

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Shiga Bank, Ltd.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of The Shiga Bank, Ltd. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2026, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The Determination of the Allowance for Loan Losses	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As a regional financial institution, The Shiga Bank, Ltd. (the "Bank") plays a role as a financial intermediary that supports sustainable development in the region, and recognizes credit risk, mainly in loans, as the most significant risk because of its impact. In developing sales activities rooted in the local community, the Bank is particularly focusing on strengthening the sales force by providing consulting services. The Bank maintains an allowance for loan losses to absorb incurred losses resulting from defaults by borrowers, assessment of the borrowers' financial conditions and repayment statuses, the fair value of collateral, the borrowers' business environments and so forth. As of March 31, 2026, loans and bills discounted of ¥4,588.6 billion and an allowance for loan losses of ¥31.1 billion against these loans and bills were recorded on the consolidated balance sheet. As described in 2. Summary of significant accounting policies (k) Allowance for loan losses and (u) Significant accounting estimates, the determination of the allowance for loan losses is based on the Bank's internal rules for credit ratings and self-assessment of assets, which depends on the degree of risk, by categorizing the loans into five debtor classifications: normal debtors, debtors on close watch, debtors who are likely to go bankrupt, debtors who are virtually bankrupt and debtors who are legally bankrupt. In the self-assessment of assets, an operating division, such as a branch, assesses borrower credit ratings and the debtor classifications that are commensurate with the credit ratings, and then the credit risk management division in the Credit Supervision Department approves both of them. Through the process of determining the debtor classifications, the borrowers' conditions are considered by assessing their repayment capabilities based on their financial positions, cash flows, earning capacities and so on. The determination of debtor classifications may depend on future performance estimates, such as the borrower's business improvement plan. To secure the accuracy of the results of such self-assessment of assets, the Risk Management Division, which is independent of the operating division and the credit risk management division, inspects selected borrowers in accordance with certain criteria.	Our audit procedures to address this key audit matter included the following, among others: (1) Test of internal controls • We tested the effectiveness of internal controls, including the inspection and approval, over the determination of borrower credit ratings and the debtor classifications that were commensurate with the credit ratings based on the Bank's internal rules for credit ratings and self-assessment of assets for the borrowers related. (2) Examination of business improvement plan • We evaluated the reasonableness of the borrowers' management measures, including cost-cutting and revenue improvement measures, by inspecting the related materials used in developing such measures to determine whether they were supported by concrete figures. • In order to evaluate the reasonableness of the assumption regarding the borrowers' recovery, we inspected the self-assessment materials prepared by the Bank regarding the businesses and current conditions of the borrowers and performed transition analyses of the financial positions and results of operations of the borrowers. Also, in order to evaluate the progress of borrowers' management measures, we inspected borrowers' financial statements and their latest trial balances and compared the planned forecasts with actual results. In addition to the procedures described above, we performed the following procedures for certain borrowers that would have a considerable impact on the Bank's results of operations in the event of a downgrade of debtor classifications: • We evaluated the reasonableness of the future forecasts of business environments, including future growth of industries to which borrowers belong, supply and demand environments of markets and price trends by testing the consistency between the underlying figures used as premises for forecasts and objective facts, such as statistical research and research institutions' reports.

When the determination of debtor classifications depends on future performance estimates, such as a business improvement plan, future forecasts of business environments, including the future growth of the industry to which a borrower belongs, supply and demand environments of markets, price trends, and the feasibility of management measures, including cost-cutting and revenue improvement measures, are significant factors in determining the debtor classifications. As a result, the determination of debtor classifications is highly dependent on management's subjective judgments, and the risk of management bias and misjudgments in making estimates may increase. Therefore, we identified as a key audit matter the determination of the allowance for loan losses for the borrowers whose debtor-classification determination is highly dependent on the estimation of future performances and quantitatively significant to the Bank in the event of a downgrade of debtor classifications.	• We inquired of the Management of Credit Supervision Department, which is responsible for approving the determination of the debtor classifications, and inspected the records of interviews with borrowers and the records of consultations with financial institutions that supported borrowers to evaluate the progress of the management measures.
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Other Information

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2026, which were charged by us and our network firms to The Shiga Bank, Ltd. and its subsidiaries were ¥91 million and ¥9 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

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

Deloitte Touche Tohmatsu LLC.

August 6, 2026

Consolidated Balance Sheet

As of March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Assets			
Cash and due from banks (Notes 3 and 33)	¥ 1,011,233	¥ 898,939	\$ 6,324,949
Call loans and bills bought	15,036	6,429	94,045
Debt purchased.....	250	770	1,563
Trading securities (Note 4).....	42	19	262
Money held in trust (Note 5)	33,332	32,356	208,481
Investment securities (Notes 4, 7, 12, 19 and 33)	1,722,410	1,802,020	10,773,142
Loans and bills discounted (Notes 7, 12, 13 and 33)	4,588,660	4,529,399	28,700,650
Foreign exchange assets (Notes 7 and 8).....	6,608	7,029	41,330
Other assets (Notes 7, 9 and 12).....	198,908	177,407	1,244,108
Tangible fixed assets (Notes 10, 11 and 14).....	54,100	53,949	338,378
Intangible fixed assets (Note 11)	5,346	1,991	33,437
Asset for retirement benefits (Note 31)	38,931	26,579	243,501
Deferred tax assets (Note 32)	603	611	3,771
Customers' liabilities for acceptances and guarantees (Notes 7 and 19).....	24,748	26,120	154,791
Allowance for loan losses.....	(31,128)	(35,406)	(194,696)
Total assets	7,669,084	7,528,217	47,967,750
Liabilities			
Deposits (Notes 12, 15 and 33).....	5,950,294	5,806,185	37,217,250
Negotiable certificates of deposit (Note 33)	19,150	22,600	119,777
Call money and bills sold (Note 33)	79,300	109,149	495,996
Payables under securities lending transactions (Notes 12 and 33).....	142,490	156,949	891,230
Borrowed money (Notes 12, 16 and 33).....	784,282	830,352	4,905,441
Foreign exchange liabilities (Note 8).....	500	317	3,127
Borrowed money from trust account (Note 17)	157	174	981
Other liabilities (Note 18).....	87,657	84,792	548,267
Liability for retirement benefits (Note 31).....	194	183	1,213
Liability for retirement benefits of directors and Audit & Supervisory Board Members.....	6	4	37
Allowance for repayment of excess interest	4	6	25
Reserve for other contingent losses	301	266	1,882
Deferred tax liabilities (Note 32).....	65,357	40,690	408,787
Deferred tax liabilities for land revaluation (Note 14)	5,613	5,613	35,107
Acceptances and guarantees (Note 19).....	24,748	26,120	154,791
Total liabilities	7,160,058	7,083,406	44,783,950
Equity (Notes 20, 21 and 37)			
Common stock, authorized, 100,000,000 shares; issued, 48,090,081 shares and 53,090,081 shares as of March 31, 2026 and 2025, respectively.....	33,076	33,076	206,880
Capital surplus.....	24,536	24,548	153,465
Retained earnings	285,621	284,546	1,786,471
Treasury stock – at cost 2,114,207 shares and 7,008,097 shares as of March 31, 2026 and 2025, respectively (*1)	(6,655)	(20,473)	(41,624)
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities (Notes 4 and 6).....	104,003	71,925	650,506
Deferred gains on derivatives under hedge accounting.....	46,300	35,569	289,592
Land revaluation surplus (Note 14)	8,057	8,057	50,394
Defined retirement benefit plans.....	14,085	7,560	88,097
Total equity	509,025	444,811	3,183,794
Total liabilities and equity	¥7,669,084	¥7,528,217	\$ 47,967,750

See Notes to Consolidated Financial Statements.

(*1) THE SHIGA BANK, LTD. conducted a 5-for-1 stock split of its common stock, effective April 1, 2026. The numbers of shares of treasury stock presented above have not been adjusted to reflect the effect of the stock split.

Consolidated Statement of Income

Years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Income (Notes 22 and 38)			
Interest income:			
Interest on loans and discounts	¥ 60,002	¥ 49,422	\$ 375,293
Interest and dividends on securities	35,436	31,516	221,641
Other interest income	6,914	5,694	43,244
Trust fees	0	0	0
Fees and commissions	19,976	19,634	124,943
Other operating income (Note 23)	22,910	16,030	143,294
Settlement income	—	8,000	—
Other income (Note 24)	13,884	10,813	86,840
Total income	159,124	141,111	995,271
Expenses			
Interest expenses:			
Interest on deposits	14,229	5,698	88,997
Interest on borrowing and rediscounts	7,870	11,179	49,224
Other interest expenses	6,171	6,515	38,597
Fees and commissions	7,472	6,404	46,735
Other operating expenses (Note 25)	42,968	31,676	268,751
General and administrative expenses (Note 26)	49,392	44,690	308,931
Other expenses (Note 27)	2,048	9,311	12,809
Total expenses	130,153	115,476	814,066
Income before income taxes	28,971	25,635	181,204
Income taxes (Note 32)			
Current	5,697	714	35,632
Deferred	1,980	6,199	12,384
Net income	21,293	18,720	133,181
Net income attributable to owners of the parent	¥ 21,293	¥ 18,720	\$ 133,181
	Yen		U.S. dollars
	2026	2025	2026
Per share information (Note 36)			
Basic net income (*1)	¥ 92.27	¥ 79.94	\$ 0.577
Cash dividends applicable to the year (*2)	140.00	90.00	0.875

See Notes to Consolidated Financial Statements.

(*1) THE SHIGA BANK, LTD. conducted a 5-for-1 stock split of its common stock, effective April 1, 2026. Per share information for the years ended March 31, 2026 and 2025 has been calculated assuming that the stock split had occurred at the beginning of the previous fiscal year.

(*2) Cash dividends applicable to the year represent the actual dividend amounts before the stock split described in (*1) above.

Consolidated Statement 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	¥ 21,293	¥ 18,720	\$ 133,181
Other comprehensive income (loss) (Note 35):			
Net unrealized gains (losses) on available-for-sale securities	32,078	(59,941)	200,637
Deferred gains on derivatives under hedge accounting	10,730	5,423	67,112
Land revaluation surplus	—	(161)	—
Defined retirement benefit plans	6,524	(2,139)	40,805
Total other comprehensive income (loss)	49,333	(56,818)	308,562
Comprehensive income (loss)	¥ 70,627	¥ (38,097)	\$ 441,750
Attributable to			
Owners of the parent	¥ 70,627	¥ (38,097)	\$ 441,750

See Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

Years ended March 31, 2026 and 2025

	Thousands	Millions of yen								
	Outstanding number of shares of common stock (*1)	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated Other Comprehensive Income				Total equity
						Net unrealized gains on available- for-sale securities	Deferred gains on derivatives under hedge accounting	Land revaluation surplus	Defined retirement benefit plans	
Balance as of April 1, 2024	46,930	¥33,076	¥24,541	¥269,792	¥(16,476)	¥131,867	¥30,145	¥8,240	¥9,700	¥490,887
Changes during the year:										
Net income attributable to owners of the parent				18,720						18,720
Cash dividends, ¥85.00 per share				(3,989)						(3,989)
Purchase of treasury stock	(853)				(4,010)					(4,010)
Sales of treasury stock	4		7		13					20
Reversal of land revaluation surplus				22						22
Other changes						(59,941)	5,423	(183)	(2,139)	(56,840)
Net change in the year		—	7	14,753	(3,997)	(59,941)	5,423	(183)	(2,139)	(46,076)
Balance as of March 31, 2025	46,081	33,076	24,548	284,546	(20,473)	71,925	35,569	8,057	7,560	444,811
Changes during the year:										
Net income attributable to owners of the parent				21,293						21,293
Cash dividends, ¥110.00 per share				(5,081)						(5,081)
Purchase of treasury stock	(305)				(2,511)					(2,511)
Sales of treasury stock	199		599		581					1,180
Cancellation of treasury stock			(610)	(15,137)	15,747					—
Other changes						32,078	10,730	—	6,524	49,333
Net change in the year		—	(11)	1,074	13,817	32,078	10,730	—	6,524	64,214
Balance as of March 31, 2026	45,975	¥33,076	¥24,536	¥285,621	¥(6,655)	¥104,003	¥46,300	¥8,057	¥14,085	¥509,025

	Thousands of U.S. dollars (Note 1)								
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated Other Comprehensive Income				Total equity
					Net unrealized gains on available- for-sale securities	Deferred gains on derivatives under hedge accounting	Land revaluation surplus	Defined retirement benefit plans	
Balance as of April 1, 2025	\$206,880	\$153,540	\$1,779,747	\$(128,052)	\$449,868	\$222,473	\$50,394	\$47,285	\$2,782,155
Changes during the year:									
Net income attributable to owners of the parent			133,181						133,181
Cash dividends, \$0.68 per share			(31,780)						(31,780)
Purchase of treasury stock				(15,705)					(15,705)
Sales of treasury stock		3,746		3,633					7,380
Cancellation of treasury stock		(3,815)	(94,677)	98,492					—
Other changes					200,637	67,112	—	40,805	308,562
Net change in the year	—	(68)	6,717	86,421	200,637	67,112	—	40,805	401,638
Balance as of March 31, 2026	\$206,880	\$153,465	\$1,786,471	\$(41,624)	\$650,506	\$289,592	\$50,394	\$88,097	\$3,183,794

See Notes to Consolidated Financial Statements.

(*1) THE SHIGA BANK, LTD. conducted a 5-for-1 stock split of its common stock, effective April 1, 2026. The outstanding number of shares of common stock and the amount of cash dividends per share presented above have not been adjusted to reflect the effect of the stock split

Consolidated Statement 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	¥ 28,971	¥ 25,635	\$ 181,204
Depreciation	2,663	2,110	16,656
Losses on impairment of long-lived assets	14	1,167	87
Increase (decrease) in allowance for loan losses	(4,278)	2,723	(26,757)
Increase in reserve for other contingent losses	34	69	212
Increase in asset for retirement benefits	(12,351)	(1,350)	(77,251)
Increase in liability for retirement benefits	10	15	62
Increase (decrease) in liability for retirement benefits of directors and Audit & Supervisory Board Members	1	(0)	6
Increase (decrease) in allowance for repayment of excess interest	(1)	0	(6)
Interest income	(102,353)	(86,633)	(640,186)
Interest expense	28,271	23,393	176,826
Losses on sales and write-down of investment securities	19,622	12,919	122,729
Losses (gains) on money held in trust	(727)	46	(4,547)
Foreign exchange losses (gains)	(1)	0	(6)
Losses on disposals of fixed assets – net	44	146	275
Settlement income	—	(8,000)	—
Net increase in loans and bills discounted	(59,261)	(53,956)	(370,659)
Net increase in deposits	144,108	3,153	901,351
Net decrease in negotiable certificate of deposits	(3,450)	(2,760)	(21,578)
Net decrease in borrowed money (excluding subordinated loans)	(46,069)	(52,276)	(288,147)
Net increase in due from banks (excluding deposits in Bank of Japan)	(67)	(175)	(419)
Net decrease (increase) in call loans and others	(8,086)	522	(50,575)
Net decrease in call money and bills sold	(29,849)	(236,942)	(186,696)
Net decrease in payables under securities lending transactions	(14,459)	(84,380)	(90,436)
Net decrease (increase) in foreign exchange assets	421	(836)	2,633
Net increase in foreign exchange liabilities	182	225	1,138
Net decrease in borrowed money from trust account	(17)	(9)	(106)
Interest received (cash basis)	106,874	89,021	668,463
Interest paid (cash basis)	(26,819)	(23,650)	(167,744)
Other	(27,517)	(7,029)	(172,110)
Subtotal	(4,089)	(396,852)	(25,575)
Settlement received	4,000	4,000	25,018
Income taxes – paid	(3,378)	(12,823)	(21,128)
Income taxes – refund	5,825	—	36,433
Net cash provided by (used in) operating activities	2,357	(405,676)	14,742
Investing activities:			
Purchases of securities	(467,368)	(400,331)	(2,923,242)
Proceeds from sales of securities	364,810	293,607	2,281,773
Proceeds from redemptions of securities	227,420	71,642	1,422,441
Increase in money held in trust	(5,904)	(2,127)	(36,927)
Decrease in money held in trust	4,907	—	30,691
Purchases of tangible fixed assets	(2,713)	(9,236)	(16,968)
Proceeds from sales of tangible fixed assets	281	187	1,757
Purchases of intangible fixed assets	(3,970)	(1,369)	(24,831)
Net cash provided by (used in) investing activities	117,463	(47,627)	734,694
Financing activities:			
Purchases of treasury stock	(2,511)	(4,010)	(15,705)
Proceeds from sales of treasury stock	—	0	—
Dividends paid	(5,081)	(3,989)	(31,780)
Net cash used in financing activities	(7,593)	(7,999)	(47,491)
Net increase (decrease) in cash and cash equivalents	112,227	(461,302)	701,945
Cash and cash equivalents, beginning of year	898,421	1,359,724	5,619,345
Cash and cash equivalents, end of year (Note 3)	¥ 1,010,649	¥ 898,421	\$ 6,321,297

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Years ended March 31, 2026 and 2025

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by THE SHIGA BANK, LTD. (the “Bank”) and its significant subsidiaries (together the “Group”) in accordance with the provisions set forth in the Companies Act of Japan, the Japanese Financial Instruments and Exchange Act, and the Japanese Banking Act and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

Amounts in yen of respective accounts included in the accompanying consolidated financial statements and notes thereto are stated in millions of yen by discarding fractional amounts less than ¥1 million. Therefore, total or subtotal amounts do not necessarily tie in with the aggregation of such account balances.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥159.88 to U.S.\$1, the rate of exchange at March 31, 2026, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollar amounts at this rate or any other rates.

2. Summary of significant accounting policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and nine consolidated subsidiaries for the years ended March 31, 2026 and 2025.

The consolidated subsidiaries’ respective fiscal periods end March 31 for the years ended March 31, 2026 and 2025.

The Bank has four and two other nonconsolidated subsidiaries in 2026 and 2025, respectively, in which investments are not accounted for by the equity method because their net income (the portion corresponding to the Bank’s equity), retained earnings (as above) and accumulated other comprehensive income (as above) have no material impact on the Group’s financial position or business performance.

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

Names of other companies, etc. for which the Bank holds a majority of the voting rights for its own account, but which are not treated as subsidiaries:

Minobe Construction Co., Ltd.

Suhamo Holdings Co., Ltd.

Kouga Ballast Co., Ltd.

These companies are investees of nonconsolidated subsidiaries engaged in investment-related businesses, primarily for purposes including business succession and not for the purpose of bringing such companies under control; accordingly, these investees are not treated as subsidiaries.

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

(b) Cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents are defined as cash and due from the Bank of Japan.

(c) Trading securities

Trading securities held by the Bank are stated at fair value at the fiscal year end (cost of sales, in principle, is computed by the moving-average method).

(d) Investment securities

i. Marketable securities held for trading purposes are stated at fair value (cost of sales, in principle, is computed by the moving-average method).

Securities available-for-sale are stated at fair value (cost of sales, in principle, is computed by the moving-

average method). Shares, etc. that do not have market price are stated at cost using the moving-average method. Investment in capital of investment partnership and others are recorded at the net amount of the Bank's share of their assets based on the most recent financial statements of the partnership and others. Valuation gains/losses on securities available for sale are included in net assets, net of income taxes (cost of sales, in principle, is computed by the moving-average method).

ii. Marketable securities included in money held in trust by the Bank are treated as trust assets and are stated at fair value at the fiscal year-end. Securities that constitute trust assets in money held in trust are stated using the same methods described in *(i)* above.

iii. Beneficiary rights included in "debt purchased" are stated using the same methods described in *(i)* above.

(e) Derivatives and hedging activities

Under the Accounting Standards for Financial Instruments, derivatives are stated at fair value unless they are used for hedging purposes.

i. Interest rate risk hedges

The Bank applies deferred hedge accounting to hedge transactions against interest rate risk arising from financial assets and liabilities which includes the method of designating hedging instruments to hedged items as well as the method stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Committee Practical Guidelines No. 24, March 17, 2022).

With regard to the assessment of hedge effectiveness, for the hedges that offset the fluctuations in the fair value of fixed interest rates classified as available-for-sale securities, interest rate swaps are assigned to hedged items collectively by bond type as the hedging instrument. The Bank designates the hedges so as to ensure that the critical conditions related to the hedged items and hedging instruments are largely identical; therefore, the hedges are considered to be highly effective, and the assessment of the effectiveness is based on the similarity of the conditions.

With regard to the effectiveness of cash flow hedges, hedge effectiveness is assessed by verifying the relationship of the interest rate fluctuation factors of the hedged items and the hedging instruments.

With regard to some assets, special treatment of interest rate swaps has been carried out, and the evaluation of the effectiveness of hedging has been replaced by the determination of the requirements for special treatment.

ii. Currency exchange risk hedges

Regarding the hedge accounting method applied to hedging transactions against currency exchange risk arising from assets and liabilities in foreign currencies, the Bank applies deferred hedge accounting stipulated in "Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020).

The Bank assesses the effectiveness of exchange swaps executed to reduce the risk of changes in currency exchange rates with fund swap transactions by verifying that there exist foreign currency positions of the hedging instruments corresponding to the foreign currency monetary claims and debts to be hedged.

Fund swap transactions are foreign exchange transactions that are contracted for the purpose of lending or borrowing funds in different currencies. These transactions consist of spot foreign exchange either bought or sold and forward foreign exchange either bought or sold.

To hedge foreign exchange fluctuation risks of foreign currency-denominated securities (other than bonds), the Bank identifies in advance the specific foreign currency-denominated securities to be hedged and applies fair value hedging as a comprehensive hedge on the conditions, including but not limited to the Bank having direct liabilities for such foreign currency-denominated securities in excess of the acquisition cost on a foreign currency basis.

(f) Bills discounted

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Committee Practical Guidelines No. 24. The Bank has rights to sell or pledge bank acceptances bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions.

(g) Tangible fixed assets (except for lease assets)

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation for buildings and equipment of the Bank is computed using the declining-balance method at a

rate principally based on the estimated useful lives of the assets. However, buildings purchased on or after April 1, 1998 (excluding fittings and equipment), and fittings and equipment and structures purchased on or after April 1, 2016, are depreciated using the straight-line method.

The range of useful lives is principally from 3 to 50 years for buildings and from 3 to 20 years for equipment.

Depreciation of tangible fixed assets owned by subsidiaries is computed principally using the declining-balance method over the estimated useful lives of the assets.

Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. The Bank adopted the former treatment and reduced the cost of the assets acquired by ¥3,475 million (\$21,735 thousand) and ¥3,487 million as of March 31, 2026 and 2025, respectively.

(h) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

Accumulated impairment losses are directly deducted from the respective fixed assets.

(i) Intangible fixed assets (except for lease assets)

Depreciation for intangible fixed assets is computed under the straight-line method. Development costs for internally used software are capitalized and depreciated using the straight-line method over the estimated useful lives of 5 years.

(j) Lease assets

Lease assets in “Tangible fixed assets” or “Intangible fixed assets” of the finance leases other than those that were deemed to transfer the ownership of the leased property to the lessee are computed under the straight-line method over the lease term with zero residual value unless residual value is guaranteed by the corresponding lease contracts.

(k) Allowance for loan losses

Allowance for loan losses of the Bank is provided as detailed below, pursuant to internal rules for write-offs and allowances.

For debtors who are legally bankrupt (bankrupt, under special liquidation, or subject to legal bankruptcy proceedings) or virtually bankrupt (in a similar situation), an allowance is provided based on the amount of claims, after the write-off stated below, net of amounts expected to be collected through disposal of collateral or execution of guarantees. For loans to debtors who are likely to become bankrupt (potentially bankrupt), an allowance is provided for the amount considered to be necessary based on an overall solvency assessment performed for the amount of such loans, net of amounts deemed collectible through disposal of collateral or execution of guarantees, using the following methods.

- (i) For large debtors with credit exposure above a certain amount, an allowance is provided for the non-protected amount, net of an estimate of the amount collectible through cash flow based on a comprehensive assessment of the debtor’s situation (cash flow deduction method).
- (ii) For loans to debtors other than (i), an allowance is provided for the expected losses for the subsequent three years. Expected losses are determined based on the average loan loss ratio over a certain period of time calculated using historical loan loss experience over three years with required adjustments for future forecasts and others.

For loans to other debtors, with regard to debtors who are recognized as having good business conditions and no particular problems with their financial conditions (hereinafter, “normal debtors”) and debtors who require careful management (hereinafter, “debtors on close watch”) such as debtors that have problems with loan terms, debtors with performance issues, debtors with weak or unstable business conditions, and debtors that have problems with their financial conditions, an allowance is provided for the expected losses for subsequent one year. Among the debtors on close watch, for debtors whose loans are in need of management (restructured loans and loans that are delinquent for three months or more), an allowance is provided for the

expected losses for the subsequent three years. Expected losses are determined based on the average loan loss ratio over a certain period of time calculated using historical loan loss experience over one year or three years with required adjustments for future forecasts and others.

*Necessary revision and determination method of the expected loss ratio due to future forecasts, etc.

The expected loss ratio used in the calculation of the allowance is determined by comparing the average value of the most recent three calculation periods with the long-term average value that takes into account the business cycle. The average of the three most recent calculation periods is calculated after reviewing the current situation, future forecasts, and other necessary adjustments.

All loans are assessed by the branches and the operating divisions based on the Bank's internal rules for self-assessment of assets. The risk management sector, which is independent from the branches and the operating divisions, subsequently verifies the appropriateness of self-assessment results, write-offs and allowances.

For collateralized or guaranteed claims to debtors who are legally bankrupt or virtually bankrupt, the amount deemed unrecoverable, which is the amount of claims exceeding the estimated value of collateral or guarantees, has been written off and amounted to ¥8,679 million (\$54,284 thousand) and ¥7,500 million as of March 31, 2026 and 2025, respectively.

Allowance for loan losses of the Bank's consolidated subsidiaries is provided based on historical loan loss experience in addition to amounts deemed necessary based on estimation of the collectability of specific claims.

(l) Retirement and Pension Plans

The Bank has a contributory funded pension plan and lump-sum severance payment plan. Consolidated subsidiaries have unfunded lump-sum severance payment plans.

The projected benefit obligations are attributed to periods on a benefit formula basis. Past service costs are amortized on a straight-line basis over 10 years within the average remaining service period.

Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period from the fiscal year following the respective fiscal year in which the difference is recognized.

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

(m) Liability for retirement of directors and Audit & Supervisory Board Members

Consolidated subsidiaries provide Liability for retirement benefits of directors and Audit & Supervisory Board Members at the amount required if they all retired at the fiscal year-end, which is calculated based on the internal rules of the Group.

(n) Allowance for repayment of excess interest

Allowance for repayment of excess interest is provided at the estimated amount based on payment experience that the Bank's consolidated subsidiaries may be required to refund upon customers' claims.

(o) Reserve for other contingent losses

The Bank provides reserves for contingent liabilities not covered by other reserves in an amount deemed necessary based on estimated losses in the future.

(p) Foreign currency transactions

Receivables and payables in foreign currencies and foreign branch accounts are translated into Japanese yen principally at the rates prevailing at the balance sheet dates.

(q) Accounting for leases

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions.

i. As lessee

Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the balance sheet.

ii. As lessor

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted

for as operating lease transactions if certain “as if sold” information is disclosed in the notes to the lessor’s financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee should be recognized as lease receivables and all finance leases that are deemed not to transfer ownership of the leased property to the lessee should be recognized as investments in leases.

Lease revenue and lease costs are recognized over the lease period.

(r) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax rates to the temporary differences.

(s) Appropriations of retained earnings

The consolidated statements of changes in equity reflect the appropriation resolved by the general shareholders’ meeting when duly resolved and paid.

(t) Per share information

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the fiscal year.

(u) Significant accounting estimates

Items for which the amount was recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the following fiscal year, are as follows.

Allowance for loan losses

(1) Amounts recorded in the consolidated financial statements

Allowance for loan losses was ¥31,128 million (\$194,696 thousand) and ¥35,406 million at March 31, 2026 and 2025, respectively.

(2) Information that contributes to an understanding of the content of significant accounting estimates for identified items

i. Calculation method

The method of calculating the allowance for loan losses is described in “(k) Allowance for loan losses” in “2. Summary of significant accounting policies.” In addition, the Bank has recorded an allowance for loan losses by revising the debtor classifications based on the current deterioration in business performance and estimates related to impacts that are not yet reflected in financial information in order to prepare for expected losses due to such impacts based on the following assumptions.

ii. Major assumptions

The major assumption is the “future forecasts of business environments of the borrower in determining the debtor classifications.” It is set based on the individual evaluation of each debtor’s ability to earn income.

iii. Impacts on the consolidated financial statements for the following fiscal year

The Group conducts self-assessment with scrutiny and takes measures such as setting aside an allowance for loan losses as deemed necessary. However, due to the high degree of uncertainty in the above assumptions, changes in the assumptions used for the initial estimates may have a significant impact on the allowance for loan losses in the consolidated financial statements for the following fiscal year (ending March 31, 2026) and thereafter.

In addition, the uncertainty may grow even greater when the determination of the debtor classifications

depends on future forecasts of business environments, such as the business improvement plan of the borrower.

(v) New accounting pronouncements

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

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

Other revision of related Accounting Standards, Implementation Guidance, Practical Solutions, and Transferred Guidance

(1) Summary

Provisions that require a lessee to recognize assets and liabilities for all leases as with internationally accepted accounting principles

(2) Effective date

The Group expects to apply the new guidance effective for fiscal years beginning on or after April 1, 2027.

(3) Effects of application of the standards and guidance

The Group is currently evaluating the impact of applying this guidance.

3. Cash and cash equivalents

The reconciliation of “Cash and cash equivalents” and “Cash and due from banks” in the consolidated balance sheets at March 31, 2026 and 2025, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash and due from banks	¥ 1,011,233	¥ 898,939	\$ 6,324,949
Other due from banks	(584)	(517)	(3,652)
Cash and cash equivalents.....	¥ 1,010,649	¥ 898,421	\$ 6,321,297

4. Securities

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Japanese government bonds	¥ 304,969	¥ 506,325	\$ 1,907,486
Japanese local government bonds.....	301,248	194,760	1,884,213
Japanese corporate bonds	230,889	295,114	1,444,139
Corporate stocks	363,068	302,395	2,270,878
Other securities.....	522,233	503,424	3,266,406
Total.....	¥ 1,722,410	¥ 1,802,020	\$ 10,773,142

Securities lent under unsecured loan (bond lending transactions) amounted to ¥14,169 million (\$88,622 thousand) and ¥20,806 million are included in Japanese government bonds of securities at March 31, 2026 and 2025, respectively.

Fair value and other information on securities at March 31, 2026 and 2025 were as follows. Securities include “Trading securities” and trust beneficiary right under “Debt purchased,” in addition to “Investment securities,” which are presented on the consolidated balance sheet.

Securities

(1) Trading securities

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
	Gains (losses) included in profit (loss) during the fiscal year		
Trading securities	¥ 0	¥ 2	\$ 0

(2) Held-to-maturity securities

There were no held-to-maturity securities as of March 31, 2026 and 2025.

(3) Available-for-sale securities

Available-for-sale securities as of March 31, 2026 and 2025 were as follows:

	Millions of yen		
	2026		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks	¥ 352,200	¥ 90,662	¥ 261,537
Bonds:	1,321	1,318	3
Japanese government bonds	—	—	—
Japanese local government bonds	—	—	—
Japanese corporate bonds	1,321	1,318	3
Others	209,434	196,190	13,243
Subtotal	¥ 562,956	¥ 288,171	¥ 274,784
Consolidated balance sheet amount not exceeding cost:			
Stocks	¥ 6,180	¥ 7,085	¥ (904)
Bonds:	835,786	923,319	(87,533)
Japanese government bonds	304,969	350,906	(45,936)
Japanese local government bonds	301,248	318,930	(17,682)
Japanese corporate bonds	229,567	253,482	(23,914)
Others	275,603	314,673	(39,069)
Subtotal	1,117,570	1,245,079	(127,508)
Total	¥ 1,680,526	¥ 1,533,250	¥ 147,276

	Millions of yen		
	2025		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks	¥ 281,484	¥ 86,421	¥ 195,063
Bonds:	19,853	19,809	43
Japanese government bonds	4,782	4,775	6
Japanese local government bonds	—	—	—
Japanese corporate bonds	15,071	15,034	37
Others	162,236	155,655	6,580
Subtotal	¥ 463,574	¥ 261,887	¥ 201,687
Consolidated balance sheet amount not exceeding cost:			
Stocks	¥ 16,193	¥ 17,442	¥ (1,249)
Bonds:	976,347	1,040,803	(64,455)
Japanese government bonds	501,543	543,192	(41,649)
Japanese local government bonds	194,760	203,233	(8,473)
Japanese corporate bonds	280,043	294,376	(14,333)
Others	310,484	346,092	(35,607)
Subtotal	1,303,024	1,404,337	(101,312)
Total	¥ 1,766,599	¥ 1,666,224	¥ 100,374

	Thousands of U.S. dollars		
	2026		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks	\$ 2,202,902	\$ 567,062	\$ 1,635,833
Bonds:	8,262	8,243	18
Japanese government bonds	—	—	—
Japanese local government bonds	—	—	—
Japanese corporate bonds	8,262	8,243	18
Others	1,309,944	1,227,107	82,830
Subtotal	\$ 3,521,115	\$ 1,802,420	\$ 1,718,689
Consolidated balance sheet amount not exceeding cost:			
Stocks	\$ 38,653	\$ 44,314	\$ (5,654)
Bonds:	5,227,583	5,775,075	(547,491)
Japanese government bonds	1,907,486	2,194,808	(287,315)
Japanese local government bonds	1,884,213	1,994,808	(110,595)
Japanese corporate bonds	1,435,870	1,585,451	(149,574)
Others	1,723,811	1,968,182	(244,364)
Subtotal	6,990,055	7,787,584	(797,523)
Total	\$ 10,511,170	\$ 9,590,005	\$ 921,165

(4) Bonds classified as held to maturity were not sold for the years ended March 31, 2026 and 2025.

(5) Available-for-sale securities sold

	Millions of yen		
	2026		
	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 26,732	¥ 10,443	¥ 683
Bonds:	256,352	189	30,276
Japanese government bonds	146,171	189	22,768
Japanese local government bonds	59,900	—	2,554
Japanese corporate bonds	50,281	—	4,953
Others	21,906	876	135
Total	¥ 304,991	¥ 11,510	¥ 31,095
	Millions of yen		
	2025		
	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 33,493	¥ 9,312	¥ 1,802
Bonds:	186,619	218	17,641
Japanese government bonds	100,013	217	15,531
Japanese local government bonds	57,695	—	1,086
Japanese corporate bonds	28,910	0	1,024
Others	24,530	446	3,399
Total	¥ 244,644	¥ 9,976	¥ 22,843
	Thousands of U.S. dollars		
	2026		
	Sales amount	Gains on sales	Losses on sales
Stocks	\$ 167,200	\$ 65,317	\$ 4,271
Bonds:	1,603,402	1,182	189,367
Japanese government bonds	914,254	1,182	142,406
Japanese local government bonds	374,655	—	15,974
Japanese corporate bonds	314,492	—	30,979
Others	137,015	5,479	844
Total	\$ 1,907,624	\$ 71,991	\$ 194,489

(6) Reclassification of investment securities due to change in intent of holding

There were no reclassifications of investment securities due to change in intent of holding for the year ended March 31, 2026.

The Bank has changed its investment policy during the year ended March 31, 2025 in bonds held as held-to-maturity securities of ¥66,960 million and reclassified as available-for-sale securities for the year ended March 31, 2025.

As a result of this reclassification, investment securities, deferred tax liabilities and net unrealized gains on available-for-sale securities decreased by ¥11,713 million, ¥3,566 million and ¥8,146 million, respectively. The effects are as of the time of the reclassification.

(7) Impairment losses on securities

For available-for-sale securities with market quotations (other than shares, etc. that do not have market price and investment in capital of investment partnership and others), in cases where the fair value has fallen substantially from the acquisition cost and there is believed to be little likelihood of a recovery in the acquisition cost level, said securities are shown on the balance sheets at fair value and the difference between the fair value and the acquisition cost is posted as a loss (hereinafter “impairment loss”).

There was no impairment loss for the year ended March 31, 2026 and 2025.

In addition, the Bank recognizes that fair value has fallen significantly based on standards that have been set out in the self-assessment standards for assets by the issuing companies of securities. The details are as follows:

The Bank recognizes that the fair value of available-for-sale securities of legally bankrupt debtors, virtually bankrupt debtors, or debtors who are likely to go bankrupt, has fallen significantly when the fair value of such instruments as of the consolidated balance sheet date has decreased from the acquisition cost. For debtors on close watch, the Bank recognizes that the fair value has fallen significantly when the fair value as of the consolidated balance sheet date has decreased 30% or more from the acquisition cost. For normal debtors, it recognizes this when the fair value as of the consolidated balance sheet date has fallen 50% or more from the acquisition cost or when the fair value as of the consolidated balance sheet date has fallen 30% or more from the acquisition cost and the market prices remain below certain levels.

Debtors on close watch are defined as those who will require close monitoring in the future and normal debtors are defined as those other than legally bankrupt debtors, virtually bankrupt debtors, debtors who are likely to go bankrupt, or debtors on close watch.

5. Money held in trust

(1) Money held in trust classified as trading

	Millions of yen			
	2026		2025	
	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year
Money held in trust classified as trading	¥ 21,549	¥ (12)	¥ 26,413	¥ (50)

	Thousands of U.S. dollars	
	2026	
	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year
Money held in trust classified as trading	\$ 134,782	\$ (75)

(2) No money held in trust was classified as held to maturity.

(3) Other money held in trust (other than money held in trust for trading purposes and money in trust held to maturity).

	Millions of yen				
	2026				
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)	Consolidated balance sheet amount exceeding cost	Consolidated balance sheet amount not exceeding cost
Other money held in trust.....	¥ 11,783	¥ 11,982	¥ (198)	¥ 139	¥ 338

Millions of yen					
2025					
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)	Consolidated balance sheet amount exceeding cost	Consolidated balance sheet amount not exceeding cost
Other money held in trust.....	¥ 5,943	¥ 6,133	¥ (190)	¥ 15	¥ 205

(Note) “Consolidated balance sheet amount exceeding cost” and “consolidated balance sheet amount not exceeding cost” are components of unrealized gains (losses).

Thousands of U.S. dollars					
2026					
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)	Consolidated balance sheet amount exceeding cost	Consolidated balance sheet amount not exceeding cost
Other money held in trust.....	\$ 73,699	\$ 74,943	\$ (1,238)	\$ 869	\$ 2,114

(Note) “Consolidated balance sheet amount exceeding cost” and “consolidated balance sheet amount not exceeding cost” are components of unrealized gains (losses).

6. Net unrealized gains/losses on available-for-sale securities

Available-for-sale securities were valued at market and net unrealized gains/losses on valuation were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Net unrealized gains on investment securities	¥ 146,788	¥ 99,896	\$ 918,113
Available-for-sale securities	146,987	100,086	919,358
Other money held in trust	(198)	(190)	(1,238)
Deferred tax liabilities	(42,785)	(27,970)	(267,606)
Noncontrolling interests	—	—	—
Net unrealized gains on available-for-sale securities	¥ 104,003	¥ 71,925	\$ 650,506

7. Loans and bills discounted

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Bills discounted.....	¥ 2,766	¥ 6,405	\$ 17,300
Loans on bills	49,124	51,800	307,255
Loans on deeds	4,098,492	4,028,610	25,634,801
Overdrafts.....	438,276	442,583	2,741,280
Total.....	¥ 4,588,660	¥ 4,529,399	\$ 28,700,650

Claims under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. The claims include corporate bonds in “investment securities” in the consolidated balance sheets (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part, and for which the bonds were issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans and bills discounted, foreign exchange assets, accrued interest and suspense payments in “other assets,” customers’ liabilities for acceptances and guarantees and the securities in the case of a loan of securities (limited to those under a loan-for-use or lease agreement) that is indicated in the notes.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Bankrupt and substantially bankrupt claims	¥ 3,669	¥ 2,956	\$ 22,948
Doubtful claims	46,066	51,981	288,128
Loans past due three months or more	69	579	431
Restructured loans	22,026	26,474	137,765
Total.....	¥ 71,831	¥ 81,991	\$ 449,280

Bankrupt and substantially bankrupt claims mean the claim held against debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claims equivalent thereto.

Doubtful claims mean the claims whose debtor is not yet in the status of failure in business although such debtor’s financial conditions and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible, excluding the claims subject to legal bankruptcy proceedings and reorganization proceedings and any other type of claims equivalent thereto.

Loans past due three months or more mean loans for which payment of principal or interest has been delayed for three months or more from the date following the agreed payment date, excluding the claims subject to legal bankruptcy proceedings and reorganization proceedings and any other type of claims equivalent thereto and the claims with risks.

Restructured loans mean loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payments, extension of maturity dates, waiver of the face amount, or other concessive measures) to the debtors to assist them in recovering from financial difficulties and eventually being able to pay creditors, excluding the claims subject to legal bankruptcy proceedings and reorganization proceedings and any other type of claims equivalent thereto, the claims with risks and the loans overdue for three months or more.

The total face value of bills discounted at March 31, 2026 and 2025 was ¥2,884 million (\$18,038 thousand) and ¥6,538 million, respectively.

8. Foreign exchanges

Foreign exchange assets and liabilities at March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of
	2026	2025	U.S. dollars
Assets:			
Due from foreign correspondents	¥ 6,029	¥ 6,338	\$ 37,709
Foreign bills of exchange receivable	579	691	3,621
Total.....	¥ 6,608	¥ 7,029	\$ 41,330
Liabilities:			
Foreign bills of exchange sold.....	¥ 236	¥ 82	\$ 1,476
Accrued foreign bills of exchange	264	235	1,651
Total.....	¥ 500	¥ 317	\$ 3,127

9. Other assets

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

	Millions of yen		Thousands of
	2026	2025	U.S. dollars
Prepaid expenses	¥ 1,113	¥ 215	\$ 6,961
Accrued income.....	8,822	7,714	55,178
Derivatives	72,577	58,991	453,946
Other (Note 12)	116,394	110,486	728,008
Total.....	¥ 198,908	¥ 177,407	\$ 1,244,108

10. Tangible fixed assets

Tangible fixed assets at March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of
	2026	2025	U.S. dollars
Buildings	¥ 12,190	¥ 12,547	\$ 76,244
Land	31,911	31,914	199,593
Construction in progress.....	723	519	4,522
Other.....	9,274	8,967	58,006
Total.....	¥ 54,100	¥ 53,949	\$ 338,378

Accumulated depreciation on tangible fixed assets at March 31, 2026 and 2025 amounted to ¥48,159 million (\$301,219 thousand) and ¥48,920 million, respectively.

11. Long-lived assets

The Group recognized impairment losses for the years ended March 31, 2026 and 2025, as follows:

The Bank groups assets by the methods described in the “Overview of asset groups and grouping method” below. Subsidiaries group their assets by unit, which periodically manages profit and loss. The Bank wrote down the carrying amounts to the recoverable amounts and recognized impairment losses as follows for the years ended March 31, 2026 and 2025 since the carrying amounts of the assets held by the above branches and other exceeded the sum of the undiscounted future cash flows.

			Impairment losses			
			Millions of yen		Thousands of U.S. dollars	
Location	Description	Classification	2026	2025	2026	
Shiga Prefecture	Idle assets	Land.....	¥ —	¥ 7	\$ —	
		Buildings.....	14	11		87
		Equipment.....	0	0		0
Total.....			¥ 14	¥ 20	\$ 87	

Location	Description	Classification	Impairment losses		
			Millions of yen		Thousands of U.S. dollars
			2026	2025	2026
Shiga Prefecture	Business assets (System-related assets)	Construction in progress.....	¥ —	¥ 634	\$ —
		Software in progress	—	512	—
		Total.....	¥ —	¥ 1,147	\$ —

The recoverable amounts of these assets were the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The carrying amounts of the software and other system-related assets whose use and development have been canceled were written down to the recoverable amounts as well.

The discount rate used for computation of the present value of future cash flows was 5% and the net selling price was determined by quotations from real estate appraisal information, less estimated costs to dispose.

Impairment losses are included in other expenses (Note 27).

Overview of asset groups and grouping method

(1) Outline of asset groups

i. Idle assets

Stores, former company housing sites, etc.

ii. Operating assets

Assets used for business purposes

iii. Common assets

Assets related to the entire bank (headquarters, office centers, dormitories, company housing, etc.)

(2) Methods of grouping

i. Idle assets

Grouping as independent assets.

ii. Operating assets

Grouping is done by store groups or store units that constitute full-banking functions.

iii. Common assets

Grouping of the entire bank as a whole.

12. Assets pledged

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Investment securities	¥ 752,203	¥ 885,016	\$ 4,704,797
Loans and bills discounted	256,058	243,492	1,601,563

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Related liabilities			
Deposits	¥ 30,600	¥ 29,173	\$ 191,393
Payables under securities lending transactions	142,490	156,949	891,230
Borrowed money	783,653	825,153	4,901,507

In addition, other assets (deposits to central counterparty) of ¥58,537 million (\$366,130 thousand) and ¥48,162 million at March 31, 2026 and 2025, respectively.

Other assets include guarantee deposits of ¥377 million (\$2,358 thousand) and ¥373 million at March 31, 2026 and 2025, respectively.

13. Overdrafts and commitment lines

Overdraft agreements and commitment line agreements are agreements that oblige the Group to lend funds up to a certain limit agreed in advance. The Group makes the loans upon the request of an obligor to draw down funds under such loan agreements as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreements. The unused commitment balance relating to these loan agreements at March 31, 2026 and 2025 amounted to ¥1,059,984 million (\$6,629,872 thousand) and ¥1,044,000 million, respectively, and the amounts of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time were ¥923,812 million (\$5,778,158 thousand) and ¥900,968 million at March 31, 2026 and 2025, respectively. In many cases, the term of the agreement expires without the loan ever being drawn down. Therefore, the unused loan commitment will not necessarily affect future cash flows. Conditions are included in certain loan agreements that allow the Group to decline the request for a loan draw down or to reduce the agreed limit amount where there is due cause to do so, such as when there is a change in financial conditions or when it is necessary to do so in order to protect the Group's credit. The Group takes various measures to protect its credit. Such measures include having the obligor pledge collateral to the Group in the form of real estate, securities, etc. on signing the loan agreements or, in accordance with the Group's established internal procedures, confirming the obligor's financial condition, etc. at regular intervals.

14. Land revaluation

Under the "Act of Land Revaluation," promulgated on March 31, 1998 (final revision on May 30, 2003), the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002. The resulting land revaluation surplus represented unrealized appreciation of land and was stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation surplus account and related deferred tax liabilities. At March 31, 2026 and 2025, the carrying amount of the land after the above one-time revaluation exceeded the fair value by ¥2,259 million (\$14,129 thousand) and ¥2,257 million, respectively.

Method of revaluation

The fair values were determined by applying appropriate adjustments for land shape and analysis on the appraisal specified in Article 2-3 of the Enforcement Ordinance of the Act of Land Revaluation effective March 31, 1998.

15. Deposits

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Current deposits.....	¥ 230,160	¥ 242,725	\$ 1,439,579
Ordinary deposits	3,595,317	3,558,436	22,487,596
Deposits at notice	29,526	35,333	184,676
Time deposits	1,935,880	1,859,382	12,108,331
Other deposits.....	159,408	110,307	997,047
Total.....	¥ 5,950,294	¥ 5,806,185	\$ 37,217,250

16. Borrowed money

At March 31, 2026 and 2025, the weighted-average interest rates applicable to borrowed money were 0.29% and 0.43%, respectively.

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Borrowing from banks and other.....	¥ 784,282	¥ 830,352	\$ 4,905,441
Total.....	¥ 784,282	¥ 830,352	\$ 4,905,441

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

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2027.....	¥ 407,767	\$ 2,550,456
2028.....	365,429	2,285,645
2029.....	10,829	67,732
2030.....	129	806
2031.....	95	594
2032 and thereafter.....	29	181
Total.....	¥ 784,282	\$ 4,905,441

17. Borrowed money from trust account

Principal amounts of trusts with a principal compensation agreement at March 31, 2026 and 2025 were ¥157 million (\$981 thousand) and ¥174 million, respectively.

18. Other liabilities

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Accrued income taxes	¥ 3,214	¥ 409	\$ 20,102
Accrued expenses.....	10,689	8,928	66,856
Unearned income.....	7,875	8,044	49,255
Derivatives	12,915	10,544	80,779
Other.....	52,962	56,866	331,260
Total.....	¥ 87,657	¥ 84,792	\$ 548,267

19. Acceptances and guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in “Acceptances and guarantees.” As a contra account, “Customers’ liabilities for acceptances and guarantees,” is shown as an asset representing the Bank’s right of indemnity from the applicants.

The amounts of “Acceptances and guarantees” and “Customers’ liabilities for acceptances and guarantees” amounting to ¥6,293 million (\$39,360 thousand) and ¥6,383 million as of March 31, 2026 and 2025, respectively, were set off because those that were relevant to corporate bonds and the guaranteed bonds were held by the Bank itself.

20. Equity

(1) Capital stock and capital surplus

The number of issued shares of common stock decreased by 5,000 thousand shares during the fiscal year ended March 31, 2026, from 53,090 thousand shares at the beginning of the year to 48,090 thousand shares at the end of the year, due to the cancellation of treasury stock.

Treasury stock increased by 305 thousand shares and decreased by 5,199 thousand shares during the fiscal year ended March 31, 2026, resulting in a balance of 2,114 thousand shares at March 31, 2026, compared with 7,008 thousand shares at the beginning of the year. The increase was mainly attributable to the purchase of fractional shares, the acquisition without consideration of restricted stock, purchases through off-auction own-share repurchase transactions, and market purchases on the Tokyo Stock Exchange. The decrease was primarily attributable to the issuance of restricted stock and the cancellation of treasury stock.

Effective April 1, 2026, the Bank conducted a five-for-one stock split of its common stock. The numbers of shares presented above are based on the number of shares before the stock split.

(2) Companies Act

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders’ meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% (20% for banks pursuant to the Banking Act) of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% (100% for banks pursuant to the Banking Act) of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock

by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders that is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

(3) Appropriations of retained earnings

The following appropriation of retained earnings at March 31, 2026 was proposed at the Bank's ordinary general shareholders' meeting held on June 24, 2026.

	Millions of yen	Thousands of U.S. dollars
Cash dividends (dividend amount per share: ¥75 (\$0.469))	¥ 3,448	\$ 21,566

Note: Effective April 1, 2026, the Bank conducted a five-for-one stock split of its common stock. The dividend amounts presented above represent the actual dividends declared and paid before the stock split.

21. Stock options and other related information

(1) Amount recognized as expense and account name related to restricted stock compensation

	Millions of yen		Thousands of U.S. dollars	
	2026	2025	2026	
General and administrative expenses.....	¥ 197	¥ 20	\$ 1,232	

(2) Description, scale and changes in restricted stock compensation

(a) Description of restricted stock compensation

i. Directors and Executive Officers

	July 15, 2022	July 12, 2023	July 12, 2024	July 14, 2025
Categories and number of grantees	5 Directors	6 Directors	6 Directors	15 Directors and Executive Officers
Number of shares granted, by class.....	41,504 (Common Stock)	7,690 (Common Stock)	4,876 (Common Stock)	4,924 (Common Stock)
Date of grant	July 15, 2022	July 12, 2023	July 12, 2024	July 14, 2025
Restriction period.....	From July 15, 2022 (the final payment date) until the date on which the officer resigns or retires from all positions as an officer	From July 12, 2023 (the final payment date) until the date on which the officer resigns or retires from all positions as an officer	From July 12, 2024 (the final payment date) until the date on which the officer resigns or retires from all positions as an officer	From July 14, 2025 (the final payment date) until the date on which the officer resigns or retires from all positions as an officer
Conditions for lifting the transfer restrictions.....	The Bank will lift the transfer restrictions on the shares held by a grantee upon expiration of the restriction period, provided that the grantee continuously serves as a Director or Executive Officer of the Bank from the commencement date of the restriction period until the date of the first ordinary general shareholders' meeting held thereafter. However, if a grantee resigns or retires from the position of Director or Executive Officer before the day immediately preceding the first ordinary general shareholders' meeting held after the commencement date of the restriction period for reasons deemed justifiable by the Board of Directors, the transfer restrictions will be lifted immediately after such resignation or retirement.			

Note 1: Outside directors excluded.

Note 2: The Bank conducted a 5-for-1 stock split of its common stock, effective April 1, 2026. The numbers of shares presented above have not been adjusted to reflect the effect of the stock split.

ii. Employees

	September 1, 2025
Categories and number of grantees	1,942 employees
Number of shares granted, by class.....	194,200 (Common Stock)
Date of grant	September 1, 2025
Restriction period.....	September 1, 2025 (the final payment date) through June 1, 2029
Conditions for lifting the transfer restrictions.....	The Bank will lift the transfer restrictions on the shares held by a grantee upon expiration of the restriction period, provided that the grantee continuously serves as an employee of the Bank throughout the restriction period. However, the transfer restrictions will be lifted prior to the expiration of the restriction period in the following circumstances: (i) if the grantee retires from the Bank due to mandatory retirement age or any other reason deemed justifiable by the Board of Directors before the expiration of the restriction period, the transfer restrictions will be lifted as of the first day of the month in which such retirement occurs; (ii) if the grantee retires from the Bank due to death or any other reason deemed justifiable by the Board of Directors before the expiration of the restriction period, the transfer restrictions will be lifted immediately after such retirement; or (iii) if the grantee reaches 55 years of age while still employed by the Bank before the expiration of the restriction period, the transfer restrictions will be lifted as of the last day of the month in which the grantee reaches 55 years of age (or, if such date falls before the filing date of the Semiannual Securities Report for the Bank's 139th fiscal year, on the day following such filing date).

Note: The Bank conducted a 5-for-1 stock split of its common stock, effective April 1, 2026. The numbers of shares presented above have not been adjusted to reflect the effect of the stock split.

(b) Number of restricted shares and changes therein

i. Directors and Executive Officers

(Number of shares)

	July 15, 2022	July 12, 2023	July 12, 2024	July 14, 2025
Balance at end of previous year	28,684	6,406	4,876	—
Granted	—	—	—	4,924
Acquired without consideration	—	—	—	—
Released from transfer restrictions.....	—	—	—	—
Balance at end of year.....	28,684	6,406	4,876	4,924

(Value per share)

Fair value per share at grant date	¥ 2,708 (\$ 16.93)	¥ 2,648 (\$ 16.56)	¥ 4,175 (\$ 26.11)	¥ 5,870 (\$ 36.71)
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Note: The Bank conducted a 5-for-1 stock split of its common stock, effective April 1, 2026. The numbers of shares presented above have not been adjusted to reflect the effect of the stock split.

ii. Employees

(Number of shares)

	September 1, 2025
Balance at end of previous year	—
Granted	194,200
Acquired without consideration	5,017
Released from transfer restrictions.....	183
Balance at end of year.....	189,000

(Value per share)

Fair value per share at grant date	¥ 5,930 (\$ 37.09)
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Note: The Bank conducted a 5-for-1 stock split of its common stock, effective April 1, 2026. The numbers of shares presented above have not been adjusted to reflect the effect of the stock split.

(c) Estimation method of fair value

The fair value of the restricted stock awards was determined based on the closing market price of the Bank's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' resolution.

22. Revenue recognition

Disaggregation of revenue from contracts with customers

Category	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Income	¥ 159,056	¥ 133,109	\$ 994,846
Of which, fees and commissions	19,976	19,634	124,943
Deposit and loan services	5,892	5,823	36,852
Foreign exchange services	3,115	3,112	19,483
Trust related services	213	173	1,332
Securities related services	143	90	894
Agency services	445	369	2,783
Safe-deposit and safe-deposit box services ..	99	104	619
Guarantee services	810	876	5,066
Credit card services	3,558	3,487	22,254
Investment trust and insurance sales	3,586	3,849	22,429
Others	2,112	1,747	13,209
Of which, trust fees	0	0	0

The above table also includes income based on “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10).

23. Other operating income

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Gains on sales of bonds	¥ 364	¥ 256	\$ 2,276
Gains on derivative financial instruments	9,812	4,233	61,371
Other	12,733	11,540	79,640
Total	¥ 22,910	¥ 16,030	\$ 143,294

24. Other income

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Reversal of allowance for loan losses	¥ 928	¥ —	\$ 5,804
Gains on sales of stocks and other securities	11,146	¥ 9,722	\$ 69,714
Recoveries of claims previously charged-off	496	440	3,102
Other	1,313	649	8,212
Total	¥ 13,884	¥ 10,813	\$ 86,840

25. Other operating expenses

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Losses on sales of bonds	¥ 30,368	¥ 20,498	\$ 189,942
Other	12,599	11,177	78,802
Total	¥ 42,968	¥ 31,676	\$ 268,751

26. General and administrative expenses

General and administrative expenses include salaries and allowances of ¥17,528 million (\$109,632 thousand) and ¥15,884 million for the years ended March 31, 2026 and 2025, respectively.

27. Other expenses

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Provision of allowance for loan losses	¥ —	¥ 3,655	\$ —
Losses on sales of stocks and other securities	726	2,345	4,540
Written-off of loans and bills discounted.....	692	1,141	4,328
Losses on devaluation of stocks and other securities.....	29	50	181
Losses on disposal of fixed assets	113	148	706
Losses on impairment of long-lived assets	14	1,167	87
Other.....	472	802	2,952
Total.....	¥ 2,048	¥ 9,311	\$ 12,809

28. Gains (losses) related to bonds, etc.

Gains (losses) related to bonds for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Gains (losses) related to bonds:			
Gains on sales of bonds	¥ 364	¥ 256	\$ 2,276
Losses on sales of bonds.....	(30,368)	(20,498)	(189,942)
Subtotal.....	¥ (30,004)	¥ (20,241)	\$ (187,665)
Gains (losses) on derivative financial instruments:	¥ 9,812	¥ 4,233	\$ 61,371
Total.....	¥ (20,191)	¥ (16,007)	\$ (126,288)

29. Gains (losses) related to stocks and other securities

Gains (losses) related to stocks and other securities for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Gains (losses) related to stocks and other securities:			
Gains on sales of stocks and other securities	¥ 11,146	¥ 9,722	\$ 69,714
Losses on sales of stocks and other securities	(726)	(2,345)	(4,540)
Losses on devaluation of stocks and other securities.....	(29)	(50)	(181)
Gains (losses) on stocks and other securities	¥ 10,389	¥ 7,326	\$ 64,979

30. Leases

Lessor

One subsidiary leases certain equipment and other assets.

As stated in Note 2 (q) ii, finance lease transactions other than those in which ownership is fully transferred to the lessee are accounted for in a similar manner to ordinary sales and transactions, effective from the year ended March 31, 2009.

Investments in leases included in other assets on the balance sheets as of March 31, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Gross lease receivables.....	¥ 24,560	¥ 20,235	\$ 153,615
Unguaranteed residual values.....	490	435	3,064
Unearned interest income.....	(2,152)	(1,735)	(13,460)
Investments in leases.....	¥ 22,898	¥ 18,934	\$ 143,219

Maturities of lease receivables for finance leases that are deemed to transfer ownership of the leased property to the lessee are as of March 31, 2026 are as follows:

	Millions of yen	Thousands of U.S. dollars
2027.....	¥ 888	\$ 5,554
2028.....	772	4,828
2029.....	675	4,221
2030.....	385	2,408
2031.....	190	1,188
2032 and thereafter.....	150	938

Maturities of gross lease receivables related to investments in leases as of March 31, 2026 are as follows:

	Millions of yen	Thousands of U.S. dollars
2027.....	¥ 6,371	\$ 39,848
2028.....	5,555	34,744
2029.....	4,592	28,721
2030.....	3,391	21,209
2031.....	2,171	13,578
2032 and thereafter.....	2,477	15,492

The minimum rental commitments under noncancelable operating leases as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Due within one year	¥ 19	¥ 18	\$ 118
Due after one year	25	24	156
Total.....	¥ 44	¥ 42	\$ 275

31. Retirement benefit plans

The Bank and consolidated subsidiaries have either funded or unfunded defined benefit plans. The Bank's funded defined benefit corporate pension plan (contract type) provides lump-sum or annuity payments, the amounts of which are determined based on the length of service and certain other factors. The Bank's lump-sum severance payment plan, which became a funded plan as a result of setting a retirement benefits trust, provides lump-sum payments determined based on the length of service, position, and certain other factors. As of October 1, 2017, the Bank has transferred a part of its funded defined benefit corporate pension plan to a defined contribution plan. The consolidated subsidiaries' unfunded lump-sum severance payment plans are based on a simplified method in the calculation of their liability for retirement benefits and retirement benefit costs.

1. Defined benefit plan (except for the plan adopting the simplified method)

(1) The changes in defined benefit obligation for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at beginning of year	¥ 34,855	¥ 40,658	\$ 218,007
Current service cost	1,120	1,346	7,005
Interest cost	770	475	4,816
Actuarial gains (losses)	1,179	(5,070)	7,374
Benefits paid	(2,206)	(2,554)	(13,797)
Prior service cost	—	—	—
Balance at end of year	¥ 35,719	¥ 34,855	\$ 223,411

(2) The changes in plan assets for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at beginning of year	¥ 61,435	¥ 65,887	\$ 384,256
Expected return on plan assets	1,112	1,428	6,955
Actuarial gains (losses)	11,705	(6,225)	73,211
Contribution from the employer	1,687	1,643	10,551
Benefits paid	(1,290)	(1,298)	(8,068)
Balance at end of year	¥ 74,650	¥ 61,435	\$ 466,912

(3) Reconciliation between the asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Funded defined benefit obligation	¥ 35,719	¥ 34,855	\$ 223,411
Plan assets	(74,650)	(61,435)	(466,912)
Net asset arising from the balance sheet	¥ (38,931)	¥ (26,579)	\$ (243,501)

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Liability for retirement benefits	¥ —	¥ —	\$ —
Asset for retirement benefits	38,931	26,579	243,501
Net asset arising from the balance sheet	¥ (38,931)	¥ (26,579)	\$ (243,501)

(4) The components of net periodic benefit costs for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Service cost	¥ 1,120	¥ 1,346	\$ 7,005
Interest cost	770	475	4,816
Expected return on plan assets.....	(1,112)	(1,428)	(6,955)
Recognized actuarial gains	(1,021)	(1,778)	(6,386)
Amortization of prior service cost	—	—	—
Net periodic benefit costs	¥ (243)	¥ (1,385)	\$ (1,519)

(5) Amounts recognized in other comprehensive income (before income taxes and income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Prior service cost	¥ —	¥ —	\$ —
Actuarial gains (losses)	(9,504)	2,933	(59,444)
Total	¥ (9,504)	¥ 2,933	\$ (59,444)

(6) Amounts recognized in accumulated other comprehensive income (before income taxes and income tax effect) in respect of defined retirement benefit plans as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unrecognized prior service cost	¥ —	¥ —	\$ —
Unrecognized actuarial gains	(20,517)	(11,013)	(128,327)
Total	¥ (20,517)	¥ (11,013)	\$ (128,327)

(7) Plan assets:

a. Components of plan assets

	2026	2025
Bonds	11%	12%
Stocks	61	57
Cash and cash equivalents	11	11
General accounts	17	20
Total	100%	100%

(Note) Total plan assets included retirement benefits trust of 48% and 44%, for the years ended March 31, 2026 and 2025, respectively, mainly consisting of 5 stocks, which were set for a corporate pension plan and a lump-sum payment plan.

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the allocation of plan assets and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2026 and 2025, were set forth as follows:

	2026	2025
Discount rate	2.21%	2.21%
Expected rate of return on plan assets		
Plan assets (except for retirement benefits trust)	3.29%	4.25%
Plan assets (retirement benefits trust)	0.00%	0.00%
Estimated rate of salary increase	3.90%	3.90%

2. Defined benefit plan adopting the simplified method

(1) The changes in defined benefit obligation adopting the simplified method for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at beginning of year	¥ 183	¥ 168	\$ 1,144
Net periodic benefit costs	21	24	131
Benefits paid.....	(10)	(9)	(62)
Contribution to the plan.....	—	—	—
Balance at end of year	¥ 194	¥ 183	\$ 1,213

(2) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unfunded defined benefit obligation	¥ 194	¥ 183	\$ 1,213
Net liability arising from the balance sheet	¥ 194	¥ 183	\$ 1,213

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Liability for retirement benefits.....	¥ 194	¥ 183	\$ 1,213
Net liability arising from the balance sheet	¥ 194	¥ 183	\$ 1,213

(3) Net periodic benefit costs recognized in the simplified method for the years ended March 31, 2026 and 2025, were ¥21 million (\$131 thousand) and ¥24 million, respectively.

3. Defined contribution plan

The Bank's required contribution to the defined contribution plan for the years ended March 31, 2026 and 2025 were ¥373 million (\$2,332 thousand) and ¥330 million, respectively.

32. Income taxes

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax assets:			
Allowance for loan losses.....	¥ 11,213	¥ 12,090	\$ 70,133
Devaluation of stocks and other securities	3,939	3,961	24,637
Liability for retirement benefits.....	68	64	425
Depreciation	2,631	1,699	16,456
Accrued enterprise tax.....	375	—	2,345
Tax loss carryforwards	136	2,434	850
Other.....	2,733	2,330	17,094
Subtotal.....	21,098	22,579	131,961
Less valuation allowance for tax loss carryforwards	(136)	(118)	(850)
Less valuation allowance for temporary differences	(12,409)	(12,663)	(77,614)
Subtotal.....	(12,546)	(12,781)	(78,471)
Total.....	¥ 8,552	¥ 9,797	\$ 53,490
Deferred tax liabilities:			
Asset for retirement benefits.....	(2,755)	(2,020)	(17,231)
Reserve for advance depreciation of fixed assets	(190)	(190)	(1,188)
Net unrealized gains on available-for-sale securities.....	(42,785)	(27,970)	(267,606)
Deferred gains on derivatives under hedge accounting	(21,143)	(16,243)	(132,242)
Defined retirement benefit plans	(6,432)	(3,452)	(40,230)
Total.....	(73,306)	(49,877)	(458,506)
Net deferred tax liabilities.....	¥ (64,754)	¥ (40,079)	\$ (405,016)

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets at March 31, 2026, are not presented because they are not material.

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets at March 31, 2025, were as follows:

	Millions of yen 2025						
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Deferred tax assets relating to tax loss carryforwards (*1, *2)							
.....	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 2,315	¥ 2,315
Less valuation allowances for tax loss carryforwards							
.....	—	—	—	—	—	—	—
Net deferred tax assets relating to tax loss carryforwards (*3)							
.....	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 2,315	¥ 2,315

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

(*2) The amounts in the table are for the Bank on a non-consolidated basis, and the tax loss carryforwards of consolidated subsidiaries are not included in the above because they are not material.

(*3) Relating to the tax loss carryforwards (the amounts multiplied by the statutory tax rate) of ¥2,315 million, deferred tax assets of the same amount have been recognized. These deferred tax assets have been recognized for the entire amounts of tax loss carryforwards (the amounts multiplied by the statutory tax rate) for the Bank. The tax loss carryforwards, for which these deferred tax assets have been recognized, resulted from recording a considerable deductible expense due to the cancellation of the development of the next-generation mission-critical system in the year ended March 31, 2025, and is determined to be recoverable based on expected future taxable income. Therefore, no valuation allowance has been recognized.

A reconciliation of the effective income tax rate reflected in the accompanying consolidated statement of income to the statutory tax rate for the years ended March 31, 2026 and 2025, were as follows:

	2026	2025
Statutory tax rate	30.4%	30.4%
(Reconciliation)		
Permanent differences excluded from taxable income		
such as dividend income.....	(2.0)%	(2.1)%
Tax credit for wage increase promotions.....	(1.5)%	—%
Changes in valuation allowance	(0.7)%	(1.8)%
Others	0.3%	0.4%
Effective income tax rate.....	26.5%	26.9%

33. Financial instruments and related disclosures

1. Overall situation concerning financial instruments

(1) Basic policy for financial instruments

As a regional financial institution with its main business base in Shiga Prefecture, the Group provides financial services centered on banking operations.

The Group's main operations are to extend loans to customers in its business area, and make investments in securities by mainly using funds that are received as deposits from customers and those that are obtained through the financial market.

To carry out these operations, the Group has financial assets and financial liabilities that are largely subject to interest rate volatility. To minimize disadvantages caused by interest rate volatility, the Group conducts Asset Liability Management (ALM), the comprehensive management of assets and liabilities.

(2) Nature and extent of risks arising from financial instruments

The financial assets held by the Group are primarily loans to customers within its business area and are subject to credit risk of incurring losses when the value of such assets declines or disappears due to deterioration in the financial condition of its customers. The Group's domestic loan portfolio attempts to distribute risk by industry sector to eliminate its exposure to credit risk caused by changes in the business environment in certain industries.

The Group holds investment securities, primarily comprised of bonds, corporate stocks and investment trusts, for the following purposes: to sell them to customers, for purely investment purposes, and for strategic investment. These are subject to market risk of incurring potential losses due to fluctuations of interest rates, foreign exchange rates, stock markets and others, and the credit risk of the issuers.

Foreign currency-denominated loans and bonds are subject to foreign exchange risk in addition to the risks as described above. They are managed to reduce foreign exchange risk by procuring foreign currency funds through currency swaps, repurchase transactions, or call transactions.

Financial liabilities are primarily deposits from customers and borrowed money. Borrowed money is — under certain conditions, such as when the Group is unable to access the market — subject to risks that losses are incurred due to an inability to secure required funds or being forced to raise funds at significantly higher than normal interest rates. Moreover, some of the Group's borrowings are made at variable interest rates and are subject to risks of losses from increasing fund procurement costs associated with rising interest rates.

For the primary purpose of responding to customer needs and hedging market risks related to assets and liabilities, the Group uses derivative transactions, including interest rate swaps, currency swaps, currency options, and forward exchange contracts. For some of these transactions, the Group applies hedge accounting based on internal regulations that comply with the "JICPA Practical Guidelines for Financial Instruments" and the Group's own hedging policies.

To obtain short-swing profits, the Group transacts bond futures contracts, bond options, and stock price index futures trading after setting position limit and loss limits amounts.

These derivative transactions include market risk as well as credit risk.

(3) Risk management for financial instruments

(i) Credit risk management

Recognizing credit risk as the most important risk to business management from the standpoint of its impact, the Group has established regulations and standards pertaining to such risk. It has also developed a debtor rating system based on a Foundation Internal Ratings-based approach and has built a credit risk management system appropriate to its needs.

Notably, the Group has developed a rating system that involves asset self-assessments. Under this system, for example, the Business Management Department reports the results of its own asset ratings at meetings such as the Meeting of Managing Directors.

With respect to individual credit management, the Group has instituted its "Basic Rules of Loan Business," in which it has clearly defined the way of thinking and a code of conduct to which all officers and employees involved in the loan business should adhere. It has also established basic procedures to follow when making credit decisions or managing credit, along with putting in place a system that enables executives and employees to make credit decisions in accordance with the principles of public benefit, security, profitability, liquidity, and growth potential. More specifically, the Group has developed and is operating a credit management system that handles credit assessment, credit limits, credit information management, and internal ratings; sets guarantees and collateral; and deals with problem debts of companies (or corporate groups) or individual projects. This credit management system is being implemented in every bank branch and the Credit

Supervision Department.

With respect to extending credit to overseas debtors, the Group manages it by setting a credit limit for each country at the Meeting of Managing Directors each fiscal year, after taking into account the foreign currency conditions and the political and economic situation of the country in which the debtor resides.

With respect to conducting market transactions for securities or other instruments, a limit is set semiannually at the Meeting of Managing Directors for bond issuer credit risk and counterparty risk for derivative and financial transactions, and the credit status and the market prices are managed on a daily basis. The Group has established a system in which reports about those risks are routinely given to the Meeting of Managing Directors.

(ii) Market risk management

The Group has compiled a set of Market Risk Management Rules with the goal of upgrading market risk management, strengthening internal controls, and ensuring sound management. To achieve stable profits, the Group institutes a financial plan and risk management policy semiannually and is working to build an appropriate risk management system.

1) Interest rate risk management

As interest rate risk inevitably arises in banking business operations, the Group manages all assets and liabilities (including off-balance transactions), such as deposits, loans, and securities, in a comprehensive manner through ALM.

Along with the aforementioned Market Risk Management Rules, the Group has established standards for risk management methods and reporting procedures. The Group conducts monitoring through such models as Value at Risk (VaR) and the maturity ladder approach, and reports to the ALM Committee on a regular basis.

2) Exchange rate risk management

For exchange rate risk, the Group sets position limits at the Meeting of Managing Directors to manage positions that are under the influence of exchange rate volatility. The Group controls positions by using derivative transactions, including foreign currency transactions and currency swaps.

The Group establishes an acceptable level of risk using VaR and manages the level of risk on a daily basis so that it stays within an acceptable range.

3) Price volatility risk management

To rigorously manage price volatility risk for transactions, including securities, the Group has divided the organization into a market transaction sector, business management sector, and risk management sector.

For market transactions including securities, the Group takes into account overall Group risk and return, based on a financial plan and a risk management policy, and formulates a business management plan in the market sector.

When making investments, the Group calculates position amounts, gains, and losses as well as VaR and Basis Point Value (BPV) based on the abovementioned policy and plan. The extent to which the Group complies with the established acceptable risk limit and other risk limits is monitored on a daily basis and is reported to management.

4) Derivative transaction management

With respect to derivative transactions, the divisions concerned with the execution of transactions, the evaluation of hedge effectiveness, and business management have been separated, and an internal checking system has been established. Because a majority of the Group's derivative transactions are performed for the purposes of hedging and cover transactions to customer transactions, the Group manages them so that asset and liability risks and market risks are offset with each other.

5) Quantitative information regarding market risks

Regarding market risks, the Group measures the quantitative risk of interest rate risks and stock price volatility risks through VaR, a statistical method. Principally by reporting these risks to the ALM Committee and other organizations on a regular basis, the Group ensures appropriate monitoring and management. In calculating the risk amounts, the Group adopts a historical simulation method (a holding period of one year, a confidence level of 99%, and an observing period of two years).

Interest rate risks

The Group measures interest rate risks of all its assets and liabilities, including loans, securities and deposits, and derivative transactions.

The Group's interest rate risk amounts as of March 31, 2026 and 2025 stood at ¥9,848 million (\$61,596 thousand) and ¥8,004 million, respectively.

Regarding liquid deposits, such as ordinary deposits, the Group handles some as deposits that remain with the Group for an extended period and manages them by allocating them to each period category based

on an internal model.

Stock price volatility risks

The Group holds certain shares for strategic investment and purely investment purposes. The volatility risk amounts of the prices of such shares as of March 31, 2026 and 2025 stood at ¥99,759 million (\$623,961 thousand) and ¥68,734 million, respectively.

Backtesting

To verify the appropriateness of the risk amounts that are measured through VaR, the Group carries out backtesting in which VaR is compared with gains and losses. In this way, the Group analyzes the effectiveness of the risk measurement method. However, because VaR statistically measures the amounts based on the historical market volatility, results may vary due to assumptions, measuring methods, and other factors. In addition, risks may not be able to be appropriately captured when the market environment changes drastically.

Interest rate risks and stock price volatility risks that are held by the Bank's consolidated subsidiaries are excluded from the calculation of the market risk amount as the impact from such risks on the Group is limited.

(iii) Liquidity risk management related to financing

The Group has compiled a set of Liquidity Risk Management Rules under a basic policy of clearly understanding its cash position and ensuring stable financing. In this way, it strives to establish an appropriate risk management system.

With respect to daily financing, the Group monitors and manages the financial environment, the balance of realizable current assets, the expected amount of cash outflows, and other such factors. The Group reports the financing situation and other related matters to the ALM Committee and the Board of Directors on a regular basis.

2. Fair value of financial instruments

Fair value and the consolidated balance sheet amount as of March 31, 2026 and 2025, are shown below. Shares, etc. that do not have market price and investment in capital of partnership are not included in the table below (see Note 1).

Cash and due from banks, call loans and bills bought, foreign exchange (assets and liabilities), call money and bills sold, and payables under securities lending transactions are settled in a short period of time and their book value approximates fair value, therefore, notes are omitted. Financial instruments that are immaterial have been omitted.

Millions of yen				
2026				
	Consolidated balance sheet amount	Fair value	Difference	
Investment securities	¥ 1,680,526	¥ 1,680,526	¥	—
Available-for-sale securities (*1)	1,680,526	1,680,526		—
Loans and bills discounted	4,588,660	—		—
Allowance for loan losses (*2)	(30,531)	—		—
	4,558,128	4,450,048		(108,080)
Assets total	6,238,655	6,130,575		(108,080)
Deposits	5,950,294	5,949,876		(417)
Negotiable certificates of deposit	19,150	19,149		(0)
Borrowed money	784,282	775,777		(8,504)
Liabilities total	6,753,726	6,744,803		(8,922)
Derivative transactions (*3)				
Deferred hedge accounting is not applied	(7,781)	(7,781)		—
Deferred hedge accounting is applied	67,443	67,443		—
Derivative transactions total	¥ 59,661	¥ 59,661	¥	—

Millions of yen				
2025				
	Consolidated balance sheet amount	Fair value	Difference	
Investment securities	¥ 1,766,599	¥ 1,766,599	¥	—
Available-for-sale securities (*1)	1,766,599	1,766,599		—
Loans and bills discounted	4,529,399	—		—
Allowance for loan losses (*2)	(34,572)	—		—
	4,494,826	4,424,549		(70,277)
Assets total	6,261,426	6,191,149		(70,277)
Deposits	5,806,185	5,804,458		(1,727)
Negotiable certificates of deposit	22,600	22,596		(3)
Borrowed money	830,352	818,226		(12,125)
Liabilities total	6,659,138	6,645,281		(13,857)
Derivative transactions (*3)				
Deferred hedge accounting is not applied	(3,365)	(3,365)		—
Deferred hedge accounting is applied	51,812	51,812		—
Derivative transactions total	¥ 48,447	¥ 48,447	¥	—

Thousands of U.S. dollars			
2026			
	Consolidated balance sheet amount	Fair value	Difference
Investment securities	\$ 10,511,170	\$ 10,511,170	\$ —
Available-for-sale securities (*1).....	10,511,170	10,511,170	—
Loans and bills discounted	28,700,650	—	—
Allowance for loan losses (*2)	(190,961)	—	—
	28,509,682	27,833,675	(676,007)
Assets total	39,020,859	38,344,852	(676,007)
Deposits.....	37,217,250	37,214,635	(2,608)
Negotiable certificates of deposit	119,777	119,771	(0)
Borrowed money	4,905,441	4,852,245	(53,189)
Liabilities total.....	42,242,469	42,186,658	(55,804)
Derivative transactions (*3)			
Deferred hedge accounting is not applied.....	(48,667)	(48,667)	—
Deferred hedge accounting is applied.....	421,835	421,835	—
Derivative transactions total	\$ 373,161	\$ 373,161	\$ —

- (*1) Available-for-sale securities include investment trusts to which the treatment of recognizing the base price at market value has been applied, as set forth in Paragraphs 24-3 and 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on June 17, 2021).
- (*2) General allowance for loan losses and specific allowance for loan losses provided to “Loans and bills discounted” are separately presented in the above table.
- (*3) Derivative transactions recorded in “Other assets” and “Other liabilities” are aggregated and shown herein. Assets and liabilities attributable to the derivative transactions are totally offset and the net liability position as a consequence of offsetting would be represented with brackets.

(Note 1) Shares, etc. that do not have market price and investment in capital of partnership

The consolidated balance sheet amounts of shares, etc. that do not have market price and investment in capital of partnership are as follows. These are not included in “available-for-sale securities” under “investment securities” in the tables above.

	Consolidated balance sheet amount		
	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unlisted stocks (*1) (*2).....	¥ 4,688	¥ 4,718	\$ 29,321
Investment in capital of partnership and others (*3)	37,194	30,702	232,636

- (*1) Unlisted stocks are excluded from fair value disclosure in accordance with Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 issued on March 31, 2020).
- (*2) Impairment losses for unlisted stocks amounted to ¥29 million (\$181 thousand) and ¥50 million for the years ended March 31, 2026 and 2025, respectively.
- (*3) Investment in capital of partnership and others are excluded from fair value disclosure in accordance with Paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on June 17, 2021).

(Note 2) Maturity analysis for financial assets and securities with contractual maturities

Millions of yen						
2026						
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks	¥ 977,956	¥ —	¥ —	¥ —	¥ —	¥ —
Investment securities	49,594	215,737	213,237	134,853	280,412	551,752
Available-for-sale securities	49,594	215,737	213,237	134,853	280,412	551,752
Japanese government bonds	—	17,000	45,000	33,000	91,000	165,000
Japanese local government bonds	3,698	63,450	68,732	44,074	139,599	4,591
Japanese corporate bonds	22,503	67,369	20,565	10,204	3,400	133,532
Others	23,392	67,916	78,939	47,574	46,413	248,627
Loans and bills discounted (*)	963,989	924,061	670,278	439,781	396,035	1,123,314
Total	¥ 1,991,540	¥ 1,139,798	¥ 883,516	¥ 574,634	¥ 676,448	¥ 1,675,066

Millions of yen						
2025						
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks	¥ 865,481	¥ —	¥ —	¥ —	¥ —	¥ —
Investment securities	203,895	171,938	259,818	62,701	190,656	633,053
Available-for-sale securities	203,895	171,938	259,818	62,701	190,656	633,053
Japanese government bonds	140,000	—	73,800	22,000	74,000	238,500
Japanese local government bonds	10,336	22,071	66,110	7,413	89,270	8,200
Japanese corporate bonds	27,436	64,529	58,625	2,900	1,000	155,725
Others	26,121	85,336	61,282	30,387	26,385	230,628
Loans and bills discounted (*)	981,873	881,202	689,848	445,755	411,337	1,042,906
Total	¥ 2,051,250	¥ 1,053,140	¥ 949,667	¥ 508,456	¥ 601,993	¥ 1,675,959

Thousands of U.S. dollars						
2026						
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks	\$ 6,116,812	\$ —	\$ —	\$ —	\$ —	\$ —
Investment securities	310,195	1,349,368	1,333,731	843,463	1,753,890	3,451,038
Available-for-sale securities	310,195	1,349,368	1,333,731	843,463	1,753,890	3,451,038
Japanese government bonds	—	106,329	281,461	206,404	569,176	1,032,024
Japanese local government bonds	23,129	396,860	429,897	275,669	873,148	28,715
Japanese corporate bonds	140,749	421,372	128,627	63,822	21,265	835,201
Others	146,309	424,793	493,739	297,560	290,298	1,555,085
Loans and bills discounted (*)	6,029,453	5,779,716	4,192,381	2,750,694	2,477,076	7,025,981
Total	\$ 12,456,467	\$ 7,129,084	\$ 5,526,119	\$ 3,594,158	\$ 4,230,973	\$ 10,477,020

(*) Bankrupt and substantially bankrupt claims amounting to ¥49,610 million (\$310,295 thousand) and ¥54,536 million, and loans and bills discounted without contractual maturities amounting to ¥21,590 million (\$135,038 thousand) and ¥21,938 million are excluded from the table above as of March 31, 2026 and 2025.

(Note 3) Maturity analysis for bonds, borrowed money, and other interest-bearing liabilities

	Millions of yen					
	2026					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	¥ 5,512,861	¥ 295,391	¥ 142,041	¥ —	¥ —	¥ —
Negotiable certificates of deposit	19,150	—	—	—	—	—
Call money and bills sold	79,300	—	—	—	—	—
Payables under securities lending transactions....	142,490	—	—	—	—	—
Borrowed money	407,767	376,259	225	29	—	—
Total	¥ 6,161,569	¥ 671,650	¥ 142,266	¥ 29	¥ —	¥ —

	Millions of yen					
	2025					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	¥ 5,469,023	¥ 280,883	¥ 56,279	¥ —	¥ —	¥ —
Negotiable certificates of deposit	22,600	—	—	—	—	—
Call money and bills sold	109,149	—	—	—	—	—
Payables under securities lending transactions....	156,949	—	—	—	—	—
Borrowed money	186,292	628,528	10,942	4,588	—	—
Total	¥ 5,944,014	¥ 909,412	¥ 67,222	¥ 4,588	¥ —	¥ —

	Thousands of U.S. dollars					
	2026					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	\$ 34,481,242	\$ 1,847,579	\$ 888,422	\$ —	\$ —	\$ —
Negotiable certificates of deposit	119,777	—	—	—	—	—
Call money and bills sold	495,996	—	—	—	—	—
Payables under securities lending transactions	891,230	—	—	—	—	—
Borrowed money	2,550,456	2,353,383	1,407	181	—	—
Total	\$ 38,538,710	\$ 4,200,963	\$ 889,829	\$ 181	\$ —	\$ —

(*) Demand deposits are included in “1 year or less.”

3. Fair value information by level within the fair value hierarchy

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

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

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

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

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

Notes regarding securities by purpose of holding are described in 4. Securities.

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

Millions of yen				
2026				
Fair value				
Category	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Japanese government bonds, local government bonds, etc.	¥ 274,736	¥ 331,481	¥ —	¥ 606,218
Japanese corporate bonds.....	—	137,797	6,222	144,019
Residential mortgage-backed security.....	—	86,869	—	86,869
Stocks.....	354,118	4,262	—	358,381
Other.....	152,366	215,483	81,032	448,882
Derivative transactions				
Interest rate related.....	—	67,929	—	67,929
Currency related.....	—	4,647	—	4,647
Total assets	781,221	848,472	87,255	1,716,949
Derivative transactions				
Interest rate related.....	—	447	—	447
Currency related.....	—	12,468	—	12,468
Total liabilities	¥ —	¥ 12,915	¥ —	¥ 12,915

Millions of yen				
2025				
Fair value				
Category	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Japanese government bonds, local government bonds, etc.	¥ 475,467	¥ 225,618	¥ —	¥ 701,085
Japanese corporate bonds.....	—	176,359	6,319	182,679
Residential mortgage-backed security.....	—	112,434	—	112,434
Stocks.....	294,160	3,517	—	297,678
Other.....	130,049	230,241	84,394	444,685
Derivative transactions				
Interest rate related.....	—	52,532	—	52,532
Currency related.....	—	6,458	—	6,458
Total assets	899,678	807,162	90,714	1,797,555
Derivative transactions				
Interest rate related.....	—	665	—	665
Currency related.....	—	9,878	—	9,878
Total liabilities	¥ —	¥ 10,544	¥ —	¥ 10,544

(*) Investment securities do not include investment trusts to which the treatment of recognizing the base price at market value has been applied, as set forth in Paragraphs 24-3 and 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on June 17, 2021). The consolidated balance sheet amount of investment trusts to which the treatment under Paragraph 24-3 has been applied is ¥4,666 million and the consolidated balance sheet amount of investment trusts to which the treatment under Paragraph 24-9 has been applied is ¥15,027 million.

Thousands of U.S. dollars				
Category	2026			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Japanese government bonds, local government bonds, etc.	\$ 1,718,388	\$ 2,073,311	\$ —	\$ 3,791,706
Japanese corporate bonds.....	—	861,877	38,916	900,794
Residential mortgage-backed security.....	—	543,338	—	543,338
Stocks	2,214,898	26,657	—	2,241,562
Other.....	953,002	1,347,779	506,830	2,807,618
Derivative transactions				
Interest rate related.....	—	424,874	—	424,874
Currency related.....	—	29,065	—	29,065
Total assets	4,886,295	5,306,930	545,753	10,738,985
Derivative transactions				
Interest rate related.....	—	2,795	—	2,795
Currency related.....	—	77,983	—	77,983
Total liabilities	\$ —	\$ 80,779	\$ —	\$ 80,779

(*) Investment securities do not include investment trusts to which the treatment of recognizing the base price at market value has been applied, as set forth in Paragraphs 24-3 and 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on June 17, 2021). The consolidated balance sheet amount of investment trusts to which the treatment under Paragraph 24-3 has been applied is ¥6,210 million (\$38,841 thousand) and the consolidated balance sheet amount of investment trusts to which the treatment under Paragraph 24-9 has been applied is ¥19,102 million (\$119,477 thousand).

(a) Adjustment table from the beginning balance to the year-end balance of investment trusts applying the treatment of Paragraphs 24-3 and 24-9

	Millions of yen	Thousands of U.S. dollars
	2026	
Beginning balance.....	¥ 19,693	\$ 123,173
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss	(0)	(0)
Recorded in other comprehensive income (*)	628	3,927
Purchases, sales and redemption (net).....	4,992	31,223
Amount for which the base price of the investment trusts is considered to be the fair value	—	—
Amount for which the base price of the investment trusts is not considered to be the fair value.....	—	—
Ending balance.....	¥ 25,313	\$ 158,324
Gains or losses on valuation of investment trusts held at the end of the reporting period included in profit or loss for the period	¥ —	\$ —

(*) Included in “net unrealized gains (losses) on available-for-sale securities” under “other comprehensive income” in the consolidated statement of comprehensive income.

	Millions of yen
	2025
Beginning balance.....	¥ 12,165
Profit or loss or other comprehensive income for the period	
Recorded in profit or loss	—
Recorded in other comprehensive income (*)	155
Purchases, sales and redemption (net).....	7,372
Amount for which the base price of the investment trusts is considered to be the fair value	—
Amount for which the base price of the investment trusts is not considered to be the fair value.....	—
Ending balance.....	¥ 19,693
Gains or losses on valuation of investment trusts held at the end of the reporting period included in profit or loss for the period	¥ —

(*) Included in “net unrealized gains (losses) on available-for-sale securities” under “other comprehensive income” in the consolidated statement of comprehensive income.

(b) Breakdown by restriction on cancellation or repurchase requests on consolidated accounting dates

	Millions of yen	Thousands of U.S. dollars
	2026	
Main contents on restriction on cancellation or repurchase requests	Amount on the consolidated balance sheet	
Cancellation or repurchase request is not possible, and the consent of the asset management company is required for transfer	¥ 2,915	\$ 18,232
Taking several months from cancellation application to refund.....	3,295	20,609
	Millions of yen	
	2025	
Main contents on restriction on cancellation or repurchase requests	Amount on the consolidated balance sheet	
Cancellation or repurchase request is not possible, and the consent of the asset management company is required for transfer	¥ 3,005	
Taking several months from cancellation application to refund.....	1,661	

(2) Financial instruments other than those carried at fair value in the consolidated balance sheet

Millions of yen					
2026					
Fair value					
Category	Level 1	Level 2	Level 3	Total	
Loans and bills discounted.....	¥ —	¥ —	¥ 4,450,048	¥ 4,450,048	
Total assets	—	—	4,450,048	4,450,048	
Deposits	—	5,949,876	—	5,949,876	
Negotiable certificates of deposit.....	—	19,149	—	19,149	
Borrowed money.....	—	775,777	—	775,777	
Total liabilities	¥ —	¥ 6,744,803	¥ —	¥ 6,744,803	

Millions of yen					
2025					
Fair value					
Category	Level 1	Level 2	Level 3	Total	
Loans and bills discounted.....	¥ —	¥ —	¥ 4,424,549	¥ 4,424,549	
Total assets	—	—	4,424,549	4,424,549	
Deposits	—	5,804,458	—	5,804,458	
Negotiable certificates of deposit.....	—	22,596	—	22,596	
Borrowed money.....	—	818,226	—	818,226	
Total liabilities	¥ —	¥ 6,645,281	¥ —	¥ 6,645,281	

Thousands of U.S. dollars					
2026					
Fair value					
Category	Level 1	Level 2	Level 3	Total	
Loans and bills discounted.....	\$ —	\$ —	\$ 27,833,675	\$ 27,833,675	
Total assets	—	—	27,833,675	27,833,675	
Deposits	—	37,214,635	—	37,214,635	
Negotiable certificates of deposit.....	—	119,771	—	119,771	
Borrowed money.....	—	4,852,245	—	4,852,245	
Total liabilities	\$ —	\$ 42,186,658	\$ —	\$ 42,186,658	

(Note 1) A description of the valuation techniques and inputs used in the fair value measurements

Assets

Securities

Securities for which unadjusted quoted prices in active markets are available are classified as Level 1 fair value. This mainly includes listed stocks and Japanese government bonds. Securities for which published quoted prices are available but the market is not active are classified as Level 2 fair value. This mainly includes Japanese local government bonds and Japanese corporate bonds. In addition, regarding investment trusts that do not have a trading price in the market, if there is no restriction that is significant enough for the market participants to demand compensation for the risk relating to cancellation or repurchase claims, the base value is the fair value and they are classified as Level 2 fair value.

When quoted prices are not available, fair value is determined using valuation techniques such as the present value of future cash flows. In making valuations, the Bank uses observable inputs to the greatest extent possible. Such inputs include TIBOR, government bond yields, prepayment rates, credit spreads, probability of bankruptcy, and loss rates in the event of bankruptcy. When significant unobservable inputs are used in the valuation, the fair value is classified as Level 3 fair value.

Loans and bills discounted

For loans and bills discounted, the fair value is calculated by discounting the total amount of principal and interest by a discount rate that reflects the market interest rate and credit risk, etc., for each category based on the type of loan, internal rating and term. Those with floating interest rates reflect the market rate in the short term. Consequently, in cases where the credit conditions of borrowers have not significantly changed after the execution of the loans, the book value of the loans is presented as the fair value, as the fair value approximates

the book value. With respect to claims against bankrupt and substantially bankrupt claims, fair value is calculated using the estimated future cash flows and the estimated amounts that the Group would be able to collect from collateral and guarantees. For loans that are subject to special accounting treatment for interest rate swaps or designated hedge accounting for forward exchange contracts, etc., the fair value of the interest rate swaps or forward exchange contracts, etc. is reflected. If the effect of unobservable inputs on fair value is significant, the fair value is classified as Level 3 fair value; otherwise, the fair value is classified as Level 2 fair value.

Liabilities

Deposits and Negotiable certificates of deposit

For demand deposits that are payable immediately on demand on the consolidated balance sheet date, the amount of the demand deposit is used as the fair value. For time deposits and negotiable certificates of deposit, the fair value is calculated based on the discounted present value of the future cash flows, classified by a certain period of time. The discount rate is based on market interest rates. The fair value of those with short deposit terms (i.e., less than one year) approximates the book value, and the Group deems the book value to be the fair value. Such fair value is classified as Level 2 fair value.

Borrowed money

The present value of borrowed money is calculated by discounting the total principal and interest of the relevant borrowed money, classified by a certain period of time, at an interest rate that takes into account the remaining period of the borrowed money and credit risk. The book value of floating rate borrowings is presented as the fair value, because the fair value approximates book value. This is because the floating rate borrowings reflect the market interest rate in a short period and there has been no significant change in our credit conditions or in the credit conditions of our consolidated subsidiaries before or after the borrowings were made. The fair value of those with short contractual terms (i.e., less than one year) approximates the book value, and the Group deems the book value to be the fair value. Such fair value is classified as Level 2 fair value.

Derivative transactions

Derivative transactions for which unadjusted quoted prices in active markets are available are classified as Level 1 fair value, which primarily include bond and interest rate futures transactions.

However, since most derivative transactions are over-the-counter transactions and there are no published quoted prices, fair values are calculated using valuation techniques such as the present value technique and the Black-Scholes model, depending on the type of transaction and the period to maturity. The main inputs used in those valuation techniques include interest rates, exchange rates, and volatility. Price adjustments are made based on the credit risk of the counterparty and the Bank's own credit risk. When unobservable inputs are not used or their effect is not material, they are classified as Level 2 fair value and include plain vanilla interest rate swap transactions, forward exchange contracts, etc. If significant unobservable inputs are used, they are classified as Level 3 fair value and include bond over-the-counter option transactions, etc.

(Note 2) Information about Level 3 fair value of financial instruments carried at fair value in the consolidated balance sheet

(1) Quantitative information on significant unobservable inputs

Category	2026			
	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Available-for-sale securities				
Japanese corporate bonds				
Private placement bonds	Present value technique	Discount rate	0.3% to 1.7%	0.5%
Category	2025			
	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Available-for-sale securities				
Japanese corporate bonds				
Private placement bonds	Present value technique	Discount rate	0.3% to 1.7%	0.4%

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

	Millions of yen		
	2026		
	Securities		
	Available-for-sale securities		
	Japanese corporate bonds	Foreign bonds	Others
Beginning balance.....	¥ 6,319	¥ 83,182	¥ 1,212
Profit or loss or other comprehensive income for the period			
Recorded in profit or loss (*1)	—	0	—
Recorded in other comprehensive income (*2)	(7)	448	(12)
Purchases, sales, issuances, and settlements (net)	(90)	(3,908)	109
Transfer into Level 3.....	—	—	—
Transfer out of Level 3.....	—	—	—
Ending balance.....	¥ 6,222	¥ 79,723	¥ 1,309
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	¥ —	¥ —	¥ —
	Millions of yen		
	2025		
	Securities		
	Available-for-sale securities		
	Japanese corporate bonds	Foreign bonds	Others
Beginning balance.....	¥ 8,189	¥ 64,488	¥ 1,084
Profit or loss or other comprehensive income for the period			
Recorded in profit or loss (*1)	0	4	—
Recorded in other comprehensive income (*2)	(39)	1,139	145
Purchases, sales, issuances, and settlements (net)	(1,831)	14,550	(18)
Transfer into Level 3.....	—	5,000	—
Transfer out of Level 3.....	—	(2,000)	—
Ending balance.....	¥ 6,319	¥ 83,182	¥ 1,212
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	¥ —	¥ —	¥ —

	Thousands of U.S. dollars		
	2026		
	Securities		
	Available-for-sale securities		
	Japanese corporate bonds	Foreign bonds	Others
Beginning balance.....	\$ 39,523	\$ 520,277	\$ 7,580
Profit or loss or other comprehensive income for the period			
Recorded in profit or loss (*1)	—	0	—
Recorded in other comprehensive income (*2)	(43)	2,802	(75)
Purchases, sales, issuances, and settlements (net)	(562)	(24,443)	681
Transfer into Level 3.....	—	—	—
Transfer out of Level 3.....	—	—	—
Ending balance.....	\$ 38,916	\$ 498,642	\$ 8,187
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	\$ —	\$ —	\$ —

(*1) Included in “other operating income” and “other operating expenses” in the consolidated statement of income.

(*2) Included in “net unrealized gains (losses) on available-for-sale securities” under “other comprehensive income” in the consolidated statement of comprehensive income.

(3) A description of valuation processes used for fair value measurements

The risk management sector of the Group establishes policies and procedures for fair value measurement, and the business management sector formulates a fair value valuation model in accordance with such policies and procedures. The risk management sector verifies appropriateness as to whether the model, the inputs used, and the fair value as a result of the calculation are in accordance with the policies and procedures. Based on the results of the verification, the risk management sector makes decisions regarding the classification of fair value levels. When quoted prices obtained from third parties are used as fair value, the Bank verifies appropriateness of the prices through appropriate methods, including confirmation of the valuation techniques and inputs used and comparison with the fair value of similar financial instruments.

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

The discount rate is an adjustment to the base market interest rate, such as the risk-free rate or swap rate, and consists of a risk premium, which is the amount of compensation required by market participants for the uncertainty of the cash flows of financial instruments arising primarily from credit risk. Generally, a significant increase (decrease) in the discount rate will result in a significant decrease (increase) in fair value.

34. Fair value information on derivative transactions

Derivative transactions to which hedge accounting is not applied

The following is the fair value information for derivative transactions to which hedge accounting is not applied at March 31, 2026 and 2025.

The contractual value of swap agreements and the contract amounts of forward exchange contracts, option agreements and other derivatives do not necessarily measure the Bank's exposure to market risk.

(1) Interest-rate-related transactions

Millions of yen					
2026					
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)	
Over-the-counter:					
Interest rate swap					
Receivable fixed rate/pay floating rate	¥ 3,449	¥ 3,289	¥ (214)	¥	(214)
Receivable floating rate /pay fixed rate	4,568	4,568	253		253
Total	¥ —	¥ —	¥ 38	¥	38

Millions of yen					
2025					
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)	
Over-the-counter:					
Interest rate swap					
Receivable fixed rate/pay floating rate	¥ 3,778	¥ 3,778	¥ (146)	¥	(146)
Receivable floating rate /pay fixed rate	5,273	4,825	200		200
Total.....	¥ —	¥ —	¥ 54	¥	54

Thousands of U.S. dollars					
2026					
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)	
Over-the-counter:					
Interest rate swap					
Receivable fixed rate/pay floating rate	\$ 21,572	\$ 20,571	\$ (1,338)	\$	(1,338)
Receivable floating rate /pay fixed rate	28,571	28,571	1,582		1,582
Total	\$ —	\$ —	\$ 237	\$	237

Note: The above transactions were revalued at the end of each of the years and the related gains and losses are reflected in the accompanying consolidated statements of income.

(2) Currency-related transactions

Millions of yen					
2026					
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)	
Over-the-counter:					
Currency swap.....	¥ 130,004	¥ 117,213	¥ (6,699)	¥	(6,699)
Forward exchange contracts:					
Sold	87,284	—	(1,636)		(1,636)
Bought.....	16,061	—	362		362
Currency options:					
Sold	171,615	141,239	(2,895)		571
Bought.....	171,615	141,239	3,047		491
Total	¥ —	¥ —	¥ (7,820)	¥	(6,909)

Millions of yen					
2025					
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)	
Over-the-counter:					
Currency swap.....	¥ 83,085	¥ 75,609	¥ (4,142)	¥	(4,142)
Forward exchange contracts:					
Sold	65,394	9	589		589
Bought.....	6,135	—	79		79
Currency options:					
Sold	150,909	123,621	(4,939)		(1,058)
Bought.....	150,909	123,621	4,992		1,938
Total	¥ —	¥ —	¥ (3,419)	¥	(2,594)

Thousands of U.S. dollars					
2026					
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)	
Over-the-counter:					
Currency swap.....	\$ 813,134	\$ 733,131	\$ (41,900)	\$	(41,900)
Forward exchange contracts:					
Sold	545,934	—	(10,232)		(10,232)
Bought.....	100,456	—	2,264		2,264
Currency options:					
Sold	1,073,398	883,406	(18,107)		3,571
Bought.....	1,073,398	883,406	19,058		3,071
Total	\$ —	\$ —	\$ (48,911)	\$	(43,213)

Note: The above transactions were revalued at the end of each of the years and the related gains and losses are reflected in the accompanying consolidated statements of income.

(3) Stock-related transactions are not applicable.

(4) Bond-related transactions are not applicable.

(5) Financial product-related transactions are not applicable.

(6) Credit derivative transactions are not applicable.

Derivative transactions to which hedge accounting is applied

The following is the fair value information for derivative transactions to which hedge accounting is applied at March 31, 2026 and 2025.

The contract value does not necessarily measure the Bank's exposure to market risk:

(1) Interest-rate-related transactions

Millions of yen				
2026				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Principle treatment	Available-for-sale securities			
Interest rate swap:				
Receivable floating rate/pay fixed rate	(bonds), deposits	¥ 367,059	¥ 363,862	¥ 67,443
Special treatment				
Interest rate swap:				
Receivable floating rate/pay fixed rate	Loans	10,000	10,000	(Note 2)
Total		¥ —	¥ —	¥ 67,443
Millions of yen				
2025				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Principle treatment	Available-for-sale securities (bonds), deposits			
Interest rate swap:				
Receivable floating rate/pay fixed rate		¥ 388,957	¥ 388,957	¥ 51,812
Special treatment				
Interest rate swap:				
Receivable floating rate/pay fixed rate	Loans	10,000	10,000	(Note 2)
Total		¥ —	¥ —	¥ 51,812
Thousands of U.S. dollars				
2026				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Principle treatment	Available-for-sale securities			
Interest rate swap:				
Receivable floating rate/pay fixed rate	(bonds), deposits	\$ 2,295,840	\$ 2,275,844	\$ 421,835
Special treatment				
Interest rate swap:				
Receivable floating rate/pay fixed rate	Loans	62,546	62,546	(Note 2)
Total		\$ —	\$ —	\$ 421,835

Note 1: In addition to the method of linking the hedged items with the hedging means, deferred hedge accounting is applied based on the Industry Committee Practical Guidelines No. 24.

Note 2: Since interest rate swaps with special treatment are treated as an integral part of loans that are subject to hedging, its fair value is included in the fair value of the loans described in the Note 33 "Financial instruments and related disclosures."

(2) Currency-related transactions are not applicable.

(3) Stock-related transactions are not applicable.

(4) Bond-related transactions are not applicable.

35. Comprehensive income (loss)

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Net unrealized gains (losses) on available-for-sale securities:			
The amount arising during the period.....	¥ 28,506	¥ (96,632)	\$ 178,296
Reclassification adjustments to profit or loss	18,386	11,949	114,998
Before adjustments to income taxes and tax effect.....	46,892	(84,682)	293,294
The amount of income taxes and tax effect	(14,814)	24,741	(92,656)
Total	¥ 32,078	¥ (59,941)	\$ 200,637
Deferred gains on derivatives under hedge accounting:			
The amount arising during the period.....	¥ 27,519	¥ 14,639	\$ 172,122
Reclassification adjustments to profit or loss	(11,888)	(6,170)	(74,355)
Before adjustments to income taxes and tax effect.....	15,631	8,469	97,767
The amount of income taxes and tax effect	(4,900)	(3,045)	(30,647)
Total	¥ 10,730	¥ 5,423	\$ 67,112
Land revaluation surplus:			
The amount arising during the period.....	¥ —	¥ —	\$ —
Reclassification adjustments to profit or loss	—	—	—
Before adjustments to income taxes and tax effect.....	—	—	—
The amount of income taxes and tax effect	—	(161)	—
Total	¥ —	¥ (161)	\$ —
Defined retirement benefit plans:			
The amount arising during the period.....	¥ 10,525	¥ (1,155)	\$ 65,830
Reclassification adjustments to profit or loss	(1,021)	(1,778)	(6,386)
Before adjustments to income taxes and tax effect.....	9,504	(2,933)	59,444
The amount of income taxes and tax effect	(2,979)	794	(18,632)
Total	¥ 6,524	¥ (2,139)	\$ 40,805
Total other comprehensive income (loss).....	¥ 49,333	¥ (56,818)	\$ 308,562

36. Net income per share

Reconciliation of the differences between basic and diluted net income per share (“EPS”) for the years ended March 31, 2026 and 2025, is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net Income Attributable to Owners of the Parent	Weighted- Average Shares	EPS	
For the year ended March 31, 2026				
Basic EPS:				
Net income attributable to common shareholders	¥ 21,293	230,759	¥ 92.27	\$ 0.577
Effect of dilutive securities:				
Warrants				
Diluted EPS:				
Net income for computation.....	¥ —	—	¥ —	\$ —
For the year ended March 31, 2025				
Basic EPS:				
Net income attributable to common shareholders	¥ 18,720	234,170	¥ 79.94	
Effect of dilutive securities:				
Warrants				
Diluted EPS:				
Net income for computation.....	¥ —	—	¥ —	

Note 1: Diluted EPS for the years ended March 31, 2026 and 2025 was not disclosed because there were no potential shares.

Note 2: The Bank conducted a 5-for-1 stock split of its common stock, effective April 1, 2026. “Basic EPS” has been calculated assuming the stock split had occurred at the beginning of the previous fiscal year.

37. Subsequent event

Appropriation of retained earnings

The following appropriation of retained earnings was authorized at the ordinary general shareholders' meeting held on June 24, 2026:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥75 (\$0.469) per share.....	¥ 3,448	\$ 21,566
Total.....	¥ 3,448	\$ 21,566

Note: The Bank conducted a 5-for-1 stock split of its common stock, effective April 1, 2026. The amount of dividend per share above represents the actual amount before the stock split.

Stock split and partial amendment to the Articles of Incorporation

At a meeting of the Board of Directors held on November 14, 2025, the Bank resolved to conduct a stock split and a partial amendment to its Articles of Incorporation in connection with the stock split, both of which became effective on April 1, 2026.

(1) Purpose of the stock split

The purpose of the stock split is to reduce the investment amount per share of the Bank's shares, thereby creating a more accessible investment environment for investors to invest and broadening the investor base that supports the Bank's sustainable growth.

(2) Method of the stock split

With March 31, 2026 as the record date, each share of common stock held by shareholders recorded in the final shareholder register as of that date was split into five shares.

(3) Increase in the number of shares as a result of the stock split (Number of shares)

(1) Total number of issued shares before the stock split	48,090,081
(2) Increase in the number of shares resulting from the stock split	192,360,324
(3) Total number of issued shares after the stock split	240,450,405
(4) Total number of authorized shares after the stock split	500,000,000

(4) Partial amendment to the Articles of Incorporation

In conjunction with the stock split, the Bank amended Article 6 of its Articles of Incorporation, effective April 1, 2026, to increase the total number of authorized shares in proportion to the stock split ratio.

(Before amendment)

Chapter II. Shares

Article 6 (Total Number of Authorized Shares)

The total number of authorized shares of the Bank shall be 100 million shares.

(After amendment)

Chapter II. Shares

Article 6 (Total Number of Authorized Shares)

The total number of authorized shares of the Bank shall be 500 million shares.

(5) Impact on per share information

Assuming that the stock split had occurred at the beginning of the year ended March 31, 2026, net assets per share and net income attributable to owners of the parent would have been ¥2,214.31 (\$13.849) and ¥92.27 (\$0.577) per share, respectively.

Note: Diluted net income attributable to owners of the parent per share is not presented because there were no potential shares outstanding.

Capital and business alliance with Senshu Ikeda Holdings, Inc.

On April 17, 2026, the Board of Directors of the Bank approved a capital and business alliance (the "Alliance") with Senshu Ikeda Holdings, Inc. ("Senshu Ikeda Holdings"), and the two companies entered into an alliance agreement on the same date.

(1) Background and purpose of the Alliance

The operating environment surrounding regional economies and regional financial institutions in Japan has been undergoing significant changes, driven by factors such as population decline, shifts in industrial structures, digital transformation, and the transition toward a decarbonized society. In this environment, regional financial institutions are increasingly expected not only to provide traditional financial intermediation services but also to create value by addressing the challenges faced by local communities and customers. The Bank's primary business areas are Shiga and Kyoto Prefectures, while those of Senshu Ikeda Holdings are Osaka and Hyogo Prefectures. Both companies provide community-based financial services and share the common value of an enterprising spirit, in which they respect tradition while continuously taking on new challenges. The two companies have collaborated in various areas, including the introduction of mutual ATM fee waivers in 2017 to enhance customer convenience.

Through this Alliance, the two companies intend to leverage their respective management resources and strengths—including branch networks, customer bases, human capital, and brand recognition—across their adjacent business areas. By doing so, they aim to create greater value and contribute to the sustainable development of local communities and customers.

The Alliance is expected to further deepen cooperation between the two companies, establish a medium- to long-term cooperative relationship, strengthen their regional financial capabilities, and enhance their contribution to regional society.

(2) Name of the Alliance

The Alliance will operate under the name: “Senshu Ikeda–Shiga Alliance.”

(3) Overview of the Alliance

(a) Establishment of capital relationship

To enhance the synergies of the Alliance, the two companies will acquire shares in each other and establish a capital relationship, thereby clarifying their medium- to long-term cooperative relationship. Based on current market prices, each company expects to acquire approximately 0.5% to 1.0% of the other company's outstanding shares. The specific number of shares to be acquired and the acquisition method will be determined by the parties in consideration of market conditions and other relevant factors.

(b) Key areas of business collaboration

The parties intend to collaborate in the following areas:

- Corporate banking services
- Retail banking services
- Sustainability initiatives and regional development support
- Human resources and digital transformation initiatives
- Other mutually agreed areas of cooperation

(4) Overview of the companies

- i. Company name: The Shiga Bank, Ltd.
Headquarters: 1-38, Hamamachi, Otsu, Shiga, Japan
Representative: Shinya Kubota, President and CEO (Representative Director)
Capital: ¥33.0 billion (\$206,404 thousand)
- ii. Company name: Senshu Ikeda Holdings, Inc.
Headquarters: 18-14, Chayamachi, Kita-ku, Osaka-City, Osaka, Japan
Representative: Hirohito Sakaguchi, Corporate Officer, President & CEO
Capital: ¥102.9 billion (\$643,607 thousand)

(5) Future Initiatives

The two companies will establish a joint framework to develop and implement specific collaborative initiatives under the Alliance. At present, the Alliance is not expected to have a material impact on the consolidated financial results of either company. Should any material impact become apparent in the future, it will be disclosed promptly in accordance with applicable requirements.

38. Segment information

For the years ended March 31, 2026 and 2025

As the Group has only one segment (i.e. banking), the description is not presented.

Related Information

(1) Information about services

Millions of yen					
2026					
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers	¥ 60,338	¥ 46,946	¥ 19,976	¥ 31,793	¥ 159,056

Millions of yen					
2025					
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers	¥ 49,759	¥ 41,495	¥ 19,634	¥ 22,220	¥ 133,109

Thousands of U.S. dollars					
2026					
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers	\$ 377,395	\$ 293,632	\$ 124,943	\$ 198,855	\$ 994,846

(2) Information about geographical areas

(a) Operating income

Operating income from external domestic customers exceeded 90% of total operating income on the consolidated statements of income for the years ended March 31, 2026 and 2025; therefore, geographical operating income information is not presented.

(b) Tangible fixed assets

The balance of domestic tangible fixed assets exceeded 90% of the total balance of tangible fixed assets on the consolidated balance sheets as of March 31, 2026 and 2025; therefore, geographical tangible fixed assets information is not presented.

(3) Information about major customers

Operating income to a specific customer did not reach 10% of total operating income on the consolidated statements of income for the years ended March 31, 2026 and 2025; therefore, major customer information is not presented.

39. Related party transactions

There were no transactions of the Group with related parties for the years ended March 31, 2026 and 2025.