From the Banking Services to the Business of Creating Better Futures

BANK OF NAGOYA

ANNUAL REPORT 2026

From April 1, 2025 to March 31, 2026

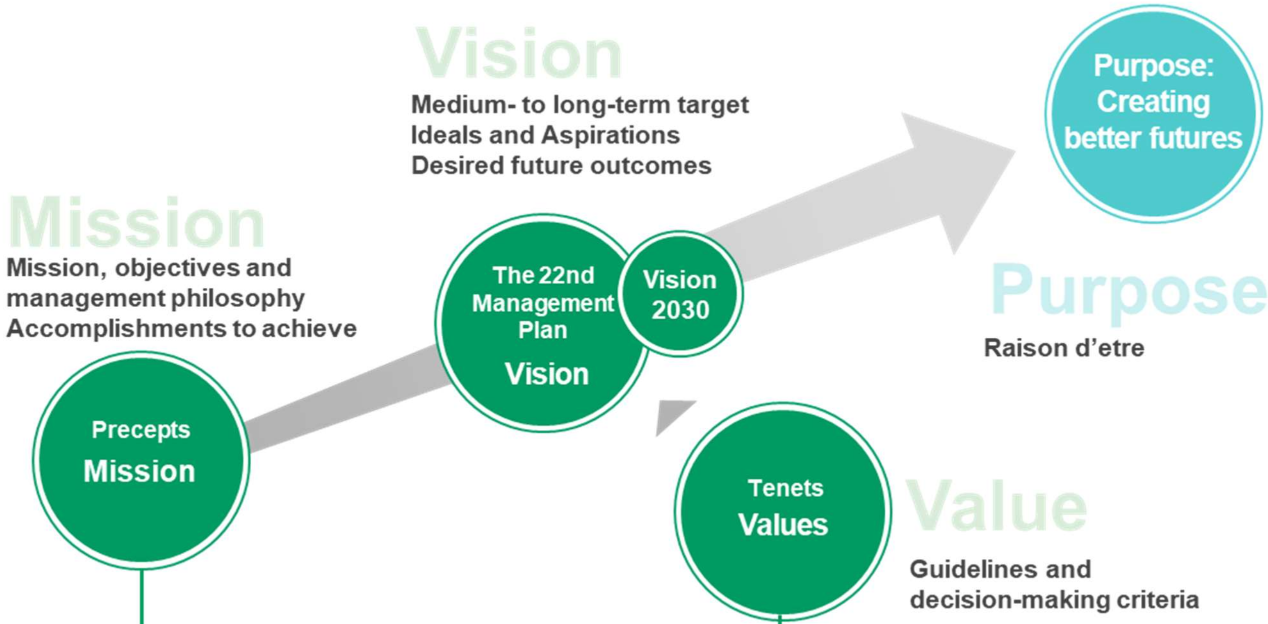
Our Purpose (Raison d'etre), Mission, Vision, and Values

Declaration on Business of Creating Better Futures

We are in the business of creating better futures.

We will
create better futures in conjunction with our corporate customers in helping them develop their companies, and
create better futures in conjunction with our retail customers in helping them achieve greater happiness within their families. Moreover, we will work hard to ensure better futures with respect to our customers and ourselves.

We will continue forging ahead in our efforts to shift from the banking services to the business of creating better futures.



1	**Good service**	Sincere, considerate and speedy service
2	**Good people**	Lift people, broaden people and create a cheery workplace
3	**Good management**	Sound and richly innovative management that seeks full participation from employees

Fostering regional prosperity

This shall both develop the Bank and bring happiness to bank employees

With the precept of "fostering regional prosperity" that has guided the Bank since it was founded, we have maintained traditional and prudent management policies while striving to be a forward-looking and progressive regional financial institution. Our goal is to grow alongside the development of the regional community and to be a bank that regional customers trust and support.
The management philosophy embodied in the precept and tenets has been passed down through generations, and is reflected in the consistent philosophy of each and every employee of the Bank.
We also place particular emphasis on human resource development, adhering to our philosophy that people are the key to business operations.
Our philosophy of management with full participation from employees is widely recognized as an expression of the Bank's bright and energetic spirit, characterized by a strong sense of unity and action.

ANNUAL REPORT 2026

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Overview of the Bank of Nagoya (As of March 31, 2026)

Name	The Bank of Nagoya, Ltd.
Location	19-17 Nishiki 3-chome, Naka-ku, Nagoya City, Aichi 460-0003 Japan
Established	February 24, 1949
Total assets (consolidated)	¥6,272.7 billion
Loans	¥4,330.4 billion
Securities	¥1,051.2 billion
Deposits, etc.*	¥5,476.1 billion
Share capital	¥25.0 billion
Number of employees	1,771

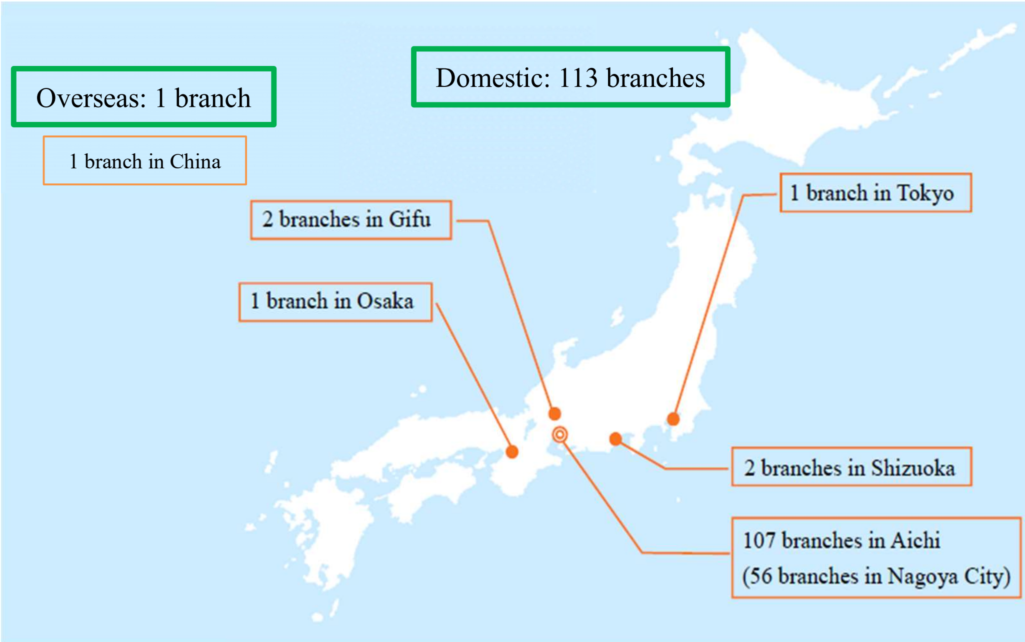
Tel: +81 52 951 5911
https://www.meigin.com/

* Deposits, etc. = Deposits + Certificates of deposits

Headquarters

Company Information (As of March 31, 2026)

Branches



Subsidiaries

Name	Description of business
Nagoya Business Service Co., Ltd.	Cash sorting and inspection operations, etc.
Nagoyalease Co., Ltd.	Comprehensive finance leasing services
Nagoya Card, Ltd.	Credit card business and assurance business
NAGOYA MC CARD Co., Ltd.	Credit card business
Nagoya Capital Partners Co., Ltd.	Fund origination and management services
NAIS Co., Ltd.	Medical systems business and ICT support services

Shares

Principal shareholders

Name	Investment in the Bank	
	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,439	9.02
Morgan Stanley & Co. LLC	2,237	4.54
Nippon Life Insurance Company	2,179	4.43
Meiji Yasuda Life Insurance Company	1,743	3.54
Sumitomo Life Insurance Company	1,548	3.14
Meigin Minori-kai	1,420	2.88
Mizuho Bank, Ltd.	1,265	2.57
Custody Bank of Japan, Ltd. (Trust Account)	1,125	2.28
Taiju Life Insurance Company Ltd.	1,104	2.24
Toho Gas Co., Ltd.	964	1.96

* Number of shares held is rounded down to the nearest thousand.
* The Bank conducted a 3-for-1 share split of common shares, with the record date set as September 30, 2025, and the effective date as October 1.
* The shareholding ratios are calculated by deducting treasury shares (169 thousand shares) from the total number of shares issued (49,196 thousand shares) and expressed by rounding down to two decimal places.

Board of Directors and Audit & Supervisory Committee

(As of July 1, 2026)

President
Ichiro Fujiwara

Senior Managing Director
Masao Minamide

Managing Directors
Hideki Mizuno
Kazu Kondo
Sadaharu Shimizu

Directors
Sachie Kinugawa *1
Akemi Yoshida *1

Audit & Supervisory Committee Members
Katsuaki Kondo *2
Etsuo Ogawa *1
Yutaka Watanabe *1
Miho Mori *1

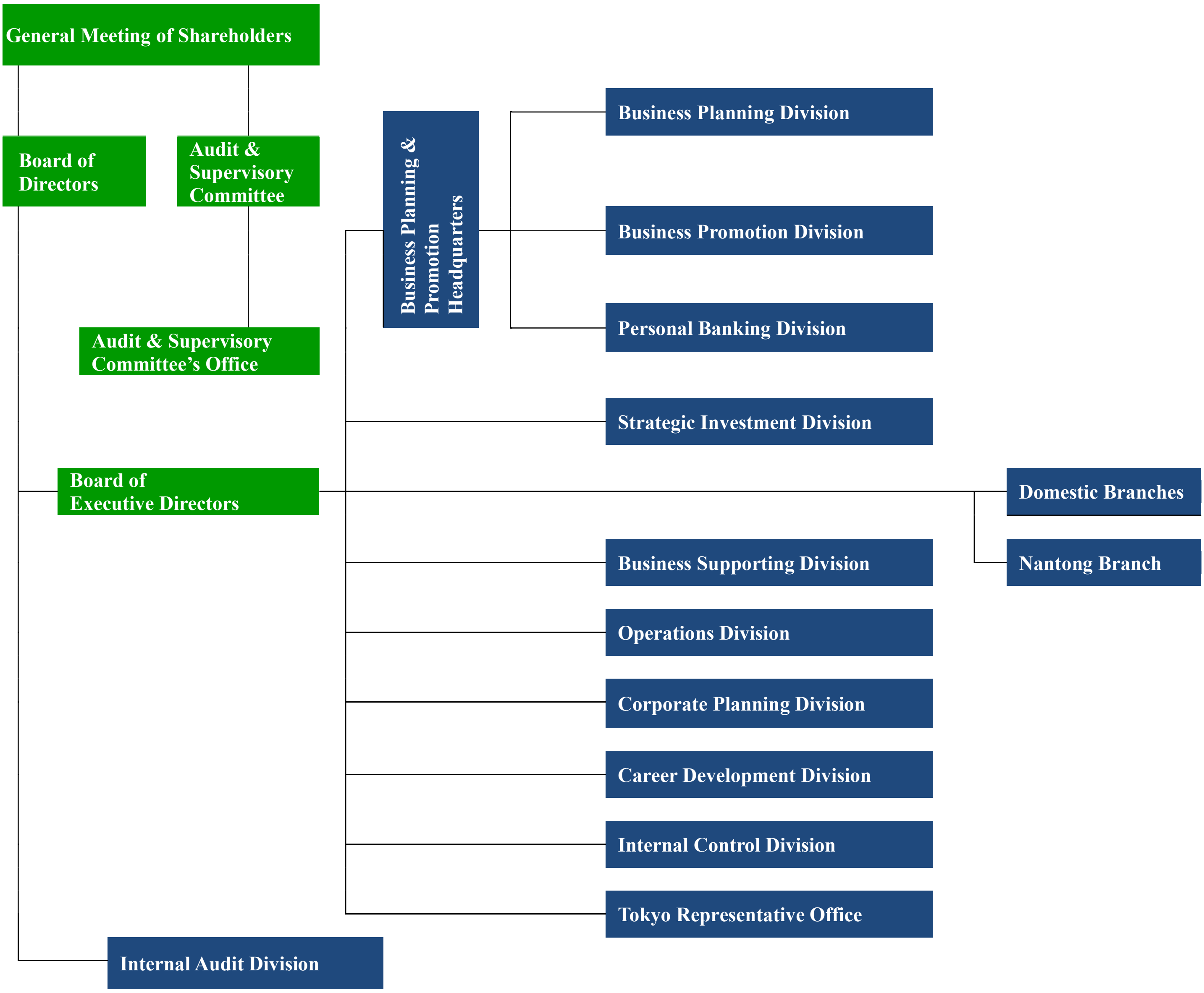
*1 Outside director
*2 Full-time

Managing Executive Officers
Atsushi Iida
Shinichi Ishida
Yoshinori Suzuki
Akihide Ando

Executive Officers
Yasunori Kanamori
Hiroyoshi Ito
Gaku Kimura
Naofumi Yamamoto
Toru Ohashi
Hirotaka Yanagida
Naoki Sakata
Masahiko Mase
Hideaki Imai

Organization of the Bank

(As of July 1, 2026)



Business Activities and Results (Nonconsolidated basis)

Memorandum of Understanding Regarding Business Integration with Shizuoka Financial Group, Inc.

Building on the spirit of equality based on mutual understanding and mutual respect fostered through the Shizuoka Nagoya Alliance (comprehensive business alliance between The Shizuoka Bank and the Bank) entered in April 2022, the Bank and Shizuoka Financial Group, Inc. (hereinafter referred to as the “Companies”) came to recognize that further boosting the regional financial capability by way of proactive business integration between the Companies, is the optimal choice for achieving value cocreation with all stakeholders and for sustainable corporate value enhancement. Accordingly, on March 27, 2026, the Companies entered into a memorandum of understanding to commence discussions and deliberations toward realizing the business integration.

Building on the relationships of trust that the Companies have cultivated through their deep roots in the community, the business integration aims to develop the Companies into a top-tier regional bank financial group in terms of both scale and quality of business, by promoting a broader-area collaboration among the Companies, and also reinforcing the regional financial capability by strengthening the function of offering various solution-oriented sales to solve the challenges faced by customers.

Business activities and results

The Bank’s ordinary income increased by ¥21,546 million year on year to ¥97,441 million, primarily due to increases in interest on loans and discounts and interest and dividends on securities. Ordinary expenses increased by ¥14,266 million year on year to ¥70,212 million, primarily due to an increase in interest on deposits. As a result, ordinary profit increased by ¥7,279 million year on year to ¥27,229 million, and profit increased by ¥5,666 million year on year to ¥19,979 million.

Deposits increased by ¥592,300 million to ¥5,389,600 million as the balance as of the end of the fiscal year. Loans and bills discounted increased by ¥324,900 million to ¥4,330,400 million as the balance as of the end of the fiscal year. The total capital ratio (under uniform international standards) stands at 12.65%, maintaining an adequate level. Additionally, with approval from the Financial Services Agency, the Bank has changed the method of measuring credit risk for calculating the capital ratio from the conventional Standardized Approach to the Foundation Internal Ratings-Based Approach starting from the fiscal year ended March 31, 2026.

Issues to be addressed by the Bank

Currently, the financial industry is at a major turning point. As the Japanese economy fully transitions into a “world with interest rates,” the Bank has set its purpose as being a “Business of Creating Better Futures,” aiming to create new value beyond our traditional role of financial intermediation. Through the promotion of the 22nd Management Plan, our performance is steadily progressing, but we see this change as a true opportunity and are committed to addressing the following three key challenges to further enhance corporate value.

1. Supporting structural transformation of local industries through enhancing the solution business
2. Investing in “people,” the source of the Bank’s growth, and accelerating this with a DX strategy
3. Improving capital efficiency and implementing appropriate shareholder returns to enhance market evaluation

The Group is united in steadily and vigorously advancing step by step towards achieving our 2030 vision of serving as “the region’s leading financial group, growing alongside our customers.”

We sincerely ask our shareholders for their ongoing support and encouragement going forward.

Other

Details of Audit Fees

Fees for auditing certified public accountants, etc. in the current fiscal year were ¥72 million (¥65 million for the Bank and ¥7 million for its consolidated subsidiaries) for audit and attestation services and ¥0 million (¥0 million for the Bank) for non-audit services. The non-audit services provided to the Bank consisted of professional guidance and advice on CRS and FATCA.

In addition, fees for the same network (KPMG Group member firms) as the auditing certified public accountants, etc. other than those mentioned above were ¥7 million for the audit and attestation services.

Independent auditor’s report

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

Opinion

We have audited the accompanying consolidated financial statements of The Bank of Nagoya, Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2026 and 2025, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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 2025, and its consolidated financial performance and its consolidated cash flows for the years 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 in Japan (including those that are relevant to our audit of the consolidated 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 2, “Summary of Significant Accounting Policies, (x)Additional information” to the consolidated financial statements. At the Board of Directors’ meeting held on March 27, 2026, the Company resolved to proceed with discussions and deliberations aimed at realizing a business integration with Shizuoka Financial Group, Inc. (“Shizuoka FG”) and has entered into a memorandum of understanding with Shizuoka FG. 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 our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of determination of borrower categories for borrowers for which the management improvement plans were developed and for borrowers who belong to business sectors whose financial performance deterioration is a matter of particular concern

The key audit matter	How the matter was addressed in our audit
In the consolidated financial statements at the end of the current fiscal year, the Company recorded a balance of Loans and bills discounted of JPY4,310,294 million, which accounted for a high proportion of approximately 68% of total	The primary procedures we performed to assess whether the Company’s determination of the borrower categories was reasonable included the following: (1) Internal control testing We tested the design and operating effectiveness

assets amounting to JPY6,272,701 million. It also recognized a reserve for possible loan losses of JPY17,863 million.

The balances of Loans and bills discounted and reserve for possible loan losses recognized in the Company's non-consolidated financial statements (including the balances to its consolidated subsidiaries) were JPY4,330,465 million and JPY16,524 million, respectively, which represented high proportions of the balances in the consolidated financial statements. The loans were primarily to corporate entities and individual customers who conduct their own business (hereinafter, "business owner borrowers").

In calculating the reserve for possible loan losses, the Company assesses its loans based on the internal self-assessment criteria and determines borrower categories based on the credit risk of borrowers. Major assumptions used in determining borrower categories are explained in Note 2, "Summary of Significant Accounting Policies, (v) Significant accounting estimate" to the consolidated financial statements. Based on the borrower categories, the Company calculates the amount of the reserve for possible loan losses in accordance with the predetermined criteria for write-offs and loan loss provisions, as described in 2 of Notes, "Summary of Significant Accounting Policies, (f) Loans and bills discounted and reserve for possible loan losses" to the consolidated financial statements.

The borrower categories of business owner borrowers are determined based on the Integrated Loan Support System, which is mainly based on quantitative information related to financial information of the borrowers. However, the Company also considers qualitative factors including assessment of management improvement plans prepared based on projected financial performance, which involve management judgment.

Particularly, for borrowers with the significant amount of unsecured loans, whose borrower categories are determined using quantitative information but revised based on the management improvement plans prepared by reflecting projected financial performance, and for borrowers with the significant amount of unsecured loans, who belong to the business sectors whose financial performance deterioration is a matter of particular concern due to price hikes and increases in U.S. tariffs, the determination of the borrower categories may have a significant impact on the amount of reserve for possible loan losses.

of internal controls relevant to the reliability of the borrowers' financial information entered in the Integrated Loan Support Systems and the determination of the borrower categories.

(2) Substantive procedures for assessing the reasonableness of the Company's determination of the borrower categories

We performed the following procedures to assess whether the determination of the borrower categories using the qualitative factors was appropriate based on the self-assessment criteria:

- selected borrowers to be assessed mainly from the following perspectives:
  - Of the borrowers whose borrower categories were determined using quantitative information but revised based on management improvement plans, those for which the negative change in the borrower categories could significantly impact the amount of the reserve for possible loan losses; and
  - Of the borrowers whose financial performance was expected to deteriorate due to the impact of price hikes and increases in U.S. tariffs in the business sectors identified as being particularly affected by such factors, those for which the negative change in the borrower categories could significantly impact the amount of the reserve for possible loan losses.
- assessed the documents obtained or prepared by the Company and inquired of the second-stage assessment division to assess the substantive financial position and results of operations of the selected borrowers.
- assessed the feasibility of the management improvement plans and reason of the determination of the borrower categories and inquired of the second-stage assessment division regarding the borrowers whose borrower categories were changed based on the qualitative factors of the management improvement plans.
- assessed the business situation, projected financial performance and financing of the borrowers whose financial performance was expected to deteriorate due to the impact of price hikes and increases in U.S. tariffs, and inquired of the secondary assessment division regarding these borrowers.

We, therefore, determined that our assessment of reasonableness of determination of borrower categories for borrowers for which the management improvement plans were developed and for borrowers who belong to business sectors whose performance deterioration is a matter of particular concern was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Other Information

The other information comprises the information included in the Annual Report but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for 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 and The Audit and Supervisory Committee for the Consolidated Financial Statements

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

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

The audit and supervisory committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

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

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

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

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

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are described in Details of Audit Fees of the Annual Report.

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 yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We 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.

Kenji Suzuki

Designated Engagement Partner
Certified Public Accountant

Tomoki Oe

Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Nagoya Office, Japan
September 4, 2026

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Balance Sheets
March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Assets:			
Cash and due from banks (Note 3)	¥ 767,469	¥ 711,182	$ 4,800,286
Call loans and bills purchased (Note 3)	1,598	1,196	10,000
Trading account securities (Note 3)	6	2	37
Securities (Notes 3, 4, 7 and 12)	1,047,374	936,433	6,551,002
Loans and bills discounted (Notes 3, 5, 7, 15 and 20)	4,310,294	3,990,329	26,959,561
Foreign exchange	3,939	4,473	24,642
Lease receivables and investments in leased assets (Note 15)	45,737	42,047	286,073
Other assets (Notes 7 and 17)	33,367	27,959	208,703
Tangible fixed assets (Note 6)	43,416	41,654	271,559
Intangible fixed assets	592	1,025	3,708
Employee retirement benefit assets (Note 11)	25,654	21,010	160,462
Deferred tax assets (Note 17)	815	866	5,098
Customers' liabilities for acceptances and guarantees (Note 12)	10,297	9,429	64,409
Reserve for possible loan losses (Note 3)	(17,863)	(17,252)	(111,728)
Total assets	¥ 6,272,701	¥ 5,770,358	$ 39,233,812

(Continued)

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Balance Sheets
March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Liabilities:			
Deposits (Notes 3, 7 and 8)	¥ 5,467,707	¥ 5,026,179	$ 34,198,821
Call money and bills sold (Note 3)	231	–	1,445
Borrowed money (Notes 3, 7 and 9)	367,216	367,700	2,296,829
Foreign exchange	275	680	1,722
Bonds payable (Notes 3 and 10)	10,000	10,000	62,547
Borrowed money from trust account	1,418	1,478	8,871
Other liabilities (Notes 9 and 17)	65,366	52,045	408,845
Reserve for employee bonuses	1,180	1,137	7,384
Reserve for executive bonuses	16	15	106
Employee retirement benefit liability (Note 11)	262	263	1,640
Reserve for executive retirement benefits	36	35	231
Reserve for losses on repayments of dormant bank accounts	60	49	376
Reserve for contingent losses	1,411	1,308	8,827
Reserve for loss on interest repayments	23	24	150
Deferred tax liabilities (Note 17)	30,522	20,629	190,907
Deferred tax liabilities for revaluation (Notes 6 and 17)	2,783	2,847	17,411
Acceptances and guarantees (Note 12)	10,297	9,429	64,409
Total liabilities	5,958,810	5,493,827	37,270,521
Net assets (Notes 13, 14 and 19):			
Common stock	25,090	25,090	156,936
Capital surplus	21,249	21,241	132,909
Retained earnings	188,811	173,486	1,180,959
Less treasury stock, at cost	(388)	(429)	(2,430)
Total shareholders’ equity	234,763	219,389	1,468,374
Accumulated other comprehensive income	79,127	57,141	494,917
Total net assets	313,890	276,531	1,963,291
Total liabilities and net assets	¥ 6,272,701	¥ 5,770,358	$ 39,233,812

(Concluded)

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Income
For the Years Ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Income:			
Interest income:			
Interest on loans and discounts	¥ 45,219	¥ 32,706	$ 282,832
Interest and dividends on securities	21,254	16,025	132,942
Other interest income	4,513	2,044	28,233
Total interest income	70,987	50,777	444,007
Trust fees	81	61	510
Fees and commissions	15,473	13,969	96,783
Other operating income	29,071	28,394	181,831
Gain on sales of stocks and other securities	8,504	9,000	53,190
Other income	682	588	4,266
Total income	124,800	102,792	780,587
Expenses:			
Interest expenses:			
Interest on deposits	16,276	4,778	101,803
Interest on borrowings and rediscounts	442	390	2,771
Other interest expenses	3,880	4,951	24,273
Total interest expenses	20,600	10,121	128,847
Fees and commissions	3,893	3,493	24,355
Other operating expenses	34,554	34,600	216,129
General and administrative expenses (Notes 14 and 18)	33,513	31,074	209,615
Provision of reserve for possible loan losses	1,607	619	10,052
Loss on devaluation of stocks and other securities	–	5	–
Impairment loss on fixed assets	–	73	–
Other expenses	2,277	2,101	14,244
Total expenses	96,446	82,089	603,242
Profit before income taxes	28,353	20,702	177,345
Income taxes (Note 17)	8,084	5,971	50,567
Profit	20,269	14,730	126,778
Profit attributable to owners of the parent	¥ 20,269	¥ 14,730	$ 126,778
	Yen		U.S. dollars
Earnings per share (Note 2(u)):			
Basic	¥ 412.05	¥ 298.91	$ 2.58
Cash dividends	170.00	90.00	1.06

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Profit	¥ 20,269	¥ 14,730	$ 126,778
Other comprehensive income (Note 19):			
Net change in unrealized gains (losses) on available-for-sale securities	19,867	(32,893)	124,264
Land revaluation excess	(138)	(81)	(866)
Retirement benefit adjustments	2,257	(2,999)	14,118
Total other comprehensive income	21,986	(35,973)	137,516
Comprehensive income	¥ 42,255	¥ (21,243)	$ 264,294
Comprehensive income attributable to:			
Owners of the parent	¥ 42,255	¥ (21,243)	$ 264,294
Total comprehensive income	¥ 42,255	¥ (21,243)	$ 264,294

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2026 and 2025

	Millions of yen									
	Shareholders' equity					Accumulated other comprehensive income				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Land revaluation excess	Retirement benefit adjustments	Total accumulated other comprehensive income	Total net assets
Balance at April 1, 2024	¥ 25,090	¥ 21,241	¥ 164,268	¥ (367)	¥ 210,234	¥ 80,852	¥ 3,867	¥ 8,395	¥ 93,115	¥ 303,349
Profit attributable to owners of the parent	–	–	14,730	–	14,730	–	–	–	–	14,730
Cash dividends	–	–	(3,471)	–	(3,471)	–	–	–	–	(3,471)
Purchases of treasury stock	–	–	–	(2,160)	(2,160)	–	–	–	–	(2,160)
Disposition of treasury stock	–	4	–	53	57	–	–	–	–	57
Retirement of treasury stock	–	(2,045)	–	2,045	–	–	–	–	–	–
Transfer from retained earnings to capital surplus	–	2,041	(2,041)	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	(32,893)	(81)	(2,999)	(35,973)	(35,973)
Balance at March 31, 2025	¥ 25,090	¥ 21,241	¥ 173,486	¥ (429)	¥ 219,389	¥ 47,959	¥ 3,785	¥ 5,396	¥ 57,141	¥ 276,531
Profit attributable to owners of the parent	–	–	20,269	–	20,269	–	–	–	–	20,269
Cash dividends	–	–	(5,082)	–	(5,082)	–	–	–	–	(5,082)
Purchases of treasury stock	–	–	–	(10)	(10)	–	–	–	–	(10)
Disposition of treasury stock	–	7	–	51	59	–	–	–	–	59
Retirement of treasury stock	–	–	–	–	–	–	–	–	–	–
Reversal of land revaluation excess	–	–	138	–	138	–	–	–	–	138
Transfer from retained earnings to capital surplus	–	–	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	19,867	(138)	2,257	21,986	21,986
Balance at March 31, 2026	¥ 25,090	¥ 21,249	¥ 188,811	¥ (388)	¥ 234,763	¥ 67,826	¥ 3,647	¥ 7,653	¥ 79,127	¥ 313,890

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2026 and 2025

	Thousands of U.S. dollars									
	Shareholders' equity					Accumulated other comprehensive income				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Land revaluation excess	Retirement benefit adjustments	Total accumulated other comprehensive income	Total net assets
Balance at March 31, 2025	$ 156,936	$ 132,862	$ 1,085,105	$ (2,688)	$ 1,372,215	$ 299,970	$ 23,680	$ 33,751	$ 357,401	$ 1,729,616
Profit attributable to owners of the parent	–	–	126,778	–	126,778	–	–	–	–	126,778
Cash dividends	–	–	(31,790)	–	(31,790)	–	–	–	–	(31,790)
Purchases of treasury stock	–	–	–	(65)	(65)	–	–	–	–	(65)
Disposition of treasury stock	–	47	–	323	370	–	–	–	–	370
Retirement of treasury stock	–	–	–	–	–	–	–	–	–	–
Reversal of land revaluation excess	–	–	866	–	866	–	–	–	–	866
Transfer from retained earnings to capital surplus	–	–	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	124,264	(866)	14,118	137,516	137,516
Balance at March 31, 2026	$ 156,936	$ 132,909	$ 1,180,959	$ (2,430)	$ 1,468,374	$ 424,234	$ 22,814	$ 47,869	$ 494,917	$ 1,963,291

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash flows from operating activities:			
Profit before income taxes	¥ 28,353	¥ 20,702	$ 177,345
Adjustments for:			
Depreciation and amortization	2,584	2,697	16,165
Impairment loss on fixed assets	–	73	–
Stock option expenses	58	52	368
Increase in reserve for possible loan losses	610	11	3,820
(Increase) decrease in employee retirement benefit assets	(4,643)	2,129	(29,046)
(Decrease) increase in employee retirement benefit liability	(0)	13	(6)
Increase (decrease) in reserve for executive retirement benefits	1	(0)	7
Increase (decrease) in reserve for contingent losses	102	(249)	640
Interest income recognized on statement of income	(70,987)	(50,777)	(444,007)
Interest expense recognized on statement of income	20,600	10,121	128,847
Net losses on securities	2,389	2,372	14,945
Foreign exchange (gains) losses, net	(7,637)	322	(47,768)
Net increase in call loans and bills purchased and others	(402)	(136)	(2,518)
Net increase in loans and bills discounted	(319,965)	(209,472)	(2,001,283)
Net increase in lease receivables and investments in leased assets	(3,689)	(2,893)	(23,077)
Net increase in deposits	441,528	389,707	2,761,622
Net increase (decrease) in call money and bills sold	231	(426)	1,445
Net decrease in payables under securities lending transactions	–	(17,363)	–
Net decrease in borrowed money (excluding subordinated borrowings)	(483)	(2,862)	(3,026)
Net decrease in borrowed money from trust account	(60)	(109)	(378)
Interest income received	64,543	47,898	403,700
Interest expense paid	(17,035)	(9,106)	(106,550)
Others, net	8,977	43,986	56,149
Subtotal	145,074	226,690	907,394
Income taxes paid	(4,884)	(7,238)	(30,549)
Net cash provided by operating activities	140,190	219,451	876,845
Cash flows from investing activities:			
Purchases of securities	(337,094)	(397,037)	(2,108,425)
Proceeds from sales and maturities of securities	264,864	349,324	1,656,646
Purchases of tangible fixed assets	(3,547)	(2,174)	(22,191)
Proceeds from sales of tangible fixed assets	772	103	4,833
Purchases of intangible fixed assets	(242)	(101)	(1,517)
Net cash used in investing activities	(75,248)	(49,886)	(470,654)
Cash flows from financing activities:			
Redemption of subordinated bonds	–	(10,000)	–
Dividends paid to shareholders	(5,070)	(3,466)	(31,717)
Purchase of treasury stock, net	(10)	(2,160)	(64)
Net cash used in financing activities	(5,081)	(15,627)	(31,781)
Net increase in cash and cash equivalents	59,860	153,938	374,410
Cash and cash equivalents at the beginning of the year	704,976	551,038	4,409,408
Cash and cash equivalents at the end of the year (Note 2(b))	¥ 764,836	¥ 704,976	$ 4,783,818

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of The Bank of Nagoya, Ltd. (the "Bank") and its consolidated subsidiaries (together with the Bank, the "Group") have been prepared in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements from IFRS Accounting Standards. The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, has not been presented in the accompanying consolidated financial statements.

The amounts in Japanese yen are presented in millions of yen and are rounded down to the nearest million. Accordingly, the totals shown in the accompanying consolidated financial statements and these notes may not equal the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2026, which was ¥159.88 to US$1.00. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

Certain comparative figures have been reclassified to conform to the current year's presentation.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its significant subsidiaries. At March 31, 2026, the Bank had six consolidated subsidiaries (six in 2025), that primarily provided a wide range of financial services to customers.

Six subsidiaries, Meigin Business Succession Investment Limited Partnership, Meigin Venture No. 1 Investment Limited Partnership, Meigin Business Revitalization No. 1 Investment Limited Partnership, Meigin Regional Revitalization No. 1 Investment Limited Partnership, Meigin Venture No. 2 Investment Limited Partnership and Meigin Business Succession No. 2 Investment Limited Partnership are excluded from the scope of consolidation and the scope of application of the equity method because their profit, retained earnings, accumulated other comprehensive income (each in proportion to the Bank's interests), ordinary income and assets are immaterial to the Group's consolidated financial statements. As of March 31, 2026, one affiliate, Shizuoka Nagoya Alliance Investment Limited Partnership, was excluded from the scope of application of the equity method (one affiliate in 2025) because its profit, retained earnings and accumulated other comprehensive income (each in proportion to the Bank's interests) were immaterial to the Group's consolidated financial statements. The carrying amount of the investment in these subsidiaries and the affiliated company, which is included in "securities" on the consolidated balance sheets, was ¥3,287 million ($20,561 thousand) and ¥2,549 million at March 31, 2026 and 2025, respectively.

The Group owns a majority of the voting rights of TY HOLDINGS, LTD., Toyo Corporation, FAPARTNER, LTD., Kojima Institute co., ltd., AIHOLDINGS, LTD., Aiho seiki seisakujo Co., Ltd., NS Holdings Co., Ltd., MIKAWA KOUSAN Co., LTD., CN Holdings Co., Ltd., Central Information Systems Co., Ltd., NSK Holdings Co., Ltd., NSK Co., Ltd., Electric Group Co., Ltd., SEIKUN Co., Ltd., Electric Group2 Co., Ltd., Hikaru Denko Co., Ltd. and NAGOYA LINKS Co., Ltd. based on its own calculation. However, these companies are not treated as subsidiaries, since the investments were made by unconsolidated subsidiaries engaged in investment businesses for the purpose of investment development, not for the purpose of making them subsidiaries.

The difference between the cost of investments in subsidiaries and the underlying equity in their net assets, adjusted based on the fair value at the time of acquisition, is deferred as goodwill and amortized over five years using the straight-line method. Negative goodwill resulting from an acquisition, measured as the excess of the underlying equity in the net assets over the acquisition cost, is charged to income. In consolidation, all intercompany transactions and accounts have been eliminated. In addition, all significant unrealized profits, included in assets, resulting from transactions within the Group have been eliminated.

(b) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consisted of cash and due from banks with an original maturity of three months or less. At March 31, 2026 and 2025, cash and cash equivalents were as follows.

	Millions of yen				Thousands of U.S. dollars	
	2026		2025		2026	
Cash and due from banks	¥	767,469	¥	711,182	$	4,800,286
Less due from banks whose period exceeds three months		(2,632)		(6,206)		(16,468)
Cash and cash equivalents	¥	764,836	¥	704,976	$	4,783,818

(c) Trading account securities

Trading account securities are stated at fair value at the fiscal year end. Related gains and losses, both realized and unrealized, are included in current earnings. Accrued interest on trading account securities is included in “other assets.”

(d) Securities

Debt securities for which the Group has both the intent and the ability to hold to maturity are classified as held-to-maturity debt securities and are stated at amortized cost. Investments in nonconsolidated subsidiaries and affiliates are stated at moving average cost. In principle, available-for-sale securities other than those classified as trading or held-to-maturity debt securities are carried at fair value, with net unrealized gains and losses reported as a component of accumulated other comprehensive income in net assets, net of applicable income taxes. Available-for-sale securities whose market prices are not available are stated at moving average cost. The carrying values of individual securities are reduced, if necessary, through write-downs to reflect other-than-temporary declines in value. Gains and losses on disposal of securities are computed based principally on the moving average method. Accrued interest on securities is included in “other assets.”

(e) Derivatives and hedge accounting

The Bank uses various derivative instruments. Derivatives are recorded at fair value, with changes in fair values included in the consolidated statements of income for the period in which they arise, except for derivatives that are designated as hedging instruments and qualify for hedge accounting.

The Bank applies the deferral method of hedge accounting for hedging interest rate risks associated with various monetary assets and liabilities in accordance with the Industry Audit Committee Report No. 24 (March 17, 2022), titled “Treatment of Accounting and Auditing of Application of Accounting Standards for Financial Instruments in Banking Industry,” issued by the Japanese Institute of Certified Public

Accountants ("JICPA").
The effectiveness of the hedges is assessed for each identified group of hedged deposits and loans and bills discounted and the corresponding group of hedging instruments, such as interest rate swaps, in the same maturity bucket. As for hedging activities to fix the cash flows, the effectiveness is assessed based on the correlation between a base interest rate index of the hedged item and that of the hedging instrument.

The Bank applies the deferral method of hedge accounting for hedging foreign exchange risks associated with various foreign currency-denominated monetary assets and liabilities in accordance with the Industry Audit Committee Report No. 25 (October 8, 2020), titled "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry," issued by the JICPA. The effectiveness of the currency swap transactions, foreign exchange swap transactions and similar transactions that hedge foreign exchange risks of monetary receivables and payables denominated in foreign currencies as described above is assessed based on a comparison of the hedged monetary receivables and payables denominated in foreign currencies and the foreign currency positions of the corresponding hedging instruments.

(f) Loans and bills discounted and reserve for possible loan losses

A reserve for possible loan losses is maintained based on the judgment and future loss assessment of the Bank's management. The Bank implements a self-assessment system for asset quality. Each of the Bank's branches and business units performs primary and secondary assessments of the quality of all loans, which are subsequently examined by the Bank's Credit Supervision Division in accordance with the Bank's policies and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which customers are classified into five categories. All loans are classified through self-assessment into the following categories: "legal bankruptcy," "de facto bankruptcy," "bankruptcy risk," "under observation" and "normal." The Bank provides a reserve for possible loan losses at an amount deemed necessary to cover possible future losses. For claims against borrowers in legal bankruptcy and de facto bankruptcy, a reserve is provided based on the amounts of such claims, net of the amounts expected to be collected through the disposal of collateral or from guarantees. For claims against borrowers who have bankruptcy risk, a reserve is provided in the amount considered necessary based on a solvency assessment performed for the amounts of such claims, net of the amounts expected to be collected through the disposal of collateral or from guarantees. For claims against borrowers in the "under observation" and "normal" categories, a reserve is provided based on estimated loss amounts, primarily calculated over one-year or three-year periods using an estimated loss ratio determined as an average of the loan loss ratio over a certain period of time based on the historical loss experience of the Bank for the past one year, with required adjustments for future prospects and others.

Reserve amounts recorded by consolidated subsidiaries are provided at the aggregate amount of estimated credit loss based on an individual financial review approach for doubtful or troubled claims. For other claims, an amount deemed necessary is provided as a reserve, taking into consideration the historical loss experience.

(g) Tangible fixed assets and depreciation

Tangible fixed assets are stated principally at cost less accumulated depreciation. Depreciation is computed by the declining balance method over the estimated useful life of the asset, except for buildings (excluding facilities attached thereto) acquired on or after April 1, 1998 and facilities attached thereto and structures acquired on or after April 1, 2016, which are depreciated using the straight-line method. For the years ended March 31, 2026 and 2025, the useful life of buildings ranged from 15 to 50 years, and the useful life of equipment and other tangible fixed assets ranged from 4 to 20 years. Tangible fixed assets of the consolidated subsidiaries are depreciated mainly using the straight-line method over the estimated useful life of the asset.

(h) Intangible fixed assets and amortization

Intangible fixed assets are amortized using the straight-line method. Costs of computer software developed or obtained for internal use are capitalized and amortized principally using the straight-line method over the estimated useful life of mainly five years.

(i) Recognition of significant revenues and expenses

Revenues and expenses related to finance lease transactions are recognized and included in sales and cost of sales when lease payments are received.

The Bank has adopted the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Standard No. 29, March 31, 2020) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021). Revenues are recognized at the time of the transfer of promised goods or services to customers in an amount to which the Bank expects to be entitled in exchange for those goods or services.

The Group applies the following five steps to recognize revenue related to transactions with customers.
Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when or as the performance obligations are satisfied

The Group's transactions with customers are mainly related to financial services for which revenue is recognized at the time of the transfer of promised goods or services to customers. The revenue includes fees for exchange services, financial transactions, securities services, agency services, and other banking services.

(j) Impairment of fixed assets

A fixed asset is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the income statement by reducing the carrying amount of the impaired asset or asset group to the recoverable amount, measured at the higher of the asset's net selling price or value in use. Fixed assets include land, buildings and other forms of property, including intangible assets, and are grouped at the lowest level at which there are identifiable cash flows that are separate from other asset groups. For the purpose of recognition and measurement of an impairment loss, fixed assets of the Bank other than idle or unused property are grouped into cash-generating units such as operating branches. Fixed assets of the consolidated subsidiaries are grouped into their respective units, which manage and determine income and expenses related to such assets. The Group recognized impairment losses on fixed assets in the amount of nil and ¥73 million for one unprofitable operating branch and one idle asset for the years ended March 31, 2026 and 2025, respectively. Recoverable amounts of the assets were measured based on net selling prices, which were based on appraisal values or expected selling amounts less estimated costs of disposal. Accumulated impairment loss is deducted from the gross carrying amount of each asset.

(k) Foreign currency translation

The Group's assets and liabilities denominated in foreign currencies, including the accounts of its foreign branches, are translated into Japanese yen at the exchange rate prevailing at the fiscal year end. Revenues and expenses are translated at the exchange rate prevailing on the applicable transaction dates. Gains and losses resulting from transactions are included in the determination of profit (loss).

(l) Reserve for employee bonuses

A reserve for employee bonuses is provided based on the estimated amount of future payments attributable to the respective year.

(m) Reserve for executive bonuses

A reserve for executive bonuses is provided for the payment of bonuses to directors as well as audit and supervisory board members based on the estimated amount of payments attributable to the respective year.

(n) Reserve for employee retirement benefits

Employees who terminate their services with the Group are entitled to retirement benefits based generally on the basic rate of pay at the time of termination, length of service and the conditions under which the termination occurred.

The Group recognizes retirement benefits based principally on the actuarial present value of the retirement benefit obligation using the actuarial appraisal approach and the fair value of the pension plan assets available for benefits at the respective fiscal year end.

In the calculation of retirement benefit obligations, the expected retirement benefits are attributed to periods up to the end of the respective fiscal year using the benefit formula method. Past service cost is amortized by the straight-line method over a certain period within the average remaining years of service of the current employees. Actuarial differences arising from changes in the retirement benefit obligations, changes in the value of plan assets not anticipated by previous assumptions, or changes in the assumptions themselves, are amortized on a straight-line basis over a certain period within the average remaining years of service of the current employees, measured from the year following the year in which the differences arise. For the amortization of past service cost and actuarial differences, the Bank recognizes an amortization period of 12 years, which is within the average remaining years of service of employees. The consolidated subsidiaries use the simplified method in calculating employee retirement benefit liability and retirement benefit expenses. Under this method, the amount for severance payments required at the fiscal year end for voluntary termination is deemed the retirement benefit obligation.

(o) Reserve for executive retirement benefits

For consolidated subsidiaries, a reserve for executive retirement benefits is provided based on the Group's internal rules in the amount that would be payable assuming the directors as well as audit and supervisory board members of the consolidated subsidiaries terminated their services at the balance sheet date.

(p) Reserve for losses on repayments of dormant bank accounts

In order to cover possible losses on claims from customers for repayment of dormant bank accounts, the balances of which were previously recognized as income, the Bank provides a reserve to the extent of estimated losses based on the historical loss experience and taking into consideration the repayment conditions for a certain past period. A reserve for losses on repayments of dormant bank accounts was included in "other expenses" and amounted to ¥48 million ($302 thousand) and ¥63 million for the years ended March 31, 2026 and 2025, respectively.

(q) Reserve for contingent losses

A reserve for contingent losses is provided at an amount deemed necessary to cover possible future losses from the defaulting of loans under the responsibility-sharing system on guarantees of loans with the Credit Guarantee Corporation based on the historical loss experience from prior defaults. For the years ended March 31, 2026 and 2025, a reversal of reserve for contingent losses of nil and ¥249 million, respectively, was included in "Other income." For the years ended March 31, 2026 and 2025, a reserve for contingent losses of ¥102 million ($640 thousand) and nil, respectively, was included in "Other expenses."

(r) Reserve for loss on interest repayments

In order to cover possible losses on the repayment of interest to be received from customers that exceeds the upper limit of interest rates prescribed under the Interest Rate Restriction Act, two consolidated subsidiaries provide a reserve for loss on interest repayments to the extent of the estimated losses that may be incurred from repayment claims by customers for whom court settlements have not been reached. Such estimated losses are based on the historical loss experience taking into consideration the repayment conditions for a certain past period.

(s) Income taxes

Income taxes are accounted for using the asset-liability method. Deferred tax assets and liabilities are recognized as future tax consequences arising from differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as from operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date.

(t) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the Bank's Board of Directors and/or shareholders.

(u) Per share data

Basic earnings per share are computed by dividing profit attributable to common shareholders of the parent by the weighted average number of shares of common stock outstanding during the respective year. Diluted earnings per share are computed by reflecting the potential dilution that would occur if all dilutive securities were exercised or converted into common stock. The Bank conducted a 3-for-1 common stock split, with the record date set as September 30, 2025, and the effective date as October 1. Earnings per share and cash dividends per share have been calculated under the assumption that the stock split was conducted at the beginning of the year ended March 31, 2025.

Diluted earnings per share for the years ended March 31, 2026 and 2025 were not disclosed as the Group had no dilutive common shares.

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared and applicable to the respective years shown.

(v) Significant accounting estimate

Reserve for possible loan losses

(1) The amount of reserve for possible loan losses in the consolidated financial statements for the years ended March 31, 2026 and 2025 was ¥17,863 million ($111,728 thousand) and ¥17,252 million, respectively.

(2) Information that contributes to the understanding of the details of the significant accounting estimate for the identified item

(i) Calculation method
The calculation method of the reserve for possible loan losses is described in (f) Loans and bills discounted and reserve for possible loan losses.

(ii) Major assumptions
- Losses that are expected to occur in relation to individual borrowers, such as the deterioration of a borrower's business performance and cash flow due to the growing effect of price hikes, are reflected in the borrower categories, based on the latest available information.

- In addition to quantitative information based on a borrower's financial information, qualitative factors that do not appear in the borrower's financial information, such as management improvement plans created and based on the borrower's future financial outlook, and the growth potential at present and in the future of the industry to which the borrower belongs, the position of the borrower in the industry, etc., are reflected in the borrower categories.

(iii) The effect on the consolidated financial statements for the year ending March 31, 2027
The major assumptions used to calculate the estimate include the following uncertainties.
- If the initially assumed business performance and cash flow of a borrower deteriorate further due to the continued impact of price hikes, the borrower categories may shift downward.
- If the qualitative assumptions initially made diverge from actual outcomes, such as when the growth potential of the industry to which the borrower belongs turns out to be more stagnant than expected, the borrower categories may shift downward.

These uncertainties could result in a significant increase in the reserves for possible loan losses.

(w) New accounting standards not yet applied by the Group

Accounting Standard for Leases
- 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) Outline
As part of its efforts to ensure consistency between Japanese GAAP and international accounting standards, the ASBJ reviewed the Accounting Standard for Leases to recognize assets and liabilities for all leases held by a lessee, with international accounting standards taken into consideration. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc., which adopts only the key provisions of IFRS 16, based on the single accounting model. The revision aims to be simple and highly convenient, and to make it unnecessary to revise non-consolidated financial statements that apply IFRS 16 in the Accounting Standard for Leases, etc.

Regarding the method for allocating the lease expenses in the lessee's accounting treatment, using the same approach as IFRS 16, a single accounting model is applied for recording the depreciation associated with the right-of-use assets and the amount equivalent to the interest on the lease liabilities for all leases regardless of whether the lease is a finance lease or an operating lease.

(2) Effective date
The Bank will adopt the new standard and guidance from the beginning of the year ending March 31, 2028.

(3) Effects of application
The Bank is currently assessing the effect of applying the new standard and guidance on the consolidated financial statements.

(x) Additional information

Memorandum of Understanding Regarding Business Integration Between the Bank and Shizuoka Financial Group, Inc.

At the Board of Directors held on March 27, 2026, the Bank resolved to reach a memorandum of understanding with Shizuoka Financial Group, Inc. (“Shizuoka FG”; the Bank and Shizuoka FG are collectively referred to as the “Companies”) to proceed with discussions and deliberations aimed at realizing a business integration (the “Business Integration”). The Companies have entered into a memorandum of understanding.

1. Guiding principles on and objectives of the Business Integration

The Business Integration aims to develop the Companies into a top-tier regional bank financial group in terms of both scale and quality of business, by promoting a broader-area collaboration among the Companies, and also reinforcing the regional financial capability by strengthening the function of offering various solution-based sales to solve the challenges faced by the customers.

(1) Enhancing corporate values by the financial group structure after the Business Integration
- The financial group (the “New FG”) after the Business Integration will operate within the framework of a two-bank structure, namely, the Bank and The Shizuoka Bank, Ltd. (the “Shizuoka Bank”) under a holding company (the “New FG Holding Company”).

- Building on the spirit of equality based on mutual understanding and mutual respect fostered through the alliance, the Companies will develop the relationship of trust with the local communities and the customers which they have cultivated so far, and operate their businesses with emphasis on “independence (autonomy) and collaboration” under the internal controls of the holding company structure.

- From a governance perspective, that is, separation of supervision and execution, the New FG Holding Company will continue to assume the supervisory role, promoting business strategies and ensuring appropriate allocation of management resources across all group companies, including the Bank and the Shizuoka Bank, thereby aiming for sustainable enhancement of corporate value.

(2) Contributing to the local communities and the customers as regional financial institutions
- By mutually leveraging the knowledge and strengths of the Companies, for example, by integrating Shizuoka FG’s group company functions offering various solution-based sales with the Bank’s strong sales and customer base in Aichi Prefecture, the Companies will achieve mutual growth with the local communities and the customers while contributing to the advancement and enhanced competitiveness of local industries.

- With this, the Companies will encourage the creation of globally active companies from their respective sales areas through fostering local industries, thereby contributing to the development of the regional economy.

(3) Evolution of human capital management
- As the scale and scope of business expand, the Companies recognize that the expertise required of their human resources must be increasingly sophisticated and diversified. The New FG will create an environment where every officer and employee can exert their capabilities to the fullest, by enhancing career development opportunities and strengthening personnel development support systems.

- The Companies aim to build a corporate group where all officers and employees can work with pride and peace of mind for years to come, while also pushing forward the establishment of an organizational foundation where diverse talents can thrive.

2. Structure of the Business Integration

Subject to obtaining the necessary approval of the general meeting of shareholders and permits and approvals from the relevant authorities, the Companies will discuss and consider conducting the Business Integration under the structure of a share exchange with a target effective date of April 1, 2028, wherein Shizuoka FG will become the wholly-owning parent company and the Bank a wholly-owned subsidiary. As the Bank will become a wholly-owned subsidiary of Shizuoka FG through the share exchange, the shares of the Bank are scheduled to be delisted from the Tokyo Stock Exchange and the Nagoya Stock Exchange prior to the effective date of the share exchange. Please note that the structure of the Business Integration is subject to change during future discussions and deliberations to be continued between the Companies.

3. Share exchange ratio

The share exchange ratio for the share exchange in the Business Integration will be determined by the time the definitive agreement for the Business Integration is concluded, based on various factors including the results of the upcoming due diligence and the results of stock valuation by third-party valuation firms.

4. Establishment of integration preparation committee

The Companies will establish an integration preparation committee co-chaired by the President of Shizuoka FG and the President of the Bank to hold intensive discussions regarding the Business Integration.

5. Upcoming schedule

March 2027 (scheduled)	Execution of the definitive agreement and the share exchange agreement concerning the Business Integration
December 2027 (scheduled)	Extraordinary general meeting of shareholders at the Bank
April 1, 2028 (scheduled)	Effective date of the share exchange

(Note 1) For Shizuoka FG, the Business Integration is planned to be conducted without obtaining the approval for the share exchange agreement regarding the Business Integration from the general meeting of shareholders, pursuant to the simplified share exchange procedures set forth in Article 796, Paragraph 2 of the Companies Act. However, depending on the share exchange ratio to be determined through future discussions, the Business Integration may not qualify as a simplified share exchange. Whether the approval of the general meeting of shareholders at Shizuoka FG is required will be confirmed by the time the definitive agreement is concluded.

(Note 2) The above schedule is tentative at this time and subject to change depending on future discussions between the Companies. In addition, execution of the Business Integration is contingent upon obtainment of the necessary permits and approvals from the relevant authorities (including the filing of a Form F-4 registration statement with the U.S. Securities and Exchange Commission (the “SEC”) and having the registration statement be declared effective). Should any event occur that delays the schedule for the Business Integration due to the status of obtainment of such permits and approvals, the Companies will promptly make an announcement.

6. Overview of the Companies (as of March 31, 2026)

Name	The Bank	Shizuoka Financial Group, Inc.
Place of head office	19-17, Nishiki 3-chome, Naka-ku, Nagoya City, Aichi	10, Gofukucho 1-chome, Aoi-ku, Shizuoka City, Shizuoka
Name and title of representative	Ichiro Fujiwara, President	Hisashi Shibata, President
Description of businesses	Banking business	Business administration of banks and other subsidiaries whose ownership therein is permitted by the Banking Act and any and all businesses incidental to or relating to such business; and other businesses which a bank holding company is permitted to operate by the Banking Act
Stated capital	¥25,090 million	¥90,000 million
Date of establishment	February 24, 1949	October 3, 2022
Total number of issued shares	49,366 thousand shares of common stock	580,129 thousand shares of common stock
Fiscal year end	March 31	March 31
Total assets (consolidated)	¥6,272,701 million	¥16,016,015 million
Net assets (consolidated)	¥313,890 million	¥1,231,900 million
Deposit balance (consolidated)	¥5,381,207 million	¥12,210,042 million
Loan balance (consolidated)	¥4,310,294 million	¥11,185,408 million
Number of employees (consolidated)	1,926 persons	4,226 persons

7. Other matters
In the event the Business Integration is executed, the shareholders of the Bank will receive the shares of Shizuoka FG. Pursuant to the U.S. Securities Act of 1933, Shizuoka FG is expected to file a Form F-4 registration statement with the SEC regarding the Business Integration.

3. Financial Instruments and Related Disclosures

(a) Qualitative information on financial instruments

(1) Group policy for financial instruments

The Group conducts deposit, loan and investment operations. Since the Group has financial assets and liabilities which involve interest rate risk, the Bank has established an Asset Liability Management ("ALM") system to avoid unfavorable effects of interest rate fluctuations. Derivative transactions are used as part of ALM.

(2) Nature of financial instruments and related risks

Financial assets held by the Group comprise mainly loans to domestic corporate entities and individuals and securities. Loans are subject to customer credit risk arising from defaults by borrowers. There is a possibility that borrowers will not perform their obligations in accordance with the applicable contract terms due to economic circumstances or other reasons.

Securities, which primarily comprise equity securities, bonds and investment trusts, are held for maturity, and investment and business promotion purposes. These securities are exposed to the credit risk of issuers, interest rate fluctuation risk and/or market price fluctuation risk.

For securities denominated in foreign currencies, bonds denominated in foreign currencies are generally purchased at an amount up to the corresponding amount of deposits, and funds are procured from the market in foreign currencies to avoid foreign exchange fluctuation risk.

Financial liabilities include mainly deposits from customers and are subject to liquidity risk. There is an interest or maturity mismatch between assets such as loans and bills discounted and liabilities such as deposits that exposes these assets and liabilities to interest rate fluctuation risk.

Derivative transactions include interest rate swaps and forward foreign exchange contracts. The Group uses derivative transactions in line with ALM in order to avoid interest rate fluctuation risk in relation to deposits and loans and to fulfill customers' hedging requirements for foreign exchange fluctuation risk. Hedge accounting is applied to certain transactions which offset market fluctuations or fix cash flows and fulfill preliminary and subsequent requirements. Derivative transactions which do not meet the hedge accounting criteria are exposed to foreign exchange and interest rate fluctuation risks.

(3) Risk management for financial instruments

(i) Credit risk management

The Group manages its credit risk by maintaining a credit exposure management system in relation to loans in accordance with its "Credit Policy," which stipulates the basic concepts in relation to its credit exposure management and administrative rules regarding credit risk. The system includes the credit administration of loans, credit lines, credit records and internal ratings and the establishment of guarantees and/or collateral and handling of doubtful loans. These credit exposure management procedures are performed by each of the Group's sales branches and operations support departments, and are reported to the Board of Executive Directors and/or Board of Directors on a regular basis.

The credit risk of issuers of securities and the counterparty risk of derivative transactions are managed by the Bank's Strategic Investment Division which monitors credit information and fair values on a regular basis.

(ii) Market risk management

(a) Interest rate risk management

The Group has established the ALM committee to recognize and manage interest rate fluctuation risk comprehensively and implement appropriate ALM. Risk control methods and procedures are stipulated in the ALM committee codes, and their implementation is monitored, while future actions are discussed at the Board of Directors' meetings. On a daily basis, the Bank's Risk Control Division checks interest rates and periods of financial assets and liabilities, monitors risks using gap analysis and interest rate sensitivity analysis, as well as reports to the ALM committee and Board of Directors on a monthly basis.

(b) Foreign exchange risk management

The Group manages foreign exchange fluctuation risk by transaction and enters into forward foreign exchange contracts to manage foreign exchange fluctuation risk on transactions with customers.

(c) Market price fluctuation risk management

The Group holds investment products, including securities based on marketable securities investment planning, determined by the Board of Executive Directors in accordance with the market fluctuation risk management rules of the Board. Since the Bank's Strategic Investment Division purchases investment products from outside, market price fluctuation risk is reduced through effective monitoring after preliminary reviews and the establishment of investment limits. Most equity securities managed by the Bank's Planning Division are for business promotion purposes, and market conditions and the financial status of customers are monitored and reported to the Board of Executive Directors on a regular basis.

(d) Derivative transactions

An internal system of checks has been established through the segregation of functions related to derivative transactions, including trading functions such as entering into derivative contracts, operations functions such as the processing of transactions and the evaluation of hedge effectiveness.

(e) Quantitative information on market risk

i) Financial instruments for trading purposes

The Group uses the historical simulation method based on the assumptions of a holding period of 120 business days, a 99% confidence level and an observation period of 1,200 business days for the calculation of interest-related Value at Risk (VaR) for trading account securities. As of both March 31, 2026 and 2025, the market risk exposure (the expected maximum loss) of the Group's trading operation amounted to zero.

ii) Financial instruments other than for trading purposes

Market risk is the primary risk to the Group. The major financial instruments subject to market risk are "loans and bills discounted," debt securities, equity securities, and investment trusts included in "securities," and "deposits." The historical simulation method with the assumption of a holding period of 120 business days, a 99% confidence level and an observation period of 1,200 business days is used for the calculation of VaR of these financial assets and liabilities. As of March 31, 2026 and 2025, the market risk exposures (the expected maximum loss) of the Bank's banking operations were as follows.

	Value at Risk		
	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Securities for investment purposes *(*1)*	¥ 27,927	¥ 23,788	$ 174,677
Strategically held equity securities	7,746	19,505	48,451
Loans and deposits *(*2)*	34,784	26,244	217,564

Notes:

*(*1) Securities for investment purposes: yen bonds, foreign bonds, equity securities for investment purposes and investment trusts*

*(*2) Loans and deposits: deposits, negotiable certificates of deposit, loans and bills discounted, call loans, due from banks, bonds payable, payables under securities lending transactions, borrowed money and call money*

iii) Supplementary explanation on quantitative information related to market risk

The Group evaluates the effectiveness of its measurement model by performing back-testing procedures to compare VaR calculated by the measurement system with actual gain or loss. VaR provides information regarding market risk exposure statistically calculated with certain probability based on historical market fluctuations. Therefore, VaR may not be able to measure risks under extreme situations in which the market environment changes extraordinarily.

(iii) Management of liquidity risk associated with financing

The Group regards the stable financing of its operations as a top priority and manages its financing needs effectively. In addition, the Group manages liquidity risk by diversifying the sources of its funds and adjusting the balance of long-term and short-term accounts with consideration for market conditions.

(4) Supplementary explanation on fair values

Since assumptions must be made when using alternative methods to determine fair values of financial instruments, different assumptions may lead to different fair values.

(b) Fair values of financial instruments

The carrying values and fair values of financial instruments at March 31, 2026 and 2025 were as follows. Notes to “cash” are omitted, and notes to “due from banks,” “call loans,” “call money,” and “payables under securities lending transactions” are omitted since their carrying values approximate fair values due to their short maturities.
Insignificant items are also omitted.

	Millions of yen		
	2026		
	Carrying value	Fair value	Difference
Securities:			
Held-to-maturity debt securities	¥ 120,000	¥ 110,658	¥ (9,341)
Available-for-sale securities *(*1) (*4)*	883,981	883,981	–
Loans and bills discounted:	4,310,294		
Reserve for possible loan losses *(*2)*	(16,973)		
Loans and bills discounted - subtotal	4,293,321	4,222,744	(70,576)
Total	¥ 5,297,303	¥ 5,217,384	¥ (79,918)
Deposits	¥ 5,467,707	¥ 5,468,731	¥ 1,023
Borrowed money	367,216	366,989	(227)
Bonds payable	10,000	9,741	(258)
Total	¥ 5,844,924	¥ 5,845,462	¥ 537
Derivative transactions *(*3)*:			
Hedge accounting not applied	¥ (3,213)	¥ (3,213)	¥ –
Hedge accounting applied	–	–	–
Total	¥ (3,213)	¥ (3,213)	¥ –

	Millions of yen		
	2025		
	Carrying value	Fair value	Difference
Securities:			
Held-to-maturity debt securities	¥ 120,000	¥ 112,008	¥ (7,991)
Available-for-sale securities *(*1) (*4)*	777,367	777,367	–
Loans and bills discounted:	3,990,329		
Reserve for possible loan losses *(*2)*	(16,346)		
Loans and bills discounted - subtotal	3,973,982	3,947,403	(26,579)
Total	¥ 4,871,350	¥ 4,836,779	¥ (34,570)
Deposits	¥ 5,026,179	¥ 5,025,881	¥ (297)
Borrowed money	367,700	367,588	(111)
Bonds payable	10,000	9,834	(165)
Total	¥ 5,403,880	¥ 5,403,305	¥ (574)
Derivative transactions *(*3)*:			
Hedge accounting not applied	¥ (727)	¥ (727)	¥ –
Hedge accounting applied	–	–	–
Total	¥ (727)	¥ (727)	¥ –

	Thousands of U.S. dollars					
	2026					
	Carrying value		Fair value		Difference	
Securities:						
Held-to-maturity debt securities	$	750,563	$	692,133	$	(58,430)
Available-for-sale securities *(*1) (*4)*		5,529,032		5,529,032		–
Loans and bills discounted:		26,959,561				
Reserve for possible loan losses *(*2)*		(106,162)				
Loans and bills discounted - subtotal		26,853,399		26,411,965		(441,434)
Total	$	33,132,994	$	32,633,130	$	(499,864)
Deposits	$	34,198,821	$	34,205,223	$	6,402
Borrowed money		2,296,829		2,295,404		(1,425)
Bonds payable		62,547		60,932		(1,615)
Total	$	36,558,197	$	36,561,559	$	3,362
Derivative transactions *(*3)*:						
Hedge accounting not applied	$	(20,097)	$	(20,097)	$	–
Hedge accounting applied		–		–		–
Total	$	(20,097)	$	(20,097)	$	–

Notes:
*(*1) The following securities were excluded from the above tables because they do not have a quoted market price.*

	Millions of yen				*Thousands of U.S. dollars*	
	2026		*2025*		*2026*	
*Unlisted stocks *1 and *2*	*¥*	*1,884*	*¥*	*1,940*	*$*	*11,787*
*Investments in partnerships *3 and *4*		*41,508*		*37,126*		*259,620*
Total	*¥*	*43,392*	*¥*	*39,066*	*$*	*271,407*

**1 The fair value of unlisted stocks was not disclosed in accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020).*
**2 The Group wrote off unlisted stocks amounting to nil for the years ended March 31, 2026 and 2025.*
**3 The fair value of investments in partnerships was not disclosed in accordance with Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021).*
**4 The Group wrote off investments in partnerships amounting to ¥308 million ($1,932 thousand) and ¥278 million for the years ended March 31, 2026 and 2025, respectively.*

*(*2) General and individual reserves for possible loan losses corresponding to loans and bills discounted were deducted.*
*(*3) Derivative transactions show net amounts after offsetting related receivables and payables. Amounts in parentheses denote net payables.*
*(*4) Investment trusts whose net asset value in accordance with Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is treated as fair value are included.*

(c) Maturity analysis for monetary claims and securities with contractual maturities

	Millions of yen					
	2026					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ 734,607	¥ –	¥ –	¥ –	¥ –	¥ –
Call loans and bills purchased	1,598	–	–	–	–	–
Securities:						
Held-to-maturity debt securities						
Others	–	–	–	–	–	120,000
Available-for-sale securities with maturities *(*1)*						
National government bonds	–	29,000	101,000	68,000	91,000	15,500
Local government bonds	12,895	20,835	27,917	3,107	50,060	–
Bonds and debentures	31,191	55,242	33,890	32,516	10,984	5,294
Others *(*2)*	500	1,598	7,354	–	17,586	89,988
Securities - total	44,587	106,677	170,161	103,623	169,631	230,782
Loans and bills discounted *(*3)*	759,868	764,943	631,539	395,101	360,784	1,331,764
Total	¥ 1,540,662	¥ 871,620	¥ 801,701	¥ 498,725	¥ 530,416	¥ 1,562,546

	Millions of yen					
	2025					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ 683,054	¥ –	¥ –	¥ –	¥ –	¥ –
Call loans and bills purchased	1,196	–	–	–	–	–
Securities:						
Held-to-maturity debt securities						
Others	–	–	–	–	–	120,000
Available-for-sale securities with maturities *(*1)*						
National government bonds	–	7,000	67,000	31,000	49,000	36,100
Local government bonds	14,106	20,412	26,167	13,885	24,485	573
Bonds and debentures	43,777	55,626	57,067	40,248	6,803	9,205
Others *(*2)*	–	500	5,382	2,990	5,980	90,520
Securities - total	57,884	83,538	155,617	88,124	86,269	256,399
Loans and bills discounted *(*3)*	596,854	663,101	557,607	377,321	365,092	1,362,728
Total	¥ 1,338,989	¥ 746,640	¥ 713,224	¥ 465,445	¥ 451,361	¥ 1,619,127

	Thousands of U.S. dollars					
	2026					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	$ 4,594,744	$ –	$ –	$ –	$ –	$ –
Call loans and bills purchased	10,000	–	–	–	–	–
Securities:						
Held-to-maturity debt securities						
Others	–	–	–	–	–	750,563
Available-for-sale securities with maturities *(*1)*						
National government bonds	–	181,386	631,724	425,319	569,177	96,948
Local government bonds	80,659	130,320	174,612	19,433	313,111	–
Bonds and debentures	195,096	345,527	211,974	203,384	68,706	33,113
Others (*2)	3,127	10,000	46,000	–	110,000	562,851
Securities - total	278,882	667,233	1,064,310	648,136	1,060,994	1,443,475
Loans and bills discounted *(*3)*	4,752,740	4,784,486	3,950,087	2,471,241	2,256,599	8,329,774
Total	$ 9,636,366	$ 5,451,719	$ 5,014,397	$ 3,119,377	$ 3,317,593	$ 9,773,249

Notes:

*(*1) Amounts of securities were stated on the basis of scheduled redemption amounts regarding the principal and do not match the amounts shown in the consolidated balance sheets.*

*(*2) "Others" include Samurai bonds, Euro-Yen bonds and other foreign bonds.*

*(*3) The portion of loans and bills discounted whose timing of collection is unforeseeable, including loans to "legal bankruptcy" borrowers, loans to "de facto bankruptcy" borrowers and loans to "bankruptcy risk" borrowers, amounting to ¥66,291 million ($414,635 thousand) and ¥67,623 million as of March 31, 2026 and 2025, respectively, were not included in the above tables.*

(d) Repayment schedule for bonds, borrowed money and other debts with contractual maturities

	Millions of yen					
	2026					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits *(*1)*	¥ 5,288,008	¥ 107,344	¥ 68,439	¥ 507	¥ 3,406	¥ –
Call money and bills sold	231	–	–	–	–	–
Borrowed money	217,936	126,680	2,600	20,000	–	–
Bonds payable	–	–	–	–	10,000	–
Total	¥ 5,506,177	¥ 234,024	¥ 71,039	¥ 20,507	¥ 13,406	¥ –

	Millions of yen					
	2025					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits *(*1)*	¥ 4,851,431	¥ 110,832	¥ 59,303	¥ 924	¥ 3,687	¥ –
Call money and bills sold	–	–	–	–	–	–
Payables under securities lending transactions	–	–	–	–	–	–
Borrowed money	18,839	326,711	2,150	–	20,000	–
Bonds payable	–	–	–	–	10,000	–
Total	¥ 4,870,270	¥ 437,543	¥ 61,453	¥ 924	¥ 33,687	¥ –

	Thousands of U.S. dollars					
	2026					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits *(*1)*	$ 33,074,862	$ 671,409	$ 428,070	$ 3,172	$ 21,308	$ –
Call money and bills sold	1,445	–	–	–	–	–
Borrowed money	1,363,129	792,344	16,262	125,094	–	–
Bonds payable	–	–	–	–	62,547	–
Total	$ 34,439,436	$ 1,463,753	$ 444,332	$ 128,266	$ 83,855	$ –

Note:
*(*1) Demand deposits were included in "due in one year or less."*

(e) Fair value information of financial instruments by level of inputs

Based on the observability and the significance of the inputs used to determine fair values, fair value information of financial instruments is presented by categorizing measurements into the following three levels:

Level 1 fair value: the fair value measured by quoted prices of identical assets or liabilities in active markets
Level 2 fair value: the fair value measured using observable inputs other than Level 1 inputs
Level 3 fair value: the fair value measured using unobservable inputs

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

Financial instruments measured at fair value in the consolidated balance sheet:

	Millions of yen			
	2026			
	Level 1	Level 2	Level 3	Total
Securities: Available-for-sale securities *(*1)*				
National and local government bonds	¥ 286,745	¥ 109,310	¥ –	¥ 396,055
Bonds and debentures	–	107,968	54,379	162,348
Equity securities	142,340	–	–	142,340
Others	29,723	130,926	–	160,649
Derivative transactions:				
Interest rate transactions	–	1,254	–	1,254
Currency transactions	–	47	–	47
Others	–	–	21	21
Total assets	¥ 458,809	¥ 349,507	¥ 54,401	¥ 862,718
Derivative transactions:				
Interest rate transactions	¥ –	¥ 1,254	¥ –	¥ 1,254
Currency transactions	–	3,260	–	3,260
Others	–	–	21	21
Total liabilities	¥ –	¥ 4,515	¥ 21	¥ 4,537

	Millions of yen			
	2025			
	Level 1	Level 2	Level 3	Total
Securities: Available-for-sale securities *(*1)*				
National and local government bonds	¥ 178,130	¥ 96,436	¥ –	¥ 274,567
Bonds and debentures	–	153,985	52,908	206,894
Equity securities	119,018	–	–	119,018
Others	25,619	129,767	–	155,387
Derivative transactions:				
Currency transactions	–	20	–	20
Others	–	–	24	24
Total assets	¥ 322,768	¥ 380,209	¥ 52,932	¥ 755,911
Derivative transactions:				
Currency transactions	¥ –	¥ 747	¥ –	¥ 747
Others	–	–	24	24
Total liabilities	¥ –	¥ 747	¥ 24	¥ 771

	Thousands of U.S. dollars			
	2026			
	Level 1	Level 2	Level 3	Total
Securities: Available-for-sale securities *(*1)*				
National and local government bonds	$ 1,793,505	$ 683,702	$ –	$ 2,477,207
Bonds and debentures	–	675,310	340,127	1,015,437
Equity securities	890,296	–	–	890,296
Others	185,914	818,902	–	1,004,816
Derivative transactions:				
Interest rate transactions	–	7,847	–	7,847
Currency transactions	–	298	–	298
Others	–	–	136	136
Total assets	$ 2,869,715	$ 2,186,059	$ 340,263	$ 5,396,037
Derivative transactions:				
Interest rate transactions	$ –	$ 7,847	$ –	$ 7,847
Currency transactions	–	20,395	–	20,395
Others	–	–	136	136
Total liabilities	$ –	$ 28,242	$ 136	$ 28,378

Note:

*(*1) Securities do not include investment trusts to which the treatment stipulated in Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021), which considers net asset value as fair value, is applied. The amounts of investment trusts to which the treatment of Paragraph 24-9 is applied in the consolidated balance sheet are ¥22,587 million ($141,276 thousand) and ¥21,499 million, respectively.*

Reconciliation from beginning balance to ending balance of investment trusts to which the treatment of Paragraph 24-9 is applied:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Beginning balance	¥ 21,499	¥ 17,415	$ 134,474
Recorded to:			
Gains (losses)	–	–	–
Other comprehensive income *(*1)*	588	377	3,682
Net amount of purchases, sales and redemptions	498	3,707	3,120
Amount of investment trusts whose net asset value was considered to be fair value	–	–	–
Amount of investment trusts whose net asset value was not considered to be fair value	–	–	–
Ending balance	¥ 22,587	¥ 21,499	$ 141,276

Note:
*(*1) Included in "Net change in unrealized gains (losses) on available-for-sale securities" in "Other comprehensive income" in the consolidated statements of comprehensive income.*

Net unrealized gains (losses) on investment trusts held in the consolidated balance sheet, among the amount recorded to gains (losses), were nil for the years ended March 31, 2026 and 2025, respectively.

As of March 31, 2026 and 2025, investment trusts to which the treatment of Paragraph 24-9 is applied, totaling ¥22,587 million ($141,276 thousand) and ¥21,499 million, respectively, require several months from the time of cancellation application to the time of cancellation of the contract.

Financial instruments other than those measured at fair value in the consolidated balance sheet:

	Millions of yen			
	2026			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities				
Others	¥ –	¥ 110,658	¥ –	¥ 110,658
Loans and bills discounted	–	–	4,222,744	4,222,744
Total assets	¥ –	¥ 110,658	¥ 4,222,744	¥ 4,333,403
Deposits	¥ –	¥ 5,468,731	¥ –	¥ 5,468,731
Borrowed money	–	350,054	16,934	366,989
Bonds payable	–	9,741	–	9,741
Total liabilities	¥ –	¥ 5,828,527	¥ 16,934	¥ 5,845,462

	Millions of yen			
	2025			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities				
Others	¥ –	¥ 112,008	¥ –	¥ 112,008
Loans and bills discounted	–	–	3,947,403	3,947,403
Total assets	¥ –	¥ 112,008	¥ 3,947,403	¥ 4,059,412
Deposits	¥ –	¥ 5,025,881	¥ –	¥ 5,025,881
Borrowed money	–	350,098	17,490	367,588
Bonds payable	–	9,834	–	9,834
Total liabilities	¥ –	¥ 5,385,814	¥ 17,490	¥ 5,403,305

	Thousands of U.S. dollars			
	2026			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities				
Others	$ –	$ 692,133	$ –	$ 692,133
Loans and bills discounted	–	–	26,411,965	26,411,965
Total assets	$ –	$ 692,133	$ 26,411,965	$ 27,104,098
Deposits	$ –	$ 34,205,223	$ –	$ 34,205,223
Borrowed money	–	2,189,483	105,921	2,295,404
Bonds payable	–	60,932	–	60,932
Total liabilities	$ –	$ 36,455,638	$ 105,921	$ 36,561,559

Note 1. Valuation techniques and inputs used in measuring fair values

Financial assets:

Securities

When quoted unadjusted prices in active markets are available, fair values are categorized as Level 1. This includes mainly national government bonds and listed equity securities.

When quoted prices are not considered to be in active markets, fair values are categorized as Level 2. In addition, for investment trusts that do not have market prices, if there are no material restrictions on cancellation or repurchase requests to such an extent that market participants would require compensation for the risk, the net asset values are considered as the fair values, and the fair values are categorized as Level 2.

The fair value of privately placed bonds is calculated by discounting the estimated future cash flows at the risk-free rate plus the credit spread or the like, and categorized as Level 3.

For some other securities without published quoted prices, quoted prices obtained from an external business operator (broker, etc.) are considered the fair value, and the fair value is categorized as Level 2 or Level 3 based on the inputs used.

Loans and bills discounted

The fair value of loans and bills discounted is calculated by discounting the estimated future cash flows at the risk-free rate plus the credit spread or similar adjustment. Depending on the nature of the loans, the fair value may also be calculated by discounting at the interest rate that would be charged for a new loan, or by considering the value calculated using an option price calculation model or similar method. These fair values are categorized as Level 3.

For loans to borrowers in legal bankruptcy, or de facto bankruptcy, or who are at risk of bankruptcy, a reserve for possible loan losses is estimated based on the present value of the estimated future cash flows or the amount expected to be collected from collaterals and/or guarantees. Thus, the fair value of such loans approximates the carrying amount of the receivables minus the corresponding reserve for possible loan losses on the consolidated balance sheets at the closing date. Therefore, such carrying amounts are deemed to be the fair value of such loans and categorized as Level 3.

Financial liabilities:

Deposits

The fair value of demand deposits is deemed to be the carrying amount on the consolidated balance sheet date. The fair value of time deposits and negotiable certificates of deposit is determined by discounting future cash flows by the term to maturity at the rate used for a new deposit. Therefore, the fair values are categorized as Level 2.

Borrowed money

The fair value of borrowed money is calculated mainly by discounting the future cash flows of principal and interest of the borrowed money at the interest rate that would be applicable to similar borrowings over a certain period of time.

When fair values are measured using unobservable inputs, they are categorized as Level 3. Otherwise, fair values are categorized as Level 2.

Bonds payable

The fair value of bonds payable issued by the Bank is categorized as Level 2, as they have a market price.

Derivative transactions

Derivative transactions are over-the-counter transactions, and since there is no published quoted market price, fair values are calculated using the present value technique according to the type of transaction and the period to maturity. The main inputs used in the valuation technique include interest rates and exchange rates. When unobservable inputs are not used or their effect is immaterial, the fair values are categorized as Level 2. This includes foreign currency forward contracts. When fair values are measured using significant unobservable inputs, they are categorized as Level 3.

Note 2. Description of the fair value of Level 3 financial instruments carried on the consolidated balance sheet at fair values

Quantitative information on significant unobservable inputs:

2026

Category	Valuation methodology	Significant unobservable inputs	Input range	Weighted average of inputs
Securities: Available-for-sale securities				
Privately placed bonds	Present value technique	Discount rate	0.01% – 15.11%	0.10%

2025				
Category	Valuation methodology	Significant unobservable inputs	Input range	Weighted average of inputs
Securities: Available-for-sale securities				
Privately placed bonds	Present value technique	Discount rate	0.00% – 15.57%	0.11%

Reconciliation from beginning balance to ending balance of available-for-sale securities and net unrealized gains (losses) recognized in the consolidated statements of income:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Beginning balance	¥ 52,908	¥ 49,365	$ 330,928
Recorded to:			
Gains (losses) for the period *1	1	2	9
Other comprehensive income *2	(620)	(524)	(3,879)
Net amount of purchases, sales, issuance and settlements	2,089	4,065	13,069
Transfer to Level 3	–	–	–
Transfer from Level 3	–	–	–
Ending balance	¥ 54,379	¥ 52,908	$ 340,127

Notes:

*(*1) Included in "Other operating income" and "Other operating expenses" in the consolidated statements of income.*

*(*2) Included in "Net change in unrealized gains (losses) on available-for-sale securities" in "Other comprehensive income" in the consolidated statements of comprehensive income.*

Net unrealized gains (losses) on financial assets and liabilities held at the consolidated balance sheet date among the amounts recognized as gains (losses) are nil for the years ended March 31, 2026 and 2025.

Description of the fair value valuation process:

The Bank has established policies and procedures for the determination of fair value in the middle division, and each trading division determines fair value in accordance with these policies and procedures. An independent division for valuation verifies the validity of the valuation techniques and inputs used to determine fair value and the appropriateness of the fair value level classification.

Description of the effect on fair value when significant unobservable inputs are changed:

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

4. Securities

At March 31, 2026 and 2025, securities consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
National government bonds	¥ 286,745	¥ 178,130	$ 1,793,505
Local government bonds	109,310	96,436	683,702
Bonds and debentures	162,348	206,894	1,015,437
Equity securities	144,224	120,958	902,082
Other securities	344,745	334,013	2,156,276
	¥ 1,047,374	¥ 936,433	$ 6,551,002

Securities are classified as trading, held-to-maturity or available-for-sale securities. Such classification determines the respective accounting method to be applied as stipulated under the accounting standard for financial instruments. Securities in the accompanying consolidated balance sheets include marketable securities traded on stock exchanges.

At March 31, 2026, the carrying value and fair value of held-to-maturity debt securities were ¥120,000 million ($750,563 thousand) and ¥110,658 million ($692,133 thousand), respectively. At March 31, 2025, the carrying value and fair value of held-to-maturity debt securities were ¥120,000 million and ¥112,008 million, respectively. No held-to-maturity debt securities were sold during the years ended March 31, 2026 and 2025.

Gross unrealized gains and losses on available-for-sale securities with fair values at March 31, 2026 and 2025 are summarized as follows.

	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair values at March 31, 2026:				
Equity securities	¥ 29,028	¥ 113,360	¥ (48)	¥ 142,340
Bonds:				
National government bonds	300,078	–	(13,332)	286,745
Local government bonds	113,801	–	(4,490)	109,310
Bonds and debentures	168,551	–	(6,203)	162,348
Others	176,421	7,644	(829)	183,237
	¥ 787,880	¥ 121,005	¥ (24,904)	¥ 883,981

	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair values at March 31, 2025:				
Equity securities	¥ 33,462	¥ 85,617	¥ (61)	¥ 119,018
Bonds:				
National government bonds	186,906	12	(8,788)	178,130
Local government bonds	99,242	2	(2,807)	96,436
Bonds and debentures	212,500	15	(5,621)	206,894
Others	176,326	3,463	(2,902)	176,886
	¥ 708,437	¥ 89,110	¥ (20,180)	¥ 777,367

	Thousands of U.S. dollars			
Available-for-sale securities with fair values at March 31, 2026:				
Equity securities	$ 181,562	$ 709,036	$ (302)	$ 890,296
Bonds:				
National government bonds	1,876,897	–	(83,392)	1,793,505
Local government bonds	711,791	–	(28,089)	683,702
Bonds and debentures	1,054,236	–	(38,799)	1,015,437
Others	1,103,465	47,815	(5,188)	1,146,092
	$ 4,927,951	$ 756,851	$ (155,770)	$ 5,529,032

At March 31, 2026 and 2025, net unrealized gains on available-for-sale securities, net of applicable income taxes, and noncontrolling interests included in accumulated other comprehensive income of net assets on the accompanying consolidated balance sheets were as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unrealized gains	¥ 97,844	¥ 69,108	$ 611,989
Deferred tax liabilities	(30,018)	(21,149)	(187,755)
Noncontrolling interest portion	–	–	–
Net unrealized gains in net assets	¥ 67,826	¥ 47,959	$ 424,234

During the years ended March 31, 2026 and 2025, the Group sold available-for-sale securities and recorded gains of ¥8,492 million ($53,115 thousand) and ¥9,097 million, respectively, and losses of ¥10,798 million ($67,541 thousand) and ¥11,273 million, respectively, in the accompanying consolidated statements of income.

At March 31, 2026 and 2025, the Group recorded losses on write-downs of available-for-sale securities with fair values due to other-than-temporary declines in value amounting to nil and ¥5 million, respectively.

5. Loans and Bills Discounted

At March 31, 2026 and 2025, loans and bills discounted consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Bills discounted	¥ 8,507	¥ 11,047	$ 53,209
Loans on bills	70,754	72,656	442,546
Loans on deeds	3,909,721	3,596,932	24,454,099
Overdrafts	304,990	294,101	1,907,622
Others	16,321	15,591	102,085
	¥ 4,310,294	¥ 3,990,329	$ 26,959,561

Bills discounted are accounted for as finance transactions in accordance with JICPA Industry Audit Committee Report No. 24 (March 17, 2022), titled “Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry.” The Group has rights to sell or pledge (repledge) bankers’ acceptances, commercial bills, documentary bills and foreign bills bought without restrictions. The total face value of these bills amounted to ¥8,623 million ($53,939 thousand) and ¥11,143 million at March 31, 2026 and 2025, respectively.

Claims under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. The claims are recorded in the following accounts: the bonds (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part and for which the bonds were issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)) included in “securities”; loans and bills discounted; foreign exchange; accrued interest and suspense payments included in “other assets”; customers’ liabilities for acceptances and guarantees; and, when lending of securities as described in the notes is carried out, the securities (limited to loans for use and lease contracts) in the consolidated balance sheets.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Legal bankruptcy and de facto bankruptcy	¥ 9,396	¥ 9,443	$ 58,769
Bankruptcy risk	57,007	58,220	356,564
Under observation:			
Loans past due three months or more	513	914	3,213
Restructured loans	12,981	12,676	81,197
Subtotal	79,898	81,254	499,743
Normal	4,299,139	3,973,972	26,889,788
Total	¥ 4,379,038	¥ 4,055,227	$ 27,389,531

“Legal bankruptcy and de facto bankruptcy” refers to claims against borrowers who have fallen into bankruptcy due to reasons such as the commencement of bankruptcy proceedings, the commencement of rehabilitation proceedings, and the petition for the commencement of rehabilitation proceedings, and claims equivalent thereto.

“Bankruptcy risk” refers to loans to borrowers who are not currently in bankruptcy but are experiencing difficult financial situations and operating conditions, with a high possibility that the principal and interest cannot be collected according to the contract, excluding “legal bankruptcy and de facto bankruptcy.”

"Loans past due three months or more" refers to loans for which the payment of the principal and/or interest is past due three months or more from the day following the contractual payment date, excluding "legal bankruptcy and de facto bankruptcy" and "bankruptcy risk."

"Restructured loans" refers to loans for which the Bank had restructured the terms and conditions in favor of borrowers in financial difficulties through measures such as the reduction or exemption of the original interest rate, extension of interest payments and/or principal repayments or debt forgiveness in order to support the financial recovery of such borrowers. These exclude "legal bankruptcy and de facto bankruptcy," "bankruptcy risk" and "loans past due three months or more."

"Normal" refers to claims to borrowers not having particular problems regarding their financial situations and operating conditions, and excluding claims classified as "legal bankruptcy and de facto bankruptcy," "bankruptcy risk," "loans past due three months or more" and "restructured loans."

The above claim amounts are before deducting the reserve for possible loan losses.

6. Tangible Fixed Assets

At March 31, 2026 and 2025, major classifications of assets were as follows.

	Millions of yen				Thousands of U.S. dollars	
	2026		2025		2026	
Land	¥	27,128	¥	27,006	$	169,683
Buildings and structures		10,934		11,169		68,389
Equipment		3,800		3,255		23,771
Construction in progress		1,553		222		9,716
Tangible fixed assets	¥	43,416	¥	41,654	$	271,559

At March 31, 2026 and 2025, accumulated depreciation for tangible fixed assets amounted to ¥34,981 million ($218,796 thousand) and ¥35,218 million, respectively.

Pursuant to the Act on Revaluation of Land, effective March 31, 1998, the Bank elected a one-time revaluation to restate the cost of land used for the banking business at values reassessed, reflecting adjustments for geographical shape and other factors in accordance with municipal property tax bases. According to the Act, the amount equivalent to the tax effect on the excess of reassessed values over the original carrying values is to be recorded as "deferred tax liabilities for revaluation," and the remainder of the excess, net of the tax effect, is to be recorded as "land revaluation excess" under accumulated other comprehensive income of net assets in the consolidated balance sheets. At March 31, 2026 and 2025, the differences in the carrying values of land used for the banking business after revaluation over market values amounted to ¥2,416 million ($15,113 thousand) and ¥2,549 million, respectively.

As permitted by Japanese GAAP, deferred capital gains on the sale of real property are deducted from the original acquisition costs of property which is newly acquired for replacement purposes in the same line of business as the property sold. At March 31, 2026 and 2025, ¥2,888 million ($18,067 thousand) and ¥2,960 million, respectively, were directly deducted from the acquisition costs of such land.

7. Pledged Assets

The carrying amounts of assets pledged as collateral and the related collateralized debt at March 31, 2026 and 2025 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Assets pledged:			
Securities	¥ 72,666	¥ 77,530	$ 454,509
Loans and bills discounted	502,995	491,676	3,146,079
Other assets	2	20	16
Related collateralized debts:			
Deposits	¥ 26,886	¥ 23,813	$ 168,167
Borrowed money	330,000	330,000	2,064,048

8. Deposits

At March 31, 2026 and 2025, deposits consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Demand deposits	¥ 3,315,505	¥ 3,294,878	$ 20,737,462
Time deposits	2,031,115	1,460,331	12,703,998
Other deposits	34,586	34,972	216,330
Subtotal	5,381,207	4,790,183	33,657,790
Negotiable certificates of deposit	86,500	235,996	541,031
	¥ 5,467,707	¥ 5,026,179	$ 34,198,821

9. Borrowed Money and Finance Lease Obligations

Borrowed money consisted principally of borrowings from financial institutions due through December 2032 with average interest rates of 0.09% and 0.06% per annum at March 31, 2026 and 2025, respectively. There were no finance lease obligations outstanding at March 31, 2026. At March 31, 2026 and 2025, borrowed money included subordinated borrowings with covenants stipulating that the performance of obligations is subordinate to other obligations, in the amounts of ¥20,000 million ($125,094 thousand) and ¥20,000 million, respectively.

At March 31, 2026, the annual maturities of borrowed money were as follows.

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2027	¥ 217,936	$ 1,363,129
2028	123,880	774,831
2029	2,800	17,513
2030	1,950	12,196
2031	650	4,066
2032 and thereafter	20,000	125,094
	¥ 367,216	$ 2,296,829

10. Bonds

At March 31, 2026 and 2025, bonds consisted of the following.

	Millions of yen		Thousands of U.S. dollars			
	2026	2025	2026	Interest rate	Collateral	Due
5th Unsecured bonds with early redemption clauses (with special contracts for exemption at the time of de facto bankruptcy and subordination agreements) (Green bond)	¥ 10,000	¥ 10,000	$ 62,547	1.479% December 8, 2023 to December 7, 2028 0.829% +6-month JPY TIBOR After December 8, 2028	–	December 8, 2033

11. Employee Retirement Benefits

The Bank maintains “funded and unfunded defined benefit plans” and “a selection of either a defined contribution plan or prepayment of retirement allowance” for employee retirement benefits. Eligible employees are entitled to receive lump-sum payments or pension payments based on the level of salary and the length of service under the defined benefit (“DB”) corporate pension plans, all of which are funded plans. The Bank has set up retirement benefit trusts for certain plans among the defined benefit corporate pension plans. Eligible employees are entitled to receive lump-sum payments based on the level of salary and the length of service under the lump-sum payment plans, most of which are funded by establishing retirement benefit trusts; however, some are unfunded plans. Some of the Bank’s consolidated subsidiaries participate in a multi-employer pension program under a certain public pension plan as part of the lump-sum retirement benefit plan. Some other consolidated subsidiaries have adopted only the lump-sum retirement benefit plan. The consolidated subsidiaries use the simplified method in calculating employee retirement benefit liability and retirement benefit expenses. Under this method, the amount for severance payments required at the fiscal year-end for voluntary termination is deemed the retirement benefit obligation.

(a) Defined benefit plans

(1) Movement in retirement benefit obligations, excluding plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at the beginning of the year	¥ 22,590	¥ 27,075	$ 141,296
Service cost	564	709	3,532
Interest cost	429	81	2,685
Actuarial differences	(575)	(3,548)	(3,598)
Retirement benefits paid	(1,863)	(1,727)	(11,654)
Balance at the end of the year	¥ 21,145	¥ 22,590	$ 132,261

(2) Movement in plan assets, excluding plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at the beginning of the year	¥ 43,647	¥ 50,259	$ 273,003
Expected return on pension plan assets	453	494	2,836
Actuarial differences	3,718	(6,174)	23,261
Contribution paid by employer	190	194	1,189
Retirement benefits paid	(1,160)	(1,126)	(7,259)
Balance at the end of the year	¥ 46,849	¥ 43,647	$ 293,030

(3) Movement in employee retirement benefit liability for plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Employee retirement benefit liability at the beginning of the year	¥ 309	¥ 294	$ 1,936
Retirement benefit expenses	61	49	386
Retirement benefits paid	(59)	(34)	(375)
Employee retirement benefit liability at the end of the year	¥ 311	¥ 309	$ 1,947

(4) Reconciliation from retirement benefit obligation and plan assets to retirement benefit (asset) liability recognized in the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Funded retirement benefit obligation	¥ 21,205	¥ 22,651	$ 132,635
Plan assets	(46,849)	(43,647)	(293,030)
	(25,643)	(20,996)	(160,395)
Unfunded retirement benefit obligation	251	248	1,573
Net retirement benefit (asset) liability	¥ (25,392)	¥ (20,747)	$ (158,822)
Employee retirement benefit liability	¥ 262	¥ 263	$ 1,640
Employee retirement benefit assets	(25,654)	(21,010)	(160,462)
Net retirement benefit (asset) liability	¥ (25,392)	¥ (20,747)	$ (158,822)

(5) Net periodic retirement benefit expense and its breakdown:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Service cost	¥ 564	¥ 709	$ 3,532
Interest cost	429	81	2,685
Expected return on plan assets	(453)	(494)	(2,836)
Amortization of actuarial differences	(989)	(1,602)	(6,192)
Amortization of past service cost	–	–	–
Retirement benefit expenses for plans applying the simplified method	61	49	385
Others	4	4	30
Net periodic retirement benefit expense of defined benefit plans	¥ (383)	¥ (1,251)	$ (2,396)

(6) Retirement benefit adjustments in other comprehensive income, before income taxes and tax effects:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Past service cost	¥ –	¥ –	$ –
Actuarial differences	3,304	(4,228)	20,667
Total	¥ 3,304	¥ (4,228)	$ 20,667

(7) Retirement benefit adjustments in accumulated other comprehensive income, before income taxes and tax effects:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unrecognized past service cost	¥ –	¥ –	$ –
Unrecognized actuarial differences	11,172	7,868	69,882
Total	¥ 11,172	¥ 7,868	$ 69,882

(8) Plan assets

(i) Plan assets comprise:

	2026	2025
Debt securities	24%	26%
Equity securities	44%	41%
Cash and deposits	6%	9%
General accounts	26%	24%
Total *	100%	100%

Note: As of March 31, 2026 and 2025, assets in retirement benefit trusts set up for the defined benefit pension plans and lump-sum retirement benefit plans represented 49% and 47% of total plan assets, respectively.

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

In determining the long-term expected rate of return on plan assets, the Group considers the current and target asset allocations as well as the current and expected long-term rates of return on various asset categories comprising plan assets.

(9) Actuarial assumptions at the end of the year:

	2026	2025
Discount rate	1.9%	1.9%
Long-term expected rate of return on plan assets	1.5%	1.5%

Note: The Bank maintains a point system for defined benefit corporate pension plans and lump-sum payment plans. Points are calculated based on past salaries.

(b) Defined contribution plans

The required contributions of the Bank and its consolidated subsidiaries to defined contribution plans amounted to ¥239 million ($1,496 thousand) and ¥220 million for the years ended March 31, 2026 and 2025, respectively.

12. Acceptances and Guarantees

The Bank provides guarantees with respect to the liabilities of its customers for the payment of loans and other liabilities with other financial institutions. As a contra account, “customers’ liabilities for acceptances and guarantees” is shown in assets on the accompanying consolidated balance sheets, indicating the Bank’s right of indemnity from customers.

Guarantees are provided on certain privately placed bonds included in securities in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act of Japan. The guarantees amounted to ¥55,640 million ($348,015 thousand) and ¥53,551 million at March 31, 2026 and 2025, respectively.

13. Net Assets

At March 31, 2026 and 2025, 150 million shares of common stock without par value were authorized, and 49,366,461 shares of common stock were issued, respectively. At March 31, 2026 and 2025, the Group held 169 thousand and 188 thousand shares of treasury stock, respectively. The Bank conducted a 3-for-1 common stock split, with the record date set as September 30, 2025, and the effective date as October 1, and partially amended the Articles of Incorporation in conjunction with the stock split. The above numbers of shares have been calculated under the assumption that the stock split was conducted at the beginning of the year ended March 31, 2025.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

Capital surplus consists principally of additional paid-in capital. The Banking Act of Japan provides that an amount equivalent to at least 20% of the cash payments as appropriation of retained earnings shall be appropriated as legal earnings reserve until the total amount of additional paid-in capital and legal earnings reserve equals 100% of common stock. The legal earnings reserve has been included in the retained earnings in the accompanying consolidated balance sheets. Under the Act, the legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit by a resolution at the shareholders’ meeting. The additional paid-in capital and legal earnings reserve may not be distributed as dividends. All additional paid-in capital and legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which may become available for distribution as dividends.

At both March 31, 2026 and 2025, the legal earnings reserve amounted to ¥8,029 million ($50,225 thousand).

The maximum amount that the Bank can distribute as dividends is calculated based on the nonconsolidated financial statements of the Bank in accordance with Japanese laws and regulations.

14. Stock Options

(a) Expenses for restricted stock-based remuneration

The Bank recorded expenses for restricted stock-based remuneration of ¥58 million ($368 thousand) and ¥52 million in "General and administrative expenses" for the years ended March 31, 2026 and 2025, respectively.

(b) Outline, size and changes of restricted stock

i) Outline of restricted shares:

	Granted on July 22, 2022 (1)
Position and number of grantees	5 directors of the Bank excluding Directors who are Audit and Supervisory Committee Members and outside Directors
Number of options granted	98,880 common shares of the Bank
Grant date	July 22, 2022
Requisite service period	Rights were forfeited for stock acquisition rights allotted to applicable Directors as stock-remuneration type stock options that were not exercised and restricted stock-based remuneration was granted instead
Transfer restriction period	Period from July 22, 2022 to the date of retirement of the allottee from the position of Director of the Bank
Conditions for lifting restrictions	The applicable Director has been a Director of the Bank continuously from the commencement date of the transfer restriction period until the date of the Annual General Meeting of Shareholders of the Bank which comes first after the commencement date of the transfer restriction period
Fair value at grant date	¥1,035 ($6.47)

	Granted on July 22, 2022 (2)
Position and number of grantees	8 directors of the Bank excluding Directors who are Audit and Supervisory Committee Members and outside Directors
Number of options granted	23,163 common shares of the Bank
Grant date	July 22, 2022
Requisite service period	Period from the 104th Annual General Meeting of Shareholders of the Bank to the 105th Annual General Meeting of Shareholders scheduled to be held in June 2023
Transfer restriction period	Period from July 22, 2022 to the date of retirement of the allottee from the position of Director of the Bank
Conditions for lifting restrictions	The applicable Director has been a Director of the Bank continuously from the commencement date of the transfer restriction period until the date of the Annual General Meeting of Shareholders of the Bank which comes first after the commencement date of the transfer restriction period
Fair value at grant date	¥1,035 ($6.47)

	Granted on July 21, 2023
Position and number of grantees	8 directors of the Bank excluding Directors who are Audit and Supervisory Committee Members and outside Directors and 7 Executive Officers of the Bank
Number of options granted	34,236 common shares of the Bank
Grant date	July 21, 2023
Requisite service period	Period from the 105th Annual General Meeting of Shareholders of the Bank to the 106th Annual General Meeting of Shareholders scheduled to be held in June 2024
Transfer restriction period	Period from July 21, 2023 to the date of retirement of the allottee from the position of Director or Executive Officer of the Bank
Conditions for lifting restrictions	The applicable person has been a Director or Executive Officer of the Bank continuously from the commencement date of the transfer restriction period until the date of the Annual General Meeting of Shareholders of the Bank which comes first after the commencement date of the transfer restriction period
Fair value at grant date	¥1,095 ($6.85)

	Granted on July 18, 2024
Position and number of grantees	7 directors of the Bank excluding Directors who are Audit and Supervisory Committee Members and outside Directors and 10 Executive Officers of the Bank
Number of options granted	23,355 common shares of the Bank
Grant date	July 18, 2024
Requisite service period	Period from the 106th Annual General Meeting of Shareholders of the Bank to the 107th Annual General Meeting of Shareholders scheduled to be held in June 2025
Transfer restriction period	Period from July 18, 2024 to the date of retirement of the allottee from the position of Director or Executive Officer of the Bank
Conditions for lifting restrictions	The applicable person has been a Director or Executive Officer of the Bank continuously from the commencement date of the transfer restriction period until the date of the Annual General Meeting of Shareholders of the Bank which comes first after the commencement date of the transfer restriction period
Fair value at grant date	¥2,473 ($15.47)

	Granted on July 24, 2025
Position and number of grantees	5 directors of the Bank excluding Directors who are Audit and Supervisory Committee Members and outside Directors and 12 Executive Officers of the Bank
Number of options granted	22,674 common shares of the Bank
Grant date	July 24, 2025
Requisite service period	Period from the 107th Annual General Meeting of Shareholders of the Bank to the 108th Annual General Meeting of Shareholders scheduled to be held in June 2026
Transfer restriction period	Period from July 24, 2025 to the date of retirement of the allottee from the position of Director or Executive Officer of the Bank
Conditions for lifting restrictions	The applicable person has been a Director or Executive Officer of the Bank continuously from the commencement date of the transfer restriction period until the date of the Annual General Meeting of Shareholders of the Bank which comes first after the commencement date of the transfer restriction period
Fair value at grant date	¥2,606 ($16.30)

Note: The Bank conducted a 3-for-1 stock split of common shares, with the record date set as September 30, 2025, and the effective date as October 1. The number of options granted and fair value at grant date reflect the effects of the stock split.

ii) Size and changes in restricted stock:

	Granted on July 22, 2022 (1)	Granted on July 22, 2022 (2)	Granted on July 21, 2023	Granted on July 18, 2024	Granted on July 24, 2025
Before lifting restrictions					
April 1, 2024 – Outstanding	47,820	16,869	34,236	–	–
Granted	–	–	–	23,355	–
Gratis acquisition	–	–	–	–	–
Restrictions lifted	3,150	2,640	2,685	–	–
March 31, 2025 – Outstanding	44,670	14,229	31,551	23,355	–
Granted	–	–	–	–	22,674
Gratis acquisition	–	–	–	–	–
Restrictions lifted	–	2,172	4,452	2,973	–
March 31, 2026 – Outstanding	44,670	12,057	27,099	20,382	22,674

Note: The Bank conducted a 3-for-1 stock split of common shares, with the record date set as September 30, 2025, and the effective date as October 1. The number of options granted and fair value at grant date reflect the effects of the stock split.

15. Commitments

(a) Loan commitments

Overdraft facilities and loan commitment lines are contracts under which the Bank is obligated to advance funds up to a predetermined amount to a customer upon request, provided that the customer has met the terms and conditions of the applicable contract. At March 31, 2026 and 2025, the unused amounts of these contracts amounted to ¥754,797 million ($4,721,024 thousand) and ¥722,974 million, respectively. The unused contract amounts included amounts which originally expire within one year or are revocable by the Bank at any time without any conditions in the amount of ¥728,252 million ($4,554,997 thousand) and ¥698,937 million at March 31, 2026 and 2025, respectively.

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 allow the Bank to refuse customers' applications for loans or decrease the contract limits for appropriate reasons (e.g., changes in the financial situation and deterioration in the customer's creditworthiness). At the execution of such contracts, the Bank obtains real estate, securities, etc. as collateral if considered necessary. Subsequently, the Bank performs periodic reviews of its customers' business results based on internal rules and may take necessary measures that include reconsidering the terms and conditions of such contracts and/or requiring additional collateral and/or guarantees.

(b) Lease commitments

(Lessee contracts)
The Group leases certain office space and equipment as a lessee under long-term, noncancellable lease contracts. The aggregate future minimum lease commitments for noncancellable operating leases at March 31, 2026 and 2025 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Operating leases as lessee:			
Due within one year	¥ 268	¥ 274	$ 1,680
Due after one year	255	178	1,596
	¥ 523	¥ 453	$ 3,276

(Lessor contracts)
A consolidated subsidiary, engaged in leasing operations as a lessor, entered into long-term, noncancellable lease contracts with third parties which were categorized as finance leases. At March 31, 2026 and 2025, investments in the leased assets as lessor consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Future minimum lease payments to be received	¥ 41,287	¥ 38,029	$ 258,240
Estimated residual value	7,443	6,624	46,555
Imputed interest	(4,241)	(3,547)	(26,527)
Investments in leased assets	¥ 44,489	¥ 41,106	$ 278,268

The aggregate annual maturities of future minimum lease payments to be received related to lease receivables and investments in leased assets at March 31, 2026 and 2025 were as follows.

March 31, 2026	Millions of yen		Thousands of U.S. dollars	
Year ending March 31,	Lease receivables	Investments in leased assets	Lease receivables	Investments in leased assets
2027	¥ 356	¥ 12,534	$ 2,229	$ 78,399
2028	320	10,374	2,005	64,891
2029	243	8,024	1,524	50,192
2030	210	5,507	1,315	34,445
2031	140	2,911	880	18,208
2032 and thereafter	49	1,935	309	12,105
	¥ 1,320	¥ 41,285	$ 8,262	$ 258,240

March 31, 2025	Millions of yen	
Year ending March 31,	Lease receivables	Investments in leased assets
2026	¥ 341	¥ 11,709
2027	213	9,369
2028	177	7,246
2029	100	5,093
2030	67	2,685
2031 and thereafter	77	1,923
	¥ 977	¥ 38,029

At March 31, 2026 and 2025, future lease payments to be received for noncancellable operating leases were as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Operating leases as lessor:			
Due within one year	¥ 367	¥ 207	$ 2,299
Due after one year	214	317	1,343
	¥ 582	¥ 524	$ 3,642

16. Derivative Instruments

At March 31, 2026 and 2025, derivative instruments, other than those to which hedge accounting was applied, were stated at fair value with valuation gains and losses recognized as current earnings in the accompanying consolidated statements of income as follows.

	Millions of yen			
	Notional principal or contract amounts			
	Total	Over one year	Fair value	Valuation gain (loss)
March 31, 2026:				
Interest rate swaps	¥ 53,744	¥ 53,744	¥ –	¥ –
Currency swaps	101,037	–	(3,196)	(3,196)
Forward foreign exchange contracts	5,104	–	(16)	(16)
March 31, 2025:				
Currency swaps	¥ 92,106	¥ –	¥ (743)	¥ (743)
Forward foreign exchange contracts	7,708	–	15	15

	Thousands of U.S. dollars			
March 31, 2026:				
Interest rate swaps	$ 336,152	$ 336,152	$ –	$ –
Currency swaps	631,958	–	(19,996)	(19,996)
Forward foreign exchange contracts	31,930	–	(101)	(101)

Other derivative instruments at March 31, 2026 and 2025 were as follows.

	Millions of yen			
	Notional principal or contract amounts			
	Total	Over one year	Fair value	Valuation gain (loss)
March 31, 2026:				
Earthquake derivatives:				
Selling	¥ 1,245	¥ 50	¥ 21	¥ –
Buying	1,245	50	(21)	–
March 31, 2025:				
Earthquake derivatives:				
Selling	¥ 1,230	¥ 150	¥ 24	¥ –
Buying	1,230	150	(24)	–

	Thousands of U.S. dollars			
March 31, 2026:				
Earthquake derivatives:				
Selling	$ 7,787	$ 313	$ 136	$ –
Buying	7,787	313	(136)	–

There were no derivative instruments to which hedge accounting was applied at either March 31, 2026 or 2025.

17. Income Taxes

Income taxes for the years ended March 31, 2026 and 2025 consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Income taxes:			
Current	¥ 8,121	¥ 5,067	$ 50,794
Deferred	(36)	904	(227)
	¥ 8,084	¥ 5,971	$ 50,567

At March 31, 2026 and 2025, income taxes receivable, including enterprise taxes, amounting to nil, were included in “other assets” in the accompanying consolidated balance sheets.
At March 31, 2026 and 2025, income taxes payable, including enterprise taxes, amounting to ¥5,239 million ($32,774 thousand) and ¥1,863 million, respectively, were included in “other liabilities” in the accompanying consolidated balance sheets.
The tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities at March 31, 2026 and 2025 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax assets:			
Reserve for possible loan losses	¥ 5,304	¥ 5,178	$ 33,178
Employee retirement benefit liability	92	92	579
Loss on devaluation of stocks and other securities	1,940	2,211	12,138
Reserve for contingent losses	444	406	2,780
Depreciation	798	783	4,993
Others	2,399	2,109	15,010
Less valuation allowance	(3,091)	(3,273)	(19,335)
Subtotal	7,888	7,508	49,343
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(30,018)	(21,149)	(187,755)
Gain on the transfer of securities to trusts for retirement benefit plan	(2,289)	(2,289)	(14,322)
Employee retirement benefit (asset) liability	(4,567)	(3,105)	(28,565)
Others	(721)	(728)	(4,510)
Subtotal	(37,596)	(27,272)	(235,152)
Net deferred tax assets (liabilities)	¥ (29,707)	¥ (19,763)	$ (185,809)

At March 31, 2026 and 2025, deferred tax assets and liabilities were as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax assets	¥ 815	¥ 866	$ 5,098
Deferred tax liabilities	(30,522)	(20,629)	(190,907)

In assessing the realizability of deferred tax assets, the Group's management considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. At both March 31, 2026 and 2025, a valuation allowance was provided to reduce deferred tax assets to amounts that management believed would be realizable.

The Group is subject to Japanese national and local income taxes, which in the aggregate resulted in a statutory tax rate of approximately 30.6% for the years ended March 31, 2026 and 2025. Reconciliation between the Japanese statutory tax rate and the effective tax rate on pretax profit reflected in the accompanying consolidated statements of income for the years ended March 31, 2026 and 2025 was as follows.

	Percentage of pretax profit	
	2026	2025
Japanese statutory tax rate	30.6 %	30.6 %
Increase (decrease) due to:		
Permanently nondeductible expenses	0.4	0.3
Tax exempt income	(1.0)	(1.4)
Local minimum taxes - per capita basis	0.2	0.2
Changes in valuation allowance	(0.6)	(0.4)
Upward adjustment of deferred tax assets at end of year due to tax rate change	–	0.0
Others	(1.1)	(0.5)
Effective tax rate	28.5 %	28.8 %

Subsequent to the enactment of the Act for Partial Amendment to the Income Tax Act, etc. (Act No. 13 of 2025) on March 31, 2025, the special defense corporate tax came into effect for the fiscal years beginning on or after April 1, 2026. Accordingly, the Japanese statutory tax rate of 30.6% used for calculating deferred tax assets and deferred tax liabilities was adjusted to 31.5% for temporary differences expected to reverse in the fiscal years beginning on or after April 1, 2026. As a result of the change in the tax rate, deferred tax assets increased by ¥11 million, deferred tax liabilities increased by ¥684 million, net unrealized gains on available-for-sale securities decreased by ¥604 million, retirement benefit adjustments decreased by ¥64 million, and income taxes - deferred increased by ¥4 million for the year ended March 31, 2025. In addition, deferred tax liabilities for revaluation increased by ¥81 million, while land revaluation excess decreased by the same amount.

18. General and Administrative Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Salaries and allowances (including bonuses)	¥ 15,942	¥ 15,145	$ 99,713
Retirement benefit expenses	(169)	(1,052)	(1,060)

19. Comprehensive Income

Amounts reclassified to profit in the current period that were recognized in other comprehensive income in the current or previous periods and the income taxes and tax effects for each component of other comprehensive income for the years ended March 31, 2026 and 2025 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Net change in unrealized gains (losses) on available-for-sale securities:			
Increase (decrease) during the year	¥ 26,519	¥ (49,094)	$ 165,873
Reclassification adjustments	2,216	3,076	13,864
Pretax amount	28,736	(46,017)	179,737
Income taxes and tax effect amount	(8,869)	13,124	(55,473)
Net change in unrealized gains (losses) on available-for-sale securities, net of tax	19,867	(32,893)	124,264
Net change in deferred gains on hedging instruments:			
(Decrease) increase during the year	(10)	57	(67)
Reclassification adjustments	10	(57)	67
Pretax amount	–	–	–
Income taxes and tax effect amount	–	–	–
Net change in deferred gains on hedging instruments, net of tax	–	–	–
Land revaluation excess:			
Decrease during the year	(138)	–	(866)
Reclassification adjustments	–	–	–
Pretax amount	(138)	–	(866)
Income taxes and tax effect amount	–	(81)	–
Land revaluation excess, net of tax	(138)	(81)	(866)
Retirement benefit adjustments:			
Increase (decrease) during the year	4,294	(2,626)	26,859
Reclassification adjustments	(989)	(1,602)	(6,192)
Pretax amount	3,304	(4,228)	20,667
Income taxes and tax effect amount	(1,047)	1,229	(6,549)
Retirement benefit adjustments, net of tax	2,257	(2,999)	14,118
Total other comprehensive income	¥ 21,986	¥ (35,973)	$ 137,516

20. Related Party Transactions

During the years ended March 31, 2026 and 2025, the Bank had significant transactions with directors as well as audit and supervisory board members and their immediate family members of the Bank or its significant subsidiaries, and/or the companies in which they held directly or indirectly a majority voting interest.

A summary of the significant related party transactions as of and for the years ended March 31, 2026 and 2025 is as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
For the year:			
Number of related parties	7	5	
Amount of loan transactions (average balance)	¥ 166	¥ 135	$ 1,041
At year end:			
Loans and bills discounted	¥ 172	¥ 149	$ 1,077

21. Revenue Recognition

Information about the breakdown of revenues from contracts with customers is as described in Note 23, "Segment Information."

22. Subsequent Events

There are no material subsequent events.

23. Segment Information

(a) General information about reportable segments

The Group defines a reportable segment as a component of the Group for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about the allocation of resources and to assess performance.

The Group engages in financial services, primarily in banking but also in comprehensive finance leasing business and credit card services. The reportable segments of the Group are determined based on the types of financial services as follows.

"Banking" — head office and branches
- Deposits and loans
- Domestic and foreign exchange transactions
- Securities investments
- Trading of trading account securities
- Underwriting and registration of corporate bonds

"Leasing" — Nagoya Lease Co., Ltd., a domestic subsidiary of the Bank
- Comprehensive finance leasing business

"Credit Card" — Nagoya Card Co., Ltd. and Nagoya MC Card Co., Ltd., domestic subsidiaries of the Bank
- Credit card business

(b) Basis of measurement for segment profit, segment assets, segment liabilities and other material items for each reportable segment

The basis of measurement for reportable segment information follows the accounting principles used in the consolidated financial statements as described in Note 2, "Summary of Significant Accounting Policies." Segment profit is based on "ordinary profit," which is defined as total profit less certain special gains and special losses included in the accompanying consolidated statements of income. Intersegment income is accounted for based on prices of ordinary transactions with independent third parties.

(c) Information about reportable segment profit, segment assets, segment liabilities and other material items by reportable segment and breakdown of revenues

Segment information as of and for the years ended March 31, 2026 and 2025 was as follows.

	Millions of yen					
	2026					
	Reportable segments					
	Banking	Leasing	Credit Card	Total	Other *(*2)*	Total
Trust fees	¥ 81	¥ –	¥ –	¥ 81	¥ –	¥ 81
Service revenues:						
Deposits and loans	6,600	–	–	6,600	–	6,600
Exchange transactions	2,666	–	–	2,666	–	2,666
Securities related services	2,883	–	–	2,883	–	2,883
Agency services	1,350	–	–	1,350	–	1,350
Others	2,226	–	–	2,226	–	2,226
Revenues from other operations:						
Credit card	–	–	2,105	2,105	–	2,105
Others	–	1,876	–	1,876	3,197	5,074
Ordinary income arising from contracts with customers *(*1)*	15,807	1,876	2,105	19,790	3,197	22,988
Other ordinary income *(*1)*	80,241	21,059	162	101,463	55	101,518
External customers	96,049	22,935	2,268	121,254	3,253	124,507
Intersegment	1,391	216	216	1,824	39	1,863
Total ordinary income *(*1)*	97,441	23,152	2,485	123,078	3,292	126,370
Segment profit	27,239	752	591	28,584	315	28,900
Segment assets	6,222,176	67,196	19,846	6,309,218	3,138	6,312,357
Segment liabilities	5,926,175	58,636	15,990	6,000,803	1,233	6,002,036
Other material items:						
Depreciation and amortization *(*3)*	1,975	488	22	2,486	97	2,584
Interest income	72,042	3	35	72,081	1	72,082
Interest expense	20,462	411	9	20,883	0	20,884
Provision for possible loan losses	1,562	–	75	1,637	19	1,657
Increase in tangible and intangible fixed assets	3,797	265	58	4,121	14	4,135

	Millions of yen					
	2025					
	Reportable segments					
	Banking	Leasing	Credit Card	Total	Other *(*2)*	Total
Trust fees	¥ 61	¥ –	¥ –	¥ 61	¥ –	¥ 61
Service revenues:						
Deposits and loans	6,334	–	–	6,334	–	6,334
Exchange transactions	2,610	–	–	2,610	–	2,610
Securities related services	2,495	–	–	2,495	–	2,495
Agency services	1,308	–	–	1,308	–	1,308
Others	1,399	–	–	1,399	–	1,399
Revenues from other operations:						
Credit card	–	–	2,033	2,033	–	2,033
Others	–	1,812	–	1,812	3,339	5,152
Ordinary income arising from contracts with customers *(*1)*	14,211	1,812	2,033	18,056	3,339	21,396
Other ordinary income *(*1)*	60,557	20,525	256	81,339	60	81,400
External customers	74,768	22,337	2,290	99,396	3,400	102,797
Intersegment	1,126	211	220	1,558	100	1,658
Total ordinary income *(*1)*	75,895	22,548	2,511	100,954	3,501	104,456
Segment profit	19,967	843	544	21,355	316	21,671
Segment assets	5,723,377	61,740	18,735	5,803,853	2,980	5,806,833
Segment liabilities	5,462,188	53,401	14,850	5,530,440	1,174	5,531,614
Other material items:						
Depreciation and amortization *(*3)*	2,132	452	9	2,594	103	2,697
Interest income	51,638	2	37	51,677	0	51,677
Interest expense	10,033	222	2	10,258	1	10,259
Provision for possible loan losses	363	–	264	627	–	627
Increase in tangible and intangible fixed assets	1,863	98	58	2,020	12	2,032

	Thousands of U.S. dollars					
	2026					
	Reportable segments					
	Banking	Leasing	Credit Card	Total	Other *(*2)*	Total
Trust fees	$ 510	$ –	$ –	$ 510	$ –	$ 510
Service revenues:						
Deposits and loans	41,284	–	–	41,284	–	41,284
Exchange transactions	16,676	–	–	16,676	–	16,676
Securities related services	18,035	–	–	18,035	–	18,035
Agency services	8,444	–	–	8,444	–	8,444
Others	13,924	–	–	13,924	–	13,924
Revenues from other operations:						
Credit card	–	–	13,172	13,172	–	13,172
Others	–	11,736	–	11,736	20,001	31,737
Ordinary income arising from contracts with customers *(*1)*	98,873	11,736	13,172	123,781	20,001	143,782
Other ordinary income *(*1)*	501,887	131,720	1,018	634,625	346	634,971
External customers	600,760	143,456	14,190	758,406	20,347	778,753
Intersegment	8,705	1,353	1,353	11,411	247	11,658
Total ordinary income *(*1)*	609,465	144,809	15,543	769,817	20,594	790,411
Segment profit	170,376	4,710	3,701	178,787	1,975	180,762
Segment assets	38,917,789	420,293	124,132	39,462,214	19,630	39,481,844
Segment liabilities	37,066,397	366,756	100,018	37,533,171	7,715	37,540,886
Other material items:						
Depreciation and amortization *(*3)*	12,354	3,055	144	15,553	612	16,165
Interest income	450,602	21	223	450,846	11	450,857
Interest expense	127,985	2,576	61	130,622	6	130,628
Provision for possible loan losses	9,771	–	473	10,244	123	10,367
Increase in tangible and intangible fixed assets	23,753	1,658	365	25,776	89	25,865

Notes: **1. "Ordinary income" represents total income less certain special gains included in the accompanying consolidated statements of income.*
**2. The "other" business segment includes principally the medical systems business and ICT support services.*
**3. Depreciation and amortization include amounts related to information technology investments.*

(d) Reconciliation of the totals of each segment item to the corresponding Group amounts

	Millions of yen				Thousands of U.S. dollars	
	2026		2025		2026	
Ordinary income:						
Total reportable segments	¥	123,078	¥	100,954	$	769,817
Other		3,292		3,501		20,594
Intersegment elimination		(1,863)		(1,658)		(11,658)
Reversal of provision for possible loan losses		(50)		(8)		(314)
		124,456		102,788		778,439
Other gains		343		4		2,148
Total income on consolidated statements of income	¥	124,800	¥	102,792	$	780,587

Note: "Other gains" includes gain on disposal of fixed assets.

	Millions of yen				Thousands of U.S. dollars	
	2026		2025		2026	
Segment profit:						
Total reportable segments	¥	28,584	¥	21,355	$	178,787
Other		315		316		1,975
Intersegment elimination		(818)		(772)		(5,120)
		28,081		20,899		175,642
Other gains (losses), net		272		(196)		1,703
Profit before income taxes on consolidated statements of income	¥	28,353	¥	20,702	$	177,345

Note: "Other gains (losses), net" includes gain and loss on disposal of fixed assets and impairment loss on fixed assets.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Segment assets:			
Total reportable segments	¥ 6,309,218	¥ 5,803,853	$ 39,462,214
Other	3,138	2,980	19,630
Intersegment elimination	(49,192)	(42,161)	(307,681)
Adjustment of retirement benefit assets	9,536	5,686	59,649
Total assets on consolidated balance sheets	¥ 6,272,701	¥ 5,770,358	$ 39,233,812

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Segment liabilities:			
Total reportable segments	¥ 6,000,803	¥ 5,530,440	$ 37,533,171
Other	1,233	1,174	7,715
Intersegment elimination	(45,109)	(38,077)	(282,145)
Adjustment of retirement benefit liability	1,883	290	11,780
Total liabilities on consolidated balance sheets	¥ 5,958,810	¥ 5,493,827	$ 37,270,521

	Millions of yen			
	2026			
Other material items:	Total reportable segments	Other	Reconciliation	Consolidated
Depreciation and amortization	¥ 2,486	¥ 97	¥ –	¥ 2,584
Interest income	72,081	1	(1,095)	70,987
Interest expense	20,883	0	(284)	20,600
Provision for possible loan losses	1,637	19	(50)	1,607
Increase in tangible and intangible fixed assets	4,121	14	–	4,135

	Millions of yen			
	2025			
Other material items:	Total reportable segments	Other	Reconciliation	Consolidated
Depreciation and amortization	¥ 2,594	¥ 103	¥ –	¥ 2,697
Interest income	51,677	0	(900)	50,777
Interest expense	10,258	1	(138)	10,121
Provision for possible loan losses	627	–	(8)	619
Increase in tangible and intangible fixed assets	2,020	12	–	2,032

Other material items:	Thousands of U.S. dollars 2026 Total reportable segments	Other	Reconciliation	Consolidated
Depreciation and amortization	$ 15,553	$ 612	$ –	$ 16,165
Interest income	450,846	11	(6,850)	444,007
Interest expense	130,622	6	(1,781)	128,847
Provision for possible loan losses	10,244	123	(315)	10,052
Increase in tangible and intangible fixed assets	25,776	89	–	25,865

(e) Related information for enterprise-wide disclosure

(1) Information by service

	Millions of yen				
	Service				
	Loans	Securities investments	Leasing	Other	Total
Ordinary income from external customers:					
For the year ended March 31, 2026	¥ 45,021	¥ 29,997	¥ 22,935	¥ 26,552	¥ 124,507
For the year ended March 31, 2025	32,828	25,153	22,337	22,477	102,797

	Thousands of U.S. dollars				
Ordinary income from external customers:					
For the year ended March 31, 2026	$ 281,595	$ 187,623	$ 143,456	$ 166,079	$ 778,753

(2) Information by geographical area for the years ended March 31, 2026 and 2025 was omitted since ordinary income from external customers in Japan accounted for more than 90% of total consolidated ordinary income, and tangible fixed assets in Japan were more than 90% of tangible fixed assets on the consolidated balance sheets.

(3) Information by major customer for the years ended March 31, 2026 and 2025 was omitted since no external customers accounted for 10% or more of consolidated ordinary income.

(f) Information about impairment loss on fixed assets by reportable segment

	Millions of yen					
	Reportable segments					
	Banking	Leasing	Credit Card	Total	Other	Total
Impairment loss on fixed assets:						
For the year ended March 31, 2026	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –
For the year ended March 31, 2025	73	–	–	73	–	73

	Thousands of U.S. dollars					
Impairment loss on fixed assets:						
For the year ended March 31, 2026	$ –	$ –	$ –	$ –	$ –	$ –

(g) Information with regard to goodwill by reportable segment

None

(h) Information with regard to gain on negative goodwill by reportable segment

None