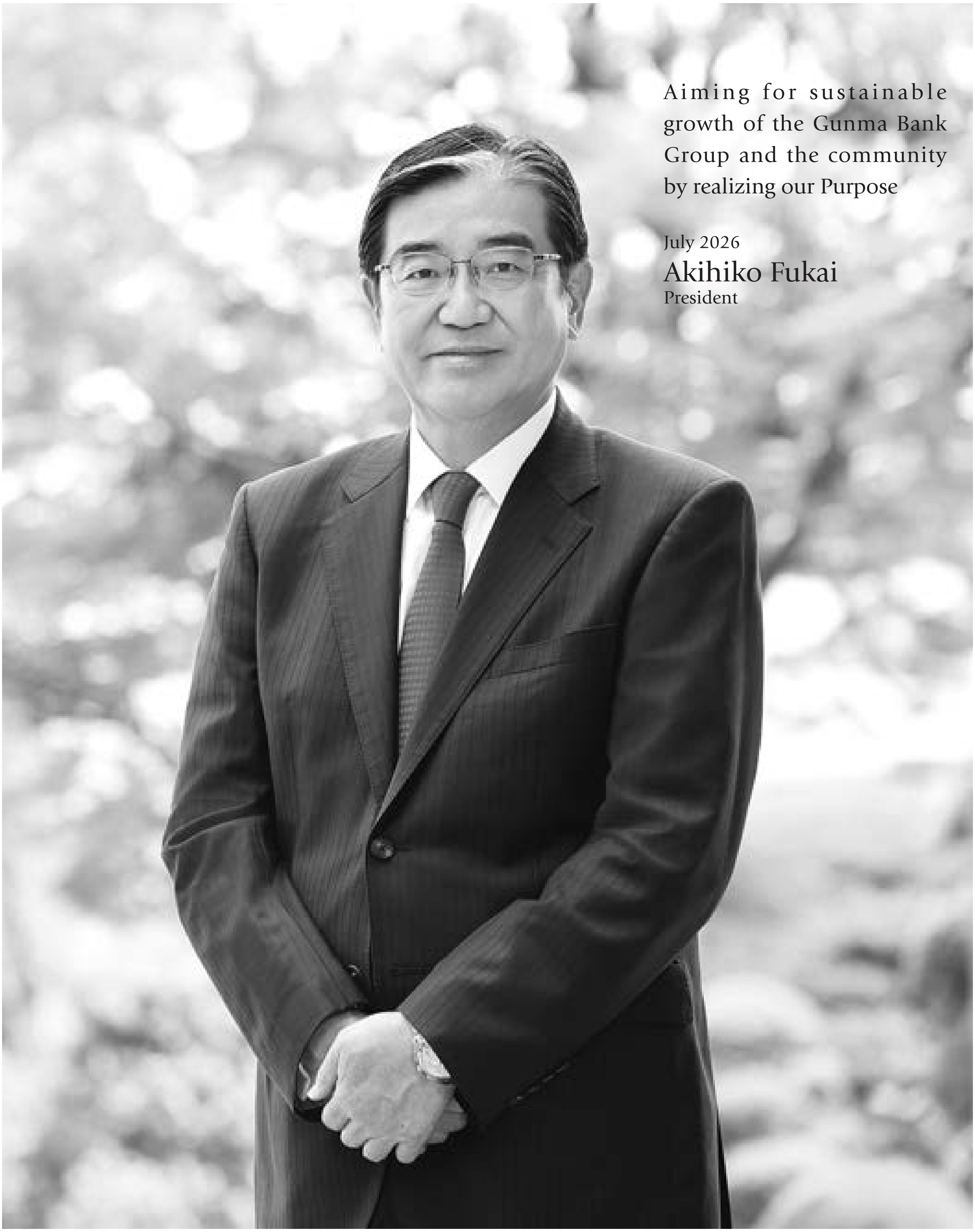
Gunma Bank

Annual Report 2026

GUNMA BANK REPORT

Year Ended 31st March, 2026

Message from the Management



Advancing to a New Phase of Growth, Driven by Our Purpose

Strong Momentum in the First Year of the Mid-Term Business Plan and Building the “Future of Our Communities and Group” through Business Integration

FY2025 Results and Evaluation of the First Year of the Mid-Term Business Plan “Growth with ‘Purpose’”

■ Achieving high capital efficiency and profitability from the first year, establishing a solid foundation for meeting the Mid-Term Business Plan targets

FY2025 was marked by increasingly rapid and significant changes in the business environment. Amid uncertainty in the global economy stemming from the United States’ high tariff policies, the new Takaichi administration took office in Japan in October 2025, while policy interest rate hikes resulted in a full-fledged transition to a positive interest rate environment.

Against this backdrop, we launched our new Mid-Term Business Plan, “Growth with ‘Purpose,’” and delivered a very strong start in its first year. We believe this performance reflects the steady progress we have made in embedding “Purpose-driven, proactive actions.” As a result, each employee is increasingly able to find both “a clear framework to respond to changes” and “a sense of fulfillment in their work.”

These proactive initiatives enabled us to undertake activities that resonated with our customers and local communities, resulting in solid outcomes.

Consolidated net income reached 58.8 billion yen, up 34.1% year-on-year, after two upward revisions of our earnings forecasts during the fiscal year. We believe this represents a significant achievement, bringing us within reach of the Mid-Term Business Plan’s final target of 60.0 billion yen.

In addition, ROE, a capital efficiency indicator, reached our target level of 10%. From an earnings perspective, FY2025 significantly outperformed our initial forecasts.

However, I am not satisfied with all aspects of our progress. Looking at each initiative under the Plan, progress has varied, partly because this was the Plan’s first year. Of the Mid-Term Business Plan’s two strategic themes, the first “Deepening purpose-driven sales” is managed through quantitative progress monitoring using the “KPIs for Connections” as key activity indicators. A closer look at these indicators shows that areas where our strengths and purpose-driven approach are most evident, including “corporate solutions (business succession, staffing services, etc.)” and “sustainable finance,” have grown steadily and are already demonstrating high progress rates. On the other hand, our efforts targeting “retail customer and asset-building customer segments,” which will serve as a medium- to long-term earnings base, still face challenges. Going forward, we will accelerate our strategy in this area, including greater use of digital technologies, and steadily regain momentum.

As for the other strategic theme, “Striving to establish sustainable regional economic zones,” we have only just begun. Establishing a network that enhances the sustainability of local communities cannot be accomplished overnight. That is precisely why we position this as our most important medium- to long-term priority for addressing regional challenges, and we are committed to advancing it steadily.

Unwavering Commitment to Taking on Challenges Since the Previous Mid-Term Plan, “Innovation for ‘Purpose’”

■ Alignment of sales operations and human resources to realize our Purpose

When I assumed the position of President in 2019, Japan was in the midst of the negative interest rate era, making it extremely difficult to grow profit through the traditional banking model centered on deposit and lending alone. Faced with a strong sense of urgency, we recognized the need to look beyond the conventional boundaries of “banking,” reexamine the meaning of our existence, and continue to evolve. Based on this sense of urgency and awareness of the challenges, we established our Purpose, “By connecting the strands of resources, people, and generations, we weave better futures for our communities,” in November 2021 to articulate the meaning of our existence. The following year, we started our previous mid-term business plan, “Innovation for ‘Purpose,’” with this Purpose positioned as the cornerstone of our management.

Our primary focus at that time was to evolve our approach to sales activities in line with our Purpose and firmly establish the approach as "purpose-driven sales." Specifically, this meant a transition to a structure in which, through dialogue with our customers, we accurately identify their diverse goals and needs, including their business vision for the next five to ten years, capital investment, human resource enhancement, business succession, and M&A. By providing the full range of solutions we have and positioning financing at the center of those solutions, we aim to maximize our potential. Building this sales structure, which we call the "full-spec approach," was one of the major achievements under the previous mid-term business plan.

However, for this new sales approach to take root in the workplace and become sustainable, it was essential to reform the performance evaluation and compensation systems that underpin our employees' mindset and behavior. Accordingly, alongside the reform of our sales structure, we also undertook a comprehensive overhaul of our human resource system. Under the traditional seniority-based human resource system, it was difficult to fully unlock the expertise and potential of each employee. To address this, we introduced a job-based human resource system based on the principle of placing the right person in the right position, rather than fitting people into positions. By clearly defining the skills and requirements for each position, we established a system that enables the appointment of the most suitable person to each position, regardless of age or gender.

In implementing the new system, we recruited an external human resources specialist as an Executive Officer. This enabled us to establish a system better suited to attracting and rewarding highly specialized talent, thereby strengthening our recruitment of mid-career professionals who can make an immediate contribution. At the same time, we introduced a job posting system that allows employees to apply for positions of their own choosing, which has helped foster a culture of proactive initiative and boost employee motivation. The tangible results we are delivering under "Growth with 'Purpose'" today, have been made possible by the two foundations we built under the previous mid-term business plan: the reform of our sales structure and the overhaul of our human resource system.

■ Seizing the shift to a positive interest rate environment and quickly moving onto a growth trajectory

By the time initiatives centered on these sales structures and human resource system were firmly in place, and our vision was beginning to take shape, signs of a major shift were emerging in the business environment. This was the shift to a positive interest rate environment, driven by policy interest rate hikes. To translate this change in the business environment into steady growth, we launched our current Mid-Term Business Plan, "Growth with 'Purpose'," building on and further advancing the achievements of the previous mid-term business plan.

We fully recognize the skepticism among market participants as to whether banks that have operated in an ultra-low-interest rate environment for more than 30 years can successfully adapt to the shift to a positive interest rate environment. However, we have been proactively developing systems to stay ahead of the curve in this area.

Since 2018, we have focused on building a pricing structure more closely linked to market interest rates. In addition to large corporate loans and cross-border loans, we have shifted the vast majority of our lending to small and medium-sized enterprises to market rate-linked pricing. As a result of these strategic initiatives, our lending yields have become highly sensitive to interest rate changes. During the Bank of Japan's interest rate hikes, the improvement in the interest rate environment translated quickly into stronger financial performance. This was a direct result of these measures and is one of the defining strengths of our solid profit structure.

■ Focusing on deposit growth as a responsibility of a regional financial institution

On the other hand, we believe there is still room for improvement in strengthening the deposit base that supports our sustainable growth.

The Bank's loan-to-deposit ratio is approximately 80%, representing a highly efficient level of deposit utilization. However, it also means that further expansion of our lending will require us to grow the deposit base that provides the funding for those loans.

Looking at deposit market share within Gunma Prefecture, however, the Bank's share stands at only around 40%, meaning that a substantial portion of the region's deposits continues to be held by other banks. At the same time, the overall loan-to-deposit ratio of local financial institutions remains at a relatively low level, indicating that a significant amount of deposits within the region are still not being effectively channeled into lending. As the leading regional bank, we believe it is our responsibility to ensure that the deposits entrusted to us are circulated within the local economy. To fulfill that responsibility, we will continue to actively pursue initiatives to expand our deposit base.

Specifically, we will accelerate our efforts for both corporate and individual customers. For corporate deposits, we will further deepen our relationships with customers and respond closely to their financing needs, thereby increasing deposit balances. In addition, building on the solid progress we have already made, we will further strengthen these initiatives. For individual deposits, we are now in a position to offer attractive deposit rates, supported by the expansion of our loan income. We will deploy strategic interest rate initiatives in a flexible manner to meet the needs of each customer segment, from those building their assets to high-net-worth individuals, with the aim of steadily increasing deposit balances.

That said, competing solely on deposit interest rates will not enable us to build long-term relationships with our customers. To remain the bank of choice, we must extend to individual customers the same commitment to "providing comprehensive solutions to a broad range of challenges" that has underpinned our corporate banking operations and evolve toward an "all-asset approach," under which we engage with each customer's overall assets. Specifically, we will use attractive deposit rates as a starting point. From there, we will gain a comprehensive understanding of each customer's overall assets, including inheritance planning, business succession, and asset succession, and propose an optimal asset portfolio designed to preserve real value even in an inflationary environment.

■ Move beyond a simple return to traditional deposit and lending operations and deepen our solutions-based business

With the shift to a positive interest rate environment, some may question whether our increased focus on expanding lending and strengthening our deposit base means a return to the traditional deposit and lending operations centered on interest income. However, the Bank's vision goes beyond that. As I have already explained, our "full-spec approach" is built on the idea of placing financing at the center of a broad range of solutions designed to address customers' diverse needs. For example, for a large-scale capital investment project, we leverage the consulting capabilities of our Group to provide comprehensive support, ranging from validating the feasibility of the investment plan to assisting with subsidy applications. Fees and commissions generated through this high-quality consulting offer significantly higher profitability compared to the profit derived from the traditional interest margin business. Moreover, these consulting services naturally lead to financing opportunities, including syndicated loans and bond underwriting, and also create opportunities to maximize non-interest income through a wide range of services, such as business matching and staffing support. There is another reason why we are not dependent on the traditional deposit and lending operations. Our frontline teams have fully embraced RORA as the benchmark for capital efficiency. Since FY2019, we have managed our business with a strong focus on RORA, consistently pursuing the maximization of capital efficiency. In corporate lending, it is not easy to achieve a high RORA through interest income alone. However, we can increase returns (the numerator of RORA) by expanding fees and commissions and combining them with low-cost funding sources such as deposits. At the same time, through appropriate pricing negotiations and by strengthening loan security commensurate with risk exposure, we can effectively control credit risk (the denominator of RORA). This process, in which our employees apply their expertise and creativity to flexibly combine a wide variety of solutions, represents another dimension of our "full-spec approach." Unlike in the past, when sales activities focused solely on the pursuit of numerical targets such as loan and deposit balances, our workplace today is filled with "joy" and "fulfillment" as each employee thinks independently and applies their ingenuity. This culture, one in which motivated employees take the initiative to deliver diverse solutions, is the Bank's greatest strength.

Signed Definitive Agreement for Business Integration with Daishi Hokuetsu Financial Group

■ Achieving sustainable growth by creating top-line synergies

As we have announced, we entered into a definitive agreement with Daishi Hokuetsu Financial Group (hereinafter referred to as Daishi Hokuetsu FG) in March 2026 for business integration. During the year since the April 2025 announcement of the planned business integration, the share prices of both companies have risen significantly, while valuation indicators such as price-to-book ratio (PBR) and price-to-earnings ratio (PER) have also remained strong. We believe these trends reflect a strong recognition by the stock market and investors of the rationale and future potential of business integration. They also reinforce our appreciation of the high expectations placed on us.

As I mentioned last year, our decision to pursue the business integration was driven largely by our participation in the TSUBASA Alliance in 2020. The following year, in 2021, we launched the Gunma and Daishi Hokuetsu Alliance, a bilateral alliance, and nearly five years after its establishment, it continues to deliver strong results. This indicates that the collaboration between the two banks is creating tangible added value through initiatives such as sharing expertise in derivatives, an area in which Daishi Hokuetsu FG has particular strengths, and joint participation in syndicated loans in the Tokyo metropolitan area.

As we took a fresh look at the track record of the alliance, the fact that our relationship is characterized by "different strengths that are highly complementary" has become clear from a numerical perspective as well. Now that the conviction we have cultivated through our day-to-day business dealings has been quantitatively substantiated, we have concluded that business integration is the best path for further developing the alliance between our two companies and achieving sustainable growth going forward. This business integration is therefore a major decision rooted in the conviction held by our front-line employees and in our strong determination for the future.

■ Maximizing the group synergies through our complementary strengths

As I mentioned earlier, a closer look at the business models of both banks reveals that we are highly complementary in terms of scale and regional characteristics. For example, although the two banks are of a broadly comparable size, the Gunma Bank's lending business has established an extensive network not only in Gunma Prefecture, our solid foundation, but also in the Tokyo metropolitan area, where funding demand is strong. As a result, the Gunma Bank has built a clear advantage in terms of our loan balance. Meanwhile, Daishi Hokuetsu FG has an unparalleled market share in Niigata Prefecture and a robust deposit base. By combining the complementary strengths of our two companies, we will be able to leverage Daishi Hokuetsu FG's abundant funding capacity through the Gunma Bank's extensive network in the Tokyo metropolitan area, significantly enhancing the Group's overall lending capabilities. In addition, we see opportunities to expand into business areas that would have been difficult for either company to pursue independently, including overseas loans and collaboration across our overseas bases.

Furthermore, by sharing our strengths in profitability management using ROE and RORA, as well as our risk management methods such as advanced internal rating systems within the Group, we will further improve the Group's overall capital efficiency.

On the other hand, in the area of non-interest income, including fees and commissions, we will adopt the advanced expertise that Daishi Hokuetsu FG has cultivated to further strengthen our proposal capabilities for customers in our local communities. In the past, we often relied on external partners when handling highly complex projects. By drawing on Daishi Hokuetsu FG's advanced expertise, I am confident that we can steadily expand our non-interest income and deliver higher value-added services to a broader range of customers.

■ Realizing our Purpose is the ultimate objective of the business integration

So far, I have focused primarily on the synergies of business integration from the perspective of the Gunma Bank. Now, I would like to emphasize once again that the true starting point of this integration is "our local communities and customers."

"Will things stay the same?" In fact, this is one of the first questions we are most often asked by our customers. My answer is clear: "Our commitments to you will not change." We chose business integration rather than a merger and decided to maintain two bank brands under a holding company because we place the highest value on the trust we have built with our local customers. It also reflects our firm commitment to becoming even more deeply rooted in the communities we serve. I am confident that this decision provides reassurance for our local customers.

At the same time, what we aspire to achieve lies beyond that. In a positive interest rate environment, the business integration of two leading regional banks will enable us to strengthen our capital base and enhance our capacity for risk-taking, thereby further increasing our ability to support regional industries. Integration will allow us to realize initiatives that would not have been possible on our own, unlock the full potential of Gunma Prefecture, and weave better futures for our communities and customers. In other words, the ultimate objective of this business integration is to realize our Purpose through tangible actions. To achieve this objective, we are committed to channeling the synergies created by business integration back into our communities in the form of tangible results.

A year of advancing toward becoming a Super-Regional Bank and further enhancing our market presence

The current Mid-Term Business Plan has been progressing largely in line with the plan. In FY2026, which will serve as the preparation period ahead of the business integration, achieving the Mid-Term Business Plan's final target of consolidated net income of 60.0 billion yen will be a milestone rather than the finish line. We will be fully committed to reporting consolidated net income of 65.0 billion yen for the fiscal year, the figure we have forecast in our latest earnings forecasts.

Looking ahead, the Gunma Niigata Financial Group, a new financial group with more than 21 trillion yen in total assets, will be established in April 2027. Looking further ahead, we have set a target of achieving consolidated net income of more than 140.0 billion yen for the fiscal year ending March 31, 2030, three years after the business integration.

We believe that this business integration will further raise expectations for, and interest in, the Gunma Bank Group among stakeholders in both domestic and international markets. By maximizing top-line synergies, we will strengthen our presence in the markets and steadily evolve into a "Super-Regional Bank" that goes beyond the traditional boundaries of a regional financial institution. We sincerely appreciate your continued support and look forward to your ongoing cooperation.

July 2026

Akihiko Fukai
President

Performance

The Gunma Bank Group comprises six consolidated subsidiaries, two unconsolidated subsidiaries accounted for by the equity method, and one affiliated company accounted for by the equity method. The consolidated business results were as follows.

During the fiscal year, total assets increased by ¥298.7 billion to ¥10,855.9 billion, while liabilities increased by ¥242.3 billion to ¥10,236.6 billion. Net assets increased by ¥56.3 billion to ¥619.3 billion.

Ordinary income increased by ¥44,530 million from the previous fiscal year to ¥264,965 million, mainly due to an increase in interest income (interest on loans and discounts, interest and dividends on securities, etc.). Ordinary expenses increased by ¥21,673 million from the previous fiscal year to ¥180,079 million, mainly due to an increase in interest expenses (interest on deposits, etc.).

As a result, ordinary profit increased by ¥22,856 million from the previous fiscal year to ¥84,886 million. In addition, profit attributable to owners of parent increased by ¥14,963 million from the previous fiscal year to ¥58,863 million.

Consolidated Capital Adequacy Ratio (BIS Standards)

Billions of yen

	As at March 31, 2025	**As at March 31, 2026**
1. Consolidated total capital ratio (4/7)	13.12%	**15.13%**
2. Consolidated Tier 1 ratio (5/7)	12.61%	**14.34%**
3. Consolidated Common Equity Tier 1 ratio (6/7)	12.13%	**13.58%**
4. Total capital (consolidated)	541.4	**599.5**
5. Tier 1 capital (consolidated)	520.2	**568.2**
6. Common Equity Tier 1 capital (consolidated)	500.2	**538.2**
7. Risk weighted assets	4,123.4	**3,962.3**
8. Total Capital requirements (consolidated)	329.8	**316.9**
9. Consolidated leverage ratio	5.52%	**5.90%**

Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars (Note 2)
As at March 31,	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	¥10,557,174	**¥10,855,923**	**$67,900,444**
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	9,994,237	**10,236,601**	**64,026,777**
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	535,769	**568,081**	**3,553,175**
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	27,167	**51,240**	**320,491**
Total net assets	562,937	**619,321**	**3,873,666**
Total liabilities and net assets	¥10,557,174	**¥10,855,923**	**$67,900,444**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

Years ended March 31,	Millions of yen 2025	Millions of yen 2026	Thousands of U.S. dollars (Note 2) 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 2025	Millions of yen 2026	Thousands of U.S. dollars (Note 2) 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					
	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, 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	¥48,652	¥29,581	¥472,175	¥(14,639)	¥535,769
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	—	—	30,740	1,571	32,311
Balance as of March 31, 2026	¥48,652	¥29,581	¥502,915	¥(13,068)	¥568,081

	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	¥(8,165)	¥(581)	¥12,251	¥23,663	¥27,167	¥562,937
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	11,192	707	(252)	12,424	24,072	24,072
Total changes of items during the year	11,192	707	(252)	12,424	24,072	56,384
Balance as of March 31, 2026	¥ 3,026	¥ 125	¥11,999	¥36,087	¥51,240	¥619,321

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	$304,304	$185,025	$2,953,309	$(91,564)	$3,351,074
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	—	—	192,274	9,826	202,100
Balance as of March 31, 2026	$304,304	$185,025	$3,145,583	$(81,738)	$3,553,175

	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income	Total net assets
Balance as of March 31, 2025	$(51,074)	$(3,639)	$76,631	$148,005	$169,923	$3,520,998
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	70,006	4,426	(1,578)	77,713	150,568	150,568
Total changes of items during the year	70,006	4,426	(1,578)	77,713	150,568	352,668
Balance as of March 31, 2026	$ 18,931	$ 786	$75,053	$225,718	$320,491	$3,873,666

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended March 31,	Millions of yen 2025	Millions of yen 2026	Thousands of U.S. dollars (Note 2) 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	¥1,785,824	¥1,666,688	¥1,420,116	¥722,530	¥869,257	¥2,403,576

	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	$11,169,781	$10,424,624	$8,882,387	$4,519,207	$5,436,936	$15,033,629

(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	¥8,674,479	¥946,258	¥36,051	¥3,691	¥8,051	¥ —

	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	¥8,936,098	¥686,519	¥51,005	¥3,703	¥11,518	¥ —

	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	$55,892,537	$4,293,968	$319,025	$23,166	$72,046	$ —

(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	¥588,139	¥1,472,658	¥33,290	¥2,094,088
Derivative Transactions				
Interest Rate Related Transactions	¥ —	¥ 862	¥ —	¥ 862
Foreign Exchange Related Transactions	—	29,247	—	29,247
Others	—	—	154	154
Total Liabilities	¥ —	¥ 30,109	¥ 154	¥ 30,264

	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						
	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	**¥36,204**	**¥ —**	**¥(261)**	**¥(2,807)**	**¥ —**	**¥ —**	**¥33,136**	**¥ —**

	Millions of yen							
	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	**¥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 methos 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 rare 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	$3,402,357	$160,680	$84,089

(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							
	2025				**2026**			
As of March 31,	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			
	2026			
As of March 31,	Contract amounts	Due after 1 year	Fair Value	Valuation profit
Interest rate futures:				
Written	**$ —**	**$ —**	**$ —**	**$ —**
Purchased	**—**	**—**	**—**	**—**
Total	**$ —**	**$ —**	**$ —**	**$ —**

	Millions of yen							
	2025				**2026**			
As of March 31,	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			
	2026			
As of March 31,	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							
	2025				**2026**			
For the years ended March 31,	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			
	2026			
For the year ended March 31,	Contract amounts	Due after 1 year	Fair Value	Valuation profit
currency futures				
Written	**$ —**	**$ —**	**$ —**	**$ —**
Purchased	**—**	**—**	**—**	**—**
Total	**$ —**	**$ —**	**$ —**	**$ —**

As of March 31,	Millions of yen 2025 Contract amounts	Due after 1 year	Fair Value	Valuation profit	2026 Contract amounts	Due after 1 year	Fair Value	Valuation profit
Currency swaps	¥101,563	¥85,587	¥22	¥54	**¥97,749**	**¥75,381**	**¥77**	**¥122**

As of March 31,	Thousands of U.S. dollars 2026 Contract amounts	Due after 1 year	Fair Value	Valuation profit
Currency swaps	**$611,391**	**$471,489**	**$482**	**$766**

For the years ended March 31,	Millions of yen 2025 Contract amounts	Due after 1 year	Fair Value	Valuation profit	2026 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**

For the year ended March 31,	Thousands of U.S. dollars 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.

(c) Other

For the years ended March 31,	Millions of yen 2025 Contract amounts	Due after 1 year	Fair Value	Valuation profit	2026 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**	**¥ —**	**¥ —**	**¥ —**

For the year ended March 31,	Thousands of U.S. dollars 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					
			2025			**2026**		
As of March 31,		Hedged items	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,		Hedged items	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,		Hedged items	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,		Hedged items	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)**

As of March 31,			Thousands of U.S. dollars 2026 Contract amounts	Due after 1 year	Fair Value
Standard treatment:	Currency swaps:	Call loans, Loans, Bonds and Foreign exchange	$3,040,000	$800,000	$(145,042)
	Forward exchange contracts:		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 ¥12,981million (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 BOJ)	(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:

	Millions of yen						
Year ended or as of March 31, 2025	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

	Millions of yen						
Year ended or as of March 31, 2026	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 Banking	Lease	Sub total	Others	Total	Adjustment	Consolidated
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)
1. Total income is presented in lieu of sales of companies in other industries.
2. "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.
3. Adjustments are as follows:
   (1) Adjustment for segment profit of ¥(59) million (U.S.$(369) thousand) was elimination of intersegment transactions.
   (2) Adjustment for segment assets of ¥(160,666) million (U.S.$(1,004,916) thousand) was elimination of intersegment transactions.
   (3) Adjustment for segment liabilities of ¥(149,063) million (U.S.$(932,343) thousand) was elimination of intersegment transactions.
   (4) Adjustment for depreciation of ¥138 million (U.S.$863 thousand) was elimination of intersegment transactions and the depreciation related to lease investment assets classified as "property and equipment" and "intangible assets" on a consolidated basis.
   (5) Adjustment for interest and dividend income of ¥(1,028) million (U.S.$(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.
   (6) Adjustment for increase of tangible fixed asset and intangible fixed asset of ¥138 million (U.S.$863 thousand) were transferred from lease investment assets.
4. 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 Millions of yen	Transaction amount Thousands of dollars	Account name	Balance at the end of the year
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 Millions of yen	Transaction amount Thousands of dollars	Account name	Balance at the end of the year
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:

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

For the year ended March 31,2026	Millions of yen Net income	Thousands of Stocks Weighted average stocks	Yen EPS	U.S Dollars
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 Millions of yen	Cash dividends per share Yen	Record date	Effective date
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: Millions of yen	Amount of dividends: Thousands of U.S. dollars	Cash dividends per share: Yen	Cash dividends per share: U.S. dollars	Record date	Effective date
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: Millions of yen	Source of dividends	Cash dividends per share: Yen	Record date	Effective date
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: Millions of yen	Amount of dividends: Thousands of U.S. dollars	Source of dividends	Cash dividends per share: Yen	Cash dividends per share: U.S. dollars	Record date	Effective date
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.

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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.

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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

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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.

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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.

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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

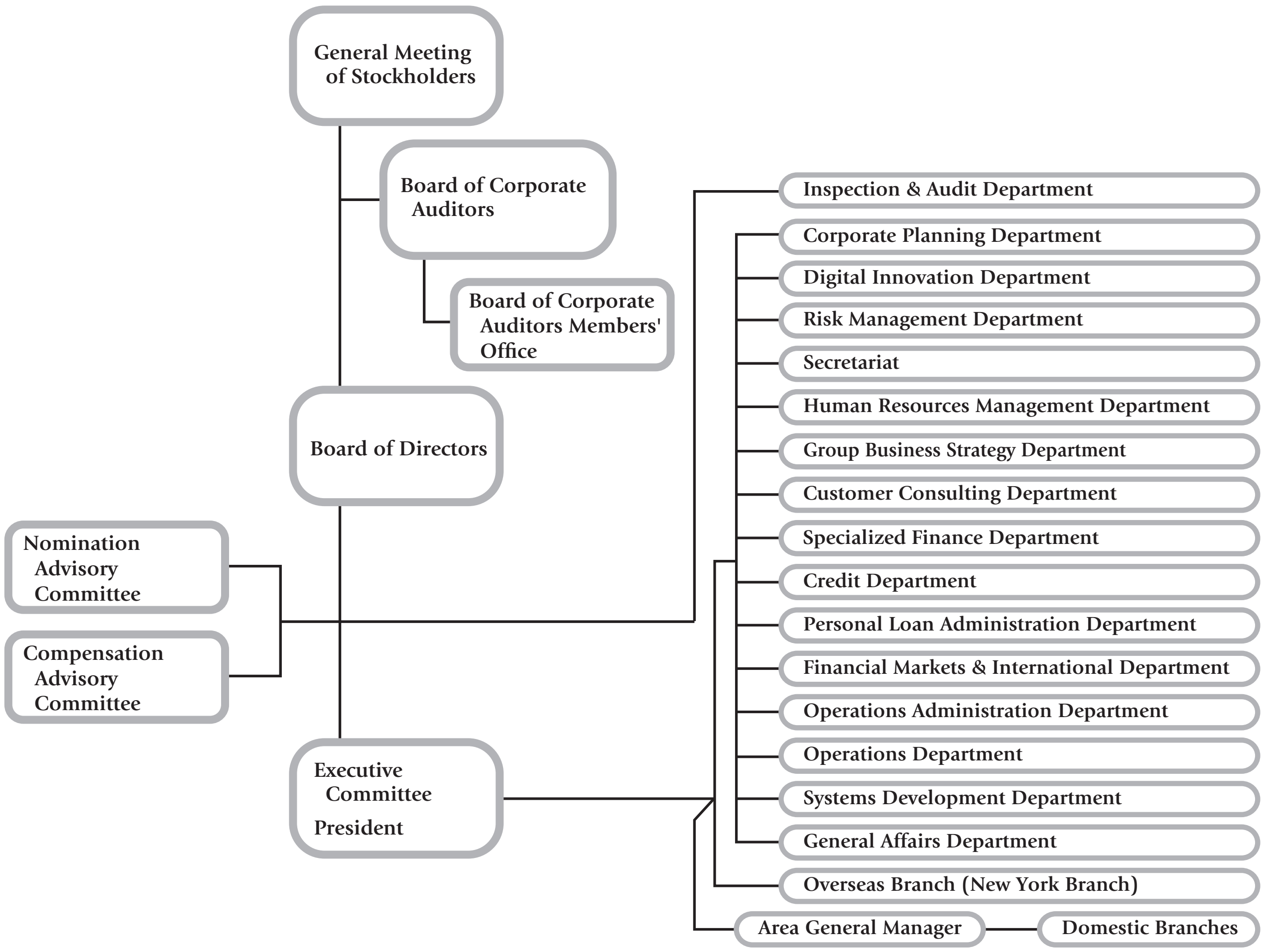
Osamu Yamada
Designated Engagement Partner
Certified Public Accountant

Major Shareholders

(As of 31st March, 2026)

	Number of shares held (in thousands)	%
The Master Trust bank of Japan, Ltd. (Account in trust)	51,354	13.56
STATE STREET BANK AND TRUST COMPANY 505001	23,959	6.33
Custody Bank of Japan, Ltd. (Account in trust)	21,661	5.72
Meiji Yasuda Life Insurance Company	10,898	2.87
Sumitomo Life Insurance Company	10,657	2.81
Gunma Bank Employees' Shareholding Association	9,241	2.44
Toyo Seikan Group Holdings, Ltd.	7,330	1.93
Nippon Life Insurance Company	6,467	1.70
STATE STREET BANK AND TRUST COMPANY 505103	5,097	1.34
JP MORGAN CHASE BANK 385781	5,058	1.33
Total	151,725	40.08

Organization Chart



(As of 30th June, 2026)

Gunma Bank

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