
Hachijuni Nagano Bank, Ltd.
(Formerly, The Hachijuni Bank, Ltd.)
and Consolidated Subsidiaries

*Consolidated Financial Statements
for the Year Ended March 31, 2026,
and Independent Auditor's Report*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Hachijuni Nagano Bank, Ltd.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Hachijuni Nagano Bank, Ltd. (formerly, The Hachijuni 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.

Appropriateness of borrower categories in determination of allowance for credit losses	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
Hachijuni Nagano Bank, Ltd. (the "Bank") records an allowance for credit losses based on the results of self-assessment of assets and in accordance with the internally developed charge-off and allowance standards, as described in Note 2, "Summary of Significant Accounting Policies, i. Allowance for credit losses" to the consolidated financial statements. As a result, loans and bills discounted of ¥6,711,935 million, which represented 49% of total assets, and allowance for credit losses of ¥53,592 million were recorded in the consolidated financial statements as of March 31, 2026. In accordance with the self-assessment standard of assets, all loans are assessed by the sales departments and these assessment results are approved by the asset assessment department, which is independent of the sales departments, and audited by the internal audit department. As described in Note 2, "Summary of Significant Accounting Policies, i. Allowance for credit losses" to the consolidated financial statements, the Bank estimates the allowance for credit losses for the borrowers "in danger of bankruptcy" who have a large loan amount (a "large borrower" or "large borrowers") by the cash flow deduction method. For this reason, if the borrower category of a large borrower is downgraded from "Need Attention" to "in danger of bankruptcy," the amount of allowance for credit losses increases significantly. Therefore, the determination of borrower categories for large borrowers whose performance is expected to deteriorate has a significant impact on the Bank's operating results. In addition, for some large borrowers, borrower categories are determined based on the evaluation of the reasonableness and feasibility of business plans prepared by borrowers, such as business improvement plans. As described in Note 3, "Significant Accounting Estimate" to the consolidated financial statements, business plans are based on the assumptions regarding sales forecasts, production forecasts, expense forecasts and debt repayment plans. In particular, as the following assumptions are highly uncertain and involve the subjective judgment by management, the evaluation of their reasonableness and feasibility requires careful consideration: • Demand trends in the borrower's industry or sector • Trends in service unit prices and the number of service users, as well as unit selling prices and sales volumes, in the borrower's industry or sector	After selecting sample of large borrowers classified as "Need Attention" borrower category based on the evaluation of their business plans in accordance with certain criteria, our audit procedures to examine the appropriateness of borrower categories, included the following, among others: (1) Evaluation of internal controls We tested the design and operating effectiveness of internal controls over the determination of borrower categories, including the evaluation of business plans used by the Bank, by inquiring of the persons in charge of the asset assessment department and the internal audit department and inspecting related documents. (2) Substantive procedures of the determination of borrower categories With regard to the business plans used by the Bank to determine borrower categories, we evaluated discrepancies between initial business plans and actual results and the causes of these discrepancies by inquiring of the persons in charge of the asset assessment department and inspecting related documents. Also, we examined the reasonableness of the assumptions included in these business plans through the following audit procedures, among others: • With regard to the revenue plans, we examined whether the service unit prices and the number of service users, as well as sales volumes and unit selling prices, were consistent with information on demand trends in the borrower's industry or sector, published by external organizations, and historical trends by inquiring of the persons in charge of the asset assessment department and inspecting related documents. • With regard to the expense plans, we examined whether required estimated expenses were included in the entire business plan and were consistent with the entire business plans by inquiring of the persons in charge of the asset assessment department and inspecting related documents.

• Outlook for the rates of increase in raw material prices, personnel costs and other expenses, as well as cost reductions from cost improvement measures Therefore, we identified the appropriateness of borrower categories of large borrowers who were classified as "Need Attention" based on the evaluation of their business plans as a key audit matter.	• We examined whether the assumptions in the business plan regarding the future trends of raw material prices, personnel costs and other expenses were consistent with information on the outlook for prices in the borrower's industry or sector, published by external organizations, and historical trends by inquiring of the persons in charge of the asset assessment department and inspecting related documents. • With respect to cost reductions from cost improvement measures, we performed a comparative analysis against past results and also examined the specific details of the cost improvements and their achievability by inquiring of the person in charge of the asset assessment department and inspecting the related materials.
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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 Hachijuni Nagano Bank, Ltd. and its subsidiaries were ¥148 million and ¥14 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 7, 2026

Hachijuni Nagano Bank, Ltd. (Formerly, The Hachijuni Bank, Ltd.) and Consolidated Subsidiaries

Consolidated Balance Sheet March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2026</u>	<u>2025</u>	<u>2026</u>
ASSETS:			
Cash and due from banks (Note 4)	¥ 2,818,818	¥ 3,027,055	\$ 17,629,734
Call loans and bills bought		11,958	
Monetary claims bought	73,397	105,003	459,047
Trading assets (Notes 5, 12 and 27)	56,281	38,602	351,999
Money held in trust (Notes 6 and 12)	39,540	78,761	247,296
Securities (Notes 7, 12 and 26)	3,365,253	3,406,740	21,047,304
Loans and bills discounted (Notes 8, 12, 26 and 28)	6,711,935	6,461,544	41,978,456
Foreign exchanges (Note 9)	16,049	18,482	100,377
Lease receivables and investments in leases (Note 26)	105,308	96,629	658,627
Other assets (Note 12)	231,335	156,648	1,446,843
Property, plant, and equipment—net (Note 10)	38,749	38,628	242,354
Intangible assets—net (Note 10)	4,803	4,076	30,040
Asset for employees' retirement benefits (Note 15)	86,402	64,335	540,387
Deferred tax assets (Note 24)	1,906	1,698	11,921
Customers' liabilities for acceptances and guarantees (Note 11)	58,301	60,149	364,634
Allowance for credit losses	(53,592)	(55,000)	(335,182)
TOTAL	<u>¥ 13,554,489</u>	<u>¥ 13,515,316</u>	<u>\$ 84,773,844</u>

Hachijuni Nagano Bank, Ltd. (Formerly, The Hachijuni Bank, Ltd.) and Consolidated Subsidiaries

Consolidated Balance Sheet March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
LIABILITIES AND EQUITY			
LIABILITIES:			
Deposits (Notes 12, 13 and 26)	¥ 9,552,050	¥ 9,549,428	\$ 59,741,387
Negotiable certificates of deposit (Note 26)	57,208	218,447	357,796
Call money and bills sold	918,300	593,483	5,743,326
Payables under repurchase agreements	169,725	127,391	1,061,517
Payables under securities lending transactions (Note 12)	84,245	97,492	526,897
Trading liabilities (Notes 5 and 27)	9,523	6,945	59,561
Borrowed money (Notes 12, 14 and 26)	1,097,909	1,581,461	6,866,655
Foreign exchanges (Note 9)	1,441	2,431	9,018
Borrowed money from trust account	1,628	1,499	10,184
Other liabilities	241,934	167,558	1,513,133
Provision for share awards for directors		90	
Liability for employees' retirement benefits (Note 15)	9,929	11,233	62,099
Provision for reimbursement of deposits	176	351	1,105
Provision for contingent losses	1,606	1,719	10,045
Reserve under special laws	15	15	97
Provision for loss on cancellation of system contracts		2,058	
Deferred tax liabilities (Note 24)	194,326	125,899	1,215,374
Acceptances and guarantees (Note 11)	58,301	60,149	364,634
Total liabilities	12,398,324	12,547,657	77,542,835
EQUITY (Notes 16 and 32):			
Common stock—authorized, 2,000,000 thousand shares; issued, 493,767 thousand shares in 2026 and 2025	52,243	52,243	326,744
Capital surplus	57,221	56,960	357,879
Stock acquisition rights (Note 17)	114	150	716
Retained earnings	621,952	579,909	3,889,879
Treasury stock—at cost, 39,244 thousand shares in 2026 and 32,166 thousand shares in 2025	(35,216)	(25,397)	(220,252)
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	328,384	229,750	2,053,814
Deferred gain on hedges	97,208	51,676	607,968
Defined retirement benefit plans	30,158	18,218	188,620
Total	1,152,066	963,511	7,205,370
Noncontrolling interests	4,099	4,147	25,637
Total equity	1,156,165	967,658	7,231,008
TOTAL	¥ 13,554,489	¥ 13,515,316	\$ 84,773,844

See notes to consolidated financial statements.

Hachijuni Nagano Bank, Ltd. (Formerly, The Hachijuni Bank, Ltd.) and Consolidated Subsidiaries

Consolidated Statement of Income Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
INCOME (Note 18):			
Interest income:			
Interest on loans and discounts	¥ 86,838	¥ 72,700	\$ 543,116
Interest and dividends on securities	65,806	65,671	411,571
Other interest income	18,190	10,590	113,770
Fees and commissions	28,468	25,774	178,049
Trading income	497	270	3,113
Other operating income (Note 19)	64,462	42,428	403,168
Other income (Note 20)	41,248	38,448	257,977
Total income	305,512	255,885	1,910,768
EXPENSES:			
Interest expenses:			
Interest on deposits	21,556	9,738	134,823
Interest on borrowings and rediscounts	14,004	18,208	87,590
Other interest expenses	18,641	16,764	116,590
Fees and commission payments	8,146	8,015	50,947
Other operating expenses (Note 21)	74,036	51,540	463,043
General and administrative expenses (Note 22)	81,145	72,578	507,507
Provision for credit losses		1,120	
Other expenses (Note 23)	8,105	13,055	50,692
Total expenses	225,635	191,021	1,411,194
INCOME BEFORE INCOME TAXES	79,876	64,863	499,573
INCOME TAXES (Note 24):			
Current	15,475	16,407	96,789
Deferred	(323)	356	(2,020)
Total income taxes	15,152	16,764	94,768
NET INCOME	64,724	48,099	404,805
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	151	117	947
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 64,572	¥ 47,982	\$ 403,857
PER SHARE OF COMMON STOCK (Note 30):	Yen		U.S. Dollars
Basic net income	¥ 141.18	¥ 101.23	\$ 0.88
Diluted net income	141.10	101.16	0.88
Cash dividends applicable to the year	60.00	42.00	0.37

See notes to consolidated financial statements.

Hachijuni Nagano Bank, Ltd. (Formerly, The Hachijuni Bank, Ltd.) and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2026</u>	<u>2025</u>	<u>2026</u>
NET INCOME	¥ 64,724	¥ 48,099	\$ 404,805
OTHER COMPREHENSIVE INCOME (LOSS) (Note 29):			
Unrealized gain (loss) on available-for-sale securities	98,895	(182,335)	618,520
Deferred gain on derivatives under hedge accounting	45,531	24,560	284,766
Defined retirement benefit plans	<u>11,945</u>	<u>(7,578)</u>	<u>74,708</u>
Total other comprehensive income (loss)	<u>156,371</u>	<u>(165,352)</u>	<u>977,995</u>
COMPREHENSIVE INCOME (LOSS)	<u>¥ 221,096</u>	<u>¥ (117,253)</u>	<u>\$ 1,382,801</u>
TOTAL COMPREHENSIVE INCOME (LOSS)			
ATTRIBUTABLE TO:			
Owners of the parent	¥ 220,677	¥ (117,170)	\$ 1,380,186
Noncontrolling interests	418	(83)	2,615

See notes to consolidated financial statements.

Hachijuni Nagano Bank, Ltd. (Formerly, The Hachijuni Bank, Ltd.) and Consolidated Subsidiaries

**Consolidated Statement of Changes in Equity
Year Ended March 31, 2026**

	Thousands Number of Shares of Common Stock Outstanding						Millions of Yen					
		Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Accumulated Valuation Difference on Available-for- Sale Securities	Other Deferred Gain on Hedges	Comprehensive Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2024	513,767	¥52,243	¥71,074	¥141	¥546,496	¥(20,713)	¥411,889	¥27,116	¥25,792	¥1,114,039	¥4,236	¥1,118,275
Net income attributable to owners of the parent					47,982					47,982		47,982
Cash dividends, ¥27.00 per share					(12,954)					(12,954)		(12,954)
Purchases of treasury stock						(20,520)				(20,520)		(20,520)
Disposals of treasury stock			28			80				108		108
Cancellation of treasury stock	(20,000)		(14,141)		(1,615)	15,756						
Net change during the period				8			(182,138)	24,560	(7,573)	(165,143)	(89)	(165,232)
BALANCE, MARCH 31, 2025	493,767	52,243	56,960	150	579,909	(25,397)	229,750	51,676	18,218	963,511	4,147	967,658
Net income attributable to owners of the parent					64,572					64,572		64,572
Cash dividends, ¥49.00 per share					(22,527)					(22,527)		(22,527)
Purchases of treasury stock						(10,003)				(10,003)		(10,003)
Disposals of treasury stock					(2)	185				183		183
Purchase of shares of consolidated subsidiaries			260							260		260
Net change during the period				(35)			98,633	45,531	11,940	156,069	(47)	156,021
BALANCE, MARCH 31, 2026	<u>493,767</u>	<u>¥52,243</u>	<u>¥57,221</u>	<u>¥114</u>	<u>¥621,952</u>	<u>¥(35,216)</u>	<u>¥328,384</u>	<u>¥97,208</u>	<u>¥30,158</u>	<u>¥1,152,066</u>	<u>¥4,099</u>	<u>¥1,156,165</u>

	Thousands of U.S. Dollars (Note 1)										
	Accumulated Other Comprehensive Income										
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Valuation Difference on Available-for- Sale Securities	Deferred Gain on Hedges	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2025	\$ 326,744	\$ 356,250	\$ 940	\$ 3,626,925	\$ (158,845)	\$ 1,436,931	\$ 323,201	\$ 113,941	\$ 6,026,089	\$ 25,937	\$ 6,052,026
Net income attributable to owners of the parent				403,857					403,857		403,857
Cash dividends, \$0.30 per share				(140,891)					(140,891)		(140,891)
Purchases of treasury stock					(62,567)				(62,567)		(62,567)
Disposals of treasury stock				(12)	1,160				1,148		1,148
Purchase of shares of consolidated subsidiaries		1,629							1,629		1,629
Net change during the period			(223)			616,883	284,766	74,679	976,105	(299)	975,805
BALANCE, MARCH 31, 2026	\$ 326,744	\$ 357,879	\$ 716	\$ 3,889,879	\$ (220,252)	\$ 2,053,814	\$ 607,968	\$ 188,620	\$ 7,205,370	\$ 25,637	\$ 7,231,008

See notes to consolidated financial statements.

Hachijuni Nagano Bank, Ltd. (Formerly, The Hachijuni Bank, Ltd.) and Consolidated Subsidiaries

Consolidated Statement of Cash Flows Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2026</u>	<u>2025</u>	<u>2026</u>
OPERATING ACTIVITIES:			
Income before income taxes	¥ 79,876	¥ 64,863	\$ 499,573
Adjustments for:			
Income taxes—paid	(16,238)	(12,631)	(101,561)
Depreciation and amortization	6,088	6,186	38,082
Impairment losses	1,634	521	10,224
Increase (decrease) in allowance for credit losses	(1,408)	95	(8,809)
Interest income	(170,835)	(148,962)	(1,068,458)
Interest expense	54,203	44,711	339,004
Interest received	164,089	143,530	1,026,262
Interest paid	(52,781)	(46,666)	(330,112)
Net (increase) decrease in trading assets	(17,679)	6,994	(110,570)
Net increase (decrease) in trading liabilities	2,577	1,072	16,122
Net (increase) decrease in loans and bills discounted	(250,390)	319,673	(1,566,016)
Net increase (decrease) in borrowed money	(483,551)	(523,825)	(3,024,276)
Net increase (decrease) in deposits	2,622	111,468	16,400
Net increase (decrease) in negotiable certificates of deposit	(161,239)	163,253	(1,008,439)
Net (increase) decrease in call loans and bills bought	43,564	18,068	272,468
Net increase (decrease) in call money and bills sold	367,151	(633,498)	2,296,274
Net (increase) decrease in due from banks, excluding due from the Bank of Japan	11,655	10,194	72,897
Net increase (decrease) in payables under securities lending transactions	(13,246)	(225,709)	(82,847)
Other—net	(6,557)	61,176	(41,013)
Total adjustments	<u>(520,341)</u>	<u>(704,346)</u>	<u>(3,254,368)</u>
Net cash used in operating activities	<u>(440,464)</u>	<u>(639,483)</u>	<u>(2,754,795)</u>
INVESTING ACTIVITIES:			
Purchases of investment securities	(778,370)	(734,783)	(4,868,164)
Proceeds from sales of investment securities	450,177	414,634	2,815,547
Proceeds from maturities of investment securities	575,459	318,013	3,599,094
Payments for increase in money held in trust	(7,955)	(1,561)	(49,755)
Proceeds from decrease in money held in trust	46,794	2,502	292,667
Purchases of fixed assets	(11,824)	(9,517)	(73,955)
Proceeds from sales of fixed assets	<u>2,210</u>	<u>3,167</u>	<u>13,825</u>
Net cash provided by (used in) investing activities	<u>276,491</u>	<u>(7,544)</u>	<u>1,729,259</u>
FORWARD	<u>¥ (163,972)</u>	<u>¥ (647,027)</u>	<u>\$ (1,025,535)</u>

Hachijuni Nagano Bank, Ltd. (Formerly, The Hachijuni Bank, Ltd.) and Consolidated Subsidiaries

Consolidated Statement of Cash Flows Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2026</u>	<u>2025</u>	<u>2026</u>
FORWARD	¥ (163,972)	¥ (647,027)	\$ (1,025,535)
FINANCING ACTIVITIES:			
Payments to acquire treasury stock	(10,003)	(20,520)	(62,567)
Proceeds from sales of treasury stock	127	89	799
Dividends paid	(22,527)	(12,954)	(140,891)
Dividends paid to noncontrolling interests	(6)	(5)	(40)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(198)		(1,244)
Net cash used in financing activities	(32,608)	(33,391)	(203,944)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(1)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(196,581)	(680,420)	(1,229,479)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	<u>2,999,723</u>	<u>3,680,144</u>	<u>18,761,172</u>
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR (Note 4)	<u>¥2,803,142</u>	<u>¥2,999,723</u>	<u>\$ 17,531,692</u>

See notes to consolidated financial statements.

Hachijuni Nagano Bank, Ltd. (Formerly, The Hachijuni Bank, Ltd.) and Consolidated Subsidiaries

Notes to Consolidated Financial Statements Year Ended March 31, 2026

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2025 consolidated financial statements to conform to the classifications used in 2026.

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen. Accordingly, the total of each account may not be equal to the combined total of the individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Hachijuni Nagano Bank, Ltd. (the "Bank") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥159.89 to \$1, the rate of exchange at March 31, 2026. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. **Consolidation**—The consolidated financial statements as of March 31, 2026, include the accounts of the Bank and its 15 (16 in 2025) significant subsidiaries (together, the "Group").

THE NAGANO BANK, LTD. (hereinafter "Nagano Bank") was excluded from the scope of consolidation because, effective January 1, 2026, it was merged in an absorption-type merger with The Hachijuni Bank, Ltd. as the surviving company and Nagano Bank as the disappearing company. On the same date, The Hachijuni Bank, Ltd. changed its trade name to Hachijuni Nagano Bank, Ltd.

Under the control and influence concepts, those companies in which the Bank, directly or indirectly, is able to exercise control over their operations are fully consolidated.

Investments in 6 (9 in 2025) unconsolidated subsidiaries and in 2 (2 in 2025) associated companies are stated at cost, and are included in securities in the consolidated financial statements. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

Hokuyo Co., Ltd., in which the Group holds a majority of the voting rights, was not treated as a subsidiary because the capital contribution was made by a consolidated subsidiary engaged in the investment business for the purpose of investment development, rather than to control the investee. Similarly, RUBYCON CORPORATION, in which the Group holds between 20% and 50% of the voting rights, was not treated as an affiliate accounted for by the equity method because the capital contribution was made by a consolidated subsidiary engaged in investment business for the purpose of investment development, rather than to exercise significant influence over the investee.

All significant intercompany balances and 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 of cash flows, "Cash and cash equivalents" consists of "Cash" and "Due from the Bank of Japan."
- c. **Trading Assets and Liabilities**—Transactions for trading purposes (for purposes of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market-related indices or from gaps among markets) are included in "Trading assets" and "Trading liabilities" on a trade-date basis.

Trading securities and monetary claims bought for trading purposes are stated at fair value at the consolidated balance sheet date. Trading-related financial derivatives, such as swaps, futures, and options are stated at amounts that would be received or paid for settlement if such transactions were terminated at the consolidated balance sheet date.

Trading income includes interest received and paid during the fiscal year and unrealized gains and losses resulting from the change in the value of securities, monetary claims bought, and derivatives between the consolidated balance sheet dates.

For financial derivatives, the fair value of each group of financial assets and financial liabilities is calculated based on the net assets or liabilities of financial assets and financial liabilities offset with respect to specific market risks or specific credit risks.

- d. **Securities**—Securities other than investments in unconsolidated subsidiaries and associated companies are classified into three categories, based principally on the Group's intent, as follows: (a) trading securities are securities held in anticipation of gains arising from short-term changes in market value and/or held for resale to customers and are carried at fair value with corresponding unrealized gains and losses recorded in income; (b) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost computed using the straight-line method; and (c) available-for-sale securities, which are not classified as either of the aforementioned securities. Marketable available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

In addition, investments in unconsolidated subsidiaries and associated companies that are not accounted for by the equity method are carried at cost determined by the moving-average method.

Individual securities are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary.

- e. **Securities in Money Held in Trust**—Securities managed as trust assets in money held in trust, which are individually managed with the principal objective of securities portfolio management, are stated at fair value. Other securities in money held in trust are stated using the same method as the available-for-sale securities described in d.(c) above.
- f. **Property, Plant, and Equipment**—Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation for buildings and equipment of the Group is computed under the declining-balance method at rates based on the estimated useful lives, which are principally from 3 to 46 years for buildings and from 3 to 20 years for equipment. Depreciation of leased assets related to finance leases that are not deemed to transfer ownership of the leased property to the lessee is computed under the straight-line method over the respective lease periods. The residual value of leased assets is determined using the guaranteed residual value if provided in the lease contract; otherwise, the residual value is zero.

- g. Software**—Capitalized software for internal use is depreciated using the straight-line method over its estimated useful life (principally five years). Depreciation of leased assets related to finance leases that are not deemed to transfer ownership of the leased property to the lessee is computed using the straight-line method over the respective lease periods.
- 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.
- i. Allowance for Credit Losses**—The allowance for credit losses is recorded as follows in accordance with predetermined amortization and allowance standards.

Bankrupt:	Borrowers in which facts of legal or formal management failure have occurred, such as bankruptcy, corporate rehabilitation, and transaction suspension at a clearing house
De facto Bankrupt:	Borrowers who are unable to meet their obligations
In danger of bankruptcy:	Borrowers who are not currently in a state of bankruptcy but are likely to fall into bankruptcy in the future
Need Special Attention:	Borrowers who need to manage all or part of the loans requiring attention (loan conditions relaxed loans and loans overdue for three months or more)
Need Attention:	Borrowers who have problems with lending conditions or repayment performance, business conditions are sluggish or unstable, and need to be managed in the future
Normal:	Borrowers with good performance and no financial problems

- (a) Loans to "Bankrupt" and "De facto Bankrupt," Loans in excess of collateral are recorded for any amounts that may not be recovered.
- (b) Loans to "In danger of bankruptcy," the expected amount of collateral disposal and the expected amount of recovery by guarantee are deducted from the amount of the loan. Of the remaining balance (hereinafter referred to as "non-conservation amount"), the amount deemed necessary is recorded.

For large borrowers with a certain amount of credit or more, the Bank estimates the allowance for loan losses by the method below.

- (1) The Bank comprehensively judges a borrower's situation and estimates a recoverable amount by cash flow ("the cash flow deduction method").
- (2) The allowance for loan losses is the balance of non-conservation amounts less the recoverable amounts estimated in step 1.

For loans to borrowers other than those mentioned above, an allowance for loan losses is provided by multiplying the non-conservation amount by the expected loss rate calculated from the probability of default from past periods.

- (c) For loans to "Need Special Attention" and "Need Attention," the difference between the cash flow "the discounted cash flow method" discounted at the original contracted interest rate and the carrying amount of the receivable would be recorded as the allowance for loan losses.

- (d) For loans to "Need Special Attention" and "Need Attention" other than (c), and "Normal," the allowance for loan losses is recorded based on the expected loss rate calculated from the probability of default in the past certain period.

(Note 1) Grouping in calculating the probability of default

The probability of default is allocated to six categories, including one normal division, three "Need Attention" divisions and two bankruptcy concerns.

"Need Attention" divisions are classified according to the comprehensive judgment of the creditworthiness of the borrowers and the existence of loans with relaxed loan terms.

(Note 2) A certain period in which the expected loss rate will be estimated in the future

Allowance for credit losses is determined based on the expected loss rate for normal loans over the next one year, for loans requiring attention over the period corresponding to the average remaining life of the loans, and for loans in danger of bankruptcy over the next three years. The average remaining period is 40 months for top level of "Need Attention," 42 months for lower level of "Need Attention" and 36 months for "Need Special Attention."

(Note 3) Method of revising and determining the probability of default based on future projections, etc.

The probability of default used to calculate the allowance is determined by comparing the average value of the last three determination periods with the long-term average value, considering the entity's business cycle. The average value for the three most recent determination periods is calculated by including necessary revisions such as the current circumstances and future projections.

Based on the self-assessment standard of assets, all receivables are assessed by the asset assessment department, which is independent from the sales department, and the internal audit department provides an assessment of these results.

- j. Asset and Liability for Employees' Retirement Benefits**—The Group has a contributory funded pension plan and noncontributory unfunded retirement benefit plans, together covering substantially all of their employees.

The Bank accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 years no longer than the expected average remaining service period of the employees.

- k. Provision for Reimbursement of Deposits**—A provision for reimbursement of deposits, which were derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.
- l. Provision for Contingent Losses**—A provision for contingent losses is provided for the contribution to the National Federation of Credit Guarantee Corporations' liability sharing program and is recorded in the amount of estimated future contributions based on subrogate performance, etc.
- m. Reserve under Special Laws**—A reserve under special laws is provided for contingent liabilities from brokering of securities or derivative transactions in accordance with Article 46-5 of the Financial Instruments and Exchange Act.

- n. Stock Options**—The cost of employee stock options is measured based on the fair value at the date of grant and recognized as compensation expense over the vesting period as consideration for receiving goods or services. In the consolidated balance sheet, stock options are presented as stock acquisition rights as a separate component of equity until exercised.
- o. Revenue Recognition**—The Group recognizes revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for satisfying performance obligations to transfer the goods or services promised in contracts with customers.
- p. Leases**—Finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables, and finance leases that are not deemed to transfer ownership of the leased property to the lessee are recognized as investments in lease.
- q. Income Taxes**—The provision for income taxes is computed based on the pretax income included in the consolidated statement 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 income tax rates to the temporary differences.
- r. Foreign Currency Transactions**—Assets and liabilities denominated in foreign currencies held domestically and the accounts of the Bank's overseas branch are translated into Japanese yen generally at the exchange rates prevailing on the consolidated balance sheet date.
- s. Derivatives and Hedging Activities**—Derivatives are stated at fair value. Derivative transactions that meet hedge accounting criteria are primarily accounted for under the deferral method whereby unrealized gains and losses are deferred until maturity as deferred gain (loss) under hedge accounting in a separate component of equity. The market value of financial derivatives reflects specific market risk or specific credit risk on the basis of net assets or liabilities after offsetting the relevant financial assets and liabilities.

The hedging derivative instruments must be highly effective in achieving offsetting changes in fair values or variable cash flows from the hedged items attributable to the risk being hedged.

The Group adopted portfolio hedging in accordance with Industry Committee Practical Guidelines No. 24 issued by the Japanese Institute of Certified Public Accountants ("JICPA"). Under portfolio hedging, a portfolio of hedged items, such as deposits or loans with common maturities, is matched with a group of hedging instruments, such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities. The effectiveness of the portfolio hedge is assessed by each group.

Currency swap and foreign exchange swap transactions are accounted for using deferral hedge accounting by fully applying Industry Committee Practical Guidelines No. 25 issued by the JICPA. Under deferral hedge accounting, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions, such as currency swap transactions and forward exchange contracts as hedging instruments. Hedge effectiveness is reviewed by comparing the total foreign currency position of the hedged items and hedging instruments by currency.

With respect to derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts, the Bank manages interest rate swap and currency swap transactions designated as hedging instruments in accordance with the strict hedging criteria for external mirror transactions stipulated in the Industry Committee Practical Guidelines No. 24 and No. 25. Therefore, the Bank accounts for the gains and losses on these swap transactions in its earnings or defers until maturity as deferred gain (loss) under hedge accounting in a separate component of equity.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not measured at fair value but the net payments or receipts under the swap agreements are recognized and included in interest expense or income.

- t. **Per Share Information**—Basic net income per share ("EPS") is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted EPS reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted EPS 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 statement of income are dividends applicable to the respective years including dividends to be paid after the end of the fiscal year.

- u. **Significant Income and Expenses**—The Group applies "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and recognizes revenue at the time when transferring promised goods or services to a customer, and in an amount expected to be received in exchange for the goods or services.

v. **New Accounting Pronouncements**

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

(a) *Overview*

Similar to IFRS, the accounting standard and related implementation guidance stipulate the treatment of recognizing assets and liabilities for all leases by lessees.

(b) *Expected application date*

The Group will apply the accounting standard and related implementation guidance from the beginning of the fiscal year ending March 31, 2028.

(c) *Impact of application of the accounting standard*

The Bank is currently evaluating the effects of applying the accounting standard and related implementation guidance on its consolidated financial statements.

- (2) **"Practical Guidelines on the Accounting for Financial Instruments"** (ASBJ Transferred Guidance No. 9, March 11, 2025)

(a) *Overview*

The guidelines stipulate revisions to the accounting treatment for equity interests in venture capital funds held by listed companies and other entities to provide investors with useful information by measuring nonmarketable equity securities that are included in venture capital funds and similar vehicles at fair value.

(b) *Expected application date*

The Group will apply the practical guidelines from the beginning of the fiscal year ending March 31, 2027.

(c) *Impact of application of the accounting standard*

The Bank is currently evaluating the effects of applying the practical guidelines on its consolidated financial statements.

- (3) **"Accounting Standard for Subsequent Events"** (ASBJ Statement No. 41, January 9, 2026) and **"Implementation Guidance on Accounting Standard for Subsequent Events"** (ASBJ Implementation Guidance No. 35, January 9, 2026)

(a) *Overview*

The accounting standard, etc. were developed with priority placed on establishing a comprehensive accounting standard that addresses, among other matters, the definition of subsequent events and the related accounting treatment and disclosures. As a basic policy, the accounting-related content set out in Auditing Standards Committee Statement No. 560, Practical Guideline No. 1, "Audit Treatment of Subsequent Events" issued by the Auditing and Assurance Standards Committee of the JICPA has in principle been carried over and transferred to the ASBJ. In addition to the revision of certain wording and clarification of the evaluation period for subsequent events, the accounting standard, etc. newly require, among other matters, a note regarding approval for the issuance of financial statements, thereby prescribing the accounting treatment and disclosure of subsequent events.

(b) *Expected application date*

The Group will apply the accounting standard and related implementation guidance from the beginning of the fiscal year ending March 31, 2028.

(c) *Impact of application of the accounting standard*

The Bank is currently evaluating the effects of applying the accounting standard and related implementation guidance on its consolidated financial statements.

w. Additional Information

Restricted Stock Compensation Plan—The Bank has introduced a restricted stock compensation plan (hereinafter the "Plan") for the Bank's directors (excluding outside directors) and executive officers who do not concurrently serve as directors (hereinafter collectively referred to as "Eligible Directors, etc.>").

(a) *Overview of the Plan*

Eligible Directors, etc. shall pay all monetary receivables paid to them by the Bank in accordance with the Plan as property contributed in kind and shall receive shares of common stock of the Bank through an issuance or disposal. In addition, when common stock of the Bank is issued or disposed of under the Plan, a restricted stock allotment agreement shall be concluded between the Bank and the Eligible Directors, etc. Conditions of this agreement include the following and other matters: (1) Eligible Directors, etc. shall be prohibited for a set period from transferring to a third party, use as collateral, or otherwise dispose of the shares of common stock of the Bank received under the restricted stock allotment agreement; (2) When certain circumstances have occurred, the Bank shall acquire the said common stock without compensation.

(b) *Overview of the disposal*

At the meeting of the Board of Directors held on June 20, 2025, the Bank resolved to dispose of its treasury stock as noted below, and the payment was completed on July 18, 2025.

(1) *Date of disposal*

July 18, 2025

(2) *Type and number of shares to be disposed of*

77,702 shares of the Bank's common stock

(3) Disposal price

¥1,182.5 per share

(4) Total disposal value

¥91,882,615

(5) Disposal recipients, their number, and the number of shares to be disposed of

—20,971 shares for 3 directors (excluding outside directors) of the Bank

—56,731 shares for 17 executive officers who do not concurrently serve as directors of the Bank

3. SIGNIFICANT ACCOUNTING ESTIMATE

Allowance for Credit Losses

- (a) Allowance for credit losses was ¥53,592 million (\$335,182 thousand) and ¥55,000 million as of March 31, 2026 and 2025, respectively.

Allowance for credit losses by the cash flow deduction method was ¥19,763 million (\$123,609 thousand) and ¥20,778 million as of March 31, 2026 and 2025, respectively.

Allowance for credit losses by the discounted cash flow method was ¥2,643 million (\$16,534 thousand) and ¥2,954 million as of March 31, 2026 and 2025, respectively.

- (b) Information that contributes to understanding the content of significant accounting estimates for the identified item

(1) Determination method

The allowance for credit losses is recorded in accordance with predetermined amortization and allowance standards.

(2) Key assumptions

The business plan used to determine debtor classification and used to estimate future cash flow by the cash flow deduction method and the discounted cash flow method

Assumptions used as a basis for sales forecast, production forecast, expense forecast and future outlook for debt repayment plan in the business plan include the following:

- Demand trends in the borrower's industry or sector
- Trends in service unit prices and the number of service users, as well as unit selling prices and sales volumes, in the borrower's industry or sector
- Outlook for the rates of increase in raw material prices, personnel costs and other expenses, as well as cost reductions from cost improvement measures

Based on these assumptions, the Bank reviews the debtor classification for certain debtors considering their current operating performance and forecasts of their future operating performance, and also the recoverable amounts are estimated under the cash flow deduction method and the discounted cash flow method based on the business plan that reflects the borrower's business environment, to calculate the allowance for credit losses.

4. CASH AND CASH EQUIVALENTS

The reconciliation of "Cash and cash equivalents" in the consolidated statement of cash flows and "Cash and due from banks" in the consolidated balance sheet as of March 31, 2026 and 2025, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Cash and due from banks	¥2,818,818	¥3,027,055	\$ 17,629,734
Due from banks, excluding amounts due from the Bank of Japan	<u>(15,675)</u>	<u>(27,331)</u>	<u>(98,042)</u>
Cash and cash equivalents	<u>¥2,803,142</u>	<u>¥2,999,723</u>	<u>\$ 17,531,692</u>

5. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Trading assets:			
Trading securities	¥ 419	¥ 330	\$ 2,625
Financial derivatives	9,931	7,312	62,113
Other trading assets	<u>45,930</u>	<u>30,959</u>	<u>287,260</u>
Total	<u>¥56,281</u>	<u>¥38,602</u>	<u>\$ 351,999</u>
Trading liabilities—Financial derivatives	<u>¥ 9,523</u>	<u>¥ 6,945</u>	<u>\$ 59,561</u>

6. MONEY HELD IN TRUST

The aggregate fair value of money held in trust as of March 31, 2026 and 2025, is as follows:

	Fair Value		Thousands of U.S. Dollars
	<u>Millions of Yen</u>		<u>2026</u>
	<u>2026</u>	<u>2025</u>	
Money held in trust—Trading	¥32,348	¥78,761	\$ 202,317
Money held in trust—Other	<u>7,191</u>	<u> </u>	<u>44,978</u>
Total	<u>¥39,540</u>	<u>¥78,761</u>	<u>\$ 247,296</u>

7. SECURITIES

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

	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Securities:			
National government bonds	¥ 809,917	¥ 805,369	\$ 5,065,467
Local government bonds	271,524	403,377	1,698,193
Corporate bonds	600,830	727,058	3,757,774
Equity securities	774,291	586,510	4,842,650
Other securities	<u>908,689</u>	<u>884,425</u>	<u>5,683,219</u>
Total	<u>¥ 3,365,253</u>	<u>¥ 3,406,740</u>	<u>\$ 21,047,304</u>

The securities placed under unsecured lending agreements are included in the above national government bonds in the amount of ¥47,645 million (\$297,989 thousand) and ¥85,085 million as of March 31, 2026 and 2025, respectively.

Guarantee obligations for corporate bonds in private placement (defined in Article 2 (3) of Financial Instruments and Exchange Act) included in securities were ¥47,479 million (\$296,952 thousand) and ¥50,876 million as of March 31, 2026 and 2025, respectively.

In addition to "Securities" in the consolidated balance sheet, the table below also includes beneficial interests in trusts included in "Monetary claims bought," as well as trading securities and other trading assets included in "Trading assets."

The carrying amounts and aggregate fair value of the securities as of March 31, 2026 and 2025, are as follows:

		Millions of Yen		
		Cost	Unrealized Gains	Unrealized Losses
<u>March 31, 2026</u>				Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 84,968	¥ 673,651	¥ 72	¥ 758,548
Debt securities	1,878,608	74	196,410	1,682,272
Other securities	895,344	25,768	22,160	898,953
<u>March 31, 2025</u>				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 97,160	¥ 474,201	¥ 523	¥ 570,838
Debt securities	2,063,166	298	127,660	1,935,804
Other securities	895,226	17,409	24,425	888,210
		Thousands of U.S. Dollars		
		Cost	Unrealized Gains	Unrealized Losses
<u>March 31, 2026</u>				Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 531,418	\$ 4,213,221	\$ 452	\$ 4,744,187
Debt securities	11,749,379	468	1,228,413	10,521,434
Other securities	5,599,753	161,164	138,596	5,622,321

Proceeds from sales of available-for-sale securities for the years ended March 31, 2026 and 2025, were ¥432,250 million (\$2,703,427 thousand) and ¥386,999 million, respectively. Gross realized gains and losses on these sales, computed on the moving-average cost basis, were ¥39,182 million (\$245,061 thousand) and ¥41,723 million (\$260,951 thousand), respectively, for the year ended March 31, 2026, and ¥35,006 million and ¥21,880 million, respectively, for the year ended March 31, 2025.

8. LOANS AND BILLS DISCOUNTED

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

	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Bills discounted	¥ 7,416	¥ 9,985	\$ 46,386
Loans on bills	43,599	60,228	272,686
Loans on deeds	5,812,871	5,618,923	36,355,441
Overdrafts	<u>848,047</u>	<u>772,408</u>	<u>5,303,942</u>
Total	<u>¥6,711,935</u>	<u>¥6,461,544</u>	<u>\$ 41,978,456</u>

Of total loans, loans to customers in bankruptcy, which represent nonaccrual loans and which were included in loans and bills discounted, amounted to ¥13,212 million (\$82,636 thousand) and ¥14,357 million as of March 31, 2026 and 2025, respectively; past due loans, which represent nonaccrual loans other than loans to customers in bankruptcy, amounted to ¥100,509 million (\$628,615 thousand) and ¥105,761 million as of March 31, 2026 and 2025, respectively.

Of total loans, accruing loans contractually past due three months or more amounted to ¥1,358 million (\$8,498 thousand) and ¥1,525 million as of March 31, 2026 and 2025, respectively.

Of total loans, restructured loans amounted to ¥18,852 million (\$117,909 thousand) and ¥18,863 million as of March 31, 2026 and 2025, respectively. Restructured loans, designed to assist in the recovery of the financial health of debtors, were loans on which the Bank granted concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount). Loans classified as nonaccrual loans or accruing loans contractually past due three months or more were excluded from restructured loans.

9. FOREIGN EXCHANGES

Foreign exchanges as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Assets:			
Due from foreign banks	¥ 14,653	¥ 16,415	\$ 91,644
Foreign exchange bills bought	1,146	1,826	7,168
Foreign exchange bills receivable	<u>249</u>	<u>240</u>	<u>1,561</u>
Total	<u>¥ 16,049</u>	<u>¥ 18,482</u>	<u>\$ 100,377</u>
Liabilities:			
Foreign exchange bills sold	¥ 148	¥ 106	\$ 927
Foreign exchange bills payable	<u>1,293</u>	<u>2,325</u>	<u>8,090</u>
Total	<u>¥ 1,441</u>	<u>¥ 2,431</u>	<u>\$ 9,018</u>

10. PROPERTY, PLANT, AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant, and equipment as of March 31, 2026 and 2025, net of accumulated depreciation of ¥87,426 million (\$546,792 thousand) and ¥86,778 million, respectively, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Land	¥ 11,699	¥ 11,913	\$ 73,171
Buildings	12,969	12,260	81,114
Construction in progress	408	1,155	2,554
Other tangible fixed assets	13,672	13,298	85,513
Software	4,112	3,428	25,722
Other intangible fixed assets	690	648	4,318
Total	<u>¥43,553</u>	<u>¥42,705</u>	<u>\$ 272,394</u>

As of March 31, 2026 and 2025, deferred gains for tax purposes of ¥8,131 million (\$50,859 thousand) and ¥8,132 million, respectively, on property, plant, and equipment sold and replaced with similar assets have been deducted from the cost of newly acquired property, plant, and equipment.

The Group reviewed its long-lived assets for impairment as of March 31, 2026. As a result, the Group recognized an impairment loss of ¥1,634 million (\$10,224 thousand) as other expenses for long-lived assets related to sales branches and idle assets located mainly in Nagano Prefecture due to factors such as declines in operating cash flows, declines in land prices and decision to discontinue operations. The carrying amount of these long-lived assets was written down to their recoverable amount which was measured at their net selling price at disposition. The impairment loss recognized for the year ended March 31, 2025, was ¥521 million.

11. ACCEPTANCES AND GUARANTEES

Acceptances and guarantees include all contingent liabilities associated with the issuance of letters of credit, acceptances of bills, and issuances of guarantees. The contra account included in the assets side of the consolidated balance sheet represents the Bank's potential claim against applicants.

12. ASSETS PLEDGED

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Assets pledged:			
Due from banks		¥ 2	
Securities	¥ 1,022,767	1,250,355	\$ 6,396,693
Loans and bills discounted	1,094,918	1,212,062	6,847,950
Cash (other assets)	403	409	2,520
Total	<u>¥2,118,089</u>	<u>¥2,462,829</u>	<u>\$ 13,247,165</u>
Related liabilities:			
Deposits	¥ 73,055	¥ 73,438	\$ 456,910
Payables under repurchase agreements	169,725	127,391	1,061,517
Payables under securities lending transactions	84,245	97,492	526,897
Borrowed money	1,087,917	1,568,289	6,804,162
Other liabilities		237	
Total	<u>¥ 1,414,944</u>	<u>¥ 1,866,848</u>	<u>\$ 8,849,488</u>

In addition to the above, assets pledged as collateral for transactions, such as exchange settlement transactions, or as substitute securities for initial margin on futures transactions and others were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Due from banks		¥ 250	
Securities	¥ 110,492	64,030	\$ 691,055
Cash (other assets)	25	5,025	156
Cash collateral received for financial instrument liabilities (other assets)	20,476	8,277	128,068

Additionally, guarantee deposits included in other assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Guarantee deposits	¥646	¥624	\$4,040

13. DEPOSITS

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

	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Current deposits	¥ 401,343	¥ 402,748	\$ 2,510,120
Ordinary deposits	6,116,848	6,106,505	38,256,603
Savings deposits	64,177	68,472	401,382
Time deposits	2,807,937	2,765,277	17,561,683
Other deposits	<u>161,744</u>	<u>206,424</u>	<u>1,011,597</u>
Total	<u>¥9,552,050</u>	<u>¥9,549,428</u>	<u>\$ 59,741,387</u>

14. BORROWED MONEY

As of March 31, 2026 and 2025, the weighted-average annual interest rates applicable to borrowed money were 0.13% and 0.18%, respectively.

Borrowed money includes borrowings from the Bank of Japan and other financial institutions. Annual maturities of borrowed money as of March 31, 2026, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2027	¥ 906,521	\$ 5,669,660
2028	189,288	1,183,867
2029	1,852	11,587
2030	201	1,260
2031	37	231
2032 and thereafter	<u>7</u>	<u>48</u>
Total	<u>¥ 1,097,909</u>	<u>\$ 6,866,655</u>

15. RETIREMENT AND PENSION PLANS

The Bank and its domestic consolidated subsidiaries have a contributory funded pension plan and noncontributory unfunded retirement benefit plans.

In the contributory funded pension plan, the Group adopted a cash balance plan that each employee has a "hypothetical account balance," which accumulates pay credits based on each salary level, interest credits based on the trend of market interest rate, and pay retirement lump-sum grants or pension, based on their salary and length of service. Some funded pension plan contributed to employee pension trust.

In the noncontributory unfunded plan, the Group pays retirement lump-sum grants based on salary and length of service.

Employees whose service with the Bank or its domestic consolidated subsidiaries is terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service, and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or death, the employee is typically entitled to a larger payment than in the case of voluntary termination.

In addition, some consolidated subsidiaries adopt the simplified method to calculate their liability for employees' retirement benefit and retirement benefit costs.

- (1) The changes in defined benefit obligation, excluding the ones calculated by the simplified method, (3) below, for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Balance at beginning of year	¥47,113	¥51,887	\$ 294,661
Current service cost	1,810	1,857	11,322
Interest cost	785	494	4,912
Actuarial gains (losses)	(3,446)	(4,644)	(21,557)
Benefits paid	(3,411)	(2,603)	(21,339)
Others	(409)	121	(2,563)
Balance at end of year	<u>¥42,440</u>	<u>¥47,113</u>	<u>\$ 265,434</u>

- (2) The changes in plan assets, excluding the ones calculated by the simplified method, (3) below, for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Balance at beginning of year	¥ 99,884	¥ 110,020	\$ 624,708
Expected return on plan assets	2,432	1,622	15,215
Actuarial gains (losses)	17,631	(10,602)	110,270
Contributions from the employer	891	898	5,573
Benefits paid	(2,366)	(2,175)	(14,801)
Others	126	121	793
Balance at end of year	<u>¥ 118,599</u>	<u>¥ 99,884</u>	<u>\$ 741,759</u>

- (3) The changes in liability for employees' retirement benefits calculated by 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	¥ (331)	¥ (113)	\$ (2,074)
Net periodic benefit cost	211	(44)	1,323
Benefits paid	(189)	(169)	(1,186)
Others	(4)	(4)	(26)
Balance at end of year	<u>¥ (313)</u>	<u>¥ (331)</u>	<u>\$ (1,963)</u>

- (4) Reconciliation between the asset and liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets, including that calculated by the simplified method (3) above is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Funded defined benefit obligation	¥ 34,504	¥ 37,847	\$ 215,800
Plan assets	<u>(120,906)</u>	<u>(102,231)</u>	<u>(756,187)</u>
Total	(86,402)	(64,383)	(540,387)
Unfunded defined benefit obligation	<u>9,929</u>	<u>11,280</u>	<u>62,099</u>
Net asset arising from defined benefit obligation	<u>¥ (76,473)</u>	<u>¥ (53,102)</u>	<u>\$ (478,287)</u>

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Liability for employees' retirement benefits	¥ 9,929	¥ 11,233	\$ 62,099
Asset for employees' retirement benefits	<u>(86,402)</u>	<u>(64,335)</u>	<u>(540,387)</u>
Net asset arising from defined benefit obligation	<u>¥ (76,473)</u>	<u>¥ (53,102)</u>	<u>\$ (478,287)</u>

- (5) 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	¥ 1,810	¥ 1,857	\$ 11,322
Interest cost	785	494	4,912
Expected return on plan assets	(2,432)	(1,622)	(15,215)
Recognized actuarial gains	(3,388)	(4,551)	(21,194)
Net periodic benefit costs calculated by the simplified method	211	(44)	1,323
Others	<u>98</u>	<u>103</u>	<u>614</u>
Net periodic benefit costs (gains)	<u>¥ (2,915)</u>	<u>¥ (3,762)</u>	<u>\$ (18,236)</u>

- (6) Amounts recognized in other comprehensive income (before 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
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Actuarial gains (losses)	<u>¥ 17,333</u>	<u>¥ (10,557)</u>	<u>\$108,410</u>

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

	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Unrecognized actuarial gains	<u>¥ (43,750)</u>	<u>¥ (26,417)</u>	<u>\$ (273,631)</u>

(8) Plan assets

a. *Components of plan assets*

Plan assets as of March 31, 2026 and 2025, consisted of the following:

	<u>2026</u>	<u>2025</u>
Debt securities	12.23%	14.35%
Equity securities	63.58	59.18
General account assets of life insurance companies	14.09	13.80
Cash and cash equivalents	2.30	4.56
Others	<u>7.80</u>	<u>8.11</u>
Total	<u>100.00%</u>	<u>100.00%</u>

Employee pension trusts for the years ended March 31, 2026 and 2025, are 53.90% and 48.69%, respectively, and are included in the total above.

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

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

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

	<u>2026</u>	<u>2025</u>
Discount rates	2.1%–2.9%	1.2%–1.9%
Expected rates of return on plan assets	1.8%–3.0%	1.0%–2.0%
Salary increase rates	8.0%–10.0%	9.0%–12.0%

16. EQUITY

The significant provisions in the Banking Law and the Companies Act of Japan (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. Additionally, for companies that meet certain criteria including (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 being prescribed as one year rather than the normal two-year 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. The Bank meets all the above criteria.

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% 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 the legal reserve and additional paid-in capital equals 25% 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 within equity under certain conditions upon resolution by 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, which 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.

The Banking Law provides that an amount at least equal to 20% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until the total of such reserve and additional paid-in capital equals 100% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 100% of common stock may be available for dividends upon resolution by the shareholders. In addition, the Companies Act permits the transfer of a portion of additional paid-in capital and legal reserves to common stock upon resolution by the Board of Directors.

17. STOCK ACQUISITION RIGHTS

The Bank's stock option plans grant options to directors to purchase certain shares of the Bank's common stock in the respective periods. Stock-based compensation expense was ¥8 million for the year ended March 31, 2025, and no stock-based compensation expense was recognized for the year ended March 31, 2026.

The stock options outstanding as of March 31, 2026, are as follows:

<u>Stock Option</u>	<u>Persons Granted</u>	<u>Number of Options Granted</u>	<u>Date of Grant</u>	<u>Exercise Price</u>	<u>Exercise Period</u>
2015 Stock Option	8 directors	78,900 shares	July 27, 2015	¥1 (\$0.01)	From July 28, 2015, to July 27, 2040
2016 Stock Option	8 directors	150,000 shares	July 25, 2016	¥1 (\$0.01)	From July 26, 2016, to July 25, 2041
2017 Stock Option	7 directors	109,600 shares	July 24, 2017	¥1 (\$0.01)	From July 25, 2017, to July 24, 2042
2018 Stock Option	8 directors	150,000 shares	July 23, 2018	¥1 (\$0.01)	From July 24, 2018, to July 23, 2043
2019 Stock Option	8 directors	150,000 shares	July 22, 2019	¥1 (\$0.01)	From July 23, 2019, to July 22, 2044
2020 Stock Option	7 directors	150,000 shares	July 20, 2020	¥1 (\$0.01)	From July 21, 2020, to July 20, 2045
2021 Stock Option	7 directors	130,700 shares	July 19, 2021	¥1 (\$0.01)	From July 20, 2021, to July 19, 2046
2022 Stock Option	5 directors	83,700 shares	July 19, 2022	¥1 (\$0.01)	From July 20, 2022, to July 19, 2047
2023 Stock Option	4 directors	54,800 shares	July 18, 2023	¥1 (\$0.01)	From July 19, 2023, to July 18, 2048

The stock option activity is as follows:

	<u>2015 Stock Option</u>	<u>2016 Stock Option</u>	<u>2017 Stock Option</u> (Shares)	<u>2018 Stock Option</u>	<u>2019 Stock Option</u>
<u>Year Ended March 31, 2025</u>					
<u>Nonvested</u>					
March 31, 2024—Outstanding	7,700	14,600	17,600	21,700	36,900
Granted					
Canceled					
Vested					
March 31, 2025—Outstanding	7,700	14,600	17,600	21,700	36,900
<u>Vested</u>					
March 31, 2024—Outstanding					
Vested					
Exercised					
Canceled					
March 31, 2025—Outstanding					
<u>Year Ended March 31, 2026</u>					
<u>Nonvested</u>					
March 31, 2025—Outstanding	7,700	14,600	17,600	21,700	36,900
Granted					
Canceled					
Vested					14,800
March 31, 2026—Outstanding	7,700	14,600	17,600	21,700	22,100
<u>Vested</u>					
March 31, 2025—Outstanding					
Vested					14,800
Exercised					14,800
Canceled					
March 31, 2026—Outstanding					
Exercise price	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)
Average stock price at exercise					¥1,171.5 (\$7.32)
Fair value price at grant date	¥927 (\$5.79)	¥455 (\$2.84)	¥689 (\$4.30)	¥443 (\$2.77)	¥413 (\$2.58)

	<u>2020 Stock Option</u>	<u>2021 Stock Option</u>	<u>2022 Stock Option</u>	<u>2023 Stock Option</u>
		(Shares)		
<u>Year Ended March 31, 2025</u>				
<u>Nonvested</u>				
March 31, 2024—Outstanding	43,700	64,100	54,300	54,800
Granted				
Canceled				
Vested				
March 31, 2025—Outstanding	43,700	64,100	54,300	54,800
<u>Vested</u>				
March 31, 2024—Outstanding				
Vested				
Exercised				
Canceled				
March 31, 2025—Outstanding				
<u>Year Ended March 31, 2026</u>				
<u>Nonvested</u>				
March 31, 2025—Outstanding	43,700	64,100	54,300	54,800
Granted				
Canceled				
Vested	17,500	20,900	17,000	12,000
March 31, 2026—Outstanding	26,200	43,200	37,300	42,800
<u>Vested</u>				
March 31, 2025—Outstanding				
Vested	17,500	20,900	17,000	12,000
Exercised	17,500	20,900	17,000	12,000
Canceled				
March 31, 2026—Outstanding				
Exercise price	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)
Average stock price at exercise	¥1,171.5 (\$7.32)	¥1,171.5 (\$7.32)	¥1,171.5 (\$7.32)	¥1,171.5 (\$7.32)
Fair value price at grant date	¥391 (\$1.82)	¥336 (\$2.10)	¥474 (\$2.96)	¥643 (\$4.02)

18. REVENUE RECOGNITION

Information about disaggregation is as described in Note 33, "Segment Information."

19. 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
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Gains on foreign exchange transactions	¥ 1,740	¥ 1,720	\$ 10,887
Gains on sales of bonds	22,992	3,703	143,803
Income on lease transaction and installment receivables	39,176	36,485	245,024
Other	<u>552</u>	<u>520</u>	<u>3,454</u>
Total	<u>¥64,462</u>	<u>¥42,428</u>	<u>\$ 403,168</u>

20. 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
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Gains on sales of equity securities	¥37,830	¥34,610	\$ 236,605
Gains on money held in trust	29		185
Other	<u>3,387</u>	<u>3,838</u>	<u>21,187</u>
Total	<u>¥41,248</u>	<u>¥38,448</u>	<u>\$ 257,977</u>

21. 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
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Loss on sales of bonds	¥39,374	¥18,830	\$ 246,262
Cost of lease transaction and installment receivables	34,613	32,663	216,484
Other	<u>47</u>	<u>46</u>	<u>296</u>
Total	<u>¥74,036</u>	<u>¥51,540</u>	<u>\$ 463,043</u>

22. GENERAL AND ADMINISTRATIVE EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Salaries and related expenses	¥32,928	¥33,940	\$ 205,942
Other	<u>48,217</u>	<u>38,638</u>	<u>301,564</u>
Total	<u>¥81,145</u>	<u>¥72,578</u>	<u>\$ 507,507</u>

23. 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
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Charge-off of loans	¥ 234	¥ 7	\$ 1,468
Loss on investments in investment partnerships	2,370	8,203	14,823
Losses on sales of equity securities	2,348	3,837	14,689
Valuation losses on equity securities	441	195	2,760
Impairment losses	1,634	521	10,224
Other	<u>1,078</u>	<u>292</u>	<u>6,728</u>
Total	<u>¥8,105</u>	<u>¥13,055</u>	<u>\$ 50,692</u>

24. INCOME TAXES

The Bank and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes that, in the aggregate, resulted in normal effective statutory tax rates of 30.36% for each of the years ended March 31, 2026 and 2025.

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

	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Deferred tax assets:			
Valuation difference on available-for-sale securities	¥ 68,420	¥ 45,699	\$ 427,920
Allowance for credit losses	16,139	16,175	100,941
Liability for employees' retirement benefits	11,064	13,658	69,201
Impairment losses	4,125	2,142	25,803
Depreciation	2,896	3,671	18,114
Valuation losses on equity securities	790	1,027	4,945
Deferred losses on hedges	503	2,329	3,147
Accrued enterprise tax	454	692	2,840
Tax loss carryforwards	264	5,378	1,652
Provision for loss on cancellation of system contracts		645	
Other	3,847	6,221	24,060
Total of tax loss carryforwards and temporary differences	<u>108,506</u>	<u>97,642</u>	<u>678,630</u>
Less valuation allowance for tax loss carryforwards	(258)	(5,378)	(1,615)
Less valuation allowance for temporary differences	<u>(5,857)</u>	<u>(8,794)</u>	<u>(36,636)</u>
Total valuation allowance*	<u>(6,116)</u>	<u>(14,172)</u>	<u>(38,252)</u>
Total deferred tax assets	<u>102,390</u>	<u>83,470</u>	<u>640,378</u>
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	218,202	153,053	1,364,701
Deferred gains on hedges	44,688	25,819	279,497
Asset for employees' retirement benefits	28,317	24,097	177,106
Gain on contribution of securities to employee retirement benefit trust	1,714	1,714	10,725
Other	1,886	2,985	11,799
Total deferred tax liabilities	<u>294,810</u>	<u>207,670</u>	<u>1,843,830</u>
Net deferred tax liabilities	<u>¥ (192,420)</u>	<u>¥ (124,200)</u>	<u>\$ (1,203,452)</u>

* The valuation allowance decreased by ¥8,056 million (\$50,386 thousand). The decrease was mainly attributable to a reassessment of the recoverability of deferred tax assets in connection with the absorption-type merger with Nagano Bank and the utilization of tax loss carryforwards.

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2026 and 2025, were as follows:

Millions of Yen							
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
<u>March 31, 2026</u>							
Deferred tax assets relating to tax loss carryforwards	¥5					¥ 258	¥ 264
Less valuation allowances for tax loss carryforwards						(258)	(258)
Net deferred tax assets relating to tax loss carryforwards	5						5
<u>March 31, 2025</u>							
Deferred tax assets relating to tax loss carryforwards						¥5,378	¥5,378
Less valuation allowances for tax loss carryforwards						(5,378)	(5,378)
Net deferred tax assets relating to tax loss carryforwards							

Thousands of U.S. Dollars							
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
<u>March 31, 2026</u>							
Deferred tax assets relating to tax loss carryforwards	\$37					\$1,615	\$1,652
Less valuation allowances for tax loss carryforwards						(1,615)	(1,615)
Net deferred tax assets relating to tax loss carryforwards	37						37

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2026, with the corresponding figures for 2025, is as follows:

	<u>2026</u>	<u>2025</u>
Normal effective statutory tax rate	30.36%	30.36%
Change in valuation allowance	(11.35)	1.02
Income not taxable for income tax purposes	(1.30)	(2.35)
Expenses not deductible for income tax purposes, such as entertainment expenses	0.32	0.12
Prior-year income taxes	0.15	0.79
Special tax credit		(2.50)
Change in effective tax rate		(0.32)
Consolidation adjustments for assets measured at fair value		(0.21)
Other	0.79	(1.08)
Actual effective tax rate	<u>18.96%</u>	<u>25.84%</u>

25. LEASES

Lessee

Leased assets related to finance leases that are not deemed to transfer ownership of the leased property to the lessee consist of buildings, movable properties and software.

Depreciation method of leased assets is described in "f. Property, plant, and equipment" and "g. Software" in Note 2, "Summary of Significant Accounting Policies."

Lessor

The net investments in leases are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Gross lease receivables	¥91,772	¥82,958	\$ 573,970
Estimated residual values	11,054	9,484	69,136
Estimated maintenance cost	(2,093)	(1,913)	(13,091)
Unearned interest income	<u>(7,347)</u>	<u>(6,013)</u>	<u>(45,950)</u>
Investments in leases	<u>¥93,386</u>	<u>¥84,517</u>	<u>\$ 584,064</u>

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

<u>March 31</u>	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Due in 1 year or less	¥ 3,695	¥ 3,891	\$ 23,112
Due from 1 to 2 years	2,853	2,932	17,845
Due from 2 to 3 years	2,202	2,086	13,774
Due from 3 to 4 years	1,537	1,470	9,615
Due from 4 to 5 years	927	832	5,801
Due after 5 years	<u>1,017</u>	<u>1,201</u>	<u>6,361</u>
Total	<u>¥12,233</u>	<u>¥12,414</u>	<u>\$76,511</u>

Maturities of investments in leases for finance leases that are deemed not to transfer ownership of the leased property to the lessee are as follows:

<u>March 31</u>	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Due in 1 year or less	¥25,763	¥24,014	\$ 161,134
Due from 1 to 2 years	21,701	19,619	135,724
Due from 2 to 3 years	17,271	15,571	108,019
Due from 3 to 4 years	12,634	11,254	79,022
Due from 4 to 5 years	7,413	6,793	46,366
Due after 5 years	<u>6,987</u>	<u>5,704</u>	<u>43,702</u>
Total	<u>¥91,772</u>	<u>¥82,958</u>	<u>\$ 573,970</u>

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Due within 1 year	¥3,753	¥3,641	\$ 23,478
Due after 1 year	4,940	4,604	30,897
Total	<u>¥8,694</u>	<u>¥8,246</u>	<u>\$ 54,376</u>

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) *Group Policy for Financial Instruments*

The Group offers financial services such as providing loans and sales of investment products to customers. In performing these operations, the Bank uses funds received as deposits from customers or by borrowing money from the market in consideration of market conditions and the balance in funding periods between the short term and the long term.

As the Bank holds financial assets and liabilities affected by interest rate movements, it carries out Asset Liability Management ("ALM") to avoid negative effects of interest movements. In managing interest rate movements, the Bank utilizes derivatives.

The Bank and certain consolidated subsidiaries also hold securities for sale to customers.

(2) *Nature and Extent of Risks Arising from Financial Instruments*

(a) *Loans*

The Bank provides loans mainly to domestic customers but does not focus on specific groups of companies. These loans are exposed to credit risk in the case of the customers' breach of the contract. In all domestic loans, the percentage of loans in Nagano Prefecture, the Bank's main business area, is approximately 50%. As such, the Bank's credit risk is likely to deteriorate if there are negative changes in the economy in Nagano Prefecture.

(b) *Securities*

Securities are mainly bonds, stocks, investment trusts, and corporate investment funds. These securities are classified into categories, such as securities available for sale and securities for trading purposes to sell to customers. All securities are exposed to the credit risk of the securities' issuers or interest rate risk, market price risk, foreign exchange risk, and liquidity risk.

(c) *Deposits*

The Bank receives deposits from customers. These deposits are exposed to interest rate risk, foreign exchange risk, and liquidity risk.

(d) *Derivatives*

The purpose of using derivatives is to provide customers various hedging instruments to hedge the Bank's portfolio under ALM and to enhance the Bank's profit. Derivatives include interest rate swaps, interest cap transactions, and currency exchange swaps. Using these derivatives as hedging instruments for loans and securities, the Bank applies hedge accounting to derivative transactions and assesses the effectiveness between the hedged items and hedging instruments from the start of hedging. These derivative transactions are exposed to market risk and credit risk.

Derivative transactions used for hedging purposes are carried out in accordance with the Bank's hedging policy, which is established on a semiannual or annual basis.

(3) ***Risk Management for Financial Instruments***

(a) *Credit risk management*

In accordance with internal rules of credit risk management, the Bank examines every loan, manages loans according to credit lines for each debtor, addresses troubled loans, reviews each debtor's credit rating, and manages the Bank's loan portfolio. Regarding the loan examination structure, the loan promotion section is separated from the loan examination section in the head office. These two sections monitor and check each other. Every loan from the business branches is examined in many stages from loan application to the Bank's final decision. The Bank reviews each debtor's credit rating on a regular basis to identify troubled loans in a timely manner. In addition, the Bank uses examination results in order to reduce credit risk and to manage the Bank's loan portfolio.

To address the credit risk of securities' issuers, the Bank carries out its business under credit line limits for each debtor. Such limits are defined by the Risk Management Department on a semiannual basis.

(b) *Market risk management (interest rate risk, foreign exchange risk, and market price risk)*

The Group stipulates internal rules of market risk management and controls market risk so as to maintain management soundness and profitability.

Considering the market and the Bank's conditions, the Bank updates its Market Risk Management Policy on a semiannual basis to maintain an appropriate balance between risk and return and to adjust the volume of risk. Furthermore, the management committee confirms the risk limit and loss limit by each transaction type for each customer according to the Market Risk Management Policy. The Bank defines the limit of investment, limit of holding, and limit of valuation losses, as necessary. It also defines the threshold that should limit market risk and losses to certain amounts. Each section should carry out its business within risk limits, as well as report the risk status to an executive officer on a daily basis.

Regarding management of business operations, the front office is separated from the back office. The middle office which controls and manages risk is also separated from these two offices. These three offices monitor and check each other.

Management of Interest Rate Risk

To manage risk caused by interest rate fluctuations, the Bank uses Value at Risk ("VaR") for the change of economic value and uses ALM for the change of interest rate in gap analysis. The "ALM and Integrated Risk Conference" monitors the Group's risk status and discusses various measures corresponding to risks. As stated above, the Bank uses some derivative transactions under ALM.

Management of Foreign Exchange Risk

The Bank manages the change of economic value arising from fluctuations in foreign exchange rates by VaR. To avoid excessive foreign exchange risk, the Bank defines the upper holding limit in its Market Risk Management Policy.

Management of Market Price Risk

The Bank manages the change of economic value arising from fluctuations in market prices by VaR. The Board of Directors define the upper limit of risk on a semiannual basis by taking into account the Bank's capital status and market conditions. Certain consolidated subsidiaries report market values of holding securities to the Bank's Board of Directors on a regular basis.

The Principles of Derivative Transactions

The Bank establishes internal rules for derivative transactions and manages the Group's risk in an integrated fashion, including derivative transactions made by consolidated subsidiaries. Regarding derivatives, the Risk Management Department reports the total positions, market values, and market risk amounts to both executive officers and the "ALM and Integrated Risk Conference" on a regular basis.

To manage risk arising from derivative transactions, the middle office, which checks and controls risk, is separated from the front office so as to monitor the front office's transactions.

Quantitative Information on Market Risk

The Bank principally uses VaR for quantitative analysis of the market risk of all financial instruments. For calculating VaR, the historical simulation method (confidence interval of 99.9%; observation period of 4,250 days; and holding period of 120 days both for financial instruments held for trading purpose (the Bank's trading business) and for those held for other than trading purpose (the Bank's banking business)) has been adopted.

The VaRs are ¥464,599 million (\$2,905,741 thousand) and ¥447,119 million as of March 31, 2026 and 2025, respectively.

The Bank conducts back testing to compare the VaR calculated using the model with actual loss amounts. According to the back testing results, it is believed that the measurement model that the Bank uses is adequate to capture market risk. It should be noted that VaR measures the amount of market risk at certain probability levels statistically calculated based on historical market fluctuations, and therefore, there may be cases where market risk cannot be captured in situations when market conditions change dramatically beyond what has been experienced historically.

(c) Liquidity risk management

The Bank manages liquidity risk through diversification of funding and adjustment of funding periods between long term and short term under ALM.

(4) Fair Value of Financial Instruments

Fair values of financial instruments are as follows: Investments in equity instruments that do not have a quoted market price in an active market are not included in the following table. The fair values of "Cash and due from banks," "Call loans and bills bought," "Foreign exchange," "Call money and bills sold," "Payables under repurchase agreements," and "Payables under securities lending transactions" are not disclosed because their maturities are short and the carrying amounts approximate fair value. Also, please see Note 27 for details of the fair values of derivatives.

(a) Fair value of financial instruments

	Millions of Yen		Unrealized Gains (Losses)
	Carrying Amount	Fair Value	
<u>March 31, 2026</u>			
Securities:			
Available for sale	¥ 3,282,915	¥ 3,282,915	
Loans and bills discounted	6,711,935		
Allowance for credit losses*	(45,051)		
Loans after deduction of allowance for credit losses	<u>6,666,883</u>	<u>6,616,002</u>	<u>¥ (50,881)</u>
Total	<u>¥ 9,949,799</u>	<u>¥ 9,898,917</u>	<u>¥ (50,881)</u>
Deposits	¥ 9,552,050	¥ 9,548,086	¥ (3,963)
Borrowed money	<u>1,097,909</u>	<u>1,089,514</u>	<u>(8,395)</u>
Total	<u>¥ 10,649,959</u>	<u>¥ 10,637,600</u>	<u>¥ (12,359)</u>
Derivative transactions:			
Hedge accounting not applied	¥ 327	¥ 327	
Hedge accounting applied	<u>122,233</u>	<u>122,233</u>	
Total	<u>¥ 122,560</u>	<u>¥ 122,560</u>	
<u>March 31, 2025</u>			
Securities:			
Available for sale	¥ 3,323,311	¥ 3,323,311	
Loans and bills discounted	6,461,544		
Allowance for credit losses*	(48,440)		
Loans after deduction of allowance for credit losses	<u>6,413,104</u>	<u>6,385,577</u>	<u>¥ (27,527)</u>
Total	<u>¥ 9,736,416</u>	<u>¥ 9,708,889</u>	<u>¥ (27,527)</u>
Deposits	¥ 9,549,428	¥ 9,543,814	¥ (5,613)
Borrowed money	<u>1,581,461</u>	<u>1,572,651</u>	<u>(8,809)</u>
Total	<u>¥ 11,130,889</u>	<u>¥ 11,116,465</u>	<u>¥ (14,423)</u>
Derivative transactions:			
Hedge accounting not applied	¥ 156	¥ 156	
Hedge accounting applied	<u>74,291</u>	<u>74,291</u>	
Total	<u>¥ 74,447</u>	<u>¥ 74,447</u>	

<u>March 31, 2026</u>	Thousands of U.S. Dollars		
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Securities:			
Available for sale	\$ 20,532,339	\$ 20,532,339	
Loans and bills discounted	41,978,456		
Allowance for credit losses*	(281,768)		
Loans after deduction of allowance for credit losses	<u>41,696,688</u>	<u>41,378,460</u>	<u>\$ (318,227)</u>
Total	<u>\$ 62,229,027</u>	<u>\$ 61,910,799</u>	<u>\$ (318,227)</u>
Deposits	\$ 59,741,387	\$ 59,716,595	\$ (24,791)
Borrowed money	<u>6,866,655</u>	<u>6,814,148</u>	<u>(52,507)</u>
Total	<u>\$ 66,608,042</u>	<u>\$ 66,530,743</u>	<u>\$ (77,299)</u>
Derivative transactions:			
Hedge accounting not applied	\$ 2,045	\$ 2,045	
Hedge accounting applied	<u>764,483</u>	<u>764,483</u>	
Total	<u>\$ 766,529</u>	<u>\$ 766,529</u>	

* The amount represents general and specific allowances for credit losses on loans and bills discounted.

(b) *Financial instruments whose fair value cannot be reliably determined*

<u>March 31</u>	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Investments in equity instruments that do not have a quoted market price in an active market	¥81,342	¥82,123	\$ 508,741

(5) *Maturity Analysis for Financial Assets and Securities with Contractual Maturities*

Millions of Yen						
	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
March 31, 2026						
Securities	¥ 246,553	¥ 475,582	¥ 296,291	¥ 20,065	¥ 248,303	¥ 1,101,729
Available for sale	246,553	475,582	296,291	20,065	248,303	1,101,729
National government bonds	400	37,300	179,000		184,000	574,000
Local government bonds	85,318	98,499	32,460	10,276	40,894	22,722
Corporate bonds	108,722	267,616	59,183	8,789	14,238	175,300
Loans and bills discounted	828,161	1,393,611	1,034,251	718,485	613,935	1,204,636
Total	<u>¥ 1,074,715</u>	<u>¥ 1,869,194</u>	<u>¥ 1,330,543</u>	<u>¥ 738,551</u>	<u>¥ 862,238</u>	<u>¥ 2,306,366</u>
March 31, 2025						
Securities	¥ 416,450	¥ 518,653	¥ 339,695	¥ 33,109	¥ 165,284	¥ 1,076,306
Available for sale	416,450	518,653	339,695	33,109	165,284	1,076,306
National government bonds	131,200	1,000	74,000	15,000	108,000	575,500
Local government bonds	96,903	167,071	77,238	1,954	31,202	39,695
Corporate bonds	143,147	264,686	138,871	12,165	17,981	165,343
Loans and bills discounted	1,048,359	1,200,804	1,014,267	560,914	627,535	1,146,357
Total	<u>¥ 1,464,809</u>	<u>¥ 1,719,457</u>	<u>¥ 1,353,963</u>	<u>¥ 594,023</u>	<u>¥ 792,820</u>	<u>¥ 2,222,663</u>
Thousands of U.S. Dollars						
	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
March 31, 2026						
Securities	\$ 1,542,020	\$ 2,974,434	\$ 1,853,097	\$ 125,497	\$ 1,552,964	\$ 6,890,548
Available for sale	1,542,020	2,974,434	1,853,097	125,497	1,552,964	6,890,548
National government bonds	2,501	233,285	1,119,519		1,150,791	3,589,968
Local government bonds	533,604	616,045	203,015	64,270	255,765	142,111
Corporate bonds	679,982	1,673,755	370,151	54,973	89,052	1,096,383
Loans and bills discounted	5,179,569	8,716,065	6,468,517	4,493,624	3,839,735	7,534,157
Total	<u>\$ 6,721,589</u>	<u>\$ 11,690,500</u>	<u>\$ 8,321,615</u>	<u>\$ 4,619,122</u>	<u>\$ 5,392,699</u>	<u>\$ 14,424,705</u>

(6) *Scheduled Repayment Amount after the Consolidated Balance Sheet Date for Borrowed Money and Other Interest-Bearing Liabilities*

Millions of Yen						
	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
<u>March 31, 2026</u>						
Deposits	¥ 8,473,042	¥ 953,770	¥ 80,756	¥ 12,273	¥ 23,225	¥ 8,982
Borrowed money	<u>906,521</u>	<u>191,141</u>	<u>238</u>	<u>5</u>	<u>2</u>	
Total	<u>¥ 9,379,564</u>	<u>¥ 1,144,911</u>	<u>¥ 80,995</u>	<u>¥ 12,278</u>	<u>¥ 23,228</u>	<u>¥ 8,982</u>
<u>March 31, 2025</u>						
Deposits	¥ 8,579,568	¥ 837,177	¥ 83,913	¥ 10,462	¥ 27,123	¥ 11,182
Borrowed money	<u>1,387,423</u>	<u>190,475</u>	<u>536</u>	<u>3,020</u>	<u>5</u>	
Total	<u>¥ 9,966,992</u>	<u>¥ 1,027,652</u>	<u>¥ 84,449</u>	<u>¥ 13,483</u>	<u>¥ 27,129</u>	<u>¥ 11,182</u>
Thousands of U.S. Dollars						
	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
<u>March 31, 2026</u>						
Deposits	\$ 52,992,945	\$ 5,965,164	\$ 505,075	\$ 76,762	\$ 145,260	\$ 56,178
Borrowed money	<u>5,669,660</u>	<u>1,195,454</u>	<u>1,492</u>	<u>32</u>	<u>16</u>	
Total	<u>\$ 58,662,606</u>	<u>\$ 7,160,619</u>	<u>\$ 506,567</u>	<u>\$ 76,794</u>	<u>\$ 145,276</u>	<u>\$ 56,178</u>

Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is classified at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

March 31, 2026	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities:				
National government bonds	¥ 808,776	¥ 1,141		¥ 809,917
Local government bonds		271,524		271,524
Corporate bonds		553,863	¥46,967	600,830
Equity securities	758,548			758,548
Other	169,187	607,420		776,608
Total assets	<u>¥ 1,736,511</u>	<u>¥ 1,433,949</u>	<u>¥46,967</u>	<u>¥ 3,217,428</u>
Derivative transactions:				
Interest rate-related transactions		¥ 141,280		¥ 141,280
Currency-related transactions		(18,720)		(18,720)
Total derivative transactions		<u>¥ 122,560</u>		<u>¥ 122,560</u>
March 31, 2025				
Securities:				
Available-for-sale securities:				
National government bonds	¥ 804,215	¥ 1,153		¥ 805,369
Local government bonds		403,377		403,377
Corporate bonds		676,214	¥50,843	727,058
Equity securities	570,283	554		570,838
Other	144,167	617,868		762,035
Total assets	<u>¥ 1,518,666</u>	<u>¥ 1,699,168</u>	<u>¥50,843</u>	<u>¥ 3,268,678</u>
Derivative transactions:				
Interest rate-related transactions		¥ 82,235		¥ 82,235
Currency-related transactions		(7,788)		(7,788)
Total derivative transactions		<u>¥ 74,447</u>		<u>¥ 74,447</u>
March 31, 2026				
March 31, 2026	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities:				
National government bonds	\$ 5,058,328	\$ 7,138		\$ 5,065,467
Local government bonds		1,698,193		1,698,193
Corporate bonds		3,464,028	\$ 293,746	3,757,774
Equity securities	4,744,187			4,744,187
Other	1,058,149	3,798,991		4,857,141
Total assets	<u>\$ 10,860,665</u>	<u>\$ 8,968,352</u>	<u>\$ 293,746</u>	<u>\$ 20,122,763</u>
Derivative transactions:				
Interest rate-related transactions		\$ 883,609		\$ 883,609
Currency-related transactions		(117,080)		(117,080)
Total derivative transactions		<u>\$ 766,528</u>		<u>\$ 766,528</u>

- (2) The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

<u>March 31, 2026</u>	Millions of Yen			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Loans and bills discounted			¥6,616,002	¥ 6,616,002
Total assets			¥6,616,002	¥ 6,616,002
Deposits		¥ 9,548,086		¥ 9,548,086
Borrowed money		1,079,730	¥ 9,783	1,089,514
Total liabilities		¥10,627,817	¥ 9,783	¥10,637,600
<u>March 31, 2025</u>				
Loans and bills discounted			¥6,385,577	¥ 6,385,577
Total assets			¥6,385,577	¥ 6,385,577
Deposits		¥ 9,543,814		¥ 9,543,814
Borrowed money		1,565,203	¥ 7,447	1,572,651
Total liabilities		¥11,109,017	¥ 7,447	¥11,116,465
<u>March 31, 2026</u>	Thousands of U.S. Dollars			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Loans and bills discounted			\$41,378,460	\$41,378,460
Total assets			\$41,378,460	\$41,378,460
Deposits		\$59,716,595		\$59,716,595
Borrowed money		6,752,958	\$ 61,189	6,814,148
Total liabilities		\$66,469,554	\$ 61,189	\$66,530,743

(Note 1) Explanation of valuation techniques and valuation inputs used in fair value measurements

Securities

Securities for which unadjusted quoted prices in an active market can be used are categorized into Level 1 fair value and mainly include listed equity securities and Japanese government bonds. Securities for which publicly announced quoted prices are used but the market is not active are categorized into Level 2 fair value and mainly include municipal bonds, corporate bonds and mortgage-backed securities.

Investment trusts that do not have trading prices in an active market with no restrictions on redemption are classified as Level 2, and are valued using Net Asset Value method.

Fair values of private placement bonds are measured by discounting the total amount of principal and interest and others at interest rates based on the discount rate reflecting expected loss and various risk factors by categories based on the internal ratings and terms and are mainly categorized as Level 3 since the discount rate is unobservable.

Information relating to securities for holding purpose is included in Note 7.

Loans and Bills Discounted

Because floating-rate loans are immediately affected by the movement of interest rates, the carrying amounts of these loans are equivalent to fair values in cases where the credit risk of debtors has not totally changed from the execution of the loans. For fixed-rate loans used to fund business, fair values are determined by discounting the total amounts of the principal and interest at market rates plus spreads. The spreads are defined in internal guidelines. For fixed-rate loans other than business funds, fair values are determined by discounting the total amounts of the principal and interest at expected rates if the Bank newly executes similar loans to customers. Such expected rates are determined according to the loans' type and period. The carrying amounts of fixed-rate loans other than business funds with short maturity (less than one year) approximate equivalent to the fair values.

For loans to "Bankrupt," "De facto Bankrupt" and "In danger of bankruptcy," a reserve for possible loan losses calculated from the current value of expected future cash flows or from the expected amount to be collected through disposal of collateral or execution of guarantees is provided. Therefore, the carrying amounts at the consolidated balance sheet date, net of reserve amounts, approximate fair values.

Specific loans in which the loan amount can be increased or decreased within the collateral amount have no maturity dates. The carrying amounts of such loans approximate fair values because of the loans' period and conditions.

Fair value of these transactions is categorized as Level 3.

Deposits

Fair values of demand deposits are measured at the expected amount to be paid to depositors from the Bank at the consolidated balance sheet date (book values). For time deposits, according to each period, fair values are measured at the total amount of the principal and interest discounted at the rate that the Bank applies to new deposits. The carrying amounts of time deposits with short maturities (less than one year) approximate fair value.

Fair value of these transactions is categorized as Level 2.

Borrowed Money

Because floating-rate borrowed money is immediately affected by the movement of interest rates, the carrying amount of this borrowed money is equivalent to fair value in cases where the credit risk of the Group has not totally changed from when the money was borrowed. The fair value of fixed-rate borrowed money, which is classified in accordance with its period, is estimated by discounting future cash flows, using rates that would be offered to similar borrowings. The carrying amount of borrowed money whose term is short (within one year) approximates the fair value and is therefore deemed equal to the fair value.

Fair value of these transactions is mainly categorized as Level 2.

Derivative Transactions

Derivative transactions that can be measured at unadjusted quoted prices in active markets are categorized as Level 1, which includes such transactions as bonds futures and interest rate futures.

However, since most derivative transactions are over-the-counter transactions and there are no quoted market prices, market values are measured using valuation techniques such as the discounted cash flow method and the Black-Scholes model, depending on the type of transaction and the maturity period. The main inputs which are used in those valuation techniques are interest rate, currency rate, volatility and others. In addition, price adjustments based on credit risk of counterparty and credit risk of ourselves and price adjustments are made.

When unobservable inputs are not used or impact of unobservable inputs are not material, transactions are categorized as Level 2. When material unobservable inputs are used, transactions are categorized as Level 3.

(Note 2) Information relating to fair values of Level 3 among the financial instruments recorded at fair value in the consolidated balance sheet

(1) Quantitative information of significant unobservable valuation inputs

<u>March 31, 2026</u>	<u>Principal Valuation Technique</u>	<u>Significant Unobservable Valuation Input</u>	<u>Range of Valuation Input</u>	<u>Weighted Average</u>
Securities— Available-for-sale— corporate bonds	Discounted cash flow method	Probability of default Loss given default	0.0%–7.7% 34.9%–100.0%	0.3% 78.8%
<u>March 31, 2025</u>	<u>Principal Valuation Technique</u>	<u>Significant Unobservable Valuation Input</u>	<u>Range of Valuation Input</u>	<u>Weighted Average</u>
Securities— Available-for-sale— corporate bonds	Discounted cash flow method	Probability of default Loss given default	0.0%–7.7% 35.8%–100.0%	0.3% 78.7%

(2) Reconciliation from beginning balance to ending balance and realized gains (losses) recognized as gains (losses) for the period

	<u>Securities Available-for-Sale Corporate Bonds</u>		
	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Beginning balance	¥ 50,843	¥ 56,210	\$ 317,991
Recorded to gains (losses) for the period			
Recorded to other comprehensive income	(220)	(371)	(1,380)
Net amount of purchase, sale and settlement	(3,655)	(4,995)	(22,864)
Transfer to fair values of Level 3			
Transfer from fair values of Level 3			
Ending balance	<u>¥ 46,967</u>	<u>¥ 50,843</u>	<u>\$ 293,746</u>
Unrealized gains (losses) on financial assets and liabilities held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	<u>¥ (844)</u>	<u>¥ (614)</u>	<u>\$ (5,281)</u>

(3) Explanation of the process of fair value measurement

In the Bank, middle-offices have established policies and procedures related to the measurement of fair values, and according to these, back-offices measure the fair values.

For the fair values, the validity of the valuation techniques and valuation inputs used in fair value measurement are verified by back-offices and front-offices. The results of the verification are reported to middle-offices every fiscal year, and the appropriateness of policies and procedures are ensured that related to the measurement of fair values.

In fair value measurement, valuation models in which the nature, characteristics and risks of individual assets are most appropriately reflected are used.

In addition, when quoted prices obtained from third parties are used, the validity of the prices is verified by appropriate methods such as confirmation of valuation techniques and used valuation inputs and comparison with the fair values of similar financial instruments.

(4) Explanation of the impact on fair values in the case where significant unobservable inputs are varied

Significant unobservable inputs used in calculating the fair value of corporate bonds are the probability of default and the loss given default. Each significant increase (decrease) in the probability of default and the loss given default would be accompanied by a decrease (increase) of the fair values. The changes of the probability of default are generally accompanied by changes in the same direction as the assumptions of the loss given default.

(Note 3) Information relating to treatment of investment trust base price as fair value

Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) allow investment trusts without fair market value to consider the base price as fair market value.

Securities do not include these investment trusts.

Reconciliation from beginning balance to ending balance of investment trusts to which the treatment under paragraphs 24-3 and 24-9 has been applied

	Investment Trusts Paragraph 24-3 Applied		
	Millions of Yen		Thousands of U.S. Dollars
	<u>2026</u>	<u>2025</u>	<u>2026</u>
Beginning balance	¥28,839	¥24,474	\$ 180,371
Recorded to gains (losses) for the period	1,063	(101)	6,648
Recorded to other comprehensive income	1,181	423	7,388
Net amount of purchase, sale and settlement	<u>8,047</u>	<u>4,042</u>	<u>50,329</u>
Ending balance	<u>¥39,131</u>	<u>¥28,839</u>	<u>\$ 244,738</u>
Unrealized gains (losses) on investment trusts held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	<u>¥ 2,801</u>	<u>¥ 1,486</u>	<u>\$ 17,520</u>

	Investment Trusts Paragraph 24-9 Applied		
	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Beginning balance	¥25,793	¥25,355	\$ 161,319
Recorded to gains (losses) for the period			
Recorded to other comprehensive income	562	438	3,517
Net amount of purchase, sale and settlement			
Ending balance	<u>¥26,355</u>	<u>¥25,793</u>	<u>\$ 164,837</u>
Unrealized gains (losses) on investment trusts held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	<u>¥ 6,863</u>	<u>¥ 6,301</u>	<u>\$ 42,929</u>

27. DERIVATIVES

Derivatives that the Bank and certain consolidated subsidiaries use are as follows:

Interest rate-related transactions:	Interest rate swaps
Currency-related transactions:	Currency swaps, currency options, and forward foreign exchange contracts
Other transactions:	Earthquake derivatives

The Bank and certain subsidiaries use derivatives primarily to hedge risks for customers to maximize the profit of their own trading account and to manage the potential risks in their own portfolio as a part of ALM.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest rates, foreign exchange rates, or prices of bonds. Credit risk is the possibility that a loss may result from a counterparty's failure to perform according to the terms and conditions of the contract.

The Bank comprehensively controls derivative risks of the Bank and certain consolidated subsidiaries in accordance with its Risk Management Regulations and Market Risk Management Regulations. The position amounts, market values, and market risks are reported periodically to the responsible executive officers and the ALM Committee, where evaluations and analyses of derivatives are made.

Risk control of derivatives is the responsibility of the Risk Management Department independent from the front office. The Risk Management Department is in charge of controlling market risks in order to make the risk control system work effectively.

On the other hand, concerning credit risk management, the Bank sets up credit limits of customers according to their credit standings and manages it strictly not to exceed each credit ceiling of customers.

It should be noted that the nominal contract value or notional principal amount is used in determining the value of receipts or payments of interest and as an indicator representative of the volume of transactions, but those values do not necessarily reflect such things as market risk or credit risk.

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2026

	Millions of Yen				Thousands of U.S. Dollars			
	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains (Losses)	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains (Losses)
<u>Interest Rate-Related Transactions</u>								
Listed—interest-rate futures:								
Selling								
Buying								
Over the counter—interest rate swaps:								
Receipt fixed—payments floating	¥ 64,066	¥ 61,906	¥ (3,032)	¥ (3,032)	\$ 400,691	\$ 387,178	\$ (18,967)	\$ (18,967)
Receipt floating—payments fixed	68,582	66,065	3,393	3,393	428,938	413,191	21,221	21,221
Receipt floating—payments floating								
Over the counter—interest rate options:								
Selling								
Buying								
<u>Currency-Related Transactions</u>								
Over the counter—currency swaps								
Over the counter—currency futures:								
Selling	41,821	307	(800)	(800)	261,561	1,921	(5,006)	(5,006)
Buying	41,144	148	784	784	257,327	929	4,909	4,909
Over the counter—currency options:								
Selling	185,757	156,804	(1,865)	3,262	1,161,785	980,703	(11,665)	20,406
Buying	185,757	156,804	1,828	(1,376)	1,161,785	980,703	11,433	(8,611)
Foreign exchange swaps								
<u>Stock-Related Transactions</u>								
Listed—stock index futures:								
Selling								
Buying								
Listed—stock index options:								
Selling								
Buying								
<u>Bond-Related Transactions</u>								
Listed—bond futures:								
Selling								
Buying								
Listed—bond futures options:								
Selling								
Buying								
<u>Other Transactions</u>								
Over the counter—earthquake derivatives								
Selling	485		(2)	(2)	3,033		(16)	(16)
Buying	485		2	2	3,033		16	16

The contract or notional amounts of derivatives shown in the table above do not, in themselves, indicate the market risk associated with derivative transactions.

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2026

		Millions of Yen			Thousands of U.S. Dollars		
	<u>Hedged Item</u>	<u>Contract or Notional Amount</u>	<u>Contract Amount Due after 1 Year</u>	<u>Fair Value</u>	<u>Contract or Notional Amount</u>	<u>Contract Amount Due after 1 Year</u>	<u>Fair Value</u>
<u>Interest Rate-Related Transactions</u>							
Interest rate swaps:	Loans and bills discounted,						
Receipt fixed—payments floating	available-for-sale securities,	¥ 283,400	¥ 256,200	¥ (2,989)	\$ 1,772,468	\$ 1,602,351	\$ (18,698)
Receipt floating—payments fixed	and other financial assets	770,348	730,880	143,909	4,817,991	4,571,142	900,053
Receipt floating—payments floating							
<u>Currency-Related Transactions</u>							
Deferral hedge method:							
Currency swaps	Foreign currency loans and	228,802	195,065	(13,833)	1,431,000	1,220,000	(86,517)
Foreign exchange swaps	deposits	102		0	643		(1)
Fair value hedge method—Currency swaps	Foreign currency securities	28,780	15,989	(4,833)	180,000	100,000	(30,232)
<u>Bond-Related Transactions</u>							
Listed—bond futures—selling	Available-for-sale securities						
Over the counter—bond options:							
Selling	Available-for-sale securities						
Buying							

The contract or notional amounts of derivatives shown in the table above do not, in themselves, indicate the market risk associated with derivative transactions.

The below interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

	<u>Hedged Item</u>	<u>Millions of Yen</u>			<u>Thousands of U.S. Dollars</u>		
		<u>Contract or Notional Amount</u>	<u>Contract Amount Due after 1 Year</u>	<u>Fair Value</u>	<u>Contract or Notional Amount</u>	<u>Contract Amount Due after 1 Year</u>	<u>Fair Value</u>
<u>Interest Rate-Related Transactions</u>							
Interest rate swaps—Receipt fixed—payments floating	Loans and bills discounted,	¥ 121,581	¥ 115,311		\$ 760,406	\$ 721,191	
Interest rate swaps—Receipt floating—payments fixed	deposits, and	14,110	13,985		88,254	87,468	
Interest rate swaps—Receipt floating—payments floating	borrowed money						

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2025

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains (Losses)
<u>Interest Rate-Related Transactions</u>				
Listed—interest-rate futures:				
Selling				
Buying				
Over the counter—interest rate swaps:				
Receipt fixed—payments floating	¥ 59,864	¥ 57,469	¥ (1,524)	¥ (1,524)
Receipt floating—payments fixed	67,396	65,136	1,746	1,746
Receipt floating—payments floating				
Over the counter—interest rate options:				
Selling				
Buying				
<u>Currency-Related Transactions</u>				
Over the counter—currency swaps				
Over the counter—currency futures:				
Selling	64,888	349	749	749
Buying	63,483	233	(748)	(748)
Over the counter—currency options:				
Selling	196,503	158,026	(2,171)	3,185
Buying	196,503	158,026	2,104	(1,218)
Foreign exchange swaps				
<u>Stock-Related Transactions</u>				
Listed—stock index futures:				
Selling				
Buying				
Listed—stock index options:				
Selling				
Buying				
<u>Bond-Related Transactions</u>				
Listed—bond futures:				
Selling				
Buying				
Listed—bond futures options:				
Selling				
Buying				
<u>Other Transactions</u>				
Over the counter—earthquake derivatives				
Selling	740		(7)	(7)
Buying	740		7	7

The contract or notional amounts of derivatives shown in the table above do not, in themselves, indicate the market risk associated with derivative transactions.

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2025

		Millions of Yen		
	<u>Hedged Item</u>	<u>Contract or Notional Amount</u>	<u>Contract Amount Due after 1 Year</u>	<u>Fair Value</u>
<u>Interest Rate-Related Transactions</u>				
Interest rate swaps:	Loans and bills			
Receipt fixed—payments floating	discounted,	¥ 522,000	¥ 233,400	¥ (2,967)
Receipt floating—payments fixed	available-for-sale	819,941	780,390	84,942
Receipt floating—payments floating	securities, and other financial assets	3,737	3,737	38
<u>Currency-Related Transactions</u>				
Deferral hedge method:				
Currency swaps	Foreign currency	136,176	91,182	(4,536)
Foreign exchange swaps	loans and deposits	122		
Fair value hedge method—	Foreign currency	26,906	11,958	(3,186)
Currency swaps	securities			
<u>Bond-Related Transactions</u>				
Listed—bond futures—selling	Available-for-sale securities			
Over the counter—bond options:	Available-for-sale securities			
Selling				
Buying				

The contract or notional amounts of derivatives shown in the table above do not, in themselves, indicate the market risk associated with derivative transactions.

The below interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

		Millions of Yen		
	<u>Hedged Item</u>	<u>Contract or Notional Amount</u>	<u>Contract Amount Due after 1 Year</u>	<u>Fair Value</u>
<u>Interest Rate-Related Transactions</u>				
Interest rate swaps—Receipt fixed—payments floating	Loans and bills discounted,	¥ 102,219	¥ 101,419	
Interest rate swaps—Receipt floating—payments fixed	deposits, and	14,144	14,144	
Interest rate swaps—Receipt floating—payments floating	borrowed money			

28. LOAN COMMITMENTS

The Group issues commitments to extend credit and establish credit lines for overdrafts to meet the financing needs of their customers. Unfunded amounts relating to these contracts totaled ¥1,797,052 million (\$11,239,302 thousand) and ¥1,807,274 million as of March 31, 2026 and 2025, respectively.

As a large majority of these commitments expire without being drawn down upon, the unfunded amounts do not necessarily represent future cash requirements. Many of these agreements include conditions granting the Bank the right to reject the drawdown or to reduce the amount on the basis of changes in the financial circumstances of the borrower or other reasonable grounds.

In addition, the Bank obtains collateral when necessary to reduce credit risk related to these commitments.

29. OTHER 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
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥ 138,176	¥ (243,068)	\$ 864,194
Reclassification adjustments to profit or loss	3,147	(11,531)	19,683
Amount before income tax effect	141,323	(254,600)	883,877
Income tax effect	(42,427)	72,265	(265,356)
Subtotal	98,895	(182,335)	618,520
Deferred gain (loss) on derivatives under hedge accounting:			
Gains arising during the year	79,299	33,663	495,960
Reclassification adjustments to profit or loss	(13,032)	2,531	(81,511)
Amount before income tax effect	66,266	36,195	414,448
Income tax effect	(20,734)	(11,634)	(129,681)
Subtotal	45,531	24,560	284,766
Defined retirement benefit plans:			
Adjustments arising during the year	20,722	(5,958)	129,604
Reclassification adjustments to profit or loss	(3,388)	(4,599)	(21,194)
Amount before income tax effect	17,333	(10,557)	108,410
Income tax effect	(5,388)	2,979	(33,701)
Subtotal	11,945	(7,578)	74,708
Total other comprehensive income (loss)	¥ 156,371	¥ (165,352)	\$ 977,995

30. PER SHARE DATA

(1) Basic 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
<u>Year Ended March 31, 2026</u>				
Basic EPS—net income available to common shareholders	¥64,572	457,355	¥141.18	\$0.88
Effect of dilutive—stock acquisition rights	—	251		
Diluted EPS—net income for computation	¥64,572	457,607	¥141.10	\$0.88
<u>Year Ended March 31, 2025</u>				
Basic EPS—net income available to common shareholders	¥47,982	473,974	¥101.23	
Effect of dilutive—stock acquisition rights	—	315		
Diluted EPS—net income for computation	¥47,982	474,289	¥101.16	

(2) Net assets per share for the years ended March 31, 2026 and 2025, were as follows:

	Yen		U.S. Dollars
	2026	2025	2026
Net assets per share	¥2,534.41	¥2,087.32	\$15.85

The net assets per share figure is calculated on the basis of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Net assets	¥1,156,165	¥967,658	\$7,231,008
Less stock acquisition rights	114	150	716
Less noncontrolling interests	4,099	4,147	25,637
Net assets attributable to common shareholders	¥1,151,952	¥963,361	\$7,204,653
	Thousands of Number of Shares		
	2026	2025	
Number of common stock at fiscal year-end used for calculation of net assets per share	454,523	461,528	

31. RELATED PARTY TRANSACTIONS

Related party transactions of the Bank with its directors or major individual shareholders for the year ended March 31, 2026, were as follows:

There were no applicable transactions to be reported.

Related party transactions of consolidated subsidiaries of the Bank with their directors or major individual shareholders for the year ended March 31, 2026, were as follows:

There were no applicable transactions to be reported.

Related party transactions of the Bank with its directors or major individual shareholders for the year ended March 31, 2025, were as follows:

<u>Type</u>	<u>Name</u>	<u>Nature of Transaction</u>	<u>Millions of Yen</u> <u>Transaction Amount</u> <u>(Average Balance)</u>	<u>Account</u>	<u>Millions of Yen</u> <u>Year-End Balance</u>
Director of the Bank	Makoto Nakamura	Lending of funds	¥10	Loans and bills discounted	¥9

Related party transactions of consolidated subsidiaries of the Bank with their directors or major individual shareholders for the year ended March 31, 2025, were as follows:

<u>Type</u>	<u>Name</u>	<u>Nature of Transaction</u>	<u>Millions of Yen</u> <u>Transaction Amount</u> <u>(Average Balance)</u>	<u>Account</u>	<u>Millions of Yen</u> <u>Year-End Balance</u>
Director of Nagano Bank	Kenji Tahara	Lending of funds	¥18	Loans and bills discounted	¥15
Close relative of Director of Nagano Bank	Junji Tahara	Lending of funds	19	Loans and bills discounted	20
Audit & Supervisory Board member of Nagano Bank	Shinji Horikawa	Lending of funds	13	Loans and bills discounted	10

32. SUBSEQUENT EVENTS

a. Dividends

The following appropriations of retained earnings at March 31, 2026, were approved at the Bank's shareholders' meeting held on June 26, 2026:

	<u>Millions of Yen</u>	<u>Thousands of</u> <u>U.S. Dollars</u>
Year-end cash dividends, ¥40.00 (\$0.25) per share	¥ 18,180	\$ 113,708

b. Acquisition of Treasury Stock

At the meeting of the Board of Directors held on May 15, 2026, the Bank resolved to repurchase its own shares in accordance with Article 156 of the Companies Act, as applied pursuant to Paragraph 3 of Article 165 of the Companies Act.

(a) Reason for acquisition

The purpose of the Bank's repurchase of its own shares is to implement a capital policy that responds to changes in the business environment and to improve shareholder returns.

(b) Details of acquisition

(1) Type of shares to be repurchased

Common stock

(2) Total number of shares to be repurchased

Up to 4,200,000 shares

(3) Total repurchase amount

Up to ¥10,000 million (\$62 million)

(4) Acquisition period

From May 18, 2026 to December 30, 2026

c. Introduction of Restricted Stock Incentive Plan for the Group's Employee Shareholding Association and Disposal of Treasury Stock

At the meeting of the Board of Directors held on November 28, 2025, the Bank resolved to introduce a "Restricted Stock Incentive Plan for the Group's Employee Shareholding Association" (hereinafter the "Plan"), and dispose of treasury stock as restricted stock (hereinafter the "Disposal of Treasury Stock" or "Disposal") in accordance with the Plan, with the Hachijuni Group Employee Shareholding Association (hereinafter the "Shareholding Association") as the intended recipient of the allotment. The payment procedures were completed on April 1, 2026.

(a) Overview of the Plan

Under the Plan, the Bank grants employees of the Bank and its subsidiaries who consent to participate in the Plan (hereinafter the "Eligible Employees") monetary claims as a special incentive payment intended to be granted as restricted stock (hereinafter the "Special Incentive Payment"). The Eligible Employees are to contribute the Special Incentive Payment to the Shareholding Association. The Shareholding Association will then make an in-kind contribution of the Special Incentive Payment to the Bank, thereby receiving an issuance or transfer (disposal) of the Bank's common stock as restricted stock.

(b) Overview of the Disposal

(1) Date of disposal

April 1, 2026

(2) Type and number of shares to be disposed of

1,935,800 shares of the Bank's common stock

(3) Disposal price

¥1,645.5 per share

(4) Total disposal value

¥3,185,358,900

(5) Method of disposal (intended recipient of the allotment)

Through a third-party allotment—1,935,800 shares for the Hachijuni Group Employee Shareholding Association

(c) Purpose and reason for the Disposal

The Bank resolved the Disposal of Treasury Stock in connection with the introduction of the Plan as a measure to enhance benefits and welfare for the Eligible Employees among the members of the Shareholding Association employed by the Bank and its subsidiaries. The Plan aims to create opportunities for the Eligible Employees to acquire the Bank's common stock as restricted stock issued or disposed of by the Bank through the Shareholding Association to help them to build their assets. In addition, the Plan intends to provide them with incentives for achieving sustainable enhancement of the Bank's corporate value and to further promote shared value between the Eligible Employees and the Bank's shareholders.

33. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Group's reportable segments are those for which financial information is available separately and regular evaluation by the Bank's management is performed in order to decide how resources are allocated among the Group. The Group consists of the banking and leasing segments. Banking consists of the banking and credit card businesses. Leasing consists of the leasing business.

(2) Methods of Measurement for Sales, Profit (Loss), Assets, Liabilities, and Other Items

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about Ordinary Income, Profit, Assets, Liabilities, and Other Items, and Information about Disaggregation of Revenue

	Millions of Yen					
	2026					
	Reportable Segment			Other	Total	Reconciliations
	Banking	Leasing	Total			
Ordinary income:						
Revenue from contracts with customers	¥ 26,033		¥ 26,033	¥ 2,725	¥ 28,758	
Other revenue	237,218	¥ 39,065	276,283	401	276,684	
External customers	263,251	39,065	302,316	3,126	305,443	
Intersegment	758	419	1,177	65	1,243	¥ (1,243)
Total	¥ 264,010	¥ 39,484	¥ 303,494	¥ 3,191	¥ 306,686	¥ (1,243)
Segment profit (loss)	¥ 79,448	¥ 2,277	¥ 81,726	¥ (196)	¥ 81,529	¥ 4
Segment assets	13,476,066	140,667	13,616,733	29,590	13,646,323	(91,833)
Segment liabilities	12,379,113	93,921	12,473,034	14,332	12,487,367	(89,043)
Other:						
Depreciation	3,849	2,194	6,043	44	6,088	
Interest income	171,053	62	171,116	334	171,450	(614)
Interest expense	54,137	655	54,792	21	54,814	(610)
Gain on disposal of assets	69	0	69		69	
Loss on disposal of assets	89	0	90		90	1
Impairment losses of assets	1,656		1,656	0	1,656	(21)
Income taxes	14,336	697	15,033	112	15,146	5
Increase in property, plant, and equipment and intangible assets	6,683	4,391	11,074	749	11,824	

Millions of Yen							
2025							
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Revenue from contracts with customers	¥ 23,926		¥ 23,926	¥ 2,090	¥ 26,017		¥ 26,017
Other revenue	191,187	¥ 36,593	227,780	395	228,176		228,176
External customers	215,114	36,593	251,707	2,485	254,193		254,193
Intersegment	513	356	869	46	916	¥ (916)	
Total	¥ 215,627	¥ 36,949	¥ 252,577	¥ 2,532	¥ 255,109	¥ (916)	¥ 254,193
Segment profit (loss)	¥ 61,685	¥ 2,323	¥ 64,009	¥ (199)	¥ 63,809	¥ 28	¥ 63,838
Segment assets	13,436,811	132,276	13,569,088	28,789	13,597,877	(82,560)	13,515,316
Segment liabilities	12,526,603	86,427	12,613,030	13,710	12,626,740	(79,082)	12,547,657
Other:							
Depreciation	3,980	2,181	6,161	24	6,186		6,186
Interest income	148,979	56	149,035	268	149,304	(341)	148,962
Interest expense	44,657	391	45,048	6	45,054	(343)	44,711
Gain on disposal of assets	1,435		1,435	28	1,463		1,463
Loss on disposal of assets	143		143	1	145		145
Impairment losses of assets	282		282	238	521		521
Income taxes	15,929	723	16,652	97	16,750	13	16,764
Increase in property, plant, and equipment and intangible assets	5,125	4,121	9,247	270	9,517		9,517

	Thousands of U.S. Dollars						
	2026						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Revenue from contracts with customers	\$ 162,819		\$ 162,819	\$ 17,043	\$ 179,863		\$ 179,863
Other revenue	1,483,637	\$244,324	1,727,961	2,508	1,730,470		1,730,470
External customers	1,646,456	244,324	1,890,781	19,552	1,910,333		1,910,333
Intersegment	4,746	2,621	7,367	410	7,778	\$ (7,778)	
Total	\$ 1,651,202	\$ 246,945	\$ 1,898,148	\$ 19,963	\$ 1,918,111	\$ (7,778)	\$ 1,910,333
Segment profit (loss)	\$ 496,897	\$ 14,242	\$ 511,139	\$ (1,229)	\$ 509,909	\$ 25	\$ 509,935
Segment assets	84,283,358	879,776	85,163,134	185,065	85,348,200	(574,356)	84,773,844
Segment liabilities	77,422,685	587,413	78,010,099	89,638	78,099,737	(556,901)	77,542,835
Other:							
Depreciation	24,074	13,726	37,800	281	38,082		38,082
Interest income	1,069,818	393	1,070,211	2,092	1,072,304	(3,845)	1,068,458
Interest expense	338,590	4,099	342,690	132	342,823	(3,819)	339,004
Gain on disposal of assets	433	0	434		434		434
Loss on disposal of assets	559	4	563		563	8	572
Impairment losses of assets	10,358		10,358	2	10,361	(136)	10,224
Income taxes	89,662	4,362	94,024	706	94,730	37	94,768
Increase in property, plant, and equipment and intangible assets	41,801	27,465	69,266	4,689	73,955		73,955

(4) Information about Services

	Millions of Yen				
	2026				
	<u>Lending Operations</u>	<u>Investment Operations</u>	<u>Leasing Operations</u>	<u>Other</u>	<u>Total</u>
Sales to external customers	¥ 86,838	¥ 132,168	¥ 39,065	¥ 47,370	¥ 305,443

	Millions of Yen				
	2025				
	<u>Lending Operations</u>	<u>Investment Operations</u>	<u>Leasing Operations</u>	<u>Other</u>	<u>Total</u>
Sales to external customers	¥ 72,700	¥ 108,393	¥ 36,593	¥ 36,505	¥ 254,193

	Thousands of U.S. Dollars				
	2026				
	<u>Lending Operations</u>	<u>Investment Operations</u>	<u>Leasing Operations</u>	<u>Other</u>	<u>Total</u>
Sales to external customers	\$ 543,116	\$ 826,621	\$ 244,324	\$ 296,270	\$ 1,910,333

(5) Information about Geographical Areas

a. Ordinary income

This information is not disclosed as the domestic share of ordinary income from external customers exceeds 90% of ordinary income in the consolidated statement of income.

b. Tangible fixed assets

This information is not disclosed as the domestic share of tangible fixed assets exceeds 90% of tangible fixed assets in the consolidated balance sheet.

(6) Information about Major Customers

This information is not disclosed as ordinary income from a specific customer does not exceed 10% of ordinary income in the consolidated statement of income.

34. BUSINESS COMBINATION

(Transactions under Common Control)

The Hachijuni Bank, Ltd. resolved at a meeting of its Board of Directors held on September 26, 2025, to enter into an absorption-type merger agreement in which The Hachijuni Bank, Ltd. would be the surviving company and its wholly owned subsidiary, Nagano Bank (together with the Bank, hereinafter collectively referred to as the "Banks"), would be the disappearing company. Based on the receipt on December 25, 2025, of the approval for the merger of the Banks pursuant to Article 30, Paragraph 1 of the Banking Act, the merger became effective on January 1, 2026, and the trade name of The Hachijuni Bank, Ltd. was changed to Hachijuni Nagano Bank, Ltd.

(a) *Outline of the Business Combination*

(1) *Name of the absorbed company and its business description*

Name: The Nagano Bank, Ltd.

Business description: Banking

(2) *Purpose of the business combination*

The purpose of the merger is to achieve the quick integration of the Banks and transform them into a bank that grows together with the local community by combining their expertise, relationships, and human resources, thereby providing better value to customers, local residents, shareholders, employees, etc.

After the merger, the Banks will be even more engaged with their customers, walking alongside them to create value for every single company in the region and achieve well-being for each and every customer.

(3) *Date of business combination*

January 1, 2026

(4) *Legal form of business combination*

An absorption-type merger in which The Hachijuni Bank, Ltd. is the surviving company and Nagano Bank is the disappearing company

(5) *Name of the company after the combination*

Hachijuni Nagano Bank, Ltd.

(b) *Outline of the Accounting Treatment Applied*

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, September 13, 2024), the merger has been accounted for as a transaction under common control.

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