

ANNUAL REPORT 2026

THE OITA BANK,LTD.



THE OITA BANK,LTD.

OITA BANK PROFILE

The Oita Bank, Ltd., was founded in 1893 in Oita Prefecture, Kyushu, in the southwest of the Japanese archipelago. For more than a century, the Bank has provided outstanding financial services to individual and corporate clients, contributing significantly to the economic growth and prosperity of Oita Prefecture and the greater Kyushu region.

In Oita Prefecture, there was a steady stream of capital investment from some of the world's most prominent enterprises in the high-tech and automotive industries, which has had a major impact on the economy of the prefecture. At the same time, the prefecture continues to reinforce infrastructure to support its development as a hub of international business.

As the leading bank native to Oita Prefecture, the Oita Bank strives to strengthen its management structure and enhance financial services, thereby contributing to the region's prosperity.

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HEAD OFFICE



RED BRICK BUILDING

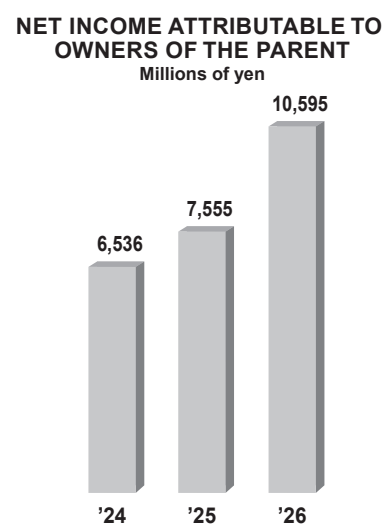
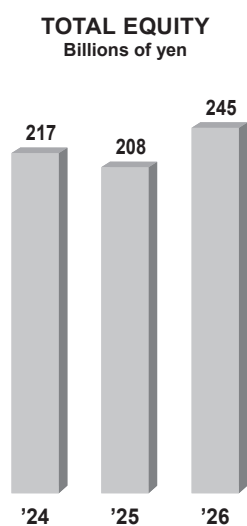
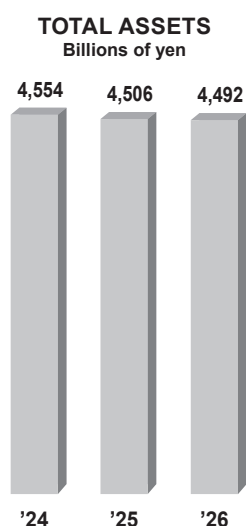


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CONSOLIDATED FINANCIAL HIGHLIGHTS

THE OITA BANK, LTD. and Consolidated Subsidiaries
Years Ended March 31, 2026, 2025 and 2024

	Millions of Yen		
	2026	2025	2024
Deposits	¥3,614,926	¥3,569,676	¥3,619,630
Loans and bills discounted	2,460,618	2,271,271	2,154,042
Investment securities	1,288,228	1,337,002	1,396,627
Common stock	19,598	19,598	19,598
Total equity	245,261	208,559	217,880
Total assets	4,492,353	4,506,698	4,554,183
Net income attributable to owners of the parent	10,595	7,555	6,536
Number of branches (Nonconsolidated)	93	93	93
Number of employees (Nonconsolidated)	1,495	1,526	1,573



Note: All graph figures are for the years ended March 31.

A Value-Creating Company that Enhances Regional Sustainability -Together with Stakeholders-

I would like to express my sincere gratitude to all our shareholders for their continued support.

During these two years since I was appointed President of Oita Bank, I have felt first-hand the results the Bank has produced through its focus on the “strong regional bank management,” which has been cultivated over many years. The heart of this “strong regional bank management” is, without a doubt, the creation of shared value (CSV). We will continue to flourish and grow together through co-creation with the regional community, as we work to solve challenges the community faces.

The perspectives of our shareholders and of future generations are vital to the sustainable growth of our Group and the enhanced resilience of the regional community. Above all, we recognize our employees, who are the starting point of our value creation, as our most important management resource. The business model we seek to implement puts employees at its center and defines customers, the regional community, employees, shareholders, and future generations as our stakeholders. To this end, we are working toward Vision 2031: “**A Value-Creating Company that Enhances Regional Sustainability -Together with Stakeholders-**.”

Meanwhile, we also recognize that there is room for improvement in terms of shareholder satisfaction. Since the fiscal year ended March 31, 2023, we have purchased treasury stock, steadily increased dividends, and reduced our cross-shareholdings ahead of schedule. Through our IR and SR activities, we continue to engage in dialogue with shareholders and investors while striving to meet the levels expected by the market.

In today's business environment, we find ourselves in an era of VUCA, marked by Japan's transition to a “world with interest rates” and rising geopolitical uncertainty. It is precisely because of these circumstances that our roles and significance as a regional financial institution are becoming more important than ever. While the outlook for the regional economy remains uncertain, it is precisely our responsibility to do our utmost to revitalize it, fueled by our love for our home region and a profound sense of mission.

We have entered the final year of our Medium-Term Management Plan 2024. To accelerate our efforts toward achieving the targets set by this plan and to reach new heights, we will strive to enhance our corporate value, guided by our management philosophy of making every effort to contribute to the prosperity of the regional community through our banking operations.

We ask our stakeholders for their continued understanding and support of the Bank's endeavors.

FY2025 (Year Ended March 31, 2026) Consolidated Operating Performance

Deposits

As of March 31, 2026, total deposits, including negotiable certificates of deposit, amounted to ¥3,614.9 billion, up ¥45.2 billion from one year earlier.

Loans and Bills Discounted

Total loans and bills discounted outstanding amounted to ¥2,460.6 billion on March 31, 2026, up ¥189.3 billion from one year earlier, owing to an increase in business loans and individual loans.

Investment Securities

Investment securities on March 31, 2026 totaled ¥1,288.2 billion, ¥48.7 billion lower than the previous fiscal year-end, partly due to decreases in local government bonds and corporate bonds.

Foreign Exchange

Foreign exchange transactions, including international trade transactions, overseas remittances and foreign currency deposits, totaled US\$1,516 million, US\$274 million lower than the previous fiscal year-end.

Earnings

Ordinary income was up ¥21,506 million year on year, to ¥99,429 million, due to such factors as increases in interest on securities, interest on loans and discounts, and gains on sales of stocks and other securities.

Ordinary profit was up ¥3,621 million year on year, to ¥14,710 million. Net income attributable to owners of the parent rose ¥3,040 million year on year to ¥10,595 million, partly due to an increase in ordinary profit.

Dividend Policy

○Dividend for the current fiscal year

In due consideration of its responsibility to the public as a financial institution, the Bank's fundamental dividend policy is stable and continuous profit distribution. To this end, we are striving to strengthen its financial structure by reinforcing the long-term stability of its management base, improving management efficiency and building sufficient reserves. In addition, we have set a target total payout ratio of 30% or more with respect to net income attributable to owners of the parent, through progressive dividend payments based on profit growth and flexible purchase of treasury stock.

After taking into consideration factors such as our earnings performance for FY2025 and our total payout ratio, we decided to pay a year-end dividend of ¥85 per share for this fiscal year, thereby making the annual dividend ¥170.

○Dividend for the next fiscal year

From FY2026 (the fiscal year ending March 31, 2027), in light of progress in strengthening its financial position and from the perspective of further enhancing returns to shareholders, the policy has been revised to “target a total payout ratio of 35% or more with respect to net income attributable to owners of parent, through progressive dividend payment based on profit growth and flexible purchase of treasury stock, with a dividend payout ratio of 30% or more as a guideline.”

Based on the aforementioned basic policy, we forecast an annual dividend per share of ¥50 for the next fiscal year (of which, ¥25 as an interim dividend). Please note that the Bank conducted a five-for-one stock split of its common shares effective April 1, 2026. On a pre-split basis, the annual dividend per share would be ¥250 (of which, ¥125 as an interim dividend).

Capital Adequacy Ratio

As of March 31, 2026, the Bank's capital adequacy ratio was 8.64% on a non-consolidated basis and 9.53% on a consolidated basis, both of which easily exceed the domestic standard of 4%.

For customers to be able to do transactions with us with peace of mind, we will strive to further increase our capital adequacy and strengthen our management structure.

Credit Rating

On September 29, 2000, the Bank attained an “A+” long-term issuer rating from Japan Credit Rating Agency, Ltd. (JCR), and the Bank has consistently maintained that rating for the 26 years since. This rank indicates “the highest level of certainty of an obligor to honor its financial obligations,” and, given that “A+” is the highest of the three kinds of “A,” the JCR rating attests to the stability and soundness of the Oita Bank.

Conclusion

Oita Bank recognizes its responsibilities as a regional bank with Oita Prefecture as its base of operations. Accordingly, we work proactively to contribute to regional communities through our banking operations.

We ask our stakeholders for their understanding and support of the Bank's endeavors.

August 2026

Tomiichiro Goto
Chairman

Yasuhide Takahashi
President

T. Goto

Y. Takahashi

Consolidated Balance Sheet

THE OITA BANK, LTD. and Consolidated Subsidiaries
March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
ASSETS:			
Cash and due from banks (Notes 21 and 22)	¥ 618,940	¥ 781,091	\$ 3,871,278
Call loans	3,037	5,681	18,995
Commercial paper and other debt purchased	1,535	2,210	9,600
Money held in trust (Note 5)	2,000	3,994	12,509
Investment securities (Notes 4, 6, 10 and 22)	1,288,228	1,337,002	8,057,468
Loans and bills discounted (Notes 6, 11 and 22)	2,460,618	2,271,271	15,390,405
Foreign exchange assets (Note 6)	6,064	3,945	37,928
Lease receivables and leased investment assets	20,575	18,510	128,690
Other assets (Notes 6 and 10)	44,005	41,438	275,237
Premises and equipment (Note 7)	29,908	29,368	187,065
Intangible assets (Note 8)	1,285	842	8,037
Asset for retirement benefits (Note 14)	23,081	17,051	144,364
Deferred tax assets (Note 18)	1,161	4,725	7,261
Customers' liabilities for acceptances and guarantees (Notes 6 and 9)	15,081	13,036	94,326
Reserve for loan losses (Notes 3 and 22)	(23,172)	(23,472)	(144,933)
TOTAL	¥4,492,353	¥4,506,698	\$28,098,279
LIABILITIES:			
Deposits (Notes 10, 12 and 22)	¥3,614,926	¥3,569,676	\$22,610,245
Payables under repurchase agreements (Note 10)	111,406	68,683	696,810
Payables under securities lending transactions (Note 10)	96,902	193,413	606,092
Borrowed money (Notes 10, 13 and 22)	327,992	386,883	2,051,488
Foreign exchange liabilities	82	29	512
Other liabilities	61,196	55,979	382,762
Liability for retirement benefits (Note 14)	4,544	5,332	28,421
Reserve for reimbursement of deposits	892	1,064	5,579
Deferred tax liabilities (Note 18)	10,042		62,809
Deferred tax liabilities for land revaluation excess	4,024	4,039	25,168
Acceptances and guarantees (Note 9)	15,081	13,036	94,326
Total liabilities	4,247,091	4,298,139	26,564,241
EQUITY (Notes 15 and 27):			
Common stock- authorized, 30,000,000 shares; issued, 15,693,634 shares in 2026 and in 2025 (*)	19,598	19,598	122,579
Capital surplus	13,768	13,768	86,114
Stock acquisition rights (Note 16)	289	271	1,807
Retained earnings	169,208	160,837	1,058,343
Treasury stock- at cost, 510,263 shares in 2026 and 314,659 shares in 2025 (*) ...	(2,403)	(1,624)	(15,030)
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities (Note 4)	21,836	1,346	136,577
Deferred gain (loss) on derivatives under hedge accounting (Note 23)	5,728	1,145	35,826
Land revaluation excess	7,657	7,672	47,892
Defined retirement benefit plans (Note 14)	9,480	5,474	59,294
Total	245,164	208,490	1,533,425
Noncontrolling interests	97	68	606
Total equity	245,261	208,559	1,534,031
TOTAL	¥4,492,353	¥4,506,698	\$28,098,279

(*) Shares have not reflected the five-for-one stock split effected April 1, 2026.
See notes to consolidated financial statements.

Consolidated Statement of Income

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
INCOME (Note 19):			
Interest on:			
Loans and discounts	¥31,953	¥25,846	\$199,856
Securities	29,582	22,260	185,026
Other	3,674	1,882	22,979
Total interest income (Note 24)	65,210	49,989	407,868
Fees and commissions	11,405	10,726	71,334
Other operating income	11,059	10,294	69,170
Gains on sales of stocks and other securities	11,506	6,709	71,966
Other income	268	236	1,676
Total income	99,449	77,955	622,022
EXPENSES:			
Interest on:			
Deposits	7,245	2,312	45,315
Securities sold under repurchase agreements	4,276	2,814	26,745
Borrowings and rediscounts	416	103	2,601
Other	1,801	958	11,264
Total interest expenses (Note 24)	13,739	6,188	85,933
Fees and commissions	2,302	2,241	14,398
Other operating expenses	38,700	28,718	242,056
General and administrative expenses (Note 17)	27,534	26,826	172,216
Provision of allowance for loan losses	958	774	5,991
Losses on sales of stocks and other securities	796	921	4,978
Impairment losses on stocks and other securities	367	459	2,295
Provision for reimbursement of deposits		476	
Impairment losses (Note 24)	125	30	781
Other expenses	373	262	2,332
Total expenses	84,898	66,899	531,010
INCOME BEFORE INCOME TAXES	14,551	11,056	91,012
INCOME TAXES (Note 18):			
Current	3,732	3,360	23,342
Deferred	243	140	1,519
Total income taxes	3,975	3,500	24,862
NET INCOME	10,575	7,555	66,143
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS ...	(19)	0	(118)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥10,595	¥ 7,555	\$ 66,268
	Yen		U.S. Dollars
	2026	2025	2026
PER SHARE OF COMMON STOCK (Notes 2.s and 26):			
Basic net income (*1)	¥139.79	¥ 97.12	\$ 0.87
Diluted net income (*1)	138.80	96.42	0.86
Cash dividends applicable to the year (*2)	170.00	110.00	1.06

(*1) Basic net income per share and diluted net income per share have been restated, as appropriate, to reflect the five-for-one stock split effected April 1, 2026.

(*2) Cash dividends per share have not been reflected the five-for-one stock split effected April 1, 2026.

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
NET INCOME	¥10,575	¥ 7,555	\$ 66,143
OTHER COMPREHENSIVE INCOME (LOSS) (Note 20):			
Unrealized gain (loss) on available-for-sale securities	20,490	(16,028)	128,158
Deferred gain (loss) on derivatives under hedge accounting	4,582	1,371	28,658
Land revaluation excess		(115)	
Defined retirement benefit plans	4,006	1,295	25,056
Total other comprehensive income (loss)	29,080	(13,476)	181,886
COMPREHENSIVE INCOME (LOSS)	¥39,655	¥ (5,921)	\$248,029
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥39,675	¥ (5,920)	\$248,154
Noncontrolling interests	(19)	(1)	(118)

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2026

	Thousands	Millions of Yen											
	Outstanding Number of Shares of Common Stock (*)	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income					Non- controlling Interests	Total Equity
							Unrealized Gain (Loss) on Available- for-Sale Securities	Deferred Gain (Loss) on Deriva- tives under Hedge Accounting	Land Revaluation Excess	Defined Retirement Benefit Plans	Total		
BALANCE, MARCH 31, 2024	15,800	¥19,598	¥13,768	¥254	¥157,053	¥(1,999)	¥ 17,372	¥ (225)	¥7,810	¥4,178	¥217,810	¥69	¥217,880
Net income attributable to owners of the parent					7,555						7,555		7,555
Cash dividends, ¥100.00 per share (*)					(1,577)						(1,577)		(1,577)
Purchase of treasury stock	(620)					(2,064)					(2,064)		(2,064)
Disposal of treasury stock	623		(33)			258					224		224
Cancellation of treasury stock	(550)		(2,181)			2,181							
Transfer from land revaluation excess					21						21		21
Transfer from retained earnings to capital surplus			2,215		(2,215)								
Net change in the year				17			(16,026)	1,371	(137)	1,295	(13,479)	(1)	(13,480)
BALANCE, MARCH 31, 2025	15,252	19,598	13,768	271	160,837	(1,624)	1,346	1,145	7,672	5,474	208,490	68	208,559
Net income attributable to owners of the parent					10,595						10,595		10,595
Cash dividends, ¥145.00 per share (*)					(2,213)						(2,213)		(2,213)
Purchase of treasury stock	(215)					(1,010)					(1,010)		(1,010)
Disposal of treasury stock	66		(27)			231					203		203
Transfer from land revaluation excess					15						15		15
Transfer from retained earnings to capital surplus			27		(27)								
Net change in the year				17			20,490	4,582	(15)	4,006	29,081	29	29,110
BALANCE, MARCH 31, 2026	15,104	¥19,598	¥13,768	¥289	¥169,208	¥(2,403)	¥ 21,836	¥5,728	¥7,657	¥9,480	¥245,164	¥97	¥245,261

	Thousands of U.S. Dollars (Note 1)											
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income					Non- controlling Interests	Total Equity
						Unrealized Gain (Loss) on Available- for-Sale Securities	Deferred Gain (Loss) on Deriva- tives under Hedge Accounting	Land Revaluation Excess	Defined Retirement Benefit Plans	Total		
BALANCE, MARCH 31, 2025	\$122,579	\$86,114	\$1,695	\$1,005,985	\$(10,157)	\$ 8,418	\$ 7,161	\$47,985	\$34,238	\$1,304,040	\$425	\$1,304,472
Net income attributable to owners of the parent				66,268						66,268		66,268
Cash dividends, \$0.90 per share (*)				(13,841)						(13,841)		(13,841)
Purchase of treasury stock					(6,317)					(6,317)		(6,317)
Disposal of treasury stock		(168)			1,444					1,269		1,269
Transfer from land revaluation excess				93						93		93
Transfer from retained earnings to capital surplus		168		(168)								
Net change in the year			106			128,158	28,658	(93)	25,056	181,892	181	182,074
BALANCE, MARCH 31, 2026	\$122,579	\$86,114	\$1,807	\$1,058,343	\$(15,030)	\$136,577	\$35,826	\$47,892	\$59,294	\$1,533,425	\$606	\$1,534,031

(*) Shares and per share figures have not reflected the five-for-one stock split effected April 1, 2026.

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
OPERATING ACTIVITIES:			
Income before income taxes	¥ 14,551	¥ 11,056	\$ 91,012
Adjustments for:			
Income taxes-refunded	30	139	187
Income taxes-paid	(4,612)	(2,847)	(28,846)
Depreciation and amortization	1,511	1,660	9,450
Impairment losses	125	30	781
Increase (decrease) in reserve for loan losses	(300)	(297)	(1,876)
Increase (decrease) in liability for retirement benefits	(917)	(820)	(5,735)
(Increase) decrease in asset for retirement benefits	(67)	(9)	(419)
Increase (decrease) in reserve for reimbursement of deposits	(171)	223	(1,069)
Interest income-accrued basis	(65,210)	(49,989)	(407,868)
Interest expenses-accrued basis	13,739	6,188	85,933
Net (gain) loss on investment securities	12,409	5,888	77,614
Net (gain) loss on money held in trust	(37)	(0)	(231)
Foreign exchange (gains) losses	(2)	(10)	(12)
Net (gain) loss on disposal of fixed assets	32	2	200
Net (increase) decrease in loans and bills discounted	(189,347)	(117,228)	(1,184,306)
Net increase (decrease) in deposits	45,249	(49,954)	283,018
Net increase (decrease) in borrowed money	(58,891)	(15,315)	(368,345)
Net (increase) decrease in due from banks (excluding due from the Bank of Japan) ...	52	(133)	325
Net (increase) decrease in call loans	3,319	365	20,759
Net increase (decrease) in payables under repurchase agreements	42,723	(4,244)	267,219
Net increase (decrease) in payables under securities lending transactions	(96,510)	18,348	(603,640)
Net (increase) decrease in foreign exchange assets	(2,119)	660	(13,253)
Net increase (decrease) in foreign exchange liabilities	52	(40)	325
Net (increase) decrease in lease receivables and leased investment assets ..	(2,065)	(1,448)	(12,915)
Interest income-cash basis	64,162	50,046	401,313
Interest expenses-cash basis	(11,652)	(5,528)	(72,879)
Other-net	16,101	35,053	100,706
Total adjustments	(232,395)	(129,260)	(1,453,558)
Net cash provided by (used in) operating activities	(217,843)	(118,204)	(1,362,540)
INVESTING ACTIVITIES:			
Purchases of investment securities	(405,724)	(305,106)	(2,537,678)
Proceeds from sales of investment securities	240,463	146,424	1,504,021
Proceeds from maturities of investment securities	224,354	189,949	1,403,264
Payments for increase in money held in trust		(12)	
Proceeds from decrease in money held in trust	1,994		12,471
Purchases of premises and equipment	(2,219)	(1,527)	(13,879)
Purchases of intangible assets	(663)	(421)	(4,146)
Proceeds from sales of premises and equipment	522	386	3,264
Net cash provided by (used in) investing activities	58,726	29,691	367,312
FORWARD	¥(159,116)	¥ (88,512)	\$ (995,221)

(Continued)

Consolidated Statement of Cash Flows

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
FORWARD	¥(159,116)	¥ (88,512)	\$ (995,221)
FINANCING ACTIVITIES:			
Dividends paid	(2,208)	(1,574)	(13,810)
Repayment of lease obligations	(19)	(21)	(118)
Purchases of treasury stock	(1,010)	(2,064)	(6,317)
Proceeds from sales of treasury stock	203	224	1,269
Proceeds from share issuance to non-controlling shareholders	49		306
Net cash provided by (used in) financing activities	(2,984)	(3,435)	(18,663)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	2	10	12
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(162,098)	(91,938)	(1,013,872)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	778,428	870,366	4,868,826
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 21)	¥ 616,329	¥778,428	\$ 3,854,947

See notes to consolidated financial statements.

(Concluded)

Notes to Consolidated Financial Statements

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2026

1 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of THE OITA BANK, LTD. (the "Bank") and its nine consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, its related accounting regulations and the Enforcement Regulation for the Banking Law of Japan (the "Banking Law"), and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2025 consolidated financial statements to conform to the classifications used in 2026.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. Amounts of less than one million yen have been omitted in the accompanying consolidated financial statements as permitted by the Japanese Financial Instruments and Exchange Act. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥159.88 to \$1, the approximate rate of exchange at March 31, 2026. Such translations should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation - The consolidated financial statements include the accounts of the Bank and its nine significant subsidiaries (together, the "Group"). The fiscal periods of all consolidated subsidiaries end on March 31.

Under the control and influence concepts, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in the remaining unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

Oita Capital Partners Inc. and Oita Plat Co., Ltd. were included in the scope of consolidation from the current consolidated fiscal year due to their establishment.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. Cash and Cash Equivalents - For the purpose of reporting cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

c. Investment Securities and Money Held in Trust - All applicable securities are classified and accounted for, depending on management's intent, as follows: (i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and (ii) available-for-sale securities, which are not classified as either of trading account securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of available-for-sale securities sold is determined based on the moving-average method.

Nonmarketable available-for-sale equity securities are stated at cost or determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Securities managed through money held in trust accounts are reported at fair value and the related unrealized gains and losses are included in earnings.

d. Premises and Equipment - Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment is principally computed using the declining-balance method over the estimated useful lives of the assets and depreciation of leased premises and equipment is provided on the straight-line method over the lease periods.

e. Software - Cost of computer software obtained for internal use is amortized using the straight-line method over the estimated useful lives of five years.

f. Long-Lived Assets - The Group reviews their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. Land Revaluation - Under the "Law of Land Revaluation," the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 1998.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

As of March 31, 2026 and 2025, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥8,235 million (\$51,507 thousand) and ¥8,452 million, respectively.

h. Foreign Currency Items - All assets and liabilities denominated in foreign currencies are translated into Japanese yen at the current exchange rates at each balance sheet date.

i. Reserve for Loan Losses - The Bank determines the amount of the reserve for loan losses by means of management's judgment and assessment of future losses based on the self-assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

The Bank implemented the self-assessment system for its asset quality. The quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the Bank's asset review and inspection division in accordance with the Bank's policy and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All loans are classified into five categories for self-assessment purposes such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy."

Reserve for loan losses is calculated based on the actual past loss ratio for normal and caution categories, and the fair value of the collateral for collateral-dependent loans and other factors of solvency including value of future cash flows for other self-assessment categories. For loans classified as possible bankruptcy, the reserve for loan losses

is provided for in an amount deemed necessary to cover possible loan losses considering the customer's solvency and other factors, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted. For loans classified as virtual bankruptcy or legal bankruptcy, the reserve for loan losses is provided for based upon the loan amount, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted.

In addition, for loans which are mainly classified into possible bankruptcy and restructured loans as defined in Note 6 below, if the exposure to an obligor exceeds a certain specific amount and if future cash flows of the principal and interest can be reasonably estimated, the discounted cash flow method is used to calculate the reserve for loan losses, under which method the reserve is determined as the difference between the book value of the loan and the present value of future cash flows discounted using the contractual interest rate before the loan is classified as one of the above loans.

The consolidated subsidiaries determine the amount of the reserve for loan losses by a comparable self-assessment system as the Bank.

- j. Retirement and Pension Plans** - The Bank has contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees. Consolidated subsidiaries have unfunded retirement benefit plans.

The Bank accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 years no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

Retirement allowances for directors of consolidated subsidiaries are recorded as a liability at the amount that would be required if all directors retired at the balance sheet date.

- k. Stock Options** - Under Accounting Standards Board of Japan ("ASBJ") Statement No. 8, "Accounting Standard for Share-based Payment," requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock options or the goods or services received. In the balance sheet, stock options are presented as stock acquisition rights as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions.

- l. Revenue Recognition** - The Group recognizes revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for satisfying performance obligations to transfer the goods or services promised in contracts with customers. The nature of performance obligations for each of the Group's major business and when such obligations are satisfied are as follows:

Fees and commissions include administrative fees for deposit and loan businesses, exchange businesses operations and securities-related businesses, and are obligated to provide services based on contracts with customers. These transactions are recognized as revenue as performance obligations are satisfied upon the completion of service delivery.

- m. Income Taxes** - The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax

assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

- n. Reserve for Reimbursement of Deposits** - Reserve for reimbursement of deposits is provided for the deposits derecognized from the liabilities at the estimated amount of future claims for withdrawal.

- o. Leases** - As Lessor, lease revenue is recognized at the date of each lease payment according to the lease contracts. As Lessee, all finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet.

- p. Derivatives and Method of Hedge Accounting** - The Bank's policy is to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives as a part of its trading activities. Consolidated subsidiaries do not utilize any derivatives.

The Bank enters into interest rate swaps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into foreign exchange forward contracts and currency swaps, futures and options to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies.

The Bank applies deferred hedge accounting, which is stipulated in the "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (the Japanese Institute of Certified Public Accountants (the "JICPA") Industry Committee Practice Guidance No. 24), to the interest risk caused by its financial assets and liabilities.

In evaluating the effectiveness of a hedge, the hedged item, such as loans, and the hedge instruments, such as interest rate swaps, are specified and evaluated regarding the hedging approach. Effectiveness of the hedging approach is evaluated by verifying the correlation of the interest fluctuation factor of the hedged item and the hedge instruments.

- q. Change the Display Method** - The Bank has changed the display method of accounts under the consolidated statement of cash flows. "Net increase (decrease) in payables under repurchase agreements," which was included in "Other-net" under "OPERATING ACTIVITIES" in the previous fiscal year, has been presented separately from the current fiscal year due to its increased materiality. To reflect this change in the display method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥30,802 million, which was included in "Other-net" under "OPERATING ACTIVITIES" in the consolidated statement of cash flows for the previous fiscal year, has been reclassified as "Net increase (decrease) in payables under repurchase agreements" of ¥(4,244) million and "Other-net" of ¥35,046 million.

The Bank has also changed the display method of Note18 "INCOME TAXES." "Deferred gain (loss) on derivatives under hedge accounting," which was included in "Other" under "Deferred tax liabilities" in the previous fiscal year, has been presented separately from the current fiscal year due to its increased materiality. To reflect this change in the display method, the Note18 "INCOME TAXES" for the previous fiscal year have been reclassified.

As a result, ¥(586) million, which was included in "Other" under "Deferred tax liabilities" in the Note18 "INCOME TAXES" for the previous fiscal year, has been reclassified as "Deferred gain (loss) on derivatives under hedge accounting" of ¥(524) million and "Other" of ¥(62) million.

- r. Trust-based Employee Shareholding Incentive Plan** - The Bank has introduced a "Trust-based Employee Shareholding Incentive Plan (E-Ship)" to provide employees with incentives to increase the Bank's corporate value over the medium to long term and to help employees build wealth by encouraging them to acquire and hold shares through

the expansion of the share ownership plan as a measure of promoting a welfare program.

The Bank has established the E-Ship Trust whose beneficiaries are persons who satisfy certain requirements to participate in the share ownership plan, and acquires in advance the number of shares of the Bank that is expected to be acquired by the share ownership plan over a certain period after the establishment.

Thereafter, the E-Ship Trust continuously sells shares of the Bank to the share ownership plan. If an amount equivalent to the gain on sale of shares accumulates within the E-Ship Trust at the time of the termination of the trust, the amount equivalent to the gain on sale of shares will be distributed as residual assets to those who satisfy the requirements for eligible beneficiaries. Since the Bank guarantees the borrowings by the E-Ship Trust to acquire shares of the Bank, if an amount equivalent to the loss on sale of shares accumulates within the E-Ship Trust due to a fall in the share price of the Bank and if there is a balance of borrowings equivalent to such loss on sale of shares in the E-Ship Trust at the time of termination of the trust, the Bank will repay such balance.

Shares of the Bank remaining in the trust are recorded as treasury stock under equity at their book value in the trust. As of March 31, 2026 and 2025, the book value of the shares in the trust was ¥258 million (\$1,613 thousand) and ¥414 million, respectively. The number of shares of the Bank held by the trust as of March 31, 2026 and 2025 was 78 thousand and 126 thousand, respectively.

The above figures have not reflected the five-for-one stock split effected April 1, 2026.

The book value of the borrowings recorded under the gross method as of March 31, 2026 and 2025 was ¥165 million (\$1,032 thousand) and ¥416 million, respectively.

The total amount of dividends based on the resolution of the Annual General Meeting of Shareholders held on June 19, 2025 includes dividends of ¥7 million (\$43 thousand) for shares of the Bank held by the E-Ship Trust. In addition, the total amount of dividends based on the resolution of the Board of Directors meeting held on November 10, 2025 includes dividends of ¥8 million (\$50 thousand) for shares of the Bank held by the E-Ship Trust.

s. Per Share Information - The weighted-average number of shares of common stock used in the computation of basic net income per share during the year excludes treasury stock held by the Bank in its own name, as well as shares of treasury stock owned by the E-Ship Trust (498 thousand shares (99 thousand shares prior to the stock split) and 678 thousand shares (135 thousand shares prior to the stock split) for the years ended March 31, 2026 and 2025, respectively). The average number of common shares used in the computation was 75,798 thousand shares and 77,796 thousand shares for the years ended March 31, 2026 and 2025, respectively.

Diluted net income per share reflects the potential dilution that could occur if the outstanding stock options and convertible bonds were exercised. Diluted net income per share assumes full exercise of the outstanding stock options and convertible bonds at the beginning of the year (or at the time of grant).

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

t. New Accounting Pronouncements - On September 13, 2024, the ASBJ issued ASBJ Statement No. 34, "Accounting Standard for Leases," ASBJ Guidance No. 33, "Implementation Guidance on Accounting Standard for Leases," as well as related accounting standards, implementation guidance, practical solutions, and transferred guidance, which were revised by the issuance of the Accounting Standard for Leases, etc.

In line with International Financial Reporting Standards, the treatments of all leases for lessees, such as recording of assets and liabilities, were stipulated.

The accounting standards, etc. are effective for the annual periods beginning on or after April 1, 2027. Earlier application is permitted for annual periods beginning on or after April 1, 2025. The Group will begin applying the accounting standards, etc. at the beginning of the fiscal year ending March 31, 2028. The Group is in the process of measuring the effects of applying the accounting standards, etc.

3 SIGNIFICANT ACCOUNTING ESTIMATE

Item for which the amount was recorded in the consolidated financial statements for the covered consolidated fiscal year based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the following fiscal year, was as follows:

Reserve for loan losses

(1) Carrying amount

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Reserve for loan losses	¥23,172	¥23,472	\$144,933

(2) Information on the significant accounting estimate

(a) Calculation method

Debtor categories are determined based on the debtor's financial position and results of operations, as well as its future business plans, and the reserve for loan losses is recorded according to these debtor categories.

The specific method of calculating the reserve for loan losses for each debtor category is disclosed in Note 2. i, "Summary of Significant Accounting Policies - Reserve for Loan Losses."

(b) Significant assumptions

The significant assumptions are the assessment of the reasonableness of the debtors' future business plans, which are used as the basis for determining the debtor categories. In assessing the reasonableness of business plans, achievability of the business plans are considered.

(c) Impact on the consolidated financial statements for the following consolidated fiscal year

If there are changes in the assumptions used in the initial estimates due to changes in the economic environment and the business conditions of debtor, etc., the balance of the reserve for loan losses may fluctuate, which may have an impact on profit or loss.

4 TRADING ACCOUNT SECURITIES AND INVESTMENT SECURITIES

There were no trading account securities as of March 31, 2026 and 2025.

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Japanese government bonds	¥ 208,129	¥ 210,209	\$1,301,782
Local government bonds	236,009	281,271	1,476,163
Corporate bonds	184,199	220,262	1,152,107
Equity securities	150,972	112,919	944,283
Other	508,917	512,338	3,183,118
Total	¥1,288,228	¥1,337,002	\$8,057,468

The costs and aggregate fair value of securities at March 31, 2026 and 2025, were as shown in the table below.

March 31, 2026	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 65,906	¥83,503	¥ 596	¥148,812
Debt securities	636,679	1	50,542	586,138
Other	498,276	8,794	10,384	496,686
Held-to-maturity:				
Debt securities	42,200		4,803	37,396

March 31, 2025	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 62,814	¥49,636	¥ 1,691	¥110,759
Debt securities	666,311	22	35,250	631,082
Other	512,617	4,206	16,063	500,760
Held-to-maturity:				
Debt securities	80,661		3,563	77,097

March 31, 2026	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 412,221	\$522,285	\$ 3,727	\$ 930,773
Debt securities	3,982,230	6	316,124	3,666,112
Other	3,116,562	55,003	64,948	3,106,617
Held-to-maturity:				
Debt securities	263,947		30,041	233,900

The information related to available-for-sale securities which were sold during the years ended March 31, 2026 and 2025, was as follows:

March 31, 2026	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 31,625	¥10,450	¥ 796
Debt securities	144,641	0	10,378
Other	71,319	1,373	13,839
Total	¥247,586	¥11,824	¥25,014

March 31, 2025	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 19,051	¥5,740	¥ 921
Debt securities	66,073	12	6,197
Other	47,947	1,167	5,872
Total	¥133,072	¥6,920	¥12,991

March 31, 2026	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	\$ 197,804	\$65,361	\$ 4,978
Debt securities	904,684	0	64,911
Other	446,078	8,587	86,558
Total	\$1,548,573	\$73,955	\$156,454

Impairment losses on available-for-sale securities for the year ended March 31, 2026, were ¥1 million (\$6 thousand). Impairment losses on available-for-sale securities for the year ended March 31, 2025, were not recognized.

Net unrealized gain (loss) on available-for-sale securities for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Valuation differences:			
Available-for-sale securities	¥30,774	¥ 859	\$192,481
Deferred tax liabilities	(8,913)	511	(55,748)
Noncontrolling interests	(24)	(25)	(150)
Net unrealized gain (loss) on available-for-sale securities	¥21,836	¥1,346	\$136,577

5 MONEY HELD IN TRUST

The carrying amounts and unrealized gains (losses) of money held in trust, as of March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Carrying amounts	¥2,000	¥3,994	\$12,509
Unrealized gains (losses) credited to income			

6 LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Bills discounted	¥ 3,096	¥ 4,102	\$ 19,364
Loans on notes	58,813	62,205	367,857
Loans on deeds	2,223,989	2,044,808	13,910,364
Overdrafts	174,718	160,155	1,092,807
Total	¥2,460,618	¥2,271,271	\$15,390,405

Bills discounted are accounted for as financial transactions in accordance with the JICPA Industry Committee Practice Guidance No. 24. The Bank has rights to sell or pledge these bills discounted. The total of the face value of bills discounted was ¥3,096 million (\$19,364 thousand) and ¥4,102 million at March 31, 2026 and 2025, respectively.

Claims based on the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions are as follows. The receivables include corporate bonds (limited to the corporate bonds on which the payment of all or part of the principal and interest is guaranteed by financial institutions holding such bonds and which were issued through private placement as defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act), loans and bills discounted, foreign exchange assets, other assets booked as accrued interests, suspense payments or customers' liabilities for acceptance and guarantee, and securities if the Bank lent such securities which are required to be disclosed in a note to its balance sheets (they are limited to loans for use or lending under rental contract).

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Claims against bankrupt or de facto bankrupt borrowers	¥ 8,261	¥ 8,273	\$ 51,670
Doubtful claims	30,508	32,344	190,818
Accruing loans contractually past due three months or more	122	155	763
Restructured loans			
Total	¥38,893	¥40,773	\$243,263

Claims against bankrupt or de facto bankrupt borrowers represent claims held against borrowers who have been declared insolvent or in a substantially similar condition, on the grounds of the commencement of

bankruptcy or restructuring proceedings, filing for the proceedings of rehabilitation or other similar legal proceedings.

Doubtful claims are those against borrowers who have not yet failed but their financial condition and business performance have deteriorated, with a high possibility that the principal and interest on these claims will not be received as per agreement. Claims against bankrupt or de facto bankrupt borrower are excluded.

Accruing loans contractually past due three months or more are loans in which the principal or interest is three months or more past due. Claims against bankrupt or de facto bankrupt borrowers and doubtful claims are excluded.

Restructured loans, designed to assist in the recovery of the financial soundness of debtors, are loans on which the Group granted concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount). Claims against bankrupt or de facto bankrupt borrowers, doubtful claims and accruing loans contractually past due three months or more are excluded.

7 PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Buildings	¥ 6,102	¥ 5,880	\$ 38,166
Land	20,027	20,071	125,262
Leased assets	1	9	6
Construction in progress	319	188	1,995
Other	3,458	3,218	21,628
Total	¥29,908	¥29,368	\$187,065

Accumulated depreciation at March 31, 2026 and 2025, amounted to ¥35,280 million (\$220,665 thousand) and ¥35,695 million, respectively.

As of March 31, 2026 and 2025, deferred gains for tax purposes of ¥1,441 million (\$9,013 thousand) and ¥1,564 million on premises and equipment sold and replaced with similar assets have been deducted from the cost of newly-acquired premises and equipment.

8 INTANGIBLE ASSETS

Intangible assets as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Software	¥1,177	¥734	\$7,361
Other	108	107	675
Total	¥1,285	¥842	\$8,037

9 CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees" are shown on the asset side representing the Bank's right of indemnity from the applicants.

10 ASSETS PLEDGED

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Assets pledged as collateral:			
Investment securities	¥596,821	¥706,958	\$3,732,930
Relevant liabilities to above assets:			
Deposits	12,708	12,841	79,484
Payables under repurchase agreements	111,406	68,683	696,810
Payables under securities lending transactions	96,902	193,413	606,092
Borrowed money	323,000	381,000	2,020,265

In addition, investment securities and others totaling ¥40,537 million (\$253,546 thousand) and ¥44,591 million were pledged as collateral or security deposits for exchange settlement and futures contracts at March 31, 2026 and 2025, respectively.

Guarantee deposits on office space amounting to ¥243 million (\$1,519 thousand) and ¥290 million were included in other assets at March 31, 2026 and 2025, respectively.

11 LOAN COMMITMENTS

Contracts of overdraft facilities and loan commitment limits are contracts where the Group lends to customers up to the prescribed limits in response to customers' applications for loans as long as there is no violation of any conditions in the contracts. The unused amounts within the limits totaled ¥674,292 million (\$4,217,488 thousand) at March 31, 2026, and ¥664,092 million at March 31, 2025, for these contracts. Of the above, the amounts for which the original agreement period was within a year or agreements which the Group could cancel at any time without penalty totaled ¥645,845 million (\$4,039,560 thousand) at March 31, 2026, and ¥641,127 million at March 31, 2025.

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

12 DEPOSITS

Deposits at March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Current deposits	¥ 141,291	¥ 139,978	\$ 883,731
Ordinary deposits	2,500,116	2,524,890	15,637,453
Savings at notice	21,926	23,842	137,140
Deposits at notice	3,860	4,598	24,143
Time deposits	819,785	750,667	5,127,501
Installment savings	9,903	9,509	61,940
Negotiable certificates of deposit ..	82,753	77,815	517,594
Other deposits	35,287	38,374	220,709
Total	¥3,614,926	¥3,569,676	\$22,610,245

13 BORROWED MONEY

Borrowed money as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Borrowings from other financial institutions	¥327,992	¥386,883	\$2,051,488
Total	¥327,992	¥386,883	\$2,051,488

The weighted average interest rates of borrowings from other financial institutions were 0.19% and 0.05% at March 31, 2026 and 2025, respectively.

Annual maturities of long-term debt as of March 31, 2026, for the next five years and thereafter were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2027	¥275,268	\$1,721,716
2028	51,200	320,240
2029	865	5,410
2030	493	3,083
2031	164	1,025
2032 and thereafter		
Total	¥327,992	\$2,051,488

Please see Note 10 for assets pledged as collateral and their relevant borrowed money.

14 RETIREMENT AND PENSION PLANS

Consolidated subsidiaries have severance payment plans for employees, directors and Audit & Supervisory Board members. The Bank terminated its retirement benefits plan for directors and Audit & Supervisory Board members at the Bank's general shareholders meeting held on June 26, 2012.

Under most circumstances, employees whose service with the Group is terminated are entitled to retirement and pension benefits determined by reference to base rates of pay at the time of termination, length of service and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to greater payment than in the case of voluntary termination.

The liability for retirement benefits for directors of consolidated subsidiaries is ¥24 million (\$150 thousand) and ¥20 million at March 31, 2026 and 2025, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Balance at beginning of year	¥25,541	¥29,372	\$159,751
Current service cost	656	817	4,103
Interest cost	623	410	3,896
Actuarial (gains) losses	(2,740)	(3,554)	(17,137)
Benefits paid	(1,464)	(1,503)	(9,156)
Balance at end of year	¥22,617	¥25,541	\$141,462

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Balance at beginning of year	¥37,281	¥38,316	\$233,181
Expected return on plan assets ...	1,165	985	7,286
Actuarial gains (losses)	3,627	(1,122)	22,685
Benefits paid	(895)	(897)	(5,597)
Balance at end of year	¥41,179	¥37,281	\$257,561

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Funded defined benefit obligation	¥ 22,338	¥ 25,257	\$ 139,717
Plan assets	(41,179)	(37,281)	(257,561)
Total	(18,840)	(12,024)	(117,838)
Unfunded defined benefit obligation	278	284	1,738
Net liability (asset) arising from defined benefit obligation	¥(18,561)	¥(11,739)	\$(116,093)

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Liability for retirement benefits	¥ 4,519	¥ 5,311	\$ 28,264
Asset for retirement benefits	(23,081)	(17,051)	(144,364)
Net liability (asset) arising from defined benefit obligation	¥(18,561)	¥(11,739)	\$(116,093)

(4) The components of net periodic benefit costs 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	¥ 656	¥ 817	\$ 4,103
Interest cost	623	410	3,896
Expected return on plan assets ..	(1,165)	(985)	(7,286)
Recognized actuarial (gains) losses	(531)	(465)	(3,321)
Net periodic benefit costs	¥ (416)	¥(223)	\$(2,601)

(5) Amounts recognized in other comprehensive income (before income taxes and tax effects) in respect of defined retirement benefit plans for the years ended March 31, 2026 and 2025

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Actuarial (gains) losses	¥5,836	¥1,966	\$36,502
Total	¥5,836	¥1,966	\$36,502

(6) Amounts recognized in accumulated other comprehensive income (before income taxes and tax effects) in respect of defined retirement benefit plans as of March 31, 2026 and 2025

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Unrecognized actuarial (gains) losses	¥(13,811)	¥(7,975)	\$(86,383)
Total	¥(13,811)	¥(7,975)	\$(86,383)

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2026 and 2025, consisted of the following:

	2026	2025
Debt investments	14%	16%
Equity investments	45	43
Cash and cash equivalents	1	0
Others	40	41
Total	100%	100%

b. Method of determining the expected rate of return on plan assets

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

(8) Assumptions used for the years ended March 31, 2026 and 2025, were set forth as follows:

	2026	2025
Discount rate	3.5%	2.4%
Expected rate of return on plan assets	4.4	3.6
Expected rate of salary increases	6.6	6.6

15 EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(1) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Audit & Supervisory Board members, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semi-annual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act and the Banking Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

(2) Increases / Decreases and Transfer of Common Stock, Reserve and Surplus

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 100% of the common stock. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(3) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

16 STOCK OPTIONS

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

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2013 Stock Option	10 directors (excluding outside directors) of the Bank	14,480 shares	August 19, 2013	¥1 (\$0.00)	From August 20, 2013 to August 19, 2043
2014 Stock Option	8 directors (excluding non-permanent directors) and 8 executive officers of the Bank	16,210 shares	August 18, 2014	¥1 (\$0.00)	From August 19, 2014 to August 18, 2044
2015 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	10,670 shares	August 17, 2015	¥1 (\$0.00)	From August 18, 2015 to August 17, 2045
2016 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	18,300 shares	August 22, 2016	¥1 (\$0.00)	From August 23, 2016 to August 22, 2046
2017 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	12,100 shares	August 28, 2017	¥1 (\$0.00)	From August 29, 2017 to August 28, 2047
2018 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	14,380 shares	August 27, 2018	¥1 (\$0.00)	From August 28, 2018 to August 27, 2048
2019 Stock Option	6 directors (excluding non-permanent directors) and 6 executive officers of the Bank	15,350 shares	August 26, 2019	¥1 (\$0.00)	From August 27, 2019 to August 26, 2049
2020 Stock Option	6 directors (excluding non-permanent directors) and 8 executive officers of the Bank	23,610 shares	August 24, 2020	¥1 (\$0.00)	From August 25, 2020 to August 24, 2050
2021 Stock Option	5 directors (excluding directors serving as Audit and Supervisory Committee members and outside directors) and 8 executive officers of the Bank	31,450 shares	August 23, 2021	¥1 (\$0.00)	From August 24, 2021 to August 23, 2051

2022 Stock Option	5 directors (excluding directors serving as Audit and Supervisory Committee members and outside directors) and 8 executive officers of the Bank	28,330 shares	August 22, 2022	¥1 (\$0.00)	From August 23, 2022 to August 22, 2052
2023 Stock Option	5 directors (excluding directors serving as Audit and Supervisory Committee members and outside directors) and 8 executive officers of the Bank	23,770 shares	August 21, 2023	¥1 (\$0.00)	From August 22, 2023 to August 21, 2053
2024 Stock Option	6 directors (excluding directors serving as Audit and Supervisory Committee members and outside directors) and 7 executive officers of the Bank	15,740 shares	August 19, 2024	¥1 (\$0.00)	From August 20, 2024 to August 19, 2054
2025 Stock Option	6 directors (excluding directors serving as Audit and Supervisory Committee members and outside directors) and 7 executive officers of the Bank	13,600 shares	August 25, 2025	¥1 (\$0.00)	From August 26, 2025 to August 25, 2055

The stock option activity during the year ended March 31, 2026, was as follows:

Year Ended March 31, 2026	2013 Stock Option (Shares)	2014 Stock Option (Shares)	2015 Stock Option (Shares)	2016 Stock Option (Shares)
<u>Non-vested</u>				
March 31, 2025- Outstanding	1,460	1,150	2,680	5,050
Granted				
Canceled				
Vested			550	950
March 31, 2026- Outstanding	1,460	1,150	2,130	4,100
<u>Vested</u>				
March 31, 2025- Outstanding				
Vested			550	950
Exercised			550	950
Canceled				
March 31, 2026- Outstanding				
Exercise price	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)
Average stock price at exercise			¥3,775 (\$23.61)	¥3,775 (\$23.61)
Fair value price at grant date	¥2,790 (\$17.45)	¥3,590 (\$22.45)	¥5,210 (\$32.58)	¥2,950 (\$18.45)

Year Ended March 31, 2026	2017 Stock Option (Shares)	2018 Stock Option (Shares)	2019 Stock Option (Shares)	2020 Stock Option (Shares)
<u>Non-vested</u>				
March 31, 2025- Outstanding	4,720	5,620	7,090	11,600
Granted				
Canceled				
Vested	1,240	1,480	1,760	1,220
March 31, 2026- Outstanding	3,480	4,140	5,330	10,380
<u>Vested</u>				
March 31, 2025- Outstanding				
Vested	1,240	1,480	1,760	1,220
Exercised	1,240	1,480	1,760	1,220
Canceled				
March 31, 2026- Outstanding				
Exercise price	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)
Average stock price at exercise	¥3,757 (\$23.49)	¥3,757 (\$23.49)	¥3,757 (\$23.49)	¥3,740 (\$23.39)
Fair value price at grant date	¥3,910 (\$24.45)	¥3,632 (\$22.71)	¥2,819 (\$17.63)	¥2,143 (\$13.40)

Year Ended March 31, 2026	2021 Stock Option (Shares)	2022 Stock Option (Shares)	2023 Stock Option (Shares)	2024 Stock Option (Shares)
<u>Non-vested</u>				
March 31, 2025- Outstanding	18,710	20,100	20,700	15,740
Granted				
Canceled				
Vested	2,690	4,050	3,470	2,140
March 31, 2026- Outstanding	16,020	16,050	17,230	13,600
<u>Vested</u>				
March 31, 2025- Outstanding				
Vested	2,690	4,050	3,470	2,140
Exercised	2,690	4,050	3,470	2,140
Canceled				
March 31, 2026- Outstanding				
Exercise price	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)
Average stock price at exercise	¥3,740 (\$23.39)	¥3,754 (\$23.48)	¥3,754 (\$23.48)	¥3,754 (\$23.48)
Fair value price at grant date	¥1,513 (\$9.46)	¥1,701 (\$10.63)	¥2,078 (\$12.99)	¥2,897 (\$18.11)

Year Ended March 31, 2026	2025 Stock Option (Shares)
<u>Non-vested</u>	
March 31, 2025- Outstanding	
Granted	13,600
Canceled	
Vested	
March 31, 2026- Outstanding	13,600
<u>Vested</u>	
March 31, 2025- Outstanding	
Vested	
Exercised	
Canceled	
March 31, 2026- Outstanding	
Exercise price	¥1 (\$0.00)
Average stock price at exercise	
Fair value price at grant date	¥4,803 (\$30.04)

Shares and per share figures have been restated, as appropriate, to reflect a one-for-ten stock consolidation exercised on October 1, 2017. In addition, there have not reflected the five-for-one stock split effected April 1, 2026.

The Assumptions Used to Measure the Fair Value of the 2025 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	30.6%
Estimated remaining outstanding period:	Two years and one month
Estimated dividend:	¥110 per share
Risk free interest rate:	0.87%

17 GENERAL AND ADMINISTRATIVE EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Salary	¥12,247	¥12,128	\$ 76,601
Other	15,287	14,698	95,615
Total	¥27,534	¥26,826	\$172,216

18 INCOME TAXES

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.5% for the years ended March 31, 2026 and 2025.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Deferred tax assets:			
Reserve for loan losses	¥ 6,631	¥ 7,254	\$ 41,474
Depreciation	2,214	1,976	13,847
Unrealized loss on available-for-sale securities		511	
Other	3,731	3,757	23,336
Less valuation allowance	(5,783)	(6,233)	(36,170)
Total	6,794	7,266	42,494
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(8,913)		(55,748)
Unrealized gain on employees' retirement benefit trust	(1,490)	(1,490)	(9,319)
Asset for employees' retirement benefits	(2,594)	(464)	(16,224)
Deferred gain (loss) on derivatives under hedge accounting	(2,617)	(524)	(16,368)
Other	(59)	(62)	(369)
Total	(15,675)	(2,541)	(98,042)
Net deferred tax assets (liability) ...	¥ (8,880)	¥ 4,725	\$(55,541)

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2026, with the corresponding figures for 2025 was as follows:

	2026	2025
Normal effective statutory tax rate	30.5%	30.5%
Expenses not deductible for income tax purposes ...	0.5	0.5
Income not taxable for income tax purposes	(1.3)	(1.6)
Valuation allowance	(3.1)	2.3
Other-net	0.7	(0.0)
Actual effective tax rate	27.3%	31.7%

19 REVENUE

(1) Disaggregation of Revenue

Revenues from contracts with customers on a disaggregated basis for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen					
	2026			2025		
	Reportable Segment Banking	Leasing	Total	Reportable Segment Banking	Leasing	Total
Fees and commissions:						
Deposit and loan businesses	¥ 3,874	¥ 0	¥ 3,874	¥ 949		¥ 4,823
Exchange business	2,750		2,750			2,750
Securities-related businesses ...	2,084		2,084			2,084
Agency businesses	474		474			474
Other	1,126		1,126			1,126
Other than fees and commissions	101		101	621		723
Ordinary income from contracts with customers	10,411	0	10,412	1,571		11,983
Ordinary income other than above	75,936	10,087	86,023	1,435	¥(12)	87,446
Ordinary income from external customers	¥86,347	¥10,087	¥96,435	¥3,006	¥(12)	¥99,429
	Millions of Yen					
	2025			2026		
	Reportable Segment Banking	Leasing	Total	Reportable Segment Banking	Leasing	Total
Fees and commissions:						
Deposit and loan businesses	¥ 3,464	¥ 0	¥ 3,465	¥932		¥ 4,397
Exchange business	2,559		2,559			2,559
Securities-related businesses ...	1,746		1,746			1,746
Agency businesses	606		606			606
Other	1,282		1,282			1,282
Other than fees and commissions	98		98	565		663
Ordinary income from contracts with customers	9,759	0	9,759	1,497		11,257
Ordinary income other than above	55,836	9,481	65,318	1,400	¥(52)	66,665
Ordinary income from external customers	¥65,595	¥9,481	¥75,077	¥2,897	¥(52)	¥77,922
	Thousands of U.S. Dollars					
	2026			2025		
	Reportable Segment Banking	Leasing	Total	Reportable Segment Banking	Leasing	Total
Fees and commissions:						
Deposit and loan businesses	\$ 24,230	\$ 0	\$ 24,230	\$ 5,935		\$ 30,166
Exchange business	17,200		17,200			17,200
Securities-related businesses ...	13,034		13,034			13,034
Agency businesses	2,964		2,964			2,964
Other	7,042		7,042			7,042
Other than fees and commissions	631		631	3,884		4,522
Ordinary income from contracts with customers	65,117	0	65,123	9,826		74,949
Ordinary income other than above	474,956	63,091	538,047	8,975	\$(75)	546,947
Ordinary income from external customers	\$540,073	\$63,091	\$603,171	\$18,801	\$(75)	\$621,897

- Notes: 1. The "Other" segment is a business segment that is not included in reportable segments and includes credit card services.
2. The "Ordinary income other than above" includes income according to ASBJ Statement No. 10, "Accounting Standard for Financial Instruments" as well as revenue according to ASBJ Statement No. 13, "Accounting Standard for Lease Transactions."
3. A downward reconciliation in ordinary income other than above of ¥12 million (\$75 thousand) and ¥52 million is made to adjust the gain on reversal of reserve for loan losses for the years ended March 31, 2026 and 2025, respectively.

(2) Basic Information to Understand Revenues from Contracts with Customers

The information that provides the basis for understanding the revenue generated from contracts with customers is provided in Note 2.I, "Summary of Significant Accounting Policies - Revenue Recognition."

(3) Contract Balances

Receivables from contract with customers and contract liabilities at the beginning and end of the year were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Receivables from contracts with customers:			
Balance at beginning of year	¥428	¥471	\$2,677
Balance at end of year	429	428	2,683
Contract liabilities:			
Balance at beginning of year	89	92	556
Balance at end of year	137	89	856

Receivables from contract with customers are mainly accounts receivable from fees and commissions received from customers.

Contract liabilities are a portion of the commission income received from customers. Contract liabilities are transferred to income as performance obligations are satisfied in connection with the provision of service transactions, etc.

Of the revenue recognized in the fiscal years ended March 31, 2026 and 2025, the amount included in the contract liabilities at the beginning of the fiscal years was ¥89 million (\$556 thousand) and ¥92 million at March 31, 2026 and 2025, respectively.

(4) Transaction Prices Allocated to Remaining Performance Obligations

In the current consolidated fiscal year, there are no significant contracts with customers that are expected to have an initial term of more than 1 year, and accordingly, such notes are not stated in accordance with the treatment set forth in paragraph 80-22 of the ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition."

20 OTHER COMPREHENSIVE INCOME (LOSS)

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥15,666	¥(30,088)	\$ 97,985
Reclassification adjustments to profit or loss	14,248	7,039	89,116
Amount before income taxes and tax effects	29,915	(23,049)	187,109
Income taxes and tax effects	(9,424)	7,021	(58,944)
Total	¥20,490	¥(16,028)	\$128,158
Deferred gain (loss) on derivatives under hedge accounting:			
Gains (losses) arising during the year	¥ 6,344	¥ 1,877	\$ 39,679
Reclassification adjustments to profit or loss	331	118	2,070
Amount before income taxes and tax effects	6,675	1,995	41,750
Income taxes and tax effects	(2,092)	(623)	(13,084)
Total	¥ 4,582	¥ 1,371	\$ 28,658

Land revaluation excess:

Gains (losses) arising during the year			
Reclassification adjustments to profit or loss			
Amount before income taxes and tax effects			
Income taxes and tax effects		¥ (115)	
Total		¥ (115)	

Defined retirement benefit plans:

Adjustments arising during the year	¥ 6,368	¥ 2,431	\$ 39,829
Reclassification adjustments to profit or loss	(531)	(465)	(3,321)
Amount before income taxes and tax effects	5,836	1,966	36,502
Income taxes and tax effects	(1,830)	(670)	(11,446)
Total	¥ 4,006	¥ 1,295	\$ 25,056

Total other comprehensive income (loss)

	¥29,080	¥(13,476)	\$181,886
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21 CASH AND CASH EQUIVALENTS

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Cash and due from banks	¥618,940	¥781,091	\$3,871,278
Less deposits in other banks except for the Bank of Japan	(2,611)	(2,663)	(16,330)
Cash and cash equivalents, end of year	¥616,329	¥778,428	\$3,854,947

22 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Bank Policy for Financial Instruments

The Bank's operations mainly include accepting deposits, providing loans, discounting bills, and buying and selling marketable securities and other financial instruments. Through these activities, the Bank holds substantial financial assets and financial liabilities that are subject to fluctuations in interest rates. To protect itself from the negative effects of interest rate fluctuations, the Bank conducts derivative transactions as part of its asset and liability management (ALM) activities.

In addition, the consolidated subsidiaries that engage in leasing and credit card businesses handle financial instruments as their principal business.

(2) Nature and Extent of Risks Arising from Financial Instruments

Of the principal financial assets held by the Group, loans are subject to credit risk, or default on the part of the customer. The Group holds trading account securities and investment securities, for holding to maturity and for purely trading purposes, as well as to promote business activities. These securities are subject to issuer credit risk, interest rate fluctuation risk and market price fluctuation risk.

Of financial liabilities, deposits and borrowed money are subject to liquidity risk, or the possibility that the Group may become unable to meet payment obligations when due in the event that they become unable to utilize markets in certain circumstances.

Among derivative transactions, the Bank employs interest rate swap transactions to hedge risk using ALM. To offset the risk of interest rate increases, the Bank employs variable receipt/fixed payment and fixed receipt/variable payment interest rate swap transactions on loans bearing long-term, fixed rates of interest, and securities.

With respect to currencies, the Bank employs currency swap transactions, forward exchange contracts and coupon swap transactions, primarily to hedge the exchange rate fluctuation risks on foreign currency assets and liabilities.

The Bank engages in bond futures transactions, mainly as part of its dealing operations. With regard to the methods of hedge accounting for interest risks on financial assets and liabilities, the Bank employs deferred hedge accounting as provided in the JICPA Industry Committee Practice Guidance No. 24. To evaluate hedging effectiveness, for hedges designed to offset market fluctuations, the Bank performs specified evaluations of hedged loans at individual hedge stages grouped by (remaining) term.

The consolidated subsidiaries do not conduct derivative transactions.

(3) Risk Management for Financial Instruments

Credit risk management

The Bank has in place various provisions, including a Credit Risk Management Policy and Credit Risk Management Provisions. These provisions, which extend beyond lending activities and include market transactions and off-balance-sheet assets, are in place to manage credit risks related to all manners of banking operations. For each activity, the Bank conducts credit screenings, manages credit limits, manages credit information and employs an internal rating system. The Bank also has in place a credit management system to support management improvements and handle loans that have become delinquent or present collection difficulties. The consolidated subsidiaries also have in place various credit risk management and other provisions. They act in accordance with these provisions to manage credit risks appropriately.

To manage these credit risks, the Group has established credit risk management divisions, including screening divisions, credit management divisions and problem loan management divisions. The Bank's Risk Management Division takes overall responsibility for credit risk management, including the status of credit risk and accompanying problems.

With regard to credit screening, the Bank's Audit Division checks the Bank's Risk Management Division and each risk management division to ascertain the appropriateness of credit risk management.

Market risk management

The Bank has in place a system for managing market risks. All items that require market risk management, including deposit and loan transactions, market transactions and off-balance-sheet transactions, are managed in accordance with the Bank's Market Risk Management Policy and Market Risk Management Provisions. The ALM divisions manage market risk related to deposits and loans, while market-related divisions mainly manage market risk related to market transactions. The Bank's Risk Management Division provides comprehensive reports to the Risk Management Committee indicating risk amounts, stress test results and other information. Market Risk Management Policy and Provisions are also in place at consolidated subsidiaries, in line with each companies' risk profile. In this manner, systems are in place to ensure the appropriate management of market risk.

The market risk management divisions of the Group manage market risks in this way and the Bank's Risk Management Division serves as the central division for the management of market risk and addressing related problems.

With regard to audits of market risk management, the Bank's Audit Division checks the Bank's Risk Management Division and each market risk management division to ascertain the appropriateness of market risk management.

(Quantitative information concerning market risks)

Major financial instruments held by the Bank, which are subject to the primary risk parameters such as interest rate risk and price fluctuation risk, are loans, securities (held-to-maturity debt securities and other securities), deposits and negotiable certificates of deposit, and interest rate swap transactions in derivative transactions.

For these financial assets and financial liabilities, the Bank estimates the amount of loss that they will have after specific periods of time by using a statistical method and assumes it as the market risk quantities. Also, the Bank uses it as a quantitative analysis to manage the risk of interest rate and price fluctuation. Value at Risk (VaR) is used to calculate the amount of potential impact.

A historical simulation model has been adopted for the current fiscal year to measure VaR. The conditions are an observation period of 1,250 business days, a confidence interval of 99%, and a holding period of 60 business days (125 business days for strategic holdings).

As of March 31, 2026, the Bank's market risk (estimated loss value) on major financial instruments was ¥42,914 million (\$268,413 thousand). Of this amount, ¥25,310 million (\$158,306 thousand) was attributable to securities and ¥17,604 million (\$110,107 thousand) was attributable to instruments other than securities, such as deposits and loans.

The Bank also conducts back-testing, by comparing the VaR calculated using the model above with actual profits or losses. During the consolidated fiscal year under review, back-testing demonstrated that the approximation model was sufficiently precise to capture market risk.

However, it is important to recognize that VaR estimation is a calculation based on a statistical process, and that results may differ depending on the preconditions and calculation methods used. Further, this process does not forecast maximum losses, and future market conditions may differ substantially from past conditions.

Furthermore, quantitative analysis is not applied to certain financial instruments whose impact is immaterial or those held by consolidated subsidiaries.

Liquidity risk management

The Bank manages liquidity risk in accordance with its Liquidity Risk Management Policy and Liquidity Risk Management Provisions. The Market Financing Division manages cash on a daily basis, and the Bank's Risk Management Division, which serves as the management division, monitors this risk, providing comprehensive reports to the Risk Management Committee including the status of risks, the status of assets available for payment, the results of stress tests and other information.

With regard to audits of liquidity risk management, the Bank's Audit Division checks the Bank's Risk Management Division and each liquidity risk management division to ascertain the appropriateness of liquidity risk management.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are as follows: Investments in equity instruments that do not have a quoted market price in an active market are not included in the following table. The fair values of cash and due from banks, payables under repurchase agreements, and payables under securities lending transactions are not disclosed because their maturities are short and the carrying values approximate fair value. Also, please see Note 23 for details of the fair values of derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
March 31, 2026			
Investment securities:			
Held-to-maturity securities	¥ 42,200	¥ 37,396	¥ (4,803)
Available-for-sale securities	1,231,636	1,231,636	
Loans and bills discounted	2,460,618		
Reserve for loan losses (*1)	(18,827)		
	2,441,791	2,393,940	(47,850)
Total	¥3,715,628	¥3,662,973	¥(52,654)
Deposits	¥3,614,926	¥3,615,795	¥ 869
Borrowed money	327,992	326,567	(1,424)
Total	¥3,942,918	¥3,942,363	¥ (555)
Derivative instruments (*2):			
Hedge accounting is not applied	¥ (11,867)	¥ (11,867)	
Hedge accounting is applied	8,447	8,447	
Total	¥ (3,420)	¥ (3,420)	
	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
March 31, 2025			
Investment securities:			
Held-to-maturity securities	¥ 80,661	¥ 77,097	¥ (3,563)
Available-for-sale securities	1,242,602	1,242,602	
Loans and bills discounted	2,271,271		
Reserve for loan losses (*1)	(19,137)		
	2,252,133	2,212,078	(40,055)
Total	¥3,575,398	¥3,531,779	¥(43,619)
Deposits	¥3,569,676	¥3,568,242	¥ (1,434)
Borrowed money	386,883	384,488	(2,394)
Total	¥3,956,560	¥3,952,731	¥ (3,828)
Derivative instruments (*2):			
Hedge accounting is not applied	¥ (11,848)	¥ (11,848)	
Hedge accounting is applied	1,843	1,843	
Total	¥ (10,004)	¥ (10,004)	
	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Gain (Loss)
March 31, 2026			
Investment securities:			
Held-to-maturity securities	\$ 263,947	\$ 233,900	\$ (30,041)
Available-for-sale securities	7,703,502	7,703,502	
Loans and bills discounted	15,390,405		
Reserve for loan losses (*1)	(117,757)		
	15,272,648	14,973,355	(299,286)
Total	\$23,240,105	\$22,910,764	\$ (329,334)
Deposits	\$22,610,245	\$22,615,680	\$ 5,435
Borrowed money	2,051,488	2,042,575	(8,906)
Total	\$24,661,733	\$24,658,262	\$ (3,471)
Derivative instruments (*2):			
Hedge accounting is not applied	\$ (74,224)	\$ (74,224)	
Hedge accounting is applied	52,833	52,833	
Total	\$ (21,391)	\$ (21,391)	

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Gain (Loss)
March 31, 2026			
Investment securities:			
Held-to-maturity securities	\$ 263,947	\$ 233,900	\$ (30,041)
Available-for-sale securities	7,703,502	7,703,502	
Loans and bills discounted	15,390,405		
Reserve for loan losses (*1)	(117,757)		
	15,272,648	14,973,355	(299,286)
Total	\$23,240,105	\$22,910,764	\$ (329,334)
Deposits	\$22,610,245	\$22,615,680	\$ 5,435
Borrowed money	2,051,488	2,042,575	(8,906)
Total	\$24,661,733	\$24,658,262	\$ (3,471)
Derivative instruments (*2):			
Hedge accounting is not applied	\$ (74,224)	\$ (74,224)	
Hedge accounting is applied	52,833	52,833	
Total	\$ (21,391)	\$ (21,391)	

(*1) Reserve for loan losses relevant to loans and bills discounted have been deducted.

(*2) Derivative instruments are disclosed in the net amount of assets and liabilities.

(b) Carrying amount of investments in equity instruments that do not have a quoted market price in an active market

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Equity securities	¥ 2,160	¥ 2,160	\$13,510
Other	12,231	11,577	76,501
Total	¥14,391	¥13,737	\$90,011

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2026				
Due from banks	¥ 588,856			
Investment securities:				
Held-to-maturity securities		¥ 20,055	¥ 11,400	¥ 11,000
Available-for-sale securities	67,913	448,653	243,320	342,923
Loans and bills discounted (*) ..	590,115	698,618	467,477	674,884
Total	¥1,246,885	¥1,167,327	¥722,198	¥1,028,807
	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2025				
Due from banks	¥ 748,520			
Investment securities:				
Held-to-maturity securities	38,500	¥ 14,200	¥ 17,255	¥ 11,000
Available-for-sale securities	77,305	467,001	316,919	261,632
Loans and bills discounted (*) ..	492,181	634,264	434,052	679,124
Total	¥1,356,506	¥1,115,466	¥768,226	¥951,756
	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2026				
Due from banks	\$3,683,112			
Investment securities:				
Held-to-maturity securities		\$ 125,437	\$ 71,303	\$ 68,801
Available-for-sale securities	424,774	2,806,185	1,521,891	2,144,877
Loans and bills discounted (*) ..	3,690,986	4,369,639	2,923,924	4,221,190
Total	\$7,798,880	\$7,301,269	\$4,517,125	\$6,434,869

(*) Excluded from the loan amount for the years ended March 31, 2026 and 2025, were ¥29,522 million (\$184,650 thousand) and ¥31,648 million, respectively, in loans classified as "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy" on which the redemption amount cannot be forecasted.

(6) Maturity Analysis for Deposits with Contractual Maturities

	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2026				
Deposits	¥3,395,361	¥218,289	¥1,275	
	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2025				
Deposits	¥3,375,134	¥192,559	¥1,982	
	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2026				
Deposits	\$21,236,933	\$1,365,330	\$7,974	

Please see Note 13 for annual maturities of borrowed money.

(7) Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(a) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

Millions of Yen				
March 31, 2026	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Japanese government bonds ...	¥197,209			¥ 197,209
Local government bonds		¥207,225		207,225
Corporate bonds		168,228	¥13,474	181,703
Equity securities	148,070	742		148,812
Other	130,093	335,502	31,089	496,686
Total assets	¥475,373	¥711,698	¥44,564	¥1,231,636

Derivative transactions (*):				
Interest rate swaps		¥ 8,452		¥ 8,452
Foreign currency forward contracts		(11,872)		(11,872)
Total liabilities		¥ (3,420)		¥ (3,420)

Millions of Yen				
March 31, 2025	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Japanese government bonds ...	¥199,294			¥ 199,294
Local government bonds		¥228,522		228,522
Corporate bonds		190,101	¥13,163	203,265
Equity securities	110,183	575		110,759
Other	88,244	380,976	31,539	500,760
Total assets	¥397,723	¥800,176	¥44,703	¥1,242,602

Derivative transactions (*):				
Interest rate swaps		¥ 1,851		¥ 1,851
Foreign currency forward contracts		(11,856)		(11,856)
Total liabilities		¥ (10,004)		¥ (10,004)

Thousands of U.S. Dollars				
March 31, 2026	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Japanese government bonds ...	\$1,233,481			\$1,233,481
Local government bonds		\$1,296,128		1,296,128
Corporate bonds		1,052,214	\$ 84,275	1,136,496
Equity securities	926,132	4,640		930,773
Other	813,691	2,098,461	194,452	3,106,617
Total assets	\$2,973,311	\$4,451,451	\$278,734	\$7,703,502

Derivative transactions (*):				
Interest rate swaps		\$ 52,864		\$ 52,864
Foreign currency forward contracts		(74,255)		(74,255)
Total liabilities		\$ (21,391)		\$ (21,391)

(*) Derivative instruments are disclosed in the net amount of assets and liabilities.

(b) The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

Millions of Yen				
March 31, 2026	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Held-to-maturity securities:				
Japanese government bonds ...	¥7,789			¥ 7,789
Local government bonds		¥ 27,165		27,165
Corporate bonds		2,442		2,442
Loans and bills discounted			¥2,393,940	2,393,940
Total assets	¥7,789	¥29,607	¥2,393,940	¥2,431,337

Deposits		¥3,615,795		¥3,615,795
Borrowed money		326,567		326,567
Total liabilities		¥3,942,363		¥3,942,363

Millions of Yen				
March 31, 2025	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Held-to-maturity securities:				
Japanese government bonds ...	¥8,709			¥ 8,709
Local government bonds		¥ 51,473		51,473
Corporate bonds		16,914		16,914
Loans and bills discounted			¥2,212,078	2,212,078
Total assets	¥8,709	¥ 68,388	¥2,212,078	¥2,289,176

Deposits		¥3,568,242		¥3,568,242
Borrowed money		384,488		384,488
Total liabilities		¥3,952,731		¥3,952,731

Thousands of U.S. Dollars				
March 31, 2026	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Held-to-maturity securities:				
Japanese government bonds ..	\$48,717			\$ 48,717
Local government bonds		\$ 169,908		169,908
Corporate bonds		15,273		15,273
Loans and bills discounted			\$14,973,355	14,973,355
Total assets	\$48,717	\$ 185,182	\$14,973,355	\$15,207,261

Deposits		\$22,615,680		\$22,615,680
Borrowed money		2,042,575		2,042,575
Total liabilities		\$24,658,262		\$24,658,262

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Investment Securities

Securities with unadjusted quoted prices in active markets are categorized as Level 1. Listed stocks, government bonds, and investment trusts are mainly included.

If the market is not active, even if the announced market price is used, it is categorized as Level 2. This mainly includes local government bonds and corporate bonds.

For investment trusts for which there is no market transaction price, if there are no significant restrictions to the extent that market participants are required to pay consideration for the risk in the event of cancellation or repurchase, the net asset value is used as fair value and categorized as Level 2.

In addition, privately placed bonds guaranteed by the Bank for which market prices are not available, the fair value is calculated by discounting the total amount of principal and interest by the interest rate assumed in the case of similar new issuance for each categorization based on internal ratings and maturity, and is categorized as Level 3.

Certain other securities with no published quoted prices are categorized as Level 2 or Level 3 based on the market prices obtained from external traders (brokers, etc.) and the inputs used therein.

Loans and Bills Discounted

The fair value of loans is calculated by discounting the total amount of principal and interest by the discount rate reflecting the credit risk, etc. in the market interest rate for each category based on the type of loan, internal rating and period. In the case of variable interest rates, the fair value is used to reflect market interest rates in a short period of time. Therefore, if the credit status of the borrower does not differ significantly after the loan is executed, the book value is used as the fair value because the book value is similar to the fair value.

The fair value of loans provided to entities that are classified as legal bankruptcy, virtual bankruptcy or possible bankruptcy are determined according to the current value of expected future cash flows or the amount of collateral that is expected to be recoverable or guarantee amounts that are determined to be recoverable. As these amounts are nearly identical to the book value after deducting the allowance for doubtful accounts, these amounts are assumed to be their fair value.

These fair values are categorized as Level 3.

Deposits

For demand deposits, fair value is assumed to be the amount to be paid when demanded on the balance sheet date (i.e., the book value). The fair value of time deposits is determined by segmenting such deposits by term and discounting future cash flows to their current value. The discount rate used is the rate of interest on new deposits of the same type. As the term on the deposits are short-term in nature, book value approximates fair value, so their book value is assumed to be their fair value.

These fair values are categorized as Level 2.

Borrowed Money

For borrowed money, interest rates on floating-rate borrowings reflect short-term market interest rates. The credit conditions of the Group has not changed significantly since the time of borrowing, and as such, book value approximates fair value. So their book value is assumed to be their fair value. Such borrowings with fixed interest rates are segmented by

term, the total amount of principal and interest on the borrowed money is divided by time period, and their present value is calculated by discounting according to the assumed interest rate. For items with a short commitment term (within three months), as their book value approximates fair value, their book value is assumed to be their fair value.

These fair values are categorized as Level 2.

Derivatives

Exchange traded transactions are categorized as Level 1, with the fair value being the final price at the exchange.

Over-the-counter transactions are categorized as Level 2, with the fair value calculated using the present value of future cash flows using inputs such as interest rates and foreign exchange rates.

Information on the fair value of Level 3 financial instruments stated on the consolidated balance sheet at fair value.

(c) Quantitative information on important unobservable inputs

	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted-average of inputs
March 31, 2026				
Marketable and investment securities:				
Available-for-sale securities:				
Corporate bonds (privately placed bonds guaranteed by the Bank)	Discounted cash flow	Discount rate	From 0.3% to 1.6%	0.7%
March 31, 2025				
Marketable and investment securities:				
Available-for-sale securities:				
Corporate bonds (privately placed bonds guaranteed by the Bank)	Discounted cash flow	Discount rate	From 0.3% to 1.6%	0.7%

(d) A reconciliation of the beginning balance and the ending balance and unrealized gain (loss) recognized in net income or loss

Millions of Yen								Change in unrealized gains (losses) included in net income for financial assets and liabilities still held a
	April 1, 2025	Included in net income (*1)	Included in other comprehensive Income (loss) (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3	Transfers out of fair value of Level 3	March 31, 2026	March 31, 2026 (*1)
March 31, 2026								
Marketable and investment securities:								
Available-for-sale securities:								
Corporate bonds	¥13,163		¥ (77)	¥ 388			¥13,474	
Other	31,539	¥(104)	(206)	(138)			31,089	
March 31, 2025								
Marketable and investment securities:								
Available-for-sale securities:								
Corporate bonds	¥13,009		¥ (105)	¥ 259			¥13,163	
Other	29,714	¥(27)	(1,147)	3,000			31,539	

Thousands of U.S. Dollars								Change in unrealized gains (losses) included in net income for financial assets and liabilities still held a March 31, 2026 (*1)
		Included in net income (*1)	Included in other comprehensive income (loss) (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3	Transfers out of fair value of Level 3	March 31, 2026	
March 31, 2026	April 1, 2025							
Marketable and investment securities:								
Available-for-sale securities:								
Corporate bonds	\$ 82,330		\$ (481)	\$2,426			\$ 84,275	
Other	197,266	\$(650)	(1,288)	(863)			194,452	

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

(*2) Included in "Unrealized gain (loss) on available-for-sale securities" in "Other comprehensive income (loss)" in the consolidated statement of comprehensive income.

(e) Explanation about the valuation process of fair value

At the Group, the back division and the middle division establish policies and procedures related to the calculation of fair values and procedures related to the use of the fair value model, and each division calculates fair values in accordance with these policies and procedures. The fair values calculated are verified by an independent valuation department to verify the appropriateness of the valuation techniques and inputs used to calculate the fair values and the appropriateness of the categorization of the level of fair values.

In cases where market prices obtained from third parties are used, the appropriateness of the prices is verified by appropriate methods such as confirmation of the valuation techniques and inputs used and comparison with the market prices of similar financial instruments.

(f) Explanation about effect on fair value of changing a significant unobservable input

The discount rate is an adjustment rate to standard market interest rates such as swap rates, and mainly consists of risk premiums, which are the amount of compensation required by market participants for the uncertainty of cash flows of financial instruments arising from credit risk. In general, a significant increase (decrease) in the discount rate results in a significant decrease (increase) in the fair value.

23 DERIVATIVES

The Bank's policy is to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risk associated with its assets and liabilities.

The Bank enters into interest rate swaps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into foreign exchange forward contracts and currency swaps to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations of market conditions, including interest and foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform under a contract. Because the counterparties to these derivatives are limited to major financial institutions and securities companies, the Bank does not anticipate material losses arising from credit risk.

Concerning risk management associated with derivative transactions, the front and back offices of the trading divisions (the Market Financing Division) are clearly separated, while the Asset and Liabilities Management Office synthetically manages the Bank's market risks. In this manner, an internal monitoring system is effectively secured. Derivative transactions entered into by the Bank have been made in accordance with internal policies, which regulate the trading activities, and credit risk management has formal risk limits and credit lines. The Bank's gains and losses on positions and other conditions are periodically reported to management.

(1) Derivative Transactions to Which Hedge Accounting Is Not Applied

(a) Interest Rate Related Transactions

March 31, 2026	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Interest rate swaps				
(floating rate payment, fixed rate receipt)	¥1,553	¥1,553	¥(20)	¥(20)
(fixed rate payment, floating rate receipt)	1,553	1,553	25	25

March 31, 2025	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Interest rate swaps				
(floating rate payment, fixed rate receipt)	¥1,925	¥1,925	¥(1)	¥(1)
(fixed rate payment, floating rate receipt)	1,925	1,925	9	9

March 31, 2026	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Interest rate swaps				
(floating rate payment, fixed rate receipt)	\$9,713	\$9,713	\$(125)	\$(125)
(fixed rate payment, floating rate receipt)	9,713	9,713	156	156

(b) Currency Related Transactions

March 31, 2026	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Currency swaps	¥ 60,754	¥ 38,371	¥(5,850)	¥(5,850)
Coupon swaps	240,524	165,156	103	103
Foreign currency forward contracts:				
Selling	111,538		(6,152)	(6,152)
Buying	7,483		26	26

March 31, 2025	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Currency swaps	¥ 57,565	¥ 7,476	¥(10,172)	¥(10,172)
Coupon swaps	315,522	146,233	134	134
Foreign currency forward contracts:				
Selling	97,444		(1,870)	(1,870)
Buying	3,791		51	51

	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
March 31, 2026				
Currency swaps	\$ 379,997	\$ 239,998	\$(36,589)	\$(36,589)
Coupon swaps	1,504,403	1,032,999	644	644
Foreign currency forward contracts:				
Selling	697,635		(38,478)	(38,478)
Buying	46,803		162	162

(2) Derivative Transactions to Which Hedge Accounting Is Applied

	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2026				
Interest rate swaps (floating rate payment, fixed rate receipt)	Available-for-sale securities (debt securities)			
(fixed rate payment, floating rate receipt)		¥104,970	¥104,970	¥8,447

	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2025				
Interest rate swaps (floating rate payment, fixed rate receipt)	Available-for-sale securities (debt securities)			
(fixed rate payment, floating rate receipt)		¥34,952	¥34,952	¥1,843

	Hedged Item	Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2026				
Interest rate swaps (floating rate payment, fixed rate receipt)	Available-for-sale securities (debt securities)			
(fixed rate payment, floating rate receipt)		\$656,554	\$656,554	\$52,833

(3) Information about Ordinary Income, Profit, Assets and Other Items

	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
2026							
Ordinary income:							
Ordinary income from external customers	¥ 86,347	¥10,087	¥ 96,435	¥ 3,006	¥ 99,441	¥ (12)	¥ 99,429
Intersegment ordinary income	278	157	435	719	1,154	(1,154)	
Total	¥ 86,625	¥10,245	¥ 96,871	¥ 3,725	¥ 100,596	¥ (1,167)	¥ 99,429
Segment profit	¥ 13,339	¥ 457	¥ 13,797	¥ 964	¥ 14,761	¥ (51)	¥ 14,710
Segment assets	4,468,684	29,876	4,498,560	23,945	4,522,506	(30,152)	4,492,353
Other:							
Depreciation	1,366	112	1,479	32	1,511	(0)	1,511
Total interest income	63,965	15	63,980	1,384	65,365	(155)	65,210
Total interest expenses	13,727	150	13,878	2	13,881	(142)	13,739
Impairment losses of assets	125		125		125		125
Increase in premises and equipment and intangible assets	2,614	203	2,818	65	2,884	(0)	2,883

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Bank's exposure to credit or market risk.

24 SEGMENT INFORMATION

ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors is performed in order to decide how management resources are allocated and in assessing performance. The Group concentrates on the banking business, and also conduct other financial services including the leasing and the credit card businesses. Therefore, the Group's reportable segments consist of Banking and Lease.

(2) Methods of Measurement for the Amounts of Ordinary Income, Profit, Assets and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

	Millions of Yen						
	2025						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Ordinary income from external customers	¥ 65,595	¥ 9,481	¥ 75,077	¥ 2,897	¥ 77,975	¥ (52)	¥ 77,922
Intersegment ordinary income	237	157	394	649	1,043	(1,043)	
Total	¥ 65,832	¥ 9,638	¥ 75,471	¥ 3,547	¥ 79,019	¥ (1,096)	¥ 77,922
Segment profit	¥ 9,725	¥ 335	¥ 10,060	¥ 1,077	¥ 11,137	¥ (49)	¥ 11,088
Segment assets	4,483,758	28,136	4,511,895	22,263	4,534,158	(27,460)	4,506,698
Other:							
Depreciation	1,496	121	1,617	42	1,660	(0)	1,660
Total interest income	48,796	15	48,811	1,267	50,078	(89)	49,989
Total interest expenses	6,163	102	6,265	3	6,268	(80)	6,188
Impairment losses of assets	30		30		30		30
Increase in premises and equipment and intangible assets	1,706	217	1,923	35	1,959		1,959

	Thousands of U.S. Dollars						
	2026						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Ordinary income from external customers	\$ 540,073	\$ 63,091	\$ 603,171	\$ 18,801	\$ 621,972	\$ (75)	\$ 621,897
Intersegment ordinary income	1,738	981	2,720	4,497	7,217	(7,217)	
Total	\$ 541,812	\$ 64,079	\$ 605,898	\$ 23,298	\$ 629,196	\$ (7,299)	\$ 621,897
Segment profit	\$ 83,431	\$ 2,858	\$ 86,295	\$ 6,029	\$ 92,325	\$ (318)	\$ 92,006
Segment assets	27,950,237	186,865	28,137,102	149,768	28,286,877	(188,591)	28,098,279
Other:							
Depreciation	8,543	700	9,250	200	9,450	(0)	9,450
Total interest income	400,081	93	400,175	8,656	408,837	(969)	407,868
Total interest expenses	85,858	938	86,802	12	86,821	(888)	85,933
Impairment losses of assets	781		781		781		781
Increase in premises and equipment and intangible assets	16,349	1,269	17,625	406	18,038	(0)	18,032

Notes: 1. The "Other" segment contains businesses that are not included in these reporting segments, such as the credit card business.

2. Adjustment amounts for the years ended March 31, 2026 and 2025, were as follows:

- (1) A downward reconciliation in ordinary income other than above of ¥12 million (\$75 thousand) and ¥52 million is made to adjust the gain on reversal of reserve for loan losses.
- (2) Segment profit reconciliations of ¥51 million (\$318 thousand) and ¥49 million were made to eliminate intersegment transactions.
- (3) A downward reconciliation in segment assets of ¥30,152 million (\$188,591 thousand) and ¥27,460 million was made to eliminate intersegment transactions.
- (4) A downward reconciliation in depreciation of ¥0 million (\$0 thousand) and ¥0 million was made to eliminate intersegment transactions.
- (5) A downward reconciliation in total interest income of ¥155 million (\$969 thousand) and ¥89 million was made to eliminate intersegment transactions.
- (6) A downward reconciliation in total interest expenses of ¥142 million (\$888 thousand) and ¥80 million was made to eliminate intersegment transactions.
- (7) A downward reconciliation in increase in premises and equipment and intangible assets of ¥0 million (\$0 thousand) was made to eliminate intersegment transactions for the year ended March 31, 2026.

3. Segment profit is reflected as an adjustment to ordinary profit.

4. Ordinary profits, ordinary income and ordinary expenses are defined as follows:

"Ordinary profits" means "Ordinary income" less "Ordinary expenses."

"Ordinary income" represents total income less certain special income included in other income in the accompanying consolidated statement of income for the years ended March 31, 2026 and 2025.

"Ordinary expenses" represents total expenses less certain special expenses included in other expenses in the accompanying consolidated statement of income for the years ended March 31, 2026 and 2025.

Related Information

(1) Information by Services

Income regarding major service for the years ended March 31, 2026 and 2025, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Loan Businesses	¥31,812	¥25,659	\$198,974
Securities Investment Businesses	41,407	29,181	258,987
Other	26,209	23,081	163,929
Total	¥99,429	¥77,922	\$621,897

(2) Geographical Information

(a) Ordinary income

Ordinary income from external domestic customers exceeded 90% of total ordinary income on the consolidated statement of income for the

years ended March 31, 2026 and 2025; therefore, geographical ordinary income information is not presented.

(b) Premises and equipment

The balance of domestic premises and equipment exceeded 90% of total balance of premises and equipment in the consolidated balance sheet at March 31, 2026 and 2025; therefore, geographical premises and equipment information is not presented.

(3) Major Customer Information

Ordinary income from a specific customer did not reach 10% of total ordinary income in the consolidated statement of income for the years ended March 31, 2026 and 2025; therefore, major customer information is not presented.

25 RELATED PARTY TRANSACTIONS

There were no significant related party transactions for the years ended March 31, 2026 and 2025.

26 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2026 and 2025, was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares (*)	EPS (*)	
Year Ended March 31, 2026				
Basic EPS—Net income available to common shareholders	¥10,595	75,798	¥139.79	\$ 0.87
Effect of dilutive securities:				
Stock Option		537	(0.99)	(0.00)
Diluted EPS—Net income for computation	¥10,595	76,335	¥138.80	\$ 0.86
Year Ended March 31, 2025				
Basic EPS—Net income available to common shareholders	¥7,555	77,796	¥97.12	
Effect of dilutive securities:				
Stock Option		558	(0.70)	
Diluted EPS—Net income for computation	¥7,555	78,354	¥96.42	

(*) Shares and per share figures have restated, as appropriate, to reflect the five-for-one stock split effected April 1, 2026.

27 SUBSEQUENT EVENTS

(1) Appropriations of Retained Earnings

At the Bank's general shareholders meeting to be held on June 23, 2026, the Bank will submit a proposal as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥85.00 (\$0.53) per share	¥1,290	\$8,068

Notes: 1. The total amount of dividends based on the resolution of the general shareholders meeting to be held on June 23, 2026 includes dividends of ¥6 million (\$37 thousand) for the shares of the Bank held by the E-Ship Trust.

2. Cash dividends per share have not reflected the five-for-one stock split effected April 1, 2026.

(2) Stock Split and Partial Amendment to the Articles of the Incorporation due to Stock Split

The Bank resolved, at a meeting of the Board of Directors held on January 26, 2026, to conduct a stock split, partially amend its Articles of Incorporation due to the stock split, as described below, and these changes were subsequently implemented, effective April 1, 2026, as follows.

(a) Stock split

Purpose of stock split

The Bank will conduct a stock split to lower the price per investment unit of its shares (minimum investment amount) so that it can offer a more conducive environment for investing in our shares, and thereby increase the liquidity of its shares and expand investor base.

Overview of stock split

(i) Method of stock split

We conducted a five-for-one stock split of its common stock held by shareholders registered or recorded on the final shareholder registry as of the record date of Tuesday, March 31, 2026.

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

Total number of issued shares before the stock split	15,693,634 shares
Number of shares to be increased by this stock split	62,774,536 shares
Total number of issued shares after the stock split	78,468,170 shares
Total number of shares authorized to be issued after the stock split	150,000,000 shares

(iii) Timetable

Date of public notice of the record date	Friday, March 13, 2026
Record date	Tuesday, March 31, 2026
Effective date	Wednesday, April 1, 2026

Other

(i) Change in the amount of common stock

The stock split will not result in any change in the amount of common stock.

(ii) Dividends

The effective date of the stock split is Wednesday, April 1, 2026. Therefore, the year-end dividend for the year ended March 31, 2026, whose record date is Tuesday, March 31, 2026, will be paid to the shares held before the stock split.

As the amount of annual dividends per share for the year ended March 31, 2026, remains unchanged at ¥170 (\$1.06) as announced on November 10, 2025, we plan to pay ¥85 (\$0.53) per share as the year-end dividend.

(iii) Impact on per share information

Impact on per share information is stated in Note26 "NET INCOME PER SHARE."

(b) Partial amendments to the Articles of Incorporation due to the stock split

Reason for the amendment

Due to the stock split, the Bank amended the total number of shares authorized to be issued set forth in Article 5 of the Bank's Articles of Incorporation in line with the split ratio, effective on Wednesday, April 1, 2026, as provided for in Article 184, Paragraph 2 of the Companies Act.

Details of the amendment

The details of the amendment are as follows.

(Amended parts are underlined.)

Prior to the amendment	Proposed amendment
(Total number of shares authorized to be issued) Article 5. The total number of shares authorized to be issued by the Bank shall be <u>thirty million</u> (30,000,000).	(Total number of shares authorized to be issued) Article 5. The total number of shares authorized to be issued by the Bank shall be <u>one hundred fifty million</u> (150,000,000).



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of THE OITA BANK, LTD.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of THE OITA BANK, LTD. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2026, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

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

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside 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 provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

Member of
Deloitte Touche Tohmatsu Limited

Calculation of Reserve for Loan Losses

The Group provides banking and other financial services primarily in Oita Prefecture. Based on its management philosophy of "to remain one which is committed to making every effort to contribute to the prosperity of the regional community through our banking operations," the Group engages in business activities aimed at becoming a value-creating company that enhances regional sustainability.

While Oita Prefecture is rich in tourism resources, its social structure is changing due to the declining population and aging population. In addition, the local economy has been hit hard by changes in the external environment, such as exchanging of rate fluctuations, rising of prices, and increasing of labor costs. The Group has a large share of loans in Oita Prefecture, and recorded the loans and bills discounted of ¥2,460,618 million on the consolidated balance sheet as of March 31, 2026.

In the lending business, which is the Group's core banking business, there is a risk that the Group may incur a loss in cases where all or part of a loan becomes uncollectible due to the debtor's credit events such as bankruptcy. The reserve for loan losses is recorded for the portion where such a loss is expected. The Group recorded the reserve for loan losses of ¥23,172 million on the consolidated balance sheet as of March 31, 2026.

The Group's accounting policy and calculation process of the reserve for loan losses are disclosed in Note 2.i, "Summary of Significant Accounting Policies - Reserve for Loan Losses," to the consolidated financial statements.

The reserve for loan losses is calculated on the basis of the debtor category, which is a significant input in the estimates. Significant assumptions and judgments used in the determination of a debtor category are disclosed in Note 3, "Significant Accounting Estimate."

Key Audit Matter Description

The Group estimates the reserve for loan losses in accordance with the internal rules for write-offs and provisions. The estimates include the determination of a debtor category based on the debtor's financial position and results of operations, as well as its reasonable future business plan, the valuation of the collateral pledged by the debtor, and the calculation of the actual past loss ratio adjusted for the future outlook.

Specifically, the determination of a debtor category may depend on significant judgments regarding the expected recovery of the debtor's financial performance in the future based on its business plan if the debtor is facing financial difficulties and its performance is deteriorating.

Debtors that provide products and services rooted in local markets in Oita Prefecture are being affected by changes in the business environment, such as the declining population and aging population. In addition, costs continue to rise due to rising prices, including raw materials and energy prices, and increasing labor costs. There are certain debtors whose business conditions have deteriorated due to these severe business conditions (hereinafter referred to as the "Certain troubled debtors").

Regarding the determination of debtor categories for such Certain troubled debtors, future business plans often include significant assumptions such as prospects for support from financial institutions and debtor-related companies, sales forecasts which are subject to the external business environment and demand trends, and cost reduction efforts which depend on the debtors' internal business environment.

Accordingly, as significant assumptions have high estimation uncertainty, the determination of debtor categories involves significant judgments.

There is a potential risk that the reserve for loan losses may not be appropriately calculated if a debtor category determined based on the debtor's future business plan does not appropriately reflect the debtor's credit risk. Accordingly, we identified the determination of debtor categories for the Certain troubled debtors, which involves significant assumptions used in their future business plans, as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

In order to address the key audit matter, we evaluated the effectiveness of the Group's controls over the determination of debtor categories of the Certain troubled debtors and tested the appropriateness of debtor categories based on the underlying information obtained.

We evaluated the effectiveness of the Group's controls, including review and approval, over the determination of debtor categories in accordance with the internal rules for write-offs and provisions. We also evaluated the effectiveness of the Group's controls over the accuracy and completeness of data, such as financial information about debtors, that was used in these internal controls.

In addition, for the Certain troubled debtors whose categories were highly dependent upon their future business plans, we tested the appropriateness of the information about these debtors underlying the determination of debtor categories. Also, we identified significant assumptions used in their future business plans and evaluated the reasonableness of such assumptions by performing the following:

- We evaluated the historical actual support and the intention and ability to provide support, in cases where support from financial institutions and debtor-related companies is a prerequisite for the business plans.
- We evaluated the reasonableness of significant assumptions by comparing their business plans in prior periods to the recent actual results and analyzing the factors of differences. Also, we examined whether the factors of differences that needed to be reflected in the business plans for the following period were appropriately reflected.
- We evaluated the feasibility of sales forecasts which are subject to the external business environment and demand trends by examining the progress of measures to improve profits and comparing them to externally available information.
- We evaluated that the impact of rising raw material and energy prices and increasing in labor costs was fully reflected in their business plans by examining the recent costs incurred.
- We evaluated the feasibility of cost reduction efforts which depend on the debtors' internal business environment by examining the recent costs incurred, the progress of such measures and the ability for further cost reduction.

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the ANNUAL REPORT, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

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

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

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over 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 an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we 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, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as 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 units 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 purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2026, which were charged by us and our network firms to THE OITA BANK, LTD. and its subsidiaries were ¥67 million and ¥2 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC
August 3, 2026

Summary of Nonconsolidated Balance Sheet (Unaudited)

THE OITA BANK, LTD.
March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
ASSETS:			
Cash and due from banks	¥ 617,688	¥ 779,890	\$ 3,863,447
Call loans	3,037	5,681	18,995
Commercial paper and other debt purchased	1,535	2,210	9,600
Money held in trust	2,000	3,994	12,509
Investment securities	1,292,428	1,341,145	8,083,737
Loans and bills discounted	2,473,308	2,282,301	15,469,777
Foreign exchange assets	6,064	3,945	37,928
Other assets	29,728	27,361	185,939
Premises and equipment	29,011	28,456	181,454
Intangible assets	1,190	756	7,443
Prepaid pension cost	11,232	10,315	70,252
Deferred tax assets		6,129	
Customers' liabilities for acceptances and guarantees	15,081	13,035	94,326
Reserve for loan losses	(20,546)	(20,937)	(128,508)
TOTAL	¥4,461,761	¥4,484,286	\$27,906,936
LIABILITIES:			
Deposits	¥3,631,626	¥3,585,512	\$22,714,698
Payables under repurchase agreements	111,406	68,683	696,810
Payables under securities lending transactions	96,902	193,413	606,092
Borrowed money	323,202	381,438	2,021,528
Foreign exchange liabilities	82	29	512
Other liabilities	49,595	45,450	310,201
Liability for retirement benefits	6,204	6,265	38,804
Reserve for reimbursement of deposits	892	1,064	5,579
Deferred tax liabilities	5,703		35,670
Deferred tax liabilities for land revaluation excess	4,024	4,039	25,168
Acceptances and guarantees	15,081	13,035	94,326
Total liabilities	4,244,722	4,298,932	26,549,424
EQUITY:			
Common stock- authorized, 30,000,000 shares ; issued, 15,693,634 shares in 2026 and in 2025 (*)	19,598	19,598	122,579
Capital surplus	10,582	10,582	66,187
Stock acquisition rights	289	271	1,807
Retained earnings:			
Legal reserve	10,431	10,431	65,242
Unappropriated	143,497	136,045	897,529
Total retained earnings	153,928	146,476	962,772
Unrealized gain (loss) on available-for-sale securities	21,658	1,230	135,464
Deferred gain (loss) on derivatives under hedge accounting	5,728	1,145	35,826
Land revaluation excess	7,657	7,672	47,892
Treasury stock- at cost, 510,263 shares in 2026 and 314,659 shares in 2025 (*) ..	(2,403)	(1,624)	(15,030)
Total equity	217,039	185,354	1,357,511
TOTAL	¥4,461,761	¥4,484,286	\$27,906,936

(*) Shares have not reflected the five-for-one stock split effected April 1, 2026.

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥159.88=U.S. \$1, the approximate exchange rate prevailing at March 31, 2026.

Summary of Nonconsolidated Statement of Income (Unaudited)

THE OITA BANK, LTD.
Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
INCOME:			
Interest on:			
Loans and discounts	¥30,708	¥24,656	\$192,069
Securities	29,583	22,257	185,032
Other	3,674	1,882	22,979
Total interest income	63,965	48,796	400,081
Fees and commissions	10,574	9,901	66,137
Other operating income	317	211	1,982
Gains on sales of stocks and other securities	11,496	6,677	71,903
Other income	277	253	1,732
Total income	86,631	65,841	541,850
EXPENSES:			
Interest on:			
Deposits	7,276	2,321	45,509
Securities sold under repurchase agreements	4,276	2,814	26,745
Borrowings and rediscounts	374	69	2,339
Other	1,801	957	11,264
Total interest expenses	13,728	6,163	85,864
Fees and commissions	2,302	2,241	14,398
Other operating expenses	29,332	19,847	183,462
General and administrative expenses	25,940	25,293	162,246
Provision of allowance for loan losses	650	648	4,065
Losses on sales of stocks and other securities	796	920	4,978
Impairment losses on stocks and other securities	354	440	2,214
Provision for reimbursement of deposits		476	
Impairment losses	125	30	781
Other expenses	251	128	1,569
Total expenses	73,481	56,191	459,600
INCOME BEFORE INCOME TAXES	13,149	9,649	82,242
INCOME TAXES:			
Current	3,138	2,860	19,627
Deferred	334	162	2,089
Total income taxes	3,473	3,023	21,722
NET INCOME	¥ 9,676	¥ 6,626	\$ 60,520
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK:			
Basic net income (*1)	¥127.66	¥ 85.17	\$ 0.79
Diluted net income (*1)	126.77	84.56	0.79
Cash dividends applicable to the year (*2)	170.00	110.00	1.06

(*1) Basic net income per share and diluted net income per share have been restated, as appropriate, to reflect the five-for-one stock split effected April 1, 2026.

(*2) Cash dividends per share have not been reflected the five-for-one stock split effected April 1, 2026.

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥159.88=U.S. \$1, the approximate exchange rate prevailing at March 31, 2026.

Summary of Nonconsolidated Statement of Changes in Equity (Unaudited)

THE OITA BANK, LTD.
Year Ended March 31, 2026

	Thousands	Millions of Yen									
	Outstanding Number of Shares of Common Stock (*)	Common Stock	Capital Surplus	Stock Acquisition Rights	Legal Reserve	Retained Earnings	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2024	15,800	¥19,598	¥10,582	¥254	¥10,431	¥133,190	¥17,225	¥ (225)	¥7,810	¥(1,999)	¥196,867
Net income						6,626					6,626
Cash dividends, ¥100.00 per share (*)						(1,577)					(1,577)
Purchase of treasury stock	(620)									(2,064)	(2,064)
Disposal of treasury stock	623		(33)							258	224
Cancellation of treasury stock	(550)		(2,181)							2,181	
Transfer from land revaluation excess						21					21
Transfer from retained earnings to capital surplus			2,215			(2,215)					
Net change in the year				17			(15,994)	1,371	(137)		(14,743)
BALANCE, MARCH 31, 2025	15,252	19,598	10,582	271	10,431	136,045	1,230	1,145	7,672	(1,624)	185,354
Net income						9,676					9,676
Cash dividends, ¥145.00 per share (*)						(2,213)					(2,213)
Purchase of treasury stock	(215)									(1,010)	(1,010)
Disposal of treasury stock	66		(27)							231	203
Transfer from land revaluation excess						15					15
Transfer from retained earnings to capital surplus			27			(27)					
Net change in the year				17			20,427	4,582	(15)		25,012
BALANCE, MARCH 31, 2026	15,104	¥19,598	¥10,582	¥289	¥10,431	¥143,497	¥21,658	¥5,728	¥7,657	¥(2,403)	¥217,039

	Thousands of U.S. Dollars									
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings		Unrealized Gain (Loss) on Available- for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
				Legal Reserve	Unappropri- ated					
BALANCE, MARCH 31, 2025	\$122,579	\$66,187	\$1,695	\$65,242	\$850,919	\$ 7,693	\$ 7,161	\$47,985	\$(10,157)	\$1,159,331
Net income					60,520					60,520
Cash dividends, \$0.90 per share (*)					(13,841)					(13,841)
Purchase of treasury stock									(6,317)	(6,317)
Disposal of treasury stock		(168)							1,444	1,269
Transfer from land revaluation excess					93					93
Transfer from retained earnings to capital surplus		168			(168)					
Net change in the year			106			127,764	28,658	(93)		156,442
BALANCE, MARCH 31, 2026	\$122,579	\$66,187	\$1,807	\$65,242	\$897,529	\$135,464	\$35,826	\$47,892	\$(15,030)	\$1,357,511

(*) Shares and per share figures have not reflected the five-for-one stock split effected April 1, 2026.

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥159.88=U.S. \$1, the approximate exchange rate prevailing at March 31, 2026.

CORPORATE DATA

HEAD OFFICE

4-1, Funaimachi 3-chome, Oita 870-0021
Telephone: (097) 534-1111

INTERNATIONAL BUSINESS OFFICE

4-1, Funaimachi 3-chome, Oita 870-0021
Telephone: (097) 538-7513
Fax: (097) 536-7071
Swift: OITA JPJT

Hong Kong Representative Office

Room 1108, 11/F, The Metropolis Tower,
10 Metropolis Drive, Hung Hom,
Kowloon, Hong Kong
Telephone: 852-2522-8862
Fax: 852-2522-7298

FOREIGN EXCHANGE OFFICES

Main Office

4-1, Funaimachi 3-chome, Oita 870-0021
Telephone: (097) 534-1111

Osaka Branch

8-7, Hiranomachi 1-chome,
Chuo-ku, Osaka 541-0046
Telephone: (06) 6231-6067

Saiki Branch

2-7, Jyokanishimachi,
Saiki, Oita 876-0847
Telephone: (0972) 22-3311

Tokyo Branch

3-4, Nihonbashi 2-chome,
Chuo-ku, Tokyo 103-0027
Telephone: (03) 3273-0081

Fukuoka Branch

10-10, Kamigofukumachi,
Hakata-ku, Fukuoka 812-0036
Telephone: (092) 281-4381

Kokura Branch

1-21, Komemachi 1-chome,
Kokurakita-ku, Kita-Kyusyu 802-0003
Telephone: (093) 521-8336

Beppu Branch

18-21, Noguchinakamachi,
Beppu, Oita 874-0932
Telephone: (0977) 21-2121

Nakatsu Branch

2-10, Toyodamachi,
Nakatsu, Oita 871-0058
Telephone: (0979) 24-2211

Tsurusaki Branch

1-12, Minami-Tsurusaki 3-chome,
Oita 870-0104
Telephone: (097) 527-2121

Hita Branch

1-2, Sanbonmatsu 1-chome,
Hita, Oita 877-0016
Telephone: (0973) 23-2101

NUMBER OF MONEY EXCHANGE OFFICES

13

NUMBER OF OFFICES BY DISTRICT

Oita Prefecture	82
Miyazaki Prefecture	2
Kumamoto Prefecture	1
Fukuoka Prefecture	6
Osaka	1
Tokyo	1
Total	93

(As of Jun 30, 2026)

BOARD OF DIRECTORS AND AUDITORS

Chairman

Tomiichiro Goto

President

Yasuhide Takahashi

Senior Managing Directors

Yasunori Sato

Managing Directors

Norio Hamada
Masanobu Miura

Outside Director

Hisatsugu Wada

Full-time Audit and Supervisory Committee Members

Hiroyuki Hirakawa
Takeshi Mori

Outside Audit and Supervisory Committee Members

Mitsuo Kawano
Akiko Yamamoto
Tomoko Nouri

Managing Executive Officers

Yuji Watanabe

Senior Executive Officers

Yusuke Anan
Osamu Abe

Executive Officers

Takashi Inomata
Tetsuya Kanda
Tetsuya Okumura
Tomohiro Ono

(As of June 30, 2026)

感 動 を、シ ェ ア し た い 。

Emotions with you.