The Hyakugo Bank, Ltd.

Consolidated Financial Statements

March 31, 2026 and 2025

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Assets:			
Cash and due from banks (Note 7)	¥ 658,273	¥ 665,527	$ 4,117,300
Call loans and bills bought (Note 3)	6,842	2,631	42,800
Monetary claims bought (Note 3)	1,088	3,035	6,807
Trading account securities (Notes 3 and 4)	107	85	670
Money held in trust (Notes 3 and 4)	1,000	1,000	6,255
Securities (Notes 3, 4 and 7)	1,603,351	1,487,165	10,028,470
Loans and bills discounted (Notes 3, 5 and 14)	5,141,005	5,052,036	32,155,401
Foreign exchange (Note 5)	3,000	9,587	18,766
Lease receivables and lease investment assets (Note 15)	30,133	31,165	188,475
Other assets (Notes 3, 7 and 16)	70,053	86,694	438,161
Tangible fixed assets (Note 6)	43,946	44,635	274,870
Intangible fixed assets	5,874	4,683	36,742
Asset for employee retirement benefits (Note 10)	73,157	54,757	457,576
Deferred tax assets (Note 17)	715	776	4,474
Customers' liabilities for acceptances and guarantees (Note 11)	18,705	17,115	116,998
Allowance for loan losses	(26,649)	(27,677)	(166,686)
Total assets (Note 20)	¥ 7,630,605	¥ 7,433,220	$ 47,727,079

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Liabilities:			
Deposits (Notes 3, 7 and 8)	¥ 6,074,465	¥ 5,977,719	$ 37,993,907
Negotiable certificates of deposit (Notes 3 and 8)	190,868	166,115	1,193,823
Call money and bills sold (Note 3)	-	80,000	-
Payables under securities lending transactions (Notes 3 and 7)	182,918	153,547	1,144,100
Borrowed money (Notes 3, 7 and 9)	471,629	470,054	2,949,897
Foreign exchange	372	269	2,328
Other liabilities (Notes 3, 9, 15, 16 and 17)	100,638	74,693	629,464
Provision for bonuses	306	278	1,917
Liability for employee retirement benefits (Note 10)	657	597	4,112
Provision for directors' retirement benefits	144	135	902
Provision for reimbursement of deposits	1,949	1,891	12,194
Provision for point card certificates	284	482	1,779
Provision for contingent loss	367	395	2,297
Reserves under special laws	5	3	33
Deferred tax liabilities (Note 17)	68,131	51,955	426,139
Deferred tax liabilities for land revaluation (Note 6)	2,509	2,515	15,699
Acceptances and guarantees (Note 11)	18,705	17,115	116,998
Total liabilities	7,113,954	6,997,770	44,495,589
Net assets (Notes 12, 19 and 22):			
Capital stock	20,000	20,000	125,094
Capital surplus	10,381	10,384	64,934
Retained earnings	319,518	298,808	1,998,488
Treasury stock	(7,181)	(4,789)	(44,920)
Total shareholders' equity	342,718	324,403	2,143,596
Valuation difference on available-for-sale securities (Note 4)	146,254	95,723	914,774
Deferred gains/losses on hedges	3,867	1,736	24,191
Revaluation reserve for land (Note 6)	4,090	4,102	25,585
Retirement benefit adjustments (Note 10)	19,631	9,346	122,787
Total accumulated other comprehensive income	173,843	110,908	1,087,337
Stock acquisition rights (Note 13)	89	137	557
Total net assets	516,650	435,449	3,231,490
Total liabilities and net assets	¥ 7,630,605	¥ 7,433,220	$ 47,727,079

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Income (Note 20):			
Interest income:			
Interest on loans and bills discounted	¥ 63,086	¥ 51,733	$ 394,586
Interest and dividends on securities	33,916	27,128	212,136
Interest on call loans and bills bought	373	359	2,334
Other interest income	4,230	2,554	26,464
Total interest income	101,606	81,776	635,520
Fees and commissions (Note 18)	19,515	20,271	122,062
Other operating income	18,610	17,986	116,403
Other income (Note 10)	22,666	4,494	141,774
Total income	162,399	124,529	1,015,759
Expenses (Note 20):			
Interest expense:			
Interest on deposits	12,987	4,107	81,232
Interest on negotiable certificates of deposit	1,056	285	6,608
Interest on call money and bills sold	657	1,001	4,110
Interest on payables under securities lending transactions	7,169	8,198	44,841
Interest on borrowings and rediscounts	87	42	550
Other interest expense	1,790	1,519	11,197
Total interest expense	23,748	15,155	148,538
Fees and commissions	6,061	5,804	37,914
Other operating expenses	45,104	31,804	282,117
General and administrative expenses	45,525	41,354	284,749
Provision of allowance for loan losses	3,235	3,631	20,240
Other expenses	1,854	1,334	11,597
Total expenses	125,530	99,084	785,155
Income before income taxes (Note 20)	36,869	25,444	230,604
Income taxes (Note 17):			
Current	22,170	6,207	138,669
Deferred	(12,141)	1,194	(75,940)
Total income taxes (Note 20)	10,029	7,401	62,729
Net income	26,839	18,042	167,875
Net income attributable to owners of the parent (Note 22)	¥ 26,839	¥ 18,042	$ 167,875

	Yen		U.S. dollars
Per share (Note 22):			
Net income:			
- Basic	¥ 110.30	¥ 72.87	$ 0.69
- Diluted	110.19	72.77	0.69
Cash dividends	34.00	21.00	0.21

See accompanying Notes to Consolidated Financial Statements.

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

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2026		2025		2026	
Net income	¥	26,839	¥	18,042	$	167,875
Other comprehensive income (loss) (Note 21):						
Valuation difference on available-for-sale securities		50,530		(62,838)		316,053
Deferred gains/losses on hedges		2,131		(117)		13,330
Revaluation reserve for land		-		(72)		-
Retirement benefit adjustments		10,284		(10,279)		64,327
Total other comprehensive income (loss)		62,946		(73,306)		393,710
Comprehensive income (loss) for the year	¥	89,786	¥	(55,264)	$	561,585
Comprehensive income (loss) attributable to:						
Owners of the parent	¥	89,786	¥	(55,264)	$	561,585

See accompanying Notes to Consolidated Financial Statements.

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

	Number of shares of common stock issued	Shareholders' equity: Capital stock	Shareholders' equity: Capital surplus	Shareholders' equity: Retained earnings	Shareholders' equity: Treasury stock	Shareholders' equity: Total shareholders' equity	Accumulated other comprehensive income: Valuation difference on available-for-sale securities	Accumulated other comprehensive income: Deferred gains/losses on hedges	Accumulated other comprehensive income: Revaluation reserve for land	Accumulated other comprehensive income: Retirement benefit adjustments	Accumulated other comprehensive income: Total accumulated other comprehensive income	Stock acquisition rights	Total net assets
		Millions of yen											
Balance at April 1, 2024	254,119,000	¥ 20,000	¥ 10,384	¥ 284,735	¥ (2,527)	¥ 312,592	¥ 158,561	¥ 1,853	¥ 4,166	¥ 19,625	¥ 184,207	¥ 119	¥ 496,919
Net income attributable to owners of the parent	-	-	-	18,042	-	18,042	-	-	-	-	-	-	18,042
Dividends from surplus	-	-	-	(3,962)	-	(3,962)	-	-	-	-	-	-	(3,962)
Reversal of revaluation reserve for land	-	-	-	(7)	-	(7)	-	-	-	-	-	-	(7)
Purchase of treasury stock	-	-	-	-	(2,261)	(2,261)	-	-	-	-	-	-	(2,261)
Disposal of treasury stock	-	-	0	-	0	0	-	-	-	-	-	-	0
Net changes in items other than shareholders' equity	-	-	-	-	-	-	(62,838)	(117)	(64)	(10,279)	(73,299)	18	(73,280)
Balance at March 31, 2025	254,119,000	¥ 20,000	¥ 10,384	¥ 298,808	¥ (4,789)	¥ 324,403	¥ 95,723	¥ 1,736	¥ 4,102	¥ 9,346	¥ 110,908	¥ 137	¥ 435,449
Net income attributable to owners of the parent	-	-	-	26,839	-	26,839	-	-	-	-	-	-	26,839
Dividends from surplus	-	-	-	(6,105)	-	(6,105)	-	-	-	-	-	-	(6,105)
Reversal of revaluation reserve for land	-	-	-	11	-	11	-	-	-	-	-	-	11
Purchase of treasury stock	-	-	-	-	(2,500)	(2,500)	-	-	-	-	-	-	(2,500)
Disposal of treasury stock	-	-	(2)	(35)	107	69	-	-	-	-	-	-	69
Net changes in items other than shareholders' equity	-	-	-	-	-	-	50,530	2,131	(11)	10,284	62,934	(48)	62,886
Balance at March 31, 2026	254,119,000	¥ 20,000	¥ 10,381	¥ 319,518	¥ (7,181)	¥ 342,718	¥ 146,254	¥ 3,867	¥ 4,090	¥ 19,631	¥ 173,843	¥ 89	¥ 516,650
		Thousands of U.S. dollars (Note 1)											
Balance at April 1, 2025		$ 125,094	$ 64,952	$ 1,868,953	$ (29,955)	$ 2,029,044	$ 598,721	$ 10,861	$ 25,657	$ 58,461	$ 693,700	$ 861	$ 2,723,605
Net income attributable to owners of the parent		-	-	167,875	-	167,875	-	-	-	-	-	-	167,875
Dividends from surplus		-	-	(38,189)	-	(38,189)	-	-	-	-	-	-	(38,189)
Reversal of revaluation reserve for land		-	-	72	-	72	-	-	-	-	-	-	72
Purchase of treasury stock		-	-	-	(15,641)	(15,641)	-	-	-	-	-	-	(15,641)
Disposal of treasury stock		-	(18)	(223)	676	435	-	-	-	-	-	-	435
Net changes in items other than shareholders' equity		-	-	-	-	-	316,053	13,330	(72)	64,326	393,637	(304)	393,333
Balance at March 31, 2026		$ 125,094	$ 64,934	$ 1,998,488	$ (44,920)	$ 2,143,596	$ 914,774	$ 24,191	$ 25,585	$ 122,787	$ 1,087,337	$ 557	$ 3,231,490

See accompanying Notes to Consolidated Financial Statements.

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Cash flows from operating activities:			
Income before income taxes	¥ 36,869	¥ 25,444	$ 230,604
Adjustments for:			
Depreciation and amortization	4,038	3,854	25,258
Impairment loss	33	-	211
Increase (decrease) in allowance for loan losses	(1,028)	1,080	(6,431)
Interest income	(101,606)	(81,776)	(635,520)
Interest expense	23,748	15,155	148,538
Gain related to securities	219	1,712	1,370
Net increase in loans and bills discounted	(88,969)	(168,148)	(556,474)
Net increase in deposits	96,745	87,738	605,116
Net increase (decrease) in negotiable certificates of deposit	24,753	(6,773)	154,825
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	1,575	(503)	9,852
Net decrease (increase) in call loans	(2,257)	6,597	(14,121)
Net decrease in call money	(80,000)	(549,300)	(500,375)
Net increase (decrease) in payables under securities lending transactions	29,371	(115,585)	183,708
Net decrease (increase) in lease receivables and investment assets	1,032	(692)	6,459
Proceeds from fund management	94,135	80,126	588,790
Payments for financing	(20,362)	(13,212)	(127,361)
Others, net	17,250	11,040	107,895
Subtotal	35,548	(703,241)	222,344
Income taxes paid	(6,584)	(6,930)	(41,187)
Net cash provided by (used in) operating activities	28,963	(710,171)	181,157
Cash flows from investment activities:			
Purchase of securities	(493,523)	(237,980)	(3,086,835)
Proceeds from sales of securities	311,149	121,480	1,946,146
Proceeds from redemption of securities	159,315	93,519	996,469
Payments for increase in money held in trust	-	(13)	-
Proceeds from decrease in money held in trust	0	-	6
Purchase of tangible fixed assets	(2,471)	(4,198)	(15,462)
Proceeds from sales of tangible fixed assets	290	426	1,817
Purchase of intangible fixed assets	(2,380)	(2,239)	(14,892)
Others, net	-	(6)	-
Net cash used in investment activities	(27,619)	(29,011)	(172,751)
Cash flows from financing activities:			
Cash dividends paid	(6,088)	(3,954)	(38,080)
Payment for purchases of treasury shares	(2,500)	(2,261)	(15,641)
Proceeds from sales of treasury shares	0	0	0
Others, net	0	-	1
Net cash used in financing activities	(8,588)	(6,215)	(53,720)
Net decrease in cash and cash equivalents	(7,244)	(745,398)	(45,314)
Cash and cash equivalents at beginning of period	662,779	1,408,178	4,145,483
Cash and cash equivalents at end of period (Note 2(b))	¥ 655,535	¥ 662,779	$ 4,100,169

See accompanying Notes to Consolidated Financial Statements.

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

1. Basis of Financial Statements

(a) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of The Hyakugo Bank, Ltd. (the "Bank") and its consolidated subsidiaries (together with the Bank, the "Hyakugo Bank Group") have been prepared on the basis of accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been compiled from the original Japanese consolidated financial statements prepared by the Bank as required by the Financial Instruments and Exchange Act of Japan and submitted to the Director of the Kanto Finance Bureau of Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements were made to the original Japanese consolidated financial statements in order to present them in a form that would be more familiar to readers outside Japan. In addition, certain reclassifications have been made in the financial statements for the year ended March 31, 2025 to conform to the classifications used in the financial statements for the year ended March 31, 2026.

The amounts in Japanese yen are presented in millions of yen, rounded down to the nearest million in accordance with applicable law. Accordingly, the total yen amounts may not be equal to the sum of the individual account balances.

(b) U.S. dollar amounts

The Hyakugo Bank Group maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and these accompanying notes represent the conversion of Japanese yen amounts to U.S. dollar amounts using the exchange rate at March 31, 2026, which was ¥159.88 to U.S. $1.00. The inclusion of the dollar amounts is solely for the convenience of the readers and is not intended to imply that the assets and liabilities originated in yen have been, could have been or could in the future be readily converted, realized or settled in dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its 11 significant subsidiaries at March 31, 2026 and 2025. These consolidated subsidiaries are primarily engaged in businesses that provide a wide range of financial services to customers. Under the concept of control, companies over which the Bank directly or indirectly exercises control in regards to operations are fully consolidated. The consolidated financial statements do not include the accounts of six subsidiaries at March 31, 2026 and 2025, respectively, because the total assets, total income, net income and retained earnings of the subsidiaries did not have any material impact on the consolidated financial statements. For the years under review, there were no affiliates over which the Bank had significant influence, and all intercompany transactions and accounts have been eliminated.

TREE CLIMBING WORLD Co., Ltd., CRAPO TECH Inc., Asahi Dietec Co., Ltd., and Diatop Corporation, each of which the Bank owns more than 50% of the voting rights, are not recognized as consolidated subsidiaries for the year ended March 31, 2026 because these companies were directly or indirectly held by the Bank's unconsolidated subsidiary for the purpose of incubating the investees and not for the purpose of controlling the entities.

(b) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consisted of cash and due from The Bank of Japan as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash and due from banks	¥ 658,273	¥ 665,527	$ 4,117,300
Less due from banks other than The Bank of Japan	(2,738)	(2,747)	(17,131)
Cash and cash equivalents	¥ 655,535	¥ 662,779	$ 4,100,169

(c) Trading account securities

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

(d) Securities

Debt securities for which the Hyakugo Bank Group has both a positive intent and the ability to hold to maturity are classified as held-to-maturity securities and are stated at amortized cost. Marketable securities other than those classified as trading or held-to-maturity securities are carried at fair value as available-for-sale securities, and net unrealized gains and losses reported as valuation differences on available-for-sale securities, net of applicable income taxes, are reported as accumulated other comprehensive income. Available-for-sale securities that are nonmarketable are stated at moving average cost. The carrying values of individual investment securities are reduced, if necessary, through write-downs to reflect other-than-temporary impairment in value. Gains and losses on the disposal of investment securities are computed principally using the moving average method.

Accrued interest on securities is included in "other assets." Funds entrusted to trust banks as securities for the Bank (included in "money held in trust") are stated using the method applicable to the marketable securities described above.

(e) Derivatives and hedge accounting

The Hyakugo Bank Group uses swaps, forwards, options and other types of derivative contracts. These derivative instruments are used to meet customers' needs for risk management, to manage the Hyakugo Bank Group's assets and liabilities and to generate income. Derivatives are recorded at fair value if hedge accounting is not appropriate or when there is no hedge designation. Gains and losses on derivatives are recognized in current earnings.

In connection with interest rate risks arising from financial assets and liabilities, the Bank applies the deferral method of hedge accounting as prescribed in the Industry Audit Committee Practical Guidance No. 24, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry," issued by the Japanese Institute of Certified Public Accountants ("JICPA") on March 17, 2022. The effectiveness of a fair value hedge in offsetting movements in the fair value of hedged items due to changes in interest rates is assessed by classifying the hedged items, such as deposits, loans and similar instruments, and the corresponding hedging instruments, such as interest rate swaps, and grouping those with similar risk characteristics in a maturity bucket. In addition, the effectiveness of a cash flow hedge is assessed by verifying the correlation between the base interest rate index of the hedged cash flow and that of the hedging instrument.

In addition, the Bank applies the portfolio hedge method or the exceptional treatment permitted for interest rate swaps to certain assets and liabilities. The Bank's consolidated subsidiaries also apply methods similar to those of the Bank for hedge accounting.

The Bank also applies the deferral method to account for hedges of foreign exchange risks associated with various foreign currency denominated monetary assets and liabilities in accordance with the standard treatment under JICPA's Industry Audit Committee Practical Guidance No. 25 of October 8, 2020, "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry." The effectiveness of currency swap transactions, exchange swap transactions and similar transactions that hedge the foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed based on a comparison of the foreign currency position of the hedged monetary assets and liabilities and that of the corresponding hedging instruments.

(f) Loans and bills discounted and allowance for loan losses

Loans and bills discounted are stated at the amount of the unpaid principal. Unearned interest and discounts are recorded as liabilities and recognized as income over the term of the loan or bill.

The accounting policy of an allowance for loan losses is stated in (v) Significant accounting estimates.

(g) Tangible fixed assets and depreciation

Except for lease assets, tangible fixed assets are stated at cost, less accumulated depreciation, computed using the straight-line method over the estimated useful life of the asset. For buildings, the useful life ranges from 15 to 50 years. For other assets, the useful life ranges from 4 to 15 years.

(h) Intangible fixed assets

Intangible fixed assets, except for lease assets, are amortized using the straight-line method. Costs of computer software developed or obtained for internal use are deferred and amortized on a straight-line basis over the estimated useful life of five years.

(i) Leases

Under "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 on March 30, 2007), as lessee, all finance leases are capitalized, and the Bank recognizes lease assets and lease obligations in the balance sheets. In addition, as lessor, all finance leases that transfer ownership of the leased property to the lessee ("transferable finance leases") are recognized as lease receivables, and all non-transferrable finance leases are recognized as lease investment assets.

As lessor, revenue from finance lease transactions and the related costs are recognized when the lease payments are received. As lessee, lease assets under non-transferrable finance leases recorded in "tangible fixed assets" or "intangible fixed assets" are depreciated using the straight-line method over the term of the lease with a predetermined residual value of zero or as stated in the applicable lease contract.

(j) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end. Revenues and expenses are translated at the exchange rates prevailing on the applicable transaction dates. Foreign exchange gains and losses resulting from such transactions are included in the determination of net income.

(k) Provision for bonuses

The consolidated subsidiaries provide provisions for bonuses based on the estimated amounts of future payments to employees attributable to the current year.

(l) Provision for directors' retirement benefits

Provisions for the retirement benefits of the directors of the consolidated subsidiaries are provided for the payment of retirement benefits to directors and corporate auditors in the amounts deemed accrued at the fiscal year-end based on internal regulations.

(m) Provision for reimbursement of deposits

A provision for the reimbursement of deposits which had been derecognized from liabilities under certain conditions is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

(n) Provision for point card certificates

A provision for point card certificates is recorded for the future use of point card certificates by card holders in an amount rationally estimated and deemed necessary.

(o) Provision for contingent loss

A provision for contingent loss is provided for contingent liabilities not covered by other provisions in an amount deemed necessary based on future estimated losses.

(p) Reserves under special laws

Reserves under special laws are reserves for contingent liabilities and are provided for compensation for losses from securities related transactions pursuant to Article 46-5-1 of the Financial Instruments and Exchange Act of Japan and Article 175 of the Cabinet Office Ordinance on Financial Instruments Business.

(q) Employee retirement benefits

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

In accordance with the accounting standard for employee retirement benefits, the Hyakugo Bank Group recognizes retirement benefits based on the actuarial present value of the retirement benefit obligations using the actuarial appraisal approach and the fair value of pension plan assets available for benefits at the respective fiscal year-end. In calculating retirement benefit obligations, the Hyakugo Bank Group attributes expected retirement benefits to periods of service on a benefit formula basis. Consolidated subsidiaries use the simplified method to calculate the amounts required to be paid as retirement benefits by determining the benefits that would have to be paid if all the employees retired voluntarily at the fiscal year.

Past service cost that is yet to be recognized is amortized on a straight-line basis over a fixed period of three years, which is within the average remaining service years of the employees, measured from the year in which such cost arises. Actuarial differences arising from changes in retirement benefit obligations or pension plan assets not anticipated under previous assumptions or from changes in the assumptions themselves that are yet to be recognized are amortized on a straight-line basis over a fixed period of 10 years, which is within the average remaining service years of the employees, measured from the year following the year in which such differences arise. Actuarial differences and past service cost that are yet to be recognized in profit or loss are recognized as retirement benefit adjustments under a component of accumulated other comprehensive income within the net assets section, after adjusting for tax effects, and the difference between retirement benefit obligations and plan assets are recognized as an asset or liability for employee retirement benefits, without any adjustments, in the accompanying consolidated balance sheets.

In order to provide for the payment of retirement bonuses to executive officers of the Bank, the amount considered to be incurred up to the end of the year ended March 31, 2026 was recorded in "Liability for employee retirement benefits" on the consolidated balance sheets.

(Additional information)
Effective April 1, 2026, the Bank revised its defined benefit corporate pension plans and retirement benefit plans, including an increase in the age of loss of qualifications. The Bank also communicated the changes in the rules arising from this revision to its employees on December 11, 2025.

Regarding the accounting treatment for this revision, the Bank adopted "Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1, issued on December 16, 2016) and "Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (PITF No. 2, issued on February 7, 2007).

As a result of this revision, past service cost (a reduction in retirement benefit obligations) of ¥1,032 million ($6,457 thousand) was incurred, and the Bank began recognizing this as a reduction in retirement benefit expenses from January 2026.

(r) Accounting for revenue and costs

Accounting for revenue from finance leases
Net sales and cost of sales are recognized upon receipt of a lease premium.

Accounting for revenue from transactions with customers
The Bank recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.
The Bank and consolidated subsidiaries recognize revenue by applying the following five steps:
Step 1: Identify the contracts with a customer
Step 2: Identify the performance obligations under the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations under the contract
Step 5: Recognize revenue when (or as) the entity satisfies the performance obligation
Revenue from transactions with customers of the Bank and consolidated subsidiaries is related with transaction services recognized when control of promised goods or services is transferred to the customer and such revenue includes deposit-taking fees, lending business fees, exchange business fees, securities-related business fees, etc.

(s) Income taxes

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

(t) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the board of directors and/or shareholders.

(u) Per share data

Net income per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the respective years. Diluted net income per share is calculated to reflect potential dilution assuming that all stock options are exercised at the times of issue, unless such options are anti-dilutive.

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

(v) Significant accounting estimates

Accounting estimates are determined at a reasonable amount based on available information at the time of the preparation of the consolidated financial statements. Of the amounts recorded in the consolidated financial statements for the year ended March 31, 2026 based on accounting estimates, the items below may have a significant effect on the consolidated financial statements for the following fiscal year:

Allowance for loan losses

Allowances for loan losses in the amounts of ¥26,649 million ($166,686 thousand) and ¥27,677 million were recorded in the consolidated financial statements as of March 31, 2026 and 2025, respectively.

An allowance for loan losses of the Bank is recorded in accordance with predetermined criteria on write-offs and provisions. The Bank classified borrowers into five categories: Normal Borrowers, Borrowers Requiring Attention, Potentially Bankrupt Borrowers, Virtually Bankrupt Borrowers and Bankrupt Borrowers. Thereafter, the Bank classifies the related assets examining the degree of risk of default and impairment of the asset value.
Normal Borrowers are borrowers whose business is favorable and whose financial positions have no particular problems. Borrowers Requiring Attention are borrowers whose loans are subject to renegotiation of the contractual terms, including the reduction or exemption of interest, whose loans are under-performing in that repayment of principal or interest payments are substantially in arrears or borrowers requiring attention because their business is slow or unstable or borrowers whose financial positions are otherwise doubtful. Potentially Bankrupt Borrowers are borrowers that are not presently in the situation of a business failure but are likely to go into bankruptcy in the future as they are in financial difficulties and business improvement plans are not working well. Virtually Bankrupt Borrowers are borrowers who are not legally or formally bankrupt but are in serious financial difficulties and are not likely to recover. Bankrupt Borrowers are borrowers who are legally and formally bankrupt.

For claims against Bankrupt Borrowers and Virtually Bankrupt Borrowers, an allowance is provided based on the amounts of the claims, net of amounts expected to be collected through the disposal of collateral or execution of guarantees. For claims against Potentially Bankrupt Borrowers, an allowance is provided based on the amounts of the claims, net of amounts expected to be collected through the disposal of collateral or execution of guarantees, and projected credit losses for the coming three years. Projected credit losses are calculated using the higher of a loss ratio based on the average ratio for the past five calculation periods of loan losses for three years or a loss ratio based on the average ratio of loan losses for a longer period in the past. For claims against other borrowers, an allowance is provided based on projected credit losses for the following year or for the coming three years. Projected credit losses are calculated using the higher of the loss ratio based on the average of one-year or three-year actual loss ratio for the past five calculation periods of loan losses or the loss ratio based on the average of actual loss ratio for the past seven calculation periods and the highest historical loss ratio in the past excluding the past seven calculation periods. The amounts expected to be collected through the disposal of collateral or execution of guarantees are determined according to an assessment of the collateral and/or type of guarantees based on the internal rules for self-assessment of asset quality.

All claims are assessed by the Bank's operating divisions based on the Bank's internal rules for self-assessment of asset quality. The Bank's inspection division, which is independent from the Bank's operating divisions, conducts audits of such assessments, and an allowance is provided based on such audit results.

The allowance for loan losses of the consolidated subsidiaries is recorded in the same manner as that of the Bank in accordance with predetermined criteria on write-offs and provisions.

The management of the Bank has determined that the accounting estimates used for recording the allowance for loan losses are reasonable and appropriately recorded. However, due to possible changes in the assumptions on which the estimates are based, such as changes in the economic environment, changes in the financial conditions of the borrowers and/or a decline in collateral value, the Bank might find it necessary to increase or decrease the amount of allowance for loan losses in future.

(w) Accounting standards and guidance not yet adopted

Following accounting standards and guidance are those issued but 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 amendments to the relevant Accounting Standards, Implementation Guidance, Practical Solutions and Transferred Guidance

(1) Overview

These accounting standards, etc. stipulate the same accounting treatments as international accounting standards, which require lessees to recognize assets and liabilities for all leases, etc.

(2) Scheduled date of adoption

The Bank is scheduled to adopt these accounting standards, etc. from the beginning of the year ending March 31, 2028.

(3) Impact of the adoption of the accounting standards, etc.

The impact of the adoption of these accounting standards, etc. is under evaluation.

3. Financial Instruments and Related Disclosures

<u>Outline of financial instruments</u>

(1) Policy for financial instruments

The Hyakugo Bank Group is engaged in financial services centered on banking operations. In addition to investing funds in loans, securities and monetary claims bought for the purpose of earning interest income, the Bank also operates, within defined limits, in securities and money held in trust for the purpose of earning income from price fluctuations. In order to enhance the liquidity of its assets, the Bank also maintains cash deposits and invests funds in call loans and others in short-term markets. These investments are funded almost exclusively through deposits and negotiable certificates of deposit, while from an asset and liability management (ALM) perspective, other sources of funding are used as necessary, including call money and borrowings.

Moreover, the Bank uses derivative transactions in order to meet its customers' needs for hedging risks and to make use of the Bank's own ALM. Within defined limits, the Bank also engages in derivative transactions for the purpose of earning income from trading derivatives.

The consolidated subsidiaries of the Bank include companies that engage in securities operations, credit card operations, leasing operations and operations for forming and operating funds. Each of these companies holds various financial assets, such as lease receivables and investment assets, installment receivables, member accounts receivable, investments in capital and cash deposits. Certain consolidated subsidiaries use borrowed money to raise funds.

(2) Nature and extent of risks arising from financial instruments

The financial assets held by the Hyakugo Bank Group comprise mainly loans to corporations and individuals located in the area in which the Bank conducts business. It also holds securities, including domestic and foreign bonds and stocks. With regard to bonds, the Bank holds Japanese government bonds, local government bonds and bonds issued by highly creditworthy issuers, such as financial institutions, business entities and foreign governments. The Bank also holds securitized products comprising receivable or real estate backed assets. In terms of monetary claims bought, the Bank maintains lease receivables and investment assets related to the business of holding trust beneficiary rights and monetary claims purchased from customers. Monetary claims bought are exposed to the credit risk of borrowers and issuers. Of such monetary claims bought, fixed interest rate items are exposed to the risk of fluctuation in actual value due to interest rate fluctuations, and marketable securities are exposed to the risk of fluctuation in market value.

The majority of financial liabilities comprise deposits and negotiable certificates of deposit, the majority of which are received from customers located in the area in which the Bank conducts business. A high proportion of financial liabilities consist of short-term deposits, such as liquid deposits with no defined maturity and fixed deposits maturing within one year.

With financial assets and liabilities, there is risk of loss due to changes in the actual value or capital margins from fluctuations in interest rates or foreign currency exchange rates as a result of differences in interest rate renewal dates, fund settlement dates or transaction currencies between assets and liabilities. Should circumstances significantly impair the short-term liquidity of assets, there is risk that the Bank would be forced to raise additional funds that are costly or dispose of assets at lower than expected prices or the like in order to cover the shortfall.

With regard to derivative transactions, interest related derivatives comprise primarily interest rate swaps, and currency related derivative transactions involve primarily currency swaps and foreign exchange forwards. The majority of these derivatives are used primarily to hedge the Bank's own market risk or that of its customers. Stock futures, bond futures and over-the-counter bond options are used to earn income from trading activities or to hedge risks. In terms of risks arising from transactions, both market and credit risks are limited because the great majority of the transactions are for the purpose of hedging or are covered transactions and all counterparties are highly creditworthy financial institutions or corporations. The Bank does not enter into any high-risk transactions in which the rate of change in fair value corresponding to the price fluctuation of the object is very high.

Hedged items accounted for using hedge accounting consisted of debt securities and loans and bills discounted in the year ended March 31, 2026. Hedging instruments consisted of interest rate swaps and foreign currency swaps. The Bank determines whether to revise its hedging policy every month, and identifies the items to be hedged, hedging instruments and hedging ratios annually. Consolidated subsidiaries sometimes set the above policies for themselves. Hedge effectiveness is assessed using the methods stipulated in "Practical Guidelines on Accounting for Financial Instruments" (ASBJ Transferred Guidance No.9).

(3) Risk management for financial instruments

i. Credit risk management

In order to avoid large-scale losses resulting from the materialization of credit risk, the Hyakugo Bank Group adheres to the basic policy of maintaining the soundness of overall assets by controlling credit risk to within an acceptable level with reference to shareholders' equity. To this end, the Hyakugo Bank Group has prepared various rules and organizational structures on which it bases its credit risk management.

The Bank has established a system in which the ALM Risk Management Committee of each Hyakugo Bank Group company comprehensively gauges, evaluates and monitors the status of various risks, including credit risk, and considers policies and response measures related to risk management on a monthly basis. In addition, the Bank uses Value at Risk (VaR) to measure credit risk in a manner that includes credit concentration risk, which is not included in the calculation of the capital adequacy ratio, based on the framework for integrated risk management. By managing risk within specified limits, the Bank aims to take on appropriate risks and secure stable earnings.

In managing credit risk, the loan screening divisions independent of the sales promotion divisions review and manage loans, and the market risk management department (middle office) manages the same on a day-to-day basis. The Bank has also established a credit risk management department within the risk management division, which is independent from other divisions, thus ensuring a system of mutual checks and balances.

In addition, the Bank has prepared a credit rating system to evaluate credit risk for each borrower and implement comprehensive measures. Credit ratings are used to formulate finance loan policies and to set loan interest rates. The Hyakugo Bank Credit Policy stipulates a basic policy regarding finance loans in managing credit portfolios. Under the policy, the Bank ensures that investments are not concentrated to only certain companies or corporate groups while striving to ascertain and monitor the status of credit by categories such as industry, region, credit rating and level of borrowing and to distribute credits appropriately across the categories.

With regard to loan recipients who are facing difficulties due to worsening business conditions or other reasons, the Bank gauges and monitors the management status and implements guidance on restructuring plans and collecting receivables as needed.

The Bank prepares various rules for and manages the market risk of each of its consolidated subsidiaries and manages the credit risk of the entire Hyakugo Bank Group through its credit risk management department. Furthermore, the Hyakugo Bank Group comprehensively gauges, evaluates and monitors the status of various types of risk, including credit risk, through the Risk Management Committees established at each subsidiary.

ii. Market risk management

The Hyakugo Bank Group works to accurately measure and evaluate the impact of market fluctuations on its business and to conduct appropriate portfolio management by limiting risk and preparing various rules and organizational systems to manage market risk under the basic policy of securing stable revenues.

The Bank has established a system in which the ALM Risk Management Committee of each Hyakugo Bank Group company comprehensively gauges, evaluates and monitors the status of various risks, including market risk, and considers policies and response measures related to risk management on a monthly basis. In addition, the Bank uses VaR to measure market risk in a manner that includes interest rate risk, which is not included in the calculation of the capital adequacy ratio, based on a framework for integrated risk management. By managing risk within specified limits set for each risk type, the Bank aims to take on appropriate risks and secure stable earnings.

The Bank seeks to reduce the risk of loss due to insufficient funds by managing market risk, drawing clear distinctions between the trade execution department (front office) and the administrative processing department (back office) and by establishing a market risk management department (middle office) within the risk management division, which is independent from other divisions. All of the above-mentioned departments are overseen by the risk control management department, thus ensuring a system of mutual checks and balances. The transaction status, fair value and risk exposure are calculated and managed on appropriate dates, and management systems are strengthened at appropriate times in response to situations that arise. In addition, for transactions entered into to secure a profit through purchase and sale, etc., the Bank limits its risk of loss by preparing a management framework tailored to the specific circumstances of each investment, including by establishing position limits, loss cutting rules and cumulative loss limits, and conducting rigorous management on such a framework.

The Bank manages market risk for its overall financial assets and listed liabilities, including deposits and other forms of funds, from an ALM perspective. The Bank seeks to reduce foreign exchange rate fluctuation risk associated with foreign currency denominated products used for procurement of funds through the operation of foreign currency denominated foreign bonds and foreign currency funds by using call money and other forms of procurement. It also uses currency exchange related derivatives to maintain roughly the equivalent operating and procurement amounts in each currency.

The Bank prepares various rules for and manages market risk of each of its consolidated subsidiaries and manages market risk of the entire Hyakugo Bank Group through its market risk management department. Furthermore, the Hyakugo Bank Group comprehensively gauges, evaluates and monitors the status of various types of risk, including market risk, through the Risk Management Committees established at each subsidiary company.

Quantitative information concerning market risk:

Interest rate risk

The main financial instruments used by the Hyakugo Bank Group that are exposed to interest rate risk are bonds included in securities, loans and bills discounted, deposits, negotiable certificates of deposit, borrowed money and interest rate swap contracts, etc. included in derivative transactions. Interest rate risks attached to these financial assets and liabilities are managed by monitoring VaR calculated using the historical simulation method (which applies a holding period of three months, confidence interval of 99% and observation period of five years). As of March 31, 2026, the total amount of interest rate risk (a predicted amount of loss) the Bank was exposed to was estimated at ¥45,969 million ($287,507 thousand) (¥38,392 million in 2025).

With regard to liquid deposits without maturity dates, VaR is calculated by internal models using due dates estimated with consideration for long-term retention. The interest rate risk the consolidated subsidiaries are exposed to is not included in the calculation as the outstanding balances of their financial instruments that are potentially exposed to interest rate risk are fairly small and their importance minimal.

Stock price risk

The main financial instruments used by the Hyakugo Bank Group exposed to stock price risk are stocks included in securities. Of these financial assets, stock price risks attached to those held for pure investment purposes are managed by monitoring its VaR, which is calculated using the historical simulation method (which applies a holding period of three months, confidence interval of 99% and observation period of five years), and stock price risk attached to those held for purposes other than pure investments purposes are managed by monitoring valuation losses, which may arise as assumed under the VaR model, the VaR of which is calculated using the historical simulation method (which applies a holding period of six months, confidence interval of 99% and observation period of five years). As of March 31, 2026, the total amount of stock price risk (a predicted amount of loss) the Bank was exposed to was estimated at ¥3,168 million ($19,812 thousand) (¥1,450 million in 2025).

The stock price risk the consolidated subsidiaries are exposed to is not included in the calculation as the outstanding balances of their financial instruments that are potentially exposed to stock price risk are fairly small and their importance minimal.

Other price fluctuation risk

The main financial instruments used by the Hyakugo Bank Group exposed to price fluctuation risk are investment trusts included in securities. The price fluctuation risk attached to these financial assets is managed by monitoring the VaR, which is calculated using the historical simulation method (which applies a holding period of three months, confidence interval of 99% and observation period of five years).

As of March 31, 2026, the total amount of other price fluctuation risk (a predicted amount of loss) the Bank was exposed to was estimated at ¥19,074 million ($119,291 thousand) (¥21,807 million in 2025).

Reasonableness of VaR

The Bank conducts back testing which compares the results calculated under the VaR model with changes in present value. As a result of the back testing, if there is a concern about the accuracy of risks captured, the value is computed after an adjustment of multipliers to VaR calculated by the measurement model to secure the capturing accuracy with a confidence level of 99%.

iii. Liquidity risk management

The Hyakugo Bank Group manages liquidity risk through the establishment of relevant internal rules and organizational structures, adherence to the basic policy of maintaining structures that can appropriately respond to a liquidity crisis and by accurately assessing situations involving investment and funding and market trends regarding stable funding.

The Bank has established a system in which the ALM Risk Management Committee of each Hyakugo Bank Group comprehensively gauges, evaluates and monitors the status of various risks, including liquidity risks, and considers risk management policies and response measures on a monthly basis.

In funding operations, the Bank controls and manages daily and future funding requirements in Japanese yen and foreign currencies. The Bank also monitors the availability of funding in the markets and establishes countermeasures, such as the establishment and timely review of maximum funding amounts, based on the availability of funding against unexpected adverse events beforehand to prepare against liquidity risks.

(4) Supplementary explanation concerning fair values of financial instruments

The fair values of financial instruments comprise values determined based on market prices and values determined by other methods when there are no available market prices. Since variable factors are incorporated in computing the relevant fair values, the fair values may vary depending on the application of different assumptions.

Fair values of financial instruments and fair value information by level within the fair value hierarchy

The following tables summarize the amounts stated on consolidated balance sheets and the fair value of financial instruments as of March 31, 2026 and 2025 together with their differences and the fair value of financial instruments 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 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 are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety at the level of the lowest-level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

March 31, 2026	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ -	¥ -	¥ 943	¥ 943
Trading account securities	61	45	-	107
Money held in trust (for investment purposes)	-	1,000	-	1,000
Securities:	595,182	971,721	26,247	1,593,151
Available-for-sale securities	595,182	971,721	26,247	1,593,151
Japanese government bonds	135,422	-	-	135,422
Local government bonds	-	507,618	-	507,618
Corporate bonds	-	203,774	19,261	223,035
Equity securities	324,203	424	-	324,627
Other	135,555	259,904	6,986	402,447
Total assets	¥ 595,243	¥ 972,767	¥ 27,191	¥ 1,595,202
Total liabilities	¥ -	¥ -	¥ -	¥ -
Derivative transactions *(*1) (*2)*	¥ -	¥ (8,055)	¥ 0	¥ (8,055)
Interest rate related	-	6,090	-	6,090
Currency related	-	(14,145)	0	(14,145)
Other	-	-	-	-

*(*1) Financial derivatives (assets) of ¥9,411 million and financial derivatives (liabilities) of ¥17,467 million are recorded under "Other assets" and "Other liabilities" in the consolidated balance sheets, respectively. Receivables and payables arising from derivative transactions are presented as net amounts. Net payables are presented in parentheses.*

*(*2) The value of derivatives to which hedge accounting is applied, was ¥(1,653) million, as recorded in the consolidated balance sheets.*

March 31, 2025	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ -	¥ -	¥ 2,369	¥ 2,369
Trading account securities	53	31	-	85
Money held in trust (for investment purposes)	-	1,000	-	1,000
Securities:	456,354	982,339	37,153	1,475,847
Available-for-sale securities	456,354	982,339	37,153	1,475,847
Japanese government bonds	121,073	-	-	121,073
Local government bonds	-	455,392	-	455,392
Corporate bonds	-	212,094	23,212	235,306
Equity securities	240,543	-	-	240,543
Other	94,738	314,852	13,941	423,531
Total assets	¥ 456,408	¥ 983,371	¥ 39,523	¥ 1,479,302
Total liabilities	¥ -	¥ -	¥ -	¥ -
Derivative transactions *(*1) (*2)*	¥ -	¥ (498)	¥ (0)	¥ (498)
Interest rate related	-	2,853	-	2,853
Currency related	-	(3,351)	(0)	(3,351)
Other	-	-	(0)	(0)

*(*1) Financial derivatives (assets) of ¥11,452 million and financial derivatives (liabilities) of ¥11,950 million are recorded under "Other assets" and "Other liabilities" in the consolidated balance sheets, respectively. Receivables and payables arising from derivative transactions are presented as net amounts. Net payables are presented in parentheses.*
*(*2) The value of derivatives to which hedge accounting is applied, was ¥(4,880) million, as recorded in the consolidated balance sheets.*

March 31, 2026	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	$ -	$ -	$ 5,899	$ 5,899
Trading account securities	383	287	-	670
Money held in trust (for investment purposes)	-	6,255	-	6,255
Securities:	3,722,680	6,077,819	164,173	9,964,672
Available-for-sale securities	3,722,680	6,077,819	164,173	9,964,672
Japanese government bonds	847,028	-	-	847,028
Local government bonds	-	3,174,997	-	3,174,997
Corporate bonds	-	1,274,544	120,474	1,395,018
Equity securities	2,027,792	2,654	-	2,030,446
Other	847,860	1,625,624	43,699	2,517,183
Total assets	$ 3,723,063	$ 6,084,361	$ 170,072	$ 9,977,496
Total liabilities	$ -	$ -	$ -	$ -
Derivative transactions *(*1) (*2)*	$ -	$ (50,382)	$ 0	$ (50,382)
Interest rate related	-	38,093	-	38,093
Currency related	-	(88,475)	0	(88,475)
Other	-	-	-	-

*(*1) Derivative transactions recorded under other assets and liabilities in the consolidated balance sheets have been listed together.*
Receivables and payables arising from derivative transactions are presented as net amounts. Net payables are presented in parentheses.
Financial derivatives (assets) in an amount of $58,869 thousand and financial derivatives (liabilities) in an amount of $109,251 thousand are recorded under "Other assets" and "Other liabilities" in the consolidated balance sheets, respectively.
*(*2) The value of derivatives to which hedge accounting is applied was $(10,339) thousand, as recorded in the consolidated balance sheets.*

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

Cash and due from banks, call loans and bills bought, foreign exchange (assets/liabilities), call money and bills sold, agreements, and payables under securities lending transactions are not included in the following as they are short-term (within one year), and their fair values approximate their carrying values.

	Millions of yen					
	March 31, 2026					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*)	¥ -	¥ -	¥ 145	¥ 145	¥ 145	¥ -
Loans and bills discounted (*)	-	111,728	4,954,387	5,066,115	5,115,858	(49,742)
Total assets	¥ -	¥ 111,728	¥ 4,954,532	¥ 5,066,260	¥ 5,116,003	¥ (49,742)
Deposits	¥ -	¥ 6,072,154	¥ -	¥ 6,072,154	¥ 6,074,465	¥ (2,311)
Negotiable certificates of deposit	-	190,868	-	190,868	190,868	-
Borrowed money	-	459,578	-	459,578	471,629	(12,051)
Total liabilities	¥ -	¥ 6,722,601	¥ -	¥ 6,722,601	¥ 6,736,963	¥ (14,362)

	Millions of yen					
	March 31, 2025					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*)	¥ -	¥ -	¥ 665	¥ 665	¥ 665	¥ -
Loans and bills discounted (*)	-	110,091	4,888,172	4,998,264	5,026,110	(27,846)
Total assets	¥ -	¥ 110,091	¥ 4,888,838	¥ 4,998,929	¥ 5,026,776	¥ (27,846)
Deposits	¥ -	¥ 5,975,419	¥ -	¥ 5,975,419	¥ 5,977,719	¥ (2,300)
Negotiable certificates of deposit	-	166,115	-	166,115	166,115	-
Borrowed money	-	456,968	-	456,968	470,054	(13,086)
Total liabilities	¥ -	¥ 6,598,502	¥ -	¥ 6,598,502	¥ 6,613,889	¥ (15,386)

	Thousands of U.S. dollars					
	March 31, 2026					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*)	$ -	$ -	$ 907	$ 907	$ 907	$ -
Loans and bills discounted (*)	-	698,827	30,988,163	31,686,990	31,998,117	(311,127)
Total assets	$ -	$ 698,827	$ 30,989,070	$ 31,687,897	$ 31,999,024	$ (311,127)
Deposits	$ -	$ 37,979,449	$ -	$ 37,979,449	$ 37,993,907	$ (14,458)
Negotiable certificates of deposit	-	1,193,823	-	1,193,823	1,193,823	-
Borrowed money	-	2,874,520	-	2,874,520	2,949,897	(75,377)
Total liabilities	$ -	$ 42,047,792	$ -	$ 42,047,792	$ 42,137,627	$ (89,835)

(*) A general allowance for loan losses and a specific allowance for loan losses corresponding to loans and bills discounted have been deducted.

(Note 1) A description of the valuation technique(s) and inputs used in the fair value measurements

Assets:

Monetary claims bought

For monetary claims bought, the fair value of securitized products is determined by prices obtained from external brokers, etc., referencing analysis of consistency with market published indices, prepayment ratios, etc. Monetary claims purchased from customers are settled over a specified short-term period. The fair value of these claims is, therefore, presented at the carrying amount because the carrying amount approximates the fair value. The fair value is classified as Level 3.

Trading account securities and securities

The fair value of trading account securities and securities is classified as Level 1 if the unadjusted market price in active markets is available. Principally, listed equity securities, listed investment trusts and Japanese government bonds are included in this category. If the market is inactive, even though the published market price is available, the fair value is classified as Level 2. Principally, local government bonds and corporate bonds are included in this category. In addition, the fair value of investment trusts which do not have a market price is determined using the standard quotation price and classified as Level 2, unless there is such significant restriction that consideration for the risk is demanded by market participants regarding cancellation or buy-back claims. The fair value of private placement bonds is calculated by discounting the sum of principal and interest income using the discount rate reflecting credit risk, etc., based on the internal rating, and is classified as Level 3. The fair value of certain Japanese yen-denominated foreign bonds is determined using the price calculated based on the price obtained from external brokers, etc., with reference to the findings of regular monitoring, including analysis of consistency with published market indices, and is classified as Level 3.
For details regarding securities categorized by the purpose for which they are held, see Note 4, “Trading Account Securities, Money Held in Trust and Securities.”

Money held in trust

The fair value of securities that are invested as trust assets within money held in trust, on a non-consolidated basis is determined by the prices presented by partner financial institutions and principally classified as Level 2 based on the level of components.
For details regarding money held in trust for holding purposes, see Note 4, “Trading Account Securities, Money Held in Trust and Securities.”

Loans and bills discounted

The fair value of loans or bills discounted (excluding loans containing credit derivatives) is determined for each category based on the type, internal rating and maturity, by discounting the sum of principal and interest at the interest rate applied to a new loan of the same type. However, the carrying amount of fixed-rate loans and bills discounted whose contractual maturity or remaining maturity through interest maturity is short (within one year), and of floating-rate loans and bills discounted, is presented as the fair value as long as the credit status of borrowers has not changed significantly since the grant of such loans, because the carrying amount approximates the fair value. Additionally, for loans receivable from bankrupt, virtually bankrupt or potentially bankrupt borrowers, the estimated losses are determined based on the amount expected to be recovered from collateral and guarantees, and the fair value approximates the carrying amount of loans as of the fiscal closing date less allowance for loan losses. Accordingly, such amount is regarded as the fair value, and is classified as Level 3.

The fair value of loans containing credit derivatives is determined using the spread observed from credit default swaps and market interest rates as principal inputs and classified as Level 2.

With respect to the loans and bills discounted of consolidated subsidiaries, the carrying amount is presented as the fair value due to their lower materiality.

Liabilities:

Deposits and negotiable certificates of deposit

For on-demand deposits, the payment obligation existing at the balance sheet date, which is the carrying amount, is regarded as the fair value. The fair value of time deposits and negotiable certificates of deposit is computed using the present value by discounting future cash flows for each category based on the type and maturity period. For deposits whose deposit term or residual maturity is within one year, the carrying amount is presented as the fair value since such carrying amount approximates the fair value. The fair value of these items is classified as Level 2.

Borrowed money

The present value of borrowed money is computed by discounting the sum of principal and interest income to be received, classified by a fixed period, using the rate that would apply to new borrowings of the same type. For borrowed money whose contractual term or residual maturity is within one year, the carrying amount is presented as the fair value since such carrying amount approximates the fair value. The carrying amount of such instruments is presented as the fair value, as the carrying amount approximates the fair value due to the short-term maturity (within one year). The fair value of these items is classified as Level 2.
For borrowed money of consolidated subsidiaries, the carrying amount is presented as the fair value as a minimum requirement.

Derivative transactions:

The fair value of OTC-traded derivatives is determined by the value calculated using the discounted present value of future cash flows or option pricing models, etc., using inputs such as interest rates, foreign exchange rates, volatilities and the like, as the published market price of OTC-traded derivatives does not exist.
If observable inputs solely are used, or if the impact of unobservable inputs is not material, the fair value of such derivatives is classified as Level 2. If significant unobservable inputs are used, the fair value of such derivatives is classified as Level 3.

(Note 2) Information about fair value of Level 3 for financial instruments stated at fair value in the consolidated balance sheets

(1) Qualitative information about significant unobservable inputs

Year ended March 31, 2026

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted average of inputs
Securities Available-for-sale securities Corporate bonds (private placement bonds)	Discounted present value method	Credit spread	0.217%-10.976%	0.412%

Year ended March 31, 2025

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted average of inputs
Securities Available-for-sale securities Corporate bonds (private placement bonds)	Discounted present value method	Credit spread	0.215%-1.07%	0.415%

(2) Reconciliation of the beginning balance and the ending balance and unrealized gain (loss) recognized in net income or loss

	Millions of yen							
	March 31, 2026							
		Net income or other comprehensive income						
	April 1, 2025	Included in net income	Included in other comprehensive income*	Changes due to purchases, issues, sales and settlements	Transfers to fair value of Level 3	Transfers from fair value of Level 3	March 31, 2026	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at March 31, 2026
Monetary claims bought	¥ 2,369	¥ –	¥ 6	¥ (1,432)	¥ –	¥ –	¥ 943	¥ —
Securities								
Available-for-sale securities:								
Corporate bonds (private bonds)	23,212	–	(82)	(3,868)	–	–	19,261	–
Other	13,941	–	45	(7,000)	–	–	6,986	–

* *Included in "Unrealized gains on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.*

	Millions of yen							
	March 31, 2025							
		Net income or other comprehensive income						
	April 1, 2024	Included in net income*1	Included in other comprehensive income*2	Changes due to purchases, issues, sales and settlements	Transfers to fair value of Level 3	Transfers from fair value of Level 3	March 31, 2025	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at March 31, 2025
Monetary claims bought	¥ 5,060	¥ –	¥ (9)	¥ (2,682)	¥ –	¥ –	¥ 2,369	¥ —
Securities								
Available-for-sale securities:								
Corporate bonds (private bonds)	25,560	80	(135)	(2,292)	–	–	23,212	–
Other	18,928	–	12	(5,000)	–	–	13,941	–

**1. Included in "Other operating income" in the consolidated statements of income.*
**2. Included in "Unrealized gains on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.*

	Thousands of U.S. dollars							
	March 31, 2026							
		Net income or other comprehensive income						
	April 1, 2025	Included in net income	Included in other comprehensive income*	Changes due to purchases, issues, sales and settlements	Transfers to fair value of Level 3	Transfers from fair value of Level 3	March 31, 2026	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at March 31, 2026
Monetary claims bought	$ 14,823	$ –	$ 38	$ (8,962)	$ –	$ –	$ 5,899	$ —
Securities								
Available-for-sale securities:								
Corporate bonds (private bonds)	145,187	–	(519)	(24,194)	–	–	120,474	–
Other	87,197	–	285	(43,783)	–	–	43,699	—

* *Included in "Unrealized gains on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.*

(3) Explanation of valuation process used to measure fair value

The Finance Division has established the Hyakugo Bank Group policy and procedures regarding measurement of fair value, and each operating division measures fair value in accordance with said policy and procedures. The measurement of such fair value is validated in terms of the reasonableness of valuation techniques and inputs as well as the appropriateness of the fair value classification level. The results of this validation process are reported to the Finance Division for each period and the appropriateness of the policy and procedures used to measure fair value is confirmed. In measuring fair value, valuation models capable of reflecting the nature, characteristics and risks associated with each asset are used. In addition, when quoted prices obtained from third parties are used as fair value, appropriate steps are taken to substantiate their validity, such as confirming the valuation techniques and inputs used and comparing the fair value with the fair value of similar financial instruments.

(4) Explanation of effects of changes in significant unobservable inputs on fair value

Significant unobservable inputs used in measuring the fair value of privately placed corporate bonds are credit spreads. Significant increases (decreases) in these inputs in isolation will lead to a significant decline (rise) in fair value.

(Note 3) The following table summarizes financial instruments whose fair values were extremely difficult to estimate. These instruments were not included in the above table regarding the fair values of financial instruments.

Category	Millions of yen				Thousands of U.S. dollars	
	2026		2025		2026	
Unlisted stocks *(*1)(*2)*	¥	2,533	¥	1,864	$	15,844
Investments in capital of partnerships, etc. *(*3)*		7,666		9,453		47,955

*(*1) The fair values of unlisted stocks were not disclosed based on Paragraph 5 of "Implementation Guidance on Disclosures of Fair Value of Financial Instruments" (ASBJ Guidance No. 19, September 13, 2024).*
*(*2) The Bank recognized an impairment loss in the amount of ¥19 million ($124 thousand) and nil on unlisted stock for the years ended March 31, 2026 and 2025, respectively.*
*(*3) The fair values of investments in capital of partnerships were not disclosed in accordance with Paragraph 24-16 of the Fair Value Measurement Guidance (ASBJ Guidance No. 31, June 17, 2021).*

(Note 4) Maturities of financial assets and securities with contractual maturities at March 31, 2026 and 2025

	Millions of yen					
March 31, 2026	Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Due from banks	¥ 590,311	¥ -	¥ -	¥ -	¥ -	¥ -
Call loans and bills bought	6,842	-	-	-	-	-
Monetary claims bought	222	103	776	-	-	-
Available-for-sale securities with maturity:	87,342	253,171	281,142	116,537	286,978	239,656
o/w Japanese government bonds	-	8,000	13,000	4,000	63,000	75,000
Local government bonds	40,865	76,238	103,815	108,455	208,508	1,575
Corporate bonds	14,317	69,040	87,897	2,144	3,600	68,132
Others	32,160	99,893	76,429	1,938	11,869	94,949
Loans and bills discounted (*)	777,675	773,960	583,623	438,588	468,702	2,062,098
Total	¥ 1,462,395	¥ 1,027,236	¥ 865,542	¥ 555,126	¥ 755,680	¥ 2,301,755

	Millions of yen					
March 31, 2025	Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Due from banks	¥ 595,995	¥ -	¥ -	¥ -	¥ -	¥ -
Call loans and bills bought	2,631	-	-	-	-	-
Monetary claims bought	946	904	-	1,205	-	-
Available-for-sale securities with maturity:	152,643	231,535	245,486	194,984	134,006	254,732
o/w Japanese government bonds	-	-	13,000	12,500	39,000	75,000
Local government bonds	86,440	89,492	77,829	133,286	80,265	5,481
Corporate bonds	28,308	48,395	63,778	29,479	1,100	76,933
Others	37,895	93,647	90,878	19,718	13,641	97,317
Loans and bills discounted (*)	805,818	737,473	601,162	451,532	459,590	1,947,104
Total	¥ 1,558,035	¥ 969,931	¥ 846,648	¥ 647,722	¥ 593,596	¥ 2,201,836

March 31, 2026	Thousands of U.S. dollars Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Due from banks	$ 3,692,213	$ -	$ -	$ -	$ -	$ -
Call loans and bills bought	42,800	-	-	-	-	-
Monetary claims bought	1,394	650	4,854	-	-	-
Available-for-sale securities with maturity:	546,302	1,583,510	1,758,462	728,906	1,794,961	1,498,980
o/w Japanese government bonds	-	50,038	81,311	25,019	394,045	469,102
Local government bonds	255,599	476,845	649,331	678,353	1,304,157	9,851
Corporate bonds	89,550	431,825	549,774	13,410	22,517	426,150
Others	201,153	624,802	478,046	12,124	74,242	593,877
Loans and bills discounted (*)	4,864,121	4,840,884	3,650,382	2,743,238	2,931,587	12,897,790
Total	$ 9,146,830	$ 6,425,044	$ 5,413,698	$ 3,472,144	$ 4,726,548	$ 14,396,770

(*) These loans and bills discounted do not include loans in the amount of ¥36,356 million ($227,398 thousand) and ¥49,353 million that did not have specific maturity dates as of March 31, 2026 and 2025, respectively.

(Note 5) Maturities of interest bearing liabilities at March 31, 2026 and 2025

March 31, 2026	Millions of yen Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Deposits (*)	¥ 5,667,422	¥ 255,818	¥ 151,224	¥ -	¥ -	¥ -
Negotiable certificates of deposit	190,868	-	-	-	-	-
Call money and bills sold	-	-	-	-	-	-
Payables under securities lending transactions	182,918	-	-	-	-	-
Borrowed money	3,683	465,534	2,411	-	-	-
Total	¥ 6,044,892	¥ 721,353	¥ 153,636	¥ -	¥ -	¥ -

March 31, 2025	Millions of yen Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Deposits (*)	¥ 5,537,109	¥ 251,850	¥ 188,760	¥ -	¥ -	¥ -
Negotiable certificates of deposit	166,115	-	-	-	-	-
Call money and bills sold	80,000	-	-	-	-	-
Payables under securities lending transactions	153,547	-	-	-	-	-
Borrowed money	3,329	464,790	1,883	50	-	-
Total	¥ 5,940,101	¥ 716,641	¥ 190,643	¥ 50	¥ -	¥ -

March 31, 2026	Thousands of U.S. dollars Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Deposits (*)	$ 35,447,975	$ 1,600,067	$ 945,865	$ -	$ -	$ -
Negotiable certificates of deposit	1,193,823	-	-	-	-	-
Call money and bills sold	-	-	-	-	-	-
Payables under securities lending transactions	1,144,100	-	-	-	-	-
Borrowed money	23,038	2,911,776	15,083	-	-	-
Total	$ 37,808,936	$ 4,511,843	$ 960,948	$ -	$ -	$ -

(*) On-demand deposits are included in the "Within one year" column.

4. Trading Account Securities, Money Held in Trust and Securities

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Japanese government bonds	¥ 135,422	¥ 121,073	$ 847,028
Local government bonds	507,618	455,392	3,174,997
Corporate bonds	223,035	235,306	1,395,018
Stocks	327,160	242,407	2,046,290
Other securities	410,114	432,985	2,565,137
Total	¥ 1,603,351	¥ 1,487,165	$ 10,028,470

Guarantees provided for certain private placement bonds were included in securities in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act of Japan. The guarantees amounted to ¥19,622 million ($122,731 thousand) and ¥23,490 million at March 31, 2026 and 2025, respectively.

Investments in securities are classified as trading, held-to-maturity or available-for-sale securities. Such classifications determine the respective accounting method to be applied as stipulated under the accounting standards for financial instruments. At March 31, 2026 and 2025, the carrying values of trading account securities, money held in trust for trading purposes, and related net unrealized gains and losses included in current earnings were as follows:

	Carrying value	Unrealized gains (losses)	Carrying value	Unrealized gains (losses)	Carrying value	Unrealized gains (losses)
	Millions of yen				Thousands of U.S. dollars	
	2026		2025		2026	
Trading account securities	¥ 107	¥ (1)	¥ 85	¥ (0)	$ 670	$ (9)
Money held in trust	1,000	-	1,000	-	6,255	-

At March 31, 2026 and 2025, gross unrealized gains and losses on marketable available-for-sale securities were as follows.

	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Millions of yen			
As of March 31, 2026				
Securities for which carrying value exceeds acquisition cost:				
Stocks	¥ 52,017	¥ 268,259	¥ -	¥ 320,276
Bonds:				
Japanese government bonds	-	-	-	-
Local government bonds	1,813	1	-	1,815
Corporate bonds	116	0	-	116
Others	231,109	18,064	-	249,173
Securities for which carrying value does not exceed acquisition cost:				
Stocks	4,755	-	(404)	4,350
Bonds:				
Japanese government bonds	161,184	-	(25,762)	135,422
Local government bonds	529,634	-	(23,831)	505,803
Corporate bonds	240,388	-	(17,469)	222,918
Others	161,652	-	(7,436)	154,216
Total	¥ 1,382,673	¥ 286,325	¥ (74,904)	¥ 1,594,094
As of March 31, 2025				
Securities for which carrying value exceeds acquisition cost:				
Stocks	¥ 49,267	¥ 188,292	¥ -	¥ 237,560
Bonds:				
Japanese government bonds	-	-	-	-
Local government bonds	23,495	2	-	23,497
Corporate bonds	3,905	5	-	3,910
Others	242,193	7,719	-	249,912
Securities for which carrying value does not exceed acquisition cost:				
Stocks	3,406	-	(424)	2,982
Bonds:				
Japanese government bonds	138,453	-	(17,379)	121,073
Local government bonds	448,724	-	(16,828)	431,895
Corporate bonds	243,931	-	(12,535)	231,396
Others	186,713	-	(10,724)	175,988
Total	¥ 1,340,091	¥ 196,019	¥ (57,893)	¥ 1,478,217

	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Thousands of U.S. dollars			
As of March 31, 2026				
Securities for which carrying value exceeds acquisition cost:				
Stocks	$ 325,350	$ 1,677,882	$ -	$ 2,003,232
Bonds:				
Japanese government bonds	-	-	-	-
Local government bonds	11,345	7	-	11,352
Corporate bonds	730	1	-	731
Others	1,445,521	112,985	-	1,558,506
Securities for which carrying value does not exceed acquisition cost:				
Stocks	29,747	-	(2,533)	27,214
Bonds:				
Japanese government bonds	1,008,161	-	(161,133)	847,028
Local government bonds	3,312,702	-	(149,058)	3,163,644
Corporate bonds	1,503,555	-	(109,268)	1,394,287
Others	1,011,087	-	(46,510)	964,577
Total	$ 8,648,198	$ 1,790,875	$ (468,502)	$ 9,970,571

There was no impairment loss for the year ended March 31, 2026.
An impairment loss of ¥23 million on investment securities (comprising stocks of ¥23 million) was recorded for the year ended March 31, 2025.

If the fair value of a marketable investment security declines to between 30% and 50% of the acquisition cost, recoverability of the security will be determined based on the trend of changes in related fair values over a given period and the financial condition of the issuing company. If the determined amount of decline in the fair value is deemed unrecoverable, impairment loss will be recognized.

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unrealized gains	¥ 211,810	¥ 138,505	$ 1,324,811
Less applicable income taxes	(65,476)	(42,701)	(409,533)
Less noncontrolling interests portion	(80)	(80)	(504)
Net unrealized gains in net assets	¥ 146,254	¥ 95,723	$ 914,774

(Note) Unrealized gains includes unrealized gain (loss) in the amounts of ¥389 million ($2,438 thousand) and ¥379 million at March 31, 2026 and 2025, respectively, on available-for-sale securities that are components of partnerships, etc.

Available-for-sale securities sold during the years ended March 31, 2026 and 2025 were as follows:

	Proceeds from sales	Gain on sales	Loss on sales
	Millions of yen		
For the year 2026:			
Stocks	¥ 27,467	¥ 18,261	¥ 768
Bonds:			
Japanese government bonds	7,569	-	409
Local government bonds	131,667	-	9,694
Corporate bonds	32,081	-	5,947
Others	35,064	3,837	429
	¥ 233,850	¥ 22,098	¥ 17,249
For the year 2025:			
Stocks	¥ 9,431	¥ 2,918	¥ 460
Bonds:			
Japanese government bonds	60,700	-	4,006
Local government bonds	17,692	62	-
Corporate bonds	243	80	-
Others	19,402	1,108	496
	¥ 107,468	¥ 4,169	¥ 4,963

	Proceeds from sales	Gain on sales	Loss on sales
	Thousands of U.S. dollars		
For the year 2026:			
Stocks	$ 171,801	$ 114,218	$ 4,806
Bonds:			
Japanese government bonds	47,348	-	2,563
Local government bonds	823,537	-	60,637
Corporate bonds	200,658	-	37,198
Others	219,318	24,004	2,687
	$ 1,462,662	$ 138,222	$ 107,891

5. Loans and Bills Discounted

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Bills discounted	¥ 1,506	¥ 2,208	$ 9,420
Loans on notes	48,441	65,450	302,986
Loans on deeds	4,734,649	4,608,062	29,613,770
Overdrafts	356,408	376,314	2,229,225
	¥ 5,141,005	¥ 5,052,036	$ 32,155,401

Bills discounted are accounted for as financial transactions in accordance with JICPA's Industry Audit Committee Practical Guidance No. 24 of March 17, 2022, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry." The Hyakugo Bank Group has the right to sell or pledge bills discounted without restrictions. The total face value of these bills amounted to ¥1,506 million ($9,420 thousand) and ¥2,208 million at March 31, 2026 and 2025, respectively.

Loans based on the Banking Act and the Law concerning Emergency Measures for the Revitalization of the Financial Functions are as follows:
Loans are defined as corporate bonds included in "Securities" in the consolidated balance sheets (the whole or part of the redemption of the principal and payment of interest are guaranteed and limited to corporate bonds issued through private placement of the securities (as provided in Paragraph 3 of Article 2 of the Financial Instruments and Exchange Act)), loans, foreign exchange, those that are included in the accounts of accrued interest and temporary payments under other assets and customers' liabilities for acceptances and guarantees, and lent securities (limited to loan-for-use contracts or lease contracts).

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Loans under bankruptcy/rehabilitation or similar proceedings	¥ 10,430	¥ 13,248	$ 65,239
Risk loans	50,509	48,813	315,919
Delinquent loans past due over three months	3	4	20
Restructured loans	9,059	7,741	56,666
Total	¥ 70,002	¥ 69,807	$ 437,844

Loans under bankruptcy/rehabilitation or similar proceedings are loans to borrowers under bankruptcy or similar proceedings due to such reasons as commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, petition for rehabilitation proceedings, etc.
Risk loans are loans on which the principal and interest are unlikely to be collectable in accordance with the contract due to deterioration in the financial position and operating performance of the debtors, although they have not been declared bankrupt, and do not fall into the category of loans under bankruptcy/rehabilitation or similar proceedings.
Delinquent loans past due over three months are loans on which the payment of principal and/or interest is past due for three months or more from the due date, and which do not fall into the category of loans under bankruptcy/rehabilitation or similar proceedings, or risky claims.
Restructured loans are loans on which terms and conditions have been amended in favor of borrowers in order to facilitate or assist the borrowers' restructuring efforts by reducing the rate of interest, by providing a grace period for the payment of principal or interest or by loan forgiveness, and are not classified in any of the above categories.
The amounts shown for the above loans are before deducting allowances for credit losses.

6. Tangible Fixed Assets

At March 31, 2026 and 2025, tangible fixed assets, net of accumulated depreciation, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Buildings	¥ 18,098	¥ 18,392	$ 113,204
Land	19,694	19,736	123,181
Construction in progress	47	565	295
Other tangible fixed assets	6,105	5,940	38,190
Tangible fixed assets	¥ 43,946	¥ 44,635	$ 274,870

Accumulated depreciation of tangible fixed assets amounted to ¥42,185 million ($263,858 thousand) and ¥40,591 million as of March 31, 2026 and 2025, respectively.

Pursuant to the Act Concerning Revaluation of Land (the "Revaluation Act"), the Bank elected a one-time revaluation to restate the cost of land used for the banking business at values reassessed to reflect adjustments for land shape and other factors based on appraisal values issued by the Japanese National Tax Agency effective March 31, 1998. According to the Revaluation Act, the amount equivalent to the tax effect on the excess of the reassessed value over the original book value is recorded as a deferred tax liability for land revaluation. The remainder of such excess, net of the tax effect, is recorded as a revaluation reserve for land in accumulated other comprehensive income of net assets in the balance sheets. At March 31, 2026 and 2025, the differences in the total carrying value of land used for the banking business after revaluation over the then total current market value at the fiscal year-end amounted to ¥1,814 million ($11,352 thousand) and ¥2,117 million, respectively.

As permitted by the accounting principles and practices generally accepted in Japan, the Bank deducts deferred capital gain on the sale of real property from the original acquisition cost of property newly acquired for replacement purposes in the same line of business as the property sold. At March 31, 2026 and 2025, deferred capital gain in the amount of ¥3,773 million ($23,602 thousand) and ¥4,316 million, respectively, were directly deducted from the acquisition cost of land and buildings.

7. Pledged Assets

At March 31, 2026 and 2025, the following assets were pledged as collateral for liabilities.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Securities	¥ 676,763	¥ 660,083	$ 4,232,945

The above pledged assets secure the following liabilities.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deposits	¥ 43,104	¥ 68,261	$ 269,606
Payables under securities lending transactions	182,918	153,547	1,144,100
Borrowed money	460,000	460,000	2,877,158

In addition, securities amounting to ¥29,673 million ($185,601 thousand) and ¥959 million at March 31, 2026 and 2025, respectively, and cash and due from banks amounting to ¥200 million ($1,251 thousand) and ¥200 million at March 31, 2026 and 2025, respectively, were pledged as collateral for settlement of exchange, derivatives and other transactions.

Other assets include guarantee money of ¥1,437 million ($8,994 thousand) and ¥1,335 million as of March 31, 2026 and 2025, respectively, margin money deposited with a central clearing organization of nil and ¥25,000 million as of March 31, 2026 and 2025, respectively, and margin money deposited for financial instruments of ¥10,054 million ($62,887 thousand) and ¥5,549 million as of March 31, 2026 and 2025, respectively.

8. Deposits and Negotiable Certificates of Deposit

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Demand deposits	¥ 3,920,922	¥ 3,943,089	$ 24,524,156
Time deposits	2,109,164	1,962,954	13,192,172
Other deposits	44,379	71,675	277,579
Deposits	6,074,465	5,977,719	37,993,907
Negotiable certificates of deposit	190,868	166,115	1,193,823
	¥ 6,265,334	¥ 6,143,835	$ 39,187,730

9. Borrowed Money and Lease Obligations

Borrowed money consisted of borrowings from financial institutions with an average interest rate of 0.02% per annum at March 31, 2026 due through March 2031.

Borrowed money due annually through 2031 at March 31, 2026 was as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2027	¥ 3,683	$ 23,038
2028	463,267	2,897,595
2029	2,267	14,181
2030	1,661	10,392
2031	750	4,691
	¥ 471,629	$ 2,949,897

Lease obligations included in “other liabilities” due annually through June 2029 at March 31, 2026 were as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2027	¥ 27	$ 170
2028	27	170
2029	27	170
2030	6	43
	¥ 88	$ 553

10. Employee Retirement Benefits

(1) Outline of retirement benefit plans

The Bank has corporate pension fund plans and lump-sum retirement benefit plans as its defined benefit pension plans and defined contribution pension plans, which together substantially cover all employees.

Effective April 1, 2026, the Bank revised its corporate pension fund plans and lump-sum retirement benefit plans, including an increase in the age of loss of qualifications. In addition, the Bank also has retirement benefit trusts.

Consolidated subsidiaries have lump-sum retirement benefit plans as their defined benefit plans and defined contribution pension plans as their defined contribution plans.

Under the lump-sum retirement benefit plans of the consolidated subsidiaries, liability for retirement benefits and retirement benefit expenses are computed using the simplified method.

(2) Defined benefit plans

i. Changes in retirement benefit obligations for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Beginning balance of retirement benefit obligations	¥ 31,704	¥ 37,141	$ 198,303
Service cost	1,049	1,235	6,563
Interest cost	536	112	3,356
Actuarial differences	(2,506)	(4,282)	(15,678)
Retirement benefits paid	(2,429)	(2,502)	(15,195)
Past service cost	(1,032)	-	(6,457)
Other	0	0	0
Ending balance of retirement benefit obligations	¥ 27,322	¥ 31,704	$ 170,892

ii. The changes in pension 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
Beginning balance of pension plan assets	¥ 85,864	¥ 100,283	$ 537,058
Expected return on pension plan assets	2,573	2,421	16,098
Actuarial differences	12,446	(15,862)	77,850
Contribution from the employer	503	685	3,148
Retirement benefits paid	(1,566)	(1,665)	(9,798)
Other	0	0	1
Ending balance of pension plan assets	¥ 99,822	¥ 85,864	$ 624,357

iii. Reconciliations between the ending balances of retirement benefit obligations and pension plan assets and the liability or asset for employee retirement benefits recorded in the consolidated balance sheets were as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Funded retirement benefit obligations	¥ 26,706	¥ 31,148	$ 167,041
Pension plan assets	(99,822)	(85,864)	(624,357)
	(73,115)	(54,716)	(457,316)
Unfunded retirement benefit obligations	615	556	3,852
Net liability (asset) recorded in the consolidated balance sheets	¥ (72,499)	¥ (54,160)	$ (453,464)

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Liability for employee retirement benefits	¥ 657	¥ 597	$ 4,112
Asset for employee retirement benefits	(73,157)	(54,757)	(457,576)
Net liability (asset) recorded in the consolidated balance sheets	¥ (72,499)	¥ (54,160)	$ (453,464)

iv. The components of 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	¥ 1,049	¥ 1,235	$ 6,563
Interest cost	536	112	3,356
Expected return on pension plan assets	(2,573)	(2,421)	(16,098)
Amortization of actuarial differences	(977)	(2,971)	(6,112)
Amortization of past service cost	(86)	-	(538)
Other	-	-	-
Retirement benefit expenses on defined benefit plans	¥ (2,051)	¥ (4,046)	$ (12,829)

(Note) Retirement benefit expenses of consolidated subsidiaries applying the simplified method were all included in "service cost."

v. The components of retirement benefit adjustments (before tax effect) on other comprehensive income were as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Past service cost	¥ (946)	¥ -	$ (5,919)
Actuarial differences	(13,976)	14,551	(87,416)
Other	-	-	-
Total	¥ (14,922)	¥ 14,551	$ (93,335)

vi. The components of retirement benefit adjustments (before tax effect) on accumulated other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unrecognized past service cost	¥ (946)	¥ -	$ (5,919)
Unrecognized actuarial differences	¥ (27,537)	¥ (13,561)	$ (172,240)
Other	-	-	-
Total	¥ (28,484)	¥ (13,561)	$ (178,159)

vii. Pension plan assets

i. Components of pension plan assets

Pension plan assets consisted of the following:

	2026	2025
Bonds	32%	11%
Stocks	40%	55%
Cash and deposits	0%	7%
General account	12%	13%
Other	16%	14%
Total	100%	100%

(Note) At March 31, 2026, the retirement benefit trust established for lump-sum retirement benefit plans and corporate pension fund plans accounted for 49% (45% in 2025) of total pension plan assets.

ii. Method for determining the long-term expected rate of return on pension plan assets

The long-term expected rate of return on pension plan assets is determined by considering the allocation of pension plan assets and long-term rates of return that are expected currently and in the future for various components of the pension plan assets.

viii. Assumptions used for the years ended March 31, 2026 and 2025 were as follows:

		2026	2025
Discount rate	Corporate pension fund plans	2.8%	1.8%
	Lump-sum retirement benefit plans	2.7%	1.5%
Long-term expected rate of return (mainly)		3.5%	3.5%

(Note) In computing retirement benefit obligations, points awarded for the future based on the benefit formula are not factored in, and the expected rate of salary increase is not applied.

(3) Defined contribution plans

The required contribution to the defined contribution plans of the Bank and its consolidated subsidiaries amounted to ¥477 million ($2,988 thousand) and ¥472 million for the years ended March 31, 2026 and 2025, respectively.

11. Acceptances and Guarantees

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

12. Net Assets

The authorized number of shares of common stock without par value is 396,000,000 shares. At both March 31, 2026 and 2025, the number of shares of common stock issued was 254,119,000 shares. At March 31, 2026 and 2025, the number of shares of treasury stock held by the Hyakugo Bank Group was 11,451,429 shares and 8,201,803 shares, respectively.

At both March 31, 2026 and 2025, capital surplus consisted principally of additional paid-in capital. Retained earnings included legal reserve of the Bank amounting to ¥17,377 million ($108,692 thousand) and ¥17,377 million at March 31, 2026 and 2025, respectively. The Banking Act of Japan provides that an amount equivalent to at least 20% of the cash payments as an appropriation of retained earnings be appropriated as legal reserve until the total amount of additional paid-in capital and legal reserve equals 100% of common stock. The reduction of the legal reserve is restricted under the current circumstances to the proper action of the shareholders of the Bank.

13. Stock Options

On July 30, 2025 and July 30, 2024, stock options were granted to the directors of the Bank. The related costs in the amount of ¥20 million ($129 thousand) and ¥18 million were recorded under general and administrative expenses for the years ended March 31, 2026 and 2025, respectively.

The stock options outstanding at March 31, 2026 were as follows:

	2011 Stock Options	2012 Stock Options	2013 Stock Options	2014 Stock Options	2015 Stock Options
Persons granted	13 directors of the Bank	13 directors of the Bank	13 directors of the Bank (excluding independent directors)	13 directors of the Bank (excluding independent directors)	12 directors of the Bank (excluding independent directors)
Number of options granted*	91,600 shares of common stock of the Bank	94,000 shares of common stock of the Bank	71,700 shares of common stock of the Bank	71,200 shares of common stock of the Bank	48,100 shares of common stock of the Bank
Date of grant	July 25, 2011	July 26, 2012	July 24, 2013	July 31, 2014	July 30, 2015
Vesting conditions	Not defined	Not defined	Not defined	Not defined	Not defined
Eligible service period	Not defined	Not defined	Not defined	Not defined	Not defined
Exercise period	July 26, 2011 through July 25, 2041	July 27, 2012 through July 26, 2042	July 25, 2013 through July 24, 2043	August 1, 2014 through July 31, 2044	July 31, 2015 through July 30, 2045

	2016 Stock Options	2017 Stock Options	2018 Stock Options	2019 Stock Options	2020 Stock Options
Persons granted	12 directors of the Bank (excluding independent directors)	12 directors of the Bank (excluding independent directors)	6 directors of the Bank (excluding independent directors)	6 directors of the Bank (excluding independent directors)	6 directors of the Bank (excluding independent directors)
Number of options granted*	71,400 shares of common stock of the Bank	62,800 shares of common stock of the Bank	43,800 shares of common stock of the Bank	61,700 shares of common stock of the Bank	54,100 shares of common stock of the Bank
Date of grant	July 27, 2016	July 27, 2017	July 30, 2018	July 30, 2019	July 31, 2020
Vesting conditions	Not defined	Not defined	Not defined	Not defined	Not defined
Eligible service period	Not defined	Not defined	Not defined	Not defined	Not defined
Exercise period	July 28, 2016 through July 27, 2046	July 28, 2017 through July 27, 2047	July 31, 2018 through July 30, 2048	July 31, 2019 through July 30, 2049	August 1, 2020 through July 31, 2050

	2021 Stock Options	2022 Stock Options	2023 Stock Options	2024 Stock Options	2025 Stock Options
Persons granted	6 directors of the Bank (excluding independent directors)	6 directors of the Bank (excluding independent directors)	6 directors of the Bank (excluding independent directors)	6 directors of the Bank (excluding independent directors)	6 directors of the Bank (excluding independent directors)
Number of options granted*	62,300 shares of common stock of the Bank	66,800 shares of common stock of the Bank	53,000 shares of common stock of the Bank	30,600 shares of common stock of the Bank	30,800 shares of common stock of the Bank
Date of grant	July 30, 2021	July 28, 2022	July 28, 2023	July 30, 2024	July 30, 2025
Vesting conditions	Not defined	Not defined	Not defined	Not defined	Not defined
Eligible service period	Not defined	Not defined	Not defined	Not defined	Not defined
Exercise period	July 31, 2021 through July 30, 2051	July 29, 2022 through July 28, 2052	July 29, 2023 through July 28, 2053	July 31, 2024 through July 30, 2054	July 31, 2025 through July 30, 2055

**The number of options is equal to and is shown as the number of shares.*

The stock option activities were as follows.

Number of stock options (in shares)	2011 Stock Options	2012 Stock Options	2013 Stock Options	2014 Stock Options	2015 Stock Options
Nonvested:					
Outstanding at April 1, 2024	-	-	-	-	-
Granted	-	-	-	-	-
Forfeited	-	-	-	-	-
Vested	-	-	-	-	-
Outstanding at March 31, 2025	-	-	-	-	-
Granted	-	-	-	-	-
Forfeited	-	-	-	-	-
Vested	-	-	-	-	-
Outstanding at March 31, 2026	-	-	-	-	-
Vested:					
Outstanding at April 1, 2024	15,800	16,200	14,700	14,600	12,600
Vested	-	-	-	-	-
Exercised	-	-	-	-	-
Forfeited	-	-	-	-	-
Outstanding at March 31, 2025	15,800	16,200	14,700	14,600	12,600
Vested	-	-	-	-	-
Exercised	11,400	11,900	9,100	9,000	8,900
Forfeited	-	-	-	-	-
Outstanding at March 31, 2026	4,400	4,300	5,600	5,600	3,700

Number of stock options (in shares)	2016 Stock Options	2017 Stock Options	2018 Stock Options	2019 Stock Options	2020 Stock Options
Nonvested:					
Outstanding at April 1, 2024	-	-	-	-	-
Granted	-	-	-	-	-
Forfeited	-	-	-	-	-
Vested	-	-	-	-	-
Outstanding at March 31, 2025	-	-	-	-	-
Granted	-	-	-	-	-
Forfeited	-	-	-	-	-
Vested	-	-	-	-	-
Outstanding at March 31, 2026	-	-	-	-	-
Vested:					
Outstanding at April 1, 2024	18,600	20,100	16,400	24,500	32,000
Vested	-	-	-	-	-
Exercised	-	-	-	-	-
Forfeited	-	-	-	-	-
Outstanding at March 31, 2025	18,600	20,100	16,400	24,500	32,000
Vested	-	-	-	-	-
Exercised	13,100	11,400	10,800	15,800	16,300
Forfeited	-	-	-	-	-
Outstanding at March 31, 2026	5,500	8,700	5,600	8,700	15,700

Number of stock options (in shares)	2021 Stock Options	2022 Stock Options	2023 Stock Options	2024 Stock Options	2025 Stock Options
Nonvested:					
Outstanding at April 1, 2024	-	-	-	-	-
Granted	-	-	-	30,600	-
Forfeited	-	-	-	-	-
Vested	-	-	-	30,600	-
Outstanding at March 31, 2025	-	-	-	-	-
Granted	-	-	-	-	30,800
Forfeited	-	-	-	-	-
Vested	-	-	-	-	30,800
Outstanding at March 31, 2026	-	-	-	-	-
Vested:					
Outstanding at April 1, 2024	46,100	52,000	53,000	-	-
Vested	-	-	-	30,600	-
Exercised	-	-	-	-	-
Forfeited	-	-	-	-	-
Outstanding at March 31, 2025	46,100	52,000	53,000	30,600	-
Vested	-	-	-	-	30,800
Exercised	19,300	17,200	19,500	11,200	-
Forfeited	-	-	-	-	-
Outstanding at March 31, 2026	26,800	34,800	33,500	19,400	30,800

Unit price information:

	2011 Stock Options	2012 Stock Options	2013 Stock Options	2014 Stock Options	2015 Stock Options
Exercise price	¥1	¥1	¥1	¥1	¥1
Average stock price at exercise	¥692	¥692	¥692	¥692	¥692
Fair value at grant date	¥302	¥300	¥404	¥396	¥578

	2016 Stock Options	2017 Stock Options	2018 Stock Options	2019 Stock Options	2020 Stock Options
Exercise price	¥1	¥1	¥1	¥1	¥1
Average stock price at exercise	¥692	¥692	¥692	¥692	¥692
Fair value at grant date	¥377	¥433	¥480	¥303	¥293

	2021 Stock Options	2022 Stock Options	2023 Stock Options	2024 Stock Options	2025 Stock Options
Exercise price	¥1	¥1	¥1	¥1	¥1 ($0.01)
Average stock price at exercise	¥692	¥692	¥692	¥692	-
Fair value at grant date	¥267	¥294	¥424	¥606	¥672 ($4.20)

The method and assumptions used to measure the fair value of stock options granted for the years ended March 31, 2026 and 2025 were as follows.

1) 2025 stock options:

Estimation method:	Black-Scholes option pricing model
Volatility of stock price (Note 1):	28.13%
Estimated remaining outstanding period (Note 2):	5.25 years
Estimated dividend (Note 3):	¥21.0 ($0.13) per share
Risk free interest rate (Note 4):	1.11%

Notes:

1. *Volatility was computed based on actual stock prices during the period corresponding to the estimated remaining outstanding period from May 2020 through July 2025.*
2. *The estimated remaining outstanding period was determined by calculating the period from the date of allotment of the stock options until the first election after each present director's age exceeds the average retirement age of the retired directors with titles and directors who concurrently served as executive officers during the past 10 years, and averaging them. If the current age of a present director exceeds the average retirement age in the past, the period from the date of allotment of the stock options until the next election is used.*
3. *The estimated dividend was determined using the actual dividend payments for the year ended March 31, 2025.*
4. *The risk free interest rate is the yield on Japanese government bonds corresponding to the estimated remaining outstanding period.*

2) 2024 stock options:

Estimation method:	Black-Scholes option pricing model
Volatility of stock price (Note 1):	24.75%
Estimated remaining outstanding period (Note 2):	2.92 years
Estimated dividend (Note 3):	¥15.0 per share
Risk free interest rate (Note 4):	0.40%

Notes:

1. *Volatility was computed based on actual stock prices during the period corresponding to the estimated remaining outstanding period from August 2021 through July 2024.*
2. *The estimated remaining outstanding period was determined by calculating the period from the date of allotment of the stock options until the first election after each present director's age exceeds the average retirement age of the retired directors with titles and directors who concurrently served as executive officers during the past 10 years, and averaging them. If the current age of a present director exceeds the average retirement age in the past, the period from the date of allotment of the stock options until the next election is used.*
3. *The estimated dividend was determined using the actual dividend payments for the year ended March 31, 2024.*
4. *The risk free interest rate is the yield on Japanese government bonds corresponding to the estimated remaining outstanding period.*

14. Loan Commitments

Contracts for overdraft facilities and loan commitment limits represent the maximum amounts the Bank will lend to customers in response to the customers' applications for loans, provided that there are no violations of any conditions in the applicable contracts. At March 31, 2026 and 2025, the total unused amount within the limits of these contracts was ¥1,232,966 million ($7,711,822 thousand) and ¥1,192,037 million, respectively. These unused amounts included amounts related to contracts which will expire within one year or are revocable by the Bank at any time without any conditions in the amount of ¥1,180,747 million ($7,385,212 thousand) and ¥1,122,375 million at March 31, 2026 and 2025, respectively.

Since many of these commitments expire without being drawn down, an unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that permit the Bank to refuse the customers' applications for loans or decrease the contract limit for proper reasons (e.g., changes in the financial situation, deterioration in the customer's creditworthiness or the like). As a condition to entering a contract, the Bank may obtain collateral in the form of real estate, securities, etc., if considered necessary. During the term of the contract, the Bank performs periodic reviews of the customers' business based on internal rules and may take necessary measures that include reconsidering the conditions under the contract and/or requiring additional collateral and/or guarantees.

15. Leases

(1) Finance leases

As a lessor:

Lease investment assets at March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Gross lease receivables	¥ 27,047	¥ 27,601	$ 169,172
Estimated residual values	1,207	1,289	7,552
Unearned interest income	(2,154)	(2,116)	(13,476)
Lease investment assets	¥ 26,100	¥ 26,774	$ 163,248

Lease receivables which arose under transferable finance leases that mature subsequent to March 31, 2026 and 2025 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Due within one year	¥ 1,036	¥ 1,201	$ 6,481
More than one year, but within two years	893	907	5,589
More than two years, but within three years	821	771	5,135
More than three years, but within four years	454	684	2,844
More than four years, but within five years	261	313	1,633
More than five years	809	711	5,063
Lease receivables	¥ 4,276	¥ 4,588	$ 26,745

Gross lease receivables under nontransferable finance leases that mature subsequent to March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Due within one year	¥ 8,161	¥ 8,338	$ 51,045
More than one year, but within two years	6,672	6,668	41,735
More than two years, but within three years	5,001	5,147	31,280
More than three years, but within four years	3,493	3,375	21,849
More than four years, but within five years	1,877	2,011	11,743
More than five years	1,841	2,058	11,520
Gross lease receivables of lease investment assets	¥ 27,047	¥ 27,601	$ 169,172

(2) Operating leases

Future minimum lease payments under non-cancellable operating lease transactions were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
As lessee:			
Due within one year	¥ 254	¥ 583	$ 1,593
Due after one year	869	947	5,439
	¥ 1,124	¥ 1,531	$ 7,032
As lessor:			
Due within one year	¥ 978	¥ 929	$ 6,120
Due after one year	1,416	1,332	8,860
	¥ 2,395	¥ 2,262	$ 14,980

(3) Subleases

Sublease related amounts before deducting interest equivalent amounts recorded in the consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Lease investment assets	¥ 88	¥ 115	$ 553
Lease obligations	88	115	553

16. Derivative Instruments

Derivative instruments involve, in varying degrees, elements of credit and market risk. The Hyakugo Bank Group is exposed to credit loss in the event of nonperformance by the counterparties. However, the Hyakugo Bank Group has not faced and does not expect such nonperformance.

Derivative contracts to which hedge accounting was not applied:

With respect to derivatives to which hedge accounting was not applied, the contract amounts or notional principal amounts as defined in the applicable contracts, the fair values and valuation gains (losses) as of March 31, 2026 and 2025 are set forth in the table below. Note that the contract amounts do not represent the market risk exposure of the derivative transactions themselves.

	Contract amounts	Fair value	Valuation gains (losses)
	Millions of yen		
At March 31, 2026			
Interest rate contracts:			
Swaps	¥ 33,842	¥ 133	¥ 133
Foreign exchange contracts:			
Currency swaps	160,231	(2,818)	(2,818)
Forwards	153,217	(3,716)	(3,716)
Currency options	44,579	-	164
Earthquake derivatives	600	-	-
At March 31, 2025			
Interest rate contracts:			
Swaps	¥ 33,942	¥ 153	¥ 153
Foreign exchange contracts:			
Currency swaps	176,208	813	813
Forwards	185,290	3,415	3,415
Currency options	45,610	-	200
Earthquake derivatives	700	(0)	-
	Thousands of U.S. dollars		
At March 31, 2026			
Interest rate contracts:			
Swaps	$ 211,675	$ 834	$ 834
Foreign exchange contracts:			
Currency swaps	1,002,196	(17,629)	(17,629)
Forwards	958,330	(23,248)	(23,248)
Currency options	278,830	-	1,030
Earthquake derivatives	3,753	-	-

Notes:

1. The above transactions have been stated at fair value, and valuation gains (losses) have been recorded in the consolidated statements of income.

2. The fair value has been determined using the discounted present value.

3. Since the fair value of earthquake derivatives is difficult to calculate, the acquisition cost is presented as the fair value.

Derivative contracts to which hedge accounting was applied:

With respect to derivatives to which hedge accounting was applied, the contract amounts or notional principal amounts as defined in the applicable contracts and the fair values by transaction type and accounting method as of March 31, 2026 and 2025 are set forth the table below. Note that the contract amounts do not represent the market risk exposure of the derivative transactions themselves.

Hedge accounting method	Transaction type	Major hedged items	Contract amount	Contract amount due after one year	Fair value
			Millions of yen		
At March 31, 2026					
Deferral method	Interest rate swaps: Receivable floating rate/ payable fixed rate	Securities, loans and bills discounted	¥ 152,244	¥ 141,274	¥ 5,956
Interest rate swaps meeting certain conditions	Interest rate swaps: Receivable floating rate/ payable fixed rate	Loans and bills discounted	38	-	*See Note 2*
Deferral method	Foreign currency swaps:		55,367	39,379	(7,609)
	Foreign currency forward contracts:	Loans and bills discounted	-	-	-
At March 31, 2025					
Deferral method	Interest rate swaps: Receivable floating rate/ payable fixed rate	Securities, loans and bills discounted	¥ 98,675	¥ 94,182	¥ 2,699
Interest rate swaps meeting certain conditions	Interest rate swaps: Receivable floating rate/ payable fixed rate	Loans and bills discounted	168	76	*See Note 2*
Deferral method	Foreign currency swaps:		51,715	36,763	(7,580)
	Foreign currency forward contracts:	Loans and bills discounted	-	-	-

Hedge accounting method	Transaction type	Major hedged items	Contract amount	Contract amount due after one year	Fair value
			Thousands of U.S. dollars		
At March 31, 2026					
Deferral method	Interest rate swaps: Receivable floating rate/ payable fixed rate	Securities, loans and bills discounted	$ 883,626	$ 37,259	$ 37,259
Interest rate swaps meeting certain conditions	Interest rate swaps: Receivable floating rate/ payable fixed rate	Loans and bills discounted	241	-	*See Note 2*
Deferral method	Foreign currency swaps:		346,306	246,306	(47,598)
	Foreign currency forward contracts:	Loans and bills discounted	-	-	-

Notes:

1. *Gains and losses on the above contracts are deferred until the maturity of the hedged items pursuant to "Accounting and Auditing Treatment of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA's Industry Audit Committee Practical Guidance No. 24 of March 17, 2022).*
2. *With respect to interest rate swap contracts which meet certain conditions, the fair value of the interest rate swap contract is considered part of the fair value of the relevant loan or bill discounted described in Note 3, "Financial Instruments and Related Disclosures," since such interest rate swap contracts are used for recording loans and bills discounted as hedged items.*
3. *With respect to foreign currency related contracts, the deferral method of hedge accounting is principally applied in accordance with the "Accounting and Auditing Treatment of Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA's Industry Audit Committee Practical Guidance No. 25 of October 8, 2020).*

17. Income Taxes

At March 31, 2026 and 2025, income taxes (including local taxes) payable in the amount of ¥18,906 million ($118,256 thousand) and ¥2,712 million, respectively, were included in "other liabilities" in the accompanying consolidated balance sheets.

At March 31, 2026 and 2025, the tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax assets:			
Allowance for loan losses	¥ 7,998	¥ 8,120	$ 50,025
Deferred losses on hedges	230	241	1,442
Valuation loss on securities	739	805	4,623
Provision for reimbursement of deposits	605	1,891	3,790
Others	4,993	2,570	31,230
Subtotal	14,566	13,627	91,110
Less valuation allowance	(1,200)	(1,278)	(7,506)
Total deferred tax assets	13,366	12,349	83,604
Net of deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(65,476)	(42,701)	(409,533)
Retirement benefits	(11,923)	(18,788)	(74,577)
Deferred gains on hedges	(1,974)	(1,024)	(12,351)
Others	(1,408)	(1,013)	(8,808)
Total deferred tax liabilities	(80,782)	(63,527)	(505,269)
Net deferred tax assets (liabilities)	¥ (67,415)	¥ (51,178)	$ (421,665)

The reconciliation between the Japanese statutory tax rate and the effective tax rate reflected in the consolidated statements of income for the year ended March 31, 2026 was as follows:

	Percentage of pretax income
Statutory tax rate	30.19%
Increase (decrease) due to:	
Permanently nondeductible expenses	0.28%
Tax exempt income	(1.55)%
Local minimum taxes per capita levy	0.15%
Changes in valuation allowance	(0.20)%
Other	(1.67)%
Effective tax rate	27.20%

The reconciliation between the Japanese statutory tax rate and the effective tax rate reflected in the consolidated statements of income for the year ended March 31, 2025 was not presented because the difference was less than 5% of the statutory tax rate.

18. Revenue Recognition

(1) Information on disaggregated revenue from contracts with customers

Year ended March 31, 2026	Reportable segment: Banking business	Reportable segment: Leasing	Reportable segment: Total	Others	Total
	Millions of yen				
Fees and Commissions Income					
Deposit-taking business	¥ 1,991	¥ -	¥ 1,991	¥ 251	¥ 2,242
Lending business	3,123	-	3,123	-	3,123
Foreign exchange business	3,270	-	3,270	-	3,270
Securities-related business	1,823	-	1,823	1,981	3,805
Agency business	298	-	298	-	298
Custody, safe-deposit boxes	117	-	117	-	117
Insurance sales	749	-	749	-	749
Other	3,312	-	3,312	1,848	5,160
Ordinary income from contracts with customers	¥ 14,685	¥ -	¥ 14,685	¥ 4,081	¥ 18,767
Other ordinary income	124,895	17,084	141,979	1,652	143,631
Ordinary income from external customers	¥ 139,581	¥ 17,084	¥ 156,665	¥ 5,733	¥ 162,399

Year ended March 31, 2025	Reportable segment: Banking business	Reportable segment: Leasing	Reportable segment: Total	Others	Total
	Millions of yen				
Fees and Commissions Income					
Deposit-taking business	¥ 1,902	¥ -	¥ 1,902	¥ 231	¥ 2,134
Lending business	4,198	-	4,198	-	4,198
Foreign exchange business	3,132	-	3,132	-	3,132
Securities-related business	1,531	-	1,531	1,544	3,075
Agency business	253	-	253	-	253
Custody, safe-deposit boxes	124	-	124	-	124
Insurance sales	1,028	-	1,028	-	1,028
Other	3,386	-	3,386	2,019	5,405
Ordinary income from contracts with customers	¥ 15,558	¥ -	¥ 15,558	¥ 3,795	¥ 19,354
Other ordinary income	87,194	16,568	103,763	1,374	105,137
Ordinary income from external customers	¥ 102,753	¥ 16,568	¥ 119,322	¥ 5,169	¥ 124,491

Year ended March 31, 2026	Reportable segment: Banking business	Reportable segment: Leasing	Reportable segment: Total	Others	Total
	Thousands of U.S. dollars				
Fees and Commissions Income					
Deposit-taking business	$ 12,453	$ -	$ 12,453	$ 1,574	$ 14,027
Lending business	19,535	-	19,535	-	19,535
Foreign exchange business	20,458	-	20,458	-	20,458
Securities-related business	11,403	-	11,403	12,397	23,800
Agency business	1,870	-	1,870	-	1,870
Custody, safe-deposit boxes	732	-	732	-	732
Insurance sales	4,685	-	4,685	-	4,685
Other	20,719	-	20,719	11,560	32,279
Ordinary income from contracts with customers	$ 91,855	$ -	$ 91,855	$ 25,531	$ 117,386
Other ordinary income	781,182	106,858	888,040	10,333	898,373
Ordinary income from external customers	$ 873,037	$ 106,858	$ 979,895	$ 35,864	$ 1,015,759

(Note) "Other" refers to business segments that do not belong to any other reportable segment and include credit card business and financial instrument business.

(2) Basic information to understand revenue from contracts with customers

This information is omitted as it is presented in (r) "Accounting for revenue and costs" under Note 2 "Summary of Significant Accounting Policies."

19. Subsequent Events

Acquisition of treasury stock

The Bank resolved, at the Board of Directors meeting held on May 12, 2026, to acquire treasury stock pursuant to Article 156 of the Companies Act, as applied by reference to Article 165, Paragraph 3 of the same Act.

1. Reason for acquisition of treasury stock
   In order to implement a flexible capital policy in response to changes in the business environment

2. Details of the acquisition

(1)	Type of shares to be acquired:	Common stock
(2)	Total number of shares to be acquired:	Up to 2,000,000 shares (Ratio to the total number of shares issued (excluding treasury stock): 0.82%)
(3)	Total amount of shares to be acquired:	Up to ¥2.5 billion ($15,637 thousand)
(4)	Period of share acquisition:	From May 13, 2026 to September 30, 2026
(5)	Method of acquisition:	Purchase on the Tokyo Stock Exchange

Appropriation of retained earnings

The shareholders of the Bank approved the following appropriation of retained earnings at the annual general shareholders' meeting on June 24, 2026.

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥21.00 ($0.13) per share)	¥ 5,096	$ 31,874

20. Segment Information

(a) Description of reportable segments

The reportable segments of the Hyakugo Bank Group are business units for which separate financial information is available and whose results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to such segments.

The Hyakugo Bank Group's business centers on banking operations, but the Hyakugo Bank Group also engages in financial service operations, such as leasing operations.

The Hyakugo Bank Group's segments are based on its business activities related to financial services, and its reportable segments comprise the "banking" and "leasing" segments.

The "banking" segment includes deposit taking and lending operations, and the "leasing" segment includes leasing operations.

(b) Methods of measurement for the amounts of ordinary income, profit (loss), assets and other items for each reportable segment

The accounting treatment of the business segments reported in this section is the same as that stated in Note 2, "Summary of Significant Accounting Policies." Segment profit is based on ordinary profit, which represents ordinary income less ordinary expenses. Ordinary income represents total income less special gains included in other income. Ordinary expenses represent total expenses less special losses included in other expenses.

Intersegment ordinary income is valued at market prices.

(c) Ordinary income, profit (loss), assets and other items.

For the year ended March 31, 2026

	Reportable segments			Others	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
	Millions of yen						
Ordinary income:							
External customers	¥ 139,581	¥ 17,084	¥ 156,665	¥ 5,733	¥ 162,399	¥ -	¥ 162,399
Intersegment	980	266	1,247	1,419	2,667	(2,667)	-
Total	140,561	17,350	157,912	7,153	165,066	(2,667)	162,399
Segment profit	¥ 35,389	¥ 715	¥ 36,104	¥ 1,611	¥ 37,715	¥ (683)	37,032
Special gains (losses), net							(163)
Income before income taxes							¥ 36,869
Segment assets	¥ 7,601,965	¥ 48,917	¥ 7,650,882	¥ 28,042	¥ 7,678,925	¥ (48,320)	¥ 7,630,605
Others:							
Depreciation	3,131	823	3,954	83	4,038	-	4,038
Interest income	102,218	113	102,331	167	102,499	(892)	101,606
Interest expense	23,685	288	23,974	-	23,974	(225)	23,748
Special gain	-	-	-	-	-	-	-
Special loss:	158	-	158	4	163	-	163
Loss on disposal of fixed assets	124	-	124	3	128	-	128
Impairment loss	33	-	33	-	33	-	33
Provision of reserves under special laws	-	-	-	1	1	-	1
Income tax expense	9,366	213	9,580	448	10,029	0	10,029
Amount of increase in tangible and intangible fixed assets (capital expenditure)	3,469	1,275	4,745	120	4,865	-	4,865

Notes:

(1) The "others" business segment includes credit card operations and financial instruments business operations.

(2) Reconciliations consist of the following:

a. Reconciliation of segment profit of ¥(683) million consists of elimination of intersegment profits.

b. Reconciliation of segment assets of ¥(48,320) million consists of elimination of intersegment assets.

c. Reconciliation of interest income of ¥(892) million consists of elimination of intersegment interest income.

d. Reconciliation of interest expense of ¥(225) million consists of elimination of intersegment interest expense.

For the year ended March 31, 2025

	Reportable segments			Others	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
	Millions of yen						
Ordinary income:							
External customers	¥ 102,753	¥ 16,568	¥ 119,322	¥ 5,169	¥ 124,491	¥ -	¥ 124,491
Intersegment	1,005	252	1,258	1,254	2,513	(2,513)	-
Total	103,759	16,821	120,580	6,424	127,005	(2,513)	124,491
Segment profit	¥ 24,679	¥ 694	¥ 25,373	¥ 940	¥ 26,314	¥ (609)	25,704
Special gains (losses), net							(259)
Income before income taxes							¥ 25,444
Segment assets	¥ 7,407,405	¥ 48,807	¥ 7,456,212	¥ 24,758	¥ 7,480,970	¥ (47,749)	¥ 7,433,220
Others:							
Depreciation	2,966	811	3,777	77	3,854	-	3,854
Interest income	82,303	90	82,393	123	82,517	(740)	81,776
Interest expense	15,119	171	15,290	0	15,290	(134)	15,155
Special gain:	37	-	37	-	37	-	37
Gain on disposal of fixed assets	37	-	37	-	37	-	37
Special loss:	296	-	296	0	297	-	297
Loss on disposal of fixed assets	296	-	296	0	296	-	296
Impairment loss	-	-	-	-	-	-	-
Provision of reserves under special laws	-	-	-	0	0	-	0
Income tax expense	6,907	203	7,110	291	7,401	0	7,401
Amount of increase in tangible and intangible fixed assets (capital expenditure)	5,343	1,040	6,384	53	6,437	-	6,437

Notes:
(1) The "others" business segment includes credit card operations and financial instruments business operations.
(2) Reconciliations consist of the following:
a. Reconciliation of segment profit of ¥(609) million consists of elimination of intersegment profits.
b. Reconciliation of segment assets of ¥(47,749) million consists of elimination of intersegment assets.
c. Reconciliation of interest income of ¥(740) million consists of elimination of intersegment interest income.
d. Reconciliation of interest expense of ¥(134) million consists of elimination of intersegment interest expense.

For the year ended March 31, 2026

	Reportable segments			Others	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
	Thousands of U.S. dollars						
Ordinary income:							
External customers	$ 873,037	$ 106,858	$ 979,895	$ 35,864	$ 1,015,759	$ -	$ 1,015,759
Intersegment	6,135	1,667	7,802	8,880	16,682	(16,682)	-
Total	879,172	108,525	987,697	44,744	1,032,441	(16,682)	1,015,759
Segment profit	$ 221,349	$ 4,473	$ 225,822	$ 10,078	$ 235,900	$ (4,275)	$ 231,625
Special gains (losses), net							(1,021)
Income before income taxes							$ 230,604
Segment assets	$ 47,547,948	$ 305,961	$ 47,853,909	$ 175,398	$ 48,029,307	$ (302,228)	$ 47,727,079
Others:							
Depreciation	19,584	5,151	24,735	522	25,257	-	25,257
Interest income	639,342	709	640,051	1,049	641,100	(5,580)	635,520
Interest expense	148,146	1,805	149,951	-	149,951	(1,413)	148,538
Special gain	-	-	-	-	-	-	-
Special loss:	993	-	993	27	1,020	-	1,020
Loss on disposal of fixed assets	782	-	782	19	801	-	801
Impairment loss	211	-	211	-	211	-	211
Provision of reserves under special laws	-	-	-	8	8	-	8
Income tax expense	58,585	1,336	59,921	2,808	62,729	0	62,729
Amount of increase in tangible and intangible fixed assets (capital expenditure)	21,704	7,980	29,684	751	30,435	-	30,435

Notes:

(1) The "others" business segment includes credit card operations and financial instruments business operations.

(2) Reconciliations consist of the following:

a. Reconciliation of segment profit of $(4,275) thousand consists of elimination of intersegment profits.

b. Reconciliation of segment assets of $(302,228) thousand consists of elimination of intersegment assets.

c. Reconciliation of interest income of $(5,580) thousand consists of elimination of intersegment interest income.

d. Reconciliation of interest expense of $(1,413) thousand consists of elimination of intersegment interest expense.

(d) Related information

a. Information for individual services

	Loan business	Securities investment	Leasing	Others	Total
	Millions of yen				
Ordinary income from external customers:					
For the year ended March 31, 2026	¥ 66,543	¥ 56,548	¥ 17,084	¥ 22,223	¥ 162,399
For the year ended March 31, 2025	¥ 56,421	¥ 31,813	¥ 16,568	¥ 19,688	¥ 124,491
	Thousands of U.S. dollars				
For the year ended March 31, 2026	$ 416,210	$ 353,691	$ 106,858	$ 139,000	$ 1,015,759

b. Geographical information

(1) Ordinary income

Geographical information for ordinary income for each of the years ended March 31, 2026 and 2025 was not disclosed because the income from external customers located in Japan was more than 90% of total ordinary income.

(2) Tangible fixed assets

Geographical information for tangible fixed assets for each of the years ended March 31, 2026 and 2025 was not disclosed because the assets located in Japan were more than 90% of total tangible fixed assets.

c. Main customers

Information for main customers for each of the years ended March 31, 2026 and 2025 was not disclosed because the Hyakugo Bank Group had no customers which accounted for 10% or more of total ordinary income.

(e) Impairment loss on fixed assets for reportable segments

	Reportable segments			Others	Total
	Banking	Leasing	Total		
	Millions of yen				
Impairment loss:					
For the year ended March 31, 2026	¥ 33	¥ -	¥ 33	¥ -	¥ 33
For the year ended March 31, 2025	¥ -	¥ -	¥ -	¥ -	¥ -
	Thousands of U.S. dollars				
For the year ended March 31, 2026	$ 211	$ -	$ 211	$ -	$ 211

21. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Valuation difference on available-for-sale securities:			
Gain (loss) incurred during the year	¥ 74,306	¥ (88,949)	$ 464,765
Reclassification adjustment to net income	(1,001)	803	(6,262)
Amount before tax effect	73,305	(88,145)	458,503
Tax effect	(22,774)	25,307	(142,450)
Valuation difference on available-for-sale-securities	50,530	(62,838)	316,053
Deferred gains/losses on hedges:			
Gain (loss) incurred during the year	1,319	(1,646)	8,254
Reclassification adjustment to net income	1,772	1,510	11,087
Amount before tax effect	3,092	(136)	19,341
Tax effect	(961)	18	(6,011)
Deferred gains/losses on hedges	2,131	(117)	13,330
Revaluation reserve for land:			
Gain (loss) incurred during the year	-	-	-
Reclassification adjustment to net income	-	-	-
Amount before tax effect	-	-	-
Tax effect	-	(72)	-
Revaluation reserve for land	-	(72)	-
Retirement benefit adjustments:			
Gain (loss) incurred during the year	15,899	(11,579)	99,447
Reclassification adjustment to net income	(977)	(2,971)	(6,112)
Amount before tax effect	14,922	(14,551)	93,335
Tax effect	(4,637)	4,272	(29,008)
Retirement benefits adjustment	10,284	(10,279)	64,327
Total other comprehensive income (loss)	¥ 62,946	¥ (73,306)	$ 393,710

22. Per Share Information

Net assets per share at March 31, 2026 and 2025 and net income per share for the years then ended were as follows:

	Yen		U.S. dollars
	2026	2025	2026
Net assets per share	¥ 2,128.68	¥ 1,770.15	$ 13.31
Net income per share – basic	110.30	72.87	0.69
Net income per share – diluted	110.19	72.77	0.69

Computing the above per share data was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
(Net assets per share)			
Net assets per balance sheet	¥ 516,650	¥ 435,449	$ 3,231,490
Amounts to be attributed to subscription rights to shares	(89)	(137)	(557)
Net assets attributed to common stock	516,561	435,312	3,230,933
Outstanding number of common stocks at end of year (unit: thousand shares)	242,667	245,917	
(Net income per share - basic)			
Net income attributable to owners of the parent per income statement	26,839	18,042	167,875
Net income attributable to owners of the parent regarding common stock	26,839	18,042	167,875
Average outstanding number of shares during the year (unit: thousand shares)	243,325	247,578	
(Net income per share - diluted)			
Increase in common stock (unit: thousand shares)	251	358	
Of which, subscription rights to shares (unit: thousand shares)	251	358	

23. Related Party Transactions

Transactions between the Bank and related parties (officers and major individual shareholders, etc. of the Bank) for the years ended March 31, 2026 and 2025 were as follows:

For the year ended March 31, 2026

Type	Name	Address	Capital stock	Business description or occupation	Ratio of voting rights ownership (%)	Relationship with related parties
Companies, etc. in which close relatives of officers own a majority of voting rights	MEIWA Co., Ltd.	Meiwa-cho, Taki-gun, Mie Prefecture	¥20 million ($125 thousand)	General civil engineering and construction work	-	-

Details of transaction	Transaction amount		Account item	Balance as of March 31, 2026
Loan of funds	Average balance:	¥133 million ($832 thousand)	Loans and bills discounted	¥126 million ($788 thousand)
	Interest on loans and bills discounted:	¥2 million ($13 thousand)		

Notes:
1. MEIWA Co., Ltd. is a company in which a close relative of Corporate Auditor Masato Urade owns a majority of the voting rights.
2. Transaction terms and conditions and policy for determining transaction terms and conditions
Transactions are conducted in accordance with the transaction standards established by the Bank.
The policy for determining transaction terms and conditions is the same as that applied to general transactions.

For the year ended March 31, 2025

Type	Name	Address	Capital stock	Business description or occupation	Ratio of voting rights ownership (%)	Relationship with related parties
Companies, etc. in which close relatives of officers own a majority of voting rights	MEIWA Co., Ltd.	Meiwa-cho, Taki-gun, Mie Prefecture	¥20 million	General civil engineering and construction work	-	-

Details of transaction	Transaction amount		Account item	Balance as of March 31, 2025
Loan of funds	Average balance:	¥143 million	Loans and bills discounted	¥139 million
	Interest on loans and bills discounted:	¥1 million		

Notes:
1. MEIWA Co., Ltd. is a company in which a close relative of Corporate Auditor Masato Urade owns a majority of the voting rights.
2. Transaction terms and conditions and policy for determining transaction terms and conditions
Transactions are conducted in accordance with the transaction standards established by the Bank.
The policy for determining transaction terms and conditions is the same as that applied to general transactions.

24. Financial Information of the Hyakugo Bank, Ltd. (Parent)

Presented below are the nonconsolidated balance sheets, nonconsolidated statements of income and changes in net assets of the Bank, the parent company.

Nonconsolidated Balance Sheets (Unaudited)
The Hyakugo Bank, Ltd. (Parent)
As of March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Assets:			
Cash and due from banks	¥ 655,876	¥ 663,111	$ 4,102,303
Call loans	6,842	2,631	42,800
Monetary claims bought	1,088	3,035	6,807
Trading account securities	107	85	670
Money held in trust	1,000	1,000	6,255
Securities	1,613,206	1,497,146	10,090,107
Loans and bills discounted	5,165,603	5,078,171	32,309,254
Foreign exchange	3,000	9,587	18,767
Other assets	42,450	60,905	265,513
Tangible fixed assets	40,102	41,107	250,830
Intangible fixed assets	5,714	4,509	35,745
Prepaid pension cost	44,673	41,196	279,418
Customers' liabilities for acceptances and guarantees	18,705	17,115	116,998
Allowance for loan losses	(24,900)	(25,757)	(155,742)
Total assets	¥ 7,573,471	¥ 7,393,846	$ 47,369,725
Liabilities:			
Deposits	¥ 6,086,188	¥ 5,984,365	$ 38,067,231
Negotiable certificates of deposit	192,268	170,515	1,202,580
Call money	-	80,000	-
Payables under securities lending transactions	182,918	153,547	1,144,100
Borrowed money	460,324	460,534	2,879,188
Foreign exchange	372	269	2,328
Other liabilities	84,487	60,590	528,441
Provision for employee retirement benefits	182	147	1,139
Provision for reimbursement of deposits	1,949	1,891	12,194
Provision for point card certificates	185	321	1,162
Provision for contingent loss	363	385	2,273
Deferred tax liabilities	59,271	47,732	370,723
Deferred tax liabilities for land revaluation	2,509	2,515	15,699
Acceptances and guarantees	18,705	17,115	116,997
Total liabilities	7,089,727	6,979,931	44,344,055
Net assets:			
Capital stock	20,000	20,000	125,094
Capital surplus	7,557	7,560	47,271
Retained earnings	309,329	289,620	1,934,760
Treasury stock	(7,181)	(4,789)	(44,920)
Total shareholders' equity	329,705	312,391	2,062,206
Valuation difference on available-for-sale securities	145,991	95,546	913,132
Deferred gains/losses on hedges	3,867	1,736	24,191
Revaluation reserve for land	4,090	4,102	25,585
Total valuation and translation adjustments	153,949	101,385	962,908
Stock acquisition rights	89	137	557
Total net assets	483,744	413,914	3,025,670
Total liabilities and net assets	¥ 7,573,471	¥ 7,393,846	$ 47,369,725

Nonconsolidated Statements of Income (Unaudited)
The Hyakugo Bank, Ltd. (Parent)
For the Years Ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Income:			
Interest income:			
Interest on loans and bills discounted	¥ 63,264	¥ 51,839	$ 395,700
Interest and dividends on securities	34,414	27,639	215,252
Interest on call loans	373	359	2,333
Others	4,230	2,554	26,460
Total interest income	102,282	82,393	639,745
Fees and commissions	15,495	16,654	96,919
Other operating income	68	225	427
Other income	22,788	4,619	142,536
Total income	140,634	103,892	879,627
Expenses:			
Interest expense:			
Interest on deposits	13,013	4,114	81,394
Interest on negotiable certificates of deposit	1,057	285	6,613
Interest on call money	657	1,001	4,110
Interest on payables under securities lending transactions	7,169	8,198	44,841
Interest on borrowings and rediscounts	0	0	1
Others	1,790	1,519	11,196
Total interest expense	23,687	15,119	148,155
Fees and commissions	6,424	6,176	40,186
Other operating expenses	28,789	16,065	180,072
General and administrative expenses	41,566	37,153	259,988
Provision of allowance for loan losses	3,197	3,683	19,997
Other expenses	1,808	1,318	11,312
Total expenses	105,474	79,518	659,710
Income before income taxes	35,160	24,374	219,917
Income taxes:			
Current	21,478	5,653	134,338
Deferred	(12,156)	1,209	(76,036)
Total income taxes	9,321	6,862	58,302
Net income	¥ 25,838	¥ 17,511	$ 161,615

Nonconsolidated Statements of Changes in Net Assets (Unaudited)
The Hyakugo Bank, Ltd. (Parent)
For the Years Ended March 31, 2026 and 2025

		Shareholders' equity					Valuation and translation adjustments					
	Number of shares of common stock issued	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Stock acquisition rights	Total net assets
		Millions of yen										
Balance at April 1, 2024	254,119,000	¥ 20,000	¥ 7,560	¥ 276,079	¥ (2,527)	¥ 301,111	¥ 158,376	¥ 1,853	¥ 4,166	¥ 164,396	¥ 119	¥ 465,627
Net income	-	-	-	17,511	-	17,511	-	-	-	-	-	17,511
Dividends from surplus	-	-	-	(3,962)	-	(3,962)	-	-	-	-	-	(3,962)
Reversal of revaluation reserve for land	-	-	-	(7)	-	(7)	-	-	-	-	-	(7)
Purchase of treasury stock	-	-	-	-	(2,261)	(2,261)	-	-	-	-	-	(2,261)
Disposal of treasury stock	-	-	0	-	0	0	-	-	-	-	-	0
Net changes in items other than shareholders' equity	-	-	-	-	-	-	(62,829)	(117)	(64)	(63,011)	18	(62,992)
Balance at March 31, 2025	254,119,000	¥ 20,000	¥ 7,560	¥ 289,620	¥ (4,789)	¥ 312,391	¥ 95,546	¥ 1,736	¥ 4,102	¥ 101,385	¥ 137	¥ 413,914
Net income	-	-	-	25,838	-	25,838	-	-	-	-	-	25,838
Dividends from surplus	-	-	-	(6,105)	-	(6,105)	-	-	-	-	-	(6,105)
Reversal of revaluation reserve for land	-	-	-	11	-	11	-	-	-	-	-	11
Purchase of treasury stock	-	-	-	-	(2,500)	(2,500)	-	-	-	-	-	(2,500)
Disposal of treasury stock	-	-	(2)	(35)	107	69	-	-	-	-	-	69
Net changes in items other than shareholders' equity	-	-	-	-	-	-	50,444	2,131	(11)	52,564	(48)	52,515
Balance at March 31, 2026	254,119,000	¥ 20,000	¥ 7,557	¥ 309,329	¥ (7,181)	¥ 329,705	¥ 145,991	¥ 3,867	¥ 4,090	¥ 153,949	¥ 89	¥ 483,744
		Thousands of U.S. dollars										
Balance at April 1, 2025		$ 125,094	$ 47,288	$ 1,811,486	$ (29,954)	$ 1,953,914	$ 597,617	$ 10,861	$ 25,657	$ 634,135	$ 861	$ 2,588,910
Net income		-	-	161,614	-	161,614	-	-	-	-	-	161,614
Dividends from surplus		-	-	(38,189)	-	(38,189)	-	-	-	-	-	(38,189)
Reversal of revaluation reserve for land		-	-	73		73	-	-	-	-	-	73
Purchase of treasury stock		-	-	-	(15,641)	(15,641)	-	-	-	-	-	(15,641)
Disposal of treasury stock		-	(17)	(224)	675	434	-	-	-	-	-	434
Net changes in items other than shareholders' equity		-	-	-	-	-	315,515	13,330	(72)	328,773	(304)	328,469
Balance at March 31, 2026		$ 125,094	$ 47,271	$ 1,934,760	$ (44,920)	$ 2,062,205	$ 913,132	$ 24,191	$ 25,585	$ 962,908	$ 557	$ 3,025,670

Independent Auditor’s Report

The Hyakugo Bank, Ltd. and its subsidiaries

For the Years ended March 31,
2026 and 2025

KPMG AZSA LLC
August 2026

KPMG

Independent auditor's report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026 and 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Reasonableness of the Company's judgments on the classification of borrowers	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated financial statements of the Group, for the year ended March 31, 2026, loans and bills discounted of ¥5,141,005 million are recognized, representing a significant proportion of total assets of ¥7,630,605 million. In addition,	In order to assess the reasonableness of the Company's judgments on the classification of borrowers, we performed the following procedures among others: **(1) Internal control testing** We assessed the design and operating effectiveness

allowance for loan losses of ¥26,649 million is recognized, mainly provided for loans and bills discounted. Of these amounts, loans and bills discounted of ¥5,165,603 million and allowance for loan losses of ¥24,900 million (including the intercompany balances for consolidated subsidiaries) are recognized in the Company's nonconsolidated balance sheet as at March 31, 2026, respectively. These balances are of significance to the consolidated financial statements of the Group. As described in Note 2.(v) "Significant accounting estimates" to the consolidated financial statements, the Company assessed asset quality based on its internal rules on self-assessment of asset quality. An allowance for loan losses is provided for each borrower category based on the result of the asset assessment in accordance with internal rules set out for write-offs and provisions of allowance. The classification of a borrower into a borrower category is based on parameters defined in the system using quantitative information such as financial information of the borrower, but also takes into account qualitative factors such as future projections of business performance, and accordingly involves subjective judgment of the Company's management. The classification of borrowers may have a significant impact on the consolidated financial position and financial performance of the Group, particularly with respect to: large borrowers with a significant amount of unsecured loans (downward change in the classification of the borrower may result in a significant change in allowance for loan losses of the Company); borrowers for whom the Company needs to make judgments based on the estimates of future events under their business improvement plans. We, therefore, determined that our assessment of the reasonableness of the Company's judgments on the classification of borrowers was of the most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	of relevant internal controls over the judgments on the classification of borrowers, performing procedures set out below: i. Evaluation of whether the relevant internal rules on self-assessment was set out in compliance with relevant accounting standards. ii. evaluation of the reliability of financial information of borrowers that were entered into the IT system. iii. evaluation relating to judgments on the classification of borrowers, including qualitative judgments. **(2) Substantive procedures relevant to the reasonableness of the judgments on the classification of borrowers** With respect to the reasonableness of the judgements on the classification of borrowers, we primarily performed the procedures set out below, and assessed quantitative and qualitative judgements on the classification of borrowers made by the Company, referring to the relevant internal rules on self-assessment; i. We selected certain borrowers to be assessed by us from among the borrowers of which downward change in the classification of the borrower may potentially impact allowance for loan losses of the Company, particularly with respect to the following: ・Large borrowers with a significant amount of unsecured loans, ・Borrowers, whose classification was determined based on their business improvement plans, ii. For the selected borrowers, we examined the analysis of their financial results performed by the Company by comparing it with their financial statements. iii. For the selected borrowers, we evaluated their current business conditions and future projections of business performance, by inspecting the self-assessment documents prepared by the Company and the documents that the Company obtained from them, as well as inquiring of relevant personnel. iv. For the selected borrowers whose classification was determined based on their business improvement plans, we evaluated the reasonableness and feasibility of those plans, primarily by analyzing the details of their

	countermeasures for business improvement, comparing the details of their plans with actual results in the past and available external information, and analyzing the progress of their plans.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited financial statements, but does not include the financial statements and our auditor's report thereon.We do not perform any work on the other information as we determine such information does not exist.

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

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

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

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

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

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an

opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 71 million yen and 2 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

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

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Tetsuya Nakamura

Designated Engagement Partner

Certified Public Accountant

Hideki Okada

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Nagoya Office, Japan

August 6, 2026