requiring supervision but are substantially equivalent to requiring attention is calculated based on the amount of expected loss during the three-year period subsequent to the balance sheet date. The amount of expected loss is calculated based on the average loan loss ratio derived from the actual loan loss during the past three years, with necessary amendments such as future prospects.

For loans to large borrowers whose credit amount exceeds a certain level, cash flows related to the collection of loan principal and the receipt of interest are estimated using a reasonable method, and the difference between the amount of cash flows discounted at the initial contracted interest rate and the book value of the loans is recorded as allowance for doubtful accounts (cash flow estimation method [“DCF method”]).

The reserve for loans to borrowers that are not classified as any of the above are calculated based on the amount of expected loss during the one-year period subsequent to the balance sheet date. The amount of expected loss is calculated based on the average loan loss ratio derived from the actual loan loss during the past three years, with necessary amendments such as future prospects.

Allowance for doubtful accounts mentioned above is made on the basis of the results of a strict assessment of the quality of all the Bank’s loan assets, using its internally established rules for self-assessment.

Allowance for doubtful accounts recorded in consolidated subsidiaries is calculated as follows:

General reserves are provided at an amount deemed necessary, considering the historical ratio of loan losses. Specific reserves for doubtful borrowers are provided at an amount expected to be uncollectable, considering collectability on an individual basis.

Accrued bonuses for directors and corporate auditors

Accrued bonuses for directors and corporate auditors are provided in the amount of the estimated bonuses that are attributable to each fiscal year.

Retirement benefits for directors and corporate auditors

Retirement benefits for directors and corporate auditors are provided for the future payments of directors' and corporate auditors' retirement benefits incurred up to the end of the fiscal year based on the approved internal rules.

Provision for losses on reimbursement of dormant deposits

Provision for losses on reimbursement of dormant deposits that were recorded as profit is provided for the future reimbursement based on the historical reimbursement experience.

Provision for contingent losses

Provision for contingent losses is provided for estimated future payments related to a risk-sharing agreement with public credit guarantee associations for the Bank's loans guaranteed by the associations. The provision is calculated using the expected loss ratios computed based on the historical foreclosure ratio of each borrower category.

Accounting for retirement benefits

Upon the calculation of projected benefit obligation, the estimated amount of all retirement benefits to be paid at future retirement dates is allocated using the benefit formula. The Bank has also set up retirement benefit trusts.

Actuarial differences are amortized as income or expenses commencing from the following year under the straight-line method over 10 years, which is determined as the amortization period within a range of estimated remaining service years of the eligible employees at the time the actuarial differences occur.

The consolidated subsidiaries adopt a simplified method, as allowed for small companies, which is to record retirement benefit liabilities for an amount assuming all employees would retire at the end of the fiscal year on a voluntary basis.

Income taxes

Income taxes consist of corporation, enterprise and inhabitant taxes. The provision for income taxes is computed based on the pretax income of the Bank and each of its consolidated subsidiaries with certain adjustments required for tax purposes.

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

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the end of each year.

Revenue recognition

The Bank and its consolidated subsidiaries apply the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, 31 March 2020) and other standards, and recognize revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration expected to be received in exchange for those good and services.

Appropriations of retained earnings

Under the Companies Act of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The accounts for that period, therefore, do not reflect such appropriations. See Note 28.

Amounts per share

Net income per share of common stock is computed based on the weighted-average number of shares outstanding, excluding treasury stock, during each year. Diluted net income per share reflects the potential dilution that could occur if stock options to issue common stock were exercised. Cash dividends per share represent the amounts applicable to the corresponding years and consist of interim dividends for the current year and year-end dividends declared after the end of the year.

Significant accounting estimates

Allowance for doubtful accounts

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

Allowance for doubtful accounts	¥16,019 million (\$100,194 thousand)
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In the consolidated financial statements, the Bank has determined that the allowance for doubtful accounts for loans and bills discounted, which are the Group’s main assets, has a significant impact on the Bank’s financial position, operating results, etc., and that the estimate of the allowance for doubtful accounts is important as an accounting estimate.

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

a. Calculation method

The calculation method of allowance for doubtful accounts is described in “Allowance for doubtful accounts” under “2. SIGNIFICANT ACCOUNTING POLICIES.”

b. Key assumptions used in making accounting estimates

i. Determination of the borrowers’ category

The Bank assesses its outstanding receivables, determines the borrowers’ category and classifies its receivables according to the degree of risk of recovery or impairment of value (“self-assessment”). The Bank conducts self-assessment to classify its receivables by comprehensively considering the details of the use of funds and the status of the collateral or guarantees in place, after determining the borrowers’ category based on the credit ratings in accordance with their level of credit risk.

The borrowers’ category is determined based on their financial information and other quantitative information, in addition to qualitative factors. Specifically, the Bank assesses the borrowers’ solvency based on their substantive financial condition, cash flows and profitability. The Bank also comprehensively takes into account the borrowers’ business sustainability, future profitability, ability to repay debts based on their cash flows, the reasonableness and feasibility of their business improvement

plans and support from other financial institutions to determine the borrowers' category in light of their industry/sector-specific characteristics. Such determination is made at the discretion of the management.

ii. Expected loss rate

Allowance for doubtful accounts is provided for receivables classified according to the self-assessment based on the expected loss rate for each borrowers' category. The expected loss rate is calculated based on the loan loss ratio derived from actual past loan loss in each borrowers' category, with amendments using the average for the entire measurable period as a lower limit in order to reflect long-term economic fluctuations, as necessary adjustments made to account for future prospects and other factors.

iii. Future cash flows used in the discounted cash flow method (DCF method)

The expected loss under the discounted cash flow method (DCF method) is calculated by multiplying future cash flows based on the debtor's repayment plan, etc. by the probability of occurrence premised on the debtor's rating transition forecasts, and discounting this at the contracted interest rate before the easing of loan terms.

The rating transition forecasts are based on the situation of the debtor in addition to the historical rating transition rate.

c. Impact on the consolidated financial statements for the year ending 31 March 2027

If the assumption applied to the initial estimate changes due to changes in the business condition of individual borrowers or the actual loan loss rate, there is a possibility that there will be a significant impact on the allowance for doubtful accounts recorded in the consolidated financial statements for the year ending 31 March 2027.

Accounting standards that have not been applicable yet

“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)

(1) Overview

Similar to international accounting standards, it stipulates the accounting treatment such as recording assets and liabilities for all leases held by a lessee.

(2) Application date

The Bank will apply these accounting standards and guidance from the beginning of the fiscal year ending 31 March 2028.

(3) Effects of the application of the standards

The Bank is currently assessing the effects of these standards.

Additional information

Introduction of Employee Stock Ownership Plan (ESOP)

As part of its welfare program, the Bank has introduced an employee stock ownership plan (ESOP) with the aim of revitalizing the Bank's employee stock ownership plan, encouraging employees to form stable assets, and increasing the Bank's corporate value over the medium to long term.

(1) Summary of the Transaction

The Bank has established an "Employee Stock Ownership Plan" under which employees of the Bank who meet certain requirements are beneficiaries, and the trust acquires the number of shares of the Bank that the stock ownership plan is expected to acquire in a lump sum using funds raised through borrowings over a period of five years after the trust agreement. Thereafter, the acquisition of shares of the Bank by the stock ownership plan will be made through purchase from the trust. At the end of the trust, if there is trust income due to a rise in the stock price, the money will be distributed to the beneficiary employees according to the contribution percentage. In the event that a transfer loss occurs due to a decline in the stock price and the debt related to the trust property remains, the Bank will repay the debt in a lump sum based on the compensation clause of the money consumption loan agreement, and the employees will not bear the burden.

(2) Shares of the Bank remaining in the trust

The shares of the Bank remaining in the trust are recorded as treasury stock in the net assets section based on the book value of the trust. As of the end of the fiscal year, the carrying value of treasury shares was ¥464 million (\$2,902 thousand), and the number of treasury shares was 179 thousand.

(3) The carrying value of borrowings recorded under the application of the gross amount method

The book value of borrowings recorded under the application of the gross amount method at the end of the current consolidated fiscal year was ¥397 million (\$2,483 thousand).

As of April 1, 2026, the Bank conducted a stock split at a ratio of 4 shares per common share, but the above is based on the number of shares before the split.

3. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash and due from the Bank of Japan are considered to be cash and cash equivalents. As at 31 March 2026 and 2025, the reconciliation of cash and cash equivalents in the consolidated statements of cash flows with cash and due from banks in the consolidated balance sheets is as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash and due from banks	¥389,095	¥319,122	\$2,433,669
Less: Deposits in banks other than the Bank of Japan	(1,489)	(1,083)	(9,313)
Cash and cash equivalents	¥387,606	¥318,039	\$2,424,356

4. SECURITIES

Securities held by the Group as at 31 March 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
National government bonds	¥276,208	¥238,895	\$1,727,596
Local government bonds	255,152	286,006	1,595,897
Corporate bonds	298,741	335,043	1,868,533
Corporate stocks	50,326	49,165	314,773
Other securities	252,319	285,129	1,578,177
	¥1,132,746	¥1,194,238	\$7,084,976

The securities placed under unsecured lending agreements, which borrowers have the right to sell or pledge in the amount of ¥121,000 million (\$756,818 thousand) and ¥140,000 million as at 31 March 2026 and 2025, respectively, were included in national government bonds.

A. The following tables summarize acquisition costs, book values and fair values of securities with available fair values as at 31 March 2026 and 2025:

(a) Held-to-maturity debt securities

	Millions of yen				
	Book value	Book value	Difference	Gain	Loss
As at 31 March 2026:					
National government bonds	¥45,179	¥43,148	¥(2,031)	¥19	¥(2,050)
Local government bonds	9,710	8,991	(719)	—	(719)
Corporate bonds	13,553	12,523	(1,030)	—	(1,030)
Other	3,116	2,702	(414)	—	(414)
	¥71,558	¥67,364	¥(4,194)	¥19	¥(4,213)
As at 31 March 2025:					
National government bonds	¥45,048	¥44,874	¥(174)	¥596	¥(770)
Local government bonds	9,659	9,260	(399)	—	(399)
Corporate bonds	13,561	13,023	(538)	—	(538)
Other	2,262	1,982	(280)	—	(280)
	¥70,530	¥69,139	¥(1,391)	¥596	¥(1,987)

	Thousands of U.S. dollars				
	Book value	Book value	Difference	Gain	Loss
As at 31 March 2026:					
National government bonds	\$282,580	\$269,877	\$(12,703)	\$119	\$(12,822)
Local government bonds	60,733	56,236	(4,497)	—	(4,497)
Corporate bonds	84,770	78,328	(6,442)	—	(6,442)
Other	19,490	16,900	(2,590)	—	(2,590)
	\$447,573	\$421,341	\$(26,232)	\$119	\$(26,351)

(b) Available-for-sale securities

Securities below include negotiable certificates of deposit classified as cash and due from banks.

	Millions of yen				
	Acquisition cost	Book value	Difference	Gain	Loss
As at 31 March 2026:					
Corporate stocks	¥12,222	¥48,740	¥36,518	¥36,554	¥(36)
Bonds	818,013	761,659	(56,354)	71	(56,425)
Other	229,258	234,202	4,944	9,633	(4,689)
	¥1,059,493	¥1,044,601	¥(14,892)	¥46,258	¥(61,150)
As at 31 March 2025:					
Corporate stocks	¥15,693	¥47,584	¥31,891	¥32,067	¥(176)
Bonds	830,003	791,676	(38,327)	773	(39,100)
Other	271,444	269,893	(1,551)	9,615	(11,166)
	¥1,117,140	¥1,109,153	¥(7,987)	¥42,455	¥(50,442)

	Thousands of U.S. dollars				
	Acquisition cost	Book value	Difference	Gain	Loss
As at 31 March 2026:					
Corporate stocks	\$76,444	\$304,853	\$228,409	\$228,634	\$(225)
Bonds	5,116,419	4,763,942	(352,477)	444	(352,921)
Other	1,433,938	1,464,861	30,923	60,251	(29,328)
	\$6,626,801	\$6,533,656	\$(93,145)	\$289,329	\$(382,474)

B. There were no sales of held-to-maturity debt securities for the years ended 31 March 2026 and 2025.

Total sales of available-for-sale securities in the years ended 31 March 2026 and 2025 amounted to ¥100,139 million (\$626,339 thousand) and ¥13,958 million, respectively. The related gains and losses amounted to ¥16,925 million (\$105,861 thousand) and ¥13,056 million (\$81,661 thousand), respectively, in the year ended 31 March 2026, and ¥134 million and ¥584 million, respectively, in the year ended 31 March 2025.

C. Available-for-sale securities written down for the years ended 31 March 2026 and 2025 amounted to ¥0 million (\$0 thousand) and ¥4 million, respectively.

D. Net unrealized holding gains on available-for-sale securities on the consolidated balance sheets as at 31 March 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Net unrealized holding gains before deferred tax on:			
Available-for-sale securities (Note)	¥(14,426)	¥(7,890)	\$(90,230)
Deferred tax assets	5,073	3,048	31,730
Deferred tax liabilities	(449)	(495)	(2,809)
Net unrealized holding gains before interest adjustment	(9,802)	(5,337)	(61,309)
Amount equivalent to non-controlling interests	—	—	—
Net unrealized holding gains on available-for-sale securities	¥(9,802)	¥(5,337)	\$(61,309)

Note: The balance as at 31 March 2026 includes ¥467 million (\$2,921 thousand) of net unrealized holding gains on available-for-sale securities, which are component assets of investment limited partnerships classified as securities whose fair value is not stated on the balance sheet. The balance as at 31 March 2025 includes ¥97 million of net unrealized holding gains on available-for-sale securities,

which are component assets of investment limited partnerships classified as securities for which it is extremely difficult to determine fair values.

E. Equity securities issued by unconsolidated subsidiaries and affiliated companies are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Shares	¥—	¥—	\$—
Investments	2,780	2,176	17,388

5. MONEY HELD IN TRUST

Money held in trust for trading purposes as at 31 March 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Money held in trust for trading purposes:			
Carrying amount	¥5,937	¥5,599	\$37,134
Realized gains (losses) included in earnings	—	—	—

There was no money held in trust for held-to-maturity purposes

Money held in trust other than for trading purposes and held-to-maturity purposes as at 31 March 2026 and 2025 consisted of the following:

	Millions of yen			The amount recorded on the book value exceeding the acquisition cost	The amount recorded on the book value not exceeding the acquisition cost
	Book value	Cost	Difference		
As at 31 March 2026:	¥3,369	¥3,369	¥—	¥—	¥—
As at 31 March 2025:	¥880	¥880	¥—	¥—	¥—

	Thousands of U.S. dollars			The amount recorded on the book value exceeding the acquisition cost	The amount recorded on the book value not exceeding the acquisition cost
	Book value	Cost	Difference		
As at 31 March 2026:	\$21,072	\$21,072	\$—	\$—	\$—

Note: The amount recorded on the book value exceeding the acquisition cost and The amount recorded on the book value not exceeding the acquisition cost are the breakdown of the difference.

6. FINANCIAL INSTRUMENTS

(1) Overview

a. Policy for financial instruments

The Group provides financial services, mainly focusing on banking businesses such as deposit-taking, grant of loans, trading of securities and investment in securities, as well as lease operation and credit card operation.

For its main operations, the Group raises funds through deposits, call money, etc. and applies them to loans receivable and investment in securities. Therefore, the financial assets and liabilities of the Group tend to be affected by interest rate fluctuations, and are exposed to risks stemming from changes in financial market environments (interest rate risks and price fluctuation risks), as well as to risks arising from fund shortage.

The Group manages those risks using the asset liability management (ALM) method in order to appropriately control the balance between revenues and risks in consideration of the status of the financial assets and liabilities, trend of financial markets, policies for fund management and investment policies. The Group uses derivatives for the purpose of reducing risks, but not for speculative purposes.

b. Types of financial instruments and related risks

The financial assets of the Bank consist mainly of loans for domestic enterprises and individuals and investment securities.

Loans are exposed to credit risks stemming from defaults of borrowers. The largest industrial category of loans as of the current fiscal year end was individuals, followed by local governments, financial industries and insurance industries, real estate industries, leasing industries, and loans are mostly distributed in each industry.

Securities fundamentally constitute bonds, stocks and investment trusts, which are held for investing purposes, held-to-maturity purposes and maintaining business relationships, while trading account securities are held for trading purposes. These are exposed to credit risks of issuers, interest rate risks and risks stemming from fluctuation of market prices.

Liabilities, such as deposits, corporate bonds and call money, are exposed to risks arising from fluctuation of interest rates stemming from mismatch between interests or periods of assets and liabilities. In addition, these are exposed to risks of fund shortage where the Bank fails to control cash receipts and disbursement due to unexpected fund outflow and suffers losses from imposed unusual high interest rates, as well as market liquidity risks where the Bank fails to raise funds owing to market shrinkage and is obliged to enter into unusual unfavorable transactions.

Regarding derivative transactions, the Bank enters into interest rate swap contracts in terms of the ALM control and applies hedge accounting to them as hedging instruments for interest rate risks on loans and bonds as hedged items. The Bank evaluates the effectiveness of the hedge based on accumulated fluctuation of cash flows of hedging instruments and hedged items for the periods beginning from the implementation of the hedging to the date of the evaluation and analysis on them.

Furthermore, there are other interest rate swap contracts (hedging instruments) and loans and bonds (hedged items), which are treated under the exceptional method.

c. Monitoring of credit risks

In accordance with the internal policies of the Bank for managing credit risks arising from loans, each related division monitors credit worthiness of its customers periodically and due dates and outstanding balances by individual customer. In addition, the Bank makes efforts to identify and mitigate risks of bad debts from customers who face financial difficulties.

The results of the monitoring above are carried out by each sales department and office, the structured finance office, the examination department, and the risk management department, and are regularly reported to the board of directors, and the results of monitoring internal rating, loan portfolios and quantification of credit risks are reported to the credit risk committee on a quarterly basis. The Audit Division strictly reviews the results to ensure that the monitoring procedures function properly.

Credit risks of issuers of securities and counterparty risks of derivative transactions are controlled through periodic reviews on credit information and fair value of securities by the Financial Markets Division.

d. Monitoring of market risks

(Interest rate risks)

The risks arising from fluctuations in interest rates are controlled using the ALM by the ALM committee, with reference to the discussion at the fund management meeting and interest rate analysis group meeting, through monitoring and analysis of the execution of the ALM and the discussion of future actions. Concretely, the results of the monitoring above are reported on a monthly basis to the ALM committee using gap analysis or interest rate sensitivity analysis such as BPV and VaR. Derivative instruments such as interest rate swap contracts to hedge interest rate risks are used in terms of the ALM.

(Foreign currency exchange risks)

Foreign currency swap contracts and foreign currency exchange swap contracts are used in order to control the foreign currency exchange risks.

(Price fluctuation risks)

In accordance with the internal policies of the Bank on managing market related risks, the risks arising from fluctuation of market price of investment securities are controlled through a daily VaR based on certain holding periods and confidence intervals by confirming whether the quantities of the Bank's risk fall under a certain portion of equity capital or not. Upper limits on losses on an aggregate or a realization basis are defined to control losses on a daily basis. These results are reported by the Risk Management Division to the management on a daily basis.

Investments in securities by the Financial Markets Division are executed in accordance with the investable items and investing guidelines prescribed in the market business operation standards, the market risk management standards and the primary policies on investing, and controlled through continuous monitoring. The information related to the market environment and the investment status is reported to the management on a regular basis.

(Derivative transactions)

In conducting derivative transactions, each division responsible for the execution of transactions, and evaluation of effectiveness of the hedging and related administration is clearly identified, following the hedge transaction guidelines, the market business operation standards and the market risk management standards, with setting up segregation of duties and checking systems.

(Information on volume of market risk)

The Bank employs the variance-covariance method (confidence interval of 99%, observation period of one year) in calculating VaR of deposits, loans receivable and securities (investments in bond, investments in stock, shares held for policy reasons, investments in trust). The holding period used as a parameter for the calculation is set as six months for deposits, loans receivable and shares held for policy reasons, and three months for investments in bond, investments in stock and investments in trust.

The volume of market risk, which is supposed to be estimated losses, as at 31 March 2026 was ¥26,683 million (\$166,894 thousand).

For securities, the Bank periodically verifies the effectiveness of risk measurement by a back-testing protocol that compares the volume under VaR with the amount of actual gains or losses. As a result of conducting the back-testing protocol, the Group believes that the method undertaken provides a reliable indicator of the market risks. The method of variance and covariance that the Bank uses to measure the volume under VaR assumes that changes in the market follow a normal distribution. Accordingly, under conditions subject to changes in the market exceeding the assumption, risks may be underestimated.

e. Monitoring of liquidity risks

The Bank adequately manages its liquidity risks based on various internal quantitative standards prescribed in liquidity risks management regulations, monitoring its liquidity position on a daily basis with minimum fund reserve established twice a year.

f. Supplementary explanation of the estimated fair value of financial instruments

Since various assumptions and factors are used in estimating the fair value of financial instruments, different assumptions and factors could result in different fair values.

(2) Fair value of financial instruments

The carrying amounts and the fair value of financial instruments as at 31 March 2026 and 2025 are as follows.

	Millions of yen				Thousands of U.S. dollars	
	2026		2025		2026	
	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts	Fair value
Assets:						
Monetary claims bought	¥5,285	¥4,871	¥3,915	¥3,635	\$33,056	\$30,467
Money held in trust	9,306	9,306	6,479	6,479	58,206	58,206
Securities						
Held-to-maturity debt securities	68,442	64,662	68,268	67,157	428,084	404,441
Available-for-sale securities	1,044,601	1,044,601	1,109,153	1,109,153	6,533,656	6,533,656
Loans and bills discounted	2,314,103		2,197,658		14,473,999	
Allowance for doubtful accounts	(15,111)		(14,166)		(94,515)	
	2,298,992	2,250,178	2,183,492	2,154,276	14,379,484	14,074,168
Liabilities:						
Deposits	3,455,641	3,455,153	3,413,738	3,413,104	21,613,967	21,610,914
Borrowed money	218,717	218,707	169,276	169,269	1,368,007	1,367,945
Derivative transactions:						
Derivative instruments not qualifying for hedge accounting	(946)	(946)	515	515	(5,917)	(5,917)
Derivative instruments qualifying for hedge accounting	12,274	12,735	4,000	3,567	76,770	79,653

Note 1: Book values of shares, etc. that do not have a market price and investments in partnerships as at 31 March 2026 and 2025:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Available-for-sale securities	¥19,703	¥16,817	\$123,236

Note 2: Redemption schedule for monetary receivables and securities with maturity dates after the balance sheet date:

	Millions of yen					
	2026					
	Within one year	Over one year and within three years	Over three years and within five years	Over five years and within seven years	Over seven years and within ten years	Over ten years
Due from banks (*1)	¥360,742	¥—	¥—	¥—	¥—	¥—
Call loans and bills bought	—	—	—	—	—	—
Monetary claims bought	2,169	—	—	—	—	3,116
Securities						
Held-to-maturity debt securities	1,998	—	—	66,444	—	—
Mainly consist of the following:						
National bonds	1,998	—	—	43,181	—	—
Local government bonds	—	—	—	9,710	—	—
Corporate bonds	—	—	—	13,552	—	—
Available-for-sale securities	79,335	346,455	211,332	89,391	163,117	55,552
Mainly consist of the following:						
National bonds	27,893	91,465	35,998	7,231	35,032	33,410
Local government bonds	471	33,362	66,291	65,682	79,636	—
Corporate bonds	26,135	136,386	62,880	1,579	37,405	12,807
Loans and bills discounted	282,372	442,970	412,263	206,460	223,996	507,841
Deposits	3,358,025	85,587	11,798	5	226	—
Payables under securities lending transactions	—	—	—	—	—	—
Borrowed money (*2)	113,706	12	12	12	18	19

	Millions of yen					
	2025					
	Within one year	Over one year and within three years	Over three years and within five years	Over five years and within seven years	Over seven years and within ten years	Over ten years
Due from banks (*1)	¥292,635	¥—	¥—	¥—	¥—	¥—
Call loans and bills bought	—	—	—	—	—	—
Monetary claims bought	1,653	—	—	—	—	2,262
Securities						
Held-to-maturity debt securities	—	1,996	—	9,721	56,551	—
Mainly consist of the following:						
National bonds	—	1,996	—	—	43,051	—
Local government bonds	—	—	—	6,721	2,939	—
Corporate bonds	—	—	—	3,000	10,561	—
Available-for-sale securities	61,894	223,288	282,635	153,452	200,392	95,129
Mainly consist of the following:						
National bonds	2,994	39,621	24,955	34,296	25,434	66,548
Local government bonds	3,000	20,626	68,999	71,966	111,755	—
Corporate bonds	30,693	88,916	104,252	21,111	52,161	13,830
Loans and bills discounted	300,053	428,821	380,684	209,329	205,644	481,286
Deposits	3,308,312	92,931	11,968	119	408	—
Payables under securities lending transactions	—	—	—	—	—	—
Borrowed money (*2)	48,006	12	12	12	18	25

Notes:*1 Due from banks with no maturity date is included in “Within one year.”

*2 Borrowed money is stated for those that bear interest. Among the loans, loans related to the Employee Stock Ownership Association Trust-type ESOP are not included in the above repayment schedule because there is no stipulation of the repayment amount for each installment repayment date.

	Thousands of U.S. dollars					
	2026					
	Within one year	Over one year and within three years	Over three years and within five years	Over five years and within seven years	Over seven years and within ten years	Over ten years
Due from banks (*1)	\$2,256,330	\$—	\$—	\$—	\$—	\$—
Call loans and bills bought	—	—	—	—	—	—
Monetary claims bought	13,566	—	—	—	—	19,490
Securities						
Held-to-maturity debt securities	12,497	—	—	415,587	—	—
Mainly consist of the following:						
National bonds	12,497	—	—	270,084	—	—
Local government bonds	—	—	—	60,733	—	—
Corporate bonds	—	—	—	84,764	—	—
Available-for-sale securities	496,216	2,166,969	1,321,816	559,113	1,020,246	347,461
Mainly consist of the following:						
National bonds	174,462	572,085	225,156	45,228	219,114	208,970
Local government bonds	2,946	208,669	414,630	410,821	498,098	—
Corporate bonds	163,466	853,052	393,295	9,876	233,957	80,104
Loans and bills discounted	1,766,150	2,770,640	2,578,578	1,291,344	1,401,026	3,176,389
Deposits	21,003,409	535,320	73,793	31	1,414	—
Payables under securities lending transactions	—	—	—	—	—	—
Borrowed money (*2)	711,196	75	75	75	113	119

Notes:*1 Due from banks with no maturity date is included in “Within one year.”

*2 Borrowed money is stated for those that bear interest. Among the loans, loans related to the Employee Stock Ownership Association Trust-type ESOP are not included in the above repayment schedule because there is no stipulation of the repayment amount for each installment repayment date.

(3) Fair value information by level within the fair value hierarchy

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

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

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

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

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

a. Financial instruments measured at fair value

Millions of yen				
2026				
Fair value				
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥—	¥—	¥—	¥—
Money held in trust	—	9,306	—	9,306
Securities				
Available-for-sale securities	317,306	662,030	58,276	1,037,612
Mainly consist of the followings:				
National bonds and municipal bonds	231,028	245,442	—	476,470
Corporate bonds	—	271,955	13,233	285,188
Corporate stocks	48,740	—	—	48,740
Other securities (*1 and *2)	37,538	144,633	45,043	227,214
Derivative transactions:				
Interest rate	—	12,756	—	12,756
Forward foreign exchange	—	0	—	0
Others	—	—	3	3
Derivative transactions:				
Interest rate	—	21	—	21
Forward foreign exchange	—	946	—	946
Others	—	—	3	3

Notes: *1 Securities do not include investment trusts that apply the treatment in which net asset value is regarded as fair value in accordance with Paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, 17 June 2021). The consolidated balance sheet amount of investment trusts that apply the treatment stipulated in Paragraph 24-9 is ¥6,989 million (\$43,714 thousand).

*2 Reconciliation of the beginning balance to the ending balance of investment trusts that apply the treatment stipulated in Paragraph 24-9

Millions of yen							
2026							
	Profit/Loss or other comprehensive income for the period		Net amount of purchase, sales, and redemptions	Amount for which the net asset value of investment trusts is regarded as fair value	Amount for which the net asset value of investment trusts is not regarded as fair value	Ending balance	Valuation gains (losses) on investment trusts held at the balance sheet date recognized in profit/loss for the period (*1)
	Recorded in profit/loss (*1)	Recorded in other comprehensive income (*2)					
Investment trusts	¥6,851	¥—	¥139	¥(1)	¥—	¥—	¥6,989

Thousands of U.S. dollars

2026								
	Profit/Loss or other comprehensive income for the period		Net amount of purchase, sales, and redemptions	Amount for which the net asset value of investment trusts is regarded as fair value	Amount for which the net asset value of investment trusts is not regarded as fair value	Ending balance	Valuation gains (losses) on investment trusts held at the balance sheet date recognized in profit/loss for the period (*1)	
	Beginning balance	profit/loss (*1)						
		Recorded in other comprehensive income (*2)						
Investment trusts	\$42,851	\$—	\$869	\$(6)	\$—	\$—	\$43,714	\$—

Notes: *1 There is no amount recorded in profit or loss for the current period.

*2 Included in the “net unrealized holding losses on available-for-sale securities” under “other comprehensive losses” in the consolidated statements of comprehensive income.

Millions of yen				
2025				
Fair value				
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥—	¥—	¥—	¥—
Money held in trust	—	6,479	—	6,479
Securities				
Available-for-sale securities	266,864	782,252	53,186	1,102,302
Mainly consist of the followings:				
National bonds and municipal bonds	193,848	276,346	—	470,194
Corporate bonds	—	307,096	14,386	321,482
Corporate stocks	47,584	—	—	47,584
Other securities (*1 and *2)	25,432	198,810	38,800	263,042
Derivative transactions:				
Interest rate	—	4,108	—	4,108
Forward foreign exchange	—	516	—	516
Others	—	—	4	4
Derivative transactions:				
Interest rate	—	541	—	541
Forward foreign exchange	—	1	—	1
Others	—	—	4	4

Notes: *1 Securities do not include investment trusts that apply the treatment in which net asset value is regarded as fair value in accordance with Paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, 17 June 2021). The consolidated balance sheet amount of investment trusts that apply the treatment stipulated in Paragraph 24-9 is ¥6,851 million.

*2 Reconciliation of the beginning balance to the ending balance of investment trusts that apply the treatment stipulated in Paragraph 24-9

Millions of yen								
2025								
	Profit/Loss or other comprehensive income		Net amount of purchase, sales, and redemptions	Amount for which the net asset value of investment trusts is regarded as fair value	Amount for which the net asset value of investment trusts is not regarded as fair value	Ending balance	Valuation gains (losses) on investment trusts held at the balance sheet date recognized in profit/loss for the period (*1)	
	Recorded in profit/loss (*1)	Recorded in other comprehensive income (*2)						
Investment trusts	¥5,956	¥—	¥94	¥801	¥—	¥—	¥6,851	¥—

Notes: *1 There is no amount recorded in profit or loss for the current period.

*2 Included in the “net unrealized holding losses on available-for-sale securities” under “other comprehensive losses” in the consolidated statements of comprehensive income.

Thousands of U.S. dollars				
2026				
Fair value				
	Level 1	Level 2	Level 3	Total
Monetary claims bought	\$—	\$—	\$—	\$—
Money held in trust	—	58,206	—	58,206
Securities				
Available-for-sale securities	1,984,651	4,140,793	364,498	6,489,942
Mainly consist of the followings:				
National bonds and municipal bonds	1,445,009	1,535,164	—	2,980,173
Corporate bonds	—	1,700,994	82,768	1,783,762
Corporate stocks	304,854	—	—	304,854
Other securities	234,788	904,635	281,730	1,421,153
Derivative transactions:				
Interest rate	—	79,785	—	79,785
Forward foreign exchange	—	0	—	0
Others	—	—	19	19
Interest rate				
Derivative transactions:				
Interest rate	—	131	—	131
Forward foreign exchange	—	5,917	—	5,917
Others	—	—	19	19

b. Financial instruments other than those measured at fair value

Millions of yen				
2026				
Fair value				
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥—	¥—	¥4,871	¥4,871
Securities				
Bonds held for maturity	43,148	21,514	—	64,662
Mainly consist of the followings:				
National bonds and municipal bonds	43,148	8,991	—	52,139
Corporate bonds	—	12,523	—	12,523
Loans and bills discounted	—	22,641	2,227,537	2,250,178
Deposits	—	3,455,153	—	3,455,153
Borrowed money	—	218,707	—	218,707

Millions of yen				
2025				
Fair value				
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥—	¥—	¥3,635	¥3,635
Securities				
Bonds held for maturity	44,874	22,283	—	67,157
Mainly consist of the followings:				
National bonds and municipal bonds	44,874	9,260	—	54,134
Corporate bonds	—	13,023	—	13,023
Loans and bills discounted	—	17,091	2,137,186	2,154,277
Deposits	—	3,413,104	—	3,413,104
Borrowed money	—	169,269	—	169,269

Thousands of U.S. dollars				
2026				
Fair value				
	Level 1	Level 2	Level 3	Total
Monetary claims bought	\$–	\$–	\$30,467	\$30,467
Securities				
Bonds held for maturity	269,877	134,563	–	404,440
Mainly consist of the followings:				
National bonds and municipal bonds	269,877	56,236	–	326,113
Corporate bonds	–	78,327	–	78,327
Loans and bills discounted	–	141,613	13,932,555	14,074,168
Deposits	–	21,610,914	–	21,610,914
Borrowed money	–	1,367,945	–	1,367,945

Note 1: Description of the valuation techniques and inputs used in fair value measurements

a. Monetary claims bought

For securitized instruments within the monetary claims bought, the fair value is the price obtained from brokers and other sources and is classified as Level 3 fair value based on the input used. Fair value of other transactions with short remaining terms is assumed to approximate book value, and therefore book value is used as fair value and classified as the Level 3 fair value.

b. Money held in trust

For money held in trust, in principle, the fair value is the amount of securities held in trust calculated by the same method as that for “securities” and is classified as Level 2 fair value.

Notes regarding money held in trust by purpose of holding are described in Note “5. MONEY HELD IN TRUST.”

c. Held-to-maturity debt securities and available-for-sale securities

Securities for which unadjusted quoted market prices in active markets are available are classified as Level 1 fair value. This mainly includes listed stocks and government bonds. Even if a quoted market price is used, if the market is not active, the item is classified as Level 2 fair value. This mainly includes municipal bonds and corporate bonds. In addition, for investment trusts that do not have a transaction price in the market, if there is no material restrictions that would require compensation for the risk from market participants with respect to cancellation or repurchase requests, the fair value is the net asset value and is classified as a level 2 fair value. For corporate bonds, etc. for which the market price is not available, the fair value is the price obtained from the broker and other sources and is classified as Level 3 fair value based on the input used.

For privately placed bonds without a market price, the fair value is calculated by discounting the total amount of principal and interest at a discount rate reflecting market interest rates, which are adjusted for credit risk and other factors, for each category based on the internal rating of the counterparty and the private placement period. However, for private-placement bonds of potentially bankrupt borrowers, effectively bankrupt borrowers, and bankrupt borrowers, the fair value is the amount obtained by deducting the estimated amount of doubtful accounts from the book value, as with loans and bills discounted. These transactions are classified as Level 3 fair value.

d. 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 discount rate reflecting market interest rates, which are adjusted for credit risk and other factors, for each category based on the type of loans and bills discounted, internal rating, and loan terms. For loans and bills with floating interest rates, which reflect market interest rates in a short period of time, the book value is used as the fair value because they approximate each other as long as the borrower's credit status has not largely changed since the execution of the loan. As for loans and bills with short-term settlement (within a year), their carrying amounts approximate the fair value.

The estimated uncollectable amount of loans to potentially bankrupt borrowers, effectively bankrupt borrowers, and bankrupt borrowers is calculated based on the estimated disposal value of collateral, the amount deemed collectible from guarantees, or the present value of estimated future cash flows. Therefore, the fair value approximates the carrying amount less estimated bad debts at the closing date, and such amount is used as the fair value. For loans containing credit derivatives, the fair value of such derivatives is reflected. If the effect of unobservable inputs on fair value is significant, the fair value is classified as Level 3 fair value; otherwise, the fair value is classified as Level 2 fair value.

e. Deposits

The fair value of demand deposits that are payable immediately on demand on the balance sheet date is based on the amount of such deposits. The fair value of deposits is based on the present value of the total of principal and interest discounted by an interest rate to be applied if similar new deposits were entered into at the consolidated closing date. These transactions are classified as Level 2 fair value.

f. Borrowed money

Among borrowings, for transactions with variable interest rates and short-term remaining maturities, which reflect market interest rates in a short period of time, the book value is used as the fair value because they approximate each other. For other transactions, the fair value is calculated based on the discounted present value discounted on the estimated future cash flow. As for the discount rate, the replacement rate up to the remaining period of the same kind of product in the market is used. These transactions are classified as Level 2 fair value.

g. Derivative transactions

Since derivative transactions are mainly over-the-counter transactions and there is no quoted market price, the fair value is calculated using valuation methods such as present value techniques according to the type of transaction and the period until maturity. The main inputs used in these valuation techniques are interest rates, exchange rates, etc., and if unobservable inputs are not used or their effects are not significant, they are classified as Level 2 fair value (e.g., in cases of interest rate swap transactions, exchange contract transactions, etc.). In addition, when important non-observable inputs are used, they are classified as Level 3 fair value (e.g., in cases of earthquake derivatives, etc.).

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

(1) Quantitative information on significant unobservable inputs

The quantitative information on significant unobservable inputs at 31 March 2026 and 2025 is as follows.

	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
	2026			
Securities				
Available-for-sale securities	Present value technique	Probability of bankruptcy	0.000% - 20.000%	0.597%
	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
	2025			
Securities				
Available-for-sale securities	Present value technique	Probability of bankruptcy	0.000% - 22.430%	0.541%

(2) Reconciliation of beginning balance and ending balance and valuation gains/losses recognized in profit or loss for the year

A reconciliation of beginning balance and ending balance and valuation gains/losses recognized in profit or loss for the years ended 31 March 2026 and 2025 are as follows.

	Millions of yen						
	2026						
	Profit/Loss or other comprehensive income for the period		Net amount of purchase, sales, issuances and settlements		Transfer out of Level 3		Valuation gains (losses) on financial assets and financial liabilities held at the balance sheet date
	Beginning balance	profit/loss (*1)	Recorded in comprehensive income (*2)	Transfer into Level 3 (*3)	of Level 3 (*4)	Ending balance	recognized in profit/loss for the period (*1)
Securities:							
Other securities	¥53,186	¥—	¥(235)	¥5,325	¥—	¥—	¥58,276
Derivative transactions:							
Other (assets)	4	(5)	—	4	—	—	3
Other (liabilities)	(4)	5	—	(4)	—	—	(3)

Notes: *1 Included in “other operating income” and “other operating expenses” in the consolidated statements of income.

*2 Included in “net unrealized holding losses on available-for-sale securities” under “other comprehensive income in the consolidated statements of comprehensive income.

*3 There was no transfer from Level 2 fair value to Level 3 fair value.

*4 There was no transfer from Level 3 fair value to Level 2 fair value.

Millions of yen								
2025								
	Profit/Loss or other comprehensive income for the period			Net amount of purchase, sales, issuances and settlements	Transfer into Level 3 (*3)	Transfer out of Level 3 (*4)	Valuation gains (losses) on financial assets and financial liabilities held at the balance sheet date	
	Beginning balance	Recorded in profit/loss (*1)	Recorded in other comprehensive income (*2)				Ending balance	recognized in profit/loss for the period (*1)
Securities:								
Other securities	¥58,278	¥—	¥(580)	¥(4,512)	¥—	¥—	¥53,186	¥—
Derivative transactions:								
Other (assets)	5	(8)	—	7	—	—	4	(4)
Other (liabilities)	(5)	8	—	(7)	—	—	(4)	4

Notes: *1 Included in “other operating income” and “other operating expenses” in the consolidated statements of income.

*2 Included in “net unrealized holding losses on available-for-sale securities” under “other comprehensive income in the consolidated statements of comprehensive income.

*3 There was no transfer from Level 2 fair value to Level 3 fair value.

*4 There was no transfer from Level 3 fair value to Level 2 fair value.

Thousands of U.S. dollars								
2026								
	Profit/Loss or other comprehensive income for the period			Net amount of purchase, sales, issuances and settlements	Transfer into Level 3 (*3)	Transfer out of Level 3 (*4)	Valuation gains (losses) on financial assets and financial liabilities held at the balance sheet date	
	Beginning balance	Recorded in profit/loss (*1)	Recorded in other comprehensive income (*2)				Ending balance	recognized in profit/loss for the period (*1)
Securities:								
Other securities	\$332,662	\$—	\$(1,470)	\$33,306	\$—	\$—	\$364,498	\$—
Derivative transactions:								
Other (assets)	25	(31)	—	25	—	—	19	(6)
Other (liabilities)	(25)	31	—	(25)	—	—	(19)	6

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

The Risk Management Division of the Group has established policies and procedures for measuring fair value, and each division in charge measures fair value accordingly. An independent valuation division verifies whether the fair value obtained is measured using valid valuation techniques and inputs as well as whether they are classified into an appropriate level of the fair value hierarchy.

In the market valuation model, we make use of observable data as much as possible. When using quoted prices obtained from third parties, the Group verified whether the prices are valid comparing with the results of recalculation by the Group.

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

The bankruptcy probability indicates the possibility of bankruptcy occurring, and is an estimate calculated based on past bankruptcy experience of borrowers. A significant increase (decrease) in the loss rate at the time of bankruptcy will cause a significant decline (rise) in fair value.

Derivatives

As stated under “2. SIGNIFICANT ACCOUNTING POLICIES,” the Bank deals in interest rate swaps, currency swaps, and forward exchange contracts.

a. Derivative instruments not qualifying for hedge accounting

Notional amounts, fair value and unrealized gains (losses) as at 31 March 2026 and 2025 were as follows:

(Currency-related transactions)

	Millions of yen						Thousands of U.S. dollars		
	2026			2025			2026		
			Unrealized			Unrealized			Unrealized
	Notional		gains	Notional		gains	Notional		gains
	amounts	Fair value	(losses)	amounts	Fair value	(losses)	amounts	Fair value	(losses)
Forward foreign exchange:									
Sell	¥25,521	¥(946)	¥(946)	¥26,990	¥515	¥515	\$159,626	\$(5,917)	\$(5,917)
Buy	72	0	0	—	—	—	450	0	0

Note: Transactions in the table above are revalued at fair value. Unrealized gains (losses) are included in the consolidated statements of income.

(Earthquake derivatives)

	Millions of yen						Thousands of U.S. dollars		
	2026			2025			2026		
			Unrealized			Unrealized			Unrealized
	Notional		gains	Notional		gains	Notional		gains
	amounts	Fair value	(losses)	amounts	Fair value	(losses)	amounts	Fair value	(losses)
Earthquake derivatives:									
Sell	¥260	¥(3)	¥—	¥535	¥(4)	¥—	\$1,626	\$(19)	\$—
Buy	260	3	—	535	4	—	1,626	19	—

b. Derivative instruments qualifying for hedge accounting

Notional amounts and fair value as at 31 March 2026 and 2025 were as follows:

(Interest-related transactions)

	Millions of yen				Thousands of U.S. dollars	
	2026		2025		2026	
	Notional amounts	Fair value	Notional amounts	Fair value	Notional amounts	Fair value
Interest rate swap:						
Receive floating rate/Pay fixed rate (Deferral method)	¥76,149	¥12,274	¥64,120	¥4,000	\$476,288	\$76,770
Receive floating rate/Pay fixed rate (Exceptional method)	22,000	461	22,000	(433)	137,603	2,883

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as at 31 March 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Bills discounted	¥773	¥1,045	\$4,835
Loans on notes	51,424	44,650	321,641
Loans on deeds	2,025,750	1,960,840	12,670,440
Overdrafts	236,156	191,123	1,477,083
	<u>¥2,314,103</u>	<u>¥2,197,658</u>	<u>\$14,473,999</u>

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Committee Practical Guideline No.

24. The Group has the right to sell or pledge commercial bills discounted without restrictions. The total face values as at 31 March 2026 and 2025 were ¥773 million (\$4,835 thousand) and ¥1,045 million, respectively.

The Group is required to disclose loans to customers who meet specific criteria in accordance with the Banking Act. Doubtful loans as at 31 March 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Bankrupt and quasi-bankrupt loans	¥10,848	¥8,721	\$67,851
Doubtful loans	38,507	39,908	240,849
Loans past due three months or more	46	1	288
Restructured loans, including loans to borrowers financially assisted by the Bank	8,854	8,733	55,379
Total	<u>¥58,255</u>	<u>¥57,363</u>	<u>\$364,367</u>

8. PLEDGED ASSETS

As at 31 March 2026, deposits of ¥9,366 million (\$58,581 thousand) and borrowed money of ¥218,000 million (\$1,363,523 thousand) were secured by a pledge of securities in the amount of ¥329,330 million (\$2,059,857 thousand) and guarantee money deposits in the amount of ¥67 million (\$419 thousand). As at 31 March 2025, deposits of ¥16,100 million and borrowed money of ¥167,800 million were secured by a pledge of securities in the amount of ¥339,362 million and guarantee money deposits in the amount of ¥73 million. In addition to the abovementioned assets pledged as collateral, the Group provided securities in the amount of 48,012 million (\$300,300 thousand) and other assets in the amount of ¥30,000 million as collateral for transactions such as exchange settlement transactions as at 31 March 2026 and 2025, respectively.

Other assets include cash collateral paid for financial instruments, guarantee deposits and lease deposits in the amount of 390 (\$2,439 thousand) and nil, ¥82 million (\$513 thousand) and ¥80 million, and ¥109 million (\$682 thousand) and ¥110 million as at 31 March 2026 and 2025, respectively.

9. COMMITMENT LINE AGREEMENTS

Commitment line agreements are agreements to lend customers a prescribed amount when they apply for borrowing, unless there is violation of the conditions of the agreements. The amounts of unused commitment line related to such agreements as at 31 March 2026 and 2025 were ¥595,109 million (\$3,722,223 thousand) and ¥639,162 million, respectively. The amounts of commitment line agreements, having a condition that the original agreement period would be less than one year or unconditionally cancelable at any time, were ¥560,883 million (\$3,508,150 thousand) and ¥597,874 million as at 31 March 2026 and 2025, respectively. The amount of unused commitment line does not necessarily affect the future cash flows of the Group because most of such agreements were terminated without being used. The majority of these agreements contain provisions that stipulate that the Group may refuse to make loans or may decrease the commitment line for reasons including certain changes in financial conditions or security for the loans. When entering into loan agreements with the customers, the Group requests pledges of collateral in the form of premises or securities if necessary. After entering into loan agreements, the Bank periodically checks the financial condition of the customers based on its internal rules and performs certain actions relating to the security of the loans if necessary.

10. OTHER ASSETS

Other assets as at 31 March 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Accrued income	¥5,198	¥4,267	\$32,512
Other	33,360	54,213	208,656
	¥38,558	¥58,480	\$241,168

11. PREMISES AND EQUIPMENT

Premises and equipment as at 31 March 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Land	¥8,076	¥8,040	\$50,513
Buildings	33,920	33,605	212,159
Equipment	9,153	9,103	57,249
Leased assets	271	79	1,695
Other	532	793	3,328
	51,952	51,620	324,944
Accumulated depreciation	38,748	38,030	242,357
	¥13,204	¥13,590	\$82,587

To conform with the Companies Act of Japan, deferred gains on sale of real estate in the amount of ¥771 million (\$4,822 thousand) and ¥771 million as at 31 March 2026 and 2025, respectively, were deducted from the acquisition cost of premises and equipment.

12. INTANGIBLE ASSETS

Intangible assets as at 31 March 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Software	¥1,237	¥1,438	\$7,737
Leased assets	1	—	6
Other	199	56	1,245
	<u>¥1,437</u>	<u>¥1,494</u>	<u>\$8,988</u>

13. DEPOSITS

Deposits as at 31 March 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Current deposits	¥53,168	¥58,141	\$332,549
Ordinary deposits	2,245,488	2,233,911	14,044,834
Deposits at notice	253	200	1,582
Time deposits	894,749	864,099	5,596,379
Other deposits	31,593	41,671	197,605
Negotiable certificates of deposit	230,390	215,716	1,441,018
	<u>¥3,455,641</u>	<u>¥3,413,738</u>	<u>\$21,613,967</u>

14. OTHER LIABILITIES

Other liabilities as at 31 March 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Accrued income taxes	¥1,683	¥1,800	\$10,527
Accrued expenses	4,435	2,797	27,739
Unearned income	1,115	926	6,974
Lease obligations	1,271	1,285	7,950
Other	32,359	23,422	202,395
	<u>¥40,863</u>	<u>¥30,230</u>	<u>\$255,585</u>

15. CONTINGENT LIABILITIES, ACCEPTANCES AND GUARANTEES

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

The amount of guarantee obligation for privately placed bonds (Financial Instruments and Exchange Act, Article 2, Paragraph 3), out of bonds included in securities, stood at ¥12,979 million (\$81,180 thousand) as at 31 March 2026 compared with ¥14,613 million as at 31 March 2025.

16. EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

The Group has adopted funded and unfunded defined benefit plans to prepare for the employees' retirement benefits. In addition, as of 1 April 2016, the Bank transferred part of the defined benefit plans (excluding the portion for vested pensioners in a waiting period and current pensioners) to defined contribution plans.

Under the defined benefit pension plan, which is a funded plan, employees receive lump-sum payments or pensions based on salaries and service periods; additionally, under this plan, a cash balance plan has been introduced. Each beneficiary has a hypothetical individual account under the defined benefit pension plan, where contributions by the Bank and source of pension payments for each beneficiary are accumulated. In hypothetical individual accounts, interest credits based on trends in market interest rates and benefit credits based on the salary level are accumulated. In addition, the Bank has set up retirement benefit trusts related to the defined benefit pension plan.

Under the lump-sum retirement benefit plan (an unfunded plan that has become a funded plan as a result of setting up retirement benefit trusts.), predetermined points based on years of service and job grade are given to each beneficiary annually, and employees receive lump-sum payments, which are calculated by multiplying the unit price of points with the accumulated points at the time of retirement, as retirement benefits.

A consolidated subsidiary adopts the simplified method in calculating net defined benefit liability and retirement benefit expenses.

Defined benefit plans

(i) Change in projected benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at the beginning of the year	¥20,856	¥22,786	\$130,448
Service costs (including the amount of employee contributions)	586	639	3,665
Interest costs	290	173	1,814
Actuarial differences	(2,380)	(1,650)	(14,886)
Retirement benefits paid	(1,092)	(1,092)	(6,830)
Balance at the end of the year	¥18,260	¥20,856	\$114,211

Note: Since the consolidated subsidiaries, which adopt the simplified method, are insignificant, the net defined benefit liability, retirement benefit expenses, retirement benefits paid are included in the accounts above. All retirement benefit expenses are included in service costs.

(ii) Change in plan assets

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at the beginning of the year	¥31,097	¥32,178	\$194,502
Expected return on plan assets	708	679	4,429
Actuarial differences	1,211	(1,415)	7,574
Employer contributions	273	372	1,708
Employee contributions	49	50	306
Retirement benefits paid	(743)	(767)	(4,647)
Balance at the end of the year	¥32,595	¥31,097	\$203,872

(iii) Reconciliation of projected benefit obligation and plan assets with net defined benefit liability (asset)

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Funded projected benefit obligation	¥18,195	¥20,794	\$113,804
Plan assets	(32,595)	(31,097)	(203,872)
	(14,400)	(10,303)	(90,068)
Unfunded projected benefit obligation	65	62	407
Net liability (asset) recognized in consolidated balance sheets	¥(14,335)	¥(10,241)	\$(89,661)
Net defined benefit liability	65	790	407
Net defined benefit asset	(14,400)	(11,031)	(90,068)
Net liability (asset) recognized in consolidated balance sheets	¥(14,335)	¥(10,241)	\$(89,661)

Note: The table above includes the plans to which the simplified method is applied.

(iv) Retirement benefit expenses and their breakdown

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Service costs (excluding the amount of employee contributions)	¥536	¥589	\$3,353
Interest costs	290	174	1,814
Expected return on plan assets	(708)	(679)	(4,429)
Amortization of actuarial differences	191	80	1,195
Retirement benefit expenses	¥309	¥164	\$1,933

Note: The retirement benefit expenses of the consolidated subsidiaries adopting the simplified method are included in service costs.

(v) Remeasurements of defined benefit plans in other comprehensive income

The component of items recognized in remeasurements of defined benefit plans (pretax) in other comprehensive income was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Actuarial differences	¥3,782	¥315	\$23,655
Total	¥3,782	¥315	\$23,655

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

The component of items recognized in remeasurements of defined benefit plans (pretax) in accumulated other comprehensive income was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unrecognized actuarial differences	¥ 4,952	¥ 1,170	\$30,973
Total	¥ 4,952	¥ 1,170	\$30,973

(vii) Plan assets

(a) Percentage by major category of plan assets are as follows:

	2026	2025
Bonds	49%	22%
Equities	26%	17%
General account	11%	12%
Cash and deposits	10%	45%
Other	4%	4%
Total	100%	100%

Retirement benefit trusts set up for defined benefit pension plans accounted for 18% and 18% of total plan assets for the years ended 31 March 2026 and 2025, respectively. In addition, retirement benefit trusts set up for the lump-sum retirement benefit plans accounted for 25% and 26% of total plan assets for the years ended 31 March 2026 and 2025, respectively.

(b) Procedure for determining long-term expected rate of return on plan assets

In determining a long-term expected rate of return on plan assets, the Bank considers the current and projected asset allocations, as well as a current and future long-term expected rate of return for various categories of the plan assets.

(viii) Basis for calculation of actuarial assumptions

The basis for calculation of actuarial assumptions (presented as a weighted-average rate for discount rate and long-term expected rate of return on plan assets) for the years ended 31 March 2026 and 2025 is as follows:

	2026	2025
Discount rate	2.7%	1.5%
Long-term expected rate of return on plan assets	2.3%	2.1%
Expected salary increase rate in defined benefit plans	3.9%	3.9%
Expected salary increase rate in lump-sum retirement benefit plans	7.5%	7.2%

The contributions made by the Bank to defined contribution plans were ¥118 million (\$738 thousand) and ¥119 million for the years ended 31 March 2026 and 2025, respectively.

17. INCOME TAXES

The Group is subject to a number of taxes based on income such as corporation, inhabitant and enterprise taxes, which, in the aggregate, indicated a statutory tax rate in Japan of approximately 30.4% for the year ended 31 March 2025.

Significant components of the Group's deferred tax assets and liabilities as at 31 March 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax assets:			
Allowance for doubtful accounts	¥4,623	¥4,379	\$28,915
Net defined benefit liability	22	1,056	138
Accumulated depreciation	1,119	1,129	6,999
Securities	262	299	1,639
Impairment loss for land	290	290	1,814
Deferred hedge	1	34	6
Net unrealized holding gains on available-for-sale securities	5,073	3,048	31,730
Other	1,150	1,165	7,193
Subtotal	12,540	11,400	78,434
Valuation allowance	(3,668)	(3,600)	(22,942)
Total deferred tax assets	8,872	7,800	55,492
Deferred tax liabilities:			
Net unrealized holding gains on available-for-sale securities	(549)	(594)	(3,434)
Deferred gains on sale of real estate	(361)	(379)	(2,258)
Deferred hedge	(3,843)	(1,286)	(24,037)
Net defined benefit asset	(234)	—	(1,464)
Other	(98)	(2)	(612)
Total deferred tax liabilities	(5,085)	(2,261)	(31,805)
Net deferred tax assets (liabilities)	¥3,787	¥5,539	\$23,687

The following summarizes the significant difference between the statutory tax rate and the Bank's effective tax rate for the years ended 31 March 2026 and 2025.

	2026	2025
Statutory tax rate	—%	30.4%
Non-deductible expenses	—	0.2
Non-taxable income	—	(0.9)
Per capita inhabitant taxes	—	0.4
Valuation allowance	—	(1.1)
Revision of year-end deferred tax assets (liabilities)		
due to tax rate changes	—	(0.8)
Other, net	—	0.2
Effective tax rate	—%	28.4%

As the difference between the statutory tax rate and the effective tax rate after applying accounting for income taxes is less than 5% of the statutory tax rate for the year ended March 31, 2026, this description has been omitted.

18. NET ASSETS

Under the Companies Act and the Banking Act of Japan, the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by a 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 Companies Act and the Banking Act provide that an amount equal to at least 20% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal earnings reserve until the total amount of legal earnings reserve and additional paid-in capital equals 100% of common stock. The legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or may be capitalized by a resolution of the board of directors. On the condition that the total amount of legal earnings reserve and additional paid-in capital remains equal to or exceeds 100% of common stock, it is available for distribution by a resolution of the shareholders' 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 non-consolidated financial statements of the Bank in accordance with the Companies Act.

The number of treasury stock held by the Group was 1,240 thousand shares as at 31 March 2026 and 1,300 thousand shares as at 31 March 2025.

19. STOCK OPTIONS

At the 142nd Ordinary General Meeting of Shareholders held on June 26, 2024, the Bank resolved to introduce a restricted stock compensation plan for directors (excluding directors who are members of the Audit and Supervisory Committee and outside directors). Accordingly, the share-based compensation stock option plan has been abolished, except for those that have already been granted, and stock acquisition rights will not be allocated as share-based compensation stock options thereafter.

1. Share-based compensation expenses accounted for as general and administrative expenses

The balances of stock acquisition rights granted for the stock option plan were ¥68 million (\$426 thousand) and ¥68 million as at 31 March 2026 and 2025, respectively.

Restricted stock compensation expenses accounted for as general and administrative expenses for the years ended 31 March 2026 and 2025 amounted to ¥29 million (\$181 thousand) and ¥22 million, respectively.

2. Details of stock options, volume and activity

As of April 1, 2026, the Bank conducted a stock split at a ratio of 4 shares per common share, but the below is based on the number of shares before the split.

(a) Details of stock options

	2019 stock option plan	2020 stock option plan	2021 stock option plan	2022 stock option plan
Title and number of grantees	Directors of the Bank: 7	Directors of the Bank: 7	Directors of the Bank: 7	Directors of the Bank: 7
Number of stock options by type of shares	Common stock: 14,500 shares	Common stock: 18,600 shares	Common stock: 28,000 shares	Common stock: 26,800 shares
Grant date	25 July 2019	27 July 2020	27 July 2021	25 July 2022
Condition for vesting	Not applicable	Not applicable	Not applicable	Not applicable
Requisite service period	Not applicable	Not applicable	Not applicable	Not applicable
Exercise period	From 26 July 2019 to 25 July 2049	From 28 July 2020 to 27 July 2050	From 28 July 2021 to 27 July 2051	From 26 July 2022 to 25 July 2052
	2023 stock option plan			
Title and number of grantees	Directors of the Bank: 7			
Number of stock options by type of shares	Common stock: 26,300 shares			
Grant date	25 July 2023			
Condition for vesting	Not applicable			
Requisite service period	Not applicable			
Exercise period	From 26 July 2023 to 25 July 2053			

Note: Reported in terms of shares of stock.

(b) Volume and activity

The following describes volume and activity that existed during the year ended 31 March 2026. The number of stock options is reported in terms of shares of stock.

(i) Number of stock options

	2019 stock option plan	2020 stock option plan	2021 stock option plan	2022 stock option plan
Before vesting (shares):				
As at 31 March 2025	1,100	1,300	4,000	13,300
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding	1,100	1,300	4,000	13,300
After vesting (shares):				
As at 31 March 2025	—	—	—	—
Vested	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	—	—	—
Outstanding	—	—	—	—

2023 stock option plan

Before vesting (shares):	
As at 31 March 2025	17,000
Granted	—
Forfeited	—
Vested	—
Outstanding	17,000
After vesting (shares):	
As at 31 March 2025	—
Vested	—
Exercised	—
Forfeited	—
Outstanding	—

(ii) Price information

	2019 stock option plan	2020 stock option plan	2021 stock option plan	2022 stock option plan
Exercise price	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)
Average exercise price	—	—	—	—
Fair value at the grant date	¥2,693 (\$16.84)	¥2,578 (\$16.12)	¥1,664 (\$10.41)	¥1,720 (\$10.76)
2023 stock option plan				
Exercise price	¥1 (\$0.01)			
Average exercise price	—			
Fair value at the grant date	¥1,865 (\$11.66)			

3. Valuation method for fair value of stock options

There were no stock options granted for the year ended March 31, 2026.

4. Estimation method for the number of vested stock options

Since it is difficult to make a reasonable estimate on the number of stock options that will be forfeited in the future, the actual number of forfeited stock options is reflected in the estimation.

5. Details, volume, and activity in restricted stock compensation

(1) Details of restricted stock compensation

	August 23, 2024 granted	August 22, 2025 granted
Categories and number of recipients	5 directors of the Bank (*1)	5 directors of the Bank (*1)
Number of shares granted by type of shares	Common shares 11,100 shares	Common shares 8,900 shares
Date of grant	August 23, 2024	August 22, 2025
Eligible work period	The period from the date of the Bank's 142nd Ordinary General Meeting of Shareholders to the Bank's 143rd Ordinary General Meeting of Shareholders scheduled to be held in the following year	The period from the date of the Bank's 143rd Ordinary General Meeting of Shareholders to the Bank's 144th Ordinary General Meeting of Shareholders scheduled to be held in the following year
Transfer restriction period	Period from the date of grant of restricted stock to the date of retirement from the Bank	Period from the date of grant of restricted stock to the date of retirement from the Bank
Termination conditions	The grantee must continue to hold the position of Director of the Bank from the date of the Bank's 142nd Ordinary General Meeting of Shareholders to the date of the Bank's 143rd Ordinary General Meeting of Shareholders scheduled to be held in the following year	The grantee must continue to hold the position of Director of the Bank from the date of the Bank's 143rd Ordinary General Meeting of Shareholders to the date of the Bank's 144th Ordinary General Meeting of Shareholders scheduled to be held in the following year
Fair value unit price on grant date	¥2,651 (\$16.58)	¥3,310 (\$20.70)

(*1) Excludes directors and outside directors who are members of the Audit and Supervisory Committee.

(2) Volume and activity of restricted stock compensation

	Granted on August 23, 2024	Granted on August 22, 2025
Before the release of transfer restrictions (share)		
As at 31 March 2025	11,100	—
Granted	—	8,900
Acquisition without consideration	—	—
Release of transfer restrictions	—	—
Unreleased	11,100	8,900

20. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 March 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Other operating expenses:			
Loss on sale of foreign bills of exchange	¥970	¥1,178	\$6,067
Loss on sale of bonds	12,901	463	80,692
Loss on redemption of bonds	6,737	1,044	42,138
Loss on financial instruments	—	46	—
Other	4,246	4,045	26,557
	<u>¥24,854</u>	<u>¥6,776</u>	<u>\$155,454</u>

21. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 March 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Salaries and allowances	¥10,959	¥10,552	\$68,545
Fringe benefits and welfare	3,114	2,993	19,477
Retirement benefit expenses	428	282	2,677
Depreciation for premises and equipment	1,701	1,828	10,639
Rental expenses	657	664	4,109
Taxes other than income taxes	1,466	1,321	9,169
Deposit insurance premium	471	471	2,946
Other expenses	6,954	6,660	43,496
	<u>¥25,750</u>	<u>¥24,771</u>	<u>\$161,058</u>

22. OTHER INCOME AND EXPENSES

Other income and expenses for the years ended 31 March 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Other income:			
Gain on sale of stocks and other securities	¥16,869	¥132	\$105,510
Gain on disposal of premises and equipment	1	43	6
Gain on bargain purchase	—	22	—
Gain on step acquisition	—	4	—
Other	685	536	4,285
	<u>¥17,555</u>	<u>¥737</u>	<u>\$109,801</u>

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Other expenses:			
Provision for allowance for doubtful accounts	¥1,406	¥733	\$8,794
Loss on disposal of premises and equipment	48	53	300
Loss on devaluation of stocks and other securities	0	4	0
Loss on sale of stocks and other securities	155	122	969
Impairment losses	14	49	88
Loss on money held in trust	3	120	19
Loss on transfer of receivables	16	15	100
Loss on devaluation of loans and discounts	39	4	244
Provision of contingent losses	158	160	988
Other	276	98	1,727
	<u>¥2,115</u>	<u>¥1,358</u>	<u>\$13,229</u>

23. LEASE TRANSACTIONS

A. Finance leases

Current portion of lease obligations and lease obligations (excluding current portion) as at 31 March 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	Average interest rate (%)
	2026	2025	2026	2026
Current portion of lease obligations	¥476	¥464	\$2,977	—
Lease obligations (excluding current portion)	795	821	4,973	—
	<u>¥1,271</u>	<u>¥1,285</u>	<u>\$7,950</u>	

Note: The average interest rate represents the weighted-average rate applicable to the year-end balance.

The aggregate annual maturities of lease obligations are summarized as follows:

Year ending 31 March	Millions of yen	Thousands of U.S. dollars
	2026	2026
2027	¥476	\$2,977
2028	327	2,045
2029	222	1,389
2030	148	926
2031 and thereafter	98	613

Year ending 31 March	Millions of yen
	2025
2026	¥464
2027	320
2028	232
2029	150
2030 and thereafter	119

B. Operating leases

(a) As lessee

There were no future lease payments under non-cancelable operating leases as at 31 March 2026 and 2025.

(b) As lessor

Future lease receivables under non-cancelable operating leases as at 31 March 2026 were ¥196 million (\$1,226 thousand) including ¥25 million (\$156 thousand) due within one year.

Future lease receivables under non-cancelable operating leases as at 31 March 2025 were ¥194 million including ¥24 million due within one year.

24. COMPREHENSIVE INCOME

Reclassification adjustments, income taxes and tax effect amounts of other comprehensive income (loss) for the years ended 31 March 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Net unrealized holding losses on available-for-sale securities:			
Amount for the year	¥(7,500)	¥(34,584)	(46,910)
Reclassification adjustment	964	1,370	6,029
Amount before income taxes and tax effect	(6,536)	(33,214)	(40,881)
Income taxes and tax effect amount	2,071	10,098	12,953
Net unrealized holding gains (losses) on available-for-sale securities	(4,465)	(23,116)	(27,928)
Net unrealized gains on hedging derivatives:			
Amount for the year	7,694	3,336	48,123
Reclassification adjustment	580	592	3,628
Amount before income taxes and tax effect	8,274	3,928	51,751
Income taxes and tax effect amount	(2,590)	(1,230)	(16,199)
Net unrealized gains on hedging derivatives	5,684	2,698	35,552
Remeasurements of defined benefit plans:			
Amount for the year	3,591	235	22,460
Reclassification adjustment	191	80	1,195
Amount before income taxes and tax effect	3,782	315	23,655
Income taxes and tax effect amount	(1,182)	(108)	(7,393)
Remeasurements of defined benefit plans	2,600	207	16,262
Total other comprehensive income (loss)	¥ 3,819	¥ (20,211)	\$ 23,886

25. PER SHARE DATA

Amounts per share as at 31 March 2026 and 2025 and for the years then ended are as follows:

	Yen		U.S. dollars
	2026	2025	2026
Net assets per share	¥2,820.16	¥2,683.34	\$17.64
Net income per share	129.41	101.72	0.81
Diluted net income per share	129.13	101.42	0.81

Amounts per share were calculated based on the following:

	Millions of yen or thousands of shares		Thousands of U.S. dollars
	2026	2025	2026
Net assets per share:			
Total net assets	¥194,751	¥184,658	\$1,218,107
Amount to be deducted from total net assets	68	68	426
Stock acquisition rights	68	68	426
Net assets at the end of the fiscal year attributed to common stock	194,683	184,590	1,217,681
Number of shares of common stock at the end of the fiscal year used in computing net assets per share attributed to common stock	69,033	68,791	
Net income per share:			
Net income attributable to owners of parent	8,919	6,976	55,786
Net income attributable to owners of parent attributed to common stock	8,919	6,976	55,786
Average number of shares of common stock during the year	68,924	68,587	
Diluted net income per share:			
Number of increased common stock used in computing diluted net income per share	147	201	
Compensation-type stock options	147	201	

As of April 1, 2026, the Bank conducted a stock split at a ratio of 4 shares per common share. The above assumes that the stock split was conducted at the beginning of the previous consolidated fiscal year.

26. SEGMENT INFORMATION

(1) Reportable segment information

a. Description of reportable segments

The Group's reportable segments are those components of the Group for which separate financial information is available and whose operating results are regularly reviewed by the board of directors to decide on the allocation of resources and assess business performance.

The principal business of the Group is financial services primarily focused on domestic commercial banking business. The Group has three reportable segments — “Commercial banking business,” “Leasing business” and “Credit card and credit guarantee business” — classified by type of financial services.

“Commercial banking business” consists of deposits, loans, securities investment and foreign exchange operations.

“Leasing business” consists of leasing business etc.

“Credit card and credit guarantee business” consists of credit card and guarantee business.

b. Methods of measurement of the amounts of income, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies for each reportable segment are consistent with those disclosed under “2. SIGNIFICANT ACCOUNTING POLICIES.”

Segment profit is adjusted with ordinary profit. Ordinary profit is profit derived from regular business activities, including wages, dividends and interest.

Intersegment income is based on the prevailing market price.

c. Revenue recognition

Information on disaggregation of revenue from contracts with customers is as presented in the table in d. below.

d. Information about income, profit (loss), assets, liabilities and other items, and information on disaggregation of revenue for each reportable segment

2026								
Millions of yen								
Reportable segment								
	Commercial banking	Leasing	Credit card and credit guarantee	Total	Others	Total	Adjustments	Consolidated
Ordinary income:								
Revenue from contracts with customers	¥7,708	¥0	¥37	¥7,745	¥541	¥8,286	¥—	¥8,286
Revenue from service transactions, etc.	7,708	—	37	7,745	541	8,286	—	8,286
Deposit and lending services	1,633	—	—	1,633	—	1,633	—	1,633
Foreign exchange business	2,331	—	—	2,331	—	2,331	—	2,331
Securities-related business	390	—	—	390	—	390	—	390
Agency business	1,615	—	—	1,615	—	1,615	—	1,615
Protective custody and safe deposit box business	22	—	—	22	—	22	—	22
Credit card services	174	—	36	210	—	210	—	210
Others	1,543	—	1	1,544	541	2,085	—	2,085
Other operating revenue	—	0	—	0	0	0	—	0
Revenue from other sources	63,651	4,771	674	69,096	159	69,255	(45)	69,210
Income from external customers	71,359	4,771	711	76,841	700	77,541	(45)	77,496
Intersegment income	227	13	335	575	132	707	(707)	—
Total	71,586	4,784	1,046	77,416	832	78,248	(752)	77,496
Segment profit	12,713	139	(37)	12,815	148	12,963	(112)	12,851
Segment assets	3,906,351	17,265	8,832	3,932,448	1,175	3,933,623	(19,910)	3,913,713
Segment liabilities	3,721,611	13,118	2,879	3,737,608	226	3,737,834	(18,872)	3,718,962
Other items:								
Depreciation	1,664	25	1	1,690	15	1,705	—	1,705
Interest income	45,479	1	47	45,527	1	45,528	(193)	45,335
Interest expense	8,048	69	0	8,117	2	8,119	(82)	8,037

Provision for income taxes	3,678	13	124	3,815	56	3,871	—	3,871
Increase in premises and equipment and intangible assets	1,286	1	—	1,287	44	1,331	3	1,334

Notes 1. Ordinary income is stated instead of net sales of non-banking industries. Ordinary income other than revenue arising from contracts with customers includes revenue based on the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10), such as loans and securities investment operations.

2. “Others” are business segments not included in the reportable segments, and include the consulting business, regional trading company business and investment business.

3. “Adjustments” are as follows.

- (1) The adjustments for income from external customers are primarily adjustments for provision for allowance for doubtful accounts.
- (2) The adjustments for segment profit are primarily elimination of intersegment transactions.
- (3) The adjustments for segment assets are primarily elimination of intersegment transactions and adjustments for net defined benefit assets.
- (4) The adjustments for segment liabilities are primarily elimination of intersegment transactions and adjustments for net defined benefit liability.
- (5) The adjustments for interest income are primarily elimination of intersegment transactions.

4. Segment profit is adjusted with ordinary profit in the consolidated statements of income.

2025								
Millions of yen								
	Reportable segment			Total	Others	Total	Adjustments	Consolidated
	Commercial banking	Leasing	Credit card and credit guarantee					
Ordinary income:								
Revenue from contracts with customers	¥7,808	¥—	¥47	¥7,855	¥552	¥8,407	¥—	¥8,407
Revenue from service transactions, etc.	7,808	—	47	7,855	552	8,407	—	8,407
Deposit and lending services	1,523	—	—	1,523	—	1,523	—	1,523
Foreign exchange business	2,254	—	—	2,254	—	2,254	—	2,254
Securities-related business	431	—	—	431	—	431	—	431
Agency business	1,809	—	—	1,809	—	1,809	—	1,809
Protective custody and safe deposit box business	24	—	—	24	—	24	—	24
Credit card services	158	—	38	196	—	196	—	196
Others	1,609	—	9	1,618	552	2,170	—	2,170
Other operating revenue	—	—	—	—	0	0	—	0
Revenue from other sources	35,453	4,597	767	40,817	62	40,879	(108)	40,771
Income from external customers	43,261	4,597	814	48,672	614	49,286	(108)	49,178
Intersegment income	444	10	342	796	125	921	(921)	—
Total	43,705	4,607	1,156	49,468	739	50,207	(1,029)	49,178

Segment profit	9,549	167	202	9,918	199	10,117	(337)	9,780
Segment assets	3,797,060	16,471	9,326	3,822,857	1,151	3,824,008	(21,221)	3,802,787
Segment liabilities	3,619,951	12,451	3,078	3,635,480	232	3,635,712	(17,583)	3,618,129
Other items:								
Depreciation	1,804	26	1	1,831	1	1,832	–	1,832
Interest income	34,444	1	40	34,485	0	34,485	(401)	34,084
Interest expense	2,849	64	0	2,913	–	2,913	(64)	2,849
Provision for income taxes	2,621	0	83	2,704	68	2,772	(1)	2,771
Increase in premises and equipment and intangible assets	857	3	–	860	282	1,142	9	1,151

Notes 1. Ordinary income is stated instead of net sales of non-banking industries. Ordinary income other than revenue arising from contracts with customers includes revenue based on the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10), such as loans and securities investment operations.

2. “Others” are business segments not included in the reportable segments, and include the consulting business, regional trading company business and investment business.

3. “Adjustments” are as follows.

- (1) The adjustments for income from external customers are primarily adjustments for provision for allowance for doubtful accounts.
- (2) The adjustments for segment profit are primarily elimination of intersegment transactions.
- (3) The adjustments for segment assets are primarily elimination of intersegment transactions and adjustments for net defined benefit assets.
- (4) The adjustments for segment liabilities are primarily elimination of intersegment transactions and adjustments for net defined benefit liability.
- (5) The adjustments for interest income are primarily elimination of intersegment transactions.

4. Segment profit is adjusted with ordinary profit in the consolidated statements of income.

2026								
Thousands of U.S. dollars								
	Reportable segment				Others	Total	Adjustments	Consolidated
	Commercial banking	Leasing	Credit card and credit guarantee	Total				
Ordinary income:								
Revenue from contracts with customers	\$48,211	\$ 0	\$231	\$48,442	\$3,384	\$51,826	\$ –	\$51,826
Revenue from service transactions, etc.	48,211	–	231	48,442	3,384	51,826	–	51,826
Deposit and lending services	10,214	–	–	10,214	–	10,214	–	10,214
Foreign exchange business	14,580	–	–	14,580	–	14,580	–	14,580
Securities-related business	2,439	–	–	2,439	–	2,439	–	2,439
Agency business	10,101	–	–	10,101	–	10,101	–	10,101
Protective custody and safe deposit box business	138	–	–	138	–	138	–	138
Credit card services	1,088	–	225	1,313	–	1,313	–	1,313
Others	9,651	–	6	9,657	3,384	13,041	–	13,041
Other operating revenue	–	0	–	0	0	0	–	0
Revenue from other sources	398,117	29,841	4,216	432,174	995	433,169	(281)	432,888
Income from external customers	446,328	29,841	4,447	480,616	4,379	484,995	(281)	484,714
Intersegment income	1,420	82	2,095	3,597	825	4,422	(4,422)	–
Total	447,748	29,923	6,542	484,213	5,204	489,417	(4,703)	484,714
Segment profit	79,516	869	(231)	80,154	926	81,080	(701)	80,379
Segment assets	24,433,019	107,987	55,241	24,596,247	7,349	24,603,596	(124,531)	24,479,065
Segment liabilities	23,277,527	82,049	18,007	23,377,583	1,414	23,378,997	(118,039)	23,260,958
Other items:								
Depreciation	10,408	156	6	10,570	94	10,664	–	10,664
Interest income	284,457	6	294	284,757	6	284,763	(1,207)	283,556
Interest expense	50,338	431	0	50,769	13	50,782	(513)	50,269
Provision for income taxes	23,005	81	776	23,862	350	24,212	–	24,212
Increase in premises and equipment and intangible assets	8,044	6	–	8,050	275	8,325	19	8,344

(2) Other segment-related information

a. Information by service

Information by service for the years ended 31 March 2026 and 2025 is as follows:

2026			
Millions of yen			
	Banking	Securities investment	Other
Ordinary income from external customers	¥27,660	¥32,921	¥16,915
			¥77,496

2025				
Millions of yen				
	Banking	Securities investment	Other	Total
Ordinary income from external customers	¥21,046	¥12,270	¥15,862	¥49,178

2026				
Thousands of U.S. dollars				
	Banking	Securities investment	Other	Total
Ordinary income from external customers	\$173,005	\$205,911	\$105,798	\$484,714

Note: Ordinary income is stated instead of net sales of non-banking industries.

b. Information by geographic region

i. Ordinary income

Information on ordinary income from domestic customers for the years ended 31 March 2026 and 2025 was omitted, because the amount of ordinary income from domestic customers was more than 90% of consolidated ordinary income.

ii. Premises and equipment

Information on premises and equipment for the years ended 31 March 2026 and 2025 was omitted, because there were no premises and equipment located abroad.

c. Major customers' segment information

Segment information on major customers was not shown for the years ended 31 March 2026 and 2025, since no customer accounted for more than 10% of ordinary income in the consolidated statements of income.

d. Information on impairment of fixed assets for each reportable segment

2026						
Millions of yen						
Reportable segment						
	Commercial banking	Leasing	Credit card and credit guarantee	Total	Others	Total
Impairment losses	¥14	¥—	¥—	¥14	¥—	¥14

2025						
Millions of yen						
Reportable segment						
	Commercial banking	Leasing	Credit card and credit guarantee	Total	Others	Total
Impairment losses	¥49	¥—	¥—	¥49	¥—	¥49

2026		
Thousands of U.S. dollars		
Reportable segment	Others	Total

	Commercial banking	Leasing	Credit card and credit guarantee	Total		
Impairment losses	\$88	\$—	\$—	\$88	\$—	\$88

e. Segment information on amortization of goodwill and its remaining balance

There is no information to be reported on amortization of goodwill and its remaining balance for the years ended 31 March 2026 and 2025.

f. Information on gain on negative goodwill for each reportable segment

Regarding Iwagin Business Creation Capital Co., Ltd. which was an affiliate not accounted for by the equity method, the Bank made it a consolidated subsidiary due to the additional acquisition of its shares. Accordingly, gain on negative goodwill of ¥22 million was recorded in the “Other” segment for the year ended 31 2025.

There is no information to be reported on gain on negative goodwill for the year ended 31 2026.

27. RELATED PARTY TRANSACTIONS

(1) Related party transactions

a. Transactions between the Bank and related parties

Transactions with executive officers of the Bank and major shareholders (limited to individuals) and others

There is no significant transaction with executive officers of the Bank and major shareholders to be disclosed for the years ended 31 March 2026 and 2025.

b. Transactions between the Bank’s consolidated subsidiaries and related parties

There is no significant transaction to be disclosed between the Bank’s consolidated subsidiaries and related parties for the years ended 31 March 2026 and 2025.

(2) Notes to the Bank’s parent company and significant affiliates

There is no information to be reported on the notes to the Bank’s parent company and significant affiliates for the years ended 31 March 2026 and 2025.

28. SUBSEQUENT EVENTS

Cash dividends

On 24 June 2026, the shareholders of the Bank authorized the following appropriation of retained earnings as at 31 March 2026:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥112 (\$0.70) per share)	¥1,953	\$12,215

Stock split

Based on the resolution of the Board of Directors held on February 26, 2026, the Bank has made partial amendments to the stock split and its articles of incorporation in connection with the stock split, effective April 1, 2026

(1) Purpose of the Stock Split

By lowering the minimum investment amount per unit of its shares, the Bank aims to create a more accessible investment environment for investors, improve stock liquidity, and expand the investor base.

(2) Overview of the Stock Split

a. Method of Stock Split

With March 31, 2026 as the record date, the Bank has split the common shares owned by shareholders listed or recorded in the final shareholder register on that day at a ratio of 4 shares per share.

b. Number of shares increased by stock split

Total number of shares outstanding before the stock split	18,497,786 shares
Number of shares to increase due to this stock split	55,493,358 shares
Total number of shares issued after stock split	73,991,144 shares
Total number of shares available after stock split	197,800,000 shares

c. Schedule of stock split

Record date announcement date	March 13, 2026
Record date	March 31, 2026
Effective date	April 1, 2026

(3) Others

a. Change in the amount of capital

There will be no change in the amount of capital in this stock split.

b. About dividends

This stock split takes effect on April 1, 2026, therefore, the year-end dividend for the consolidated fiscal year with March 31, 2026 as the record date will be paid for the shares prior to the split.

(4) Partial amendment of the articles of incorporation due to stock split

a. Reason for the change

In connection with this stock split, pursuant to Article 184, Paragraph 2 of the Companies Act, the total number of shares available for issuance as stipulated in Article 6 of the Bank's Articles of Incorporation has been changed as of April 1, 2026, in line with the split ratio.

b. Details of the change

Articles of Incorporation before amendment	Articles of Incorporation after amendment
(Total number of shares available for issuance) Article 6 The total number of shares authorized for issuance of the Bank is <u>49.45 million shares</u> .	(Total number of shares available for issuance) Article 6 The total number of shares authorized for issuance of the bank is <u>197.8 million shares</u> .

c. Schedule of the change

Date of board resolution	February 26, 2026
Effective date	April 1, 2026

