

Notes to Consolidated Financial Statements

The Kiyo Bank, Ltd. and its consolidated subsidiaries
Years ended March 31, 2026 and 2025

1. Basis of presenting consolidated financial statements

The Kiyo Bank, Ltd. (the “Bank”) and its consolidated subsidiaries (the “Group”) maintain their official accounting records in Japanese yen, in accordance with the provisions set forth in the Japanese Companies Act and the Japanese Banking Act, in general conformity with the Japanese regulatory authorities and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. The accompanying consolidated financial statements have been restructured and translated into English, with some expanded descriptions, 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. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements. In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made in order to present them in a form which is more familiar to readers outside Japan.

Amounts of less than one million yen have been rounded down. As a result, the totals shown in the financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers outside Japan, using the prevailing exchange rate at March 31, 2026, which was ¥159.88 to US \$1.00. The translations should not be construed as representations 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.

2. Significant accounting policies

(a) Consolidation — The consolidated financial statements include the accounts of the Bank and eight (eight in 2025) subsidiaries for the year ended March 31, 2026. All significant intercompany transactions and unrealized profits have been eliminated. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling interests, are evaluated using the fair value at the time the Bank acquired control of the respective subsidiary.

(Unconsolidated subsidiaries)

There are four (three in 2025) unconsolidated subsidiaries (Kiyo 1st Growth Support Investment Limited Partnership, Kiyo 2nd Growth Support Investment Limited Partnership, Kiyo 1st Startup Debt Fund Investment Limited Partnership and Kiyo 1st Healthcare Fund Investment Limited Partnership) as of March 31, 2026. These companies are excluded from the scope of consolidation because the results of their operations have no material effect on the consolidated financial position and operating results of the Group in terms of total assets, profit (corresponding to the share), retained earnings (corresponding to the share) and accumulated other comprehensive income (corresponding to the share). These companies are not accounted for by the equity method.

As of March 31, 2026, there are three companies in which the Bank holds more than 50% of the voting rights but are not recognized as subsidiaries, as they are held by unconsolidated subsidiaries engaged in investment activities for the purpose of fostering investment rather than controlling the companies.

(Affiliate)

As of March 31, 2026, there are no affiliates.

The fiscal closing date of all the consolidated subsidiaries is March 31.

(b) Trading account securities — Trading account securities are stated at fair value. Gains and losses realized on the sale of such securities and unrealized gains and losses from fair value fluctuations are recognized as gains and losses in the period of the change. Realized gains and losses on the sale of such securities are computed using the moving average cost.

(c) Securities — The Bank and its consolidated subsidiaries classify securities as (1) debt securities intended to be held to maturity (“held-to-maturity debt securities”), (2) equity securities issued by subsidiaries and affiliated companies and (3) all other securities that are not classified in any of the above categories (“available-for-sale securities”). Held-to-maturity debt securities are stated at amortized cost. Available-for-sale securities are stated at fair value, except

for equity and other securities without fair market value, which are stated at acquisition cost determined by the moving average method. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using the moving average cost.

Securities invested as trust assets in the individually managed money held in trust whose primary purpose is to manage securities are stated at fair value.

(d) Derivatives and hedge accounting — Derivatives are stated at fair value, except when the derivatives are used for hedging purposes. If derivatives are used for hedging purposes and meet certain hedging criteria, recognition of gains and losses resulting from changes in fair value are deferred until the related losses and gains on the hedged items are recognized.

The following hedge accounting is applied to derivatives:

(Foreign exchange fluctuation risk hedge)

To hedge foreign exchange fluctuation risk arising from foreign currency denominated assets and liabilities of the Bank, the Bank applies the deferral method in accordance with “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry” (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020). Hedge effectiveness is assessed by ensuring the existence of the corresponding foreign currency positions as hedging instruments, such as currency swaps and foreign exchange swaps conducted to mitigate foreign currency exchange fluctuation risk arising from foreign currency denominated monetary receivables and payables, equivalent to foreign currency denominated monetary receivables and payables as hedged items.

(e) Depreciation and amortization

(Tangible fixed assets (excluding lease assets))

Depreciation of tangible fixed assets held by the Bank is generally computed by the declining balance method. However, buildings (excluding attached facilities) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method. The useful life of tangible fixed assets ranges from 8 to 50 years for buildings and 5 to 20 years for equipment. Tangible fixed assets held by the consolidated subsidiaries are mainly depreciated using the declining balance method based on the estimated useful life of the asset.

(Intangible fixed assets (excluding lease assets))

Intangible fixed assets are amortized by the straight-line method. Software developed or obtained for internal use is amortized by the straight-line method over an estimated useful life of 5 years.

(Lease assets)

Depreciation and amortization of lease assets, including both “Tangible fixed assets” and “Intangible fixed assets,” under leasing transactions that are not deemed to transfer ownership of the leased property to the lessee are computed by the straight-line method over the lease period with a residual value of zero.

Changes in accounting estimates

(Changes in useful lives)

Buildings, facilities attached to buildings, and structures at the Bank-owned Head Office North Building had been depreciated over estimated useful lives of 3 to 50 years. However, the Bank shortened the useful lives of the tangible fixed assets at the current Head Office North Building, applying the change prospectively following the finalization of the master plan for the new head office building in September 2025.

As a result, profit before income taxes for the year ended March 31, 2026 decreased by ¥175 million (\$1,094 thousand).

(f) Reserve for possible loan losses — Based on its predetermined standards, the Bank makes provisions for possible loan losses.

For loans to insolvent customers who are undergoing bankruptcy or other collection proceedings (“bankrupt borrowers”) or who are in a similar financial condition (“effectively bankrupt borrowers”), the reserve for possible loan losses is provided for the full amount of such loans, excluding the portion that is estimated to be recoverable due to any underlying collateral or guarantees. For the unsecured and unguaranteed portions of loans to customers not presently in the above circumstances but for whom there is a high probability of so becoming (“likely to become bankrupt borrowers”), the reserve for possible loan losses is provided for the amount of loans excluding the portion that is estimated to be recoverable due to any underlying collateral or guarantees (“unsecured amount”) after an evaluation of each customer’s overall financial condition. In addition to these, for loans to likely to become bankrupt borrowers whose possibility of bankruptcy is higher than that of other likely to become bankrupt borrowers in respect of certain financial indicators, the Bank records an additional reserve for the unsecured amount deemed necessary after making a well-rounded judgement from historical records of downgrading of the borrower category, etc., in order to work to strengthen preparations for future uncertainties due to deterioration in borrowers’ business results and secure soundness, and thereby ensuring to fulfill a financial intermediary function continuously. Accordingly, the additional reserve for possible loan losses was provided in the amount of ¥1,349 million (\$8,437 thousand) and ¥1,687 million as of March 31, 2026 and 2025, respectively.

For loans to borrowers who are in good business condition and whose financial condition is not particularly problematic (“normal borrowers”) and other borrowers requiring attention for future management, such as those with problematic lending conditions, performance problems, weak or unstable business conditions, or with problematic financial conditions (“borrowers requiring attention”), the reserve for possible loan losses is provided principally based on the estimated losses for the coming one year or three years. The estimated losses are computed using the loss ratio based on the average loan loss ratio for the past definite period based on the actual losses for the past one or three years, with necessary adjustments such as future projections.

All loans are subject to asset assessment by the business-related divisions based on the self-assessment standards for assets. The assessment results are audited by the Asset Audit Department independent from the divisions concerned.

Reserves for possible loan losses of the consolidated subsidiaries are provided for general claims in the amount deemed necessary based on the rate of losses in the past and for certain doubtful claims in the amount deemed uncollectible based on assessments of the respective claims.

For claims against “bankrupt borrowers” and “effectively bankrupt borrowers,” in principle, the amount exceeding the estimated value of collateral and guarantees deemed uncollectible is deducted directly from those claims. At March 31, 2026 and 2025, the deducted amounts were ¥11,452 million (\$71,628 thousand) and ¥11,639 million, respectively.

(g) Reserve for reimbursement of deposits — Provision is made for future losses from claims on dormant accounts based on historical refund records.

(h) Provision for contingent losses — Provision is made for payment on loan-loss burden sharing to credit guarantee corporations in an amount estimated to be paid in the future.

(i) Provision for head office reconstruction losses — The Bank recognizes a provision for losses arising from the reconstruction of its head office in an amount deemed necessary based on reasonable estimates.

(j) Accounting for employees’ severance and retirement benefits — In determining retirement benefit obligations, the estimated amount of retirement benefits is attributed to periods on a benefit formula basis.

Differences generated from changes in actuarial assumptions are charged or credited to income in an amount allocated by the straight-line method over 9 years, which is shorter than the average remaining service period of the employees, beginning with the term following that when the differences are generated.

In calculating the net defined benefit liability and retirement benefit expenses, some consolidated subsidiaries have adopted a simplified method in which the amount required to be paid if all the employees retired voluntarily at the fiscal year end is regarded as retirement benefit obligations.

(k) Foreign currency translation — Receivables and payables in foreign currencies of the Bank and its consolidated subsidiaries are translated into Japanese yen at the year-end rates.

(l) Income taxes — Income taxes comprise corporation, inhabitants and enterprise taxes. Deferred tax assets are recorded by the asset-liability approach based on carryforward loss and the temporary differences between the financial statement bases and tax bases of assets and liabilities.

(m) Significant accounting for revenue and costs

Finance leases — As lessor, revenue and cost of sales are recognized upon the receipt of lease charges.

Revenue from contracts with customers — The Bank recognizes revenue when control of a promised good or service is transferred to the customer.

(n) Consolidated statements of cash flows — Cash and deposits with the Bank of Japan that are included in the consolidated balance sheets under cash and due from banks are considered to be cash and cash equivalents in the consolidated statements of cash flows.

(o) Earnings per share — Basic earnings per share is computed by dividing profit attributable to owners of parent by the weighted average number of shares of common stock, excluding treasury stock, outstanding during the reporting period. Diluted earnings per share reflects the potential dilution that could occur if outstanding stock options were exercised.

(p) Significant accounting estimates

Reserve for possible loan losses:

- a. The Bank recorded reserve for possible loan losses of ¥19,471 million (\$121,785 thousand) and ¥20,222 million in the consolidated financial statements as of March 31, 2026 and 2025, respectively.

As stated in Note 2 (f), “Significant accounting policies-Reserve for possible loan losses,” the additional reserve for possible loan losses was provided in the amount of ¥1,349 million (\$8,437 thousand) and ¥1,687 million, respectively, as of March 31, 2026 and 2025.

- b. Significant accounting estimates related to the identified items:

Calculation method:

Information regarding the methods used to calculate amounts is provided in Note 2 (f), “Significant accounting policies-Reserve for possible loan losses.”

Self-assessment stated in Note 2 (f) refers to the process of examining and analyzing each asset held individually and classifying them according to the degree of risk of non-recovery or impairment of value. Borrowers are categorized as “normal,” “requiring attention,” “likely to become bankrupt,” “effectively bankrupt” or “bankrupt” through a multi-step assessment process: 1) determine the repayment ability based on the borrower’s financial condition, cash flows, earning capacity, etc.; 2) confirm the terms of the loan to the borrower and the performance status of the loan; 3) evaluate the characteristics of the industry, etc., the outlook for business continuity and profitability, the ability of the borrower to repay debt based on annual repayable amounts, and the appropriateness of the business improvement plan, etc. The Bank makes appropriate write-offs and provisions according to the borrower category. For delinquent loans past due three months or more and restructured loans to borrowers requiring attention, the Bank classifies them as borrowers requiring control and makes write-offs and provisions separately.

Reserves for possible loan losses of the consolidated subsidiaries are provided for general claims for the amount deemed necessary based on the rate of loss in the past and for certain doubtful claims in the amount deemed uncollectible based on individual assessments of the respective claims.

Main assumptions:

The main assumption used is the “credit risk of borrowers in assessment of the borrower category.” “Credit risk of borrowers in assessment of the borrower category” is determined by assessing the repayment capability of the borrower based on the borrower’s financial condition, cash flows, earning capacity, etc. In addition, for loans to likely to become bankrupt borrowers whose possibility of bankruptcy is higher than that of other likely to become bankrupt borrowers in respect of certain financial indicators, the Bank deems their credit risk to be higher. Under this assumption, the Bank determines the borrower category, taking into consideration available information that affects the estimates and records reserve for possible loan losses.

Impact on the consolidated financial statements for the following year:

Major customers may experience deterioration in operating performance or bankruptcy, decrease in collateral value,

changes in economic circumstances, or other unforeseen events.

If events and/or changes in circumstances such as those described above indeed occur, and the categories of borrowers, the amounts estimated to be recoverable from underlying collateral or guarantees, the estimated loss ratio and other major assumptions used to calculate reserve for possible loan losses undergo change, the reserve may need additional provisions, and there may be other significant impacts on the reserve for possible loan losses in the consolidated financial statements for the following year.

(q) New accounting standards not yet adopted

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

“Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024)
and other related ASBJ Statements and Guidance

(1) Overview

As part of its efforts to ensure consistency between Japanese GAAP and global standards, ASBJ had been working to develop the accounting standard for leases that lessees recognize all leases as assets and liabilities, taking into consideration accounting principles generally accepted internationally. The new standards and implementation guidance are based on the single lessee accounting model of IFRS 16, in principle, applying not all but only the main provisions of IFRS 16. The aim is to provide simple and convenient guidelines that requires no fundamental modifications when applying the provisions of IFRS 16 in non-consolidated financial statements.

Regarding the method for allocating the lease expenses in the lessee’s accounting treatment, the same approach is used as IFRS 16. This means that a single accounting model is applied for recording 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

These statements and guidance are scheduled to be adopted from the beginning of the year ending March 31, 2028.

(3) Effects of adoption

The Bank is currently evaluating the effects of the adoption of these on the consolidated financial statements.

(r) Changes in accounting estimates

(Change in the calculation method of reserve for possible loan losses)

For the year ended March 31, 2026

Not applicable.

For the year ended March 31, 2025

For loans to normal borrowers and borrowers requiring attention excluding borrowers requiring control (“other borrowers requiring attention”), the reserve for possible loan losses is provided principally based on the estimated losses for the coming one year. The estimated losses are computed using the loss ratio based on the average loan loss ratio for the past definite period based on the actual losses for the past one year, with necessary adjustments such as future projections. Concerning the average loan loss ratio for the past definite period, the Bank previously used the larger of either the short-term average loan loss ratio, or the average loan loss ratio for the period after the integration with The Wakayama Bank Ltd., April 2007, that was set as a calculation period. However, it was changed to employ the larger of either the short-term average loan loss ratio, or the average loan loss ratio for a long-term considered as a reasonable calculation period that is adjusted to business cycles, in order to make the provision for possible loan losses reflect more reality by incorporating economic trends, etc.

In addition, for the year ended March 31, 2024, the Bank provided the preventive reserve for possible loan losses on borrowers affected by COVID-19. Socioeconomic activities suspended due to the COVID-19 pandemic have been normalized greatly since COVID-19 was reclassified into Category V Infectious Diseases. On the other hand, the Bank assesses that the credit risk of some borrowers is still high considering their financial condition. Therefore, for the year ended March 31, 2025, for loans to likely to become bankrupt borrowers whose possibility of bankruptcy is higher than that of other likely to become bankrupt borrowers in respect of certain financial indicators, the Bank changed to record the additional reserve for the unsecured amount deemed necessary after making a well-rounded judgement from historical records of downgrading of the borrower category, etc.

As a result of the above changes, reserve for possible loan losses decreased by ¥3,034 million as of March 31, 2025, and profit before income taxes increased ¥3,034 million for the year then ended.

(s) Additional information

For the year ended March 31, 2026

Not applicable.

For the year ended March 31, 2025

(Issuance of Treasury Stock to the Employees through the Trust)

The Bank has introduced “Trust-Type Employee Stock Incentive Plan” to fulfill welfare program for the Group employees and to improve business performances by granting incentives to the Group employees toward enhancement of medium and long-term corporate value and enhancing the employees’ awareness of participation in management.

(1) Overview of transactions

The Plan is an incentive plan for all the employees that participate in either “Kiyo Financial Group Employee Stock Ownership Association” or “Kiyo Information System Employee Stock Ownership Association” (collectively “both Associations”).

The Bank has established “Kiyo Financial Group Employee Stock Ownership Association Trust” (hereinafter referred to as the “Trust”). The Trust will acquire in advance the Bank’s shares approximate to the number of shares both Associations may acquire over three years after its inception. Subsequently, the Bank’s shares will be regularly transferred from the Trust to both Associations at market value. When the amounts corresponding to gains on sales of shares are accumulated within the Trust at the termination of the Trust, such amounts will be distributed to the qualified employees who satisfy the requirements as a beneficiary.

In addition, the Bank will assume the obligation to pay for the remaining loan balances pursuant to the guarantee agreement since the Bank guarantees the loans for the Trust in purchasing the Bank’s shares. As such, when the amounts corresponding to losses on sales of shares due to decline in the Bank’s share value are accumulated in the Trust and the loan balances remain within the Trust upon termination of the Trust, the Bank will repay the remaining balance.

The Trust terminated in December 2024.

(2) The Bank’s shares remaining in the Trust

The Bank’s shares remaining in the Trust are recorded as “Treasury stock” under “Net assets” at the carrying amount (excluding incidental expenses) recorded at the Trust. During the year ended March 31, 2025, all of the Bank’s shares held by the Trust were sold, therefore there were no shares in the Trust as of March 31, 2025.

(3) The carrying amount of the borrowed money recorded by applying the gross amount method as of March 31, 2025 was nil.

3. Cash and cash equivalents

As of March 31, 2026 and 2025, the amounts of cash and cash equivalents at end of year in the consolidated statements of cash flows were in agreement with the amounts of cash and due from banks in the consolidated balance sheets.

4. Trading account securities, money held in trust and other securities

Net valuation gains and losses from trading account securities for the years ended March 31, 2026 and 2025 amounted to ¥(0) million (\$0) thousand and nil, respectively.

Investments in unconsolidated subsidiaries (four in 2026 and three in 2025) in the amounts of ¥3,010 million (\$18,826 thousand) and ¥1,414 million are included in “Securities” as of March 31, 2026 and 2025, respectively.

Fair values and unrealized gains and losses on held-to-maturity debt securities and available-for-sale securities as of March 31, 2026 and 2025 were as follows:

(a) Held-to-maturity debt securities

Type	Millions of yen					
	2026					
	Carrying amount		Fair value		Difference	
Held-to-maturity debt securities whose fair value exceeds the carrying amount:						
Bonds						
Local government bonds	¥	-	¥	-	¥	-
Subtotal	¥	-	¥	-	¥	-
Held-to-maturity debt securities whose fair value does not exceed the carrying amount:						
Bonds						
Japanese government bonds	¥	11,334	¥	10,809	¥	(525)
Local government bonds		17,490		15,788		(1,701)
Corporate bonds		800		775		(24)
Subtotal	¥	29,624	¥	27,373	¥	(2,250)
Total	¥	29,624	¥	27,373	¥	(2,250)

Type	Millions of yen					
	2025					
	Carrying amount		Fair value		Difference	
Held-to-maturity debt securities whose fair value exceeds the carrying amount:						
Bonds						
Local government bonds	¥	-	¥	-	¥	-
Subtotal	¥	-	¥	-	¥	-
Held-to-maturity debt securities whose fair value does not exceed the carrying amount:						
Bonds						
Local government bonds	¥	16,490	¥	15,670	¥	(819)
Corporate bonds		800		776		(23)
Subtotal	¥	17,290	¥	16,447	¥	(842)
Total	¥	17,290	¥	16,447	¥	(842)

	Thousands of U.S. dollars				
	2026				
Type	Carrying amount		Fair value		Difference
Held-to-maturity debt securities whose fair value exceeds the carrying amount:					
Bonds					
Local government bonds	\$	-	\$	-	\$ -
Subtotal	\$	-	\$	-	\$ -
Held-to-maturity debt securities whose fair value does not exceed the carrying amount:					
Bonds					
Japanese government bonds	\$	70,890	\$	67,606	\$ (3,283)
Local government bonds		109,394		98,749	(10,639)
Corporate bonds		5,003		4,847	(150)
Subtotal	\$	185,288	\$	171,209	\$ (14,073)
Total	\$	185,288	\$	171,209	\$ (14,073)

(b) Available-for-sale securities

	Millions of yen					
	2026					
Type	Carrying amount		Acquisition cost		Difference	
Available-for-sale securities whose carrying amount exceeds acquisition cost:						
Stocks	¥	20,829	¥	6,716	¥	14,113
Bonds		209		208		0
Corporate bonds		209		208		0
Other		70,622		66,874		3,748
Foreign bonds		49,417		48,661		755
Other		21,204		18,212		2,992
Subtotal	¥	91,662	¥	73,800	¥	17,862
Available-for-sale securities whose carrying amount does not exceed acquisition cost:						
Stocks	¥	2,524	¥	2,545	¥	(21)
Bonds		477,641		527,351		(49,710)
Japanese government bonds		281,748		306,860		(25,112)
Local government bonds		68,793		71,773		(2,980)
Corporate bonds		127,100		148,717		(21,617)
Other		183,831		192,780		(8,949)
Foreign bonds		128,655		133,680		(5,025)
Other		55,175		59,100		(3,924)
Subtotal	¥	663,996	¥	722,677	¥	(58,680)
Total	¥	755,658	¥	796,477	¥	(40,818)

Type	Millions of yen				
	2025				
	Carrying amount		Acquisition cost		Difference
Available-for-sale securities whose carrying amount exceeds acquisition cost:					
Stocks	¥	19,791	¥	7,205	¥ 12,586
Bonds		19,929		19,877	51
Local government bonds		12,782		12,765	17
Corporate bonds		7,146		7,112	33
Other		48,472		46,556	1,916
Foreign bonds		34,138		33,425	712
Other		14,334		13,130	1,203
Subtotal	¥	88,193	¥	73,639	¥ 14,553
Available-for-sale securities whose carrying amount does not exceed acquisition cost:					
Stocks	¥	4,327	¥	6,054	¥ (1,726)
Bonds		486,691		520,987	(34,295)
Japanese government bonds		194,816		214,585	(19,769)
Local government bonds		143,991		148,386	(4,395)
Corporate bonds		147,884		158,015	(10,130)
Other		227,953		240,277	(12,323)
Foreign bonds		146,135		150,963	(4,827)
Other		81,817		89,313	(7,495)
Subtotal	¥	718,973	¥	767,319	¥ (48,345)
Total	¥	807,166	¥	840,958	¥ (33,791)

Type	Thousands of U.S. dollars			
	2026			
	Carrying amount	Acquisition cost	Difference	
Available-for-sale securities whose carrying amount exceeds acquisition cost:				
Stocks	\$ 130,278	\$ 42,006	\$	88,272
Bonds	1,307	1,300		0
Corporate bonds	1,307	1,300		0
Other	441,718	418,276		23,442
Foreign bonds	309,088	304,359		4,722
Other	132,624	113,910		18,714
Subtotal	\$ 573,317	\$ 461,596	\$	111,721
Available-for-sale securities whose carrying amount does not exceed acquisition cost:				
Stocks	\$ 15,786	\$ 15,918	\$	(131)
Bonds	2,987,496	3,298,417		(310,920)
Japanese government bonds	1,762,246	1,919,314		(157,067)
Local government bonds	430,278	448,917		(18,638)
Corporate bonds	794,971	930,178		(135,207)
Other	1,149,806	1,205,779		(55,973)
Foreign bonds	804,697	836,127		(31,429)
Other	345,102	369,652		(24,543)
Subtotal	\$ 4,153,089	\$ 4,520,121	\$	(367,025)
Total	\$ 4,726,407	\$ 4,981,717	\$	(255,303)

Securities other than trading account securities (excluding equity and other securities without fair market value and investments in partnerships) that has declined significantly from the acquisition cost and for which there is deemed to be no likelihood of the fair value recovering to the acquisition cost level are recorded on the balance sheet at the fair value. In addition, the difference between acquisition cost and fair value is posted as a loss in the consolidated accounts for the fiscal year (this process is known as “impairment accounting”). The Bank recognized impairment loss on equity securities of ¥1,501 million (\$9,388 thousand) for the year ended March 31, 2026 while no impairment loss was recognized for the year ended March 31, 2025.

The criteria for determining when available-for-sale securities have “significantly declined” are cases in which the fair value has fallen below 70% of the acquisition cost; or the fair value of a debt security under available-for-sale securities has fallen not below 70%, but the credit worthiness of the issuing company has worsened. In these cases, impairment loss is recognized as follows:

- (1) For all the securities whose fair value has fallen below 50% of the acquisition cost, impairment accounting is implemented.
- (2) For securities whose fair value has fallen below 70% but not below 50%, impairment accounting is implemented taking into account internal and external factors such as the business performance of the issuing company, the market price movements, trends of the market environments, etc. For bonds, impairment accounting is implemented taking into account credit worthiness of the issuing company with respect to those whose market prices are deemed unlikely to recover to the acquisition cost.
- (3) For securities whose fair value has fallen, but not below 70% of the acquisition cost and the credit worthiness of the issuing company has worsened, impairment accounting is implemented, if necessary, taking into account its credit worthiness, etc.

(c) There were no bonds classified as held-to-maturity sold during the years ended March 31, 2026 and 2025.

(d) Total sales of available-for-sale securities in the years ended March 31, 2026 and 2025 amounted to ¥244,566 million (\$1,529,684 thousand) and ¥167,021 million, respectively. The related gains and losses for the year ended March 31, 2026 amounted to ¥7,037 million (\$44,014 thousand) and ¥9,185 million (\$57,449 thousand), respectively. The related gains and losses for the year ended March 31, 2025 amounted to ¥3,576 million and ¥12,570 million, respectively.

(e) Money held in trust

Money held in trust for trading purpose as of March 31, 2026 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Money held in trust for trading purpose	¥ 8,497	¥ 8,497	\$ 53,146
Unrealized gains (losses) included in earnings	-	-	-

There was no money held in trust held to maturity as of March 31, 2026 and 2025.

There was no money held in trust held for other purposes than trading and held-to-maturity as of March 31, 2026 and 2025.

(f) Net unrealized gains (losses) on available-for-sale securities as of March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Difference between acquisition cost and fair value:			
Available-for-sale securities	¥ (40,763)	¥ (33,731)	\$ (254,959)
Deferred tax assets (liabilities)	13,337	10,808	83,418
Difference between acquisition cost and fair value (prior to adjustment for non-controlling interests)	(27,426)	(22,923)	(171,541)
Amount corresponding to non-controlling interests	97	115	606
Net unrealized gains (losses) on available-for-sale securities	¥ (27,523)	¥ (23,038)	\$ (172,147)

Note: Net unrealized gains as of March 31, 2026 and 2025 included net unrealized gains of ¥55 million (\$344 thousand) and ¥60 million, respectively, on available-for-sale securities which are components of partnerships, etc.

5. Loans and bills discounted

Loans under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are shown in the following table. These loans include the following:

- Corporate bonds included in “Securities” in the consolidated balance sheets (limited to those that are guaranteed for all or part of the redemption of principal and payment of interest and issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act))
- Loans and bills discounted
- Foreign exchange
- Those accounted for as accrued interest and suspense payments under “Other assets,” and customers’ liabilities for acceptances and guarantees
- Loans of securities described in the accompanying notes, if there is any, limited to those under a loan-for-use or a lease agreement

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Bankrupt and quasi-bankrupt loans	¥ 2,622	¥ 2,826	\$ 16,399
Doubtful loans	45,928	47,228	287,265
Delinquent loans past due three months or more	-	-	-
Restructured loans	10,839	10,556	67,794
Total	¥ 59,389	¥ 60,611	\$ 371,459

Bankrupt and quasi-bankrupt loans are loans to borrowers who have fallen into bankruptcy due to initiation of bankruptcy proceedings, reorganization proceedings, petition for commencement of rehabilitation proceedings, and other similar loans.

Doubtful loans are loans for which the borrower has not yet entered into bankruptcy, but the borrower’s financial condition and business performance have deteriorated, it is highly probable that the principal of or interest on the loan will not be collected as agreed, and are loans which do not fall under bankrupt and quasi-bankrupt loans.

Delinquent loans past due three months or more are loans with principal or interest unpaid for three months or more from the day after the agreed-upon payment date and which do not fall under bankrupt and quasi-bankrupt loans or doubtful loans.

Restructured loans are loans on which the terms and conditions have been amended in favor of the borrowers in order to facilitate or assist the borrowers’ restructuring by reducing the rate of interest, by providing a grace period for the payment of principal or interest, or by providing loan forgiveness, and which do not fall under any of the above categories.

The amounts of the above loans are before deducting any reserve for possible loan losses.

The Bank applies “Accounting and Auditing Treatment of Accounting Standard for Financial Instruments in the Banking Industry” (JICPA Industry Committee Practical Guidelines No. 24, March 17, 2022) and accounts for bills discounted as financial transactions. The face value of bank acceptances, bills of exchange and bills of lading which were permitted to be sold or pledged without restrictions and which were acquired at a discount amounted to ¥4,767 million (\$29,816 thousand) and ¥6,451 million at March 31, 2026 and 2025, respectively.

The carrying amount of loan participation, which was accounted for as loans to original borrowers in accordance with “Accounting and Presentation of Loan Participations” (ASBJ Transferred Guidance No. 1, July 1, 2024), was ¥354 million (\$2,214 thousand) and ¥437 million at March 31, 2026 and 2025, respectively.

6. Tangible fixed assets

Accumulated depreciation for tangible fixed assets at March 31, 2026 and 2025 was ¥42,003 million (\$262,715 thousand) and ¥41,962 million, respectively. The amount of accumulated contributions deducted from the acquisition cost of tangible fixed assets was ¥3,904 million (\$24,418 thousand) and ¥3,931 million at March 31, 2026 and 2025, respectively.

7. Assets pledged as collateral

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Securities	¥ 502,393	¥ 477,996	\$ 3,142,312
Loans and bills discounted	633,396	693,777	3,961,696
Other assets	275	299	1,720
Total	¥ 1,136,065	¥ 1,172,073	\$ 7,105,735

The above pledged assets secured the following liabilities:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deposits	¥ 18,955	¥ 25,232	\$ 118,557
Securities sold under repurchase agreements	4,892	4,278	30,597
Payables under securities lending transactions	116,443	119,763	728,314
Borrowed money	726,400	762,400	4,543,407
Total	¥ 866,691	¥ 911,673	\$ 5,420,884

In addition to the above assets, the following assets were pledged as collateral for transaction guarantees of foreign exchanges, etc.:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Securities	¥ 25,426	¥ 25,776	\$ 159,031

Other assets included the following guarantee and leasehold deposits and cash collateral paid for financial instruments:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Guarantee and leasehold deposits	¥ 1,031	¥ 1,029	\$ 6,448
Cash collateral paid for financial instruments	2,686	5,793	16,800

8. Deposits

Deposits at March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Liquid deposits	¥ 3,219,470	¥ 3,196,793	\$ 20,136,790
Fixed-term deposits	1,477,064	1,311,284	9,238,578
Other deposits	128,541	158,430	803,984
Negotiable certificates of deposit	120,436	71,099	753,289
Total	¥ 4,945,513	¥ 4,737,607	\$ 30,932,655

9. Borrowed money and lease obligations

The weighted average interest rate on the term-end balance of borrowed money was 0.06%. Borrowed money consisted of loans from other financial institutions. Annual maturities of borrowed money and lease obligations as of March 31, 2026 were as follows:

Years ending March 31	Borrowed money		Lease obligations	
	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
2027	¥ 726,606	\$ 4,544,696	¥ 238	\$ 1,488
2028	166	1,038	237	1,482
2029	126	788	220	1,376
2030	75	469	176	1,100
2031	22	137	164	1,025
2032 and thereafter	-	-	169	1,057
Total	¥ 726,997	\$ 4,547,141	¥ 1,206	\$ 7,543

10. Employees' severance and retirement benefits

(a) Overview of the retirement benefit plans adopted by the Bank and its consolidated subsidiaries

The Bank has defined benefit pension plans consisting of a corporate pension plan and a lump-sum payment plan, and established a corporate-type defined contribution pension plan. In addition, the Bank has set up a retirement benefit trust.

A consolidated subsidiary has adopted a defined contribution pension plan, and participated in defined benefit pension funds under multi-employer plans and it is accounted for in the same manner as the defined contribution plan since the amount of plan assets corresponding to its contribution cannot be reasonably determined.

Other consolidated subsidiaries have adopted lump-sum payment plans, and net defined benefit liability and severance and retirement benefit expenses are calculated using a simplified method.

(b) Defined benefit plans, including the plans to which a simplified method is applied

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at beginning of year	¥ 23,927	¥ 24,614	\$ 149,655
Service cost	671	673	4,196
Interest cost	296	305	1,851
Actuarial differences	(3,643)	67	(22,785)
Benefits paid	(1,517)	(1,733)	(9,488)
Balance at end of year	¥ 19,735	¥ 23,927	\$ 123,436

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at beginning of year	¥ 53,405	¥ 55,647	\$ 334,031
Expected return on plan assets	428	378	2,677
Actuarial differences	785	(2,154)	4,909
Contribution from employers	382	444	2,389
Benefits paid	(934)	(910)	(5,841)
Balance at end of year	¥ 54,068	¥ 53,405	\$ 338,178

- (3) Reconciliation between the net defined benefit liability (asset) recorded in the consolidated balance sheets and the balances of defined benefit obligation and plan assets was as follows:

	Millions of yen		Thousands of U.S. dollars	
	2026	2025	2026	
Funded benefit obligation	¥ 19,710	¥ 23,904	\$ 123,279	
Plan assets	(54,068)	(53,405)	(338,178)	
	(34,357)	(29,501)	(214,892)	
Unfunded benefit obligation	24	23	150	
Net liability (asset)	¥ (34,333)	¥ (29,477)	\$ (214,742)	

	Millions of yen		Thousands of U.S. dollars	
	2026	2025	2026	
Net defined benefit liability	¥ 24	¥ 23	\$ 150	
Net defined benefit asset	(34,357)	(29,501)	(214,892)	
Net liability (asset)	¥ (34,333)	¥ (29,477)	\$ (214,742)	

- (4) The components of severance and retirement benefit expenses for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2026	2025	2026	
Service cost	¥ 671	¥ 673	\$ 4,196	
Interest cost	296	305	1,851	
Expected return on plan assets	(428)	(378)	(2,677)	
Recognized actuarial differences	(1,403)	(1,156)	(8,775)	
Other	21	52	131	
Severance and retirement benefit expenses	¥ (842)	¥ (503)	\$ (5,266)	

- (5) The components of remeasurements of defined benefit plans (before income taxes and tax effects) for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2026	2025	2026	
Actuarial differences	¥ 3,025	¥ (3,377)	\$ 18,920	
Total	¥ 3,025	¥ (3,377)	\$ 18,920	

- (6) The components of accumulated remeasurements of defined benefit plans (before income taxes and tax effects) as of March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2026	2025	2026	
Unrecognized actuarial differences	¥ 10,123	¥ 7,097	\$ 63,316	
Total	¥ 10,123	¥ 7,097	\$ 63,316	

(7) Plan assets

(i) Components of plan assets as of March 31, 2026 and 2025

Plan assets consisted of the following:

	2026	2025
Stocks	46%	48%
Cash and deposits	15%	14%
Bonds	15%	12%
General accounts	13%	12%
Other	11%	14%
Total	100%	100%

Note: Total plan assets include the assets of the retirement benefit trust established for lump-sum payment plans representing 47% and 50% of total assets as of March 31, 2026 and 2025, respectively.

(ii) Method of determining the long-term expected rate of return on plan assets

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

(8) Assumptions used for the years ended March 31, 2026 and 2025 were as follows (presented at weighted average rates):

	2026	2025
Discount rate	2.9%	1.2%
Long-term expected rate of return on plan assets	0.8%	0.6%
Expected rate of salary increase	7.3%	7.3%

(c) Defined contribution plans

The required contribution to the defined contribution plans of the Bank and its consolidated subsidiaries was ¥223 million (\$1,394 thousand) and ¥215 million for the years ended March 31, 2026 and 2025, respectively.

The multi-employer plan under which the amount of the required contribution is treated as retirement benefit expense is as follows:

(1) Latest funding status of the entire plan

	Millions of yen		Thousands of U.S. dollars	
	2026	2025	2026	
Amount of plan assets	¥ 276,260	¥ 277,016	\$ 1,727,920	
Total amount of actuarial obligations for pension financing calculation purposes	224,334	225,121	1,403,139	
Net amount	¥ 51,925	¥ 51,895	\$ 324,774	

Notes: 1. The latest funding status as of March 31, 2026 is based on the information available as of March 31, 2025.

2. The latest funding status as of March 31, 2025 is based on the information available as of March 31, 2024.

(2) The share of contribution of pension premiums of the Group against the whole plan for the years ended March 31, 2026 and 2025 (based on the information for the periods from March 1, 2025 through March 31, 2025 and from March 1, 2024 through March 31, 2024) was 0.1%.

(3) Supplementary explanation

Major factors in the net amount above (1) were past service liabilities for the purpose of pension financing calculation in the amount of ¥128 million (\$800 thousand) and general reserve of ¥52,054 million (\$325,581 thousand) as of March 31, 2026 (based on information as of March 31, 2025); past service liabilities for the purpose of pension financing calculation in the amount of ¥184 million and general reserve of ¥52,079 million as of March 31, 2025 (based on information as of March 31, 2024).

11. Guarantee obligations for bonds

Guarantee obligations for privately placed bonds (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) stood at ¥27,195 million (\$170,096 thousand) and ¥28,564 million as of March 31, 2026 and 2025, respectively.

12. Shareholders' equity

(a) Capital stock

The number of shares of the Bank's capital stock as of March 31, 2026 and 2025 was as follows:

	Thousands of shares	
	2026	2025
Authorized:		
Common	120,000	120,000
Total	120,000	120,000

(b) Retained earnings

Japanese banks are subject to the Companies Act of Japan (the "Act") and the Banking Act. The Act requires that all shares of common stock be recorded with no par value and that at least 50% of the issue price of new shares be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Act permits Japanese companies, upon approval of their Boards of Directors, to issue shares to existing shareholders without limitation. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

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

The Act allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus the amount of stated capital, additional paid-in capital or legal reserve to be reduced in cases in which a reduction was resolved at the shareholders' meeting.

In addition to requiring an appropriation for a legal reserve in connection with cash payments, the Act imposes certain limitations on the amount of retained earnings available for dividends.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year for which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Act.

13. Changes in net assets

(a) Type and number of shares issued and treasury stock

At March 31, 2026 and 2025, the number of shares was as follows:

	Thousands of shares			2026
	2025	Increase	Decrease	
Shares issued:				
Common	67,300	-	-	67,300
Total	67,300	-	-	67,300
Treasury stock:				
Common (*)	3,235	7	358	2,885
Total	3,235	7	358	2,885

(*) The increase in the number of common stock in treasury was due to the acquisition without consideration of stocks disposed under the restricted stock compensation system (6 thousand shares), and the purchase of shares of less than one unit (1 thousand shares). The decrease in the number of common stock in treasury was due to the disposal of the restricted stock compensation (353 thousand shares), transfers resulting from the exercise of stock options (4 thousand shares), and requests for additional purchases of shares of less than one unit (0 thousand shares).

	Thousands of shares			2025
	2024	Increase	Decrease	
Shares issued:				
Common	67,300	-	-	67,300
Total	67,300	-	-	67,300
Treasury stock:				
Common (*1) (*2)	1,769	1,661	195	3,235
Total	1,769	1,661	195	3,235

(*1) The number of shares of treasury stock at April 1, 2024 includes 172 thousand shares of the Bank held by Kiyo Financial Group Employee Stock Ownership Association Trust (hereinafter referred to as the "Trust").

(*2) The increase in the number of common stock in treasury was due to the acquisition based on the resolution at the Board of Directors' meeting (1,655 thousand shares), the acquisition without consideration of stocks disposed under the restricted stock compensation system (4 thousand shares), and the purchase of shares of less than one unit (2 thousand shares). The decrease in the number of common stock in treasury was due to the sale by the Trust of common stock (172 thousand shares), the disposal of the restricted stock compensation (17 thousand shares), and transfers resulting from the exercise of stock options (5 thousand shares).

(b) Subscription rights to shares

The outstanding balance of subscription rights to shares of the Bank as of March 31, 2026 and 2025 was ¥62 million (\$387 thousand) and ¥69 million, respectively.

(c) Information on dividends

Dividends paid during the year ended March 31, 2026 were as follows:

Resolution:	Type of shares:	Millions of yen (Thousands of U.S. dollars)	Yen (U.S. dollars)	Record date	Effective date
		Amount of dividends	Cash dividends per share		
Ordinary general meeting of shareholders held on June 27, 2025	Common	¥ 4,164 (\$ 26,044)	¥ 65.00 (\$ 0.40)	March 31, 2025	June 30, 2025
Board of Directors' meeting held on November 10, 2025	Common	¥ 3,716 (\$ 23,242)	¥ 58.00 (\$ 0.36)	September 30, 2025	December 5, 2025

Dividends applicable to the year ended March 31, 2026 and whose effective date (i.e., initial payment date) falls after March 31, 2026 were as follows:

Resolution:	Type of shares:	Millions of yen (Thousands of U.S. dollars)	Yen (U.S. dollars)	Record date	Effective date
		Amount of dividends	Cash dividends per share		
Ordinary general meeting of shareholders held on June 26, 2026	Common	¥ 5,088 (\$ 31,823)	¥ 79.00 (\$ 0.49)	March 31, 2026	June 29, 2026

Dividends paid during the year ended March 31, 2025 were as follows:

Resolution:	Type of shares:	Millions of yen	Yen	Record date	Effective date
		Amount of dividends	Cash dividends per share		
Ordinary general meeting of shareholders held on June 27, 2024	Common	¥ 1,642	¥ 25.00	March 31, 2024	June 28, 2024
Board of Directors' meeting held on November 11, 2024	Common	¥ 2,899	¥ 45.00	September 30, 2024	December 5, 2024

Notes: 1. The amount of dividends resolved by the ordinary general meeting of shareholders held on June 27, 2024 included dividends in an amount of ¥4 million related to the Bank's shares held by the Trust.

2. The amount of dividends resolved by the Board of Directors' meeting held on November 11, 2024 included dividends in an amount of ¥2 million related to the Bank's shares held by the Trust.

14. Stock options

(1) Stock option expense

Stock option expenses were not recorded for the years ended March 31, 2026 and 2025.

(2) Stock options outstanding at March 31, 2026 were as follows:

a. Outline of stock options

	1st Stock Options	2nd Stock Options	3rd Stock Options
Persons to whom stock subscription rights were allocated	9 directors and 5 executive officers of the Bank; a total of 14 persons	9 directors and 6 executive officers of the Bank; a total of 15 persons	9 directors (excluding directors serving as audit and supervisory committee members) and 6 executive officers of the Bank; a total of 15 persons
Number of options granted	Common stock of the Bank 17,300 shares	Common stock of the Bank 26,600 shares	Common stock of the Bank 18,400 shares
Date of grant	July 27, 2015	July 29, 2016	July 31, 2017
Vesting conditions	Not defined	Not defined	Not defined
Applicable service period	Not defined	Not defined	Not defined
Exercise period	From July 28, 2015 to July 27, 2045	From July 30, 2016 to July 29, 2046	From August 1, 2017 to July 31, 2047
	4th Stock Options	5th Stock Options	6th Stock Options
Persons to whom stock subscription rights were allocated	7 directors (excluding directors serving as audit and supervisory committee members) and 8 executive officers of the Bank; a total of 15 persons	6 directors (excluding directors serving as audit and supervisory committee members) and 11 executive officers of the Bank; a total of 17 persons	6 directors (excluding directors serving as audit and supervisory committee members) and 9 executive officers of the Bank; a total of 15 persons
Number of options granted	Common stock of the Bank 20,700 shares	Common stock of the Bank 26,400 shares	Common stock of the Bank 17,500 shares
Date of grant	July 27, 2018	July 26, 2019	July 22, 2020
Vesting conditions	Not defined	Not defined	Not defined
Applicable service period	Not defined	Not defined	Not defined
Exercise period	From July 28, 2018 to July 27, 2048	From July 27, 2019 to July 26, 2049	From July 23, 2020 to July 22, 2050

Note: Number of stock options is converted into number of shares.

b. Stock option activity

The following table summarizes the movement of stock options outstanding for the year ended March 31, 2026, in which the number of stock options is converted into the number of shares.

(i) Number of stock options

	Number of shares					
	1st Stock Options	2nd Stock Options	3rd Stock Options	4th Stock Options	5th Stock Options	6th Stock Options
Non-vested:						
Outstanding as of March 31, 2025	-	-	-	-	-	-
Granted	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Vested	-	-	-	-	-	-
Outstanding as of March 31, 2026	-	-	-	-	-	-
Vested:						
Outstanding as of March 31, 2025	4,200	5,800	6,300	7,300	11,000	10,700
Vested	-	-	-	-	-	-
Exercised	-	-	1,100	1,200	1,300	1,100
Forfeited	-	-	-	-	-	-
Outstanding as of March 31, 2026	4,200	5,800	5,200	6,100	9,700	9,600

(ii) Price information

	Yen					
	1st Stock Options	2nd Stock Options	3rd Stock Options	4th Stock Options	5th Stock Options	6th Stock Options
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average stock price at exercise	-	-	2,517	2,517	2,517	2,517
Fair value at date of grant	1,678	1,382	1,727	1,823	1,347	1,457

	U.S. Dollars					
	1st Stock Options	2nd Stock Options	3rd Stock Options	4th Stock Options	5th Stock Options	6th Stock Options
Exercise price	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Average stock price at exercise	-	-	15.74	15.74	15.74	15.74
Fair value at date of grant	10.49	8.64	10.80	11.40	8.42	9.11

(3) Estimation of number of stock options vested

The method the Bank uses to estimate the number of stock options vested reflects actual forfeited options since it is difficult to reasonably estimate the number of stock options to be forfeited in the future.

15. Other income

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Reversal of reserve for possible loan losses	¥ -	¥ 3,088	\$ -
Recovery of written-off claims	1,104	1,243	6,905
Gain on sales of stocks and other securities	6,528	3,091	40,830
Gain on money held in trust	355	-	2,220
Gain on disposal of fixed assets	18	182	112

16. 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	¥ 14,719	¥ 14,000	\$ 92,062

17. Other expenses

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Provision of reserve for possible loan losses	¥ 436	¥ -	\$ 2,727
Loss on the loans written-off	3,044	3,347	19,039
Loss on sales of stock and other securities	1,602	687	10,020
Loss on the devaluation of stocks	1,513	34	9,463
Loss on the transfer/sale of loans	184	107	1,150
Loss on money held in trust	-	331	-
Loss on disposal of fixed assets	295	51	1,845
Impairment loss on fixed assets	551	157	3,446
Provision for head office reconstruction losses	1,576	-	9,857

Impairment loss on fixed assets

The Bank reduced the book value to the amounts deemed recoverable and posted the reduced amount of ¥551 million (\$3,446 thousand) and ¥157 million for the years ended March 31, 2026 and 2025, respectively. Details are as follows:

Location	Major use	Asset category	Impairment loss on fixed assets	
			Millions of yen	Thousands of U.S. dollars
			2026	2026
Wakayama Prefecture	Operating offices: 4 locations	Land, buildings and movables	¥ 431	\$ 2,695
Wakayama Prefecture	Idle assets: 3 locations	Land and movables	91	569
Osaka Prefecture	Operating offices: 2 locations	Buildings and movables	27	168
Total	-	-	¥ 551	\$ 3,446

Location	Major use	Asset category	Impairment loss on fixed assets	
			Millions of yen	
			2025	
Wakayama Prefecture	Operating offices: 2 locations	Buildings and movables	¥ 18	
Wakayama Prefecture	Idle assets: 4 locations	Land and buildings	14	
Wakayama Prefecture	Business assets	Movables and software	38	
Osaka Prefecture	Operating offices: 3 locations	Buildings and movables	86	
Total	-	-	¥ 157	

With respect to the calculation of impairment loss on fixed assets, the minimum operational unit recognized for management accounting purposes by the Bank is the single bank branch. However, where a number of branches operate as a group at the managerial level, the accounting unit is the group rather than the individual branch. Each unit of idle assets (one “unit” is defined as one plot of land or one building) is treated as a separate and individual unit for accounting purposes. Because the head office, administration center and Bank provided housing and dormitories for the staff of the Bank do not independently generate any cash flows, they are treated as assets held in common by the Bank for accounting purposes.

With respect to the consolidated subsidiaries, each company is treated as a separate and individual unit for impairment accounting purposes.

In calculating impairment loss on fixed assets for the reporting period, the amount deemed recoverable, i.e., the net

proceeds from sale, was estimated by deducting the cost of disposal from the real estate appraisal value based on official appraisal standards. For immaterial assets, the recoverable value is determined by deducting the estimated cost of disposal from the appraisal value based on the roadside land prices, etc.

18. Income taxes

The Bank is subject to a number of taxes based on income, which, in the aggregate, indicate a statutory rate in Japan of approximately 30.4% for the years ended March 31, 2026 and 2025. The table below summarizes the significant differences between the statutory tax rate and the Bank's effective tax rate for financial statement purposes for the years ended March 31, 2026 and 2025.

	2026	2025
Statutory tax rate	30.4%	30.4%
Adjustments:		
Nondeductible expenses for tax purpose (entertainment expenses, etc.)	0.3	0.3
Dividend income that is not taxable for income tax purposes	(0.2)	(0.2)
Change in valuation allowance	(1.3)	(4.5)
Other	(2.1)	(1.7)
Effective tax rate	27.0%	24.2%

Significant components 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:			
Carryforward tax loss	¥ 9	¥ 14	\$ 56
Nondeductible reserve for possible loan losses	8,215	8,323	51,382
Net unrealized (gains) losses on available-for-sale securities	13,548	11,348	84,738
Write-down of securities	1,874	1,438	11,721
Other	4,426	3,671	27,683
Subtotal	28,074	24,796	175,594
Valuation allowance for carryforward tax loss	(9)	(14)	(56)
Valuation allowance for deductible temporary differences	(9,040)	(9,732)	(56,542)
Subtotal	(9,049)	(9,746)	(56,598)
Deferred tax assets	19,024	15,049	118,989
Deferred tax liabilities:			
Net unrealized (gains) losses on available-for-sale securities	(213)	(239)	(1,332)
Net defined benefit asset	(6,659)	(5,423)	(41,649)
(Gains) losses on retirement benefit trust	(218)	(224)	(1,363)
Other	(967)	(1,120)	(6,048)
Deferred tax liabilities	(8,058)	(7,007)	(50,400)
Net deferred tax assets (liabilities)	¥ 10,966	¥ 8,041	\$ 68,588

Note: As of March 31, 2026, valuation allowance decreased by ¥697 million (\$4,359 thousand). This decrease was due mainly to a decrease in valuation allowance of reserve for possible loan losses of the Bank in the amount of ¥529 million (\$3,308 thousand).

As of March 31, 2025, valuation allowance decreased by ¥847 million. This decrease was due mainly to a decrease in valuation allowance of reserve for possible loan losses of the Bank in the amount of ¥903 million.

Net amounts recorded in the consolidated balance sheets after offsetting by each taxable entity at March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax assets	¥ 11,203	¥ 8,302	\$ 70,071
Deferred tax liabilities	237	260	1,482

Following the enactment of the Act for Partial Revision of the Income Tax Act (Act No. 13 of 2025) on March 31, 2025, a new special defense surtax shall be imposed on corporate income tax for fiscal years beginning on or after 1 April 2026. Consequently, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from 30.4% to 31.3% for those expected to be realized or settled for the year beginning on April 1, 2026 and thereafter. The effects on the consolidated financial statements for the year ended March 31, 2025 due to this change were immaterial.

19. Other comprehensive income (loss)

Amounts reclassified to profit in the current period that were recognized in other comprehensive income (loss) in the current or previous periods, as well as income taxes and tax effects for each component of other comprehensive income (loss) were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Net unrealized gains (losses) on available-for-sale securities:			
Increase (decrease) during the year	¥ (10,694)	¥ (22,825)	\$ (66,887)
Reclassification adjustments	3,663	8,994	22,910
Subtotal before income taxes and tax effects	(7,031)	(13,830)	(43,976)
Income taxes and tax effects	2,529	4,196	15,818
Net unrealized gains (losses) on available-for-sale securities	(4,502)	(9,633)	(28,158)
Net deferred gains (losses) on hedging instruments:			
Increase (decrease) during the year	(645)	(993)	(4,034)
Reclassification adjustments	584	568	3,652
Subtotal before income taxes and tax effects	(61)	(425)	(381)
Income taxes and tax effects	19	129	118
Net deferred gains (losses) on hedging instruments	(42)	(296)	(262)
Remeasurements of defined benefit plans:			
Increase (decrease) during the year	4,428	(2,221)	27,695
Reclassification adjustments	(1,403)	(1,156)	(8,775)
Subtotal before income taxes and tax effects	3,025	(3,377)	18,920
Income taxes and tax effects	(959)	975	(5,998)
Remeasurements of defined benefit plans	2,066	(2,402)	12,922
Total other comprehensive income (loss)	¥ (2,478)	¥ (12,331)	\$ (15,499)

20. Per share information

	Yen		U.S. dollars
	2026	2025	2026
Net assets per share	¥ 3,841.98	¥ 3,670.12	\$ 24.03
Basic earnings per share	339.91	272.51	2.12
Diluted earnings per share	339.69	272.32	2.12

(Note 1) The calculation of net assets per share as of March 31, 2026 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Total net assets	¥ 248,566	¥ 236,178	\$ 1,554,703
Amount to be deducted from total net assets:	1,085	1,055	6,786
Subscription rights to shares	62	69	387
Non-controlling interests	1,023	985	6,398
Net assets attributable to common stock	247,480	235,123	1,547,910
Number of shares of common stock as of the fiscal year end used in computing net assets per share (thousands of shares)	64,414	64,064	-

(Note 2) The calculation of earnings per share for the years ended March 31, 2026 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Basic earnings per share:			
Profit attributable to owners of parent	¥ 21,819	¥ 17,618	\$ 136,471
Amount not attributable to common shareholders	-	-	-
Profit attributable to common shareholders of parent	21,819	17,618	136,471
Average number of shares of common stock during the term (thousands of shares)	64,190	64,650	-
Diluted earnings per share:			
Adjustment to profit attributable to owners of parent	¥ -	¥ -	\$ -
Increase in number of shares of common stock (thousands of shares)	41	46	-
Subscription rights to shares (thousands of shares)	41	46	-
Overview of potential shares not included in computing diluted earnings per share due to having no dilutive effect	-	-	-

(Note 3) The Bank's shares held by Kiyo Financial Group Employee Stock Ownership Association Trust, which are recorded as treasury stock under shareholders' equity, are included in the number of treasury stock to be deducted from the average number of shares during the term in computing basic earnings per share and diluted earnings per share.

Because all of the said shares were sold during the year ended March 31, 2025, there was no such treasury stock deducted in computing basic earnings per share and diluted earnings per share for the year ended March 31, 2026. The number of those treasury stock for the year ended March 31, 2025 was 66 thousand shares.

21. Overdraft agreements and commitment line agreements

Overdraft agreements and commitment line agreements are agreements which oblige the Bank to lend funds up to a certain limit agreed to in advance. The Bank makes the loans upon a borrower's request to draw down funds under the agreements as long as there is no breach of the various terms and conditions stipulated in the agreements. The unused balances within the lending limits related to these agreements at March 31, 2026 and 2025 amounted to ¥559,575 million (\$3,499,968 thousand) and ¥508,595 million, respectively. Of this amount, those with terms of one year or less or that were unconditionally cancelable at any time totaled ¥442,201 million (\$2,765,830 thousand) and ¥402,762 million, respectively.

In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused balances within the lending limits will not necessarily affect future cash flows. Conditions are included in certain loan agreements which allow the Bank to decline a request to draw down funds or to reduce the agreed limit amount when there is a cause to do so, such as when there is a change in the financial condition of the borrower or when it is necessary to protect the Bank's credit. The Bank makes various measures to protect its credit, including having the obligor pledge collateral in the form of real estate, securities, etc., on signing the loan agreement or confirming the obligor's financial condition in accordance with the Bank's established internal procedures.

22. Financial instruments and related disclosures

1. Disclosure about financial instruments

(1) Policy on financial instruments

The Group provides comprehensive financial services such as deposit-taking and lending services, leasing operations, credit card business and others. Since the Group is exposed to the market risk of fluctuation in interest rates arising from deposit-taking, lending services and securities investment operations, the Group conducts comprehensive asset and liability management (ALM) and engages in derivative transactions.

(2) Nature and risk of financial instruments

Financial assets held by the Group consist mainly of loans to domestic customers that are exposed to credit risk arising from the customers' nonperformance of contractual obligations and the risk of interest rate fluctuations. Securities held by the Group consist mainly of debt securities, equity securities and investment trusts, which are held for the purpose of holding to maturity, pure investment, strategic investment and trading purposes. These securities are exposed to the credit risk of the issuers, interest rate fluctuation risk and price fluctuation risk.

Financial liabilities consist mainly of deposits, which are exposed to liquidity risk and interest rate fluctuation risk, as with financial assets.

Major risks inherent in derivative transactions include the market risk of fluctuation in interest rates, foreign exchange, stock prices and other market instruments and the credit risk arising from customers' nonperformance of contractual obligations. The Group employs derivative transactions mainly to hedge these risks, and the market risk of the hedged items is almost entirely offset by the derivatives. Hedging instruments to which hedge accounting is applied are currency swaps, etc. The corresponding hedged items are securities.

(3) Risk management system for financial instruments

Credit risk management

The Group has established a credit risk management system that includes the "Credit Risk Control Rule" and other various rules and defines the basic credit risk control policy and management system. Specifically, the Review Department conducts reviews according to the risk characteristics of the credit items by identifying the financial position, use of funds, repayment resources and other factors related to credit customers. The Credit Control Department sets up and controls limits to avoid the concentration of credit risk and identifies the quantitative level of credit risk. The Department is also responsible for the maintenance of the credit rating system and reports the measured volume of credit risk to the Board of Directors and the Risk Management Committee so that credit risk management may be discussed within the framework of integrated risk control.

Market risk management

The Group has established a market risk management system that includes the "Market Risk Control Rule" and other various rules and defines the basic market risk control policy and management system.

(i) Interest rate risk management

With respect to interest rate management, the Group regularly measures the volume of interest rate risk arising from assets and liabilities such as securities, loans and deposits and conducts interest rate gap analysis and interest rate sensitivity analysis and reports the outcome to the ALM Strategy Committee and the Risk Control Committee. The Group also has established specific limits on the level of interest rate risk.

(ii) Price fluctuation risk management

With respect to price fluctuation risk, the Group controls the level of risk on a daily basis by measuring the risk volume and setting up limits on the level of risk. Securities held for pure investment purposes are controlled by setting up limits on transactions and losses above those set up by the Executive Committee in addition to the risk volume control. With respect to shares held for strategic investment purposes, the Group tries to reduce the risk level by limiting the balance and using hedge transactions, etc.

(iii) Foreign exchange risk management

The Group identifies the fluctuation risk associated with foreign currency denominated assets and liabilities, controls the risk within the limit determined by the Executive Committee and works to mitigate the risk using currency swaps, etc.

(iv) Derivative transactions

Derivatives transactions are employed principally and limitedly for hedging purposes. An internal control system has been established by segregating the functions of executing derivative transactions, evaluating hedge effectiveness and controlling operations.

(v) Quantitative information on market risk

Major financial instruments that are affected by interest rate risk that is regarded as major risk factors are call loans, monetary claims bought, bonds and investment trusts included in securities, loans and bills discounted, deposits, call money, payables under securities lending transactions and borrowed money. Financial instruments that are affected by price fluctuation risk consist of stocks and investment trusts included in securities.

The Bank calculates Value at Risk (VaR) to capture the effects of income and economic value from interest rate fluctuation and price fluctuation. VaR is made available to internal management. To calculate VaR, the Bank applies the variance and covariance method, using 3 to 6 months as the holding period based on risk characteristics, 99% as the confidence interval and 1 to 5 years as the observation period based on risk characteristics. The amount of risk at March 31, 2026 and 2025 was ¥15,559 million (\$97,316 thousand) and ¥16,864 million, respectively, for interest rate risk and ¥13,989 million (\$87,496 thousand) and ¥17,097 million, respectively, for price fluctuation risk.

In addition, the Bank verifies the effectiveness of risk measurement under the variance and covariance method by a back testing protocol that compares VaR to actual income.

In calculating VaR on interest rate risk, the core deposits of liquid deposits are adjusted. Core deposits do not have a specified interest rate adjustment interval and are demand deposits that are expected to be held for the long term without withdrawal. VaR is a statistical measure of market risk volume under a certain probability of occurrence based on the past market fluctuations. Accordingly, it may be impossible to capture the risk if the market fluctuates rapidly under extraordinary circumstances.

Liquidity risk management

The Group has established a liquidity risk management system that includes the “Liquidity Risk Control Rule” and other various rules and defines the basic liquidity risk control policy and management system. The Group tries to control liquidity risk by maintaining stable cash management, securing highly liquid reserves and strengthening preliminary controls.

(4) Supplementary explanation about fair value of financial instruments

In addition to fair values based on the market price, the calculation of fair values of financial instruments involves reasonable alternative valuation methods if no market price is available. Since certain assumptions are used in calculating the values, the outcome of such calculations may vary if different assumptions are used.

2. Fair value of financial instruments

The carrying amount, the fair value and any difference as of March 31, 2026 and 2025 are set forth in the tables below. Note that equity and other securities without fair market value and investments in partnerships were not included in the following table (See Note 1).

Notes on cash and due from banks, foreign exchange (asset/liability), securities sold under repurchase agreements and payables under securities lending transactions are omitted because their fair values approximate their carrying values due to their short maturities (within one year). Insignificant items are also omitted.

Millions of yen				
2026				
	Carrying amount	Fair value	Unrealized gains (losses)	
Securities (*1):				
Held-to-maturity debt securities	¥ 29,624	¥ 27,373	¥	(2,250)
Available-for-sale securities	755,658	755,658		-
Loans and bills discounted	4,344,661			
Reserve for possible loan losses (*2)	(19,328)			
	4,325,333	4,267,539		(57,794)
Total assets	¥ 5,110,616	¥ 5,050,571	¥	(60,045)
Deposits	¥ 4,945,513	¥ 4,944,727	¥	(785)
Borrowed money	726,997	726,997		-
Total liabilities	¥ 5,672,511	¥ 5,671,725	¥	(785)
Derivative transactions (*3)				
Hedge accounting not applied	¥ 2,207	¥ 2,207	¥	-
Hedge accounting applied	(2,024)	(2,024)		-
Total derivative transactions	¥ 183	¥ 183	¥	-

(*1) Securities include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

(*2) General and specific reserves for possible loan losses corresponding to loans and bills discounted are deducted.

(*3) Derivative transactions recorded under “Other assets” and “Other liabilities” are presented collectively. Net receivables and payables incurred from derivative transactions are presented in net amounts, and net payables are presented in parentheses.

Millions of yen				
2025				
	Carrying amount	Fair value	Unrealized gains (losses)	
Securities (*1):				
Held-to-maturity debt securities	¥ 17,290	¥ 16,447	¥	(842)
Available-for-sale securities	807,166	807,166		-
Loans and bills discounted	4,146,094			
Reserve for possible loan losses (*2)	(20,086)			
	4,126,007	4,093,029		(32,978)
Total assets	¥ 4,950,464	¥ 4,916,643	¥	(33,820)
Deposits	¥ 4,737,607	¥ 4,736,591	¥	(1,016)
Borrowed money	762,999	762,999		-
Total liabilities	¥ 5,500,607	¥ 5,499,591	¥	(1,016)
Derivative transactions (*3)				
Hedge accounting not applied	¥ 3,671	¥ 3,671	¥	-
Hedge accounting applied	(3,095)	(3,095)		-
Total derivative transactions	¥ 575	¥ 575	¥	-

(*1) Securities include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

(*2) General and specific reserves for possible loan losses corresponding to loans and bills discounted are deducted.

(*3) Derivative transactions recorded under “Other assets” and “Other liabilities” are presented collectively. Net receivables and payables incurred from derivative transactions are presented in net amounts, and net payables are presented in parentheses.

Thousands of U.S. dollars			
2026			
	Carrying amount	Fair value	Unrealized gains (losses)
Securities (*1):			
Held-to-maturity debt securities	\$ 185,288	\$ 171,209	\$ (14,073)
Available-for-sale securities	4,726,407	4,726,407	-
Loans and bills discounted	27,174,512		
Reserve for possible loan losses (*2)	(120,890)		
	27,053,621	26,692,137	(361,483)
Total assets	\$ 31,965,323	\$ 31,589,761	\$ (375,562)
Deposits	\$ 30,932,655	\$ 30,927,739	\$ (4,909)
Borrowed money	4,547,141	4,547,141	-
Total liabilities	\$ 35,479,803	\$ 35,474,887	\$ (4,909)
Derivative transactions (*3)			
Hedge accounting not applied	\$ 13,804	\$ 13,804	\$ -
Hedge accounting applied	(12,659)	(12,659)	-
Total derivative transactions	\$ 1,144	\$ 1,144	\$ -

(*1) Securities include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

(*2) General and specific reserves for possible loan losses corresponding to loans and bills discounted are deducted.

(*3) Derivative transactions recorded under “Other assets” and “Other liabilities” are presented collectively. Net receivables and payables incurred from derivative transactions are presented in net amounts, and net payables are presented in parentheses.

(Note 1) The carrying amounts of equity and other securities without fair market value and investments in partnerships are as follows. These securities are not included in “Available-for-sale securities” in the information regarding the fair value of financial instruments.

Millions of yen			Thousands of U.S. dollars
	2026	2025	2026
Unlisted equity securities (*1) (*2)	¥ 1,317	¥ 1,342	\$ 8,237
Investments in partnerships (*3)	8,628	6,242	53,965

(*1) Unlisted equity securities are not subject to disclosure of fair value based on Paragraph 5 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

(*2) The Bank recognized impairment loss on unlisted equity securities in an amount of ¥11 million (\$68 thousand) and ¥34 million for the years ended March 31, 2026 and 2025, respectively.

(*3) Investments in partnerships are not subject to disclosure of fair value based on Paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

(Note 2) Repayment schedule of monetary receivables and securities with contract maturities subsequent to the balance sheet date

Millions of yen						
2026						
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Securities:	¥ 187,929	¥ 97,846	¥ 33,425	¥ 30,915	¥ 160,925	¥ 174,506
Held-to-maturity debt securities:	-	800	-	-	28,824	-
Japanese government bonds	-	-	-	-	11,334	-
Local government bonds	-	-	-	-	17,490	-
Corporate bonds	-	800	-	-	-	-
Available-for-sale securities with contract maturities, of which:	187,929	97,046	33,425	30,915	132,100	174,506
Japanese government bonds	124,827	49,693	6,027	9,013	34,700	57,486
Local government bonds	27,841	15,782	6,949	8,523	7,160	2,535
Corporate bonds	11,532	14,945	16,950	4,321	1,105	78,453
Other	23,727	16,623	3,498	9,056	89,134	36,031
Foreign bonds	23,727	16,623	3,498	9,056	89,134	36,031
Loans and bills discounted (*)	864,717	782,149	627,325	424,854	556,217	1,017,626
Total	¥ 1,052,647	¥ 879,995	¥ 660,751	¥ 455,769	¥ 717,142	¥ 1,192,132

(*) Loans and bills discounted at March 31, 2026 do not include ¥48,548 million of those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers whose repayment schedules cannot be estimated and ¥23,222 million of those which have non-defined maturities.

Millions of yen						
2025						
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Securities:	¥ 52,507	¥ 119,725	¥ 81,442	¥ 33,017	¥ 194,594	¥ 222,897
Held-to-maturity debt securities:	-	-	800	-	16,490	-
Local government bonds	-	-	-	-	16,490	-
Corporate bonds	-	-	800	-	-	-
Available-for-sale securities with contract maturities, of which:	52,507	119,725	80,642	33,017	178,104	222,897
Japanese government bonds	-	19,636	11,687	10,788	70,939	81,763
Local government bonds	31,450	54,574	29,883	17,854	20,140	2,869
Corporate bonds	6,104	19,948	23,281	4,374	756	100,565
Other	14,952	25,566	15,789	-	86,267	37,698
Foreign bonds	14,952	25,566	15,789	-	86,267	37,698
Loans and bills discounted (*)	820,360	756,685	535,643	440,753	556,548	963,168
Total	¥ 872,867	¥ 876,411	¥ 617,086	¥ 473,771	¥ 751,142	¥ 1,186,065

(*) Loans and bills discounted at March 31, 2025 do not include ¥50,048 million of those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers whose repayment schedules cannot be estimated and ¥22,886 million of those which have non-defined maturities.

Thousands of U.S. dollars						
2026						
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Securities:	\$ 1,175,437	\$ 611,996	\$ 209,063	\$ 193,363	\$ 1,006,536	\$ 1,091,481
Held-to-maturity debt securities:	-	5,003	-	-	180,285	-
Japanese government bonds	-	-	-	-	70,890	-
Local government bonds	-	-	-	-	109,394	-
Corporate bonds	-	5,003	-	-	-	-
Available-for-sale securities with contract maturities, of which:	1,175,437	606,992	209,063	193,363	826,244	1,091,481
Japanese government bonds	780,754	310,814	37,697	56,373	217,037	359,557
Local government bonds	174,136	98,711	43,463	53,308	44,783	15,855
Corporate bonds	72,129	93,476	106,017	27,026	6,911	490,699
Other	148,405	103,971	21,878	56,642	557,505	225,362
Foreign bonds	148,405	103,971	21,878	56,642	557,505	225,362
Loans and bills discounted (*)	5,408,537	4,892,100	3,923,724	2,657,330	3,478,965	6,364,936
Total	\$ 6,583,981	\$ 5,504,096	\$ 4,132,793	\$ 2,850,694	\$ 4,485,501	\$ 7,456,417

(*) Loans and bills discounted at March 31, 2026 do not include \$303,652 thousand of those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers whose repayment schedules cannot be estimated and \$145,246 thousand of those which have non-defined maturities.

(Note 3) Repayment schedule of bonds, borrowed money and other interest-bearing liabilities subsequent to the balance sheet date

Millions of yen						
2026						
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Deposits (*1)	¥ 4,576,083	¥ 179,704	¥ 69,289	¥ -	¥ -	¥ -
Borrowed money	726,606	293	98	-	-	-
Total	¥ 5,302,689	¥ 179,997	¥ 69,387	¥ -	¥ -	¥ -

(*1) Negotiable certificates of deposit are excluded from the above deposits. Demand deposits are shown under “Due within 1 year.”

(*2) Interest-bearing liabilities that are scheduled to be repaid in full within 1 year are not presented.

Millions of yen						
2025						
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Deposits (*1)	¥ 4,401,022	¥ 198,827	¥ 66,657	¥ -	¥ -	¥ -
Borrowed money	762,602	284	113	-	-	-
Total	¥ 5,163,624	¥ 199,111	¥ 66,771	¥ -	¥ -	¥ -

(*1) Negotiable certificates of deposit are excluded from the above deposits. Demand deposits are shown under “Due within 1 year.”

(*2) Interest-bearing liabilities that are scheduled to be repaid in full within 1 year are not presented.

Thousands of U.S. dollars						
2026						
	Due within 1 year	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years but within 7 years	Due after 7 years but within 10 years	Due after 10 years
Deposits (*1)	\$ 28,621,985	\$ 1,123,992	\$ 433,381	\$ -	\$ -	\$ -
Borrowed money	4,544,696	1,832	612	-	-	-
Total	\$ 33,166,681	\$ 1,125,825	\$ 433,994	\$ -	\$ -	\$ -

(*1) Negotiable certificates of deposit are excluded from the above deposits. Demand deposits are shown under “Due within 1 year.”

(*2) Interest-bearing liabilities that are scheduled to be repaid in full within 1 year are not presented.

3. Fair value by level within the fair value hierarchy

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

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

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

Level 3 fair value: Fair value measured using unobservable inputs

If multiple inputs that have a material impact on the fair value measurement are used, the fair value is categorized by the lowest level in the fair value hierarchy from which inputs were used.

(1) Financial instruments stated at fair value

	Millions of yen						
	2026						
	Fair value						
	Level 1		Level 2		Level 3		Total
Securities:							
Available-for-sale securities							
Japanese government bonds	¥	281,748	¥	-	¥	-	¥ 281,748
Local government bonds		-		68,793		-	68,793
Corporate bonds		-		100,698		26,610	127,309
Equity securities		21,713		1,641		-	23,354
Other (*)		130,103		123,708		5	253,817
Derivative transactions:							
Interest rate related		-		5		-	5
Currency related		-		3,974		-	3,974
Total assets	¥	433,565	¥	298,821	¥	26,616	¥ 759,002
Derivative transactions:							
Interest rate related	¥	-	¥	5	¥	-	¥ 5
Currency related		-		3,790		-	3,790
Total liabilities	¥	-	¥	3,796	¥	-	¥ 3,796

(*) "Other" does not include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021). The carrying amount of the investment trusts to which the treatment in Paragraph 24-9 is applied was ¥635 million.

	Millions of yen						
	2025						
	Fair value						
	Level 1		Level 2		Level 3		Total
Securities:							
Available-for-sale securities							
Japanese government bonds	¥	194,816	¥	-	¥	-	¥ 194,816
Local government bonds		-		156,773		-	156,773
Corporate bonds		-		126,811		28,219	155,030
Equity securities		22,426		1,692		-	24,119
Other (*)		131,237		144,496		66	275,800
Derivative transactions:							
Currency related		-		5,460		-	5,460
Total assets	¥	348,480	¥	435,234	¥	28,285	¥ 812,000
Derivative transactions:							
Currency related	¥	-	¥	4,884	¥	-	¥ 4,884
Total liabilities	¥	-	¥	4,884	¥	-	¥ 4,884

(*) "Other" does not include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021). The carrying amount of the investment trusts to which the treatment in Paragraph 24-9 is applied was ¥626 million.

	Thousands of U.S. dollars				
	2026				
	Fair value				
	Level 1	Level 2	Level 3	Total	
Securities:					
Available-for-sale securities					
Japanese government bonds	\$ 1,762,246	\$ -	\$ -	\$	1,762,246
Local government bonds	-	430,278	-		430,278
Corporate bonds	-	629,834	166,437		796,278
Equity securities	135,808	10,263	-		146,072
Other (*)	813,754	773,755	31		1,587,546
Derivative transactions:					
Interest rate related	-	31	-		31
Currency related	-	24,856	-		24,856
Total assets	\$ 2,711,815	\$ 1,869,033	\$ 166,474	\$	4,747,322
Derivative transactions:					
Interest rate related	\$ -	\$ 31	\$ -	\$	31
Currency related	-	23,705	\$ -		23,705
Total liabilities	\$ -	\$ 23,742	\$ -	\$	23,742

(*) "Other" does not include investment trusts whose standard price is deemed as fair value by applying the treatment stipulated in Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021). The carrying amount of the investment trusts to which the treatment in Paragraph 24-9 is applied was \$3,971 thousand.

(2) Financial instruments other than those stated at fair value

	Millions of yen						
	2026						
	Fair value						
	Level 1		Level 2		Level 3		Total
Securities:							
Held-to-maturity debt securities							
Japanese government bonds	¥	10,809	¥	-	¥	-	¥ 10,809
Local government bonds		-		15,788		-	15,788
Corporate bonds		-		775		-	775
Loans and bills discounted		-		-		4,267,539	4,267,539
Total assets	¥	10,809	¥	16,564	¥	4,267,539	¥ 4,294,912
Deposits	¥	-	¥	4,944,727	¥	-	¥ 4,944,727
Borrowed money		-		726,997		-	726,997
Total liabilities	¥	-	¥	5,671,725	¥	-	¥ 5,671,725

	Millions of yen						
	2025						
	Fair value						
	Level 1		Level 2		Level 3		Total
Securities:							
Held-to-maturity debt securities							
Local government bonds	¥	-	¥	15,670	¥	-	¥ 15,670
Corporate bonds		-		776		-	776
Loans and bills discounted		-		-		4,093,029	4,093,029
Total assets	¥	-	¥	16,447	¥	4,093,029	¥ 4,109,476
Deposits	¥	-	¥	4,736,591	¥	-	¥ 4,736,591
Borrowed money		-		762,999		-	762,999
Total liabilities	¥	-	¥	5,499,591	¥	-	¥ 5,499,591

Thousands of U.S. dollars				
2026				
Fair value				
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities				
Japanese government bonds	\$ 67,606	\$ -	\$ -	\$ 67,606
Local government bonds	-	98,749	-	98,749
Corporate bonds	-	4,847	-	4,847
Loans and bills discounted	-	-	26,692,137	26,692,137
Total assets	\$ 67,606	\$ 103,602	\$ 26,692,137	\$ 26,863,347
Deposits	\$ -	\$ 30,927,739	\$ -	\$ 30,927,739
Borrowed money	-	4,547,141	-	4,547,141
Total liabilities	\$ -	\$ 35,474,887	\$ -	\$ 35,474,887

(Note 1) Methods and inputs used in the fair value measurements

Assets:

Securities

The fair value of securities for which unadjusted quoted market prices in active markets are available is classified as Level 1. This mainly includes listed equity securities and Japanese government bonds.

Even if quoted market prices are used, if they are from inactive markets, the fair value is classified as Level 2. This mainly includes local government bonds and corporate bonds.

For investment trusts in cases where there is no transaction price in the market and there are no material restrictions on cancellation or repurchase request such that market participants demand compensation for the risk, the standard price is their fair value and classified as Level 2.

The fair value of private placement bonds is calculated by discounting the sum of principal and interest income using the discount rate reflecting the credit risk, etc., based on the internal rating and period to maturity and is classified as Level 3 since the discount rate is unobservable.

If the quoted market price is not available, except for with private placement bonds, the fair value is determined using valuation methods, such as discounting the future cash flows. In the measurement, observable inputs are used to the maximum and include inputs such as TIBOR, swap rates, credit spread, bankruptcy probability and the loss ratio at bankruptcy. If significant unobservable inputs are used in the measurement, the fair value is classified as Level 3.

Loans and bills discounted

For loans and bills discounted, the fair value is the present value of the sum of the principal and interest discounted using the discount rate reflecting market interest rates plus credit risk, etc., based on the type, internal rating and period to maturity, and is classified as Level 3. For those with floating interest rates, since they reflect market interest rates in a short period of time, their carrying amounts approximate their fair value unless credit conditions of the borrower have changed significantly since the loans were made. Therefore, the carrying amount is used as fair value and is classified as Level 3.

For loans to bankrupt borrowers, effectively bankrupt borrowers, or borrowers likely to become bankrupt, estimated doubtful accounts are calculated based on the present value of future cash flows or the amount expected to be collected through collateral and guarantees. The fair value of such loans approximates the carrying amount less any reserve for possible loan losses, and this amount is used as the fair value and classified as Level 3.

Liabilities:

Deposits

For demand deposits that are payable immediately on demand on the consolidated balance sheet date, the amount in the demand deposit account is taken as the fair value. The fair value of time deposits is determined by segmenting the deposits by their terms and discounting the future cash flows to the present value using the interest rate that would apply when accepting new deposits of the same type. The fair value is classified as Level 2.

For short-term deposits of one year or less, the carrying amount is used as the fair value since they approximate each other. The fair value is classified as Level 2.

Borrowed money

For borrowed money with floating interest rates, since they reflect market interest rates in a short period of time and the credit conditions of the Group have not changed significantly after executing the borrowings, the carrying amount is used as the fair value as they are considered to approximate each other. As for those with short contractual terms of one year or less, the carrying amount is used as the fair value as they approximate each other and is classified as Level 2.

Derivatives

The fair value of derivatives is classified as Level 1 when an unadjusted market price in active markets is available, including stock price index futures and bond futures.

However, as most derivatives are traded over the counter and there are no published quoted market prices, the fair value is measured using the present value and valuation methods such as the Black-Scholes Model, according to the type and remaining period to maturity. The main inputs used in such valuation methods include interest rates, foreign exchange rates, and volatility. If unobservable inputs are not used or their impact is immaterial, the fair value is classified as Level 2, including interest rate swaps, currency swaps and foreign exchange forward contracts.

Price adjustments based on the credit risk of counterparties or the Bank are not made because they are immaterial.

(Note 2) Information about financial instruments with Level 3 fair values in the consolidated balance sheets

(1) Quantitative information about significant unobservable inputs

March 31, 2026

Category	Valuation method	Significant unobservable inputs	Range of inputs	Weighted-average of inputs
Securities Corporate bonds (private placement bonds)	Discounted present value method	Discount rates	1.8%-2.7%	2.0%

March 31, 2025

Category	Valuation method	Significant unobservable inputs	Range of inputs	Weighted-average of inputs
Securities Corporate bonds (private placement bonds)	Discounted present value method	Discount rates	1.1%-1.9%	1.2%

- (2) Reconciliation of beginning balances to ending balances and valuation gains and losses recognized in profit or loss for the period

March 31, 2026

	Beginning balance	Included in profit or loss or other comprehensive income		Net amount of purchase, sale, issue and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value	Ending balance	Valuation gains (losses) on financial assets and assets held at March 31, 2026 recognized in profit or loss
		Included in profit or loss	Included in other comprehensive income (*)					
Securities								
Corporate bonds	¥ 28,219	¥ -	¥ (239)	¥ (1,368)	¥ -	¥ -	¥ 26,610	¥ -
Other	66	-	0	(60)	-	-	5	-

(*) These are included in “Net unrealized gains (losses) on available-for-sale securities” under “Other comprehensive income” in the consolidated statements of comprehensive income.

March 31, 2025

	Beginning balance	Included in profit or loss or other comprehensive income		Net amount of purchase, sale, issue and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value (*)	Ending balance	Valuation gains (losses) on financial assets and assets held at March 31, 2025 recognized in profit or loss
		Included in profit or loss	Included in other comprehensive income (*)					
Securities								
Corporate bonds	¥ 29,372	¥ -	¥ (219)	¥ (934)	¥ -	¥ -	¥ 28,219	¥ -
Other	836	-	(0)	(17)	-	(751)	66	-

(*)1 These are included in “Net unrealized gains (losses) on available-for-sale securities” under “Other comprehensive income” in the consolidated statements of comprehensive income.

(*)2 It was a transfer from Level 3 fair value to Level 2 fair value because observable inputs became available. This transfer was made during the year ended March 31, 2025.

March 31, 2026

	Beginning balance	Included in profit or loss or other comprehensive income		Net amount of purchase, sale, issue and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value	Ending balance	Valuation gains (losses) on financial assets and assets held at March 31, 2026 recognized in profit or loss
		Included in profit or loss	Included in other comprehensive income (*)					
Securities								
Corporate bonds	\$ 176,501	\$ -	\$ (1,494)	\$ (8,556)	\$ -	\$ -	\$ 166,437	\$ -
Other	412	-	0	(375)	-	-	31	-

(*) These are included in “Net unrealized gains (losses) on available-for-sale securities” under “Other comprehensive income” in the consolidated statements of comprehensive income.

(3) Valuation process for fair value

The Group’s Risk Management Division has established policies and procedures regarding fair value measurement, and each operating division measures fair value in accordance with such policies and procedures. Fair values measured are verified by the Risk Management Division in terms of validity of the valuation methods and inputs used to calculate the fair values and the appropriateness of the classification of fair value levels.

In fair value measurement, valuation models that most appropriately reflect the nature, characteristics, and risks of individual assets are used. In addition, in cases in which quoted market prices obtained from third parties are used as the fair value, the prices are verified such as by confirming the valuation methods and inputs used and comparing them with fair values of similar financial instruments.

(4) Effect of changes in significant unobservable inputs on fair values

Discount rate

Discount rates reflect percentage-based adjustments that are applied to standard market rates such as TIBOR and swap rates, and are mostly determined from risk premiums on uncertainties in cash flows of financial instruments arising principally from credit risk. A significant increase or decrease in the discount rate would result in a significant decrease or increase in fair value.

23. Derivative transactions

Information regarding derivative transactions, such as the types of derivatives, the policies and purpose for using derivatives and the risks and risk control systems for derivatives are described in Note 22, “Financial instruments and related disclosures.”

Outstanding derivative contracts which were revalued at fair value as of March 31, 2026 and 2025 and the gains and losses recognized in the consolidated statements of income for the years then ended are set forth in the tables below.

Derivatives to which hedge accounting is not applied:

With respect to derivatives to which hedge accounting is not applied, the contract amount, fair value and recognized gain (loss) at the balance sheet date designated by transaction type are set forth in the table below. Note that the contract amounts do not reflect the market risk exposure associated with the derivatives themselves.

Interest rate related:

		Millions of yen							
		2026				2025			
		Contract amount		Fair value	Recognized gain (loss)	Contract amount		Fair value	Recognized gain (loss)
	Total	Over one year				Total	Over one year		
Interest rate swaps:									
Receive-fixed/Pay-floating	¥ 246	¥ 246	¥ (5)	¥ (5)	¥ -	¥ -	¥ -	¥ -	¥ -
Receive-floating/Pay-fixed	246	246	5	5	-	-	-	-	-
Total	-	-	¥ -	¥ -	-	-	-	¥ -	¥ -

Note: The transactions are valued at fair value, and valuation gains and losses are credited or charged to income.

		Thousands of U.S. dollars			
		2026			
		Contract amount		Fair value	Recognized gain (loss)
	Total	Over one year			
Interest rate swaps:					
Receive-fixed/Pay-floating	\$ 1,538	\$ 1,538	\$ (31)	\$ (31)	
Receive-floating/Pay-fixed	1,538	1,538	31	31	
Total	-	-	\$ -	\$ -	-

Note: The transactions are valued at fair value, and valuation gains and losses are credited or charged to income.

Currency related:

		Millions of yen							
		2026				2025			
		Contract amount		Fair value	Recognized gain (loss)	Contract amount		Fair value	Recognized gain (loss)
	Total	Over one year				Total	Over one year		
Currency swaps	¥ 1,890,471	¥ 1,740,157	¥ 2,852	¥ 2,852	¥ 1,694,874	¥ 1,657,508	¥ 3,083	¥ 3,083	
Forward foreign exchanges:									
Sell	44,988	-	(746)	(746)	44,053	-	582	582	
Buy	5,435	-	102	102	2,964	-	5	5	
Total	-	-	¥ 2,207	¥ 2,207	-	-	3,671	¥ 3,671	

Note: The transactions are valued at fair value, and valuation gains and losses are credited or charged to income.

Thousands of U.S. dollars				
2026				
Contract amount				
	Total	Over one year	Fair value	Recognized gain (loss)
Currency swaps	\$ 11,824,311	\$ 10,884,144	\$ 17,838	\$ 17,838
Forward foreign exchanges:				
Sell	281,386	-	(4,665)	(4,665)
Buy	33,994	-	637	637
Total	-	-	\$ 13,804	\$ 13,804

Note: The transactions are valued at fair value, and valuation gains and losses are credited or charged to income.

Derivatives to which hedge accounting is applied:

With respect to derivatives to which hedge accounting is applied, the contract amount and fair value at the balance sheet date by transaction type and by hedge accounting method are set forth in the table below. Note that the contract amounts do not reflect the market risk exposure associated with the derivatives themselves.

Currency related:

Millions of yen					
2026					
Contract amount					
Hedge accounting method	Type	Major hedged items	Total	Over one year	Fair value
Fundamental method	Currency swaps:	Foreign currency denominated loans, securities	¥ 14,978	¥ 7,731	¥ (2,024)

Note: The above transactions are accounted for by deferral hedge accounting in accordance with “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry” (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020).

Millions of yen					
2025					
Contract amount					
Hedge accounting method	Type	Major hedged items	Total	Over one year	Fair value
Fundamental method	Currency swaps:	Foreign currency denominated loans, securities	¥ 13,209	¥ 7,368	¥ (3,095)

Note: The above transactions are accounted for by deferral hedge accounting in accordance with “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry” (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020).

Thousands of U.S. dollars					
2026					
Contract amount					
Hedge accounting method	Type	Major hedged items	Total	Over one year	Fair value
Fundamental method	Currency swaps:	Foreign currency denominated loans, securities	\$ 93,682	\$ 48,355	\$ (12,659)

Note: The above transactions are accounted for by deferral hedge accounting in accordance with “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry” (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020).

24. Disaggregation of revenue from contracts with customers

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Income:	¥ 114,870	¥ 98,720	\$ 718,476
Of which, fees and commissions:	19,072	18,465	119,289
Deposit-taking and lending business	7,765	7,093	48,567
Sales business of investment trusts and insurance	3,770	4,219	23,580
Foreign exchanges business	2,619	2,437	16,381
Guarantee business	523	613	3,271
Other	4,393	4,100	27,476

Note: The above table includes revenue accounted for under ASBJ Statement No. 10, “Accounting Standard for Financial Instruments.”

25. Segment information

(a) General information about reportable segments

The Group's reportable segment is defined as an operating segment for which discrete financial information is available and examined by the Board of Directors meeting, etc. regularly in order to make decisions about the allocation of resources and assess performance. The Group comprises of the Bank and the eight consolidated subsidiaries, and engages mainly in the banking business, and financial information is controlled based on figures provided by the Bank, which operates the banking business. So, the Group defines the banking business as a reportable segment.

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

The accounting methods used for the reportable segments are the same as those used for the preparation of the consolidated financial statements. Profits for reportable segments are ordinary profit. Ordinary profit is profit derived from regular business activities, including wages, dividends and interest. Profits and transfer sums of intersegment transactions within the Group are based on market prices.

(c) Information about reportable segment profit or loss, segment assets, segment liabilities and other items

Segment information as of and for the year ended March 31, 2026 was as follows:

	Millions of yen				
	2026				
	Banking business	Other business	Total	Reconciliation	Consolidated
Ordinary income:					
Outside customers	¥ 101,979	¥ 12,890	¥ 114,870	¥ -	¥ 114,870
Intersegment	365	2,007	2,372	(2,372)	-
Total	102,344	14,897	117,242	(2,372)	114,870
Segment profit	30,651	1,750	32,401	(31)	32,369
Segment assets	6,111,515	60,141	6,171,657	(52,726)	6,118,931
Segment liabilities	5,882,098	37,005	5,919,104	(48,739)	5,870,365
Others					
Depreciation	¥ 3,126	¥ 257	¥ 3,384	¥ -	¥ 3,384
Interest income	74,445	78	74,523	(218)	74,305
Interest expense	15,253	176	15,430	(214)	15,215
Gain on disposal of fixed assets	18	-	18	-	18
Loss on disposal of fixed assets	294	1	295	-	295
Impairment loss on fixed assets	551	-	551	-	551
Provision for head office reconstruction losses	1,576	-	1,576	-	1,576
Other extraordinary loss	-	4	4	-	4
Income taxes	7,611	491	8,102	-	8,102
Increase in tangible and intangible fixed assets	3,533	288	3,822	-	3,822

- Notes:
1. Ordinary income represents total income less certain specific income.
 2. The "Other" category incorporates operations not included in any of the reportable segments reported, including the credit assurance business, job referral services, clerical work agency industry, leasing business, investment business, credit card services, program creation and sales services, and contracted calculation services.
 3. (1) "Reconciliation" of "Intersegment" under "Ordinary income" in the amount of ¥(2,372) million represents intersegment elimination.
 (2) "Reconciliation" of "Segment profit" in the amount of ¥(31) million represents intersegment elimination.
 (3) "Reconciliation" of "Segment assets" in the amount of ¥(52,726) million represents intersegment elimination.
 (4) "Reconciliation" of "Segment liabilities" in the amount of ¥(48,739) million represents intersegment elimination.
 (5) "Reconciliation" of "Interest income" in the amount of ¥(218) million represents intersegment elimination.
 (6) "Reconciliation" of "Interest expense" in the amount of ¥(214) million represents intersegment elimination.
 4. Segment profit is reconciled to ordinary profit in the consolidated statements of income.

Segment information as of and for the year ended March 31, 2025 was as follows:

	Millions of yen					
	2025					
	Banking business	Other business	Total	Reconciliation	Consolidated	
Ordinary income:						
Outside customers	¥ 86,325	¥ 12,394	¥ 98,720	¥ -	¥ 98,720	
Intersegment	404	1,871	2,275	(2,275)	-	
Total	86,730	14,265	100,995	(2,275)	98,720	
Segment profit	20,897	2,426	23,323	(14)	23,308	
Segment assets	5,918,819	55,937	5,974,757	(48,415)	5,926,341	
Segment liabilities	5,700,597	34,021	5,734,618	(44,455)	5,690,163	
Others						
Depreciation	¥ 3,002	¥ 219	¥ 3,222	¥ -	¥ 3,222	
Interest income	59,170	73	59,244	(111)	59,132	
Interest expense	8,396	98	8,495	(108)	8,386	
Gain on disposal of fixed assets	182	-	182	-	182	
Loss on disposal of fixed assets	44	6	51	-	51	
Impairment loss on fixed assets	157	-	157	-	157	
Income taxes	5,027	612	5,639	-	5,639	
Increase in tangible and intangible fixed assets	4,536	344	4,881	-	4,881	

Notes: 1. Ordinary income represents total income less certain specific income.

2. The “Other” category incorporates operations not included in any of the reportable segments reported, including the credit assurance business, job referral services, clerical work agency industry, leasing business, investment business, credit card services, program creation and sales services, and contracted calculation services.

3. (1) “Reconciliation” of “Intersegment” under “Ordinary income” in the amount of ¥(2,275) million represents intersegment elimination.

(2) “Reconciliation” of “Segment profit” in the amount of ¥(14) million represents intersegment elimination.

(3) “Reconciliation” of “Segment assets” in the amount of ¥(48,415) million represents intersegment elimination.

(4) “Reconciliation” of “Segment liabilities” in the amount of ¥(44,455) million represents intersegment elimination.

(5) “Reconciliation” of “Interest income” in the amount of ¥(111) million represents intersegment elimination.

(6) “Reconciliation” of “Interest expense” in the amount of ¥(108) million represents intersegment elimination.

4. Segment profit is reconciled to ordinary profit in the consolidated statements of income.

Thousands of U.S. dollars					
2026					
	Reportable segment				
	Banking business	Other business	Total	Reconciliation	Consolidated
Ordinary income:					
Outside customers	\$ 637,847	\$ 80,622	\$ 718,476	\$ -	\$ 718,476
Intersegment	2,282	12,553	14,836	(14,836)	-
Total	640,130	93,176	733,312	(14,836)	718,476
Segment profit	191,712	10,945	202,658	(193)	202,458
Segment assets	38,225,637	376,163	38,601,807	(329,784)	38,272,022
Segment liabilities	36,790,705	231,454	37,022,166	(304,847)	36,717,319
Others					
Depreciation	\$ 19,552	\$ 1,607	\$ 21,165	\$ -	\$ 21,165
Interest income	465,630	487	466,118	(1,363)	464,754
Interest expense	95,402	1,100	96,509	(1,338)	95,165
Gain on disposal of fixed assets	112	-	112	-	112
Loss on disposal of fixed assets	1,838	6	1,845	-	1,845
Impairment loss on fixed assets	3,446	-	3,446	-	3,446
Provision for head office reconstruction losses	9,857	-	9,857	-	9,857
Other extraordinary loss	-	25	25	-	25
Income taxes	47,604	3,071	50,675	-	50,675
Increase in tangible and intangible fixed assets	22,097	1,801	23,905	-	23,905

Notes: 1. Ordinary income represents total income less certain specific income.
2. The "Other" category incorporates operations not included in any of the reportable segments reported, including the credit assurance business, job referral services, clerical work agency industry, leasing business, investment business, credit card services, program creation and sales services, and contracted calculation services.
3. (1) "Reconciliation" of "Intersegment" under "Ordinary income" in the amount of \$(14,836) thousands represents intersegment elimination.
(2) "Reconciliation" of "Segment profit" in the amount of \$(193) thousand represents intersegment elimination.
(3) "Reconciliation" of "Segment assets" in the amount of \$(329,784) thousand represents intersegment elimination.
(4) "Reconciliation" of "Segment liabilities" in the amount of \$(304,847) thousand represents intersegment elimination.
(5) "Reconciliation" of "Interest income" in the amount of \$(1,363) thousand represents intersegment elimination.
(6) "Reconciliation" of "Interest expense" in the amount of \$(1,338) thousand represents intersegment elimination.
4. Segment profit is reconciled to ordinary profit in the consolidated statements of income.

(d) Information about services

Millions of yen				
2026				
	Loan services	Securities investment	Other	Total
Ordinary income:				
Outside customers	¥ 61,058	¥ 21,977	¥ 31,834	¥ 114,870
Millions of yen				
2025				
	Loan services	Securities investment	Other	Total
Ordinary income:				
Outside customers	¥ 50,543	¥ 17,635	¥ 30,541	¥ 98,720
Thousands of U.S. dollars				
2026				
	Loan services	Securities investment	Other	Total
Ordinary income:				
Outside customers	\$ 381,898	\$ 137,459	\$ 199,111	\$ 718,476

Note: Ordinary income represents total income less certain specific income.

(e) Information about geographic areas

The information is not required to be disclosed because the amounts of ordinary income and tangible fixed assets in Japan exceeded 90% of the respective total amount for all segments.

(f) Information about major customers

The information is not required to be disclosed because ordinary income from any particular outside customer represented less than 10% of consolidated ordinary income.

(g) Segment information for impairment loss on fixed assets by reportable segment

	Millions of yen		
	2026		
	Banking business	Other business	Total
Impairment loss on fixed assets	¥ 551	¥ -	¥ 551

	Millions of yen		
	2025		
	Banking business	Other business	Total
Impairment loss on fixed assets	¥ 157	¥ -	¥ 157

	Thousands of U.S. dollars		
	2026		
	Banking business	Other business	Total
Impairment loss on fixed assets	\$ 3,446	\$ -	\$ 3,446

(h) Segment information on amortization and the unamortized portion of goodwill by reportable segment

There was no applicable information for the years ended March 31, 2026 and 2025.

26. Related party transactions

Significant transactions with the directors of the Bank or major shareholders for the years ended March 31, 2026 and 2025 were as follows:

Year ended March 31, 2026

Type	Name	Business/ Occupation	Ownership	Relationship	Transactions	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
*1	Akira Danbooru Kogyo Co., Ltd. (Notes 2 and 3)	Production of cardboard boxes	Held 0.06%, directly	Loans	Loan (Note 1)	¥ (3)	Loans and bills discounted	¥ 93

*1 A company in which an officer or his or her relative owns a majority interest

Notes:

1. The terms and conditions of the transactions were the same as those applied to general third parties with which the Bank enters into ordinary transactions.
2. Mr. Yasuhiko Akira, a senior managing executive officer of the Bank, directly owns 100% of the voting rights of this company.
3. The Bank took out a revolving mortgage on its real estate to secure the loans.

Year ended March 31, 2025

Type	Name	Business/ Occupation	Ownership	Relationship	Transactions	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
*1	Akira Danbooru Kogyo Co., Ltd. (Notes 2 and 3)	Production of cardboard boxes	Held 0.06%, directly	Loans	Loan (Note 1)	¥ (57)	Loans and bills discounted	¥ 96

*1 A company in which an officer or his or her relative owns a majority interest

Notes:

1. The terms and conditions of the transactions were the same as those applied to general third parties with which the Bank enters into ordinary transactions.
2. Mr. Yasuhiko Akira, a senior managing executive officer of the Bank, directly owns 100% of the voting rights of this company.
3. The Bank took out a revolving mortgage on its real estate to secure the loans.

Year ended March 31, 2026

Type	Name	Business/ Occupation	Ownership	Relationship	Transactions	Transaction amount (Thousands of U.S. dollars)	Account	Outstanding balance (Thousands of U.S. dollars)
*1	Akira Danbooru Kogyo Co., Ltd. (Notes 2 and 3)	Production of cardboard boxes	Held 0.06%, directly	Loans	Loan (Note 1)	\$ (18)	Loans and bills discounted	\$ 581

*1 A company in which an officer or his or her relative owns a majority interest

Notes:

1. The terms and conditions of the transactions were the same as those applied to general third parties with which the Bank enters into ordinary transactions.
2. Mr. Yasuhiko Akira, a senior managing executive officer of the Bank, directly owns 100% of the voting rights of this company.
3. The Bank took out a revolving mortgage on its real estate to secure the loans.

Information about parent company or significant affiliates

Years ended March 31, 2026 and 2025

Not applicable

27. Subsequent events

Stock split and amendment to the Articles of Incorporation in connection with the stock split

At the Board of Directors' meeting held on May 14, 2026, the Bank resolved to conduct a stock split and amend its Articles of Incorporation in connection with the stock split as follows:

1. Purpose of the stock split
By lowering the amount per investment unit (minimum investment amount) of the Bank's shares through the stock split, the Bank is effectively creating a more accessible investment environment for investors. This will serve to improve share liquidity and further expand the base of investors.

2. Overview of the stock split

- (1) Method of the stock split

The Bank will implement stock split whereby each common stock held by shareholders who are registered or on record as of the record date, Wednesday, September 30, 2026, will be split into three shares.

- (2) Number of shares to be increased by the stock split

Total number of issued shares before the stock split	67,300,000 shares
Number of shares to be increased by the stock split	134,600,000 shares
Total number of issued shares after the stock split	201,900,000 shares
Total number of shares authorized to be issued after the stock split	360,000,000 shares

- (3) Timetable for the stock split

Date of public notice of the record date	Monday, September 14, 2026
Record date	Wednesday, September 30, 2026
Effective date	Thursday, October 1, 2026

- (4) Impact on per share information

Per share information assuming that the stock split was conducted at the beginning of the year ended March 31, 2025 is as follows:

	Yen		U.S. dollars
	2026	2025	2026
Net assets per share	¥ 1,280.66	¥ 1,223.37	\$ 8.01
Basic earnings per share	113.30	90.84	0.70
Diluted earnings per share	113.23	90.77	0.70

3. Amendment to the Articles of Incorporation in connection with the stock split

- (1) Reasons for the amendment

In connection with the stock split, the Bank will amend the total number of authorized shares as stipulated in Article 6 of its Articles of Incorporation to reflect the stock split ratio pursuant to Article 184, Paragraph 2 of the Japanese Companies Act, which will take effect on Thursday, October 1, 2026.

- (2) Details of the amendment

Details of the amendment are as follows.

(Underlined portions indicate the proposed amendment.)

Current Articles of Incorporation	Proposed Amendment
Chapter 2 Shares (Total number of shares authorized to be issued) Article 6 The total number of shares authorized to be issued by the Bank shall be <u>120,000,000.</u>	Chapter 2 Shares (Total number of shares authorized to be issued) Article 6 The total number of shares authorized to be issued by the Bank shall be <u>360,000,000.</u>

- (3) Scheduled date of the amendment

Date of the Board of Directors' resolution	Thursday, May 14, 2026
Effective date	Thursday, October 1, 2026

Merger between consolidated subsidiaries

At the Board of Directors' meeting held on June 22, 2026, the Bank resolved to merge its wholly owned subsidiaries, Kiyo Card Co., Ltd. and Kiyo Card DC Co., Ltd., and a merger agreement was entered into between the two companies on the same date, as follows:

1. Purpose of the merger

The Bank has decided to proceed with the merger in order to consolidate management resources related to the card business, enhance operational efficiency, and strengthen the management structure. Through the integration of the business foundations of both companies, the Bank aims to improve service capabilities and ensure the sustainable operation of the business.

Following the merger, the surviving company will operate under the name Kiyo Card Co., Ltd. The integration will further strengthen the card business, particularly in the cashless payments sector, and contribute to enhancing the value provided to customers.

2. Overview of the merger

(1) Schedule for the merger

Board of Directors' meeting for approval of the merger agreement	June 22, 2026
Shareholders' meeting for approval of the merger agreement (subsidiaries)	July 2, 2026
Effective date of the merger	April 1, 2027 (scheduled)

(2) Method of the merger

The merger will be conducted as an absorption-type merger, with Kiyo Card Co., Ltd. as the surviving company and Kiyo Card DC Co., Ltd. as the absorbed company.

(3) Details of allotment for the merger

Because both companies are wholly owned subsidiaries of the Bank, Kiyo Card Co., Ltd. (the surviving company) will not deliver any shares, cash, or other consideration to the Bank, the shareholder of Kiyo Card DC Co., Ltd. (the absorbed company) as consideration for the merger.

(4) Treatment of subscription rights to shares and bonds with subscription rights to shares

Not applicable.

3. Overview of the companies involved in the merger

Name	Kiyo Card Co., Ltd. (surviving company)	Kiyo Card DC Co., Ltd. (absorbed company)
Location	4-45 Honmachi, Wakayama City, Wakayama Prefecture	4-45 Honmachi, Wakayama City, Wakayama Prefecture
Representative	Kazuhiko Sakiyama	Kazuhiko Sakiyama
Main business	Credit card business	Credit card business
Date of establishment	September 5, 1990	September 5, 1990
Capital	¥60 million (\$375 thousand)	¥90 million (\$562 thousand)
Shareholder	The Bank: 100%	The Bank: 100%

4. Status of the surviving company after the merger

There will be no changes to the name, location, representative, business activities, capital, and fiscal closing date of the surviving company as a result of this merger.

5. Impact on the Bank's financial results

Due to a merger between consolidated subsidiaries, the impact on the Bank's consolidated financial results is expected to be minimal.