# Annual Securities Report

*"Yukashoken Hokokusho"*

(Excerpt)

For the fiscal years ended March 31, 2026 and 2025

**FIDEA Holdings Co. Ltd.**

**and Subsidiaries**

## FIDEA Holdings Co. Ltd. and Subsidiaries

**Consolidated Balance Sheets**
**March 31, 2026 and 2025**

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Assets: | | | |
| Cash and due from banks (Notes 12, 22 and 26) | ¥ 436,689 | ¥ 316,696 | $ 2,730,500 |
| Monetary claims bought (Note 26) | 3,160 | 3,828 | 19,758 |
| Trading account securities (Notes 5 and 26) | 649 | 654 | 4,058 |
| Money held in trust (Note 26) | 40,424 | 40,043 | 252,760 |
| Securities (Notes 5, 6, 8, 12, 14 and 26) | 401,188 | 565,839 | 2,508,522 |
| Loans and bills discounted (Notes 7, 8, 25 and 26) | 1,967,175 | 1,913,574 | 12,300,225 |
| Foreign exchange assets (Note 8) | 1,315 | 1,222 | 8,222 |
| Lease receivables and investments in leases | 10,353 | 9,538 | 64,734 |
| Tangible fixed assets (Note 9): | | | |
| Buildings | 10,073 | 10,712 | 62,983 |
| Land | 6,774 | 7,162 | 42,356 |
| Lease assets | 5 | 4 | 31 |
| Construction in progress | 27 | - | 168 |
| Other tangible fixed assets | 1,942 | 1,870 | 12,142 |
| Intangible fixed assets: | | | |
| Software | 1,634 | 1,188 | 10,216 |
| Other intangible fixed assets | 249 | 110 | 1,556 |
| Defined benefit asset (Note 13) | 4,828 | 3,154 | 30,188 |
| Deferred tax assets (Notes 6 and 23) | 2,141 | 5,557 | 13,387 |
| Customers' liabilities for acceptances and guarantees (Notes 8 and 25) | 16,808 | 18,881 | 105,095 |
| Other assets (Notes 8 and 12) | 22,027 | 34,811 | 137,729 |
| Allowance for loan losses (Notes 4 and 26) | (11,697) | (12,876) | (73,138) |
| Total assets | ¥ 2,915,772 | ¥ 2,921,972 | $ 18,231,551 |

(Continued)

## FIDEA Holdings Co. Ltd. and Subsidiaries

**Consolidated Balance Sheets**
**March 31, 2026 and 2025**

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Liabilities: | | | |
| Deposits (Note 26) | ¥ 2,650,684 | ¥ 2,670,943 | $ 16,574,026 |
| Negotiable certificates of deposit (Note 26) | 21,041 | 20,844 | 131,563 |
| Borrowed money (Notes 11, 12 and 26) | 103,800 | 103,300 | 649,033 |
| Foreign exchange liabilities | 27 | 29 | 168 |
| Provision for bonuses for directors and other officers | 98 | 40 | 612 |
| Defined benefit liability (Note 13) | 433 | 518 | 2,707 |
| Provision for reimbursement of deposits | 3 | 10 | 18 |
| Provision for contingent loss | 579 | 507 | 3,620 |
| Deferred tax liabilities (Note 23) | 26 | 13 | 162 |
| Deferred tax liabilities for land revaluation (Note 10) | 367 | 384 | 2,294 |
| Acceptances and guarantees | 16,808 | 18,881 | 105,095 |
| Other liabilities (Note 11) | 35,983 | 29,101 | 224,992 |
| Total liabilities | 2,829,856 | 2,844,575 | 17,694,341 |
| Net assets (Note 15): | | | |
| Common stock | 18,000 | 18,000 | 112,549 |
| Capital surplus | 18,171 | 18,172 | 113,618 |
| Retained earnings | 61,951 | 59,147 | 387,363 |
| Treasury stock | (123) | (178) | (769) |
| Total shareholders' equity | 97,999 | 95,140 | 612,761 |
| Accumulated other comprehensive income: | | | |
| Unrealized gain (loss) on available-for-sale securities (Note 6) | (24,102) | (23,415) | (150,703) |
| Deferred gain (loss) on hedges | 8,429 | 3,222 | 52,704 |
| Revaluation reserve for land (Note 10) | 805 | 834 | 5,033 |
| Remeasurements of defined benefit plans | 2,589 | 1,451 | 16,188 |
| Total accumulated other comprehensive income | (12,278) | (17,906) | (76,771) |
| Non-controlling interests | 194 | 162 | 1,213 |
| Total net assets | 85,915 | 77,396 | 537,203 |
| Total liabilities and net assets | ¥ 2,915,772 | ¥ 2,921,972 | $ 18,231,551 |

See notes to consolidated financial statements.

(Concluded)

## FIDEA Holdings Co. Ltd. and Subsidiaries

### Consolidated Statements of Income
### Years Ended March 31, 2026 and 2025

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Income (Note 17): | | | |
| Interest income: | | | |
| Interest on loans and discounts | ¥ 25,418 | ¥ 21,554 | $ 158,932 |
| Interest and dividends on securities | 8,331 | 9,164 | 52,091 |
| Other | 2,242 | 701 | 14,018 |
| Fees and commissions | 8,114 | 8,686 | 50,734 |
| Other operating income | 6,230 | 6,244 | 38,954 |
| Other income | 5,783 | 6,821 | 36,159 |
| Total income | 56,122 | 53,173 | 350,916 |
| Expenses: | | | |
| Interest expenses: | | | |
| Interest on deposits | 5,309 | 1,752 | 33,195 |
| Interest on payables under securities lending transactions | - | 6 | - |
| Interest on borrowings and rediscounts | 363 | 65 | 2,269 |
| Other | 629 | 1,011 | 3,932 |
| Fees and commissions | 3,053 | 3,130 | 19,089 |
| Other operating expenses | 13,759 | 13,601 | 86,031 |
| General and administrative expenses (Notes 16 and 18) | 24,098 | 23,474 | 150,678 |
| Write-off of loans | 11 | 29 | 68 |
| Provision of allowance for loan losses (Note 4) | 307 | 2,130 | 1,919 |
| Other expenses (Notes 19 and 20) | 3,640 | 4,108 | 22,759 |
| Total expenses | 51,174 | 49,313 | 319,977 |
| Income before income taxes | 4,948 | 3,860 | 30,938 |
| Income taxes (Note 23): | | | |
| Current | 955 | 1,178 | 5,971 |
| Deferred | (155) | (142) | (969) |
| Total income taxes | 799 | 1,036 | 4,995 |
| Net income | 4,148 | 2,824 | 25,936 |
| Net income attributable to non-controlling interests | 20 | 8 | 125 |
| Net income attributable to owners of parent | ¥ 4,128 | ¥ 2,816 | $ 25,811 |
| | Yen | | U.S. dollars |
| Per share of common stock (Note 28): | | | |
| Basic net income | ¥ 228.75 | ¥ 156.21 | $ 1.43 |
| Cash dividends applicable to the year | 75.00 | 75.00 | 0.46 |

Note: Diluted net income is not shown since there are no dilutive shares.

See notes to consolidated financial statements.

## FIDEA Holdings Co. Ltd. and Subsidiaries

**Consolidated Statements of Comprehensive Income**
**Years Ended March 31, 2026 and 2025**

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Net income | ¥ 4,148 | ¥ 2,824 | $ 25,936 |
| Other comprehensive income (Note 21): | | | |
| Unrealized gain (loss) on available-for-sale securities | (676) | (12,748) | (4,226) |
| Deferred gain (loss) on hedges | 5,206 | 2,809 | 32,551 |
| Revaluation reserve for land | - | (11) | - |
| Remeasurements of defined benefit plans | 1,138 | 162 | 7,115 |
| Total other comprehensive income | 5,668 | (9,787) | 35,440 |
| Comprehensive income | ¥ 9,817 | ¥ (6,962) | $ 61,383 |
| Total comprehensive income attributable to: | | | |
| Owners of parent | ¥ 9,786 | ¥ (6,970) | $ 61,189 |
| Non-controlling interests | 31 | 7 | 193 |

See notes to consolidated financial statements.

**FIDEA Holdings Co. Ltd. and Subsidiaries**

**Consolidated Statements of Changes in Net Assets**
**Years Ended March 31, 2026 and 2025**

Millions of yen

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity | Unrealized gain (loss) on available-for-sale securities | Deferred gain (loss) on hedges | Revaluation reserve for land | Remeasure-ments of defined benefit plans | Total accumulated other comprehensive income | Non-controlling interests | Total net assets |
| Balance as of April 1, 2024 | ¥ 18,000 | ¥ 18,167 | ¥ 57,665 | ¥ (63) | ¥ 93,769 | ¥ (10,668) | ¥ 413 | ¥ 866 | ¥ 1,288 | ¥ (8,099) | ¥ 155 | ¥ 85,824 |
| Cash dividends | | | (1,354) | | (1,354) | | | | | | | (1,354) |
| Net income attributable to owners of parent | | | 2,816 | | 2,816 | | | | | | | 2,816 |
| Acquisition of treasury stock | | | | (168) | (168) | | | | | | | (168) |
| Sale of treasury stock | | 4 | | 53 | 58 | | | | | | | 58 |
| Reversal of revaluation reserve for land | | | 20 | | 20 | | | | | | | 20 |
| Net changes of items other than shareholders' equity | | | | | | (12,747) | 2,809 | (31) | 162 | (9,807) | 7 | (9,799) |
| Balance as of March 31, 2025 | 18,000 | 18,172 | 59,147 | (178) | 95,140 | (23,415) | 3,222 | 834 | 1,451 | (17,906) | 162 | 77,396 |
| Cash dividends | | | (1,353) | | (1,353) | | | | | | | (1,353) |
| Net income attributable to owners of parent | | | 4,128 | | 4,128 | | | | | | | 4,128 |
| Acquisition of treasury stock | | | | (7) | (7) | | | | | | | (7) |
| Sale of treasury stock | | (0) | | 61 | 61 | | | | | | | 61 |
| Reversal of revaluation reserve for land | | | 29 | | 29 | | | | | | | 29 |
| Net changes of items other than shareholders' equity | | | | | | (687) | 5,206 | (29) | 1,138 | 5,628 | 31 | 5,660 |
| Balance as of March 31, 2026 | ¥ 18,000 | ¥ 18,171 | ¥ 61,951 | ¥ (123) | ¥ 97,999 | ¥ (24,102) | ¥ 8,429 | ¥ 805 | ¥ 2,589 | ¥ (12,278) | ¥ 194 | ¥ 85,915 |

Thousands of U.S. dollars (Note 1)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity | Unrealized gain (loss) on available-for-sale securities | Deferred gain (loss) on hedges | Revaluation reserve for land | Remeasure-ments of defined benefit plans | Total accumulated other comprehensive income | Non-controlling interests | Total net assets |
| Balance as of March 31, 2025 | $ 112,549 | $ 113,624 | $ 369,830 | $ (1,112) | $ 594,885 | $ (146,407) | $ 20,146 | $ 5,214 | $ 9,072 | $ (111,961) | $ 1,012 | $ 483,936 |
| Cash dividends | | | (8,459) | | (8,459) | | | | | | | (8,459) |
| Net income attributable to owners of parent | | | 25,811 | | 25,811 | | | | | | | 25,811 |
| Acquisition of treasury stock | | | | (43) | (43) | | | | | | | (43) |
| Sale of treasury stock | | (0) | | 381 | 381 | | | | | | | 381 |
| Reversal of revaluation reserve for land | | | 181 | | 181 | | | | | | | 181 |
| Net changes of items other than shareholders' equity | | | | | | (4,295) | 32,551 | (181) | 7,115 | 35,190 | 193 | 35,390 |
| Balance as of March 31, 2026 | $ 112,549 | $ 113,618 | $ 387,363 | $ (769) | $ 612,761 | $ (150,703) | $ 52,704 | $ 5,033 | $ 16,188 | $ (76,771) | $ 1,213 | $ 537,203 |

See notes to consolidated financial statements.

## FIDEA Holdings Co. Ltd. and Subsidiaries

**Consolidated Statements of Cash Flows**
**Years Ended March 31, 2026 and 2025**

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Operating activities: | | | |
| Income before income taxes | ¥ 4,948 | ¥ 3,860 | $ 30,938 |
| Adjustments for: | | | |
| Income taxes—paid | (390) | (1,350) | (2,438) |
| Depreciation and amortization | 1,648 | 1,794 | 10,304 |
| Loss on impairment—fixed assets | 339 | 110 | 2,119 |
| Change in allowance for loan losses | (1,178) | (803) | (7,365) |
| Change in provision for bonuses for directors and other officers | 58 | (2) | 362 |
| Change in defined benefit asset | 117 | (312) | 731 |
| Change in defined benefit liability | (244) | 33 | (1,525) |
| Change in provision for reimbursement of deposits | (6) | (11) | (37) |
| Change in provision for contingent loss | 72 | 78 | 450 |
| Interest income | (35,994) | (31,421) | (225,060) |
| Interest expenses | 6,304 | 2,837 | 39,417 |
| Loss on securities—net | 5,839 | 4,437 | 36,509 |
| (Gain) loss on money held in trust—net | (1,264) | (60) | (7,903) |
| Foreign exchange loss (gain)—net | - | 0 | - |
| Loss on sale and disposal of fixed assets—net | 174 | 238 | 1,087 |
| Net change in loans and bills discounted | (53,601) | (46,541) | (335,152) |
| Net change in deposits | (20,259) | (42,297) | (126,674) |
| Net change in negotiable certificates of deposit | 197 | (28,909) | 1,231 |
| Net change in trading account securities | 5 | 94 | 31 |
| Net change in borrowed money, excluding subordinated borrowings | 500 | 15,600 | 3,126 |
| Net change in due from banks, excluding due from Bank of Japan | 3,103 | (4,665) | 19,402 |
| Net change in call loans and bills bought | 668 | 3 | 4,176 |
| Net change in payables under securities lending transactions | - | (88,768) | - |
| Net change in foreign exchange assets | (93) | 36 | (581) |
| Net change in foreign exchange liabilities | (1) | (11) | (6) |
| Net change in lease receivables and investments in leases | (814) | (981) | (5,089) |
| Interest received | 35,702 | 31,187 | 223,235 |
| Interest paid | (5,155) | (2,287) | (32,232) |
| Other—net | 18,177 | 35,978 | 113,655 |
| Total adjustments | (46,095) | (155,992) | (288,219) |
| Net cash provided by (used in) operating activities — (Forward) | ¥ (41,147) | ¥ (152,132) | $ (257,281) |

(Continued)

## FIDEA Holdings Co. Ltd. and Subsidiaries

**Consolidated Statements of Cash Flows**
**Years Ended March 31, 2026 and 2025**

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Net cash provided by (used in) operating activities — (Forward) | ¥ (41,147) | ¥ (152,132) | $ (257,281) |
| Investing activities: | | | |
| Purchase of securities | (126,568) | (266,457) | (791,396) |
| Proceeds from sale of securities | 193,752 | 246,598 | 1,211,480 |
| Proceeds from maturity of securities | 99,786 | 161,291 | 623,935 |
| Increase in money held in trust | (6,500) | (1,000) | (40,642) |
| Decrease in money held in trust | 7,443 | 19,901 | 46,539 |
| Purchase of tangible fixed assets | (910) | (492) | (5,689) |
| Proceeds from sale of tangible fixed assets | 57 | 101 | 356 |
| Purchase of intangible fixed assets | (967) | (271) | (6,046) |
| Net cash provided by (used in) investing activities | 166,094 | 159,670 | 1,038,541 |
| Financing activities: | | | |
| Repayment of lease obligations | (491) | (326) | (3,070) |
| Dividends paid | (1,350) | (1,351) | (8,441) |
| Purchase of treasury stock | (7) | (168) | (43) |
| Proceeds from sale of treasury stock | - | 0 | - |
| Net cash provided by (used in) financing activities | (1,849) | (1,845) | (11,561) |
| Effect of exchange rate change on cash and cash equivalents | - | (0) | - |
| Net increase (decrease) in cash and cash equivalents | 123,096 | 5,691 | 769,686 |
| Cash and cash equivalents at the beginning of year | 308,216 | 302,525 | 1,927,193 |
| Cash and cash equivalents at the end of year (Note 22) | ¥ 431,313 | ¥ 308,216 | $ 2,696,886 |

See notes to consolidated financial statements.

(Concluded)

## 1. Basis of Presentation

FIDEA Holdings Co. Ltd. (the "Company") is a holding company and conducts its operations through its subsidiaries and affiliates. The Company was established as a joint holding company between The Shonai Bank, Ltd. ("Shonai") and The Hokuto Bank, Ltd. ("Hokuto") on October 1, 2009 by way of a transfer of shares.

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

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

In preparing the accompanying consolidated financial statements, Japanese yen amounts are presented in millions of yen by rounding down figures to the nearest million. As a result, the totals in yen in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥159.93 = U.S.$1.00, the exchange rate prevailing on March 31, 2026. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

## 2. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its 7 subsidiaries (collectively the "Group") as of March 31, 2026 and 2025.

Under the control of influence concept, companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated. The Company has 6 unconsolidated subsidiaries as of March 31, 2026 and 2025.

All significant intercompany accounts and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

The excess of the acquisition cost over the underlying equity in the net assets of the consolidated subsidiaries measured at fair value at their respective dates of acquisition is presented as "goodwill" and is amortized by the straight-line method over a period of five years. Insignificant amounts of goodwill are fully charged to income in the fiscal year when it is incurred.

The balance sheet dates of all 7 subsidiaries are March 31.

Companies over which the Company has the ability to exercise significant influence, but does not control are accounted for using the equity method. However, the Company has no unconsolidated subsidiaries nor affiliates to be accounted for using the equity method. As of March 31, 2026, the Company has one affiliate but it is not accounted for using the equity method due to immateriality.

## 3. Significant Accounting Policies

### (1) Trading account securities

Trading account securities are stated at fair value as of the balance sheet date, and cost of trading account securities sold is determined principally using the moving-average method.

### (2) Securities

Non-trading securities are classified into two categories: held-to-maturity debt securities and available-for-sale securities. Held-to-maturity debt securities are carried at amortized cost being determined by the moving-average method. Available-for-sale securities are stated at fair value. Cost of sale of these available-for-sale securities is principally determined using the moving-average method. Equity securities without market prices are stated at cost determined by the moving-average method.

Unrealized gain or loss on available-for-sale securities is recorded under net assets, net of income taxes.

### (3) Securities held in money trusts

Securities that are part of trust assets in independently managed money trusts with the primary purpose to manage securities are stated at fair value as of the balance sheet date.

### (4) Derivatives

Derivatives are stated at fair value.

### (5) Tangible fixed assets

Depreciation of tangible fixed assets of the Group, except for lease assets, is calculated by the straight-line method. The principal useful lives are as follows:

| | |
|---|---|
| Buildings | 5 to 50 years |
| Others | 4 to 20 years |

The Group leases automated teller machines, etc. under finance lease arrangements as a lessee.

Lease assets under finance lease arrangements which do not transfer ownership of the lease assets to the lessee are depreciated over the respective lease contract periods using the straight-line method with salvage values defined in the lease contracts, otherwise with no residual value.

### (6) Intangible fixed assets

Intangible fixed assets, except for lease assets, are amortized by the straight-line method. Amortization of the cost of software intended for internal use is calculated by the straight-line method based on a useful life (principally five years) determined by the Group.

### (7) Allowance for loan losses

Allowance for loan losses is provided by the consolidated banking subsidiaries and other major consolidated subsidiaries in accordance with the prescribed standards.

(i) For claims on borrowers who have declared bankruptcy or have commenced special liquidation proceedings or similar legal proceedings (the "bankrupt borrowers"), or borrowers who are not legally or formally insolvent but are regarded as substantially in the same situation (the "virtually bankrupt borrowers"), an allowance is generally provided based on the carrying amount of the claims, after the write-off stated below, net of the expected amount recoverable from collateral and guarantees.

For collateralized and guaranteed claims on the bankrupt borrowers or virtually bankrupt borrowers of Hokuto and its certain consolidated subsidiaries, the amount of claims exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and is charged off against the total amount of outstanding claims. These write-offs amounted to ¥13,186 million ($82,448 thousand) and ¥14,529 million for the years ended March 31, 2026 and 2025, respectively.

(ii) For claims on borrowers who are not currently bankrupt but are likely to become bankrupt (the "potentially bankrupt borrowers"), an allowance is provided at the amount deemed necessary based on the overall solvency assessment of the borrowers and the amount of the claims, net of the expected amount recoverable from collateral and guarantees (hereinafter the "unsecured amount"). In particular,

a. For the unsecured amount, an allowance is provided based on the expected loan loss over the next three years. The expected loan loss amount is determined based on the loan loss ratio, which is estimated by taking the average of historical loan loss ratio over a certain period of time based on their past loan loss experience over three years, with necessary adjustments such as future projections.

b. Of claims on above borrowers, as to claims on borrowers with certain amounts or more of the unsecured amount, the allowance estimated based on the expected loan loss as described in the preceding paragraph is individually reviewed if the allowance is sufficient. Then as necessary, a collectible amount reasonably estimated based on the borrower's financial status is deducted from the unsecured amount to provide the amount of the allowance.

(iii) For claims on borrowers with restructured loans, etc., an allowance is provided based on the expected loan loss over the next three years. The expected loan loss amount is determined based on the loan loss ratio, which is estimated by taking the average of historical loan loss ratio over a certain period of time based on their past loan loss experience over three years, with necessary adjustments such as future projections.

(iv) For other claims, an allowance is provided based on the expected loan loss over the next one year. The expected loan loss amount is determined based on the loan loss ratio, which is estimated by taking the average of historical loan loss ratio over a certain period of time based on their past loan loss experience over one year, with necessary adjustments such as future projections.

(v) Allowances for loan losses of other consolidated subsidiaries are provided based on the historical loan loss ratio.

All claims are assessed for the quality by the Asset Assessment Department with the cooperation by operating offices in accordance with the Standards for Asset Self-Assessment, and then the assessment results are audited by the Asset Audit Department which is independent from the Asset Assessment Department.

**(8) Provision for bonuses for directors and other officers**

Provision for bonuses for directors and other officers is provided for the payment of bonuses to directors and other officers at an estimated amount attributed to the current fiscal year.

**(9) Provision for reimbursement of deposits**

Provision for reimbursement of deposits is provided at an estimated amount of the future payments to be made for reimbursement claims on deposits which were derecognized and credited from liability to income.

**(10) Provision for contingent loss**

Provision for contingent loss is provided at an estimated amount of the future payments to be made for a

**(11) Retirement benefits**

The benefit formula method is used as a method of attributing expected retirement benefits to each period in calculating retirement benefit obligation.

Past service costs are amortized by the straight-line method over a certain period (five years) within the average remaining years of service of the eligible employees when such past service costs occur.

Actuarial gains and losses are amortized from the year following the year in which the gains and losses occur by the straight-line method over a certain period of 10 to 13 years within the average remaining years of service of the eligible employees when such actuarial gains and losses occur.

Certain consolidated subsidiaries adopt the simplified method in calculating defined benefit liability and retirement benefit expenses. Under this method, the severance payment amount required at the fiscal year-end for voluntary termination is deemed as retirement benefit obligations.

**(12) Recognition of significant revenue and expenses**

(i) Recognition of revenue and expenses in finance lease transactions
At the consolidated subsidiary engaged in the leasing business, revenue and expenses from finance lease transactions are recognized upon receipt of lease payments, by recording revenue and cost of revenue.

(ii) Recognition of revenue from contracts with customers
Major performance obligations in major businesses related to revenue from contracts with customers of the Company and its consolidated subsidiaries are providing services through deposits and loans operations, foreign exchange operations, securities-related operations, agency operations, custody/safe deposits operations and other.

As to fees and commissions from ATM services, direct debit services (deposits and loans operations), domestic and overseas remittance services (foreign exchange operations), underwriting public and corporate bonds (securities-related operations) and sale of investment trusts and insurances (agency operations), a performance obligation is satisfied and the revenue is recognized at a point in time when a transaction occurs or a related service is provided. As to fees and commissions from services, such as safe-deposit box fees (custody/safe deposit operations), for which a performance obligation is satisfied over the period in which the related service is provided, the revenue is recognized over the relevant period.

**(13) Foreign currency translation**

The assets and liabilities denominated in foreign currencies of the consolidated subsidiaries are translated into Japanese yen at the exchange rates in effect at the balance sheet date.
For the translation difference of debt securities out of available-for-sale securities denominated in foreign currencies, the translation difference related to changes in fair value is recognized as unrealized gain or loss and other differences are recognized as foreign exchange gain or loss under other operating income or expenses.

**(14) Hedge accounting**

*Interest rate risk hedging*
With respect to the hedge accounting for the interest rate risk arising from financial assets and liabilities of the consolidated banking subsidiaries, the Group applies deferral hedge accounting, under which gain or loss on derivatives are deferred until maturity of the hedged transactions, as stipulated in the Japanese Institute of Certified Public Accountants (“JICPA”) Industry Committee Practical Guideline No. 24 (March 17, 2022). With respect to hedging transactions to offset fluctuations of the market price, the effectiveness of hedging transactions is assessed by specifying the hedged items such as deposits and loans and bills discounted and hedging instruments such as interest rate swaps after grouping these items by definite remaining maturity. With respect to hedging transactions to offset fluctuations of market price of fixed-rate debt securities classified as available-for-sale securities, hedged items are identified by each type of debt securities and interest rate swaps are designated as hedging instruments. Since significant conditions concerning hedged items and hedging instruments are substantially identical, the hedge is deemed highly effective and the assessment for the effectiveness is omitted. With respect to hedging transactions to fix cash flows, the effectiveness of hedging is assessed by verifying the correlation of interest floating factors of hedged items and hedging instruments.

*Foreign exchange risk hedging*
With respect to the hedge accounting for the foreign exchange risk arising from financial assets and liabilities denominated in foreign currencies of the consolidated banking subsidiaries, the Group applies deferral hedge accounting, under which gain or loss on derivatives are deferred until maturity of the hedged transactions, as stipulated in the JICPA Industry Committee Practical Guideline No. 25 (October 8, 2020). Hedge effectiveness is assessed by comparing the amount of monetary assets and liabilities denominated in foreign currencies as underlying hedged items with the corresponding foreign-currency amount of the respective hedging instruments such as currency swaps and foreign exchange swaps entered into in order to hedge foreign exchange risk associated with monetary assets and liabilities denominated in foreign currencies.
In addition, in order to hedge foreign exchange risk of available-for-sale securities denominated in foreign currencies except for debt securities, the fair value hedge is applied as portfolio hedging on the condition that liabilities of spot and forward foreign exchange contracts exceeding the acquisition costs of the foreign currency denominated securities on a basis of foreign currency exist, designating the issues of foreign currency denominated securities to be hedged in advance.

**(15) Cash and cash equivalents**

In preparing the consolidated statements of cash flows, of cash and due from banks in the consolidated balance sheets, cash and due from Bank of Japan ("BoJ") are considered to be cash and cash equivalents.

**(16) Accounting treatments and procedures applied in cases where relevant accounting standards are unclear**

(i) Regarding gain or loss on cancellation or redemption of investment trusts, when an aggregate amount on investment trusts as a whole including interim distributions is a gain, the gain is recognized as interest and dividends on securities under interest income, and when it is a loss, the loss is recognized as loss on redemption of bonds under other operating expenses.

(ii) Expenses for the restricted stock compensation for the Company's directors (excluding outside directors and members of the Auditing Committee) and executive officers and the consolidated banking subsidiaries' directors (excluding outside directors and members of the Audit and Supervisory Committee) and executive officers are measured at fair value of the Company's share on the grant date. The expenses are recognized as personnel expenses (general and administrative expenses) over the eligible service period.

**(17) Accounting standard and guidance issued but not yet applied**

"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) and other

(i) Overview
To provide accounting treatments for lessees to recognize an asset and a liability for all leases, in line with international accounting standards.

(ii) Planned date of application
The Company plans to apply them from the beginning of the year ending March 31, 2028.

(iii) Effect of application
The impact on the Company's financial statements is under evaluation.

**4. Significant Accounting Estimates**

The following summarizes items that are recognized in the current fiscal year's consolidated financial statements based on the accounting estimates and such estimates may give significant impacts on the consolidated financial statements in the following fiscal year.

**(1) Allowance for loan losses**

(i) Amount recognized in the consolidated financial statements in the current fiscal year

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Allowance for loan losses | ¥ 11,697 | ¥ 12,876 | $ 73,138 |

(ii) Information that contributes to an understanding of the nature of significant accounting estimates for the identified items
a. Estimation method
It is described in Note "3. Significant Accounting Policies, (7) Allowance for loan losses."

b. Major assumptions

For estimating the allowance, it is particularly important to determine the borrower classification. Major assumptions used for determining the borrower classification are "outlook for future performance of borrowers," which the Company assesses by each individual borrower based on the evaluation of each borrower's ability to earn income, after comprehensively evaluating the qualitative and quantitative information collected, including each borrower's management performance, financial status, lending terms, repayment status, and formulation and progress of a management improvement plan.

c. Impact on the consolidated financial statements in the following fiscal year

Since the major assumptions: "outlook for future performance of borrowers" involve uncertainty, there is a risk to have a significant impact on determining the borrower classification if any changes occur in the status of borrowers or the future economic environment. When the borrower classification changes, there is a possibility that the allowance for loan losses in the consolidated financial statements in the following fiscal year may increase or decrease.

**5. Securities**

Gain and loss from revaluation of trading account securities included in the consolidated statements of income was ¥(15) million ($(93) thousand) and ¥(20) million for the years ended March 31, 2026 and 2025, respectively.

Securities at March 31, 2026 and 2025 consisted of the following:

| | Millions of yen | | |
|---|---|---|---|
| March 31, 2026 | Carrying amount | Acquisition cost | Unrealized gain (loss) |
| Securities whose carrying amount exceeds their acquisition cost: | | | |
| Available-for-sale securities: | | | |
| Equity securities | ¥ 13,821 | ¥ 7,621 | ¥ 6,200 |
| Debt securities: | 6,099 | 6,059 | 40 |
| Japanese government bonds | 1,008 | 1,003 | 4 |
| Municipal bonds | 1,109 | 1,104 | 4 |
| Corporate bonds | 3,981 | 3,950 | 31 |
| Other | 68,362 | 59,071 | 9,291 |
| Subtotal | ¥ 88,284 | ¥ 72,752 | ¥ 15,531 |
| Securities whose carrying amount does not exceed their acquisition cost: | | | |
| Available-for-sale securities: | | | |
| Equity securities | ¥ 5,970 | ¥ 6,410 | ¥ (440) |
| Debt securities: | 238,357 | 275,726 | (37,369) |
| Japanese government bonds | 59,013 | 70,533 | (11,520) |
| Municipal bonds | 93,883 | 106,559 | (12,675) |
| Corporate bonds | 85,460 | 98,633 | (13,173) |
| Other | 62,586 | 67,046 | (4,459) |
| Subtotal | ¥ 306,914 | ¥ 349,183 | ¥ (42,268) |
| Total | ¥ 395,198 | ¥ 421,935 | ¥ (26,737) |

| March 31, 2025 | Millions of yen<br>Carrying amount | Acquisition cost | Unrealized gain (loss) |
|---|---|---|---|
| Securities whose carrying amount exceeds their acquisition cost: | | | |
| Available-for-sale securities: | | | |
| Equity securities | ¥ 10,146 | ¥ 5,871 | ¥ 4,275 |
| Debt securities: | 14,725 | 14,601 | 123 |
| Japanese government bonds | 2,026 | 2,009 | 17 |
| Municipal bonds | 3,094 | 3,058 | 35 |
| Corporate bonds | 9,604 | 9,533 | 70 |
| Other | 72,365 | 66,547 | 5,817 |
| Subtotal | ¥ 97,237 | ¥ 87,020 | ¥ 10,216 |
| Securities whose carrying amount does not exceed their acquisition cost: | | | |
| Available-for-sale securities: | | | |
| Equity securities | ¥ 9,714 | ¥ 10,462 | ¥ (747) |
| Debt securities: | 336,667 | 364,773 | (28,105) |
| Japanese government bonds | 103,769 | 114,764 | (10,994) |
| Municipal bonds | 130,742 | 141,095 | (10,353) |
| Corporate bonds | 102,155 | 108,913 | (6,757) |
| Other | 116,879 | 125,001 | (8,122) |
| Subtotal | ¥ 463,261 | ¥ 500,237 | ¥ (36,975) |
| Total | ¥ 560,499 | ¥ 587,257 | ¥ (26,758) |

| March 31, 2026 | Thousands of U.S. dollars<br>Carrying amount | Acquisition cost | Unrealized gain (loss) |
|---|---|---|---|
| Securities whose carrying amount exceeds their acquisition cost: | | | |
| Available-for-sale securities: | | | |
| Equity securities | $ 86,419 | $ 47,652 | $ 38,766 |
| Debt securities: | 38,135 | 37,885 | 250 |
| Japanese government bonds | 6,302 | 6,271 | 25 |
| Municipal bonds | 6,934 | 6,903 | 25 |
| Corporate bonds | 24,892 | 24,698 | 193 |
| Other | 427,449 | 369,355 | 58,094 |
| Subtotal | $ 552,016 | $ 454,899 | $ 97,111 |
| Securities whose carrying amount does not exceed their acquisition cost: | | | |
| Available-for-sale securities: | | | |
| Equity securities | $ 37,328 | $ 40,080 | $ (2,751) |
| Debt securities: | 1,490,383 | 1,724,041 | (233,658) |
| Japanese government bonds | 368,992 | 441,024 | (72,031) |
| Municipal bonds | 587,025 | 666,285 | (79,253) |
| Corporate bonds | 534,358 | 616,726 | (82,367) |
| Other | 391,333 | 419,220 | (27,880) |
| Subtotal | $ 1,919,052 | $ 2,183,348 | $ (264,290) |
| Total | $ 2,471,068 | $ 2,638,247 | $ (167,179) |

As of March 31, 2026 and 2025, ¥150 million ($937 thousand) and ¥150 million of equity securities and ¥1,204 million ($7,528 thousand) and ¥916 million of capital investment in unconsolidated subsidiaries or affiliates were included in the balance of securities, respectively. Further, as of March 31, 2026 and 2025, ¥- million ($- thousand) and ¥8,303 million of securities lent under secured loan agreement (securities lending transactions secured by collateral securities) is included in Japanese government bonds in securities.

Available-for-sale securities sold for the years ended March 31, 2026 and 2025 were as follows:

| | Millions of yen | | |
|---|---|---|---|
| March 31, 2026 | Sales proceeds | Realized gain | Realized loss |
| Equity securities | ¥ 43,030 | ¥ 2,806 | ¥ 1,372 |
| Debt securities: | 72,472 | - | 6,909 |
| Japanese government bonds | 51,504 | - | 4,531 |
| Municipal bonds | 19,778 | - | 1,973 |
| Corporate bonds | 1,188 | - | 405 |
| Other | 75,495 | 1,503 | 1,840 |
| Total | ¥ 190,998 | ¥ 4,309 | ¥ 10,122 |

| | Millions of yen | | |
|---|---|---|---|
| March 31, 2025 | Sales proceeds | Realized gain | Realized loss |
| Equity securities | ¥ 41,023 | ¥ 3,699 | ¥ 1,649 |
| Debt securities: | 57,560 | - | 4,156 |
| Japanese government bonds | 46,867 | - | 3,965 |
| Municipal bonds | 10,525 | - | 188 |
| Corporate bonds | 167 | - | 2 |
| Other | 149,436 | 2,098 | 5,065 |
| Total | ¥ 248,020 | ¥ 5,797 | ¥ 10,871 |

| | Thousands of U.S. dollars | | |
|---|---|---|---|
| March 31, 2026 | Sales proceeds | Realized gain | Realized loss |
| Equity securities | $ 269,055 | $ 17,545 | $ 8,578 |
| Debt securities: | 453,148 | - | 43,200 |
| Japanese government bonds | 322,040 | - | 28,331 |
| Municipal bonds | 123,666 | - | 12,336 |
| Corporate bonds | 7,428 | - | 2,532 |
| Other | 472,050 | 9,397 | 11,505 |
| Total | $ 1,194,259 | $ 26,943 | $ 63,290 |

**Write-down of securities**

Non-trading securities, with the exception of equity securities without market prices or investments in partnerships, whose fair value significantly declined compared with their acquisition cost and is not considered to be able to recover their acquisition cost, are written down to their respective fair value which is recorded as the carrying amount on the consolidation balance sheet. The related loss on revaluation is charged to income for the year.

For the years ended March 31, 2026 and 2025, no available-for sale securities were written down.

The criteria for determining whether the fair value is "significantly declined" are as follows:
(1) If the fair value as of the balance sheet date declines 50% or more compared to the acquisition cost, the difference is recognized as write-down of securities.
(2) If the fair value as of the balance sheet date declines by 30% or more but less than 50% compared to the acquisition cost, write-down of securities is recognized for the securities which meets criteria of the Group after considering the financial condition of the issuer and past trend of the market value for a certain period.

**6. Unrealized Gain (Loss) on Available-for-Sale Securities**

Unrealized gain (loss) on available-for-sale securities at March 31, 2026 and 2025 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Unrealized gain (loss): | | | |
| Available-for-sale securities | ¥ (26,737) | ¥ (26,758) | $ (167,179) |
| Deferred tax assets | 2,659 | 3,356 | 16,626 |
| Unrealized gain (loss) on available-for-sale securities before adjustments by equity interest: | (24,077) | (23,401) | (150,547) |
| Non-controlling interests | (24) | (13) | (150) |
| Unrealized gain (loss) on available-for-sale securities | ¥ (24,102) | ¥ (23,415) | $ (150,703) |

**7. Bills Discounted**

Bills discounted are accounted for as financial transactions rather than as purchased bills in accordance with JICPA Industry Committee Practical Guideline No. 24 (March 17, 2022). The Group has the right to sell or pledge (repledge) such bills without any restrictions. These include commercial bills discounted. The total face value of such financial transactions at March 31, 2026 and 2025 amounted to ¥1,219 million ($7,622 thousand) and ¥1,860 million, respectively.

Contracts for overdraft facilities and loan commitments are contracts under which the Group lends money to customers up to their prescribed limits at the customers' request as long as there are no violations of any of the conditions in the contracts. The aggregate unutilized balances within the limits of these contracts totaled ¥280,057 million ($1,751,122 thousand) and ¥297,069 million at March 31, 2026 and 2025, respectively, including the contracts whose contractual periods were either less than one year or revocable at any time, in the amount of ¥264,405 million ($1,653,254 thousand) and ¥271,542 million, respectively.
Since many of these commitments expire without being fully utilized, the unutilized amounts do not necessarily represent future cash commitments of the consolidated subsidiaries. Most of these contracts include provisions which stipulate that the consolidated subsidiaries can reject customers' requests or decrease the contract limits for an appropriate reason, such as a change in financial situation and preservation of claims. At the inception of the contracts, they obtain collateral in the form of real estate, securities, and so forth, if deemed necessary. Subsequently, they, based on its internal rules, perform periodic reviews of the customers' business results and may take necessary measures such as reconsidering the terms and conditions of the contracts and/or requiring additional collateral or guarantees.

**8. Claims to Be Disclosed Under the Financial Revitalization Act and the Banking Act**

Claims to be disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions (the "Financial Revitalization Act") are included in:

- corporate bonds (limited to those principal and interest are fully or partially secured and issued under private placements as permitted in Article 2, paragraph 3 of the Financial Instruments and Exchange Act) under "Securities,"
- "Loans and bills discounted,"
- "Foreign exchange assets,"
- Accrued interest and suspense payments under "Other assets,"
- "Customers' liabilities for acceptances and guarantees" and
- securities when such securities are lending (limited to those under loan for use contracts or lease contracts).

The following table summarizes claims to be disclosed under the Financial Revitalization Act and the Baking Act.

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Claims against bankrupt or quasi-bankrupt obligors | ¥ 7,046 | ¥ 9,188 | $ 44,056 |
| Doubtful claims | 30,389 | 29,651 | 190,014 |
| Claims past due for three months or more | - | - | - |
| Restructured claims | 1,844 | 828 | 11,530 |
| Total | ¥ 39,280 | ¥ 39,668 | $ 245,607 |

Claims against bankrupt or quasi-bankrupt obligors present loans to obligors in bankruptcy procedures, including commencement of bankruptcy proceedings, reorganization proceedings and rehabilitation proceedings, and other relevant claims.

Doubtful claims present loans, other than claims against bankrupt or quasi-bankrupt obligors, for which the obligors have not yet entered into bankruptcy, but their financial conditions and business performance have deteriorated, and therefore, it is highly probable that the principal and interest cannot be collected in accordance with contracts.

Claims past due for three months or more represent loans on which the payment of principal and/or interest has not been received for three months or more from the day after the due date, and which are not classified as “claims against bankrupt or quasi-bankrupt obligors” or “doubtful claims.”

Restructured claims are loans which have been restructured to facilitate or support the reconstruction of obligors who are experiencing financial difficulties, with the intention of ensuring the recovery of the loans by providing more flexible repayment terms for the obligors (such as reducing the rate of interest, suspending the payment of principal/interest, forgiving debt, etc.) and loans which are not classified in any of the above categories.

The amounts of claims are before deducting allowance for loan losses.

**9. Tangible Fixed Assets**

At March 31, 2026 and 2025, accumulated depreciation of tangible fixed assets was ¥27,934 million ($174,663 thousand) and ¥29,174 million, respectively.

The amounts of advanced depreciation by reduction of carrying amount of assets as of and for the years ended March 31, 2026 and 2025 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Balance as of the fiscal year-end | ¥ 949 | ¥ 957 | $ 5,933 |
| Amount applicable for the year | - | - | - |

**10. Revaluation of Land**

In accordance with the “Act on Revaluation of Land” (Act No. 34 of March 31, 1998), land used for business operations of Shonai was revalued as of the date indicated below. The excess of revaluation to carrying amount at the time of revaluation, net of income taxes corresponding to the excess which are recognized as “Deferred tax liabilities for land revaluation,” is stated as “Revaluation reserve for land” under net assets.

Date of revaluation: September 30, 1999

The method of revaluation of asset set forth in Article 3, paragraph 3 of the “Act on Revaluation of Land”:

Fair values are determined based on the land price registered in the book of taxation on land stipulated in Article 2-3 of the “Order for Enforcement of Act on Revaluation of Land” (the “Ordinance”) (Cabinet Order No. 119 of March 31, 1998), with price adjustments by shape and time and the appraisal value by an independent real estate appraiser as provided by Article 2-5 of the Ordinance.

The difference between the total fair value of land used for business operations revalued pursuant to Article 10 of the “Act on Revaluation of Land” and carrying amount after revaluation of the relevant land at March 31, 2026 and 2025 was ¥560 million ($3,501 thousand) and ¥688 million, respectively.

### 11. Borrowed Money and Lease Obligations

Borrowed money and lease obligations at March 31, 2026 and 2025 were as follows:

| | Millions of yen | | Thousands of U.S. dollars | Average interest rate | |
|---|---|---|---|---|---|
| | 2026 | 2025 | 2026 | (%) | Maturity |
| Borrowed money | ¥103,800 | ¥ 103,300 | $ 649,033 | 0.48 | Jun. 2026 through Feb. 2027 |
| Current portion of lease obligations | 557 | 391 | 3,482 | 2.28 | - |
| Lease obligations, less current portion | 1,383 | 1,103 | 8,647 | 2.51 | Apr. 2027 through Mar. 2033 |

Notes: (1) Average interest rate is calculated based on the interests and the balances as of the balance sheet date by the weighted average method.

(2) Of lease obligations, sublease obligations are accounted for at the amount equivalent to interest portion included in total lease payments. Thus, such obligations are excluded from calculating the average interest rate of lease obligations.

(3) Annual maturities of borrowed money and lease obligations within five years at March 31, 2026 are as follows:

| | Millions of yen | | | | |
|---|---|---|---|---|---|
| | Due in one year or less | Due after one year through two years | Due after two years through three years | Due after three years through four years | Due after four years through five years |
| Borrowed money | ¥ 103,800 | ¥ - | ¥ - | ¥ - | ¥ - |
| Lease obligations | 557 | 519 | 414 | 278 | 133 |

| | Thousands of U.S. dollars | | | | |
|---|---|---|---|---|---|
| | Due in one year or less | Due after one year through two years | Due after two years through three years | Due after three years through four years | Due after four years through five years |
| Borrowed money | $ 649,033 | $ - | $ - | $ - | $ - |
| Lease obligations | 3,482 | 3,245 | 2,588 | 1,738 | 831 |

Note: Lease obligations are included in “Other liabilities” in the accompanying consolidated balance sheet.

### 12. Assets Pledged

Assets pledged as collateral at March 31, 2026 and 2025 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Securities | ¥ 104,724 | ¥ 104,521 | $ 654,811 |

The liabilities secured by the above pledged assets at March 31, 2026 and 2025 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Borrowed money | ¥ 103,800 | ¥ 103,300 | $ 649,033 |

In addition to the pledged assets listed above, the following assets are pledged as collateral of domestic exchange transactions or as margins on futures contracts at March 31, 2026 and 2025:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Securities | ¥ 70,599 | ¥ 86,931 | $ 441,436 |
| Cash and due from banks | 14 | 8 | 87 |
| Other assets | 146 | 12,143 | 912 |

Note: Other assets include guarantee deposits in the amount of ¥737 million ($4,608 thousand) and ¥230 million at March 31, 2026 and 2025, respectively.

**13. Retirement Benefit Plans**

The Company and its consolidated banking subsidiaries have a defined contribution plan as well as defined benefit plans such as a corporate pension plan and a lump-sum payment plan, thereby supporting employees' retirement savings by making regular contributions. In addition, additional retirement allowance may be paid to employees when they retire. Further, a retirement benefit trust is established for the lump-sum payment plan of consolidated banking subsidiaries of the Company.

Each retirement benefit plan has adopted the point system under which certain points are given based on the functional classes and titles and employees are entitled to lump-sum payments based on the accumulated points at the time of the termination multiplied by unit price by point.

Certain consolidated subsidiaries other than the consolidated banking subsidiaries have lump-sum payment plans as defined benefit pension plans, and adopt the simplified method in calculating defined benefit liability and retirement benefit expenses.

*Defined benefit pension plans*

(1) Reconciliation between retirement benefit obligations at beginning of year and end of year

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Retirement benefit obligations at beginning of year | ¥ 8,628 | ¥ 9,741 | $ 53,948 |
| Service costs | 318 | 358 | 1,988 |
| Interest costs | 120 | 66 | 750 |
| Actuarial gains and losses arising during year | (387) | (627) | (2,419) |
| Retirement benefits paid | (766) | (911) | (4,789) |
| Retirement benefit obligations at end of year | ¥ 7,914 | ¥ 8,628 | $ 49,484 |

(2) Reconciliation between plan assets at beginning of year and end of year

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Plan assets at beginning of year | ¥ 11,263 | ¥ 11,838 | $ 70,424 |
| Expected return on plan assets | 168 | 177 | 1,050 |
| Actuarial gains and losses | 1,361 | (91) | 8,509 |
| Contribution from employer | 90 | 90 | 562 |
| Retirement benefits paid | (575) | (751) | (3,595) |
| Plan assets at end of year | ¥ 12,308 | ¥ 11,263 | $ 76,958 |

Note: Retirement benefit trust is included in plan assets.

(3) Reconciliation between retirement benefit obligations and plan assets at end of year and defined benefit liability and defined benefit asset on the consolidated balance sheets

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Funded retirement benefit obligation | ¥ 7,695 | ¥ 8,405 | $ 48,114 |
| Plan assets | (12,308) | (11,263) | (76,958) |
| | (4,612) | (2,858) | (28,837) |
| Unfunded retirement benefit obligation | 218 | 222 | 1,363 |
| Net balance of liability and asset recorded on the consolidated balance sheets | ¥ (4,394) | ¥ (2,635) | $ (27,474) |

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| Defined benefit liability | ¥ 433 | ¥ 518 | $ 2,707 |
| Defined benefit asset | (4,828) | (3,154) | (30,188) |
| Net balance of liability and asset recorded on the consolidated balance sheets | ¥ (4,394) | ¥ (2,635) | $ (27,474) |

Note: Retirement benefit trust is included in plan assets.

(4) Retirement benefit expenses and components thereof

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Service costs | ¥ 318 | ¥ 358 | $ 1,988 |
| Interest costs | 120 | 66 | 750 |
| Expected return on plan assets | (168) | (177) | (1,050) |
| Amortization of actuarial gains and losses | (116) | (58) | (725) |
| Amortization of past service costs | - | (217) | - |
| Other | 1 | 14 | 6 |
| Retirement benefit expenses on defined benefit plans | ¥ 155 | ¥ (13) | $ 969 |

Note: Retirement benefit expenses of the consolidated subsidiaries adopting the simplified method are collectively included in "Service costs."

(5) Components of items recorded in remeasurements of defined benefit plans in other comprehensive income, before income taxes and tax effect, are as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Past service costs | ¥ - | ¥ (217) | $ - |
| Actuarial gains and losses | 1,631 | 478 | 10,198 |
| Total | ¥ 1,631 | ¥ 260 | $ 10,198 |

(6) Components of items recorded in remeasurements of defined benefit plans in accumulated other comprehensive income, before income taxes and tax effect, are as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Unrecognized actuarial gains and losses | ¥ (3,772) | ¥ (2,140) | $ (23,585) |
| Total | ¥ (3,772) | ¥ (2,140) | $ (23,585) |

(7) Components of plan assets

(i) Percentages to total plan by major category are as follows:

| | 2026 | 2025 |
|---|---|---|
| Debt securities | 23.0% | 31.1% |
| Equity securities | 25.0 | 23.3 |
| Investment trusts | 34.7 | 31.5 |
| Cash and deposits | 5.0 | 4.9 |
| Call loans | 4.1 | 0.4 |
| General account | 6.1 | 6.6 |
| Other | 2.1 | 2.1 |
| Total | 100.0% | 100.0% |

Note: 35.5% and 36.2% of the total plan assets consisted of the retirement benefit trust established for the lump-sum payment plan as of March 31, 2026 and 2025, respectively.

(ii) Determination of expected long-term rate of plan assets

The expected long-term rate of return on plan assets is determined considering current and expected distribution of plan assets and current and expected long-term rate of return derived from various components of plan assets.

(8) Actuarial assumptions at end of year

| | 2026 | 2025 |
|---|---|---|
| Discount rate | 2.06% - 2.46% | 1.25% - 1.64% |
| Expected long-term rate of return on plan assets | 1.50% | 1.50% |
| Expected rate of salary increase | 3.20% - 3.30% | 2.10% - 2.40% |

*Defined contribution pension plans*

The amounts to be contributed to the defined contribution pension plans of the Company and its consolidated subsidiaries were ¥141 million ($881 thousand) and ¥146 million as of March 31, 2026 and 2025, respectively.

**14. Contingent Liabilities**

Guarantee liabilities for corporate bonds acquired through private offering (as defined in Article 2-3 of the Financial Instruments and Exchange Act) among those classified as corporate bonds in “Securities” amounted to ¥35,208 million ($220,146 thousand) and ¥38,450 million at March 31, 2026 and 2025, respectively.

**15. Shareholders’ Equity**

Japanese banks are required to comply with the Banking Act and the Companies Act. The Companies Act stipulates that neither additional paid-in capital nor the legal reserve is available for dividends, but that both may be used to reduce or eliminate a deficit. Under the Banking Act, an amount which is at least equal to 20% of the aggregate amount of cash dividends and certain appropriations of retained earnings associated with cash outlays applicable to each fiscal period is to be appropriated to the legal reserve until the aggregate amount of the legal reserve and the capital surplus account equals 100% of the amount of share capital. The Companies Act also provides that if the aggregate amount of additional paid-in capital and the legal reserve exceeds 100% of the amount of share capital, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

The maximum amount which the bank can distribute as dividends is calculated based on the non-consolidated financial statements of the bank and in accordance with the Companies Act.

Movements in common stock, preferred stock and treasury stock during the years ended March 31, 2026 and 2025 are summarized as follows:

| | Number of shares (in thousands) | | | | |
|---|---|---|---|---|---|
| | April 1, 2025 | Increase | Decrease | March 31, 2026 | Ref. |
| Issued shares: | | | | | |
| Common stock | 18,142 | - | - | 18,142 | |
| Total | 18,142 | - | - | 18,142 | |
| Treasury stock: | | | | | |
| Common stock | 118 | 4 | 41 | 82 | (1), (2) |
| Total | 118 | 4 | 41 | 82 | |

Notes: (1) Increase in number of treasury stock of common stock is due to 4 thousand shares of request for purchase of less than one unit and 0 thousand shares of acquisition of the restricted stock for free.
(2) Decrease in number of treasury stock of common stock is due to sale of shares as the restricted stock compensation.

| | Number of shares (in thousands) | | | | |
|---|---|---|---|---|---|
| | April 1, 2024 | Increase | Decrease | March 31, 2025 | Ref. |
| Issued shares: | | | | | |
| Common stock | 18,142 | - | - | 18,142 | |
| Total | 18,142 | - | - | 18,142 | |
| Treasury stock: | | | | | |
| Common stock | 48 | 105 | 35 | 118 | (1), (2) |
| Total | 48 | 105 | 35 | 118 | |

Notes: (1) Increase in number of treasury stock of common stock is due to 100 thousand shares of market purchase and 5 thousand shares of request for purchase of less than one unit and 0 thousand shares of acquisition of the restricted stock for free.
(2) Decrease in number of treasury stock of common stock is due to 35 thousand shares of sale as the restricted stock compensation and 0 thousand shares of request for sale of less than one unit.

**16. Stock Compensation**

The restricted stock compensation plan

The Company has the restricted stock compensation plan for directors (excluding outside directors and members of the Auditing Committee) and executive officers of the Company (collectively, the “Directors, etc. of the Company”) and the directors (excluding outside directors and members of the Audit and Supervisory Committee) and executive officers of the Company’s banking subsidiaries (collectively, the “Directors, etc. of the Company’s banking subsidiaries”).

(1) Amount and account name of the restricted stock compensation

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Personnel expenses | | | |
| (General and administrative expenses) | ¥ 59 | ¥ 57 | $ 368 |

(2) Outline of the restricted stock compensation

| | Granted in July 2022 |
|---|---|
| Grantee (allottee) | Director of the Company: two (Note 1)<br>Executive officer of the Company: seven<br>Director of the Company's banking subsidiaries: 12 (Note 2)<br>Executive officer of the Company's banking subsidiaries: 12 |
| Class and number of shares | Common stock of the Company: 42,600 shares |
| Date of grant | July 21, 2022 |
| Eligible service period | The period from the date of ordinary general meetings of shareholders of the Company and the Company's banking subsidiaries held in 2022 to the date of ordinary general meetings of shareholders of the Company and the Company's banking subsidiaries scheduled to be held in 2023. |
| Restriction period | The period from August 10, 2022, the date of sale of the Company's shares, to the date on which the allottee resigns from any position of the Directors, etc. of the Company or the Company's banking subsidiaries. |
| Conditions for lifting | The Company shall lift the restriction on transfer of all allotted shares held by an allottee as of the expiration of the restriction period on the condition that the allottee continues to be the Directors, etc. of the Company or the Company's banking subsidiaries from the commencement date of the restriction period to the date of the first ordinary general meeting of shareholders of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the date of the first ordinary general meeting of shareholders of the applicable banking subsidiary). However, if the allottee resigns from any position of the Directors, etc. of the Company or the Company's banking subsidiaries, for good reasons approved by the Compensation Committee of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the Board of Director of the applicable banking subsidiary), by the day before the first ordinary general meeting of shareholders of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the day before the first ordinary general meeting of shareholders of the applicable banking subsidiary) after the commencement date of the restriction period, the transfer restriction of the allotted shares shall be lifted, as of the time immediately following the resignation, with respect to the allotted shares determined as follows: the number of months from July 2022 to the month including the day on which the allottee resigns from the position of the Directors, etc. of the Company or the Company's banking subsidiaries, divided by 12, multiplied by the number of the allotted shares held by the allottee as of such time (any fraction less than one share resulting from the calculation shall be rounded down). |
| Fair value on the grant date | ¥1,289 ($8,059) |

Notes: (1) Outside Directors and members of the Auditing Committee are excluded.
(2) Outside Directors and members of the Audit and Supervisory Committee are excluded.

| | Granted in July 2023 |
|---|---|
| Grantee (allottee) | Director of the Company: three (Note 1)<br>Executive officer of the Company: seven<br>Director of the Company's banking subsidiaries: nine (Note 2)<br>Executive officer of the Company's banking subsidiaries: 17 |
| Class and number of shares | Common stock of the Company: 41,500 shares |
| Date of grant | July 20, 2023 |
| Eligible service period | The period from the date of ordinary general meetings of shareholders of the Company and the Company's banking subsidiaries held in 2023 to the date of ordinary general meetings of shareholders of the Company and the Company's banking subsidiaries scheduled to be held in 2024. |
| Restriction period | The period from August 18, 2023, the date of sale of the Company's shares, to the date on which the allottee resigns from any position of the Directors, etc. of the Company or the Company's banking subsidiaries. |
| Conditions for lifting | The Company shall lift the restriction on transfer of all allotted shares held by an allottee as of the expiration of the restriction period on the condition that the allottee continues to be the Directors, etc. of the Company or the Company's banking subsidiaries from the commencement date of the restriction period to the date of the first ordinary general meeting of shareholders of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the date of the first ordinary general meeting of shareholders of the applicable banking subsidiary). However, if the allottee resigns from any position of the Directors, etc. of the Company or the Company's banking subsidiaries, for good reasons approved by the Compensation Committee of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the Board of Director of the applicable banking subsidiary), by the day before the first ordinary general meeting of shareholders of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the day before the first ordinary general meeting of shareholders of the applicable banking subsidiary) after the commencement date of the restriction period, the transfer restriction of the allotted shares shall be lifted, as of the time immediately following the resignation, with respect to the allotted shares determined as follows: the number of months from July 2023 to the month including the day on which the allottee resigns from the position of the Directors, etc. of the Company or the Company's banking subsidiaries, divided by 12, multiplied by the number of the allotted shares held by the allottee as of such time (any fraction less than one share resulting from the calculation shall be rounded down). |
| Fair value on the grant date | ¥1,442 ($9,016) |

Notes: (1) Outside Directors and members of the Auditing Committee are excluded.
(2) Outside Directors and members of the Audit and Supervisory Committee are excluded.

| | Granted in July 2024 |
|---|---|
| Grantee (allottee) | Director of the Company: three (Note 1)<br>Executive officer of the Company: nine<br>Director of the Company’s banking subsidiaries: eight (Note 2)<br>Executive officer of the Company’s banking subsidiaries: 16 |
| Class and number of shares | Common stock of the Company: 35,700 shares |
| Date of grant | July 18, 2024 |
| Eligible service period | The period from the date of ordinary general meetings of shareholders of the Company and the Company’s banking subsidiaries held in 2024 to the date of ordinary general meetings of shareholders of the Company and the Company’s banking subsidiaries scheduled to be held in 2025. |
| Restriction period | The period from August 16, 2024, the date of sale of the Company’s shares, to the date on which the allottee resigns from any position of the Directors, etc. of the Company or the Company’s banking subsidiaries. |
| Conditions for lifting | The Company shall lift the restriction on transfer of all allotted shares held by an allottee as of the expiration of the restriction period on the condition that the allottee continues to be the Directors, etc. of the Company or the Company’s banking subsidiaries from the commencement date of the restriction period to the date of the first ordinary general meeting of shareholders of the Company (if the allottee is the Directors, etc. of the Company’s banking subsidiaries, the date of the first ordinary general meeting of shareholders of the applicable banking subsidiary). However, if the allottee resigns from any position of the Directors, etc. of the Company or the Company’s banking subsidiaries, for good reasons approved by the Compensation Committee of the Company (if the allottee is the Directors, etc. of the Company’s banking subsidiaries, the Board of Director of the applicable banking subsidiary), by the day before the first ordinary general meeting of shareholders of the Company (if the allottee is the Directors, etc. of the Company’s banking subsidiaries, the day before the first ordinary general meeting of shareholders of the applicable banking subsidiary) after the commencement date of the restriction period, the transfer restriction of the allotted shares shall be lifted, as of the time immediately following the resignation, with respect to the allotted shares determined as follows: the number of months from July 2024 to the month including the day on which the allottee resigns from the position of the Directors, etc. of the Company or the Company’s banking subsidiaries, divided by 12, multiplied by the number of the allotted shares held by the allottee as of such time (any fraction less than one share resulting from the calculation shall be rounded down). |
| Fair value on the grant date | ¥1,623 ($10,148) |

Notes: (1) Outside Directors and members of the Auditing Committee are excluded.
(2) Outside Directors and members of the Audit and Supervisory Committee are excluded.

| | Granted in July 2025 |
|---|---|
| Grantee (allottee) | Director of the Company: two (Note 1)<br>Executive officer of the Company: 10<br>Director of the Company's banking subsidiaries: 10 (Note 2)<br>Executive officer of the Company's banking subsidiaries: 16 |
| Class and number of shares | Common stock of the Company: 41,200 shares |
| Date of grant | July 14, 2025 |
| Eligible service period | The period from the date of ordinary general meetings of shareholders of the Company and the Company's banking subsidiaries held in 2025 to the date of ordinary general meetings of shareholders of the Company and the Company's banking subsidiaries scheduled to be held in 2026. |
| Restriction period | The period from August 13, 2025, the date of sale of the Company's shares, to the date on which the allottee resigns from any position of the Directors, etc. of the Company or the Company's banking subsidiaries. |
| Conditions for lifting | The Company shall lift the restriction on transfer of all allotted shares held by an allottee as of the expiration of the restriction period on the condition that the allottee continues to be the Directors, etc. of the Company or the Company's banking subsidiaries from the commencement date of the restriction period to the date of the first ordinary general meeting of shareholders of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the date of the first ordinary general meeting of shareholders of the applicable banking subsidiary). However, if the allottee resigns from any position of the Directors, etc. of the Company or the Company's banking subsidiaries, for good reasons approved by the Compensation Committee of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the Board of Director of the applicable banking subsidiary), by the day before the first ordinary general meeting of shareholders of the Company (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the day before the first ordinary general meeting of shareholders of the applicable banking subsidiary) after the commencement date of the restriction period, the transfer restriction of the allotted shares shall be lifted, as of the time immediately following the resignation, with respect to the allotted shares determined as follows: the number of months from July 2025 to the month including the day on which the allottee resigns from the position of the Directors, etc. of the Company or the Company's banking subsidiaries, divided by 12, multiplied by the number of the allotted shares held by the allottee as of such time (any fraction less than one share resulting from the calculation shall be rounded down). |
| Fair value on the grant date | ¥1,490 ($9,316) |

Notes: (1) Outside Directors and members of the Auditing Committee are excluded.
(2) Outside Directors and members of the Audit and Supervisory Committee are excluded.

(3) Changes in the number of the restricted stock

| | Granted in July 2022 | Granted in July 2023 | Granted in July 2024 | Granted in July 2025 |
|---|---|---|---|---|
| | shares | | | |
| March 31, 2025 - outstanding | 32,200 | 36,900 | 35,700 | - |
| Granted | - | - | - | 41,200 |
| Acquired for free (Note) | - | - | 350 | - |
| Lifted | 4,300 | 3,900 | 3,150 | - |
| March 31, 2026 - outstanding | 27,900 | 33,000 | 32,200 | 41,200 |

Note: If an allottee resigns from any position of the Directors, etc. of the Company or the Company's banking subsidiaries, from the commencement date of the restriction period to the day before the first ordinary general meeting of shareholders of the Company (if an allottee is the Directors, etc. of the Company's banking subsidiaries, the day before the first ordinary general meeting of shareholders of the applicable banking subsidiary), the Company shall acquire allotted shares for free at the time of resignation, unless there is any good reason approved by the Compensation Committee (if the allottee is the Directors, etc. of the Company's banking subsidiaries, the Board of Directors of the applicable banking subsidiary).
Furthermore, if there are any allotted shares not lifted, in accordance with provisions in the aforementioned conditions for lifting, at the time that restriction period is expired (the "time of expiration"), the Company shall acquire such shares for free immediately after the time of expiration.

(4) Method to estimate fair value on the grant date

In order to avoid arbitrariness, the Company estimates the fair value to be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors' meeting in connection with the grant of the restricted stock.

**17. Revenue Recognition**

(1) Information on disaggregated revenue from contracts with customers

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Fees and commissions: | | | |
| Deposits and loans operations | ¥ 1,822 | ¥ 1,913 | $ 11,392 |
| Foreign exchange operations | 1,424 | 1,371 | 8,903 |
| Securities-related operations | 24 | 71 | 150 |
| Agency operations | 2,955 | 3,473 | 18,476 |
| Custody/safe deposits operations | 50 | 54 | 312 |
| Other operations | 1,384 | 1,345 | 8,653 |
| Total | ¥ 7,662 | ¥ 8,229 | $ 47,908 |
| Other ordinary income | 2,425 | 1,608 | 15,162 |
| Ordinary income from contracts with customers | ¥ 10,087 | ¥ 9,838 | $ 63,071 |
| Ordinary income other than above (Note 1) | 45,968 | 43,300 | 287,425 |
| Ordinary income (Note 2) | ¥ 56,055 | ¥ 53,138 | $ 350,497 |

Notes: (1) It mainly consists of transactions related to financial instruments included in the scope of ASBJ Statement No. 10 "Accounting Standard for Financial Instruments," lease transactions included in the scope of ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" and fees and commissions received on origination or acquisition of financial instruments.
(2) "Ordinary income" is defined as income less certain special income included in the accompanying consolidated statements of income.

(2) Information on basis of revenue from contracts with customers

Information on basis of revenue from contracts with customers is omitted since it is described in Note "3. Significant Accounting Policies, (12) Recognition of significant revenue and expenses."

## 18. General and Administrative Expenses

General and administrative expenses for the years ended March 31, 2026 and 2025 included the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Salaries and allowances | ¥ 10,487 | ¥ 10,317 | $ 65,572 |
| Retirement benefit expenses | 297 | 131 | 1,857 |
| Outsourcing expenses | 2,846 | 2,577 | 17,795 |

## 19. Other Expenses

Other expenses for the years ended March 31, 2026 and 2025 included the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Loss on sale of equity securities, etc. | ¥ 1,667 | ¥ 2,159 | $ 10,423 |

## 20. Impairment Loss

For the years ended March 31, 2026 and 2025, with regard to assets from which cash flows declined due to decrease in income from operating activities, idle properties and assets which were determined to be sold, the Company recognized the impairment loss by writing off the carrying amount of each asset to its respective recoverable amount.

March 31, 2026

| | | | | Impairment loss | |
|---|---|---|---|---|---|
| Category | Area | Main use | Description | Millions of yen | Thousands of U.S. dollars |
| Business assets | Within Yamagata Prefecture | Banking office – five locations | Land and buildings | ¥ 134 | $ 837 |
| Business assets | Within Akita Prefecture | Banking office – three locations | Land | 44 | 275 |
| Business assets | Within Miyagi Prefecture | Banking office – one location | Buildings | 9 | 56 |
| Corporate assets | Within Akita Prefecture | Corporate assets – one location | Land | 87 | 543 |
| Assets held for sale | Within Yamagata Prefecture | Corporate assets – one location | Land and buildings | 10 | 62 |
| Assets held for sale | Within Akita Prefecture | Corporate assets – two locations | Land and buildings | 13 | 81 |
| Idle assets | Within Yamagata Prefecture | Idle assets – five locations | Land and buildings | 39 | 243 |
| Total | | | | ¥ 339 | $ 2,119 |

March 31, 2025

| | | | | Impairment loss |
|---|---|---|---|---|
| Category | Area | Main use | Description | Millions of yen |
| Business assets | Within Yamagata Prefecture | Banking office – three locations | Land and buildings | ¥ 74 |
| Business assets | Within Akita Prefecture | Banking office – one location | Land | 13 |
| Corporate assets | Within Yamagata Prefecture | Corporate assets – one location | Land | 22 |
| Total | | | | ¥ 110 |

Banking offices of consolidated subsidiaries in the banking business are grouped by office which is the minimum unit for management accounting purposes. Certain banking office group which operates in cooperation is considered as one unit, and banking offices located in the same building are also considered as one unit. For idle assets and assets held for sale, each asset is considered as the minimum unit. Head office, administrative centers and others are considered as corporate assets since they contribute to generate future cash flows of multiple assets or asset groups.
The Company and consolidated subsidiaries in other than the banking business are grouped by entity as a general rule.
The recoverable amount of relevant asset group is measured at net selling price and calculated by deducting estimated costs to sell from the amount which properly reflects the fair market value such as real estate appraisal value or roadside land prices.

**21. Other Comprehensive Income**

Reclassification adjustments and income taxes and tax effect for each component of other comprehensive income for the years ended March 31, 2026 and 2025 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Unrealized gain (loss) on available-for-sale securities: | | | |
| Gain (loss) arising during the year | ¥ (5,819) | ¥ (21,084) | $ (36,384) |
| Reclassification adjustments | 5,840 | 5,076 | 36,515 |
| Before income taxes and tax effect | 21 | (16,008) | 131 |
| Income taxes and tax effect | (697) | 3,260 | (4,358) |
| Unrealized gain (loss) on available-for-sale securities | (676) | (12,748) | (4,226) |
| Deferred gain (loss) on hedges: | | | |
| Adjustments arising during the year | 7,553 | 3,996 | 47,226 |
| Reclassification adjustments | 30 | 103 | 187 |
| Before income taxes and tax effect | 7,584 | 4,099 | 47,420 |
| Income taxes and tax effect | (2,377) | (1,290) | (14,862) |
| Deferred gain (loss) on hedges | 5,206 | 2,809 | 32,551 |
| Revaluation reserve for land: | | | |
| Adjustments arising during the year | - | - | - |
| Reclassification adjustments | - | - | - |
| Before income taxes and tax effect | - | - | - |
| Income taxes and tax effect | - | (11) | - |
| Revaluation reserve for land | - | (11) | - |
| Remeasurements of defined benefit plans: | | | |
| Adjustments arising during the year | 1,748 | 536 | 10,929 |
| Reclassification adjustments | (116) | (275) | (725) |
| Before income taxes and tax effect | 1,631 | 260 | 10,198 |
| Income taxes and tax effect | (493) | (98) | (3,082) |
| Remeasurements of defined benefit plans | 1,138 | 162 | 7,115 |
| Total other comprehensive income | ¥ 5,668 | ¥ (9,787) | $ 35,440 |

## 22. Cash and Cash Equivalents

A reconciliation of cash and due from banks in the accompanying consolidated balance sheets to cash and cash equivalents in the accompanying consolidated statements of cash flows at March 31, 2026 and 2025 is summarized as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Cash and due from banks | ¥ 436,689 | ¥ 316,696 | $ 2,730,500 |
| Due from banks (excluding due from BoJ) | (5,376) | (8,480) | (33,614) |
| Cash and cash equivalents | ¥ 431,313 | ¥ 308,216 | $ 2,696,886 |

## 23. Income Taxes

The tax effect of temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2026 and 2025 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Deferred tax assets: | | | |
| Unrealized gain (loss) on available-for-sale securities | ¥ 8,417 | ¥ 8,414 | $ 52,629 |
| Allowance for loan losses | 7,177 | 7,939 | 44,875 |
| Defined benefit liability | 1,313 | 1,414 | 8,209 |
| Depreciation | 628 | 572 | 3,926 |
| Write-down of securities | 273 | 257 | 1,706 |
| Tax loss carryforwards | 115 | 153 | 719 |
| Other | 1,137 | 1,022 | 7,109 |
| Gross deferred tax assets | 19,063 | 19,774 | 119,195 |
| Valuation allowance | (11,474) | (11,473) | (71,743) |
| Total deferred tax assets | ¥ 7,589 | ¥ 8,300 | $ 47,452 |
| | | | |
| Deferred tax liabilities: | | | |
| Deferred gain on hedges | ¥ (3,849) | ¥ (1,471) | $ (24,066) |
| Defined benefit asset | (1,194) | (849) | (7,465) |
| Unrealized gain (loss) on available-for-sale securities | (26) | (13) | (162) |
| Other | (404) | (422) | (2,526) |
| Total deferred tax liabilities | (5,474) | (2,757) | (34,227) |
| Net deferred tax assets (liabilities) | ¥ 2,114 | ¥ 5,543 | $ 13,218 |

Reconciliation of the statutory tax rate to the effective tax rate for the years ended March 31, 2026 and 2025 is shown as below.

| | 2026 | 2025 |
|---|---|---|
| Normal effective statutory tax rate | 30.58% | 30.58% |
| Non-deductible expenses such as entertainment expenses | 0.47 | 0.60 |
| Non-taxable income such as dividend income | (9.23) | (12.00) |
| Per capita inhabitant tax | 0.88 | 1.16 |
| Valuation allowance | (13.05) | (8.32) |
| Consolidation adjustments | 8.39 | 10.81 |
| Increase in year-end deferred tax assets due to change in tax rate | - | 1.94 |
| Other | (1.89) | 2.06 |
| Actual effective tax rate | 16.15% | 26.83% |

**24. Segment Information**

(1) Segment information

The Group has a single segment of banking business. Accordingly, segment information by reportable segment is omitted.

(2) Related information

Information by service

| | Millions of yen | | | |
|---|---|---|---|---|
| March 31, 2026 | Lending | Securities investment | Other | Total |
| Ordinary income from external customers | ¥ 25,712 | ¥ 12,641 | ¥ 17,701 | ¥ 56,055 |

| | Millions of yen | | | |
|---|---|---|---|---|
| March 31, 2025 | Lending | Securities investment | Other | Total |
| Ordinary income from external customers | ¥ 22,608 | ¥ 15,813 | ¥ 14,716 | ¥ 53,138 |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| March 31, 2026 | Lending | Securities investment | Other | Total |
| Ordinary income from external customers | $ 160,770 | $ 79,040 | $ 110,679 | $ 350,497 |

Note: "Ordinary income" is defined as income less certain special income included in the accompanying consolidated statements of income.

Geographic information

(i) Ordinary income

Information about ordinary income by geographic area for the years ended March 31, 2026 and 2025 is omitted as ordinary income from external customers in Japan was more than 90% of ordinary income in the consolidated statements of income.

(ii) Tangible fixed assets

Information about tangible fixed assets by geographic area as of March 31, 2026 and 2025 is omitted as tangible fixed assets in Japan was more than 90% of "Tangible fixed assets" in the consolidated balance sheets.

Information by major customer

Information by major customer for the years ended March 31, 2026 and 2025 is omitted since there was no single external customer accounting for 10% or more of the consolidated ordinary income.

## 25. Related Party Transactions

Transactions between the Company’s consolidated subsidiaries and their directors and major shareholders as of March 31, 2026 and 2025 and for the years then ended are as follows:

2026

| Type | Name | Address | Capital (Millions of yen) | Business | Ownerships of voting rights (%) | Transaction type | Transaction amount | Account | Balance at March 31, 2026 |
|---|---|---|---|---|---|---|---|---|---|
| Companies, etc. whose voting rights are owned by the director (including the director of the consolidated subsidiaries) or his/her relatives | Akita Kubota Co., Ltd. Note (1) | Akita city, Akita Pref. | ¥60 | Agricultural machines distributor | 0.0% directly held | Lending | ¥194 million ($1,213 thousand) | Loans and bills discounted | ¥116 million ($725 thousand) |
| | | | | | | Guarantee for liabilities | ¥12 million ($75 thousand) | Customers’ liabilities for acceptances and guarantees | ¥- million ($- thousand) |
| | Netz Toyota Akita Co., Ltd. Note (2) | Akita city, Akita Pref. | ¥40 | Car distributor | 0.0% directly held | Lending | ¥586 million ($3,664 thousand) | Loans and bills discounted | ¥300 million ($1,875 thousand) |
| | Toyota Renta Lease Akita Co., Ltd. Note (2) | Akita city, Akita Pref. | ¥36 | Rental and lease of vehicles | 0.0% directly held | Lending | ¥510 million ($3,188 thousand) | Loans and bills discounted | ¥500 million ($3,126 thousand) |
| | ROYAL CENTURY GOLF CLUB Note (3) | Akita city, Akita Pref. | ¥20 | Amusement | - | Lending | ¥38 million ($237 thousand) | Loans and bills discounted | ¥35 million ($218 thousand) |
| | Okuyama Boring Co., Ltd. Note (4) | Yokote city, Akita Pref. | ¥40 | Construction | 0.0% directly held | Lending | ¥981 million ($6,133 thousand) | Loans and bills discounted | ¥897 million ($5,608 thousand) |
| | | | | | | Guarantee for liabilities | ¥351 million ($2,194 thousand) | Customers’ liabilities for acceptances and guarantees | ¥397 million ($2,482 thousand) |
| | P.C. Cock Center Corporation Note (5) | Tsuruoka city, Yamagata Pref. | ¥8 | Road transport | - | Lending | ¥95 million ($594 thousand) | Loans and bills discounted | ¥94 million ($587 thousand) |
| | UGO Holdings, Co., Ltd. Note (6) | Akita city, Akita Pref. | ¥1 | Facility construction | - | Lending | ¥59 million ($368 thousand) | Loans and bills discounted | ¥54 million ($337 thousand) |
| | UGOSETSUBI. co. ltd. Note (6) | Akita city, Akita Pref. | ¥20 | Facility construction | 0.0% directly held | Lending | ¥331 million ($2,069 thousand) | Loans and bills discounted | ¥281 million ($1,757 thousand) |
| | | | | | | Guarantee for liabilities | ¥100 million ($625 thousand) | Customers’ liabilities for acceptances and guarantees | ¥100 million ($625 thousand) |
| | CHUOU DOKEN Co., Ltd. Note (7) | Akita city, Akita Pref. | ¥40 | Civil engineering and construction | 0.1% directly held | Lending | ¥52 million ($325 thousand) | Loans and bills discounted | ¥200 million ($1,250 thousand) |
| | | | | | | Guarantee for liabilities | ¥131 million ($819 thousand) | Customers’ liabilities for acceptances and guarantees | ¥116 million ($725 thousand) |
| | Marui Co., Ltd. Note (8) | Akita city, Akita Pref. | ¥20 | Real estate leasing | - | Lending | ¥93 million ($581 thousand) | Loans and bills discounted | ¥80 million ($500 thousand) |

2025

<table>
<tr><th>Type</th><th>Name</th><th>Address</th><th>Capital (Millions of yen)</th><th>Business</th><th>Ownerships of voting rights (%)</th><th>Transaction type</th><th>Transaction amount</th><th>Account</th><th>Balance at March 31, 2025</th></tr>
<tr><td rowspan="12">Companies, etc. whose voting rights are owned by the director (including the director of the consolidated subsidiaries) or his/her relatives</td><td>Akita Kubota Co., Ltd. Note (1)</td><td>Akita city, Akita Pref.</td><td>¥60</td><td>Agricultural machines distributor</td><td>0.0% directly held</td><td>Lending</td><td>¥248 million</td><td>Loans and bills discounted</td><td>¥206 million</td></tr>
<tr><td>Netz Toyota Akita Co., Ltd. Note (2)</td><td>Akita city, Akita Pref.</td><td>¥40</td><td>Car distributor</td><td>0.0% directly held</td><td>Lending</td><td>¥968 million</td><td>Loans and bills discounted</td><td>¥750 million</td></tr>
<tr><td>Toyota Renta Lease Akita Co., Ltd. Note (2)</td><td>Akita city, Akita Pref.</td><td>¥36</td><td>Rental and lease of vehicles</td><td>0.0% directly held</td><td>Lending</td><td>¥540 million</td><td>Loans and bills discounted</td><td>¥540 million</td></tr>
<tr><td>ROYAL CENTURY GOLF CLUB Note (3)</td><td>Akita city, Akita Pref.</td><td>¥20</td><td>Amusement</td><td>-</td><td>Lending</td><td>¥40 million</td><td>Loans and bills discounted</td><td>¥40 million</td></tr>
<tr><td rowspan="2">Okuyama Boring Co., Ltd. Note (4)</td><td rowspan="2">Yokote city, Akita Pref.</td><td rowspan="2">¥40</td><td rowspan="2">Construction</td><td rowspan="2">0.0% directly held</td><td>Lending</td><td>¥1,042 million</td><td>Loans and bills discounted</td><td>¥1,049 million</td></tr>
<tr><td>Guarantee for liabilities</td><td>¥398 million</td><td>Customers' liabilities for acceptances and guarantees</td><td>¥425 million</td></tr>
<tr><td>P.C. Cock Center Corporation Note (5)</td><td>Tsuruoka city, Yamagata Pref.</td><td>¥8</td><td>Road transport</td><td>-</td><td>Lending</td><td>¥94 million</td><td>Loans and bills discounted</td><td>¥95 million</td></tr>
<tr><td>UGO Holdings, Co., Ltd. Note (6)</td><td>Akita city, Akita Pref.</td><td>¥1</td><td>Facility construction</td><td>-</td><td>Lending</td><td>¥30 million</td><td>Loans and bills discounted</td><td>¥60 million</td></tr>
<tr><td rowspan="2">UGOSETSUBI. co. ltd. Note (6)</td><td rowspan="2">Akita city, Akita Pref.</td><td rowspan="2">¥20</td><td rowspan="2">Facility construction</td><td rowspan="2">0.0% directly held</td><td>Lending</td><td>¥265 million</td><td>Loans and bills discounted</td><td>¥114 million</td></tr>
<tr><td>Guarantee for liabilities</td><td>¥100 million</td><td>Customers' liabilities for acceptances and guarantees</td><td>¥100 million</td></tr>
<tr><td>CHUOU DOKEN Co., Ltd. Note (7)</td><td>Akita city, Akita Pref.</td><td>¥40</td><td>Civil engineering and construction</td><td>0.1% directly held</td><td>Guarantee for liabilities</td><td>¥206 million</td><td>Customers' liabilities for acceptances and guarantees</td><td>¥193 million</td></tr>
<tr><td>Marui Co., Ltd. Note (8)</td><td>Akita city, Akita Pref.</td><td>¥20</td><td>Real estate leasing</td><td>-</td><td>Lending</td><td>¥147 million</td><td>Loans and bills discounted</td><td>¥98 million</td></tr>
</table>

Notes:
(1) Akita Kubota Co., Ltd. is a subsidiary of Ishii Shoji Co., Ltd. Tadanari Ishii, who is a director of Hokuto which is a significant consolidated subsidiary of the Company, and his relatives own the majority of voting rights of Ishii Shoji Co., Ltd.
(2) Tadanari Ishii, who is a director of Hokuto which is a significant consolidated subsidiary of the Company, his relatives and Ishii Shoji Co., Ltd. own the majority of voting rights of Netz Toyota Akita Co., Ltd. Toyota Renta Lease Akita Co., Ltd. is a subsidiary of Netz Toyota Akita Co., Ltd.
(3) Tadanari Ishii, who is a director of Hokuto which is a significant consolidated subsidiary of the Company, and his relatives own the majority of voting rights of ROYAL CENTURY GOLF CLUB.
(4) Kazuhiko Okuyama, a director and a member of Audit and Supervisory Committee of Hokuto which is a significant consolidated subsidiary of the Company, and his relatives own the majority of voting rights of Okuyama Boring Co., Ltd.
(5) Hikaru Adachi is an executive officer of Hokuto, a significant consolidated subsidiary of the Company, as of March 31, 2026 and was an executive officer of the Company as of March 31, 2025. His relative owns the majority of voting rights of P.C. Cock Center Corporation.
(6) Hiroyuki Sato is a director of Hokuto which is a significant consolidated subsidiary of the Company. He owns the majority of voting rights of UGO Holdings, Co., Ltd. In addition, UGOSETSUBI. co. ltd. is a subsidiary of UGO Holdings, Co., Ltd.
(7) Yasuaki Ishikami is an executive officer of the Company as of March 31, 2026 and was an executive officer of Hokuto, a significant consolidated subsidiary of the Company, as of March 31, 2025. His relative owns the majority of voting rights of CHUOU DOKEN Co., Ltd.
(8) Yasuaki Ishikami is an executive officer of the Company as of March 31, 2026 and was an executive officer of Hokuto, a significant consolidated subsidiary of the Company, as of March 31, 2025. His relative and CHUOU DOKEN Co., Ltd. own the majority of voting rights of Marui Co., Ltd.
(9) The transactions are with Hokuto and Shonai, which are significant consolidated subsidiaries of the Company, and the trading conditions and policies are the same as those of the transactions with general parties.
(10) The transaction amount is shown by the average balance.

There is no other related party transaction to be disclosed for the years ended March 31, 2026 and 2025.

**26. Financial Instruments and Related Disclosures**

(1) Status of Financial Instruments

(i) Policy on financial instruments

The Group is engaged in financial information services centering on banking business such as deposit-taking and lending services for domestic corporate and individual customers and management of securities such as debt and equity securities and investment trusts. The Group accepts risk as long as it remains financially healthy and intends to improve its earning power in order to continue to conduct these services.

The Group holds financial assets and liabilities exposed to the fluctuation risk of interest rates. Accordingly, the Group conducts asset and liability management (ALM) and enters into derivative transactions, if necessary, in order to avoid adverse effect by the interest-rate fluctuation.

(ii) Contents of financial instruments and their risks

Financial assets held by the Group mainly consist of loans and bills discounted to domestic corporate and individual customers, which are exposed to credit risk arising from customers' nonperformance of contractual obligations. In addition, securities, principally consisting of equity securities, debt securities, investment trusts and investments in partnerships, are held for the purposes of net investment and strategic investment. These financial assets are exposed to credit risk of issuers and fluctuation risk of interest rates and market prices.

Major financial liabilities, consisting of deposits and negotiable certificates of deposit, are principally deposits accepted from domestic corporate and individual customers. They require attentions to liquidity risk arising from concentrated cancellation of deposits, but most of those deposits are from individual customers and accordingly, the risk is dispersed to small accounts. The liquidity risk is also controlled by limiting the ratio of large deposit accounts to a certain level.

Derivative contracts which the Group enters into consist of interest rate swaps employed as part of ALM and futures of debt securities held as available-for-sale securities, options, etc. These derivatives are not entered into for speculative purpose but mainly for hedging purposes.

(iii) Risk management system for financial instruments

The Group has established the "Basic Policy on Risk Management" and various risk control rules and a system to conduct the risk management as follows:

a. Credit risk management:

In accordance with the "Credit Policy" and "Credit Risk Management Rule," for loans and bills discounted, a credit control system has been established and maintained, including credit review by individual contract, credit limit control, credit information control, internal ratings, retrospective control including self-assessment, establishment of guaranty and security, countermeasures for problem accounts, credit concentration risk management, etc. These credit controls are performed by the loan departments in addition to each operating office, being reported to and discussed at the management meetings on a regular basis. Furthermore, the status of credit control is examined by the internal audit department.

b. Market risk management:

For market transactions, front office, middle office and back office, each of which is independent of others, are mutually controlled.

*Interest rate risk management:*
The Group manages the fluctuation risk of interest rates by ALM. In accordance with the "Market Risk Management Rule," the Group measures the exposure of interest rate risk, monitoring by gap analysis and sensitivity analysis on a regular basis, and the monitoring results are reported to the management meetings on a regular basis. In addition, the future countermeasures based on the analysis of current status are discussed.

*Foreign exchange risk management:*
The Group manages foreign exchange risk, in accordance with the "Market Risk Management Rule," by establishing total positions and loss limits or entering into hedging activities.

*Price fluctuation risk management:*
The Group manages price fluctuation risk in accordance with "Market Risk Management Rule." Risk exposures to securities are monitored for usage against the pre-set limit by the Risk Control Department on a daily basis based on Value at Risk (VaR) and other risk indexes such as 10BVP and reported to the management meetings.

*Derivative transactions:*
With respect to derivative transactions, the Group segregates the duties of the departments responsible for execution of transactions, verification of hedge effectiveness, and operation administration and conducts transactions under the management and control based on the handling rules.

*Quantitative information about market risk:*
Financial instruments not for trading purposes
The Group identifies and manages the market risk volume using VaR on a daily basis (monthly basis with regard to interest rate risk volume of deposits, loans and bills discounted, etc.), since the Group holds many financial instruments whose fair value fluctuates on a daily basis and such fluctuation amount is greater than other risk categories. The market risk volume of the Group is controlled as the total amounts of market risk volume of Shonai and Hokuto which are the subsidiaries.
Market risk volume of the banking business of the Group at March 31, 2026 and 2025 and for the years then ended was as follows:

| | Billions of yen | | | |
|---|---|---|---|---|
| | 2026 | | | |
| | Average | Maximum | Minimum | As of the fiscal year-end |
| Due from banks, loans and bills discounted and others | ¥ 0.0 | ¥ 0.0 | ¥ 0.0 | ¥ 0.0 |
| Securities: | 24.2 | 29.8 | 19.5 | 25.6 |
| Debt securities | 6.6 | 9.0 | 4.6 | 4.6 |
| Equity securities | 5.2 | 7.8 | 2.4 | 7.6 |
| Other | 17.3 | 22.5 | 14.3 | 17.3 |

| | Billions of yen | | | |
|---|---|---|---|---|
| | 2025 | | | |
| | Average | Maximum | Minimum | As of the fiscal year-end |
| Due from banks, loans and bills discounted and others | ¥ 0.0 | ¥ 0.0 | ¥ 0.0 | ¥ 0.0 |
| Securities: | 34.2 | 38.8 | 30.1 | 30.8 |
| Debt securities | 10.0 | 12.2 | 7.7 | 8.0 |
| Equity securities | 5.5 | 7.7 | 3.9 | 5.8 |
| Other | 24.4 | 27.4 | 20.0 | 20.0 |

| | Millions of U.S. dollars | | | |
|---|---|---|---|---|
| | 2026 | | | |
| | Average | Maximum | Minimum | As of the fiscal year-end |
| Due from banks, loans and bills discounted and others | $ 0.0 | $ 0.0 | $ 0.0 | $ 0.0 |
| Securities: | 151.3 | 186.3 | 121.9 | 160.0 |
| Debt securities | 41.2 | 56.2 | 28.7 | 28.7 |
| Equity securities | 32.5 | 48.7 | 15.0 | 47.5 |
| Other | 108.1 | 140.6 | 89.4 | 108.1 |

(*1) VaR is measured in principle using the variance/co-variance method.

(*2) Holding period is assumed to be 60 business days for higher market liquidity financial instruments such as Japanese government bonds, municipal bonds, listed equity securities (excluding strategic investments), etc., 250 business days for cross-holding shares of listed equity securities, and 125 or 250 business days for less market liquidity financial instruments, due from banks, loans and bills discounted, etc.

(*3) 99 % is used for confidence interval, and 250 business days are used as extraction period of market data to measure volatility.

(*4) The total amount does not agree with the sum of the individual amounts since correlation between the risk factors of debt securities and equity securities is taken into account.

(*5) The current interest rate risk volume of deposits, loans and bills discounted, etc., represents decreasing interest rate risk, not increasing interest rate risk. The increasing interest rate risk is managed as internal control. Therefore, the interest rate risk volume of due from banks, loans and bills discounted and others is considered to be zero.

Within the Group, each banking subsidiary implements backtests comparing the VaR of one day holding period measured by the model and the actual loss, in order to verify the accuracy of the measurement model of the market risk volume concerning the VaR of securities.
The measurement model currently in use is deemed to capture the market risk on the reasonably accurate basis. However, the Group will take conservative actions as necessary when VaR is expected to increase due to an increase in volatility.

In implementing the risk management using the VaR, the following particular points are paid attention to:

(a) Quantitative information such as VaR of market risk is determined based on the statistical assumptions and may result in a different value depending on the different assumptions and calculation methods.
(b) Quantitative information such as VaR of market risk is a statistical value calculated based on the assumptions and not intended to estimate the maximum loss amount. Profit or loss is assumed to exceed VaR on the frequency corresponding to the confidence interval.
(c) Future market conditions may differ significantly from the past.

Financial instruments for trading purposes are excluded from the scope of disclosure, since the outstanding balance at any banking subsidiary is very insignificant and the materiality of effect on the management is quite limited.

c. Liquidity risk management:
The Group sets limits on liquidity risk management and reports to the management meetings, monitoring the results on a daily basis in accordance with the "Liquidity Risk Management Rule."

(iv) Supplementary explanation about fair value of financial instruments
As certain assumptions are used in calculating the fair value of financial instruments, the result of such calculation may vary if different assumptions are used.

(2) Fair value of financial instruments

The carrying amount, the fair value and their difference as of March 31, 2026 and 2025 were as follows. Note that equity securities without market prices or investments in partnerships are not included in the following table (See Note 1 below). In addition, the disclosure of carrying amount, fair value and difference is omitted for cash and due from banks, monetary claims bought, foreign exchange assets and liabilities and payables under securities lending transactions since their fair value approximates their carrying amount due to short maturities.

| | Millions of yen | | |
|---|---|---|---|
| March 31, 2026 | Carrying amount | Fair value | Difference |
| Trading account securities: | | | |
| Trading securities | ¥ 649 | ¥ 649 | ¥ - |
| Money held in trust | 40,424 | 40,424 | - |
| Securities (*1): | | | |
| Available-for-sale securities | 395,125 | 395,125 | - |
| Loans and bills discounted: | 1,967,175 | | |
| Allowance for loan losses (*2) | (11,417) | | |
| | 1,955,758 | 1,889,342 | (66,415) |
| Assets, total | ¥2,391,957 | ¥2,325,541 | ¥ (66,415) |
| Deposits | ¥2,650,684 | ¥2,650,267 | ¥ (416) |
| Negotiable certificates of deposit | 21,041 | 21,041 | - |
| Borrowed money | 103,800 | 103,800 | - |
| Liabilities, total | ¥2,775,526 | ¥2,775,109 | ¥ (416) |
| Derivative transactions (*3): | | | |
| To which hedge accounting is not applied | ¥ (306) | ¥ (306) | ¥ - |
| To which hedge accounting is applied | 12,114 | 12,114 | - |
| Derivative transactions, total | ¥ 11,807 | ¥ 11,807 | ¥ - |

| | Millions of yen | | |
|---|---|---|---|
| March 31, 2025 | Carrying amount | Fair value | Difference |
| Trading account securities: | | | |
| Trading securities | ¥ 654 | ¥ 654 | ¥ - |
| Money held in trust | 40,043 | 40,043 | - |
| Securities (*1): | | | |
| Available-for-sale securities | 560,372 | 560,372 | - |
| Loans and bills discounted: | 1,913,574 | | |
| Allowance for loan losses (*2) | (10,355) | | |
| | 1,903,218 | 1,881,627 | (21,590) |
| Assets, total | ¥2,504,288 | ¥2,482,698 | ¥ (21,590) |
| Deposits | ¥2,670,943 | ¥2,670,514 | ¥ (429) |
| Negotiable certificates of deposit | 20,844 | 20,844 | - |
| Borrowed money | 103,300 | 103,269 | (30) |
| Liabilities, total | ¥2,795,088 | ¥2,794,629 | ¥ (459) |
| Derivative transactions (*3): | | | |
| To which hedge accounting is not applied | ¥ 117 | ¥ 117 | ¥ - |
| To which hedge accounting is applied | 4,498 | 4,498 | - |
| Derivative transactions, total | ¥ 4,616 | ¥ 4,616 | ¥ - |

| March 31, 2026 | Thousands of U.S. dollars Carrying amount | Fair value | Difference |
|---|---|---|---|
| Trading account securities: | | | |
| Trading securities | $ 4,058 | $ 4,058 | $ - |
| Money held in trust | 252,760 | 252,760 | - |
| Securities (*1): | | | |
| Available-for-sale securities | 2,470,612 | 2,470,612 | - |
| Loans and bills discounted: | 12,300,225 | | |
| Allowance for loan losses (*2) | (71,387) | | |
| | 12,228,837 | 11,813,555 | (415,275) |
| Assets, total | $14,956,274 | $14,540,992 | $ (415,275) |
| Deposits | $16,574,026 | $16,571,418 | $ (2,601) |
| Negotiable certificates of deposit | 131,563 | 131,563 | - |
| Borrowed money | 649,033 | 649,033 | - |
| Liabilities, total | $17,354,630 | $17,352,022 | $ (2,601) |
| Derivative transactions (*3): | | | |
| To which hedge accounting is not applied | $ (1,913) | $ (1,913) | $ - |
| To which hedge accounting is applied | 75,745 | 75,745 | - |
| Derivative transactions, total | $ 73,826 | $ 73,826 | $ - |

(*1) Securities include investment trusts whose net asset value is deemed as fair value by applying the treatment prescribed in paragraph 24-3 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021). There are no investment trusts whose net asset value is deemed as fair value by applying the treatment prescribed in paragraph 24-9.

(*2) General and specific allowances for loan losses corresponding to loans and bills discounted are deducted.

(*3) Assets and liabilities arising from derivative transactions are presented in net amounts, and net liabilities are shown in square parentheses.

(Note 1) For equity securities without market prices and investments in partnerships, their carrying amount is as follows. These financial instruments are not included in “Available-for-sale securities” of the fair value information of financial instruments.

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Unlisted equity securities (*1) (*2) | ¥ 1,546 | ¥ 1,548 | $ 9,666 |
| Investments in partnerships (*3) | 4,517 | 3,918 | 28,243 |

(*1) The fair value of unlisted equity securities is not disclosed in accordance with paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

(*2) The Company recognized write-down of unlisted equity securities in an amount of ¥0 million ($0 thousand) and ¥213 million for the years ended March 31, 2026 and 2025, respectively.

(*3) The fair value of investments in partnerships is not disclosed in accordance with paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

(Note 2) Repayment schedule of monetary receivables and securities with contractual maturities subsequent to March 31, 2026

| March 31, 2026 | Millions of yen: Due in one year or less | Due after one year through three years | Due after three years through five years | Due after five years through seven years | Due after seven years through ten years | Due after ten years |
|---|---|---|---|---|---|---|
| Due from banks (*1) | ¥ 398,256 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| Monetary claims bought | 3,160 | - | - | - | - | - |
| Securities: | | | | | | |
| Available-for-sale securities with maturity: | 32,374 | 59,788 | 68,775 | 34,326 | 50,586 | 122,284 |
| Japanese government bonds | 1,000 | - | 24,500 | - | 9,000 | 37,500 |
| Municipal bonds | 11,429 | 25,878 | 20,033 | 14,670 | 15,755 | 19,701 |
| Corporate bonds | 9,972 | 19,855 | 11,787 | 1,886 | 744 | 58,332 |
| Other | 9,973 | 14,054 | 12,455 | 17,769 | 25,086 | 6,750 |
| Loans and bills discounted (*2) | 330,386 | 341,192 | 305,211 | 170,771 | 183,414 | 549,102 |
| Total | ¥ 764,177 | ¥ 400,981 | ¥ 373,986 | ¥ 205,098 | ¥ 234,001 | ¥ 671,386 |

| March 31, 2026 | Thousands of U.S. dollars: Due in one year or less | Due after one year through three years | Due after three years through five years | Due after five years through seven years | Due after seven years through ten years | Due after ten years |
|---|---|---|---|---|---|---|
| Due from banks (*1) | $2,490,189 | $ - | $ - | $ - | $ - | $ - |
| Monetary claims bought | 19,758 | - | - | - | - | - |
| Securities: | | | | | | |
| Available-for-sale securities with maturity: | 202,426 | 373,838 | 430,031 | 214,631 | 316,300 | 764,609 |
| Japanese government bonds | 6,252 | - | 153,192 | - | 56,274 | 234,477 |
| Municipal bonds | 71,462 | 161,808 | 125,261 | 91,727 | 98,511 | 123,185 |
| Corporate bonds | 62,352 | 124,148 | 73,700 | 11,792 | 4,652 | 364,734 |
| Other | 62,358 | 87,875 | 77,877 | 111,104 | 156,856 | 42,205 |
| Loans and bills discounted (*2) | 2,065,816 | 2,133,383 | 1,908,403 | 1,067,785 | 1,146,839 | 3,433,389 |
| Total | $ 4,778,196 | $2,507,228 | $ 2,338,435 | $ 1,282,423 | $ 1,463,146 | $ 4,197,999 |

(*1) Due from banks without maturity is shown under "Due in one year or less."

(*2) Loans and bills discounted as of March 31, 2026 do not include ¥34,672 million ($216,794 thousand) of receivables such as those due from bankrupt, virtually bankrupt or potentially bankrupt borrowers since these are not certain when they can be collected or redeemed, and ¥52,425 million ($327,799 thousand) of receivables without maturity.

(Note 3) Repayment schedule of bonds payable, borrowed money and other interest-bearing liabilities subsequent to March 31, 2026

| | Millions of yen | | | | | |
|---|---|---|---|---|---|---|
| March 31, 2026 | Due in one year or less | Due after one year through three years | Due after three years through five years | Due after five years through seven years | Due after seven years through ten years | Due after ten years |
| Deposits (*) | ¥ 2,348,539 | ¥ 80,211 | ¥ 22,530 | ¥ - | ¥ - | ¥ - |
| Negotiable certificates of deposit | 21,041 | - | - | - | - | - |
| Borrowed money | 103,800 | - | - | - | - | - |
| Total | ¥ 2,473,381 | ¥ 80,211 | ¥ 22,530 | ¥ - | ¥ - | ¥ - |

| | Thousands of U.S. dollars | | | | | |
|---|---|---|---|---|---|---|
| March 31, 2026 | Due in one year or less | Due after one year through three years | Due after three years through five years | Due after five years through seven years | Due after seven years through ten years | Due after ten years |
| Deposits (*) | $14,684,793 | $ 501,538 | $ 140,874 | $ - | $ - | $ - |
| Negotiable certificates of deposit | 131,563 | - | - | - | - | - |
| Borrowed money | 649,033 | - | - | - | - | - |
| Total | $15,465,397 | $ 501,538 | $ 140,874 | $ - | $ - | $ - |

(*) Demand deposits are shown under “Due in one year or less” of deposits.

(3) Fair value hierarchy of financial instruments

The Group classifies the fair value of financial instruments into three categories depending on whether inputs for a fair value measurement are observable or significant.

Level 1 fair value: Fair value measured by using quoted prices in active markets as observable inputs for assets or liabilities subject to a fair value measurement

Level 2 fair value: Fair value measured by using observable inputs other than those for Level 1

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

When multiple inputs of different categories are used in measuring fair value, the Group classifies the fair value into a category to which the lowest priority is assigned.

(i) Financial instruments measured at fair value in the consolidated balance sheets

| | Millions of yen | | | |
|---|---|---|---|---|
| | Fair value | | | |
| March 31, 2026 | Level 1 | Level 2 | Level 3 | Total |
| Money held in trust | ¥ - | ¥ 40,424 | ¥ - | ¥ 40,424 |
| Securities: | | | | |
| Trading securities: | | | | |
| Japanese government bonds, Municipal bonds | - | 649 | - | 649 |
| Available-for-sale securities: | | | | |
| Japanese government bonds, Municipal bonds | 60,022 | 94,992 | - | 155,014 |
| Corporate bonds | - | 54,958 | 34,483 | 89,442 |
| Equity securities | 19,792 | - | - | 19,792 |
| Foreign securities | 10,472 | 8,054 | - | 18,526 |
| Investment trusts | 25,085 | 82,885 | - | 107,971 |
| Derivative transactions: | | | | |
| Interest rate related | - | 12,114 | - | 12,114 |
| Currency related | - | 11 | - | 11 |
| Assets, total | ¥ 115,372 | ¥ 294,090 | ¥ 34,483 | ¥ 443,947 |
| Derivative transactions: | | | | |
| Currency related | ¥ - | ¥ 318 | ¥ - | ¥ 318 |
| Liabilities, total | ¥ - | ¥ 318 | ¥ - | ¥ 318 |

| | Millions of yen | | | |
|---|---|---|---|---|
| | Fair value | | | |
| March 31, 2025 | Level 1 | Level 2 | Level 3 | Total |
| Money held in trust | ¥ - | ¥ 40,043 | ¥ - | ¥ 40,043 |
| Securities: | | | | |
| Trading securities: | | | | |
| Japanese government bonds, Municipal bonds | - | 654 | - | 654 |
| Available-for-sale securities: | | | | |
| Japanese government bonds, Municipal bonds | 105,796 | 133,836 | - | 239,632 |
| Corporate bonds | - | 73,706 | 38,053 | 111,760 |
| Equity securities | 19,861 | - | - | 19,861 |
| Foreign securities | 299 | 30,560 | - | 30,859 |
| Investment trusts | 33,900 | 120,258 | - | 154,159 |
| Derivative transactions: | | | | |
| Interest rate related | - | 4,505 | - | 4,505 |
| Currency related | - | 179 | - | 179 |
| Assets, total | ¥ 159,857 | ¥ 403,745 | ¥ 38,053 | ¥ 601,656 |
| Derivative transactions: | | | | |
| Interest rate related | ¥ - | ¥ 6 | ¥ - | ¥ 6 |
| Currency related | - | 57 | - | 57 |
| Debt securities related | 5 | - | - | 5 |
| Liabilities, total | ¥ 5 | ¥ 63 | ¥ - | ¥ 69 |

| March 31, 2026 | Thousands of U.S. dollars<br>Fair value<br>Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Money held in trust | $ - | $ 252,760 | $ - | $ 252,760 |
| Securities: | | | | |
| Trading securities: | | | | |
| Japanese government bonds, Municipal bonds | - | 4,058 | - | 4,058 |
| Available-for-sale securities | | | | |
| Japanese government bonds, Municipal bonds | 375,301 | 593,959 | - | 969,261 |
| Corporate bonds | - | 343,637 | 215,613 | 559,257 |
| Equity securities | 123,754 | - | - | 123,754 |
| Foreign securities | 65,478 | 50,359 | - | 115,838 |
| Investment trusts | 156,849 | 518,257 | - | 675,114 |
| Derivative transactions: | | | | |
| Interest rate related | - | 75,745 | - | 75,745 |
| Currency related | - | 68 | - | 68 |
| Assets, total | $ 721,390 | $ 1,838,867 | $ 215,613 | $ 2,775,883 |
| Derivative transactions: | | | | |
| Currency related | $ - | $ 1,988 | $ - | $ 1,988 |
| Liabilities, total | $ - | $ 1,988 | $ - | $ 1,988 |

(*) In the above tables as of March 31, 2026 and 2025, securities do not include investment trusts whose net asset value is deemed as fair value by applying the treatments prescribed in paragraph 24-3 and paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).
The carrying amount of investment trusts for which the treatment prescribed in paragraph 24-3 is applied is ¥4,377 million ($27,368 thousand) and ¥4,099 million as of March 31, 2026 and 2025, respectively.
There are no investment trusts for which the treatment prescribed in paragraph 24-9 is applied.

(ii) Financial instruments other than those measured at fair value in the consolidated balance sheets

| March 31, 2026 | Millions of yen<br>Fair value<br>Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Loans and bills discounted | ¥ - | ¥ 238,027 | ¥ 1,651,314 | ¥ 1,889,342 |
| Assets, total | ¥ - | ¥ 238,027 | ¥ 1,651,314 | ¥ 1,889,342 |
| Deposits | ¥ - | ¥ 2,650,267 | ¥ - | ¥ 2,650,267 |
| Negotiable certificates of deposit | - | 21,041 | - | 21,041 |
| Borrowed money | - | 103,800 | - | 103,800 |
| Liabilities, total | ¥ - | ¥ 2,775,109 | ¥ - | ¥ 2,775,109 |

| March 31, 2025 | Millions of yen<br>Fair value<br>Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Loans and bills discounted | ¥ - | ¥ 270,636 | ¥ 1,610,991 | ¥ 1,881,627 |
| Assets, total | ¥ - | ¥ 270,636 | ¥ 1,610,991 | ¥ 1,881,627 |
| Deposits | ¥ - | ¥ 2,670,514 | ¥ - | ¥ 2,670,514 |
| Negotiable certificates of deposit | - | 20,844 | - | 20,844 |
| Borrowed money | - | 103,269 | - | 103,269 |
| Liabilities, total | ¥ - | ¥ 2,794,629 | ¥ - | ¥ 2,794,629 |

| March 31, 2026 | Thousands of U.S. dollars<br>Fair value<br>Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Loans and bills discounted | $ - | $ 1,488,319 | $ 10,325,229 | $ 11,813,555 |
| Assets, total | $ - | $ 1,488,319 | $ 10,325,229 | $ 11,813,555 |
| Deposits | $ - | $ 16,571,418 | $ - | $ 16,571,418 |
| Negotiable certificates of deposit | - | 131,563 | - | 131,563 |
| Borrowed money | - | 649,033 | - | 649,033 |
| Liabilities, total | $ - | $ 17,352,022 | $ - | $ 17,352,022 |

(Note 1) Explanation of valuation techniques and inputs used for fair value measurement

Assets

*Money held in trust*

For financial instruments that are invested as trust assets in an independently managed money trust with the primary purpose of managing securities, the fair value is determined using the price at the exchange or the price presented by the financial institutions with which they are transacted. The fair value is classified into Level 3 when the impact from unobservable inputs is significant, otherwise it is classified into Level 2.

*Trading securities and available-for-sale securities*

Trading securities and available-for-sale securities for which unadjusted quoted prices in active markets are available are classified into Level 1 fair value. Such securities mainly include listed equity securities and Japanese government bonds.

Even if available quoted prices are used, securities are classified into Level 2 when the relevant markets are not active. Such securities mainly include municipal bonds and corporate bonds.

When quoted prices are not available, the fair value is measured by using valuation techniques such as the present value technique discounting future cash flows. The Group makes maximum use of observable inputs in the valuations. Inputs include TIBOR, government bond yield, conditional prepayment rates, credit spreads, probability of default, loss given default and others. When significant unobservable inputs are used, the fair value is classified into Level 3.

For investment trusts without transaction prices in the market, the net asset value is used as the fair value when there are no restrictions that are significant enough for market participants to require consideration for risk on cancellation or repurchase. They are classified into Level 2 fair value.

The footnote on securities by holding purposes is described in Note “5. Securities.”

*Loans and bills discounted*

For the loans and bills discounted with short remaining terms (within one year), the carrying amount is used as the fair value since the fair value approximates the carrying amount. For the loans and bills discounted without predetermined maturity because of characteristics such as the loans and bills discounted being limited within the amount of the pledged assets, the carrying amount is used as the fair value since the fair value is deemed to approximate the carrying amount considering the expected repayment term and interest rate conditions.

The fair value of loans and bills discounted with fixed interest rates, categorized by the type, internal rating and term to maturity, is calculated by discounting the total of principal and interest using credit spreads by credit rating and market interest rate.

The fair value of the loans and bills discounted with floating interest rates, categorized by the internal rating and term to maturity, is calculated by discounting the total of principal and interest, basically until the interest maturity date, using credit spreads by credit rating and market interest rate. Credit spreads are calculated by remaining term based on accumulated default rate by credit rating and loss rate.

For loans and bills discounted due from bankrupt, virtually bankrupt or potentially bankrupt borrowers, loan losses are estimated based on factors such as the expected amount to be collected from collaterals and guarantees. Since the fair value of these items approximates the carrying amount net of the recorded amount of allowance for loan losses, such carrying amount is used as the fair value.

The fair value is classified into Level 3 when the impact from unobservable inputs is significant, otherwise it is classified into Level 2.

Liabilities

*Deposits and Negotiable certificates of deposit*

For demand deposits, the amount payable on demand as of the balance sheet date (i.e., the carrying amount) is used as the fair value. The fair value of time deposit is measured at the present value calculated by discounting future cash flows, grouping by certain maturity length. The discount rate used is the interest rate that would be applied to newly accepted deposits. For deposits whose remaining term is short (within one year), the carrying amount is used as the fair value since the fair value approximates the carrying amount. The said fair value is classified into Level 2.

*Borrowed money*

The fair value of borrowed money is measured by discounting the aggregate amount of principal and interest, categorized by the term to maturity, at market rates. For borrowed money whose remaining term is short (within one year), the carrying amount is used as the fair value since the fair value approximates the carrying amount.
The said fair value is classified into Level 2.

*Derivative transactions*

For derivative transactions, the fair value measured by using unadjusted quoted prices in active markets is classified into Level 1, which includes those of bond futures and interest rate futures. However, the Group's derivative transactions are mostly over-the-counter ("OTC") transactions for which quoted prices are not available. Thus, the fair value is measured by using valuation techniques such as option pricing models or the present discounted value technique, depending on the type of transactions or the term to maturity. Major inputs used for the valuation techniques are interest rates, foreign exchange rates, volatilities and other. Adjustments are made to prices based on the credit risks of counterparties and the Group's banks. When unobservable inputs are not used or the impact is not significant, the fair value is classified into Level 2, and such transactions include interest rate swaps and foreign exchange forward contracts. When significant unobservable inputs are used, the fair value is classified into Level 3.

(Note 2) Information on Level 3 fair value, of financial instruments measured at fair value in the consolidated balance sheets

(1) Quantitative information on significant unobservable inputs

| March 31, 2026 | Valuation techniques | Significant unobservable inputs | Range of inputs | Weighted-average of inputs |
|---|---|---|---|---|
| Securities: | | | | |
| Available-for-sale securities: | | | | |
| Corporate bonds | | | | |
| Private placement bonds | Present value | Probability of default | 0.05% - 100.00% | 1.12% |
| | | Loan recovery rate | 0.00% - 15.02% | 14.91% |

| March 31, 2025 | Valuation techniques | Significant unobservable inputs | Range of inputs | Weighted-average of inputs |
|---|---|---|---|---|
| Securities: | | | | |
| Available-for-sale securities: | | | | |
| Corporate bonds | | | | |
| Private placement bonds | Present value | Probability of default | 0.07% - 100.00% | 0.44% |
| | | Loan recovery rate | 0.00% - 27.13% | 27.12% |

(2) Reconciliation from beginning balance to ending balance and valuation gain or loss recognized for the years ended March 31, 2026 and 2025

| | Millions of yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Income or other comprehensive income ("OCI") recognized for the current fiscal year | | | | | | |
| March 31, 2026 | Beginning of the year | Income (*1) | OCI (*2) | Purchase, sale, issuance and settlement, net | Reclassi-fication to Level 3 (*3) | Reclassi-fication from Level 3 (*4) | End of the year | Valuation gain (loss) (*5) |
| Securities: | | | | | | | | |
| Available-for-sale securities: | | | | | | | | |
| Corporate bonds | | | | | | | | |
| Private placement bonds | ¥ 38,053 | ¥ (0) | ¥ (327) | ¥ (3,241) | ¥ - | ¥ - | ¥ 34,483 | ¥ - |

| | Millions of yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Income or other comprehensive income ("OCI") recognized for the current fiscal year | | | | | | |
| March 31, 2025 | Beginning of the year | Income (*1) | OCI (*2) | Purchase, sale, issuance and settlement, net | Reclassi-fication to Level 3 (*3) | Reclassi-fication from Level 3 (*4) | End of the year | Valuation gain (loss) (*5) |
| Securities: | | | | | | | | |
| Available-for-sale securities: | | | | | | | | |
| Corporate bonds | | | | | | | | |
| Private placement bonds | ¥ 36,101 | ¥ (2) | ¥ (382) | ¥ 2,333 | ¥ - | ¥ - | ¥ 38,053 | ¥ - |

| | Thousands of U.S. dollars | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Income or other comprehensive income ("OCI") recognized for the current fiscal year | | | | | | |
| March 31, 2026 | Beginning of the year | Income (*1) | OCI (*2) | Purchase, sale, issuance and settlement, net | Reclassi-fication to Level 3 (*3) | Reclassi-fication from Level 3 (*4) | End of the year | Valuation gain (loss) (*5) |
| Securities: | | | | | | | | |
| Available-for-sale securities: | | | | | | | | |
| Corporate bonds | | | | | | | | |
| Private placement bonds | $ 237,935 | $ (0) | $ (2,044) | $ (20,265) | $ - | $ - | $ 215,613 | $ - |

(*1) The amount is included in "Loss on sale of bonds" of "Other expenses" in the consolidated statements of income.

(*2) The amount is included in "Unrealized gain (loss) on available-for-sale securities" of "Other comprehensive income" in the consolidated statements of comprehensive income.

(*3) It presents the reclassification from Level 2 fair value to Level 3 fair value. None for the years ended March 31, 2026 and 2025.

(*4) It presents the reclassification from Level 3 fair value to Level 2 fair value. None for the years ended March 31,2026 and 2025.

(*5) It presents valuation gain (loss) of financial assets or liabilities held at the consolidated balance sheet date, out of income recognized for the current fiscal year.

(3) Fair value valuation procedures

Each division in charge performs a fair value measurement in accordance with the policies and procedures prepared by the risk management division of the Group. The measured fair value is verified by the independent valuation division for the reasonableness of inputs and valuation techniques used for the measurement and appropriateness of the level categories of the fair value. The verification result is reported to the risk management division every period, and thus, the Group ensures the appropriateness of the policies and procedures of the fair value measurement.

The fair value is measured using a valuation model that most appropriately reflects the nature, characteristics and risk of each asset. In case where quoted prices obtained from third parties are used, the Group verifies the reasonableness of the prices by confirming the valuation techniques and inputs used and by applying appropriate methods including comparison with the market prices of similar financial instruments.

(4) The impact on the fair value in case where any changes made to significant unobservable inputs

The significant unobservable inputs used in measuring the fair value of corporate bonds are probability of default and recovery ratio. Significant increase (decrease) in probability of default results in significant decline (rise) in the fair value, and significant increase (decrease) in recovery ratio. results in significant rise (decline) in the fair value. In general, changes in assumptions used for probability of default have reverse effects on assumptions used for recovery ratio.

(Note 3) Reconciliation of investment trusts for which the treatment prescribed in paragraph 24-3 are applied from beginning balance to ending balance

| Millions of yen | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2026 | | | | | | | |
| Beginning of the year | Income or other comprehensive income ("OCI") recognized for the current fiscal year: Income (*1) | OCI (*2) | Purchase, sale and redemption, net | Net asset value deemed as fair value | Net asset value not deemed as fair value | End of the year | Valuation gain (loss) (*3) |
| ¥ 4,099 | ¥ (5) | ¥ 377 | ¥ (100) | ¥ - | ¥ - | ¥ 4,377 | ¥ - |

| Millions of yen | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2025 | | | | | | | |
| Beginning of the year | Income or other comprehensive income ("OCI") recognized for the current fiscal year: Income (*1) | OCI (*2) | Purchase, sale and redemption, net | Net asset value deemed as fair value | Net asset value not deemed as fair value | End of the year | Valuation gain (loss) (*3) |
| ¥ 1,848 | ¥ (179) | ¥ (0) | ¥ 2,100 | ¥ - | ¥ - | ¥ 4,099 | ¥ - |

| Thousands of U.S. dollars | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2026 | | | | | | | |
| Beginning of the year | Income or other comprehensive income ("OCI") recognized for the current fiscal year: Income (*1) | OCI (*2) | Purchase, sale and redemption, net | Net asset value deemed as fair value | Net asset value not deemed as fair value | End of the year | Valuation gain (loss) (*3) |
| $ 25,629 | $ (31) | $ 2,357 | $ (625) | $ - | $ - | $ 27,368 | $ - |

(*1) The amount is included in "Interest and dividends on securities" of "Interest income" in the consolidated statements of income.

(*2) The amount is included in "Unrealized gain (loss) on available-for-sale securities" of "Other comprehensive income" in the consolidated statements of comprehensive income.

(*3) It presents valuation gain (loss) of investment trusts held at the consolidated balance sheet date, out of income recognized for the current fiscal year.

Breakdown of restrictions on cancellation or repurchase at the consolidated balance sheet date

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Major restrictions on cancellation or repurchase | Carrying amount | | |
| For cancellation, a minimum of one month's prior notice is required. | ¥ 4,377 | ¥ 4,099 | $ 27,368 |

## 27. Derivatives

**Derivative transactions to which hedge accounting is not applied**

With respect to derivatives to which hedge accounting is not applied, contract amount or notional principal, fair value and related valuation gain or loss by transaction type at the balance sheet date were as follows. Note that contract amounts do not represent the market risk exposure associated with the derivative transactions.

*Interest rate related derivatives*

There was no interest rate related derivative at March 31, 2026.

Interest rate related derivatives at March 31, 2025 were as follows:

| | Millions of yen | | | |
|---|---|---|---|---|
| | Contract amount | | | |
| March 31, 2025 | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | |
| Interest rate swaps: | | | | |
| Receive floating / Pay fix | ¥ 5,000 | ¥ 5,000 | ¥ 0 | ¥ 0 |
| Total | | | ¥ 0 | ¥ 0 |

Note: Above transactions are stated at the fair value, and the related valuation gain (loss) are reported in the consolidated statements of income.

*Currency related derivatives*

Currency related derivatives at March 31, 2026 and 2025 were as follows:

| | Millions of yen | | | |
|---|---|---|---|---|
| | Contract amount | | | |
| March 31, 2026 | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | |
| Forward foreign exchange contracts: | | | | |
| Sold | ¥ 18,448 | ¥ - | ¥ (312) | ¥ (312) |
| Bought | 2,231 | - | 5 | 5 |
| Total | | | ¥ (306) | ¥ (306) |

| | Millions of yen | | | |
|---|---|---|---|---|
| | Contract amount | | | |
| March 31, 2025 | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | |
| Forward foreign exchange contracts: | | | | |
| Sold | ¥ 29,529 | ¥ - | ¥ 126 | ¥ 126 |
| Bought | 601 | - | (3) | (3) |
| Total | | | ¥ 122 | ¥ 122 |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | Contract amount | | | |
| March 31, 2026 | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | |
| Forward foreign exchange contracts: | | | | |
| Sold | $ 115,350 | $ - | $ (1,950) | $ (1,950) |
| Bought | 13,949 | - | 31 | 31 |
| Total | | | $ (1,913) | $ (1,913) |

Note: Above transactions are stated at the fair value, and the related valuation gain (loss) are reported in the consolidated statements of income.

*Debt securities related derivatives*

There was no debt securities related derivative at March 31, 2026.

Debt securities related derivatives at March 31, 2025 were as follows:

| | Millions of yen | | | |
|---|---|---|---|---|
| | Contract amount | | | Valuation gain |
| March 31, 2025 | Total | Over one year | Fair value | (loss) |
| **Financial instruments exchange transactions:** | | | | |
| Bond futures: | | | | |
| Sold | ¥ 5,530 | ¥ - | ¥ (5) | ¥ (5) |
| Total | | | ¥ (5) | ¥ (5) |

Note: Above transactions are stated at the fair value, and the related valuation gain (loss) are reported in the consolidated statements of income.

**Derivative transactions to which hedge accounting is applied**

With respect to derivatives to which hedge accounting is applied, contract amount or notional principal and fair value at the balance sheet date by transaction type and hedge accounting method were as follows. Note that contract amounts do not represent the market risk exposure associated with the derivative transactions.

*Interest rate related derivatives*

Interest rate related derivatives at March 31, 2026 and 2025 were as follows:

| March 31, 2026 | | | Millions of yen | | |
|---|---|---|---|---|---|
| | | | Contract amount | | |
| Hedge accounting method | Transaction type | Major hedged item | Total | Over one year | Fair value |
| Deferral hedge accounting | Interest rate swaps: Receive floating / Pay fix | Available-for-sale securities (Japanese government bonds) | ¥ 134,859 | ¥ 129,676 | ¥ 12,114 |
| Total | | | | | ¥ 12,114 |

| March 31, 2025 | | | Millions of yen | | |
|---|---|---|---|---|---|
| | | | Contract amount | | |
| Hedge accounting method | Transaction type | Major hedged item | Total | Over one year | Fair value |
| Deferral hedge accounting | Interest rate swaps: Receive floating / Pay fix | Available-for-sale securities (Japanese government bonds) | ¥ 128,022 | ¥ 122,840 | ¥ 4,498 |
| Total | | | | | ¥ 4,498 |

| March 31, 2026 | | | Thousands of U.S. dollars | | |
|---|---|---|---|---|---|
| | | | Contract amount | | |
| Hedge accounting method | Transaction type | Major hedged item | Total | Over one year | Fair value |
| Deferral hedge accounting | Interest rate swaps: Receive floating / Pay fix | Available-for-sale securities (Japanese government bonds) | $ 843,237 | $ 810,829 | $ 75,745 |
| Total | | | | | $ 75,745 |

Note: In principle, the deferred hedge accounting is applied in accordance with the JICPA Industry Committee Practical Guideline No. 24 (March 17, 2022).

## 28. Amounts per Share

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

| | Yen | | U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Net assets | ¥ 4,746.44 | ¥ 4,285.14 | $ 29.67 |
| Net income: | | | |
| Basic | 228.75 | 156.21 | 1.43 |

Notes: (1) Net income per share—basic for the years ended March 31, 2026 and 2025 was calculated based on the following information:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Net income attributable to owners of parent —basic: | ¥ 4,128 | ¥ 2,816 | $ 25,811 |
| Amounts not attributed to common stock shareholders | - | - | - |
| Net income attributable to common stock owners of parent | ¥ 4,128 | ¥ 2,816 | $ 25,811 |
| Average outstanding number of shares of common stock (Unit: thousand shares) | 18,047 | 18,028 | |

(2) Net assets per share at March 31, 2026 and 2025 were calculated based on the following information:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Total net assets | ¥ 85,915 | ¥ 77,396 | $ 537,203 |
| Amounts deducted from total net assets: | 194 | 162 | 1,213 |
| O/W, non-controlling interests | 194 | 162 | 1,213 |
| Net assets attributable to common stock as of March 31, 2026 and 2025 | ¥ 85,721 | ¥ 77,234 | $ 535,990 |
| Number of shares of common stock as of March 31, 2026 and 2025 used to calculate net assets per share (Unit: thousand shares) | 18,060 | 18,023 | |

(3) Diluted net income is not shown since there are no dilutive shares.

## 29. Subsequent Events

None to report.

**30. Non-Consolidated Financial Statements of Shonai Bank and Hokuto Bank as of March 31, 2026 and 2025 and for the Years Then Ended**

**The Shonai Bank, Ltd.**

**Non-Consolidated Balance Sheets**
**March 31, 2026 and 2025**

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Assets: | | | |
| Cash and due from banks | ¥ 153,113 | ¥ 90,795 | $ 957,375 |
| Monetary claims bought | 1,184 | 1,428 | 7,403 |
| Trading account securities | 182 | 314 | 1,137 |
| Money held in trust | 30,352 | 25,100 | 189,783 |
| Securities | 229,347 | 315,316 | 1,434,046 |
| Loans and bills discounted | 1,003,143 | 973,922 | 6,272,387 |
| Foreign exchange assets | 657 | 531 | 4,108 |
| Tangible fixed assets: | | | |
| Buildings | 6,275 | 6,722 | 39,235 |
| Land | 4,135 | 4,332 | 25,855 |
| Lease assets | 3 | 3 | 18 |
| Construction in progress | 12 | - | 75 |
| Other tangible fixed assets | 913 | 818 | 5,708 |
| Intangible fixed assets: | | | |
| Software | 683 | 399 | 4,270 |
| Other intangible fixed assets | 43 | 43 | 268 |
| Prepaid pension cost | 564 | 472 | 3,526 |
| Deferred tax assets | 1,422 | 3,629 | 8,891 |
| Customers' liabilities for acceptances and guarantees | 5,940 | 6,248 | 37,141 |
| Other assets | 11,360 | 19,842 | 71,031 |
| Allowance for loan losses | (4,238) | (5,924) | (26,499) |
| Total assets | ¥ 1,445,097 | ¥ 1,443,998 | $ 9,035,809 |

(Continued)

**The Shonai Bank, Ltd.**

**Non-Consolidated Balance Sheets**
**March 31, 2026 and 2025**

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Liabilities: | | | |
| Deposits | ¥ 1,302,272 | ¥ 1,312,853 | $ 8,142,762 |
| Negotiable certificates of deposit | 14,826 | 14,529 | 92,703 |
| Borrowed money | 45,200 | 42,900 | 282,623 |
| Foreign exchange liabilities | 13 | 18 | 81 |
| Provision for bonuses for directors and other officers | 41 | 17 | 256 |
| Provision for retirement benefits | - | 7 | - |
| Provision for reimbursement of deposits | 0 | 0 | 0 |
| Provision for contingent loss | 220 | 218 | 1,375 |
| Deferred tax liabilities for land revaluation | 367 | 384 | 2,294 |
| Acceptances and guarantees | 5,940 | 6,248 | 37,141 |
| Other liabilities | 17,054 | 14,051 | 106,634 |
| Total liabilities | 1,385,937 | 1,391,230 | 8,665,897 |
| Net assets: | | | |
| Common stock | 8,500 | 8,500 | 53,148 |
| Capital surplus | 20,308 | 20,308 | 126,980 |
| Retained earnings | 29,673 | 28,038 | 185,537 |
| Total shareholders' equity | 58,481 | 56,847 | 365,666 |
| Unrealized gain (loss) on available-for-sale securities | (5,844) | (7,342) | (36,540) |
| Deferred gain (loss) on hedges | 5,716 | 2,428 | 35,740 |
| Revaluation reserve for land | 805 | 834 | 5,033 |
| Total valuation and translation adjustments | 678 | (4,079) | 4,239 |
| Total net assets | 59,160 | 52,768 | 369,911 |
| Total liabilities and net assets | ¥ 1,445,097 | ¥ 1,443,998 | $ 9,035,809 |

(Concluded)

**The Shonai Bank, Ltd.**

**Non-Consolidated Statements of Income**
**Years Ended March 31, 2026 and 2025**

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Income: | | | |
| Interest income: | | | |
| Interest on loans and discounts | ¥ 12,507 | ¥ 10,526 | $ 78,202 |
| Interest and dividends on securities | 5,990 | 4,705 | 37,453 |
| Interest income on interest rate swaps | 22 | 26 | 137 |
| Other | 576 | 184 | 3,601 |
| Fees and commissions | 3,850 | 4,067 | 24,073 |
| Other operating income | 451 | 341 | 2,819 |
| Other income | 5,121 | 4,165 | 32,020 |
| Total income | 28,520 | 24,017 | 178,328 |
| Expenses: | | | |
| Interest expenses: | | | |
| Interest on deposits | 2,602 | 860 | 16,269 |
| Interest on negotiable certificates of deposit | 41 | 20 | 256 |
| Interest on payables under securities lending transactions | - | 1 | - |
| Interest on borrowings and rediscounts | 140 | 23 | 875 |
| Interest on interest rate swaps | 293 | 451 | 1,832 |
| Other | 30 | 12 | 187 |
| Fees and commissions | 2,121 | 2,192 | 13,262 |
| Other operating expenses | 5,640 | 4,464 | 35,265 |
| General and administrative expenses | 11,424 | 10,921 | 71,431 |
| Other expenses | 2,537 | 2,459 | 15,863 |
| Total expenses | 24,833 | 21,407 | 155,274 |
| Income before income taxes | 3,687 | 2,610 | 23,053 |
| Income taxes: | | | |
| Current | 724 | 874 | 4,526 |
| Deferred | 4 | 136 | 25 |
| Total income taxes | 728 | 1,010 | 4,551 |
| Net income | ¥ 2,958 | ¥ 1,599 | $ 18,495 |

**The Hokuto Bank, Ltd.**

**Non-Consolidated Balance Sheets**
**March 31, 2026 and 2025**

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Assets: | | | |
| Cash and due from banks | ¥ 283,519 | ¥ 225,248 | $ 1,772,769 |
| Monetary claims bought | 888 | 919 | 5,552 |
| Trading account securities | 466 | 339 | 2,913 |
| Money held in trust | 10,072 | 14,942 | 62,977 |
| Securities | 171,674 | 250,407 | 1,073,432 |
| Loans and bills discounted | 982,968 | 957,945 | 6,146,238 |
| Foreign exchange assets | 657 | 690 | 4,108 |
| Tangible fixed assets: | | | |
| Buildings | 3,518 | 3,705 | 21,997 |
| Land | 5,316 | 5,535 | 33,239 |
| Lease assets | 4 | 1 | 25 |
| Construction in progress | 12 | - | 75 |
| Other tangible fixed assets | 687 | 798 | 4,295 |
| Intangible fixed assets: | | | |
| Software | 774 | 567 | 4,839 |
| Other intangible fixed assets | 61 | 61 | 381 |
| Prepaid pension cost | 729 | 674 | 4,558 |
| Deferred tax assets | 1,383 | 2,254 | 8,647 |
| Customers' liabilities for acceptances and guarantees | 10,884 | 12,648 | 68,054 |
| Other assets | 6,346 | 11,397 | 39,679 |
| Allowance for loan losses | (6,025) | (5,391) | (37,672) |
| Total assets | ¥ 1,473,940 | ¥ 1,482,748 | $ 9,216,157 |

(Continued)

**The Hokuto Bank, Ltd.**

**Non-Consolidated Balance Sheets**
**March 31, 2026 and 2025**

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Liabilities: | | | |
| Deposits | ¥ 1,354,874 | ¥ 1,363,267 | $ 8,471,668 |
| Negotiable certificates of deposit | 6,215 | 6,315 | 38,860 |
| Borrowed money | 58,600 | 60,400 | 366,410 |
| Foreign exchange liabilities | 14 | 10 | 87 |
| Provision for bonuses for directors and other officers | 32 | 9 | 200 |
| Provision for retirement benefits | 272 | 280 | 1,700 |
| Provision for reimbursement of deposits | 3 | 9 | 18 |
| Provision for contingent loss | 359 | 289 | 2,244 |
| Deferred tax liabilities for land revaluation | 722 | 777 | 4,514 |
| Acceptances and guarantees | 10,884 | 12,648 | 68,054 |
| Other liabilities | 12,966 | 9,979 | 81,072 |
| Total liabilities | 1,444,943 | 1,453,987 | 9,034,846 |
| Net assets: | | | |
| Common stock | 12,500 | 12,500 | 78,159 |
| Capital surplus | 12,500 | 12,500 | 78,159 |
| Retained earnings | 18,140 | 17,506 | 113,424 |
| Total shareholders' equity | 43,140 | 42,506 | 269,743 |
| Unrealized gain (loss) on available-for-sale securities | (18,283) | (16,086) | (114,318) |
| Deferred gain (loss) on hedges | 2,712 | 793 | 16,957 |
| Revaluation reserve for land | 1,427 | 1,548 | 8,922 |
| Total valuation and translation adjustments | (14,143) | (13,744) | (88,432) |
| Total net assets | 28,996 | 28,761 | 181,304 |
| Total liabilities and net assets | ¥ 1,473,940 | ¥ 1,482,748 | $ 9,216,157 |

(Concluded)

**The Hokuto Bank, Ltd.**

**Non-Consolidated Statements of Income**
**Years Ended March 31, 2026 and 2025**

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2026 | 2025 | 2026 |
| Income: | | | |
| Interest income: | | | |
| Interest on loans and discounts | ¥ 13,073 | ¥ 11,136 | $ 81,742 |
| Interest and dividends on securities | 2,337 | 4,456 | 14,612 |
| Interest income on interest rate swaps | 9 | 18 | 56 |
| Other | 1,630 | 468 | 10,191 |
| Fees and commissions | 3,802 | 4,181 | 23,772 |
| Other operating income | 168 | 1,308 | 1,050 |
| Other income | 1,586 | 2,805 | 9,916 |
| Total income | 22,608 | 24,376 | 141,361 |
| Expenses: | | | |
| Interest expenses: | | | |
| Interest on deposits | 2,619 | 855 | 16,375 |
| Interest on negotiable certificates of deposit | 53 | 18 | 331 |
| Interest on payables under securities lending transactions | - | 4 | - |
| Interest on borrowings and rediscounts | 223 | 42 | 1,394 |
| Interest on interest rate swaps | 293 | 543 | 1,832 |
| Other | 10 | 1 | 62 |
| Fees and commissions | 1,271 | 1,301 | 7,947 |
| Other operating expenses | 3,965 | 5,797 | 24,792 |
| General and administrative expenses | 11,562 | 11,315 | 72,294 |
| Other expenses | 2,125 | 3,691 | 13,287 |
| Total expenses | 22,125 | 23,571 | 138,341 |
| Income before income taxes | 483 | 805 | 3,020 |
| Income taxes: | | | |
| Current | 31 | 156 | 193 |
| Deferred | (60) | (297) | (375) |
| Total income taxes | (29) | (141) | (181) |
| Net income | ¥ 512 | ¥ 946 | $ 3,201 |