

Consolidated Balance Sheets

As at March 31,	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2026	2026
Assets			
Cash and due from banks	¥ 1,276,230	¥ 1,359,989	\$ 8,506,311
Call Loans and bills bought	—	10,000	62,546
Monetary claims bought	4,413	9,747	60,967
Trading account securities	166	10	62
Money held in trust	10,460	7,768	48,592
Securities	2,191,379	2,001,768	12,520,442
Loans and bills discounted	6,769,338	7,126,737	44,575,538
Foreign exchanges	18,059	15,266	95,484
Lease receivables and investment assets	71,607	86,247	539,449
Other assets	113,812	113,377	709,142
Property and equipment	64,380	64,828	405,484
Intangible assets	7,621	7,973	49,872
Net defined benefit asset	48,972	72,829	455,527
Deferred tax assets	6,094	1,296	8,106
Customers' liabilities for acceptances and guarantees	8,494	9,092	56,873
Allowance for loan losses	(33,858)	(31,009)	(193,957)
Total assets	<u>¥10,557,174</u>	<u>¥10,855,923</u>	<u>\$ 67,900,444</u>
Liabilities			
Deposits	¥ 8,627,167	¥ 8,740,629	\$ 54,669,937
Call money and bills sold	5,233	123,107	770,000
Payables under repurchase agreements	113,982	190,419	1,191,014
Payables under securities lending transactions	37,236	29,405	183,923
Borrowed money	1,041,365	948,217	5,930,806
Foreign exchanges	452	1,002	6,273
Bonds payable	40,000	60,000	375,281
Borrowed money from trust account	13,635	13,146	82,228
Other liabilities	98,104	106,614	666,837
Provision for directors' bonuses	77	88	554
Provision for stock price-linked compensation	—	578	3,619
Net defined benefit liability	336	325	2,035
Provision for directors' retirement benefits	110	83	524
Provision for contingent loss	1,002	997	6,241
Reserves under special laws	1	1	12
Deferred tax liabilities	—	5,978	37,390
Deferred tax liabilities for land revaluation	7,036	6,910	43,222
Acceptances and guarantees	8,494	9,092	56,873
Total liabilities	<u>9,994,237</u>	<u>10,236,601</u>	<u>64,026,777</u>
Net assets			
Capital stock	48,652	48,652	304,304
Capital surplus	29,581	29,581	185,025
Retained earnings	472,175	502,915	3,145,583
Treasury shares	(14,639)	(13,068)	(81,738)
Total shareholders' equity	<u>535,769</u>	<u>568,081</u>	<u>3,553,175</u>
Valuation difference on available-for-sale securities	(8,165)	3,026	18,931
Deferred gains or losses on hedges	(581)	125	786
Revaluation reserve for land	12,251	11,999	75,053
Remeasurements of defined benefit plans	23,663	36,087	225,718
Total accumulated other comprehensive income	<u>27,167</u>	<u>51,240</u>	<u>320,491</u>
Total net assets	<u>562,937</u>	<u>619,321</u>	<u>3,873,666</u>
Total liabilities and net assets	<u>¥10,557,174</u>	<u>¥10,855,923</u>	<u>\$ 67,900,444</u>

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

	Millions of yen		Thousands of U.S. dollars (Note 2)
Years ended March 31,	2025	2026	2026
Income			
Interest income:			
Interest on loans and discounts	¥ 80,302	¥101,708	\$ 636,155
Interest and dividends on securities	47,665	56,218	351,630
Other interest income	4,437	7,651	47,856
Trust fees	22	30	189
Fees and commissions	29,557	34,326	214,704
Other ordinary income	34,567	41,104	257,094
Other income	24,050	23,960	149,867
Total income	220,603	265,000	1,657,497
Expenses			
Interest expenses:			
Interest on deposits.....	12,891	26,203	163,893
Interest on call money and borrowing	2,311	4,810	30,085
Other interest expenses	35,071	29,305	183,294
Fees and commissions payments	9,749	10,579	66,169
Other ordinary expenses	40,537	40,877	255,675
General and administrative expenses	51,897	57,183	357,664
Other expenses	6,754	12,185	76,216
Total expenses	159,212	181,143	1,132,999
Profit before income taxes	61,390	83,856	524,497
Income taxes:			
Current	15,185	25,588	160,050
Deferred	2,304	(595)	(3,724)
Profit	43,900	58,863	368,172
Profit attributable to owners of parent	¥ 43,900	¥ 58,863	\$ 368,172
	Yen		U.S. dollars
Per share amounts			
Profit – primary	¥ 113.82	¥154.87	\$ 0.96

Diluted earnings per share of common stock for the fiscal year ended March 31, 2026 and 2025 are omitted as there are no dilutive shares.

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Years ended March 31,	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2026	2026
Profit	¥ 43,900	¥ 58,863	\$ 368,172
Other comprehensive income			
Valuation difference on available-for-sale securities	(32,384)	11,528	72,105
Deferred gains or losses on hedges	(1,523)	707	4,426
Revaluation reserve for land	(201)	0	0
Remeasurements of defined benefit plans	1,774	12,424	77,713
Share of other comprehensive income of entities accounted for by the equity method	600	(335)	(2,098)
Total other comprehensive income	(31,734)	24,325	152,146
Comprehensive income	12,165	83,188	520,318
(Details)			
Comprehensive income attributable to owners of parent	¥ 12,165	¥ 83,188	\$ 520,318

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 31, 2024	¥48,652	¥29,587	¥452,960	¥(17,146)	¥514,053
Changes of items during the year					
Dividends of surplus	—	—	(12,407)	—	(12,407)
Profit attributable to owners of parent	—	—	43,900	—	43,900
Purchase of treasury shares	—	—	—	(10,003)	(10,003)
Disposal of treasury shares	—	35	—	51	86
Retirement of treasury shares	—	(41)	(12,417)	12,459	—
Reversal of revaluation reserve for land	—	—	139	—	139
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	—	(5)	19,214	2,507	21,716
Balance as of March 31, 2025	¥48,652	¥29,581	¥472,175	¥(14,639)	¥535,769

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of March 31, 2024	¥ 23,617	¥ 942	¥12,593	¥21,889	¥ 59,041	¥573,095
Changes of items during the year						
Dividends of surplus	—	—	—	—	—	(12,407)
Profit attributable to owners of parent	—	—	—	—	—	43,900
Purchase of treasury shares	—	—	—	—	—	(10,003)
Disposal of treasury shares	—	—	—	—	—	86
Retirement of treasury shares	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	—	—	139
Net changes of items other than shareholders' equity	(31,783)	(1,523)	(341)	1,774	(31,874)	(31,874)
Total changes of items during the year	(31,783)	(1,523)	(341)	1,774	(31,874)	(10,158)
Balance as of March 31, 2025	¥ (8,165)	¥ (581)	¥12,251	¥23,663	¥ 27,167	¥562,937

The accompanying notes are an integral part of these statements.

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 31, 2025	<u>¥48,652</u>	<u>¥29,581</u>	<u>¥472,175</u>	<u>¥(14,639)</u>	<u>¥535,769</u>
Changes of items during the year					
Dividends of surplus	—	—	(20,914)	—	(20,914)
Profit attributable to owners of parent	—	—	58,863	—	58,863
Purchase of treasury shares	—	—	—	(6,002)	(6,002)
Disposal of treasury shares	—	55	—	58	113
Retirement of treasury shares	—	(55)	(7,460)	7,515	—
Reversal of revaluation reserve for land	—	—	252	—	252
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	<u>—</u>	<u>—</u>	<u>30,740</u>	<u>1,571</u>	<u>32,311</u>
Balance as of March 31, 2026	<u>¥48,652</u>	<u>¥29,581</u>	<u>¥502,915</u>	<u>¥(13,068)</u>	<u>¥568,081</u>

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of March 31, 2025	<u>¥(8,165)</u>	<u>¥(581)</u>	<u>¥12,251</u>	<u>¥23,663</u>	<u>¥27,167</u>	<u>¥562,937</u>
Changes of items during the year						
Dividends of surplus	—	—	—	—	—	(20,914)
Profit attributable to owners of parent	—	—	—	—	—	58,863
Purchase of treasury shares	—	—	—	—	—	(6,002)
Disposal of treasury shares	—	—	—	—	—	113
Retirement of treasury shares	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	—	—	252
Net changes of items other than shareholders' equity	<u>11,192</u>	<u>707</u>	<u>(252)</u>	<u>12,424</u>	<u>24,072</u>	<u>24,072</u>
Total changes of items during the year	<u>11,192</u>	<u>707</u>	<u>(252)</u>	<u>12,424</u>	<u>24,072</u>	<u>56,384</u>
Balance as of March 31, 2026	<u>¥ 3,026</u>	<u>¥ 125</u>	<u>¥11,999</u>	<u>¥36,087</u>	<u>¥51,240</u>	<u>¥619,321</u>

The accompanying notes are an integral part of these statements.

Thousands of U.S. dollars

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 31, 2025	<u>\$304,304</u>	<u>\$185,025</u>	<u>\$2,953,309</u>	<u>\$(91,564)</u>	<u>\$3,351,074</u>
Changes of items during the year					
Dividends of surplus	—	—	(130,815)	—	(130,815)
Profit attributable to owners of parent	—	—	368,172	—	368,172
Purchase of treasury shares	—	—	—	(37,545)	(37,545)
Disposal of treasury shares	—	344	—	366	710
Retirement of treasury shares	—	(344)	(46,660)	47,005	—
Reversal of revaluation reserve for land	—	—	1,578	—	1,578
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	<u>—</u>	<u>—</u>	<u>192,274</u>	<u>9,826</u>	<u>202,100</u>
Balance as of March 31, 2026	<u>\$304,304</u>	<u>\$185,025</u>	<u>\$3,145,583</u>	<u>\$(81,738)</u>	<u>\$3,553,175</u>

Accumulated other comprehensive income

	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
Balance as of March 31, 2025	<u>\$(51,074)</u>	<u>\$(3,639)</u>	<u>\$76,631</u>	<u>\$148,005</u>	<u>\$169,923</u>	<u>\$3,520,998</u>
Changes of items during the year						
Dividends of surplus	—	—	—	—	—	(130,815)
Profit attributable to owners of parent	—	—	—	—	—	368,172
Purchase of treasury shares	—	—	—	—	—	(37,545)
Disposal of treasury shares	—	—	—	—	—	710
Retirement of treasury shares	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	—	—	1,578
Net changes of items other than shareholders' equity	<u>70,006</u>	<u>4,426</u>	<u>(1,578)</u>	<u>77,713</u>	<u>150,568</u>	<u>150,568</u>
Total changes of items during the year	<u>70,006</u>	<u>4,426</u>	<u>(1,578)</u>	<u>77,713</u>	<u>150,568</u>	<u>352,668</u>
Balance as of March 31, 2026	<u>\$ 18,931</u>	<u>\$ 786</u>	<u>\$75,053</u>	<u>\$225,718</u>	<u>\$320,491</u>	<u>\$3,873,666</u>

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended March 31,	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2026	2026
Cash flows from operating activities			
Profit before income taxes	¥ 61,390	¥ 83,856	\$ 524,497
Depreciation	6,314	6,471	40,478
Impairment loss	318	341	2,137
Share of loss (profit) of entities accounted by the equity method	(81)	(74)	(467)
Increase (decrease) in allowance for loan losses	(7,508)	(2,848)	(17,813)
Increase (decrease) in provision for directors' bonuses	15	11	71
Increase (decrease) in provision for stock price-linked compensation	—	578	3,619
Decrease (increase) in net defined benefit asset	(8,244)	(23,857)	(149,219)
Increase (decrease) in net defined benefit liability	(5)	(10)	(66)
Increase (decrease) in provision for directors' retirement benefits	(30)	(26)	(164)
Increase (decrease) in provision for reimbursement of deposits	(154)	—	—
Increase (decrease) in provision for contingent loss	86	(4)	(30)
Interest and dividend income	(132,405)	(165,578)	(1,035,642)
Interest expenses	50,274	60,318	377,272
Loss (gain) related to securities	(8,493)	(11,381)	(71,186)
Loss (gain) on money held in trust	(11)	(21)	(134)
Foreign exchange losses (gains)	(2,900)	(1,654)	(10,347)
Loss (gain) on disposal of non-current assets	320	687	4,297
Net decrease (increase) in trading account securities	102	156	980
Net decrease (increase) in loans and bills discounted	(363,282)	(357,398)	(2,235,418)
Net increase (decrease) in deposits	146,171	105,110	657,431
Net increase (decrease) in negotiable certificates of deposit	3,334	8,351	52,237
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(81,363)	(93,148)	(582,612)
Net decrease (increase) in due from banks (excluding deposits placed with Bank of Japan)	(5,950)	(4,578)	(28,634)
Net decrease (increase) in call loans	(4,413)	(15,334)	(95,910)
Net increase (decrease) in call money	(35,647)	117,874	737,267
Net increase (decrease) in payables under repurchase agreements	(22,858)	76,436	478,086
Net increase (decrease) in payables under securities lending transactions	(246,711)	(7,830)	(48,978)
Net decrease (increase) in foreign exchanges - assets	(9,614)	2,793	17,474
Net increase (decrease) in foreign exchanges - liabilities	111	549	3,439
Net decrease (increase) in lease receivables and investment assets	(8,100)	(14,639)	(91,564)
Net increase(decrease) in borrowed money from trust account	60	(489)	(3,059)
Interest and dividend received	133,536	165,197	1,033,258
Interest paid	(48,515)	(56,423)	(352,909)
Other - net	1	(23,207)	(145,154)
Subtotal	(584,258)	(149,769)	(936,764)
Income taxes paid	(12,852)	(18,145)	(113,497)
Net cash provided by (used in) operating activities	(597,110)	(167,915)	(1,050,261)
Cash flows from investing activities			
Purchases of securities	(937,339)	(686,503)	(4,293,869)
Proceeds from sales of securities	765,983	656,637	4,107,062
Proceeds from redemption of securities	230,386	288,946	1,807,273
Decrease in money held in trust	1,791	2,691	16,832
Purchases of property and equipment	(3,888)	(5,381)	(33,659)
Purchases of intangible assets	(2,170)	(3,040)	(19,016)
Proceeds from sales of property and equipment	195	493	3,089
Net cash provided by (used in) investing activities	54,957	253,843	1,587,713
Cash flows from financing activities			
Issuance of subordinated bonds	10,000	20,000	125,093
Redemption of subordinated bonds	(20,000)	—	—
Cash dividends paid	(12,378)	(20,858)	(130,464)
Purchases of treasury shares	(10,003)	(6,002)	(37,545)
Proceeds from sales of treasury shares	86	113	710
Net cash provided by (used in) financing activities	(32,295)	(6,747)	(42,205)
Net increase (decrease) in cash and cash equivalents	(574,448)	79,180	495,246
Cash and cash equivalents at beginning of the year	1,830,503	1,256,054	7,856,235
Cash and cash equivalents at end of the year	¥1,256,054	¥1,335,234	\$ 8,351,482

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

a. Basis of Presentation

The accompanying consolidated financial statements of The Gunma Bank, Ltd. (the "Bank") and its consolidated subsidiaries (the "Group") have been prepared from the accounts maintained by the Bank in accordance with the provisions set forth in the Banking Law, the Financial Instruments and Exchange Act of Japan and other applicable rules and regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain items have been reclassified from the original consolidated financial statements filed with the Prime Minister as required by the Financial Instruments and Exchange Act for the convenience of readers outside Japan. Certain prior year amounts have been reclassified to comply with the current year presentation.

b. Consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its significant subsidiaries. The number of consolidated subsidiaries as of March 31, 2026 is 6.

The remaining unconsolidated subsidiaries have been excluded from the scope of consolidation because, judging from their assets, ordinary profit, net income or loss (amounts corresponding to the Bank's equity interest), retained earnings (amounts corresponding to the Bank's equity interest) and accumulated other comprehensive income (amounts corresponding to the Bank's equity interest), they do not have a material effect on the accompanying consolidated financial statements.

As of March 31, 2026, the Bank has 2 unconsolidated subsidiaries, which are accounted by the equity method, and 1 affiliate, which is accounted by the equity method.

In reference to the consolidated subsidiaries' closing dates, six companies close accounts at the end of March.

c. Trading Account Securities

Trading securities purchased for trading purpose are stated at market value at the fiscal year end with its related cost of sales being determined mainly by the moving average method.

d. Securities

Securities are classified into four categories: trading, held-to-maturity bonds, equity of unconsolidated subsidiaries and affiliates or securities available for sale. Trading securities are carried at market value and held-to-maturity bonds are carried at amortized cost. Equity of unconsolidated subsidiaries and affiliates are stated at cost and accounted for the equity method, respectively. Marketable securities classified as securities available for sale are carried at market value with changes in unrealized holding gain or loss, net of the applicable income taxes, recorded as a component of net assets.

Stocks and others without a quoted market price are stated at acquisition cost and determined by the moving average method.

Securities comprising the trust asset in money held in trust which is solely managed primarily for the purpose of securities operations are stated at market value.

Regarding foreign currency-denominated available-for-sale debt securities, translation differences arising from changes fair value are treated as valuation differences, and the remainder is treated as foreign exchange gains or losses.

e. Derivatives

Derivatives are stated at market value.

f. Non-current assets

(1) Property and equipment

Depreciation of Property and equipment of the Bank are computed by the straight line method.

The estimated useful lives principally applied are as follows.

Buildings	6 to 50 years
Equipment and furniture	3 to 20 years

Depreciation of Property and equipment of the consolidated subsidiaries are principally computed by the straight line method based on the estimated useful lives of the respective assets.

(2) Intangible assets

Intangible assets are depreciated using the straight line method. Software used internally is depreciated over its estimated useful life (mainly five years).

(3) Leased assets

Leased assets in "Property and equipment" subject to finance lease transactions other than those under which the title of the leased equipment is transferred to the lessee are depreciated using the straight line method assuming that the lease period is equal to the useful life. If a guarantee for residual value is prescribed by the lease contract, the residual value is equal to such guaranteed residual value; otherwise, the residual value is zero.

g. Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date.

h. Allowance for loan losses

An allowance for loan losses is provided in accordance with the internal guidelines regarding write-offs and allowance for loan losses.

- 1) For loans to debtors that are legally bankrupt under the Bankruptcy Law, Special Liquidation under the Commercial Code or other similar laws, and to debtors that are effectively in similar conditions, the allowance is provided at the amount of loan balance less the amount recoverable from the disposal of collateral and/or guarantees.
- 2) For loans to debtors that are not yet legally or substantially bankrupt but are likely to go bankrupt (the "potentially bankrupt debtors"), the allowance is provided at the amount deemed necessary against the credit balance less the amount recoverable from the disposal of collateral and/or guarantees (the "uncovered amount").
 - A For loans to large loan balance debtors with credit exceeding a certain amount, the allowance is provided at the amount calculated by the method whereby the amount of the allowance is set at the uncovered amount less the amount reasonably estimated recoverable from the cash flows ("cash flow deduction method").
 - B For loans to other debtors, the allowance is provided at the amount of losses expected to be incurred from the uncovered amount over the next three years. The amount of expected losses is determined by calculating the long-term average of the ratio of loan losses observed over three years in the past, with the addition of the adjustment based on the recent loan-loss ratio and other necessary adjustments.
- 3) For loans to debtors requiring careful management in the future, such as those with restructured loans (the "debtors requiring caution"), the allowance is provided at the amount deemed necessary against the loan balance.

A For loans to large loan balance debtors with credit exceeding a certain amount, the allowance is provided at the amount calculated by the method whereby the amount of the allowance is set at the difference between the sum of the reasonably estimated cash flows, discounted by the original contractual interest rate and the book value of the loan (the "DCF method").

B For loans to other debtors, the allowance is provided at the amount of losses expected to be incurred over the next three years. The amount of expected loss is determined by calculating the long-term average of the ratio of loan losses observed over three years in the past, with the addition of the adjustment based on the recent loan-loss ratio and other necessary adjustments.

- 4) For loans to debtors other than those in 1) to 3) above, the allowance is provided at the amount of losses expected to be incurred over the next year. The amount of expected loss is determined by calculating the long-term average of the ratio of loan losses observed over one year in the past, with the addition of the adjustment based on the recent loan-loss ratio and other necessary adjustments.

(Note)

Classification for the ratio of expected loss

The ratio of expected loss is calculated based on the ratio of loan losses, which is based on actual loan losses over a set period of time, and is classified into the following four categories: one category for normal debtors, two categories as described below for debtors requiring caution, and one category for potentially bankrupt debtors.

- The debtors requiring caution include those for whom all or part of the loans are substandard loans (loans past due for 3 months or more, or restructured loans) (the "substandard debtors") as well as those who modified contractual terms of loans, but are not considered substandard debtors because their loans are not regarded as restructured loans due to business improvement plans, etc.
- Loans to other debtors requiring caution

All credit is subject to self-assessment of assets by marketing related departments in accordance with the internal guidelines for the self-assessment of assets, and the results of the self-assessment are audited by the department in charge of asset auditing that is independent of the marketing-related departments.

Consolidated subsidiaries record a general reserve for loan losses by applying the historical loan-loss ratio observed over specific periods, and the specific reserve for certain loans at the estimated uncollectible amount based on an assessment of each debtor's ability to repay loans.

i. Provision for directors' bonuses

A provision is provided for the payments of bonuses to directors and the Board of Corporate Auditors Members at the amount of the estimated bonus payments corresponding to the end of the fiscal year.

j. Accounting method for retirement benefits

In calculating retirement benefit obligation, the Bank uses the benefit formula basis for the purpose of attributing expected retirement benefit payment to the period up to the end of the fiscal year. In addition, the accounting method for prior service cost and actuarial gain and loss is as follows:

Prior service cost

Prior service cost is amortized primarily by the straight line method over a fixed period (mainly 10 years) that is shorter than the average remaining service years of the eligible

Actuarial gain and loss

Actuarial gain and loss are amortized from the year following the occurrence primarily by the straight line method over a fixed period (mainly 10 years) that is shorter than the average remaining service years of the eligible employees.

Certain consolidated subsidiaries calculate liability for retirement benefits and retirement benefit expenses by the simplified method, whereby retirement benefit obligation is recognized at the amount that would be paid if eligible employees retired at the end of the fiscal year.

k. Provision for Stock Price-Linked Compensation

To provide for the payment of stock price-linked compensation to employees (stock price-linked special bonuses), the Company recognizes a provision based on the stock price at the end of the consolidated fiscal year. The provision is measured as the estimated amount of compensation expected to be paid to employees that is attributable to the current consolidated fiscal year.

l. Provision for directors' retirement benefits

To prepare for the payment of retirement benefits to directors and the Board of Corporate Auditors Members, a reserve is provided at the amount deemed to have accrued at the end of the fiscal year (the estimated amount payable on the balance sheet date based on the bylaws) out of the estimated amount payable as retirement benefits to directors and the Board of Corporate Auditors Members.

m. Provision for Contingent Loss

A provision for contingent loss is provided for the payment of charges related to the responsibility-sharing system to Credit Guarantee Corporations at the amount expected to be paid based on the past payment experience.

n. Reserves under Special Laws

Reserves under the special laws represents a reserve for financial products transaction liabilities and is provided for compensation for losses from securities-related accidents in the amount computed in accordance with Article 46-5 of the Financial Instruments and Exchange Act and Article 175 of the related cabinet ordinance.

o. Income Taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax basis of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to be reversed.

p. Earnings Per Share

Earnings per share was computed based on the profit available for distribution to shareholders and the number of shares of common stock outstanding during the fiscal year.

q. Hedge Accounting

Hedge Accounting for Interest Rate Risks

The Bank adopted the "Accounting and Auditing Treatment of Accounting Standard for Financial Instruments in the Banking Industry" (Practical Guidance No.24 by the Japanese Institute of Certified Public Accountants (JICPA) Industry-specific Special Committee, March 17, 2022; "Industry-specific Special Committee Practical Guidance No.24").

Under the Industry-specific Special Committee Practical Guidance No.24, the Bank applies the deferred method of hedge accounting for qualifying derivative instruments to mitigate the interest rate risks arising from various financial assets and liabilities.

Hedge effectiveness is assessed for each designated group of hedged items (such as deposits) and the corresponding group of hedging instruments (such as interest rate swaps). Both of the hedged items and hedging instruments are grouped based on their durations and compared for the testing of effectiveness.

In addition to the above, the Bank applies exceptional treatment for certain interest swap contracts that meet the criteria for the exceptional treatment, under which eligible interest rate swap contracts are accounted for on an accrual basis.

Hedge Accounting for Foreign Exchange Risks

For foreign exchange risks arising from financial assets and liabilities denominated in foreign currencies, the Bank adopted the "Accounting and Auditing Treatment of Accounting for Foreign Currency Denominated Transactions, etc. in the Banking Industry" (Practical Guidance No.25 by the JICPA Industry-specific Special Committee, October 8, 2020; "Industry-specific Special Committee Practical Guidance No.25"). Under the Industry-specific Special Committee Practical Guidance No.25, the Bank applies the deferred method of hedge accounting.

The Bank enters into currency-swaps and foreign exchange swaps to mitigate the foreign exchange risks arising from financial assets and liabilities denominated in foreign currencies and assesses, both at the hedge's inception and on an ongoing basis, whether these derivatives are highly effective in offsetting changes in cash flows of hedged items (financial assets and liabilities). Hedge effectiveness is assessed by ensuring that the foreign currency position of the hedging instruments that are designated to hedge foreign exchange risk of the foreign currency-denominated receivables and payables exceeds that of the hedged foreign currency-denominated receivables and payables.

In addition, for available-for-sale securities (except for bonds) denominated in foreign currencies, the Bank applies the fair value hedge accounting for a portfolio hedge on the conditions that the issues of foreign currency denominated securities are designated as hedged items in advance and that the amount of foreign currency payables of spot and forward foreign exchange contracts exceeds the amount of acquisition cost of the hedged items denominated in foreign currencies.

r. Recognition for Income and Expenses

Income and expenses associated with finance lease transactions are recognized when lease fees are receivable and payable.

s. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows consist of cash and deposit with the Bank of Japan which are included in "Cash and due from banks" on the consolidated balance sheets.

(Significant accounting estimates)

Of the items for which amounts based on accounting estimates were recorded in the consolidated financial statements for the fiscal year ended March 31, 2025, the following items may have a material impact on the consolidated financial statements for the fiscal year ended March 31, 2026.

Allowance for loan losses

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025 and 2026.

Allowance for loan losses as of March 31, 2025	¥33,858 million
Allowance for loan losses as of March 31, 2026	¥31,009 million U.S.\$193,957 thousand

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

1) Calculation method

The calculation method for allowance for loan losses is presented in Notes to Consolidated Financial Statements 1. Summary of Significant Accounting Policies.

2) Major assumptions

Major assumption is the "outlook for debtors' future business performance used to determine the debtor classification." The "outlook for debtors' future business performance used to determine the debtor classification" is established through the individual evaluation of each debtor's business characteristics, financial condition, cash

flow, and earning generating ability, among other factors. In addition, for large loan balance debtors, whose substantial deterioration in business performance will increase the uncertainty about the Bank's financial results, future cash flows are individually estimated using the DCF method or the cash flow deduction method, and allowance for loan losses is recognized. Among them, Reasonable estimates of future cash flows are used in the DCF method and the cash flow deduction method. Reasonable estimates of future cash flows:

- The estimated amount recoverable in case of a radical and feasible business improvement plan or the like and this amount can be reasonably estimated
- The estimated amount recoverable with reference to factors such as past repayments

3) Impact on the consolidated financial statements for the next fiscal year ending March 31, 2026.

If the assumptions used for calculating the original estimates change due to factors such as changes in the business performance of individual debtors, then this may have a significant impact on allowance for loan losses in the consolidated financial statements for the fiscal year ending March 31, 2026.

(Accounting standards. etc. not yet effective)

- 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), etc.

(1) Overview

The Accounting Standards Board of Japan has been working to align Japanese standards with international standards. As part of this initiative, they have developed and issued accounting standards for leases that recognize assets and liabilities for all leases by lessees, based on international accounting standards. As a fundamental policy, these standards are based on the single accounting model of IFRS 16. However, instead of including all provisions of IFRS 16, they incorporate only the main provisions, aiming to establish lease accounting standards that are simple, user-friendly, and generally require no modifications when applied to non-consolidated financial statements using IFRS16 provision.

For the lessee's accounting treatment concerning the method of expense distribution for leases, similar to IFRS 16, a single accounting model applies to all leases, regardless of whether they are finance leases or operating leases. Under this model, depreciation for right-of-use assets and interest expense for lease liabilities are recognized.

In addition, for the lessor's accounting treatment, the method of recognizing revenue from finance leases has been changed. Under the previous method, sales revenue and cost of sales were recognized when lease payments became receivable. Under the new method, lease payments are allocated between the interest component and the principal recovery component. The former is recognized in profit or loss for each reporting period, while the latter is accounted for as a recovery of the principal amount of lease receivables and lease investment assets.

(2) Scheduled date of application

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

(3) Impact of application of this accounting standard, etc.

The impact of the application of the "Accounting Standard for Leases," etc. on the consolidated financial statements is currently under evaluation.

(Accounting Standards, etc. Not Yet Adopted)

- Practical Guidance on Accounting for Financial Instruments (Revised Transfer Guidance No. 9, issued by the Accounting Standards Board of Japan (ASBJ) on March 11, 2025)

(1) Overview

The Accounting Standards Board of Japan (ASBJ) issued Revised Transfer Guidance No. 9, Practical Guidance on Accounting for Financial Instruments, following the development of accounting guidance aimed at revising the accounting treatment of investments in venture capital funds held by listed companies and other entities. The scope of the revision is limited primarily to unlisted shares without market prices that are included in the underlying assets of partnerships and similar entities equivalent to venture capital funds.

Under the revised guidance, investments in certain qualifying partnerships and similar entities may be accounted for based on the fair value measurement of all unlisted shares included in the underlying assets of such entities, excluding shares of subsidiaries and associates of the investor. In such cases, the investor's proportionate share of valuation differences is recognized in net assets. In addition, impairment losses on such unlisted shares are recognized in accordance with the impairment requirements applicable to marketable securities measured at fair value, and such measurements serve as the basis for the investor's accounting treatment of the investment in the partnership or similar entity.

(2) Scheduled Date of Adoption

The guidance is scheduled to be adopted from the beginning of the fiscal year ending March 31, 2027.

(3) Impact of Adoption of the Accounting Standard, etc.

The impact of adopting the Practical Guidance on Accounting for Financial Instruments on the consolidated financial statements is currently under evaluation.

2. Yen and U.S. Dollar Amounts

The Bank maintains its accounting records in yen. The yen amounts included in the accompanying consolidated financial statements are stated in millions of yen, truncating amounts of less than one million yen. Therefore, the totals or subtotals presented in the accompanying consolidated financial statements may not always add up to the sum of the respective account balances. "—" is used to denote nil and "0" is used to denote rounding down to zero.

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥159.88 = U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2026, has been used. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

3. Loans and Bills Discounted

(1) Loans based on the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows.

Loans refer to the following items listed on the consolidated balance sheets: corporate bonds shown under "Securities" (limited to bonds for which all or part of the redemption of principal and the payment of interest are guaranteed, and the issuance of the corporate bond takes place via private offering of the securities in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act); loans and bills discounted; foreign exchanges; items recorded in each account under "Other assets" such as accrued interest, suspense payments and customers' liabilities for acceptances and guarantees; available-for-sale securities indicated in the notes in case of loan of securities (limited to those under a loan-for-use or lease agreement).

	Millions of yen		Thousands of U.S. Dollars
	2025	2026	2026
Loans to bankrupt and substantially bankrupt debtors.....	¥24,016	¥21,473	\$134,310
Loans with collection risk.....	35,933	31,242	195,414
Loans past due for 3 months or more.....	5,582	4,542	28,409
Restructured loans.....	28,277	29,606	185,177
Total.....	¥93,808	¥86,864	\$543,311

Loans to bankrupt and substantially bankrupt debtors refer to loans held by debtors who have fallen into bankruptcy due to having initiated bankruptcy procedures, reorganization procedures, or filed applications to begin rehabilitation procedures, and other similar loans.

Loans with collection risk refer to loans that are not classified as Loans to bankrupt and substantially bankrupt debtors and in which the debtor has not yet fallen into bankruptcy, but their financial situation and business performance have worsened such that there is a high risk that the principal will not be redeemed, and interest will not be received according to contractual terms of loan.

Loans past due for 3 months or more refer to loans and bills discounted that are not classified as either loans to bankrupt and substantially bankrupt debtors or Loans with collection risk, and for which the repayment of principal or interest has been delayed by three months or more from the day after the agreed-upon payment date.

Restructured loans refer to loans and bills discounted that are not classified as loans to bankrupt and substantially bankrupt debtors, loans with collection risk, or loans past

due for 3 months or more, and for which the terms of the loan have been restructured to the benefit of the debtor with the goal of reorganizing the debtor's management or supporting the debtor by means such as the reduction or waiving of interest, the deferment of interest payments, the deferment of principal repayment, and debt forgiveness.

The loan amounts above show the amounts before the deduction of the allowance for loan losses.

(2) Bills discounted are accounted for as financial transactions in accordance with Industry-specific Special Committee Practical Guidance No.24. The Bank has rights to sell or pledge bank acceptances bought, commercial bills discounted, documentary bills and foreign exchange bought without restrictions. Their total face value as of March 31, 2025 and 2026 were ¥12,716 million and ¥8,492 million (U.S.\$53,121 thousand), respectively.

4. Loan Commitments

Contracts of overdraft facilities and loan commitments are contracts that require the Bank to extend credit to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts. The unused amount relating to these contracts within the limits was ¥1,394,274 million, ¥1,391,465 million (U.S.\$8,703,188 thousand), respectively at March 31, 2025 and 2026. ¥1,304,691 million, ¥1,299,722 million (U.S. \$8,129,363 thousand), respectively, at March 31, 2025 and 2026 out of these unused balances were for the contracts of which original contractual term are one year or less, or unconditionally cancelable at any time.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that the Bank can refuse customers' loan application or decrease the contract limits with proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of contracts, the Bank obtains real estate, securities, etc. as collateral if considered to be necessary. Subsequently, the Bank performs periodic review of the customers' business results based on internal rules, and takes necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

5. Financial Instruments

(1) The financial instruments and related disclosures

a. Policy for financial instruments

The Group provides mainly banking services and other financial services including leasing. The Bank engages in fund management including investment in securities and funding in the call market, in addition to the business of accepting deposits and negotiable certificates of deposit as well as provision of loans. With its financial assets and liabilities exposed to interest rate risk, the Bank adopts asset liability management (ALM) to avoid incurring unexpected loss due to fluctuations in interest rates. Thus, the Bank's derivative transactions are not only intended to provide solutions to customers' financial needs, but also to conduct ALM within the Bank.

There are the Bank's consolidated subsidiaries that engage in leasing business or securities business.

b. Nature and extent of risks arising from financial instruments

Financial assets held by the Group comprise mainly loans to clients, which are exposed to credit risk. The Group's financial assets also include securities such as stocks and bonds, which are exposed to credit risk of the issuing entities as well as the risk of market price fluctuations.

Assets and liabilities in the forms of loans, bonds and deposits are exposed to interest rate risk, which is partially hedged by interest rate swap transactions. Likewise foreign currency denominated loans and bonds involve foreign currency exchange fluctuation risk, which is mitigated by making it a rule to match the currency of investment and financing, or hedged by the use of currency swap transactions.

Call money and borrowed money, etc. are exposed to cash flow risk, involving inability to settle payments on due dates as a result of the unavailability of market under certain circumstances.

The Bank conducts derivative transactions including interest rate swaps and currency-swaps in an effort to accommodate clients' financial needs, and as part of the Bank's ALM effort. Besides, the Bank engages in proprietary derivative trading with the purpose to earn short-term spread, subject to risk management including the setting of certain position limits and maximum allowable losses, in an effort to prevent losses in excess of certain threshold.

The Bank applies hedge accounting. The Bank confirms that for hedges of interest rate to which exceptional treatment of interest rate swap is applied, the conditions for exceptional treatment are met and that for hedges of the foreign currency exchange fluctuation risk, foreign currency position exceeds the hedged instruments.

c. Risk management for financial instruments

The Bank has formulated the Basic Policy of Risk Management and ancillary rules concerning risks, along with the following structure to enforce adequate risk management.

1) Credit risk management

The Bank has established its credit management structure based on the internal rules concerning credit risks, including the Credit Guideline and the Basic Rules for Credit Risk Management.

Provision of loans and other credit facilities involves credit risk management such as individual credit review, post-origination credit control including the utilization of Debtor Rating System and self assessment, handling of problem loans and monitoring of the credit concentration in particular sectors in loan portfolios.

Credit risks associated with securities investment and market transactions are managed by capturing fair value and credit rating.

Primary credit risk management tools such as credit rating system, self-assessment of the Bank's asset, write-off /reserve provisioning, are developed and examined by Risk Management Department which is independent of the business promotion division and the screening division, and checked by Inspection & Audit Department, for the purpose of proper check and balance. Executive Committee and the Board of Directors are updated on the latest risk situation regularly and as appropriate.

2) Market risk management

Risk management structure is in place, based on the internal rules concerning market risks including the Basic Rules of Market Risk Management.

For market transactions, the department in charge of market transactions is structured in such a way that they check each other: the Treasury & Securities Department serves as the front office department in charge of transactions, whereas the Financial Markets & International Department serves as the middle-office and back-office department in charge of risk management and administrative processing.

In addition, the Bank establishes the risk tolerance and the risk management criteria, conducts monitoring, and reports the monitored information to the ALM & Profit Management Committee via the Risk Management Department.

The principal financial instruments that expose the Bank to market risk include loans, deposits, securities and derivative transactions. In order to monitor the degree of market risk exposure of these financial instruments and financial obligations, the Bank employs the VaR technique as a uniform indicator tool.

It applies the historical-simulation method to the computation of VaR. Its VaR model uses a 99.9% confidence level and a 5-years observation period, with various holding periods depending on the holding purposes.

The total amount of value at risk (VaR) for the Bank as of March 31, 2025 and 2026 was ¥211,912 million ¥168,488 million (U.S. \$ 1,053,840 thousand), respectively.

The Bank conducts back tests by comparing the VaR derived from its measuring model and actual gains or losses, in order to confirm that its measuring model captures the market risk with sufficient adequacy. It should be noted that the VaR represents the amount of market risk under the condition of a certain event probability which was statistically calculated based on historical market

fluctuations; therefore the model may not be able to capture sufficiently the risk associated with financial instruments in market turmoil that exceeds historical levels of market fluctuations.

3) Liquidity risk management

Risk management structure is in place, based on the internal rules concerning liquidity risks including the Basic Rules of Liquidity Risk Management.

With respect to liquidity risk, the ALM & Profit Management Committee, which is convened each month, takes every precaution by identifying and analyzing the cash flow status, the balance between investing and funding, interest rate movements and other factors. With respect to cash flow risk, the Bank determines the department in charge of cash flow management, which rigorously manages

cash flow periodically (e.g., daily, weekly, monthly) including its overseas bases.

We have also prepared a Contingency Plan to prepare against emergencies, and are taking every precaution including developing systems that enable us to respond appropriately to a wide range of scenarios.

d. Supplementary explanations on fair value of financial instruments

Fair value of financial instruments is measured based on certain assumptions, and the value might differ if different assumptions are used. In addition, the contract amount of the derivative transactions does not represent the market risk of the derivative transactions.

(2) Fair value of financial instruments

The carrying value on the consolidated balance sheet and fair value of financial instruments as of March 31, 2025 and 2026 as well as the differences between these values are described below.

Stocks and others without a quoted market price and Investments in limited partnerships are not included in the following table (see Note1). In addition, Cash and due from banks, Call loans and bills bought, and Payables under repurchase agreements are omitted since these instruments are mainly settled in the short term and the fair values approximate the book values.

Millions of yen			
2025			
	Carrying Value	Market Value	Differences
1. Securities			
Held-to-maturity bonds	¥ 71,903	¥ 70,914	¥ (988)
Available-for-sale	2,076,461	2,076,461	—
2. Loans and bills discounted	6,769,338		
Allowance for loan losses	(30,342)		
	6,738,995	6,729,423	(9,572)
Total assets	¥8,887,359	¥8,876,798	¥ (10,561)
1. Deposits	¥8,449,429	¥8,447,086	¥ (2,342)
2. Negotiable certificates of deposit	177,738	177,738	—
3. Borrowed money	1,041,365	1,041,365	—
Total liabilities	¥9,668,533	¥9,666,190	¥ (2,342)
Derivative transaction			
Derivatives to which hedge accounting is not applied	¥ 9	¥ 9	¥ —
Derivatives to which hedge accounting is applied	(12,435)	(12,435)	—
Total derivatives	¥ (12,426)	¥ (12,426)	¥ —
Millions of yen			
2026			
	Carrying Value	Market Value	Differences
1. Securities			
Held-to-maturity bonds	¥ 99,233	¥ 95,859	¥ (3,373)
Available-for-sale	1,855,539	1,855,539	—
2. Loans and bills discounted	7,126,737		
Allowance for loan losses	(28,003)		
	7,098,733	7,071,019	(27,713)
Total assets	¥9,053,506	¥9,022,419	¥ (31,087)
1. Deposits	¥8,554,539	¥8,552,493	¥ (2,046)
2. Negotiable certificates of deposit	186,089	186,089	—
3. Borrowed money	948,217	948,217	—
Total liabilities	¥9,688,846	¥9,686,800	¥ (2,046)
Derivative transaction			
Derivatives to which hedge accounting is not applied	¥ 304	¥ 304	¥ —
Derivatives to which hedge accounting is applied	(23,220)	(23,220)	—
Total derivatives	¥ (22,916)	¥ (22,916)	¥ —

	Thousands of U.S. dollars		
	2026		
	Carrying Value	Market Value	Differences
1. Securities			
Held-to-maturity bonds	\$ 620,674	\$ 599,571	\$ (21,102)
Available-for-sale	11,605,827	11,605,827	—
2. Loans and bills discounted	44,575,538		
Allowance for loan losses	(175,154)		
	44,400,384	44,227,045	(173,338)
Total assets	\$56,626,886	\$56,432,444	\$ (194,441)
1. Deposits	\$53,506,003	\$53,493,205	\$ (12,798)
2. Negotiable certificates of deposit	1,163,934	1,163,934	—
3. Borrowed money	5,930,806	5,930,806	—
Total liabilities	\$60,600,744	\$60,587,945	\$ (12,798)
Derivative transaction			
Derivatives to which hedge accounting is not applied	\$ 1,901	\$ 1,901	\$ —
Derivatives to which hedge accounting is applied	(145,234)	(145,234)	—
Total derivatives	(\$143,332)	(\$143,332)	\$ —

(Note 1)

Stocks and others without a quoted market price and Investments in partnerships and others

The following are the consolidated balance sheet amounts of Stocks and others without a quoted market price, and Investments in limited partnerships. These amounts are not included Available-for-sale in fair value information of financial instruments.

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Non-listed stocks	¥ 5,411	¥ 5,149	\$ 32,209
Investments in limited partnerships	37,603	41,845	261,730

Non-listed stocks are not subject to disclosure of the fair value in accordance with Article 5 of Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No.19, March 31, 2020).

Investments in limited partnerships are not subject to disclosure of the fair value in accordance with Article 27 of Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No.31, June 17, 2021)

(Note 2)

Redemption schedules for monetary claims and securities with maturity after the fiscal year-end

	Millions of yen					
	2025					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 year to 5 years	Due from 5 year to 7 years	Due from 7 year to 10 years	Due after 10 years
Securities	¥ 110,747	¥ 256,516	¥ 384,663	¥273,035	¥337,318	¥ 523,655
Held-to-maturity securities	4,890	10,366	12,328	12,082	¥ 32,235	—
National government bonds	—	—	—	—	—	—
Local government bonds	4,348	9,667	12,070	12,070	32,235	—
Corporate bonds	541	699	257	11	—	—
Others	—	—	—	—	—	—
Available-for-sale securities with maturity	105,856	246,149	372,335	260,952	305,083	523,655
National government bonds	—	—	40,000	48,000	62,000	60,000
Local government bonds	68,279	160,343	211,746	152,938	86,237	3,012
Corporate bonds	14,665	26,085	14,514	811	119,960	—
Others	22,911	59,720	106,074	59,203	36,885	460,643
Loans and bills discounted	1,708,152	1,149,389	1,012,511	516,480	545,358	1,747,228
Total	¥1,818,899	¥1,405,905	¥1,397,175	¥789,515	¥882,677	¥2,270,884

Millions of yen						
2026						
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 year to 5 years	Due from 5 year to 7 years	Due from 7 year to 10 years	Due after 10 years
Securities	¥ 135,481	¥ 335,881	¥ 348,406	¥174,119	¥282,164	¥ 548,441
Held-to-maturity securities	7,069	16,438	17,923	17,746	40,055	—
National government bonds	—	—	—	—	—	—
Local government bonds	6,605	15,866	17,713	17,713	40,055	—
Corporate bonds	464	571	209	32	—	—
Others	—	—	—	—	—	—
Available-for-sale securities with maturity	128,411	319,443	330,482	156,373	242,109	548,441
National government bonds	—	40,000	35,000	6,000	50,000	—
Local government bonds	73,513	197,564	194,448	111,276	53,229	2,324
Corporate bonds	14,047	25,305	7,960	236	111,533	—
Others	40,850	56,573	93,074	38,860	27,347	546,117
Loans and bills discounted	1,650,343	1,330,807	1,071,709	548,411	587,092	1,855,134
Total	<u>¥1,785,824</u>	<u>¥1,666,688</u>	<u>¥1,420,116</u>	<u>¥722,530</u>	<u>¥869,257</u>	<u>¥2,403,576</u>

Thousands of U.S. dollars						
2026						
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 year to 5 years	Due from 5 year to 7 years	Due from 7 year to 10 years	Due after 10 years
Securities	\$ 847,391	\$2,100,837	\$2,179,173	\$1,089,065	\$1,764,854	\$ 3,430,334
Held-to-maturity securities	44,217	102,819	112,105	110,999	250,532	—
National government bonds	—	—	—	—	—	—
Local government bonds	41,313	99,242	110,795	110,795	250,532	—
Corporate bonds	2,903	3,576	1,309	204	—	—
Others	—	—	—	—	—	—
Available-for-sale securities with maturity	803,174	1,998,018	2,067,068	978,065	1,514,322	3,430,334
National government bonds	—	250,187	218,914	37,528	312,734	—
Local government bonds	459,804	1,235,704	1,216,215	695,999	332,933	14,538
Corporate bonds	87,861	158,277	49,789	1,476	697,606	—
Others	255,508	353,848	582,149	243,061	171,048	3,415,795
Loans and bills discounted	10,322,389	8,323,786	6,703,213	3,430,142	3,672,081	11,603,295
Total	<u>\$11,169,781</u>	<u>\$10,424,624</u>	<u>\$8,882,387</u>	<u>\$4,519,207</u>	<u>\$5,436,936</u>	<u>\$15,033,629</u>

(Note)

Loans and bills in the above tables exclude loans and bills whose redemption amounts are impossible to estimate (¥59,918 million and ¥52,685 million (U.S.\$329,533 thousand) in 2025 and 2026, respectively), such as credit extended to debtors that are legally bankrupt, those that are effectively in similar conditions, or those that are not yet legally or substantially bankrupt but are likely to be bankrupt, as well as loans and bills with no maturity date (¥30,299 million and ¥30,552 million (U.S.\$ 191,095 thousand) in 2025 and 2026 respectively).

(Note 3)

Repayment schedules for deposits and other interest-bearing debt after the fiscal year-end

Millions of yen						
2025						
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 year to 5 years	Due from 5 year to 7 years	Due from 7 year to 10 years	Due after 10 years
Deposit	¥8,049,476	¥352,658	¥35,551	¥3,691	¥8,051	¥ —
Negotiable certificates of deposit	177,738	—	—	—	—	—
Borrowed money	447,265	593,600	500	—	—	—
Total	<u>¥8,674,479</u>	<u>¥946,258</u>	<u>¥36,051</u>	<u>¥3,691</u>	<u>¥8,051</u>	<u>¥ —</u>

Millions of yen						
2026						
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 year to 5 years	Due from 5 year to 7 years	Due from 7 year to 10 years	Due after 10 years
Deposit	¥8,096,891	¥391,419	¥51,005	¥3,703	¥11,518	¥ —
Negotiable certificates of deposit	186,089	—	—	—	—	—
Borrowed money	653,117	295,100	—	—	—	—
Total	<u>¥8,936,098</u>	<u>¥686,519</u>	<u>¥51,005</u>	<u>¥3,703</u>	<u>¥11,518</u>	<u>¥ —</u>

Thousands of U.S. dollars						
2026						
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 year to 5 years	Due from 5 year to 7 years	Due from 7 year to 10 years	Due after 10 years
Deposit	\$50,643,556	\$2,448,208	\$319,025	\$23,166	\$72,046	\$ —
Negotiable certificates of deposit	1,163,934	—	—	—	—	—
Borrowed money	4,085,047	1,845,759	—	—	—	—
Total	<u>\$55,892,537</u>	<u>\$4,293,968</u>	<u>\$319,025</u>	<u>\$23,166</u>	<u>\$72,046</u>	<u>\$ —</u>

(Note)

The amount of demand deposit, which is a part of deposit, is included in the figure for “Due in 1 year or less.”

(3) Matters regarding to breakdown of fair value of financial instruments by level

Fair values of financial instruments are classified into the following three levels on the basis of the observability and the materiality of the valuation inputs used in fair value measurements.

Fair values of Level 1: Fair values measured by quoted prices of the assets or liabilities being measured which are given in active markets among observable valuation inputs

Fair values of Level 2: Fair values measured by inputs other than inputs included within Level 1 among observable valuation inputs

Fair values of Level 3: Fair values measured by unobservable valuation inputs

When several inputs that have significant impact on fair value measurement are used and those inputs are classified into different levels, the fair value is categorized into the lowest priority level for fair value measurement among the levels in which each of the inputs belongs.

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

Millions of yen				
2025				
	Level 1	Level 2	Level 3	total
Securities				
Other securities				
National government bonds	¥204,856	¥ —	¥ —	¥ 204,856
Local government bonds	—	656,838	—	656,838
Corporate bonds	—	129,525	33,136	162,662
Stocks	207,676	—	—	207,676
Others	175,606	668,610	—	844,217
Derivative Transactions				
Interest Rate Related Transactions	—	1,277	—	1,277
Foreign Exchange Related Transactions	—	16,406	—	16,406
Others	—	—	154	154
Total Assets	<u>¥588,139</u>	<u>¥1,472,658</u>	<u>¥33,290</u>	<u>¥2,094,088</u>
Derivative Transactions				
Interest Rate Related Transactions	¥ —	¥ 862	¥ —	¥ 862
Foreign Exchange Related Transactions	—	29,247	—	29,247
Others	—	—	154	154
Total Liabilities	<u>¥ —</u>	<u>¥ 30,109</u>	<u>¥ 154</u>	<u>¥ 30,264</u>

Millions of yen				
2026				
	Level 1	Level 2	Level 3	total
Securities				
Other securities				
National government bonds	¥123,096	¥ —	¥ —	¥ 123,096
Local government bonds	—	598,638	—	598,638
Corporate bonds	—	104,027	27,855	131,883
Stocks	164,182	—	—	164,182
Others	110,950	726,574	—	837,525
Derivative Transactions				
Interest Rate Related Transactions	—	2,556	—	2,556
Foreign Exchange Related Transactions	—	7,523	—	7,523
Others	—	—	116	116
Total Assets	¥398,230	¥1,439,320	¥27,972	¥1,865,523
Derivative Transactions				
Interest Rate Related Transactions	¥ —	¥ 2,041	¥ —	¥ 2,041
Foreign Exchange Related Transactions	—	30,955	—	30,955
Others	—	—	116	116
Total Liabilities	¥ —	¥ 32,996	¥ 116	¥ 33,113

Thousands of U.S. dollars				
2026				
	Level 1	Level 2	Level 3	total
Securities				
Other securities				
National government bonds	\$ 769,932	\$ —	\$ —	\$ 769,932
Local government bonds	—	3,744,297	—	3,744,297
Corporate bonds	—	650,662	174,229	824,891
Stocks	1,026,910	—	—	1,026,910
Others	693,963	4,544,497	—	5,238,460
Derivative Transactions				
Interest Rate Related Transactions	—	15,992	—	15,992
Foreign Exchange Related Transactions	—	47,056	—	47,056
Others	—	—	730	730
Total Assets	\$2,490,806	\$9,002,506	\$174,959	\$11,668,272
Derivative Transactions				
Interest Rate Related Transactions	\$ —	\$ 12,767	\$ —	\$ 12,767
Foreign Exchange Related Transactions	—	193,615	—	193,615
Others	—	—	730	730
Total Liabilities	\$ —	\$ 206,382	\$ 730	\$ 207,112

(Note)

Marketable securities do not include investment trusts that apply the treatment of treating the base value of Article 24-9 of the "Guidance on Accounting Standard for Calculation of Market Value"(ASBJ Guidance No. 31, June 17, 2021) as the market value. The consolidated balance sheet amount of investment trusts to which the treatment in Section 24-9 is applied is ¥213 million (U.S.\$1,334 thousand).

Reconciliation of beginning and ending balances of investment trusts to which the treatment in Section 24-9 has been applied.

Millions of yen							
2026							
Profit or loss for the year Other comprehensive income							
Balance at beginning of year	Record in profit or loss	Included in other comprehensive income	Net purchases, sales and redemptions	Amount deemed to be the market value of the base value of the investment trust	The amount by which the base value of the investment trust is not considered to be the market value	Ending balance	Unrealized gains (losses) on investment trusts held at the consolidated balance sheet date out of the amount recorded in profit or loss for the period
¥210	¥ —	¥13	¥ —	¥ —	¥ —	¥213	¥ —

Thousands of U.S. dollars							
2026							
Profit or loss for the year Other comprehensive income							
Balance at beginning of year	Record in profit or loss	Included in other comprehensive income	Net purchases, sales and redemptions	Amount deemed to be the market value of the base value of the investment trust	The amount by which the base value of the investment trust is not considered to be the market value	Ending balance	Unrealized gains (losses) on investment trusts held at the consolidated balance sheet date out of the amount recorded in profit or loss for the period
\$1,313	\$ —	\$83	\$ —	\$ —	\$ —	\$1,334	\$ —

(2) Financial instruments other than financial instruments recorded at fair value in the consolidated balance sheet

Millions of yen				
2025				
	Level 1	Level 2	Level 3	total
Securities				
Held-to-maturity bonds				
Local government bonds	¥ —	¥ 69,401	¥ —	¥ 69,401
Corporate bonds	—	—	1,513	1,513
Loans	—	—	6,729,423	6,729,423
Total Assets	¥ —	¥ 69,401	¥6,730,936	¥6,800,337
Deposit	¥ —	¥8,447,086	¥ —	¥8,447,086
Negotiable Certificates of Deposits	—	177,738	—	177,738
Borrowed Money	—	1,039,065	2,300	1,041,365
Total Liabilities	¥ —	¥9,663,890	¥ 2,300	¥9,666,190

Millions of yen				
2026				
	Level 1	Level 2	Level 3	total
Securities				
Held-to-maturity bonds				
Local government bonds	¥ —	¥ 94,580	¥ —	¥ 94,580
Corporate bonds	—	—	1,278	1,278
Loans	—	—	7,071,019	7,071,019
Total Assets	¥ —	¥ 94,580	¥7,072,298	¥7,166,879
Deposit	¥ —	¥8,552,493	¥ —	¥8,552,493
Negotiable Certificates of Deposits	—	186,089	—	186,089
Borrowed Money	—	945,917	2,300	948,217
Total Liabilities	¥ —	¥9,684,500	¥ 2,300	¥9,686,800

Thousands of U.S. dollars				
2026				
	Level 1	Level 2	Level 3	total
Securities				
Held-to-maturity bonds				
Local government bonds	\$ —	\$ 591,572	\$ —	\$ 591,572
Corporate bonds	—	—	7,999	7,999
Loans	—	—	44,227,045	44,227,045
Total Assets	\$ —	\$ 591,572	\$44,235,044	\$44,826,616
Deposit	\$ —	\$53,493,205	\$ —	\$53,493,205
Negotiable Certificates of Deposits	—	1,163,934	—	1,163,934
Borrowed Money	—	5,916,420	14,385	5,930,806
Total Liabilities	\$ —	\$60,573,560	\$ 14,385	\$60,587,945

(Note 1)

Explanation of valuation techniques and valuation inputs used in fair value measurements

Assets

1) Securities

Fair values of securities for which unadjusted quoted market prices in active markets are available are classified as Level 1 which includes mainly stocks and government bonds. In the case the market is inactive even if the quoted market price is available, those securities are classified as Level 2, which includes mainly local government bonds and corporate bonds. For investment trusts for which no market trading prices exist, unit prices are used as fair value and classified as Level 2 fair value if there are no material restrictions for which market participants would demand compensation for risk with respect to cancellation or repurchase requests.

Privately-placed bonds with the Bank's guarantee are stated at the fair value, measured by discounting the expected cash flows estimated to reflect the issuing entity's credit risk as of the closing date, using the market interest rate. Privately-placed bonds with the Bank's guarantee are classified as Level 3.

2) Loans and bills discount

Interest rates of variable interest rate loans reflect market interest rate at short intervals, and thus their fair values are stated at book value because of their proximity to fair value, unless there are significant changes to the debtors' credit conditions. Fixed interest rate loans are stated at their fair value as measured by discounting their cash flows, of which those with OTC interest rate are stated at fair value as measured by discounting their scheduled cash flow using the interest rate that would be applicable to similar new loans and is determined by category and by term. Loans not with OTC interest rate are stated at fair value as measured for each credit rating group by discounting their future cash flow estimated to reflect the credit risk of each such group, using the market interest rate. For loans with short-term maturity (1 year or less), book value is recorded as its fair value because of the proximity between the two.

In addition, loans to debtors that are bankrupt or potentially bankrupt are stated at book values that are deemed to approximate their fair values on the consolidated balance sheets as of the consolidated closing date, minus the current amount of estimated loan losses, which are estimated based upon the current values of estimated future cash flows, collateral, guarantees, or estimated collectible amounts.

Loans undated due to their specific attributes, such as a loan amount being limited within the value of collateral assets, are stated at book value which is deemed to approximate their fair value in consideration of factors including estimated payment periods and interest rate conditions.

The fair values concerned are classified as Level 3.

Liabilities

1) Deposits and 2) Negotiable certificates of deposits

For demand deposits, fair value is deemed to be the amount payable on demand as of the consolidated closing date (book value).

For time deposits and negotiable certificates of deposits, fair value is measured by discounting future cash flows, using interest rates applicable to new deposits and the market interest rate, respectively.

For these deposits with short-term maturity (1 year or less), book value is recorded as its fair value because of the proximity between the two.

Those fair values are classified as Level 2.

3) Borrowed Money

The carrying amount of borrowed money with variable interest rates approximates fair value because the market rates are promptly reflected in the variable interest rate and the credit risks of the Bank and its consolidated subsidiaries have not changed significantly after borrowing. The fair value of borrowed money with fixed interest rates is determined by discounting future cash flows at the rate that would be applied for similar new contracts.

For borrowed money with short-term maturity (1 year or less), book value is recorded as its fair value because of the proximity between the two. The fair values of borrowed money are classified as Level 2 if the effect of unobservable inputs is insignificant.

4) Derivative Transactions

Derivative transactions that can be measured at unadjusted quoted prices in active markets are classified 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 rates, exchange rates, volatility and others. In addition, price adjustments based on credit risk of counterparty and credit risk of majority-owned consolidated subsidiaries and other consolidated subsidiaries themselves and price adjustments for unsecured funding are made. When unobservable inputs are not used or impact of unobservable inputs are not material, transactions are classified as Level 2, which includes such transactions as plain vanilla interest rate swaps and foreign exchange forwards. When significant unobservable inputs are used, transactions are classified as Level 3, which includes Weather Derivatives etc.

(Note 2) Information about fair values of Level 3 from financial instruments carried on the consolidated balance sheets at fair value
(1) Quantitative information on significant unobservable inputs

As of March 31, 2025	Principal valuation technique	Significant unobservable valuation input	Range of valuation input	Weighted average
Securities				
Available-for-sale securities with maturity				
Corporate bonds				
private placement bonds	present value method	default rate	0.0%-24.5%	1.5%

As of March 31, 2026	Principal valuation technique	Significant unobservable valuation input	Range of valuation input	Weighted average
Securities				
Available-for-sale securities with maturity				
Corporate bonds				
private placement bonds	present value method	default rate	0.0%-100.0%	1.1%

(2) Adjustment table reconciling the balances at the beginning and end of the fiscal year, and valuation gain or loss recognized in the gain or loss for the fiscal year ended March 31, 2025 and 2026

Millions of yen								
2025								
	Gains (losses) for the period / other comprehensive income							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
	Balance at the beginning of the fiscal year	Recorded to gains (losses) for the period	Recorded to other comprehensive income	Net amount of purchase, sale, issue, and settlement	Transfer to fair values of Level 3	Transfer from fair values of Level 3	Balance at the end of the fiscal year	
Securities								
Available-for-sale securities with maturity								
Corporate bonds								
private placement bonds	¥36,204	¥ —	¥(261)	¥(2,807)	¥ —	¥ —	¥33,136	¥ —

Millions of yen								
2026								
	Gains (losses) for the period / other comprehensive income							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
	Balance at the beginning of the fiscal year	Recorded to gains (losses) for the period	Recorded to other comprehensive income	Net amount of purchase, sale, issue, and settlement	Transfer to fair values of Level 3	Transfer from fair values of Level 3	Balance at the end of the fiscal year	
Securities								
Available-for-sale securities with maturity								
Corporate bonds								
private placement bonds	¥33,136	¥ —	¥(100)	¥(5,179)	¥ —	¥ —	¥27,855	¥ —

Thousands of U.S. dollars

2026								
		Gains (losses) for the period / other comprehensive income						
	Balance at the beginning of the fiscal year	Recorded to gains (losses) for the period	Recorded to other comprehensive income	Net amount of purchase, sale, issue, and settlement	Transfer to fair values of Level 3	Transfer from fair values of Level 3	Balance at the end of the fiscal year	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
Securities								
Available-for-sale securities with maturity								
Corporate bonds								
private placement bonds	\$207,259	\$ —	\$(631)	\$(32,399)	\$ —	\$ —	\$174,229	\$ —

(3) Explanation of the fair value valuation process

The Bank has established policies and procedures regarding the measurements of fair value, and each transaction department measures fair value in accordance with these policies and procedures.

For the fair values and the level classification, the validity of the valuation techniques and valuation inputs used in fair value measurement are verified.

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 valuation inputs and comparison with the fair values of similar financial instruments.

(4) Explanation of the effects on fair values when significant unobservable inputs are changed

The default rate indicates the likelihood of a default event occurring, and is an estimate measured based on the actual default rate of our customers. A significant increase (decrease) in the default rate would generally be accompanied by a decrease (increase) in the fair value.

6. Securities

(1) Market Value of Securities

Market value and valuation differences of securities as of March 31, 2025 and 2026 and other related information were as follows. Securities below include trading securities classified as trading account securities, negotiable certificates of deposits classified as Cash and due from banks. The same definition was applied in the following tables (a) to (e).

(a) Trading account securities

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Valuation gain included in income for the year	¥(8)	¥11	\$70

(b) Held-to-maturity bonds

The Bank's and its consolidated subsidiaries' investments in held-to-maturity bonds as of March 31, 2025 and 2026 were summarized as follows.

		Millions of yen		
		2025		
		Carrying Value	Market Value	Differences
Securities of which market value exceed carrying value	National government bonds	¥ —	¥ —	¥ —
	Local government bonds	24,180	24,367	187
	Corporate bonds	1,061	1,064	3
	Other securities	—	—	—
	Sub total	¥25,241	¥25,431	¥ 190
Securities of which market value does not exceed carrying value	National government bonds	¥ —	¥ —	¥ —
	Local government bonds	46,212	45,033	(1,179)
	Corporate bonds	449	448	0
	Other securities	—	—	—
	Sub total	¥46,662	¥45,482	(1,179)
Total		¥71,903	¥70,914	¥ (988)

		Millions of yen		
		2026		
		Carrying Value	Market Value	Differences
Securities of which market value exceed carrying value	National government bonds	¥ —	¥ —	¥ —
	Local government bonds	6,267	6,339	72
	Corporate bonds	353	358	5
	Other securities	—	—	—
	Sub total	¥ 6,620	¥ 6,697	¥ 77
Securities of which market value does not exceed carrying value	National government bonds	¥ —	¥ —	¥ —
	Local government bonds	91,687	88,240	(3,446)
	Corporate bonds	925	920	(4)
	Other securities	—	—	0
	Sub total	¥92,612	¥89,161	(3,451)
Total		¥99,233	¥95,859	¥ (3,373)

		Thousands of U.S. dollars		
		2026		
		Carrying Value	Market Value	Differences
Securities of which market value exceed carrying value	National government bonds	\$ —	\$ —	\$ —
	Local government bonds	39,201	39,652	450
	Corporate bonds	2,207	2,239	31
	Other securities	—	—	—
	Sub total	\$ 41,409	\$ 41,891	\$ 482
Securities of which market value does not exceed carrying value	National government bonds	\$ —	\$ —	\$ —
	Local government bonds	573,479	551,920	(21,559)
	Corporate bonds	5,786	5,759	(26)
	Other securities	—	—	—
	Sub total	\$579,265	\$557,679	(21,585)
Total		\$620,674	\$599,571	\$ (21,102)

(c) Available for sale securities

		Millions of yen		
		2025		
		Carrying Value	Cost	Differences
Securities of which market value exceed cost	Stocks	¥ 102,912	¥ 40,898	¥ 62,013
	Bonds	17,817	17,750	66
	National government bonds	—	—	—
	Local government bonds	400	400	0
	Corporate bonds	17,416	17,350	66
	Other securities	398,868	385,142	13,725
	Foreign bonds	310,730	308,370	2,360
	Other securities	88,137	76,772	11,365
	Sub total	¥ 519,597	¥ 443,791	¥ 75,805
Securities of which market value does not exceed cost	Stocks	¥ 104,764	¥ 114,915	¥(10,150)
	Bonds	1,006,539	1,063,117	(56,578)
	National government bonds	204,856	222,326	(17,470)
	Local government bonds	656,438	682,078	(25,640)
	Corporate bonds	145,245	158,712	(13,467)
	Other securities	479,897	504,819	(24,922)
	Foreign bonds	259,804	264,446	(4,642)
	Other securities	220,092	240,372	(20,280)
	Sub total	¥1,591,201	¥1,682,852	¥(91,651)
Total		¥2,110,798	¥2,126,644	¥(15,845)

		Millions of yen		
		2026		
		Carrying Value	Cost	Differences
Securities of which market value exceed cost	Stocks	¥ 119,931	¥ 37,897	¥ 82,034
	Bonds	7,878	7,843	35
	National government bonds	—	—	—
	Local government bonds	—	—	—
	Corporate bonds	7,878	7,843	35
	Other securities	426,619	409,835	16,783
	Foreign bonds	342,985	339,244	3,740
	Other securities	83,633	70,591	13,042
	Sub total	¥ 554,428	¥ 455,576	¥ 98,852
Securities of which market value does not exceed cost	Stocks	¥ 44,250	¥ 49,081	¥ (4,831)
	Bonds	845,740	919,382	(73,641)
	National government bonds	123,096	135,867	(12,770)
	Local government bonds	598,638	632,261	(33,623)
	Corporate bonds	124,005	151,253	(27,247)
	Other securities	449,303	468,766	(19,462)
	Foreign bonds	282,309	285,536	(3,226)
	Other securities	166,993	183,230	(16,236)
	Sub total	¥1,339,295	¥1,437,230	¥(97,935)
Total		¥1,893,723	¥1,892,807	¥ 916

		Thousands of U.S. dollars		
		2026		
		Carrying Value	Cost	Differences
Securities of which market value exceed cost	Stocks	\$ 750,135	\$ 237,038	\$ 513,097
	Bonds	49,274	49,055	219
	National government bonds	—	—	—
	Local government bonds	—	—	—
	Corporate bonds	49,274	49,055	219
	Other securities	2,668,371	2,563,396	104,974
	Foreign bonds	2,145,268	2,121,871	23,397
	Other securities	523,102	441,525	81,577
Sub total		\$ 3,467,781	\$ 2,849,490	\$ 618,291
Securities of which market value does not exceed cost	Stocks	\$ 276,774	\$ 306,991	\$ (30,216)
	Bonds	5,289,846	5,750,451	(460,604)
	National government bonds	769,932	849,807	(79,874)
	Local government bonds	3,744,297	3,954,602	(210,305)
	Corporate bonds	775,617	946,041	(170,424)
	Other securities	2,810,255	2,931,989	(121,734)
	Foreign bonds	1,765,760	1,785,941	(20,180)
	Other securities	1,044,494	1,146,048	(101,554)
Sub total		\$ 8,376,876	\$ 8,989,433	\$ (612,556)
Total		\$11,844,658	\$11,838,923	\$ 5,734

(d) Available-for-sale securities sold

		Millions of yen		
		2025		
		Proceeds from sales	Gains	Losses
Stocks		¥260,413	¥16,901	¥ 1,885
Bonds		162,438	—	8,556
National government bonds		162,438	—	8,556
Local government bonds		—	—	—
Corporate bonds		—	—	—
Other securities		190,928	5,840	2,996
Foreign bonds		32,537	—	2,507
Other securities		158,390	5,840	488
Total		¥613,780	¥22,742	¥13,438

		Millions of yen		
		2026		
		Proceeds from sales	Gains	Losses
Stocks		¥267,409	¥18,940	¥ 3,317
Bonds		80,002	—	7,500
National government bonds		78,680	—	7,035
Local government bonds		—	—	—
Corporate bonds		1,322	—	464
Other securities		196,556	6,748	2,626
Foreign bonds		—	—	—
Other securities		196,556	6,748	2,626
Total		¥543,968	¥25,689	¥13,444

	Thousands of U.S. dollars		
	2026		
	Proceeds from sales	Gains	Losses
Stocks	\$1,672,561	\$118,469	\$20,750
Bonds	500,393	—	46,911
National government bonds	492,119	—	44,007
Local government bonds	—	—	—
Corporate bonds	8,273	—	2,903
Other securities	1,229,402	42,211	16,426
Foreign bonds	—	—	—
Other securities	1,229,402	42,211	16,426
Total	<u>\$3,402,357</u>	<u>\$160,680</u>	<u>\$84,089</u>

(e) Guarantee obligations for bonds in private placement

Guarantee obligations for bonds in private placement (defined in Article 2 (3) of the Financial Instruments and Exchange Act) included in Corporate Bonds were ¥34,723 million and ¥29,316 million (U.S.\$183,363 thousand) as of March 31, 2025 and 2026, respectively.

7. Money Held in Trust

Money Held in Trust for Trading Purposes

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Consolidated Balance Sheet Amount	¥3,350	¥3,347	\$20,937
Unrealized Gains Included in the Consolidated Statements of Income	—	—	—

Money Held in Trust for Holding Purposes Nil (as of March, 2025 and 2026)

Money Held in Trust for Other Purposes

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Consolidated Balance Sheet Amount	¥7,109	¥4,421	\$27,654
Cost	7,109	4,421	27,654
Differences	—	—	—
Gains	—	—	—
Losses	—	—	—

8. Valuation Difference on Available-for-sale Securities

Valuation difference on available-for-sale Securities as of March 31, 2025 and 2026 consisted of the following

	Millions of yen		Thousands of U.S. Dollars
	2025	2026	2026
Valuation Difference	¥(16,024)	¥ 738	\$ 4,619
Available-for-sale Securities	(16,024)	738	4,619
Money Held in Trust for Other Purpose	—	—	—
Deferred Tax Assets	5,100	—	—
Deferred Tax Liabilities	—	134	841
Valuation Difference, Net of Taxes	(10,924)	604	3,778
Amount Attributable to Non-controlling interests	—	—	—
Net Unrealized Gains on Available-for-sale Securities Owned by Affiliates, which is Attributable to the Parent	2,758	2,422	15,153
Valuation Difference on Available-for-sale Securities	(8,165)	3,026	18,931

9. Derivative Financial Instruments Transactions

(1) Derivatives to which hedge accounting is not applied

With respects to the derivatives to which hedge accounting is not applied, contract amount or notional amount set out in the contract, fair value, valuation gain or loss by class of underlying asset at the end of the year are as described below. The whole contract amounts and other amounts shown here are not indicative of the market risks associated with these derivative transactions.

(a) Interest Rate Related Transactions

Millions of yen								
As of March 31,	2025				2026			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Interest rate futures:								
Written	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—	—	—	—	—
Total	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Thousands of U.S. dollars								
As of March 31,	2026							
	Contract amounts	Due after 1 year	Fair Value	Valuation profit				
Interest rate futures:								
Written	\$ —	\$ —	\$ —	\$ —				
Purchased	—	—	—	—				
Total	\$ —	\$ —	\$ —	\$ —				
Millions of yen								
As of March 31,	2025				2026			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Interest rate swaps:								
Receipt fixed								
payments floating ..	¥41,037	¥39,831	¥ (753)	¥ (753)	¥ 50,587	¥ 50,356	¥(2,007)	¥(2,007)
Receipt floating								
payments fixed	41,037	39,831	1,168	1,168	50,587	50,356	2,523	2,523
Total	¥82,074	¥79,663	¥ 414	¥ 414	¥101,174	¥100,713	¥ 515	¥ 515
Thousands of U.S. dollars								
As of March 31,	2026							
	Contract amounts	Due after 1 year	Fair Value	Valuation profit				
Interest rate swaps:								
Receipt fixed								
payments floating	\$316,407	\$314,967	\$(12,555)	\$(12,555)				
Receipt floating								
payments fixed	316,407	314,967	15,781	15,781				
Total	\$632,814	\$629,934	\$ 3,225	\$ 3,225				

Transactions above are stated at the fair value and the related valuation gain or loss is reported in the consolidated statements of incomes.

(b) Foreign Exchange Related Transactions

Millions of yen								
For the years ended March 31,	2025				2026			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit	Contract amounts	Due after 1 year	Fair Value	Valuation profit
currency futures								
Written	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—	—	—	—	—
Total	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Thousands of U.S. dollars								
For the year ended March 31,	2026							
	Contract amounts	Due after 1 year	Fair Value	Valuation profit				
currency futures								
Written	\$ —	\$ —	\$ —	\$ —				
Purchased	—	—	—	—				
Total	\$ —	\$ —	\$ —	\$ —				

Millions of yen								
As of March 31,	2025				2026			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Currency swaps	¥101,563	¥85,587	¥22	¥54	¥97,749	¥75,381	¥77	¥122
					Thousands of U.S. dollars			
As of March 31,					2026			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit				
Currency swaps					\$611,391	\$471,489	\$482	\$766
Millions of yen								
For the years ended March 31,	2025				2026			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Forward exchange contracts:								
Written	¥ 7,392	¥ —	¥15	¥15	¥6,663	¥ —	¥(98)	¥(98)
Purchased	2,841	—	2	2	2,757	—	79	79
Total	¥10,233	¥ —	¥17	¥17	¥9,420	¥ —	¥(19)	¥(19)
Currency options:								
Written	¥483,168	¥418,534	¥(6,063)	¥3,390	¥ 533,088	¥460,394	¥(941)	¥ 8,229
Purchased	483,168	418,534	5,617	759	533,088	460,394	671	(3,617)
Total	¥966,336	¥837,068	¥ (445)	¥4,149	¥1,066,176	¥920,788	¥(269)	¥ 4,611
					Thousands of U.S. dollars			
For the year ended March 31,					2026			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit				
Forward exchange contracts:								
Written					\$41,675	\$ —	\$(618)	\$(618)
Purchased					17,246	—	496	496
Total					\$58,922	\$ —	\$(122)	\$(122)
Currency options:								
Written					\$3,334,301	\$2,879,622	\$(5,886)	\$ 51,471
Purchased					3,334,301	2,879,622	4,202	(22,629)
Total					\$6,668,602	\$5,759,244	\$(1,684)	\$ 28,842
Transactions above are stated at the fair value and the related valuation gain or loss is reported in the consolidated statements of incomes.								

Transactions above are stated at the fair value and the related valuation gain or loss is reported in the consolidated statements of incomes.

(c) Other

Millions of yen								
For the years ended March 31,	2025				2026			
	Contract amounts	Due after 1 year	Fair Value	Valuation profit	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Weather derivative, etc.								
Written	¥14,575	¥ —	¥(154)	¥ —	¥10,915	¥ —	¥(116)	¥ —
Purchased	14,575	—	154	—	10,915	—	116	—
Total	¥29,150	¥ —	¥ —	¥ —	¥21,830	¥ —	¥ —	¥ —
Thousands of U.S. dollars								
For the year ended March 31,	2026							
	Contract amounts	Due after 1 year	Fair Value	Valuation profit				
Weather derivative, etc.								
Written	\$ 68,269	\$ —	\$(730)	\$ —				
Purchased	68,269	—	730	—				
Total	\$136,539	\$ —	\$ —	\$ —				

- (d) Equity Related Transactions Nil
(e) Bond Related Transactions Nil
(f) Commodity Related Transactions ... Nil
(g) Credit Derivatives Nil

(2) Derivatives to which hedge accounting is applied

With respects to the derivatives to which hedge accounting is applied, contract amount or notional amount set out in the contract and the fair value at the end of the year along with the calculation method of such fair value, by class of underlying asset and by method of hedge accounting, are as follows. The whole contract amounts and other amounts shown here are not indicative of the market risks associated with these derivative transactions.

(a) Interest Rate Related Transactions

		Millions of yen						
		Hedged items	2025			2026		
As of March 31,			Contract amounts	Due after 1 year	Fair Value	Contract amounts	Due after 1 year	Fair Value
Standard treatment:	Interest rate swaps:	—	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	Interest rate futures:	—	—	—	—	—	—	—
	Interest rate options:	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—
	Total		¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

		Thousands of U.S. dollars		
		2026		
As of March 31,		Contract amounts	Due after 1 year	Fair Value
Standard treatment:	Interest rate swaps:	\$ —	\$ —	\$ —
	Interest rate futures:	—	—	—
	Interest rate options:	—	—	—
	Others	—	—	—
	Total	\$ —	\$ —	\$ —

			Millions of yen					
			2025			2026		
As of March 31,		Hedged items	Contract amounts	Due after 1 year	Fair Value	Contract amounts	Due after 1 year	Fair Value
Exceptional treatment:	Interest rate swaps:	Loan	¥58,863	¥50,389		¥71,949	¥69,011	
	Receipt fixed							
	payments floating		—	—	*note	—	—	*note
	Receipt floating							
	payments fixed		58,863	50,389		71,949	69,011	
	Total		¥ —	¥ —		¥ —	¥ —	

(Note) As the swaps that qualify for exceptional treatment for interest rate swaps are treated as one combined with hedged loans, fair value of the former is included in that of the latter in the "Financial Instruments"

		Thousands of U.S. dollars		
		2026		
As of March 31,		Contract amounts	Due after 1 year	Fair Value
Exceptional treatment:	Interest rate swaps: Loan	\$450,019	\$431,644	
	Receipt fixed			
	payments floating	—	—	*note
	Receipt floating			
	payments fixed	450,019	431,644	
	Total	\$ —	\$ —	

The Bank mainly treats them under the deferred method of hedge accounting based on Industry-specific Special Committee Practical Guidance No.24.

(b) Foreign Exchange Related Transactions

			Millions of yen					
			2025			2026		
As of March 31,			Contract amounts	Due after 1 year	Fair Value	Contract amounts	Due after 1 year	Fair Value
Standard treatment:	Currency swaps:	Call loans, Loans, Bonds and Foreign exchange	¥547,713	¥157,743	¥(12,437)	¥486,035	¥127,904	¥(23,189)
	Forward exchange contracts:		439	—	1	421	—	(30)
Deferred method:	Currency swap:	—	—	—	—	—	—	—
	Forward exchange contracts:	—	—	—	—	—	—	—
	Total		¥ —	¥ —	¥(12,435)	¥ —	¥ —	¥(23,220)

		Thousands of U.S. dollars		
		2026		
As of March 31,		Contract amounts	Due after 1 year	Fair Value
Standard treatment:	Currency swaps: Call loans, Loans,	\$3,040,000	\$800,000	\$(145,042)
	Forward exchange contracts: Bonds and Foreign exchange	2,637	—	(191)
Deferred method:	Currency swap: —	—	—	—
	Forward exchange contracts: —	—	—	—
	Total	\$ —	\$ —	\$(145,234)

The Bank mainly applies the deferred method of hedge accounting based on Industry-specific Special Committee Practical Guidance No.25.

- (c) Equity Related Transactions Nil
(d) Bond Related Transactions Nil
(e) Equity Related Transactions Nil (as of March 31, 2025)
(f) Bond Related Transactions Nil (as of March 31, 2025)

10. Comprehensive income

Amounts of recycling and income taxes, tax effects on other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Net unrealized gains (losses) on securities, net of tax:			
Items recognized during the year	¥(40,842)	¥ 31,533	\$ 197,230
Amounts of recycling	(5,926)	(14,770)	(92,383)
Before income taxes and tax effect adjustment	(46,768)	16,762	104,846
Income taxes and tax effects	14,384	(5,234)	(32,741)
Net unrealized gains (losses) on securities, net of tax	(32,384)	11,528	72,105
Deferred hedge gains (losses):			
Items recognized during the year	(27,223)	(19,901)	(124,475)
Amounts of recycling	25,020	20,932	130,927
Before income taxes and tax effect adjustment	(2,203)	1,031	6,452
Income taxes and tax effects	679	(323)	(2,025)
Deferred hedge gains (losses)	(1,523)	707	4,426
Revaluation reserve for land			
Items recognized during the year	—	—	—
Amounts of recycling	—	—	—
Before income taxes and tax effect adjustment	—	—	—
Income taxes and tax effects	(201)	—	—
Revaluation Reserve for Land	(201)	—	—
Remeasurements of defined benefit plans			
Items recognized during the year	5,739	21,102	131,990
Amounts of recycling	(2,740)	(2,990)	(18,705)
Before income taxes and tax effect adjustment	2,999	18,111	113,284
Income taxes and tax effects	(1,225)	(5,687)	(35,571)
Remeasurements of defined benefit plans	1,774	12,424	77,713
Share of other comprehensive income of entities and affiliates accounted by the equity method			
Items recognized during the year	600	(335)	(2,098)
Amounts of recycling	—	—	—
Before income taxes and tax effect adjustment	600	(335)	(2,098)
Income taxes and tax effects	—	—	—
Share of other comprehensive income of entities and affiliates accounted by the equity method	600	(335)	(2,098)
Total other comprehensive income	¥(31,734)	¥ 24,325	\$ 152,146

11. Property and equipment

Depreciation was computed using the declining-balance method. Property and equipment as of March 31, 2025 and 2026 were expressed at net of the following accumulated depreciation.

Millions of yen		Thousands of U.S. dollars
2025	2026	2026
¥66,582	¥67,076	\$419,541

Deferred gain on real estate deductible for tax purposes amounted to ¥3,110 million and ¥3,007 million (U.S.\$ 18,814 thousand) on March 31, 2025 and 2026, respectively.

12. Assets Pledged

Assets pledged as collateral as of March 31, 2025 and 2026 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Securities	¥ 918,248	¥ 904,529	\$ 5,657,554
Loan	795,590	820,153	5,129,806
Other	1,000	1,000	6,254
Total	¥ 1,714,838	¥1,725,683	\$10,793,615

Liabilities related to the above pledged assets as of March 31, 2025 and 2026 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Deposits	¥ 71,765	¥ 61,555	\$ 385,009
Payables under repurchase agreements	113,982	190,419	1,191,014
Payables under securities lending transactions	37,236	29,405	183,923
Borrowed money	1,039,065	945,917	5,916,420
Other	2,493	1,844	11,538

In addition, the following was pledged as collateral for settlements of exchange or margins for futures transactions as of March, 2025 and 2026.

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Other	¥50,199	¥51,303	\$320,888

Guarantee deposits of ¥ 1,263 and ¥ 1,415 million (U.S.\$ 8,854 thousand) were included in Other Assets as of March 31, 2025 and 2026, respectively.

13. Revaluation Reserve for Land

Pursuant to the Law concerning Land Revaluation, premises used for business operations have been revalued as of March 31, 1998. Premises revaluation gain was included in Net Assets, net of income taxes.

Date of the revaluation: March 31, 1998

Revaluation method stipulated in paragraph 3, Article 3 of the Law concerning Land Revaluation Calculated by applying reasonable adjustments to the roadside values such as adjustments for the shape of the land, based on Item 4, Article 2 of the Enforcement Ordinance of the Law concerning Land Revaluation (Enforcement Ordinance No. 119, effective March 31, 1998).

The difference between the revalued carrying amount and the fair value of premises revalued pursuant to Article 10 of the Law was ¥14,271 million and ¥12,981 million (U.S.\$81,193 thousand) as of March 31, 2025 and 2026, respectively

14. Retirement Benefits

Retirement benefit plans

Retirement benefit plans adopted by the Bank and its consolidated subsidiaries

The Bank and its domestic consolidated subsidiaries have established defined benefit plans comprising a retirement lump-sum payment plan and defined benefit welfare pension plan (funded type), as well as defined contribution plan namely defined contribution pension plan. In addition, premium retirement benefits may be payable in certain circumstance at an employees' retirement. The Bank has a retirement benefit trust in place.

The changes in the retirement benefit obligation during the year ended March 31, 2025 and 2026 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Balance at the beginning of the year	¥76,654	¥62,676	\$392,021
Service cost	1,476	1,341	8,387
Interest cost	1,071	1,270	7,946
Actuarial loss	(7,100)	(5,120)	(32,024)
Retirement benefits paid	(3,366)	(3,952)	(24,723)
Prior service cost	(6,059)	0	—
Other	—	—	—
Balance at the end of the year	¥62,676	¥56,215	\$351,608

(Note)

Consolidated subsidiaries use simplified method in calculating retirement benefit obligations.

The changes in plan assets during the year ended March 31, 2025 and 2026 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Balance at the beginning of the year	¥117,041	¥111,312	\$696,227
Expected return on plan assets	2,701	3,318	20,758
Actuarial loss	(7,117)	15,982	99,965
Contributions by the Bank	856	824	5,155
Retirement benefits paid	(2,168)	(2,719)	(17,006)
Other	—	—	—
Balance at the end of the year	¥111,312	¥128,719	\$805,100

Reconciliation of ending balances of retirement benefit obligations and plan assets, and net defined liability and net defined asset recorded on the consolidated balance sheets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Funded retirement benefit obligation	¥ 62,676	¥ 56,215	\$ 351,608
Plan assets at fair value	(111,312)	(128,719)	(805,100)
	(48,636)	(72,504)	(453,492)
Unfunded retirement benefit obligation	—	—	—
Net liability (asset) for retirement benefits in the balance sheets	(48,636)	(72,504)	(453,492)
Net defined liability	336	325	2,035
Net defined asset	(48,972)	(72,829)	(455,527)
Net liability (asset) for retirement benefits in the balance sheets	¥ (48,636)	¥ (72,504)	\$(453,492)

Components of retirement benefit expense for the year ended March 31, 2025 and 2026 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Service cost	¥ 1,476	¥ 1,341	\$ 8,387
Interest cost	1,071	1,270	7,946
Expected return on plan assets	(2,701)	(3,318)	(20,758)
Amortization of actuarial loss	(2,740)	(2,384)	(14,915)
Amortization of prior service costs	(302)	(605)	(3,790)
Other	11	11	72
Retirement benefit expense associated with defined benefit plans	¥(3,185)	¥(3,686)	\$(23,058)

(Note)

Retirement benefit expense at consolidated subsidiaries using the simplified method is collectively included in "Service cost."

Remeasurements of defined benefit plans on other comprehensive income (before corporate tax and tax effect adjustment) were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Prior service cost	¥ 5,756	¥ (605)	\$ (3,790)
Actuarial gain	(2,757)	18,717	117,074
Other	—	—	—
Total	¥ 2,999	¥18,111	\$113,284

Remeasurements of defined benefit plans were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Unrecognized prior service cost	¥ (5,756)	¥ (5,150)	\$ (32,216)
Unrecognized actuarial loss	(28,737)	(47,455)	(296,819)
Other	—	—	—
Total	¥(34,494)	¥(52,606)	\$(329,036)

The fair value of plan assets, by major classification, as a percentage of total plan assets as of March 31, 2025 and 2026 were as follows:

	2025	2026
Bonds	18.5%	16.7%
Stock	47.2%	49.3%
Life insurance company general accounts	16.2%	16.5%
Cash and due from banks	9.1%	0.3%
Other	9.0%	17.2%
Total	100.0%	100.0%

(Note)

Total plan assets included retirement benefit trust of 34.9% and 36.6% as of March 31, 2025 and 2026, respectively, which were set for corporate pension plans and retirement lump-sum payment plan.

The expected long-term return on plan assets has been estimated based on the current and anticipated allocation of plan assets and the current and expected long-term return on various assets which are the components of plan assets.

The assumptions used in accounting for the above plans were as follows:

	2025	2026
1) Discount rates		
Welfare pension plan	2.1%	3.0%
Retirement lump-sum payment plan	1.8%	2.7%
2) Expected long-term return on plan assets		
Welfare pension fund	2.5%	3.5%
Retirement benefit trust	1.8~2.5%	1.8~2.5%
3) Other assumptions		
Expected rate of salary raises	3.5%	3.5%

Defined contribution plan

Amount of contributions required for defined contribution plans at consolidated subsidiaries as of March 31, 2025 and 2026 is ¥63 million and ¥172 million (U.S.\$1,076 thousand), respectively.

15. Cash and Cash Equivalents

The reconciliation of cash and due from banks in the consolidated balance sheets to the cash and cash equivalents as of March 31, 2025 and 2026 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Cash and Due from Banks	¥1,276,230	¥1,359,989	\$8,506,311
Interest-bearing Deposits included in Due from Banks (excluding Due from BO)	(20,176)	(24,754)	(154,827)
Cash and Cash Equivalents	¥1,256,054	¥1,335,234	\$8,351,482

16. Lease Transactions

a. Lessee

Operating leases

Total future lease payments under non-cancelable operating leases at March 31, 2025 and 2026 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
With one year	¥104	¥111	\$ 696
Over one year	190	96	603
Total	¥295	¥207	\$1,300

b. Lessor

Leased investment asset at March 31, 2025 and 2026 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Lease receivables	¥51,159	¥59,417	\$371,636
Estimated residual value	10,058	11,799	73,799
Interest income	(5,974)	(7,098)	(44,399)
Total	¥55,243	¥64,117	\$401,036

The lease receivable amount at March 31, 2025 and 2026, and the amount of lease fees receivable on investment assets, which is scheduled to be collected after the fiscal year-end, were summarized as follows:

	Lease receivables	Lease investment assets
	Millions of yen	Millions of yen
	2025	2025
within 1 year	¥4,449	¥15,190
over 1 year and within 2 years	3,602	12,269
over 2 years and within 3 years	2,899	9,649
over 3 years and within 4 years	2,231	6,810
over 4 years and within 5 years	1,314	3,894
over 5 years	1,089	3,345

	Lease receivables		Lease investment assets	
	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
	2026	2026	2026	2026
within 1 year	¥5,775	\$36,123	¥17,275	\$108,051
over 1 year and within 2 years	5,079	31,770	14,276	89,297
over 2 years and within 3 years	4,363	27,289	11,149	69,739
over 3 years and within 4 years	3,392	21,218	8,017	50,149
over 4 years and within 5 years	1,649	10,318	4,738	29,635
over 5 years	1,326	8,293	3,959	24,763

17. Income Taxes

Income taxes applicable to the Bank and its consolidated subsidiaries include corporation tax, inhabitants' tax and enterprise tax. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation. Deferred tax assets and liabilities as of March 31, 2025 and 2026 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Deferred tax assets:			
Allowance for loan losses	¥ 7,499	¥ 8,144	\$ 50,940
Net defined benefit liability	5,076	4,895	30,621
valuation difference on available-for-sale securities	5,210	116	728
Devaluation loss on securities	576	536	3,353
Depreciation	432	502	3,144
Other	5,535	5,118	32,016
Subtotal	24,330	19,314	120,805
Valuation allowance	(2,521)	(2,145)	(13,419)
Total: Deferred tax assets	21,809	17,168	107,385
Deferred tax liabilities:			
Net unrealized gains on securities available for sale	(110)	(250)	(1,569)
Retirement benefit trust	(4,188)	(4,434)	(27,737)
Remeasurements of defined benefit plans	(10,831)	(16,518)	(103,317)
Other	(584)	(646)	(4,044)
Total: Deferred tax liabilities	(15,714)	(21,850)	(136,669)
Net: Deferred tax assets (liabilities)	¥ 6,094	¥ (4,682)	\$ (29,284)

The reconciliation between the Japanese statutory tax rate and the Bank's effective tax rate for the year ended March 31, 2025 and 2026 is as follows:

18. Segment Information

a. Segment information by category of business

Segment information by category of business for the years ended or as of March 31, 2025 and 2026 is summarized as follows:

Year ended or as of March 31, 2025	Millions of yen						
	Banking	Lease	Sub total	Others	Total	Adjustment	Consolidated
Ordinary income generated from businesses with							
External customers	¥ 183,984	¥ 30,863	¥ 214,847	¥ 5,588	¥ 220,435	¥ —	¥ 220,435
Internal units	1,070	418	1,488	1,887	3,376	(3,376)	—
	185,054	31,281	216,336	7,476	223,812	(3,376)	220,435
Segment profit	57,675	1,151	58,827	3,251	62,078	(48)	62,029
Segment assets	10,533,933	106,656	10,640,589	50,112	10,690,702	(133,527)	10,557,174
Segment liabilities	10,008,534	88,984	10,097,519	18,656	10,116,175	(121,938)	9,994,237
Others							
Depreciation	5,418	696	6,114	69	6,183	130	6,314
Interest and dividend income	132,845	54	132,900	27	132,927	(521)	132,405
Interest expenses	50,281	492	50,773	—	50,773	(499)	50,274
Equity in earnings of unconsolidated subsidiaries and associated companies	106	—	106	—	106	(24)	81
Extraordinary profit	167	—	167	—	167	—	167
Gains on disposal of noncurrent assets	(167)	—	(167)	—	(167)	—	(167)
Extraordinary loss	805	—	805	1	807	—	807
Losses on disposal of noncurrent assets	(487)	—	(487)	0	(488)	—	(488)
Impairment losses on of fixed assets	(318)	—	(318)	—	(318)	—	(318)
Tax	16,511	(98)	16,412	1,075	17,488	2	17,490
Investment of unconsolidated subsidiaries and associated companies	2,180	—	2,180	—	2,180	—	2,180
Increase of property and equipment and intangible assets	4,860	921	5,782	87	5,869	189	6,058

Year ended or as of March 31, 2026	Millions of yen						
	Banking	Lease	Sub total	Others	Total	Adjustment	Consolidated
Ordinary income generated from businesses with							
External customers	¥ 222,643	¥ 35,277	¥ 257,920	¥ 7,045	¥ 264,965	¥ —	¥ 264,965
Internal units	1,682	458	2,141	2,501	4,643	(4,643)	—
	224,326	35,735	260,062	9,546	269,608	(4,643)	264,965
Segment profit	78,828	1,671	80,500	4,444	84,945	(59)	84,886
Segment assets	10,829,428	134,260	10,963,688	52,900	11,016,589	(160,666)	10,855,923
Segment liabilities	10,251,996	115,203	10,367,199	18,465	10,385,664	(149,063)	10,236,601
Others							
Depreciation	5,518	722	6,241	91	6,333	138	6,471
Interest and dividend income	166,376	130	166,507	99	166,607	(1,028)	165,578
Interest expenses	60,405	925	61,330	—	61,330	(1,012)	60,318
Equity in earnings of unconsolidated subsidiaries and associated companies	99	—	99	—	99	(24)	74
Extraordinary profit	34	—	34	—	34	—	34
Gains on disposal of noncurrent assets	(34)	—	(34)	—	(34)	—	(34)
Extraordinary loss	1,063	—	1,063	1	1,064	—	1,064
Losses on disposal of noncurrent assets	(721)	—	(721)	0	(721)	—	(721)
Impairment losses on of fixed assets	(341)	—	(341)	—	(341)	—	(341)
Tax	22,980	545	23,525	1,464	24,989	3	24,993
Investment of unconsolidated subsidiaries and associated companies	1,940	—	1,940	—	1,940	—	1,940
Increase of property and equipment and intangible assets	7,297	909	8,207	143	8,350	138	8,489

Year ended or as of March 31, 2026	Thousands of U.S. dollars						Consolidated
	Banking	Lease	Sub total	Others	Total	Adjustment	
Ordinary income generated from businesses with							
External customers	\$ 1,392,566	\$220,647	\$ 1,613,214	\$ 44,065	\$ 1,657,279	\$ —	\$ 1,657,279
Internal units	10,526	2,867	13,393	15,646	29,040	(29,040)	—
	1,403,093	223,514	1,626,608	59,711	1,686,320	(29,040)	1,657,279
Segment profit	493,050	10,455	503,505	27,801	531,306	(369)	530,937
Segment assets	67,734,729	839,756	68,574,486	330,877	68,905,363	(1,004,918)	67,900,444
Segment liabilities	64,123,068	720,559	64,843,628	115,494	64,959,123	(932,345)	64,026,777
Others							
Depreciation	34,516	4,521	39,037	575	39,612	865	40,478
Interest and dividend income	1,040,633	818	1,041,452	623	1,042,075	(6,433)	1,035,642
Interest expenses	377,815	5,789	383,605	—	383,605	(6,332)	377,272
Equity in earnings of unconsolidated subsidiaries and associated companies	621	—	621	—	621	(153)	467
Extraordinary profit	217	—	217	—	217	—	217
Gains on disposal of noncurrent assets	(217)	—	(217)	—	(217)	—	(217)
Extraordinary loss	6,649	—	6,649	8	6,657	—	6,657
Losses on disposal of noncurrent assets	(4,511)	—	(4,511)	(3)	(4,515)	—	(4,515)
Impairment losses on of fixed assets	(2,137)	—	(2,137)	—	(2,137)	—	(2,137)
Tax	143,735	3,408	147,144	9,158	156,302	22	156,325
Investment of unconsolidated subsidiaries and associated companies	12,137	—	12,137	—	12,137	—	12,137
Increase of property and equipment and intangible assets	45,642	5,691	51,333	899	52,232	864	53,096

(Notes)

- Total income is presented in lieu of sales of companies in other industries.
- "Others" include business segments not included in the reportable segments, such as the delivery of goods, etc., the maintenance of ATMs and operations of securities and guarantees.
- Adjustments are as follows:
 - Adjustment for segment profit of ¥(59) million (U.S.\$(369) thousand) was elimination of intersegment transactions.
 - Adjustment for segment assets of ¥(160,666) million (U.S.\$(1,004,916) thousand) was elimination of intersegment transactions.
 - Adjustment for segment liabilities of ¥(149,063) million (U.S.\$(932,343) thousand) was elimination of intersegment transactions.
 - Adjustment for depreciation of ¥138 million (U.S.\$863 thousand) was elimination of intersegment transactions and the depreciation related to lease investment assets classified as "property and equipment" and "intangible assets" on a consolidated basis.
 - Adjustment for interest and dividend income of ¥(1,028) million (U.S.\$(6,429) thousand), adjustment for interest expenses of ¥(1,012) million (U.S.\$(6,329) thousand), adjustment for equity in earnings of unconsolidated subsidiaries and associated companies of ¥(24) million (U.S.\$(150) thousand) and adjustment for tax of ¥(3) million (U.S.\$(18) thousand) were elimination of intersegment transactions.
 - Adjustment for increase of tangible fixed asset and intangible fixed asset of ¥138 million (U.S.\$863 thousand) were transferred from lease investment assets.
- Segment profit was adjusted with reference to ordinary profit as stated in the consolidated statements of income.

b. Segment information about services

Year ended or as of March 31, 2025	Millions of yen				
	Lending	Investment	Lease	Others	Total
Ordinary income generated from businesses with external customers	¥ 84,120	¥ 70,409	¥ 30,863	¥ 35,043	¥ 220,435
Year ended or as of March 31, 2026	Millions of yen				
	Lending	Investment	Lease	Others	Total
Ordinary income generated from businesses with external customers	¥ 107,003	¥ 81,908	¥ 35,277	¥ 40,776	¥ 264,965
Year ended or as of March 31, 2026	Thousands of U.S. dollars				
	Lending	Investment	Lease	Others	Total
Ordinary income generated from businesses with external customers	\$ 669,273	\$ 512,311	\$ 220,647	\$ 255,047	\$ 1,657,279

c. Segment information about geographical area

1. Ordinary income

The domestic share of ordinary income from external customers exceeds 90% of ordinary income in the consolidated statement of income, thus information has not been disclosed.

2. Tangible fixed assets

The domestic share of tangible fixed assets exceeds 90% of tangible fixed assets in the consolidated balance sheet, thus information has not been disclosed.

d. Segment information about major customers

Ordinary income from a specific customer does not exceed 10% of ordinary income in the consolidated statements of income, thus information has not been disclosed.

19. Related parties

Transactions between the Bank and its executives or major (individual) shareholders, etc. in the year ended March 31, 2025 were as follows:

Type	Name	Description of business or occupation	Voting rights ownership ratio	Relationship with related party	Transaction detail	Transaction amount		Account name	Balance at the end of the year
						Millions of yen	Thousands of dollars		
Executive	Akihiko Fukai	President of the Bank	Directly owns 0.0% of the Bank's voting rights	—	Capital contribution in kind of monetary remuneration claims (Note)	¥15	\$103	—	—
Executive	Hiroyuki Irisawa	Deputy President of the Bank	Directly owns 0.0% of the Bank's voting rights	—	Capital contribution in kind of monetary remuneration claims (Note)	10	71	—	—

(Note)

Capital contribution in kind of monetary remuneration claims based on the restricted stock remuneration plan and Performance Share remuneration plan.

Transactions between the Bank and its executives or major (individual) shareholders, etc. in the year ended March 31, 2026 were as follows:

Type	Name	Description of business or occupation	Voting rights ownership ratio	Relationship with related party	Transaction detail	Transaction amount		Account name	Balance at the end of the year
						Millions of yen	Thousands of dollars		
Executive	Akihiko Fukai	President of the Bank	Directly owns 0.0% of the Bank's voting rights	—	Capital contribution in kind of monetary remuneration claims (Note)	¥18	\$117	—	—
Executive	Hiroyuki Irisawa	Deputy President of the Bank	Directly owns 0.0% of the Bank's voting rights	—	Capital contribution in kind of monetary remuneration claims (Note)	12	78	—	—

(Note)

Capital contribution in kind of monetary remuneration claims based on the restricted stock remuneration plan and Performance Share remuneration plan.

20. Earnings per Share

	Yen		U.S. Dollars
	2025	2026	2026
Net Assets per Share of Common Stock	¥1,472.16	¥1,636.25	\$10.23
Earnings per Share of Common Stock	113.82	154.87	0.96

1. Basis on calculating Net Assets per share was follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2026	2026
Consolidated Net Assets	¥562,937	¥619,321	\$3,873,666
Consolidated Net Assets Attributable to Common Shareholders	562,937	619,321	3,873,666

	Thousands of Stocks	
	2025	2026
Number of Shares of Common Stock. Used for Calculating Net Assets per Share	382,388	378,500

2. Basis of calculating Earnings per share was follows:

	Millions of yen	Thousands of Stocks	Yen	U.S Dollars
For the year ended March 31,2025	Net income	Weighted average stocks	EPS	
Earnings available to Common Shareholders	¥43,900	385,700	¥113.82	\$0.76

	Millions of yen	Thousands of Stocks	Yen	U.S Dollars
For the year ended March 31,2026	Net income	Weighted average stocks	EPS	
Earnings available to Common Shareholders	¥58,863	380,087	¥154.87	\$0.96

3. Diluted earnings per share of common stock for the fiscal year ended March 31,2025 and 2026 are omitted as there are no dilutive shares, etc.

21. Changes in Net Assets

a. Information on type and number of shares issued and treasury shares

Type and number of shares issued and treasury shares in the year ended March 31, 2025 were as follows:

	in thousands			
	Number of shares as of the previous fiscal year-end	Number of shares increased during the accounting period	Number of shares decreased during the accounting period	Number of shares as of the fiscal year-end
Shares issued				
Common stock	425,888	—	20,000	405,888
Total	425,888	—	20,000	405,888
Treasury shares				
Common stock	33,399	10,187	20,088	23,499
Total	33,399	10,187	20,088	23,499

Type and number of shares issued and treasury shares in the year ended March 31, 2026 were as follows:

	in thousands			
	Number of shares as of the previous fiscal year-end	Number of shares increased during the accounting period	Number of shares decreased during the accounting period	Number of shares as of the fiscal year-end
Shares issued				
Common stock	405,888	—	10,000	395,888
Total	405,888	—	10,000	395,888
Treasury shares				
Common stock	23,499	3,982	10,093	17,387
Total	23,499	3,982	10,093	17,387

b. Information on dividends

The following dividends were paid in the year ended March 31, 2025:

Date of resolution	Type of shares	Amount of dividends	Cash dividends per share	Record date	Effective date
		Millions of yen	Yen		
Annual meeting of shareholders held on June 20, 2024	Common stock	¥4,709	¥12.0	March 31, 2024	June 21, 2024
Directors' meeting held on November 11, 2024	Common stock	¥7,697	¥20.0	September 30, 2024	November 29, 2024

The following dividends were paid in the year ended March 31, 2026:

Date of resolution	Type of shares	Amount of dividends		Cash dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual meeting of shareholders held on June 20, 2025	Common stock	¥ 9,559	\$59,793	¥25.0	\$0.16	March 31, 2025	June 23, 2025
Directors' meeting held on November 10, 2025	Common stock	¥11,355	\$71,022	¥30.0	\$0.19	September 30, 2025	November 28, 2025

Dividends whose record date is attributable to the year ended March 31, 2025 but which are effective after March 31, 2025

Date of resolution	Type of shares	Amount of dividends		Source of dividends	Cash dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars		Yen	U.S. dollars		
Annual meeting of shareholders held on June 20, 2025	Common stock	¥9,559		Retained earnings	¥25.0		March 31, 2025	June 23, 2025

Dividends whose record date is attributable to the year ended March 31, 2026 but which are effective after March 31, 2026

Date of resolution	Type of shares	Amount of dividends		Source of dividends	Cash dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars		Yen	U.S. dollars		
Annual meeting of shareholders held on June 23, 2026	Common stock	¥12,112	\$75,756	Retained earnings	¥32.0	\$0.20	March 31, 2026	June 24, 2026

22. Stock Options

Not applicable.

23. Corporate bonds

Corporate bonds include subordinated corporate bonds in the amount of ¥40,000 million and ¥60,000 million (U.S.\$375,281 thousand) as of March 31, 2025 and 2026, respectively.

24. Business Combination

(Business Integration between the Bank and Daishi Hokuetsu Financial Group, Inc.)

Based on the memorandum of understanding executed between the Bank and Daishi Hokuetsu Financial Group, Inc. (Michiro Ueguri, President and Representative Director; "Daishi Hokuetsu Financial Group"; and the Bank and Daishi Hokuetsu Financial Group collectively, the "Two Companies") on April 24, 2025, the board of directors of each of the Two Companies resolved, at its respective board of directors meeting held on March 26, 2026, to carry out a business integration (the "Business Integration") based on the basic policy of mutual trust and an equal integration, subject to approval being obtained from the shareholders' meetings of the Two Companies and the necessary approvals and permits being obtained from relevant authorities.

Accordingly, the Two Companies have executed a share exchange agreement (the "Share Exchange Agreement") and a business integration agreement (the "Business Integration Agreement").

1. Overview of the Business Combination

(1) Name and Business Description of the Acquired Company

Daishi Hokuetsu Financial Group

Management and operation of banks and other companies that are permitted to be subsidiaries under the Banking Act and any and all businesses incidental or related thereto.

(2) Objectives of the Business Combination

The Business Integration aims to step up to become a new financial group that constitutes one of the top regional banks in terms of both scale and quality of management by combining the Two Companies, each of which already has a solid customer base in its respective business area, as well as strong profitability and a robust financial foundation.

Based on the basic policy of mutual trust and an equal integration, the Two Companies will bring together the relationships of trust with customers and understanding of their respective regions that each has cultivated in its business area, and will work to further enhance consulting functions, thereby deepening their commitment to contributing to their regions and sustainably improving their corporate value.

In addition, the Two Companies will build a sustainable business model for the future by maximizing the benefits of rationalization and efficiency through economies of scale, while providing added value to customers by leveraging each of the Two Companies' strengths.

Further, the Two Companies aim to meet the expectations of all stakeholders, including customers and regions, employees, and shareholders, by establishing a strong group management structure to maximize the potential of the Two Companies' management resources and steadily achieving sustainable growth and improvement of their corporate value.

- (3) Date of the Business Combination
April 1, 2027 (scheduled)
- (4) Legal Structure of the Business Combination
A share exchange with Daishi Hokuetsu Financial Group as the wholly owning parent company resulting from the Share Exchange and the Bank as the wholly owned subsidiary company resulting from the Share Exchange.
- (5) Name of the Company after the Business Combination
Daishi Hokuetsu Financial Group (planned to change its trade name to Gunma Niigata Financial Group, Inc.)
- (6) Voting Rights to Be Acquired
100%
- (7) Main Grounds for Determination of the Acquiring Company
Based on the acquisition determination factors under Accounting Standards for Business Combinations.

2. Share Allotment Ratio, Calculation Method and Number of Shares to Be Delivered

- (1) Share Allotment Ratio
1.125 common shares of Daishi Hokuetsu Financial Group will be allotted and delivered for each common share of the Bank
- (2) Method of Calculation
The Bank appointed Nomura Securities Co., Ltd. as its third-party appraiser, and Daishi Hokuetsu Financial Group appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as its third-party appraiser.
With reference to the valuation and analysis results of their respective third-party appraisers, the Two Companies conducted careful negotiations and discussions, and as a result, determined and agreed upon the Share Allotment Ratio.
- (3) Number of Shares to Be Delivered
425,812,711 common shares of Daishi Hokuetsu Financial Group (estimated)
The estimated number of new shares above has been calculated based on the total number of issued common shares of the Bank as of March 31, 2026 (395,888,177 shares).
However, since the Bank plans to cancel all of its treasury shares immediately prior to the effective time of the Share Exchange (the "Reference Time"), the number of treasury shares of the Bank as of March 31, 2026 (17,387,989 shares) has been excluded from the shares to which new shares of Daishi Hokuetsu Financial Group are to be delivered in the above calculation.
If the number of treasury shares of the Bank as of March 31, 2026 changes by the Reference Time, such as if a right to request a purchase of shares is exercised by a shareholder of the Bank, the number of new shares to be delivered by Daishi Hokuetsu Financial Group may change.

25. Subsequent events

Not applicable.



Independent Auditor's Report

The Board of Directors
The Gunma Bank, Ltd.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The Gunma Bank, Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2026, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 24 to the consolidated financial statements, which describes Business Integration between the Bank and Daishi Hokuetsu Financial Group, Inc. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Determination of the debtor classification for the purpose of determining the allowance for loan losses, and the allowance for loan losses using the discounted cash flow method (“the DCF method”) and the cash flow deduction method

Description of Key Audit Matter	Auditor’s Response
The Group is engaged in the banking business primarily in Gunma Prefecture which is its main business base, of which the lending business is its core business activity. The collectability of loans recorded by the Group is affected by changes in economic trends in local areas, changes in the price of real estate and stock prices, and the business circumstances of debtors. As a result, there is a possibility of default by debtors. As such, the Group calculates the amount of expected losses on default and records it as an allowance for loan losses. The allowance for loan losses included in the consolidated balance sheet at the end of the fiscal year ended March 31, 2026 was ¥31,009 million. Information such as a detailed description of the calculation method for the allowance for loan losses is presented in Section h “Allowance for loan losses” and (Significant accounting estimates) of Note 1 “Summary of Significant Accounting Policies” to the consolidated financial statements. The allowance for loan losses is calculated in accordance with the Group's predetermined guidelines for self-assessment and write-offs and allowances. The calculation process includes the determination of the debtor classification which is determined by assessing the relevant debtor's ability to repay loans based on its repayment status, financial position, business performance, and future prospects of debtors, and the provisioning of the allowance for loan losses using the DCF method and the cash flow deduction method. (1) Determination of the debtor classification	In considering the appropriateness of the determination of the debtor classification and the appropriateness of the allowance for loan losses using the DCF method and the cash flow deduction method, we mainly performed the following audit procedures: (1) Assessment of internal controls - We assessed the Group's internal controls over the Group's debtor classification process. The controls tested included but were not limited to those controls over the accuracy of the schedules used in determining the debtor classification and controls over the underlying credit rating data. We also assessed the Group's internal controls over the process of estimating the future cash flows used in the DCF method and the cash flow deduction method. (2) Determination of the debtor classification - We selected a sample of debtors that we considered necessary by taking into account factors such as the repayment status, financial position, and the degree of deterioration in their business performance as well as the results of our analysis using a self-assessment anomaly detection tool (a tool that assists in the selection of debtors subject to examination by, among other functions, identifying the location of credit risk by visualizing it from the perspective industry, branch office, region, and other components, based on the debtor's credit and financial information in self-assessment audits, and by identifying the differences between the debtor classification based on the debtor classification estimation model using machine learning for each debtor and the

In determining the debtor classification, the Group sets forth the outlook for debtors' future business performance as a significant assumption. In particular, when assessing the appropriate classification of a debtor whose repayment status, financial position, or business performance is deteriorating, factors such as the reasonableness and feasibility of the business improvement plan, which embodies the prospects for improvement in the future, are important in making the relevant judgments. The reasonableness and feasibility of the business improvement plans are affected by changes in the business environment surrounding the debtor, and the success or failure of the debtor's business strategy. Therefore, they are highly uncertain and highly dependent on management judgement.

(2) Allowance for loan losses using the DCF method and the cash flow deduction method

The Group records an allowance for loan losses using the DCF method and the cash flow deduction method for debtors that are classified as either debtors requiring caution or potentially bankrupt debtors and that, in addition, are large loan balance debtors for which substantial deterioration in their business performance would have a significant impact on the Group's profit or loss. The allowance for loan losses using the DCF method and the cash flow deduction method is determined based on an estimate of future cash flows and, in particular, the repayment schedule based on the business improvement plans included in the estimate of future cash flows is based on management's evaluation of the reasonableness and feasibility of business improvement plans. Therefore, estimating the future cash flows is highly uncertain and dependent on management judgement.

debtor classification determined by the company). We also considered the monetary impact of the changes in debtor's classification on the amount recorded in the allowance for loan losses.

- In order to evaluate sampled debtors' recent repayment status, financial position, and business performance, we inspected a set of materials related to the Group's self-assessment, such as explanatory materials including a description of the business, borrowing and repayment status, research materials providing an understanding of substantial financial position, financial statements, and the trial balances. In addition, we made inquiries of the department in charge of the loans as necessary to confirm our understanding, compared financial analysis with that of other companies in the same industry, examined related materials such as tax reports, and examined the consistency between the aforementioned materials and external publications such as external ratings and IR information.
- In order to examine the reasonableness and feasibility of business improvement plans that embody the future outlook for the repayment status, financial position, and business performance of the debtors, we analyzed the trends from past results of the major profit and loss items such as sales, cost of sales, selling, general and administrative expenses of the debtors, and evaluated the accuracy of the Group's past estimates based on the extent to which the debtors had historically achieved their previous business improvement plans. In addition, as necessary, we held discussions with the department in charge of loans and made comparisons with relevant market and industry information, such as performance trends of other companies in the same industry and analyst reports for the industry.

Accordingly, in view of the significance of the potential impact on the consolidated financial statements, we have identified the appropriateness of the determination of the debtor classification for the purpose of determining the allowance for loans losses, particularly with respect to debtors displaying a deterioration in repayment status, financial position or business performance, and the appropriateness of the allowance for loan losses using the DCF method and the cash flow deduction method as a Key Audit Matter.	(3) Allowance for loan losses using the DCF method and the cash flow deduction method • In order to examine the accuracy and completeness of the scope of application of the DCF method and the cash flow deduction method in accordance with the Group's predetermined guidelines, we reperformed the selection process for debtors subject to these methods from the list of debtors as of the end of the fiscal year ended March 31, 2026. • In order to evaluate the repayment schedule included in the estimate of the future cash flows for the debtors to which the DCF method or the cash flow deduction method are applied, we agreed it with the repayment schedule of the business improvement plan, or compared it with the actual repayment amount.
--	--

Other Information

The other information comprises the information included in the Annual Report that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing 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. 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not 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 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 in accordance with accounting principles generally accepted in Japan.
- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.



We communicate with the Corporate Auditor and the Board of Corporate Auditors 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 the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to 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 to reduce threats to an acceptable level.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, 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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of The Gunma Bank, Ltd. and its subsidiaries provided by us and other EY member firms are 276 million yen for the year ended March 31, 2026, and the fees for other services of The Gunma Bank, Ltd. and its subsidiaries provided by us and other EY member firms are 71 million yen for the year ended March 31, 2026.



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.

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 25, 2026

Toshihiro Morishige

Designated Engagement Partner
Certified Public Accountant

Osamu Yamada

Designated Engagement Partner
Certified Public Accountant