

Financial Data 2026

Year Ended March 31, 2026

Mebuki Financial Group, Inc.

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Consolidated Balance Sheet

March 31, 2026 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
ASSETS			
Cash and due from banks (Note 3).....	¥ 2,445,163	¥ 3,230,771	\$ 15,293,739
Call loans and bills bought	261,828	225,831	1,637,655
Monetary claims bought	5,698	5,360	35,641
Trading assets (Note 4)	11,691	6,080	73,124
Money held in trust (Note 5)	2,832	2,830	17,714
Securities (Notes 4, 10, 12, and 23)	3,848,221	4,213,214	24,069,434
Loans and bills discounted (Notes 7, 12, 23, and 27)	13,997,655	13,203,113	87,551,009
Foreign exchanges (Note 7)	14,922	10,967	93,335
Lease receivables and investments in lease (Note 22)	62,483	62,565	390,813
Other assets (Notes 12 and 24)	349,341	300,295	2,185,022
Tangible fixed assets (Note 8).....	107,746	101,325	673,922
Intangible fixed assets (Note 9)	12,104	12,156	75,708
Asset for retirement benefits (Note 14).....	105,971	76,987	662,818
Deferred tax assets (Note 21)	2,871	10,655	17,961
Customers' liabilities for acceptances and guarantees (Note 10).....	18,298	19,789	114,452
Allowance for loan losses	(73,233)	(73,551)	(458,050)
Allowance for investment losses	(8)	(8)	(55)
TOTAL	¥21,173,586	¥21,408,384	\$132,434,244
LIABILITIES AND EQUITY			
LIABILITIES:			
Deposits (Notes 12 and 23).....	¥17,831,757	¥17,574,529	\$111,532,136
Negotiable certificates of deposit (Note 23).....	276,180	350,586	1,727,424
Call money and bills sold	74,270	27,946	464,541
Payables under repurchase agreements (Note 12)	155,610	151,947	973,294
Payables under securities lending transactions (Note 12)	160,194	231,521	1,001,968
Trading liabilities.....	8,619	3,904	53,910
Borrowed money (Notes 12, 13, and 23).....	1,208,817	1,853,218	7,560,778
Foreign exchanges.....	1,818	2,112	11,371
Due to trust account	3,692	3,241	23,093
Other liabilities	316,518	209,719	1,979,723
Provision for bonuses for directors	340	318	2,127
Liability for retirement benefits (Note 14)	991	—	6,204
Provision for retirement benefits for directors.....	45	40	283
Provision for reimbursement of deposits.....	1,423	1,608	8,902
Provision for contingent losses	1,892	1,887	11,834
Provision for point card certificates	618	566	3,868
Provision for losses on interest repayments	0	2	1
Reserves under special laws.....	3	2	20
Deferred tax liabilities (Note 21)	27,607	1,237	172,678
Deferred tax liabilities for land revaluation (Note 8).....	7,616	7,954	47,636
Negative goodwill.....	79	237	494
Acceptances and guarantees (Note 10)	18,298	19,789	114,452
Total liabilities	20,096,394	20,442,371	125,696,737
EQUITY (Notes 15 and 16):			
Common stock	117,495	117,495	734,898
Capital surplus	56,722	80,386	354,780
Stock acquisition rights	32	37	203
Retained earnings.....	764,348	699,665	4,780,763
Treasury stock.....	(7,587)	(1,598)	(47,456)
Accumulated other comprehensive income:.....			
Unrealized gains on available-for-sale securities (Note 6)	16,374	8,507	102,415
Deferred gains on derivatives under hedge accounting (Note 24)	84,234	28,511	526,863
Land revaluation surplus (Note 8)	10,722	11,454	67,066
Defined retirement benefit plans (Note 14)	34,812	21,519	217,744
Total accumulated other comprehensive income	146,144	69,993	914,088
Non-controlling interests	36	32	230
Total equity.....	1,077,192	966,012	6,737,507
TOTAL.....	¥21,173,586	¥21,408,384	\$132,434,244

See notes to consolidated financial statements.

Consolidated Statement of Income

Year Ended March 31, 2026 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
INCOME:			
Interest income:			
Interest on loans and discounts	¥167,181	¥131,244	\$1,045,669
Interest and dividends on securities	104,131	82,150	651,311
Interest on call loans and bills bought	1,945	948	12,169
Interest on deposits with banks	16,820	9,620	105,209
Other interest income	628	495	3,928
Trust fees.....	50	34	315
Fees and commissions.....	67,475	64,740	422,038
Trading income	689	456	4,310
Other operating income.....	13,685	4,224	85,599
Other income (Note 18)	73,884	66,602	462,126
Total income.....	446,492	360,517	2,792,674
EXPENSES:			
Interest expenses:			
Interest on deposits	37,297	13,790	233,287
Interest on negotiable certificates of deposit.....	1,759	176	11,008
Interest on call money and bills sold	2,868	2,405	17,944
Interest on payables under repurchase agreements	6,389	8,144	39,967
Interest on payables under securities lending transactions	8,986	7,471	56,207
Interest on borrowing and rediscounts	2,624	2,206	16,417
Other interest expenses	24,658	29,507	154,233
Fees and commissions.....	16,837	16,240	105,312
Other operating expenses.....	57,039	41,133	356,768
General and administrative expenses (Note 19).....	116,766	109,974	730,340
Provision of allowance for loan losses	10,527	868	65,843
Other expenses (Note 20).....	42,688	46,807	267,005
Total expenses.....	328,446	278,726	2,054,332
INCOME BEFORE INCOME TAXES	118,046	81,790	738,342
INCOME TAXES (Note 21):			
Current	34,978	21,281	218,781
Deferred.....	(1,100)	2,280	(6,884)
Total income taxes	33,878	23,561	211,898
NET INCOME	84,167	58,228	526,444
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	4	0	26
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 84,163	¥ 58,228	\$ 526,417

	Yen	U.S. Dollars
PER SHARE OF COMMON STOCK (Note 17):		
Basic EPS.....	¥89.03	¥58.38
Diluted EPS	89.02	58.37
Cash dividends applicable to the year (Note 15)	28.00	16.00

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year Ended March 31, 2026 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
NET INCOME	¥ 84,167	¥ 58,228	\$ 526,444
OTHER COMPREHENSIVE INCOME (LOSS) (Note 25):			
Unrealized gains (losses) on available-for-sale securities	7,866	(68,772)	49,204
Deferred gains on derivatives under hedge accounting.....	55,722	23,531	348,530
Land revaluation surplus	—	(228)	—
Defined retirement benefit plans	13,293	(3,170)	83,148
Total other comprehensive income (loss)	76,883	(48,640)	480,882
COMPREHENSIVE INCOME	¥161,051	¥ 9,588	\$1,007,326
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥161,046	¥ 9,588	\$1,007,299
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Non-controlling interests	¥ 4	¥ 0	\$ 26

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year Ended March 31, 2026 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

	Millions of Yen											
	Accumulated Other Comprehensive Income											Non-controlling interests
	Common Stock (Note 15)	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gains (Losses) on Available-for-Sale Securities	Deferred Gains (Losses) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total		
BALANCE, APRIL 1, 2024.....	¥117,495	¥ 98,980	¥43	¥654,319	¥ (316)	¥ 77,279	¥ 4,980	¥11,895	¥24,690	¥118,845	¥32	¥989,399
Cash dividends.....				(13,094)						—		(13,094)
Net income attributable to owners of the parent				58,228						—		58,228
Purchase of treasury stock.....					(20,001)					—		(20,001)
Disposal of treasury stock.....		2			123					—		125
Retirement of treasury stock.....		(18,596)			18,596					—		—
Reversal of land revaluation surplus.....				212						—		212
Net changes during the fiscal year.....			(5)			(68,772)	23,531	(441)	(3,170)	(48,852)	0	(48,857)
Total changes during the fiscal year	—	(18,593)	(5)	45,346	(1,281)	(68,772)	23,531	(441)	(3,170)	(48,852)	0	(23,386)
BALANCE, MARCH 31, 2025.....	¥117,495	¥ 80,386	¥37	¥699,665	¥ (1,598)	¥ 8,507	¥28,511	¥11,454	¥21,519	¥ 69,993	¥32	¥966,012

	Millions of Yen											
	Accumulated Other Comprehensive Income											Total Equity
	Common Stock (Note 15)	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gains (Losses) on Available-for-Sale Securities	Deferred Gains (Losses) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total	Non-controlling interests	
BALANCE, APRIL 1, 2025.....	¥117,495	¥ 80,386	¥37	¥699,665	¥ (1,598)	¥ 8,507	¥28,511	¥11,454	¥21,519	¥ 69,993	¥32	¥ 966,012
Cash dividends.....				(20,213)						—		(20,213)
Net income attributable to owners of the parent.....				84,163						—		84,163
Purchase of treasury stock.....					(30,001)					—		(30,001)
Disposal of treasury stock.....		58			290					—		348
Retirement of treasury stock.....		(23,722)			23,722					—		—
Reversal of land revaluation surplus.....				732						—		732
Net changes during the fiscal year.....			(5)			7,866	55,722	(732)	13,293	76,150	4	76,149
Total changes during the fiscal year.....	—	(23,663)	(5)	64,682	(5,989)	7,866	55,722	(732)	13,293	76,150	4	111,179
BALANCE, MARCH 31, 2026.....	¥117,495	¥ 56,722	¥32	¥764,348	¥ (7,587)	¥16,374	¥84,234	¥10,722	¥34,812	¥146,144	¥36	¥1,077,192

	Thousands of U.S. Dollars												
	Accumulated Other Comprehensive Income											Non-controlling interests	Total Equity
	Common Stock (Note 15)	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gains (Losses) on Available-for-Sale Securities	Deferred Gains (Losses) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total			
BALANCE, APRIL 1, 2025.....	\$734,898	\$ 502,790	\$235	\$4,376,192	\$ (9,996)	\$ 53,211	\$178,333	\$71,647	\$134,596	\$437,788	\$204	\$6,042,111	
Cash dividends.....				(126,427)						—		(126,427)	
Net income attributable to owners of the parent.....				526,417						—		526,417	
Purchase of treasury stock.....					(187,652)					—		(187,652)	
Disposal of treasury stock.....		364			1,818					—		2,181	
Retirement of treasury stock.....		(148,374)			148,374					—		—	
Reversal of land revaluation surplus.....				4,581						—		4,581	
Net changes during the fiscal year.....			(33)			49,204	348,530	(4,581)	83,148	476,301	26	476,295	
Total changes during the fiscal year.....	—	(148,010)	(33)	404,572	(37,460)	49,204	348,530	(4,581)	83,148	476,301	26	695,396	
BALANCE, MARCH 31, 2026.....	\$734,898	\$ 354,780	\$203	\$4,780,763	\$ (47,456)	\$102,415	\$526,863	\$67,066	\$217,744	\$914,088	\$230	\$6,737,507	

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31, 2026 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	
OPERATING ACTIVITIES:			
Income before income taxes	¥ 118,046	¥ 81,790	\$ 738,342
Adjustments for:			
Income taxes paid	(24,463)	(25,964)	(153,011)
Depreciation and amortization	8,488	9,355	53,093
Impairment loss	473	873	2,959
Amortization of negative goodwill	(158)	(158)	(988)
Decrease in allowance for loan losses	(318)	(11,334)	(1,994)
Increase in provision for bonuses for directors	21	57	134
Increase in asset for retirement benefits.....	(3,696)	(2,696)	(23,121)
Increase in liability for retirement benefits.....	991	—	6,204
Increase in provision for retirement benefits for directors	4	6	30
Decrease in provision for reimbursement of deposits	(184)	(164)	(1,156)
Increase in provision for contingent losses	4	4	31
Increase (decrease) in provision for point card certificates	52	(26)	325
Decrease in provision for interest repayments.....	(2)	(2)	(17)
Gains on fund management	(290,707)	(224,459)	(1,818,287)
Financing expenses	84,586	63,701	529,065
Losses related to securities	20,692	16,967	129,428
Gains on money held in trust	(2)	(3)	(17)
Foreign exchange (gains) losses	(56,259)	12,156	(351,888)
(Gains) losses on disposal of fixed assets	(2,850)	136	(17,829)
Net increase in trading assets	(5,610)	(763)	(35,093)
Net increase in trading liabilities	4,714	2,351	29,490
Net increase in loans and bills discounted	(794,541)	(544,868)	(4,969,613)
Net increase (decrease) in deposits	257,228	(99,438)	1,608,882
Net (decrease) increase in negotiable certificates of deposit.....	(74,406)	223,897	(465,387)
Net decrease in borrowed money (excluding subordinated borrowings).....	(644,401)	(121,847)	(4,030,531)
Net decrease (increase) in due from banks (excluding cash equivalents)	5,491	(1,848)	34,349
Net increase in call loans.....	(36,334)	(135,045)	(227,264)
Net increase (decrease) in call money	49,986	(507,246)	312,652
Net (decrease) increase in payables under securities lending transactions	(71,326)	124,076	(446,126)
Net increase in foreign exchanges - assets	(3,954)	(1,584)	(24,735)
Net (decrease) increase in foreign exchanges - liabilities.....	(294)	563	(1,839)
Net decrease (increase) in lease receivables and investments in lease	82	(1,692)	518
Net increase in due to trust account	450	171	2,816
Proceeds from fund management	284,517	220,467	1,779,569
Payments for finance	(79,346)	(59,916)	(496,285)
Other-net.....	133,534	1,078	835,215
Total adjustments.....	(1,237,538)	(1,063,195)	(7,740,421)
Net cash used in operating activities	¥(1,119,492)	¥ (981,405)	\$ (7,002,079)
INVESTING ACTIVITIES:			
Purchases of securities	¥(1,032,658)	¥(1,530,419)	\$ (6,458,960)
Proceeds from sales of securities.....	829,500	866,682	5,188,267
Proceeds from redemption of securities	604,095	475,977	3,778,430
Increase in money held in trust.....	—	(2)	—
Proceeds from decrease in money held in trust	0	—	4
Purchases of tangible fixed assets.....	(13,506)	(4,370)	(84,482)
Proceeds from sales of tangible fixed assets	5,385	318	33,685
Purchases of intangible fixed assets	(3,387)	(3,589)	(21,188)
Other-net.....	(170)	(156)	(1,070)
Net cash provided by (used in) investing activities	389,257	(195,558)	2,434,688
FINANCING ACTIVITIES:			
Purchase of treasury stocks	(30,001)	(20,001)	(187,652)
Proceeds from sales of treasury stocks.....	333	120	2,084
Cash dividends paid	(20,213)	(13,094)	(126,427)
Net cash used in financing activities	(49,881)	(32,974)	(311,995)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	—	—	—
NET DECREASE IN CASH AND CASH EQUIVALENTS	(780,116)	(1,209,938)	(4,879,386)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,211,554	4,421,493	20,087,281
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	¥ 2,431,438	¥ 3,211,554	\$15,207,895

NONCASH INVESTING AND FINANCING ACTIVITIES:

Not applicable.

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year Ended March 31, 2026 Mebuki Financial Group, Inc. and Consolidated Subsidiaries

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of Mebuki Financial Group, Inc. (the “Company”) and its consolidated subsidiaries (together, the “Group”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, in accordance with the Enforcement Regulation for the Banking Act, and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing the 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 Company is incorporated and operates. 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 representations 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 as of March 31, 2026, include the accounts of the Company and its 16 significant subsidiaries.

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

All consolidated subsidiaries have a fiscal year ending on March 31, which is the same as the fiscal year of the Company.

The consolidated financial statements as of March 31, 2026, do not include the accounts of 14 subsidiaries because the total assets, total income, net income, retained earnings, and accumulated other comprehensive income of those entities would not have had a material effect on the consolidated financial statements.

The following 7 companies are not treated as subsidiaries even though the Group owns more than 50% of their voting rights because the Company’s unconsolidated subsidiary in the investment business held its shares for the purpose of growing the investee’s business and not for the purpose of controlling the entity:

- Hitachiya Honpo Co., Ltd.
- Mikuni Industrial Co., Ltd.
- Team Barisuta Co., Ltd.
- Miraie HD, Ltd.
- Kurobane Chip Co., Ltd.
- Suzuya Co., Ltd.
- Hiraishi Kankyo System Co., Ltd.

The consolidated financial statements as of March 31, 2026, do not apply to the equity method of accounting of 14 unconsolidated subsidiaries and 5 associated companies because the net income, retained earnings, and accumulated other comprehensive income of those entities would not have had a material effect on the consolidated financial statements.

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.

Negative goodwill represents the difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition. Negative goodwill incurred before March 31, 2010, is amortized using the straight-line method over 20 years.

b. Trading Assets and Trading Liabilities — Transactions for “Trading purposes” (seeking to capture gains arising from short-term changes in interest rates, currency exchange rates, market prices of securities, and other market-related indices or from arbitrage between markets) are valued at fair value and have been included in trading assets and trading liabilities on a trade-date basis. Gains or losses on such trading transactions are reflected as trading income or trading expenses in the consolidated statement of income.

Among the trading assets and liabilities, securities and monetary claims are carried at fair value as of the consolidated balance sheet date. Derivatives, including swaps, futures, and options, are valued assuming settlement on the consolidated balance sheet date.

Trading income or trading expenses include interest received or paid during the fiscal year. The year-on-year valuation differences of securities and monetary claims are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the year-on-year valuation differences are also recorded in the above-mentioned accounts.

c. Securities — Securities are classified and accounted for, depending on management’s intent, as follows:

- (1) Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost using the straight-line method.
- (2) Investments in unconsolidated subsidiaries that are not accounted for by the equity method are stated at cost determined by the moving-average method.
- (3) Available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Securities without readily available market prices are stated at cost determined by the moving-average cost method.

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

d. Tangible Fixed Assets — Tangible fixed assets (except for leased assets) are stated at cost, less accumulated depreciation. Depreciation of tangible fixed assets owned by the consolidated banking subsidiaries is computed by the straight-line method.

The range of useful lives is from 3 to 50 years for buildings and from 3 to 20 years for other tangible fixed assets.

Depreciation of tangible fixed assets owned by other subsidiaries is mainly computed by the straight-line method in estimated useful lives.

Depreciation of leased assets from finance lease transactions that do not deem to transfer ownership of the leased property to the lessee is computed using the straight-line method over the respective lease periods. The residual value of leased assets is determined using the guaranteed residual value indicated on the lease contracts where provided; otherwise, they have a nil residual value.

e. Intangible Fixed Assets — Amortization of intangible fixed assets is computed by the straight-line method. The cost of computer software obtained for internal use is amortized principally using the straight-line method over the estimated useful lives of mainly five years.

f. Long-Lived Assets — The Group reviews its long-lived assets for impairment whenever events or changes in circumstances 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. Allowance for Loan Losses — The consolidated banking subsidiaries have provided an allowance for loan losses, which is determined based on management’s judgment and assessment of future losses based on the write-offs and provision standards. These systems reflect the past experience of credit losses; possible credit losses; business and economic conditions; the character, quality, and performance of the portfolio; the value of collateral or guarantees; and other pertinent indicators.

The quality of all loans performed by the business offices is reviewed by the credit-related divisions in the headquarters and then independently examined by the internal audit division based on internal loan classification standards.

The classification of borrowers (six categories: “Normal borrowers”; “Borrowers requiring caution, excluding borrowers requiring monitoring”; “Borrowers requiring monitoring”; “Possible bankruptcy”; “Virtual bankruptcy”; and “Legal bankruptcy”) is determined in accordance with credit rating standards prescribed by the Group to evaluate the credit losses on loans.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings, or similar legal proceedings (“Legal bankruptcy”), or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation (“Virtual bankruptcy”), an allowance is provided based on the amount of claims, after the write-offs as stated below, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt, but are likely to become bankrupt in the future (“Possible bankruptcy”), an allowance is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers whose loans are classified as “Restructured loans” over a certain amount, for which future cash flows from the collection of principal and interest are reasonably estimated, an allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claims based on the discounted cash flow method.

For other claims, an allowance is provided, mainly based on expected loan losses for the next three years for claims requiring special caution (“Requiring monitoring”) in whole or in part among claims against borrowers requiring caution in future management, such as borrowers with unreasonable loan terms, borrowers with questionable performance, borrowers with weak or unstable business conditions, or borrowers with unfavorable financial conditions and expected loan losses for the next one year for claims against borrowers other than Requiring monitoring and claims against borrowers with good business conditions and no particular financial problems (“Normal”). Expected loan losses are computed using the average historical loan loss ratio of the past one year to three years. Where necessary, the expected loan losses are modified for possible future scenarios.

For collateralized or guaranteed claims of borrowers who are in “Virtual bankruptcy” or “Legal bankruptcy” the amount exceeding the estimated value of collateral or guarantees has been deducted as deemed uncollectible directly from those claims. As of March 31, 2026 and 2025, the deducted amounts were ¥35,634 million (\$222,880 thousand) and ¥33,930 million, respectively.

Other consolidated subsidiaries determine allowances for loan losses that are provided for general claims at an amount based on the actual historical rate of loan losses and for specific claims (from potentially bankrupt customers and other) at an estimate of the amounts deemed uncollectible based on the respective assessments.

h. Allowance for Investment Losses — Allowance for investment losses is provided at the amount deemed necessary to cover estimated possible losses on certain type of nonmarketable investments.

i. Provision for Bonuses for Directors — Provision for bonuses for directors (including executive officers) is provided in the amount of the estimated bonuses that are attributable to each fiscal year.

j. Retirement Benefits for Employees — The Group accounts for the liability for retirement benefits based on the projected benefit obligations and the fair value of plan assets at the consolidated 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 from the next year of incurrence and the year of incurrence, respectively, by the straight-line method over a period (mainly 10 years) no longer than the expected average remaining service period of the employees.

k. Provision for Retirement Benefits for Directors — Provision for retirement benefits for directors, which is provided for payments of retirement benefits to directors, is recorded in the amount deemed accrued at the fiscal year end date based on the estimated amount of benefits.

l. Provision for Reimbursement of Deposits — Provision for reimbursement of deposits, which were derecognized as liabilities under certain conditions, is provided for possible losses on future claims and is calculated based on the historical reimbursement experience.

m. Provision for Contingent Losses — Provision for contingent losses is provided for possible loan losses guaranteed by the credit guarantee corporations in an amount deemed necessary based on estimated losses in the future, calculated using historical default rates after exclusion of contingent losses covered by other reserves.

n. Provision for Point Card Certificates — Provision for point card certificates, which is provided for the future use of points granted to customers under the credit card points program, is calculated by converting the outstanding points into a monetary amount and rationally estimating and recognizing the amount that will be redeemed in the future.

o. Provision for Losses on Interest Repayments — Certain consolidated subsidiaries provide a provision for losses on interest repayments in an amount deemed necessary based on estimated amounts to be repaid, taking into account historical records of interest repayments on the portion of loans whose interest rates exceeded the maximum interest rate stipulated by the Interest Limitation Law.

p. Reserves under Special Laws — Reserves under special laws are provided for contingent liabilities incurred by an accident in relation to the sales and purchase or other transactions of securities, which amounted to ¥3 million (\$20 thousand) and ¥2 million as of March 31, 2026 and 2025, respectively, pursuant to Article 46-5-1 of the Financial Instruments and Exchange Act and Item 175 of the related cabinet order.

q. Stock Options — Compensation expense for employee stock options is recognized based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. In the consolidated balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised.

r. Stock Issuance Costs — Stock issuance costs are charged to income as incurred.

s. Leases — As a lessor, income and expenses are recognized when lease receivables are collected for finance lease transactions that do not transfer ownership of the property.

t. 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.

The Group files a tax return under the group tax sharing system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned subsidiaries.

u. Translation of Foreign Currencies — Assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing as of the consolidated balance sheet date.

v. Derivatives and Hedging Activities — Derivative financial instruments are classified and accounted for as follows: (a) all derivatives, except those entered into for hedging purposes, are recognized as either assets or liabilities and measured at fair value, with gains or losses on derivative transactions recognized in the consolidated statement of income, and the fair value is calculated on a group basis for the financial assets and financial liabilities on the net amount after offsetting the financial assets and financial liabilities, taking into account specific market risks or specific credit risks, or (b) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged transactions (deferral hedge accounting).

The consolidated banking subsidiaries apply deferral hedge accounting based on the rules of the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 24, March 17, 2022, “Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry,” for interest rate derivatives to manage interest rate risk from various financial assets and liabilities, as a whole. Under these rules, the effectiveness of a fair value hedge is assessed by an identified group of hedge items, such as loans, and by a corresponding group of hedging instruments, such as interest rate swaps in the same maturity category. Also, under these rules, the effectiveness of cash flow hedges is assessed based on the correlation between a base interest rate index of the hedged cash flow and that of the hedging instrument.

The consolidated banking subsidiaries apply deferral hedge accounting based on the rules of the JICPA Industry Audit Committee Report No. 25, October 8, 2020, “Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry,” to currency swaps and funding swaps used for the purpose of currency exchange. Under deferral hedge accounting, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions, such as currency swap transactions and foreign exchange swaps, as hedging instruments. Effectiveness of derivative transactions, such as currency swap transactions and foreign exchange swap transactions, is reviewed by comparing the total foreign currency position of the hedged items and the hedging instrument by currency.

One consolidated banking subsidiary applies individual deferral hedge accounting to offset the price fluctuation of the strategic shares that are classified under available-for-sale securities, using stock forward contracts, as hedged items. The hedge effectiveness of derivative transactions is reviewed by comparing the changes in the value of the hedged item and hedging instruments.

The consolidated banking subsidiaries apply individual deferral hedge accounting and exceptional accrual method for interest rate swap to some assets and liabilities.

w. Cash and Cash Equivalents — Cash and cash equivalents in the consolidated statement of cash flows represent cash and due from banks in the consolidated balance sheet, excluding deposits with banks other than the Bank of Japan, of the consolidated banking subsidiaries and exclude the time deposits of the Company and the other consolidated subsidiaries.

x. Consumption Taxes — Consumption tax is excluded from transactions reported by the Group. However, nondeductible consumption tax on tangible fixed assets is charged to income as incurred.

y. Per Share Information — Basic net earnings per share (EPS) of common stocks is computed by dividing net income attributable to common shareholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits.

Diluted EPS reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted EPS of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

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.

Significant Accounting Estimates

Accounting estimates recorded in the consolidated financial statements for the current fiscal year that may have a material impact on the consolidated financial statements for the following fiscal year are as follows:

Allowance for loan losses

As the ratio of loans, etc., recorded by the consolidated banking subsidiaries is relatively high in the consolidated balance sheet, the accounting estimate of allowance for loan losses has a significant impact on the results of business performance and financial position.

(i) Amounts recorded in the consolidated financial statements as of March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Allowance for loan losses	¥73,233	¥73,551	\$458,050

(ii) Information on the consolidated financial statements with regard to the accounting estimates

(a) Calculating method

As the calculation method is stated in “G. Allowance for loan losses” in NOTE “2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,” to prepare for loan losses and losses on claims equivalent to loans, The classification of borrowers is determined (six categories: “Normal borrowers”; “Borrowers requiring caution, excluding borrowers requiring monitoring”; “Borrowers requiring monitoring”; “Possible bankruptcy”; “Virtual bankruptcy”; and “Legal bankruptcy”) based on predetermined credit rating standards. In determining the classification borrowers, the Group reflects the projections for changes in the performance of borrowers that are expected to be affected by their marketing measure, improvement in productivity and cost reduction measures, financial support from the parent company, etc. or cash flow management through reduction of assets. Based on the classification borrowers determined as above, the Group estimates the allowance for loan losses by estimating the expected loss amount considering the actual historical rate of loan losses for each classification, in accordance with the credit risk.

(b) Significant assumptions

The classification borrowers is determined by comprehensively examining various types of information, including the borrower’s past financial information, repayment history, future forecasts, and other qualitative information. Among these, future forecasts are evaluated based on certain assumptions regarding the feasibility of the borrower’s marketing measures

leading to increasing or maintained sales, expense decrease or consist through improvement in productivity and cost reduction measures, and the maintenance of cash flow through financial support from the parent company, etc. or reduction of assets.

(c) Impact on the consolidated financial statements for the following fiscal year: The assumptions used in determining the classification of borrowers are uncertain, and changes in the assumptions used in the initial estimation could increase or decrease the amount of loss and have a material impact on the consolidated financial statements.

Unapplied Accounting Standards

Accounting Standards for Leases

- “Accounting Standard for Leases” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 34 on September 13, 2024)
- “Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024), and other related accounting standards, guidance, practical solution reports, and transfer guidelines

(a) Overview

Same as the international accounting standards, this standard requires the treatment of recognizing assets and liabilities for all leases in a lessee's.

(b) Scheduled Application Date

The standard is scheduled to be applied from the beginning of the fiscal year ending March 2028.

(c) Impact of Applying the Accounting Standards

The impact amount is currently being evaluated at the time of preparing the consolidated financial statements.

3. CASH AND CASH EQUIVALENTS

The reconciliation of “Cash and cash equivalents” in the consolidated statements of cash flows and “Cash and due from banks” in the consolidated balance sheets as of March 31, 2026 and 2025, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Cash and due from banks.....	¥2,445,163	¥3,230,771	\$15,293,739
Deposits with banks of the consolidated banking subsidiaries other than the Bank of Japan.....	(13,724)	(19,216)	(85,844)
Cash and cash equivalents	¥2,431,438	¥3,211,554	\$15,207,895

4. TRADING SECURITIES AND SECURITIES

The amounts shown in the following tables include “Securities,” trading securities in “Trading assets,” and negotiable certificates of deposit in “Cash and due from banks,” as described in the consolidated balance sheet.

Valuation differences recognized as income and expenses as of March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Trading securities.....	¥7	¥5	\$44

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Japanese national government bonds	¥1,338,410	¥1,236,294	\$ 8,371,346
Japanese local government bonds	244,483	499,163	1,529,171
Japanese corporate bonds.....	549,670	776,955	3,438,021
Japanese corporate stocks	292,340	248,189	1,828,499
Other securities	1,423,315	1,452,612	8,902,396
Total	¥3,848,221	¥4,213,214	\$24,069,434

The cost and aggregate fair value of available-for-sale securities and held-to-maturity securities as of March 31, 2026 and 2025, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2026				
Securities classified as:				
Available-for-sale:	¥3,535,067	¥235,901	¥213,770	¥3,557,197
Equity securities.....	123,482	165,431	788	288,124
Debt securities:	2,098,120	8	196,647	1,901,481
Japanese national government bonds	1,337,545	—	144,865	1,192,679
Japanese local government bonds	249,406	1	8,894	240,513
Japanese corporate bonds	511,168	6	42,887	468,287
Others:	1,313,464	70,462	16,335	1,367,591
Foreign bonds	817,153	3,247	9,985	810,414
Others.....	496,311	67,215	6,349	557,177
Held-to-maturity:	231,084	18	17,654	213,448
Japanese national government bonds.....	145,730	—	15,762	129,967
Japanese local government bonds.....	3,970	—	35	3,934
Japanese corporate bonds	81,382	18	1,855	79,545

March 31, 2025	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:	¥3,942,215	¥147,832	¥137,186	¥3,952,861
Equity securities:.....	130,182	114,782	1,123	243,841
Debt securities:.....	2,408,637	42	103,588	2,305,090
Japanese national government bonds	1,174,680	—	55,545	1,119,134
Japanese local government bonds	512,964	6	15,500	497,471
Japanese corporate bonds	720,992	35	32,543	688,484
Others:.....	1,403,395	33,007	32,473	1,403,928
Foreign bonds	805,936	2,589	10,938	797,588
Others.....	597,458	30,418	21,535	606,340
Held-to-maturity:	207,322	15	5,960	201,377
Japanese national government bonds	117,159	—	4,803	112,356
Japanese local government bonds	1,692	—	24	1,667
Japanese corporate bonds	88,470	15	1,132	87,353

March 31, 2026	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:	\$22,110,754	\$1,475,490	\$1,337,071	\$22,249,173
Equity securities:.....	772,344	1,034,721	4,933	1,802,132
Debt securities:.....	13,123,095	50	1,229,967	11,893,178
Japanese national government bonds	8,365,934	—	906,090	7,459,845
Japanese local government bonds	1,559,958	11	55,632	1,504,337
Japanese corporate bonds	3,197,202	40	268,245	2,928,996
Others:.....	8,215,316	440,719	102,171	8,553,864
Foreign bonds	5,111,040	20,309	62,457	5,068,892
Others.....	3,104,276	420,410	39,713	3,484,972
Held-to-maturity:	1,445,360	117	110,423	1,335,054
Japanese national government bonds	911,502	—	98,592	812,910
Japanese local government bonds	24,834	—	224	24,610
Japanese corporate bonds	509,025	117	11,607	497,534

Information for available-for-sale securities, which were sold during the years ended March 31, 2026 and 2025, is as follows:

March 31, 2026	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 53,016	¥22,330	¥ 1,135
Debt securities:	460,042	—	49,311
Japanese national government bonds	95,737	—	14,785
Japanese local government bonds	247,554	—	13,206
Japanese corporate bonds	116,751	—	21,318
Others:	319,269	11,292	7,878
Foreign bonds	142,393	393	1,354
Others	176,876	10,899	6,524
Total	¥832,329	¥33,623	¥58,325

March 31, 2025	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 39,491	¥20,412	¥ 1,879
Debt securities:	507,498	0	25,704
Japanese national government bonds	149,650	—	309
Japanese local government bonds	180,301	—	6,853
Japanese corporate bonds	177,546	0	18,542
Others:	364,637	7,295	18,022
Foreign bonds	186,296	122	3,190
Others	178,340	7,173	14,832
Total	¥911,627	¥27,708	¥45,605

March 31, 2026	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	\$ 331,601	\$139,672	\$ 7,103
Debt securities:	2,877,426	—	308,429
Japanese national government bonds	598,807	—	92,481
Japanese local government bonds	1,548,377	—	82,604
Japanese corporate bonds	730,242	—	133,344
Others:	1,996,933	70,632	49,278
Foreign bonds	890,626	2,460	8,472
Others	1,106,308	68,172	40,806
Total	\$5,205,961	\$210,304	\$364,811

Securities other than securities for trading purposes (excluding equity securities without readily available market price and partnership investments), where the fair value of the securities has significantly decreased compared to the acquisition cost and there is no expectation that the fair value will recover to the acquisition cost, are accounted for on the consolidated balance sheet at the fair value. Additionally, the difference in valuation is treated as a loss for the current consolidated fiscal year, a process referred to as “impairment.”

There was no impairment loss recognized for the current fiscal year.

The impairment loss for the previous fiscal year was ¥104 million (including stocks: ¥104 million).

The criteria for determining whether the fair value has “significantly declined” are based on the spirit of the “Practical Guidelines on Accounting for Financial Instruments” (Transfer Guidelines No. 9, March 11, 2025), and include cases where the fair value at the end of the consolidated fiscal year has fallen by 30% or more compared to the acquisition cost. Additionally, for available-for-sale securities such as domestic stocks and domestic investment trusts, the judgment is generally based on the average market price for the last month of the consolidated fiscal year.

As of March 31, 2026 and 2025, total amount of shares or capital contributions in non-consolidated subsidiaries and affiliated companies was of ¥9,170 million (\$57,361 thousand) and ¥7,855 million, respectively.

5. MONEY HELD IN TRUST

Money held in trust for trading purposes as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Amounts recorded in the consolidated balance sheet	¥2,832	¥2,830	\$17,714
Valuation (loss) gain included in the consolidated statement of income	(4)	4	(30)

6. UNREALIZED GAINS ON AVAILABLE-FOR-SALE SECURITIES

Unrealized gains on available-for-sale securities as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Unrealized gains:	¥22,797	¥11,520	\$142,594
Available-for-sale securities	22,797	11,520	142,594
Deferred tax liabilities:.....	(6,423)	(3,013)	(40,179)
Unrealized gains on available-for-sale securities before adjustments by ownership share	16,374	8,507	102,415
Unrealized gains on available-for-sale securities	¥16,374	¥ 8,507	\$102,415

As of March 31, 2026 and 2025, the total unrealized gains include an unrealized gain of ¥667 million (\$4,176 thousand) and ¥874 million, respectively, on available-for-sale securities contained in certain fund.

7. LOANS AND BILLS DISCOUNTED

Claims based on the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions as of March 31, 2026 and 2025, are as follows:

The claims consist of those included in the accounts of bonds included in “Securities” (its principal’s redemption and interest payments are guaranteed, in whole or in part, and the corporate bonds issue is limited to a private placement of the securities (Article 2, Item 3 of the Financial Instruments and Exchange Act)); “Loans;” “Foreign exchanges assets; accrued interest and suspense payment in “Other assets;” and “Customers’ liabilities for acceptances and guarantees” in the consolidated balance sheet, and securities in the notes (limited to those under a loan for use or lease agreement) that are in case of loan.

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Bankrupt and substantially bankrupt claims.....	¥ 13,006	¥ 13,409	\$ 81,349
Doubtful claims.....	141,167	137,976	882,958
Claims past due for three months or more.....	175	145	1,095
Restructured claims	22,232	27,385	139,060
Total	¥176,581	¥178,916	\$1,104,462

The amounts above are stated before the deduction of the allowance for loan losses.

“Bankrupt and substantially bankrupt claims” are claims against borrowers in bankruptcy due to the commencement of bankruptcy procedures, the commencement of reorganization proceedings, the petition for the commencement of rehabilitation proceedings, and claims equivalent to these.

“Doubtful claims” are claims that the borrower is not yet in a state of bankruptcy, but its financial position and business performance have deteriorated, and it is highly probable that the principal’s collection and interest on claims in accordance with the terms of the contract will not be received. These claims do not fall under the category of “Bankrupt and substantially bankrupt claims.”

“Loans past due for three months or more” are loans for which the payment of principal or interest has been past due for three months or more from the day following the contractually scheduled payment date and which do not fall under “Bankrupt and substantially bankrupt claims” or “Doubtful claims.”

“Restructured loans” are loans for which, with the aim of supporting or rehabilitating the borrower’s business, the Group has modified the lending terms to be more favorable to the borrower, such as reduction of interest rates, suspension of interest payments, suspension of principal repayments, debt forgiveness, or other concessions, and which do not fall under “Bankrupt and substantially bankrupt claims,” “Doubtful claims,” or “Loans past due for three months or more.”

Contracts of overdraft facilities and loan commitment limits are contracts under which the consolidated banking subsidiaries and certain consolidated subsidiaries lend to customers up to the prescribed limits in response to customer applications for loans as long as there is no violation of any condition in the contracts. As of March 31, 2026 and 2025, the amounts of unused commitments were ¥3,049,969 million (\$19,076,617 thousand) and ¥2,845,508 million, respectively. As of March 31, 2026 and 2025, the amounts of unused commitments whose remaining contract terms were within one year were ¥1,935,919 million (\$12,108,576 thousand) and ¥1,795,866 million, respectively.

As many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions whereby the consolidated banking subsidiaries and certain consolidated subsidiaries can refuse customer applications for loans or decrease the contract limits for certain reasons (e.g., changes in a financial situation and deterioration in customers’ creditworthiness). At the inception of the contracts, the consolidated banking subsidiaries and certain consolidated subsidiaries obtain real estate, securities, or other assets as collateral if considered to be necessary. Subsequently, the consolidated banking subsidiaries and certain consolidated subsidiaries perform periodic reviews of the customers’ business results based on the internal rules and take necessary measures to reconsider conditions in the contracts and/or require additional collateral and guarantees.

Discounting bills are treated as secured lending transactions. As of March 31, 2026 and 2025, consolidated banking subsidiaries have the right to sell or repledge bills discounted and foreign exchange bills bought and their total face value was ¥11,569 million (\$72,366 thousand) and ¥15,757 million, respectively.

8. TANGIBLE FIXED ASSETS

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Buildings	¥ 35,018	¥ 34,510	\$219,032
Land	51,503	51,591	322,139
Leased assets.....	4	10	28
Construction in progress.....	9,348	953	58,475
Other	11,870	14,259	74,249
Total	¥107,746	¥101,325	\$673,922

The accumulated depreciation of tangible fixed assets as of March 31, 2026 and 2025, amounted to ¥124,835 million (\$780,809 thousand) and ¥123,972 million, respectively.

Under certain conditions, such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the Equity section. As of March 31, 2026 and 2025, such deferred profit amounted to ¥9,124 million (\$57,071 thousand) and ¥9,641 million, respectively, and the amount of the deferred profit recorded for the year ended March 31, 2026, was ¥39 million (\$248 thousand).

Under the “Law of Land Revaluation,” one banking subsidiary elected a onetime revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 1998. The resulting revaluation reserve for land represents an unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the consolidated 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 revaluation reserve for land account and related deferred tax liabilities. As of March 31, 2026 and 2025, the carrying amount of the land after the above onetime revaluation exceeded the fair value by ¥19,161 million (\$119,847 thousand) and ¥19,962 million, respectively.

9. INTANGIBLE FIXED ASSETS

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Software.....	¥ 8,947	¥ 8,829	\$55,962
Other	3,156	3,327	19,746
Total	¥12,104	¥12,156	\$75,708

10. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees in the consolidated balance sheet. As a contra account, customers' liabilities for acceptances and guarantees are presented as assets, representing the consolidated banking subsidiaries' and certain consolidated subsidiaries' rights of indemnity from the applicants.

Guarantee obligations for private placement bonds included in “Securities” (provided in accordance with Article 2-3 of the “Financial Instruments and Exchange Act”) as of March 31, 2026 and 2025, were ¥131,905 million (\$825,025 thousand) and ¥142,231 million, respectively.

11. MONETARY TRUST

Consolidated domestic banking subsidiaries guarantee the principals on certain jointly managed trust products. The guaranteed principal amounts held in such trusts were ¥3,675 million (\$22,987 thousand) and ¥3,226 million as of March 31, 2026 and 2025, respectively.

12. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and the related liabilities as of March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Assets pledged as collateral:			
Securities.....	¥1,076,652	¥1,923,901	\$ 6,734,127
Loans and bills discounted	1,328,674	1,067,204	8,310,451
Total	¥2,405,327	¥2,991,106	\$15,044,578
Related liabilities to above assets:			
Deposits	¥ 37,343	¥ 54,936	\$ 233,571
Payables under repurchase agreements	155,610	151,947	973,294
Payables under securities lending transactions.....	160,194	231,521	1,001,968
Borrowed money	1,208,600	1,850,490	7,559,420

Additionally, securities amounting to ¥172,815 million (\$1,080,904 thousand) and ¥72,567 million as of March 31, 2026 and 2025, respectively, were pledged as collateral for settlements of exchange or as substitute securities for margins on futures transactions.

Moreover, other assets included the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Deposits for central counterparty.....	¥67,525	¥116,672	\$422,354
Cash collateral paid for financial instruments.....	26,847	20,190	167,920
Cash collateral paid for transactions involving public funds	3,766	3,786	23,561
Guarantee deposits	1,310	1,307	8,200

13. BORROWED MONEY AND LEASE OBLIGATIONS

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Borrowed money for which the weighted-average annual interest rate was 0.24%, due from June 2026 to June 2035	¥1,208,817	¥1,853,218	\$7,560,778

Annual maturities of borrowed money as of March 31, 2026, for the next five years were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2027.....	¥1,129,757	\$7,066,283
2028.....	79,045	494,408
2029.....	1	12
2030.....	1	12
2031.....	1	12

(2) Obligations under finance lease transactions

The following is a summary of maturities of the finance lease obligations subsequent to March 31, 2026:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2027.....	¥2	\$18
2028.....	1	12
2029.....	0	3
2030.....	—	—
2031.....	—	—
Total	¥5	\$32

Regarding the average interest rate of lease obligations, it is not listed because some consolidated subsidiaries engaged in the banking business record the amount before deducting the interest equivalent amount included in the total lease fee as a lease obligation in the consolidated balance sheet.

The finance lease obligations were included in other liabilities in the consolidated balance sheet.

14. RETIREMENT AND PENSION PLANS

(1) Outline of the adopted retirement benefit plans

The Company's banking subsidiary, The Joyo Bank, Ltd. (“Joyo”), and its consolidated subsidiaries have adopted a defined benefit corporate pension system and a lump-sum retirement payment system as defined benefit plans, along with a defined contribution pension system for corporations. Additionally, a retirement benefit trust has been set up for the defined benefit corporate pension system and lump-sum retirement payment system.

Furthermore, when it comes to employee retirements, enhanced severance payments that are not subject to retirement benefit liability calculated in accordance with retirement benefit accounting may be paid. Joyo has implemented a revision of the lump-sum retirement payment system as of October 1, 2021, and has communicated changes in regulations associated with the revision as of June 30, 2021. Consequently, an increase in retirement benefit liability (past service costs) amounting to ¥315 million occurred, and the cost treatment (increase in expenses) has been conducted since July 2021.

The Company's banking subsidiary, Ashikaga Bank, Ltd. (“Ashikaga”), and its consolidated subsidiaries have adopted funded and unfunded defined benefit plans, as well as defined contribution plans to provide for the employees' retirement benefits. All of the retirement benefit plans are managed in an integrated manner through retirement benefit points that are determined based on years of service and capabilities of employees, as well as employee performance evaluation. The determined points are then allocated to each plan.

The defined benefit pension plans (funded plans) have introduced pension plans similar to cash balance plan-type pension plans. Under the plan, each participant will set up a virtual individual account where pension or lump-sum payments will be made based on the accumulated retirement benefit points allocated. A retirement benefit trust is established for this defined benefit pension plan.

Under the lump-sum retirement benefit plans (unfunded plans that have become funded plans due to the establishment of a retirement benefit trust), lump-sum payments are made based on the accumulated retirement benefit points allocated. In some cases, premium severance payments may be made to employees in conjunction with the employees' retirement and other.

Under the defined contribution plans, the contribution amount is decided based on the accumulated retirement benefit points allocated.

The Company's consolidated subsidiaries are members of the defined benefit pension funds under the multiemployer plans, and as the amount of plan assets corresponding to the contribution of each subsidiary may be reasonably calculated, such information is included in the notes to defined benefit plans.

Regarding the lump-sum retirement benefit plans adopted by certain consolidated subsidiaries, liability for retirement benefits and retirement benefit expenses are calculated by the simplified method.

(2) Defined benefit plans

(a) 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.....	¥98,833	¥109,842	\$618,173
Current service cost.....	1,890	2,269	11,822
Interest cost.....	2,061	1,434	12,892
Actuarial losses	(8,723)	(8,227)	(54,562)
Benefits paid	(6,489)	(6,515)	(40,588)
Prior service cost.....	—	—	—
Others	28	29	181
Balance at end of year.....	¥87,601	¥ 98,833	\$547,918

*Figures above exclude retirement and benefit plans calculated by the simplified method.

(b) 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.....	¥176,891	¥182,969	\$1,106,402
Expected return on plan assets.....	3,911	3,873	24,466
Actuarial losses (gains)	13,713	(9,128)	85,772
Contributions from the employer.....	3,019	3,054	18,885
Benefits paid	(3,978)	(3,906)	(24,882)
Others	28	29	181
Balance at end of year.....	¥193,586	¥176,891	\$1,210,824

*Figures above exclude retirement and benefit plans calculated by the simplified method.

(c) The changes in liabilities for retirement benefits adopting the simplified method 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.....	¥1,058	¥1,045	\$ 6,618
Retirement benefit expense.....	270	314	1,692
Benefits paid	(151)	(123)	(945)
Contribution to the defined benefit pension plan	(185)	(178)	(1,161)
Balance at end of year.....	¥ 991	¥1,058	\$ 6,204

(d) Reconciliation between the liabilities recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Funded defined benefit obligation.....	¥ 90,184	¥ 101,444	\$ 564,073
Plan assets.....	(196,155)	(179,490)	(1,226,891)
Total	(105,971)	(78,045)	(662,818)
Unfunded defined benefit obligation	991	1,058	6,204
Net asset arising from defined benefit obligation	¥(104,979)	¥ (76,987)	\$ (656,614)

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Liability for retirement benefits.....	¥ 991	¥ —	\$ 6,204
Asset for retirement benefits.....	(105,971)	(76,987)	(662,818)
Net asset arising from defined benefit obligation	¥(104,979)	¥(76,987)	\$ (656,614)

*Figures above include retirement and benefit plans calculated by the simplified method.

(e) 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.....	¥ 1,890	¥ 2,269	\$ 11,822
Interest cost.....	2,061	1,434	12,892
Expected return on plan assets	(3,911)	(3,873)	(24,466)
Recognized actuarial losses	(3,079)	(3,332)	(19,261)
Amortization of prior service cost	31	31	197
Retirement benefit expense calculated by the simplified method.....	269	314	1,684
Others.....	(9)	(13)	(62)
Net periodic benefit costs	¥(2,748)	¥(3,168)	\$ (17,194)

(f) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Prior service cost	¥ (31)	¥ (31)	\$ (197)
Actuarial (gains) losses	(19,357)	4,233	(121,073)
Total	¥(19,388)	¥4,202	\$ (121,270)

(g) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Unrecognized prior service cost	¥ 165	¥ 197	\$ 1,035
Unrecognized actuarial gains	(50,839)	(31,482)	(317,987)
Total	¥(50,674)	¥(31,285)	\$ (316,952)

(h) Plan assets

a. Components of plan assets

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

	2026	2025
Debt investments	46.2%	49.5%
Equity investments	39.6%	35.6%
General accounts	8.8%	8.5%
Others	5.2%	6.2%
Total	100.0%	100.0%

* As of March 31, 2026 and 2025, total plan assets that were set up on corporate pension plans include a retirement benefit trust of 36.9% and 35.4%, respectively.

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.

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

	2026	2025
Discount rate	2.20% — 3.20%	1.50% — 2.13%
Expected rate of return on plan assets.....	2.50% — 3.00%	2.50%
Expected rate of increase in salary	4.47% — 7.70%	4.48% — 7.70%

(3) Defined contribution plans

The amounts of the required contribution to the defined contribution plans of certain consolidated subsidiaries were ¥689 million (\$4,311 thousand) and ¥662 million as of March 31, 2026 and 2025, respectively.

15. EQUITY

Japanese companies are subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below.

a. 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. Additionally, for companies that meet certain criteria, including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, 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. With respect to the third condition above, the Board of Directors of companies with (a) board committees (namely, appointment committee, compensation committee, and audit committee) or (b) an audit and supervisory committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by nature, meet the criteria under the Companies Act. The Company is organized as a company with an audit and supervisory committee. The Company meets all the above criteria, and accordingly, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year.

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

Semiannual 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 provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% 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 that was charged upon the payment of such dividends until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of capital stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. 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.

(1) Capital Stock Changes during the Year

The changes in the number and class of issued stock and treasury stock for the year ended March 31, 2026, were as follows:

	Shares in Thousands			
	As of April 1, 2025	Changes During the Year		As of March 31, 2026
		Increase	Decrease	
Issued stock:				
Common stock	987,055	—	40,000* ¹	947,055
Total	987,055	—	40,000	947,055
Treasury stock:				
Common stock	2,578	46,414* ²	40,489* ³	8,502
Total	2,578	46,414	40,489	8,502

*¹ The number of issued stock decreased due to retirement of treasury stock in accordance with Article 178 of the Companies Act.
*² The number of shares of treasury stock increased by 46,412 thousand shares due to purchase of the Company's own shares and 2 thousand shares due to purchases of shares less than the trading unit.
*³ The number of shares of treasury stock decreased by 0 thousand shares due to sales to shareholders in response to their demand to buy additional shares up to the trading unit, by 465 thousand shares due to the disposal of the Company's own shares as restricted stocks, and by 24 thousand shares due to exercise of the stock acquisition rights. Reduction of 40,000 thousand shares through treasury stock cancellation.

The changes in the number and class of issued stock and treasury stock for the year ended March 31, 2025, were as follows:

	Shares in Thousands			
	As of April 1, 2024	Changes During the Year		As of March 31, 2025
		Increase	Decrease	
Issued stock:				
Common stock	1,017,055	—	30,000* ¹	987,055
Total	1,017,055	—	30,000	987,055
Treasury stock:				
Common stock	852	31,943* ²	30,218* ³	2,578
Total	852	31,943	30,218	2,578

*¹ The number of issued stock decreased due to retirement of treasury stock in accordance with Article 178 of the Companies Act.
*² The number of shares of treasury stock increased by 31,941 thousand shares due to purchase of the Company's own shares and 2 thousand shares due to purchases of shares less than the trading unit.
*³ The number of shares of treasury stock decreased by 0 thousand shares due to sales to shareholders in response to their demand to buy additional shares up to the trading unit, by 197 thousand shares due to the disposal of the Company's own shares as restricted stocks, and by 20 thousand shares due to exercise of the stock acquisition rights. Reduction of 30,000 thousand shares through treasury stock cancellation.

(2) Cash Dividends Per Share

Cash dividends per share for the years ended March 31, 2026 and 2025, were as follows:

Year ended March 31, 2026

Dividends paid in the fiscal year ended March 31, 2026

	Total Amount (Millions of Yen/ Thousands of U.S. Dollars)	Per Share Amount (Yen/U.S. Dollars)	Dividend Record Date	Effective Date
Cash dividends approved at the Board of Directors' meeting held on May 12, 2025:				
Common stock	¥8,860 (\$55,418)	¥9.00 (\$0.06)	Mar. 31, 2025	Jun. 3, 2025

	Total Amount (Millions of Yen/ Thousands of U.S. Dollars)	Per Share Amount (Yen/U.S. Dollars)	Dividend Record Date	Effective Date
Cash dividends approved at the Board of Directors' meeting held on Nov. 10, 2025:				
Common stock	¥11,352 (\$71,008)	¥12.00 (\$0.08)	Sep. 30, 2025	Dec. 2, 2025

Dividends to be paid after March 31, 2026

	Total Amount (Millions of Yen/ Thousands of U.S. Dollars)	Per Share Amount (Yen/U.S. Dollars)	Dividend Record Date	Effective Date
Cash dividends approved at the Board of Directors' meeting held on May 13, 2026:				
Common stock	¥15,016 (\$93,926)	¥16.00 (\$0.10)	Mar. 31, 2026	Jun. 3, 2026

Year ended March 31, 2025

Dividends paid in the fiscal year ended March 31, 2025

	Total Amount (Millions of Yen)	Per Share Amount (Yen)	Dividend Record Date	Effective Date
Cash dividends approved at the Board of Directors' meeting held on May 10, 2024:				
Common stock	¥6,097	¥6.00	Mar. 31, 2024	Jun. 4, 2024
	Total Amount (Millions of Yen)	Per Share Amount (Yen)	Dividend Record Date	Effective Date
Cash dividends approved at the Board of Directors' meeting held on Nov. 11, 2024:				
Common stock	¥6,997	¥7.00	Sep. 30, 2024	Dec. 3, 2024

Dividends to be paid after March 31, 2025

	Total Amount (Millions of Yen)	Per Share Amount (Yen)	Dividend Record Date	Effective Date
Cash dividends approved at the Board of Directors' meeting held on May 12, 2025:				
Common stock	¥8,860	¥9.00	Mar. 31, 2025	Jun. 3, 2025

16. STOCK OPTIONS

The Company's stock option plans grant options to directors and others to purchase certain shares of the Company's common stock in the respective exercise periods.

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

Stock Options	Persons Granted	Number of Options Granted (Shares) *3	Date of Grant	Exercise Price	Exercise Period
Mebuki Financial Group, Inc. 7th Series of Stock Acquisition Rights*1	10 directors of Joyo*2	39,241	July 18, 2013*4	¥1	From October 1, 2016, to July 18, 2043
Mebuki Financial Group, Inc. 9th Series of Stock Acquisition Rights*1	10 directors of Joyo*2	40,656	July 18, 2014*4	¥1	From October 1, 2016, to July 18, 2044
Mebuki Financial Group, Inc. 11th Series of Stock Acquisition Rights*1	10 directors of Joyo*2	40,041	July 17, 2015*4	¥1	From October 1, 2016, to July 17, 2045
Mebuki Financial Group, Inc. 13th Series of Stock Acquisition Rights	29 directors of the Company, Joyo and Ashikaga	142,176	December 6, 2016	¥1	From December 7, 2016, to December 6, 2046
Mebuki Financial Group, Inc. 15th Series of Stock Acquisition Rights	29 directors of the Company, Joyo and Ashikaga	135,990	August 9, 2017	¥1	From August 10, 2017, to August 9, 2047
Mebuki Financial Group, Inc. 17th Series of Stock Acquisition Rights	24 directors of the Company, Joyo and Ashikaga	127,508	August 14, 2018	¥1	From August 15, 2018, to August 14, 2048
Mebuki Financial Group, Inc. 19th Series of Stock Acquisition Rights	23 executive officers of Joyo and Ashikaga	201,104	August 20, 2019	¥1	From August 21, 2019, to August 20, 2049

*1 As a result of the share exchange conducted between the Company and Joyo on October 1, 2016, stock acquisition rights of the Company were allotted to the holders of stock acquisition rights of Joyo based on the share exchange ratio.
*2 The classification and number of recipients for this number are based on the status at the time of the grant at Joyo.
*3 This number is listed after being converted into the number of shares.
*4 The date is initially granted by Joyo.

The stock option activity was as follows:

Year ended March 31, 2026

	Mebuki FG 7th	Mebuki FG 9th	Mebuki FG 11th	Mebuki FG 13th
Non-vested (shares):				
April 1, 2025 — Outstanding	—	—	—	—
Granted	—	—	—	—
Canceled	—	—	—	—
Vested	—	—	—	—
March 31, 2026 — Outstanding	—	—	—	—
Vested (shares):				
April 1, 2025 — Outstanding	4,336	4,492	3,302	14,885
Vested	—	—	—	—
Exercised	—	—	—	—
Canceled	—	—	—	—
March 31, 2026 — Outstanding	4,336	4,492	3,302	14,885
Exercise price (Yen/US Dollars)	¥1 \$0.01	¥1 \$0.01	¥1 \$0.01	¥1 \$0.01
Average stock price at exercise (Yen/US Dollars)	¥— \$—	¥— \$—	¥— \$—	¥— \$—
Fair value price at grant date (Yen/US Dollars)	¥518 \$3.24	¥500 \$3.13	¥680 \$4.25	¥345 \$2.16

	Mebuki FG 15th	Mebuki FG 17th	Mebuki FG 19th
Non-vested (shares):			
April 1, 2025 — Outstanding	—	—	—
Granted	—	—	—
Canceled	—	—	—
Vested	—	—	—
March 31, 2026 — Outstanding	—	—	—
Vested (shares):			
April 1, 2025 — Outstanding	15,599	32,498	59,997
Vested	—	—	—
Exercised	—	6,018	18,460
Canceled	—	—	—
March 31, 2026— Outstanding	15,599	26,480	41,537
Exercise price (Yen/US Dollars)	¥1 \$0.01	¥1 \$0.01	¥1 \$0.01
Average stock price at exercise (Yen/US Dollars)	¥— \$—	¥741 \$4.63	¥741 \$4.63
Fair value price at grant date (Yen/US Dollars)	¥360 \$2.25	¥319 \$2.00	¥179 \$1.12

The Method Used to Estimate the Number of Stock Options Expected to Vest

Since it is difficult to rationally estimate the number of unexercised options in the future, a method of only reflecting actual unexercised options is adopted.

17. PER SHARE OF COMMON STOCK

(1) EPS

Reconciliation of the differences between basic and diluted 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.....	¥84,163	945,291	¥89.03	\$0.56
Effect of dilutive securities:				
Warrants	—	116	—	—
Diluted EPS —				
Net income for computation	¥84,163	945,407	¥89.02	\$0.56

Year Ended March 31, 2025			
Basic EPS —			
Net income available to common shareholders.....	¥58,228	997,399	¥58.38
Effect of dilutive securities:			
Warrants.....	—	134	—
Diluted EPS —			
Net income for computation	¥58,228	997,534	¥58.37

(2) Total equity per share

Total equity per share as of March 31, 2026 and 2025, was as follows:

	Yen		U.S. Dollars
	2026	2025	2026
Total equity per share.....	¥1,147.64	¥981.17	\$7.18

Total equity per share as of March 31, 2026 and 2025, is calculated based on the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Total equity.....	¥1,077,192	¥966,012	\$6,737,507
Deductions from total equity:	69	70	433
Stock acquisition rights	32	37	203
Non-controlling interests	36	32	230
Total equity attributable to common shareholders.....	¥1,077,123	¥965,942	\$6,737,074

	Number of Shares in Thousands	
	2026	2025
Number of shares of common stock used in computing total equity per share at year-end	938,552	984,477

18. OTHER INCOME

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Gain on sales of stock and other securities	¥31,284	¥27,095	\$195,677
Recoveries of write-off of claims	3,683	3,290	23,040
Gain on disposal of fixed assets	3,178	353	19,883
Other	35,737	35,861	223,525
Total	¥73,884	¥66,602	\$462,126

19. 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
Salaries and allowances	¥ 56,565	¥ 52,771	\$353,801
Periodic benefit costs	(2,162)	(2,609)	(13,529)
Other	62,363	59,811	390,067
Total.....	¥116,766	¥109,974	\$730,340

20. OTHER EXPENSES

Other 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
Loss on sales of stocks and other securities	¥ 1,385	¥ 4,530	\$ 8,667
Write-off of loans	6,021	7,235	37,662
Impairment on fixed assets*	473	873	2,959
Loss on disposal of fixed assets	328	490	2,055
Other	34,479	33,677	215,662
Total.....	¥42,688	¥46,807	\$267,005

* "Impairment losses" are recorded mainly for idle assets, etc., located in Ibaraki and Tochigi prefectures, due to the consolidation and closure of branches and the decline in the future expected cash flows of assets held by certain consolidated subsidiaries, which has made it unlikely that the investment amounts will be recoverable. The components of impairment losses on fixed assets for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Buildings.....	¥ 34	¥375	\$218
Land.....	147	475	926
Equipment.....	158	22	994
Other assets.....	131	—	822

As for the operating assets of the Company, consolidated banking subsidiaries and the others, business branches are grouped into a certain region based on the complementarity of cash flows. As for the idle assets, each asset is treated as separate units. In addition, headquarters, administrative centers, dormitories, corporate housings, and welfare facilities are treated as corporate assets because they do not generate independent cash flows. The recoverable amount is mainly calculated based on the net selling price. For land, it is, in principle, calculated by deducting the estimated disposal costs from the real estate appraisal value and other relevant amounts. For buildings, equipment, and other assets, the recoverable amount is generally regarded as zero.

21. INCOME TAXES

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Deferred tax assets:			
Allowance for loan losses.....	¥ 32,137	¥ 31,041	\$ 201,013
Write-offs of securities	7,308	7,455	45,710
Unrealized losses on available-for-sale securities.....	11,980	6,915	74,932
Provision for employee bonuses	2,334	2,138	14,603
Tax loss carryforwards	706	805	4,419
Depreciation.....	720	611	4,508
Provision for reimbursement of deposits	445	503	2,788
Other	17,551	15,208	109,782
Subtotal deferred tax assets.....	73,185	64,680	457,755
Less valuation allowance.....	(10,368)	(10,669)	(64,854)
Total deferred tax assets	62,817	54,010	392,901
Deferred tax liabilities:			
Deferred gains on derivatives under hedge accounting	(39,572)	(13,260)	(247,511)
Unrealized gains on available-for-sale securities.....	(22,207)	(14,055)	(138,902)
Asset for retirement benefits	(17,732)	(8,954)	(110,912)
Retirement benefit trust	(3,224)	(3,224)	(20,170)
Other	(4,816)	(5,098)	(30,123)
Total deferred tax liabilities	(87,553)	(44,593)	(547,618)
Net deferred tax assets (liabilities)	¥(24,736)	¥ 9,417	\$(154,717)

(Change in Presentation)

In the previous consolidated fiscal year, “Deferred gains on derivatives under hedge accounting” and “Asset for retirement benefits” were included in “Other” under deferred tax liabilities. As the materiality of these items increased, they are presented separately from the current consolidated fiscal year. To reflect this change in presentation, the consolidate financial statements for the previous consolidated fiscal year have been reclassified.

As a result, ¥ (27,313) million previously presented as “Other” in the previous consolidated fiscal year has been reclassified into “Deferred gains on derivatives under hedge accounting” at ¥ (13,260) million, “Asset for retirement benefits” at ¥ (8,954) million, and “Other” at ¥ (5,098) million.

Reconciliation of the significant differences between the statutory effective tax rate and the actual effective tax rate after applying tax effect accounting, and the main items causing such differences are as follows:

	2026	2025
Statutory effective tax rate	30.62 %	30.62 %
Adjustments:		
Tax credit for wage increase promotion	(1.15)%	(0.48)%
Items such as received dividends that are permanently excluded from taxable income.....	(0.60)%	(0.73)%
Decrease in valuation allowance amount	(0.16)%	(0.23)%
Other.....	(0.02)%	(0.38)%
Effective tax rate after applying tax effect accounting	28.69 %	28.80 %

As the Company and some subsidiaries have adopted the group tax-sharing system since the current fiscal year, the accounting treatment and disclosure of corporate tax and local corporate tax, as well as tax-effect accounting relating to these taxes are in accordance with the “Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System” (ASBJ Guidance No. 42, August 12, 2021).

22. LEASES

Future minimum payments under noncancelable operating leases as of March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Due within one year	¥ 55	¥40	\$349
Due after one year	68	51	427
Total	¥124	¥92	\$777

Lessor

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Due within one year	¥ 300	¥183	\$1,882
Due after one year	761	541	4,766
Total	¥1,062	¥725	\$6,647

23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Matters Relating to the Conditions of Financial Instruments

(1) Group Policies for Financial Instruments

The Group provides comprehensive financial services, such as lease and securities centering on banking. As the central business operation of the Group, the consolidated banking subsidiaries raise funds by deposits as its basic function as a bank; the consolidated banking subsidiaries also procure funds by call money transactions from short-term markets to maintain an adequate degree of liquidity. The consolidated banking subsidiaries manage those funds through lending to corporate customers and individuals, such as housing loans; investing in securities, mainly bonds; and investing in money markets.

The Group utilizes Asset Liability Management (ALM) to avoid unfavorable floating interest rate fluctuation of the financial assets and liabilities it holds. As a part of ALM, the Group has entered into derivative transactions.

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

The Group’s financial assets are mainly loans made by the consolidated banking subsidiaries to domestic corporations and individuals in Japan, which are exposed not only to interest rate fluctuation risks, but also to customers' credit risks. Securities and investment securities, such as bonds, stocks, and investment trusts, are possessed to trade, to hold to maturity dates to generate stable interest income, and to promote business relationships with the issuers. These securities are exposed to the issuers’ credit risks, interest rate fluctuation risks, and market price fluctuation risks.

The Group's main financial liabilities are deposits received by the consolidated banking subsidiaries, which are exposed to interest rate fluctuation risks and liquidity risks. Borrowed money and bonds are exposed to the risks that the Group may not be able to repay them on their maturity dates if, under certain circumstances, the Group is not able to access a capital market.

The consolidated banking subsidiaries utilize derivative transactions to hedge the customers’ interest and currency risks and to control the interest rate fluctuation risks in ALM. Derivatives transactions are utilized to hedge interest rate fluctuation risks, foreign currency exchange rate fluctuation risks, and market price fluctuation risks on the Group’s financial assets and liabilities. Derivatives mainly include interest rate swaps, currency swaps, and bond futures, and are exposed to the interest rate fluctuation risks, market price fluctuation risks, foreign currency exchange rate fluctuation risks, and credit risks.

Hedge accounting is applied to certain derivatives. In hedge transactions against foreign currency fluctuation risks, mainly currency swaps and foreign exchange swaps, the effectiveness of hedging is

determined by confirming that the amount of the hedging instruments is generally consistent with that of the hedged items. Regarding an exceptional accounting treatment in interest rate swaps, post testing is conducted to confirm that requirements for the treatment are satisfied.

Derivatives transactions to which hedge accounting is not applied are exposed to interest rate fluctuation risks, foreign currency exchange rate fluctuation risks, price fluctuation risks, and credit risks.

(3) Risk Management for Financial Instruments

(a) Integrated Risk Management

The Group conducts integrated risk management to holistically control risks from various financial assets and liabilities and risks related to the banking business. More specifically, the periodically quantified risks of the Group are controlled so as to not exceed Tier 1 capital allocated by each risk category. The bank assesses unquantifiable risks using stress tests and other measures.

(b) Credit Risk Management

The Group has enacted “Group Guidelines for Credit Risk Management,” which provides for basic policies comprising appropriate credit exposure management on individual and portfolio bases. The portfolio-based credit exposure management involves diversification of risks.

Credit risk management divisions have been segregated from the divisions under business headquarters to achieve rigorous credit review and conduct monitoring of borrowers’ financial condition to prevent deterioration of loans.

In the credit rating that evaluate the quality of assets, the Group designs and operates controls over credit rating of the quality of assets, which is performed in multiple steps. The assessment of the quality of assets performed by the business offices is reviewed by the credit-related divisions in the headquarters and then independently examined by the internal audit division.

As for credit risks of the issuers of securities and the counterparties of derivatives transactions, global markets and market operation divisions monitor credit information and fair value and give the issuers and counterparties credit ratings, as well as carry out assessments of the issuers and counterparties as general borrowers.

(c) Market Risk Management

① Market Risk Management Measures

The Group manages market risks by ALM. Risk management policies and procedures are prescribed in relevant ALM rules and manuals, and these policies decided in ALM/Risk Management Committee and so forth are closely monitored and regularly discussed. Market risk is measured by using Value at Risk (VaR). In order not to exceed the limit, the ALM/Risk Management Committee monitors the status of conflicts and compliance with the limit on a monthly basis by setting the alarm points.

② Market Risk Quantitative information

(i) Banking Account

a. Interest Rate Risk

The Group adopts the historical simulation method (holding period of six months, confidence interval of 99%, observation period of five years) for VaR measurement related to yen interest rate fluctuation risks of loans, domestic bonds, deposits, borrowed money, and interest rate swap transactions among derivative transactions.

Additionally, for VaR measurement related to foreign currency interest rate fluctuation risks of foreign bonds, trust beneficiary rights, marketable funds transactions, and interest rate swap and currency swap transactions among derivative transactions, historical simulation method (holding period of six months, confidence interval of 99%, observation period of five years) is utilized.

As of March 31, 2026 and 2025, the Group’s VaR related to interest rate risks, which is a simple sum of its consolidated banking subsidiaries’ VaR, were ¥57,731 million (\$361,095 thousand) and ¥59,229 million, respectively.

b. Price Fluctuation Risk

The Group adopts the historical simulation method (a holding period of six months, a confidence interval of 99%, and an observation period of five years) for calculating VaR related to price fluctuation risk of listed equities and investment trust.

As of March 31, 2026 and 2025, the Group’s VaR related to price fluctuation risk, which is a simple sum of its consolidated banking subsidiaries’ VaR, were ¥109,440 million (\$684,518 thousand) and ¥159,063 million, respectively. Correlation between interest rate risk and price fluctuation risk has not been considered.

(ii) Trading Account

The Group adopts the historical simulation method (a holding period of 10 days, a confidence interval of 99%, and an observation period of five years) for calculating VaR related to trading securities; trading-purpose foreign exchange transactions; and trading-purpose derivatives, such as forward transactions and option transactions. As of March 31, 2026 and 2025, the Group’s VaR related to trading account, which is simple sum of its consolidated banking subsidiaries’ VaR, were ¥12 million (\$79 thousand) and ¥9 million, respectively.

(iii) Validity of VaR

The Group performs backtesting to compare VaR calculated by its internal measurement model with the actual profit and loss to confirm whether the model captures market risks with sufficient accuracy. However, there could be cases in which VaR cannot capture risks under sudden and dramatic changes in market conditions beyond normal circumstances since VaR is statistically calculated based on historical market fluctuation.

(d) Liquidity Risk Management

Under “Group Liquidity Risk Management Rules,” the Group conducts financing activities after fully analyzing its cash flows and strives to maintain the diversity and stability of funding sources, while paying continuous attention to the consolidated balance sheet structure, lines of credit provided to the Group, collateral management, and costs to maintain the liquidity.

(4) Supplementary Explanation on Fair Values of Financial Instruments

In the valuation of financial instruments, certain assumptions and conditions are adopted. Therefore, the value may vary if different assumptions and conditions are used.

Matters Relating to Fair Value of Financial Instruments and Others

The carrying amounts in the consolidated balance sheet and the fair values of financial instruments, and unrealized gains or losses on them were as below as of March 31, 2026 and 2025. The table below does not include equity securities and other securities without readily available market prices or investments in partnerships and other investments. Notes to cash and due from banks, call loans and bills bought, foreign exchanges (assets and liabilities), call money and bills sold, payables under repurchase agreements, and payables under securities lending transactions are omitted because these are settled in the short term and their fair values approximate their carrying amounts. Immaterial line items are also omitted.

	Millions of Yen						Thousands of U.S. Dollars		
	2026			2025			2026		
	Carrying Amount	Fair Value	Unrealized Gains/Losses	Carrying Amount	Fair Value	Unrealized Gains/Losses	Carrying Amount	Fair Value	Unrealized Gains/Losses
(1) Securities:									
Held-to-maturity securities	¥ 231,084	¥ 213,448	¥ (17,635)	¥ 207,322	¥ 201,377	¥ (5,944)	\$ 1,445,360	\$ 1,335,054	\$ (110,306)
Available-for-sale securities.....	3,547,197	3,547,197	—	3,942,861	3,942,861	—	22,186,626	22,186,626	—
(2) Loans and bills discounted.....	13,997,655			13,203,113			87,551,009		
Allowance for loan losses*1	(72,096)			(72,400)			(450,940)		
Net.....	13,925,559	13,725,659	(199,899)	13,130,712	13,043,987	(86,724)	87,100,069	85,849,758	(1,250,311)
Total assets	¥17,703,840	¥17,486,305	¥(217,535)	¥17,280,896	¥17,188,226	¥(92,669)	\$110,732,055	\$109,371,438	\$ (1,360,617)
(1) Deposits	¥17,831,757	¥17,830,388	¥ 1,369	¥17,574,529	¥17,569,933	¥ 4,596	\$111,532,136	\$111,523,569	\$ 8,567
(2) Negotiable certificates of deposit.....	276,180	276,180	—	350,586	350,586	—	1,727,424	1,727,424	—
(3) Borrowed money	1,208,817	1,208,817	(0)	1,853,218	1,853,217	0	7,560,778	7,560,779	(1)
Total liabilities	¥19,316,755	¥19,315,386	¥ 1,369	¥19,778,334	¥19,773,737	¥ 4,597	\$120,820,338	\$120,811,772	\$ 8,566
Derivative instruments*2 :									
Hedge accounting is not applied	¥ 1,065	¥ 1,065	¥ —	¥ 1,174	¥ 1,174	¥ —	\$ 6,664	\$ 6,664	\$ —
Hedge accounting is applied.....	89,757	89,757	—	25,359	25,359	—	561,408	561,408	—
Total derivative instruments	¥ 90,823	¥ 90,823	¥ —	¥ 26,533	¥ 26,533	¥ —	\$ 568,072	\$ 568,072	\$ —

*1 Allowances for loan losses relevant to loans and bills discounted have been deducted.

*2 Derivative instruments recorded as trading assets, trading liabilities, other assets, and other liabilities include derivative transactions. Derivative instruments are presented as net of assets and liabilities associated with derivative transactions.

(a) The table below shows the carrying amounts of equity securities and other securities without readily available market price and investments in partnerships and other investments in the consolidated balance sheet. These line items are not included in “Available-for-sale securities” stated in information on fair values of financial instruments.

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Equity securities without readily available market price*1,*2	¥ 4,215	¥ 4,347	\$ 26,370
Investments in partnerships*3	65,723	58,683	411,078

*1 Based on Item 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020), equity securities without readily available market price are out of the scope of the fair value disclosure.

*2 During the year ended March 31, 2026 and 2025, impairment losses on equity securities without readily available market price of ¥1 million (\$10 thousand) and ¥2 million, were recognized.

*3 Based on Item 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter, the “Fair Value Measurement Guidance”), investments in partnerships and other investments are out of the scope of the fair value disclosure.

(b) The scheduled redemption amounts of monetary claims and securities with contractual maturities after the consolidated balance sheet date

	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
March 31, 2026						
Securities:						
Held-to-maturity securities	¥ 25,257	¥ 36,949	¥ 70,817	¥ 2,347	¥ 127	¥ 106,900
Japanese national government bonds.....	—	1,100	50,000	—	—	105,900
Japanese local government bonds	1,400	2,200	400	—	—	—
Japanese corporate bonds.....	23,857	33,649	20,417	2,347	127	1,000
Available-for-sale securities with contractual maturities.....	150,914	396,070	416,471	399,136	573,216	1,318,085
Japanese national government bonds.....	—	205,150	102,500	88,500	328,500	623,500
Japanese local government bonds	67,623	4,501	70,415	84,705	29,441	—
Japanese corporate bonds.....	50,774	71,665	86,021	69,171	37,191	197,638
Foreign currency bonds	27,004	85,041	57,257	79,493	103,122	471,253
Other.....	5,511	29,711	100,275	77,265	74,962	25,693
Loans and bills discounted*1	3,065,702	2,360,287	1,958,602	1,242,189	1,290,059	3,643,191
Total	¥3,241,873	¥2,793,307	¥2,445,890	¥1,643,673	¥1,863,403	¥5,068,176

	Millions of Yen					
March 31, 2025	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Securities:						
Held-to-maturity securities	¥ 28,109	¥ 40,454	¥ 67,189	¥ 3,304	¥ 133	¥ 74,500
Japanese national government bonds.....	—	—	50,000	—	—	73,500
Japanese local government bonds	150	1,150	400	—	—	—
Japanese corporate bonds.....	27,959	39,304	16,789	3,304	133	1,000
Available-for-sale securities with contractual maturities.....	433,302	391,477	339,528	422,396	473,119	1,558,811
Japanese national government bonds.....	200,000	—	55,150	79,000	136,500	708,500
Japanese local government bonds	103,507	220,522	49,262	40,813	69,532	29,984
Japanese corporate bonds.....	114,523	72,360	96,389	91,996	27,194	318,147
Foreign currency bonds.....	10,176	76,460	63,961	63,219	140,847	458,105
Other.....	5,095	22,134	74,765	147,366	99,044	44,074
Loans and bills discounted*2	2,826,635	2,161,720	1,854,270	1,173,248	1,279,893	3,471,650
Total	¥3,288,047	¥2,593,653	¥2,260,988	¥1,598,950	¥1,753,146	¥5,104,962

	Thousands of U.S. Dollars					
March 31, 2026	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Securities:						
Held-to-maturity securities	\$ 157,978	\$ 231,108	\$ 442,940	\$ 14,685	\$ 797	\$ 668,626
Japanese national government bonds.....	—	6,880	312,735	—	—	662,372
Japanese local government bonds	8,757	13,760	2,502	—	—	—
Japanese corporate bonds.....	149,222	210,468	127,703	14,685	797	6,255
Available-for-sale securities with contractual maturities.....	943,922	2,477,301	2,604,899	2,496,473	3,585,295	8,244,216
Japanese national government bonds.....	—	1,283,150	641,106	553,540	2,054,666	3,899,800
Japanese local government bonds	422,964	28,158	440,428	529,807	184,146	—
Japanese corporate bonds.....	317,576	448,248	538,040	432,644	232,618	1,236,166
Foreign currency bonds.....	168,906	531,910	358,131	497,209	645,000	2,947,543
Other.....	34,476	185,834	627,194	483,272	468,865	160,707
Loans and bills discounted*1	19,175,019	14,762,869	12,250,452	7,769,514	8,068,924	22,787,038
Total	\$20,276,920	\$17,471,278	\$15,298,291	\$10,280,671	\$11,655,016	\$31,699,880

*1 As of March 31, 2026, loans and bills discounted with no contractual maturities amounting to ¥284,610 million (\$1,780,153 thousand) and loans and bills discounted whose cash flow cannot be estimated, such as "Legal bankruptcy," "Virtual bankruptcy," and "Possible bankruptcy" loans, amounting to ¥153,011 million (\$957,040 thousand) are not included.

*2 As of March 31, 2025, loans and bills discounted with no contractual maturities amounting to ¥285,205 million and loans and bills discounted whose cash flow cannot be estimated, such as "Legal bankruptcy," "Virtual bankruptcy," and "Possible bankruptcy" loans, amounting to ¥150,488 million are not included.

(c) The scheduled repayment amounts of borrowed money and other interest-bearing liabilities after the consolidated balance sheet date

	Millions of Yen					
March 31, 2026	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits *1	¥16,791,585	¥818,655	¥174,788	¥22,633	¥24,093	¥—
Negotiable certificates of deposit.....	276,180	—	—	—	—	—
Borrowed money.....	1,129,757	79,047	3	3	4	—
Total	¥18,197,523	¥897,703	¥174,792	¥22,637	¥24,098	¥—

	Millions of Yen					
March 31, 2025	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits *1	¥16,544,980	¥806,322	¥169,901	¥18,386	¥34,938	¥—
Negotiable certificates of deposit.....	350,586	—	—	—	—	—
Borrowed money.....	1,688,149	165,054	3	3	5	0
Total	¥18,583,717	¥971,377	¥169,905	¥18,389	¥34,944	¥ 0

	Thousands of U.S. Dollars					
March 31, 2026	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits *1	\$105,026,182	\$5,120,440	\$1,093,250	\$141,565	\$150,700	\$—
Negotiable certificates of deposit.....	1,727,424	—	—	—	—	—
Borrowed money.....	7,066,283	494,420	23	23	29	—
Total	\$113,819,889	\$5,614,860	\$1,093,273	\$141,588	\$150,728	\$—

*1 In deposits, the cash flow of demand deposits is included in "Due in one year or less."

Matters Relating to Breakdown by Level of the Fair Value Hierarchy of Financial Instruments

The fair values of financial instruments are classified into the following three levels according to the observability and significance of the inputs used for fair value measurement:

Level 1 fair value:	Fair value measured by quoted prices of the assets or liabilities being measured that are developed in active markets among the observable inputs for fair value measurement
Level 2 fair value:	Fair value measured by inputs for fair value measurement other than the Level 1 inputs among the observable inputs for fair value measurement
Level 3 fair value:	Fair value measured by unobservable inputs for fair value measurement

If multiple inputs that significantly impact the fair value measurement are used, the fair value is classified into the level with the lowest priority in the fair value measurement among the levels to which those inputs belong.

(1) Financial instruments recorded at fair value in the consolidated balance sheet

	Millions of Yen			
	Fair Value			
March 31, 2026	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
Japanese national government bonds.....	¥1,192,679	¥ —	¥ —	¥1,192,679
Japanese local government bonds.....	—	240,513	—	240,513
Japanese corporate bonds	—	411,182	57,105	468,287
Equity securities	266,545	21,579	—	288,124
Foreign currency bonds.....	146,864	459,544	204,005	810,414
Other	270,948	275,920	—	546,868
Derivative transactions:				
Interest rate-related	—	144,211	—	144,211
Currency-related	—	5,758	—	5,758
Equity-related.....	—	—	—	—
Bond-related	1	—	—	1
Other	—	—	38	38
Total assets	¥1,877,039	¥1,558,709	¥261,149	¥3,696,898
Derivative transactions:				
Interest rate-related	¥ —	¥ 17,213	¥ —	¥ 17,213
Currency-related	—	38,840	—	38,840
Equity-related.....	—	3,093	—	3,093
Bond-related	—	—	—	—
Other	—	—	38	38
Total liabilities	¥ —	¥ 59,147	¥ 38	¥ 59,185

The table above does not include the investment trusts and other securities to which the measures of net asset value of investment trusts as fair value have been applied, which are set forth in Item 24-9 of the Fair Value Measurement Guidance. The amount of the investment trusts and other securities in the consolidated balance sheet is ¥308 million (\$1,930 thousand).

March 31, 2025	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
Japanese national government bonds	¥1,119,134	¥ —	¥ —	¥1,119,134
Japanese local government bonds.....	—	497,471	—	497,471
Japanese corporate bonds	—	626,653	61,831	688,484
Equity securities	228,673	15,168	—	243,841
Foreign currency bonds.....	134,223	496,962	166,401	797,588
Other	238,040	357,996	—	596,036
Derivative transactions:				
Interest rate-related	—	50,723	—	50,723
Currency-related	—	12,571	—	12,571
Equity-related.....	—	—	—	—
Bond-related	—	—	—	—
Other	—	—	35	35
Total assets	¥1,720,072	¥2,057,547	¥228,268	¥4,005,888
Derivative transactions:				
Interest rate-related	¥ —	¥ 9,050	¥ —	¥ 9,050
Currency-related	—	27,710	—	27,710
Equity-related.....	—	—	—	—
Bond-related	0	—	—	0
Other	—	—	35	35
Total liabilities	¥ 0	¥ 36,761	¥ 35	¥ 36,797

The table above does not include the investment trusts and other securities to which the measures of net asset value of investment trusts as fair value have been applied, which are set forth in Item 24-9 of the Fair Value Measurement Guidance. The amount of the investment trusts and other securities in the consolidated balance sheet is ¥303 million.

March 31, 2026	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
Japanese national government bonds	\$ 7,459,845	\$ —	\$ —	\$ 7,459,845
Japanese local government bonds.....	—	1,504,337	—	1,504,337
Japanese corporate bonds	—	2,571,817	357,179	2,928,996
Equity securities	1,667,157	134,975	—	1,802,132
Foreign currency bonds.....	918,591	2,874,310	1,275,991	5,068,892
Other	1,694,699	1,725,796	—	3,420,495
Derivative transactions:				
Interest rate-related	—	901,998	—	901,998
Currency-related	—	36,016	—	36,016
Equity-related.....	—	—	—	—
Bond-related	9	—	—	9
Other	—	—	238	238
Total assets	\$11,740,300	\$9,749,249	\$1,633,409	\$23,122,958
Derivative transactions:				
Interest rate-related	\$ —	\$ 107,665	\$ —	\$ 107,665
Currency-related	—	242,938	—	242,938
Equity-related.....	—	19,349	—	19,349
Bond-related	—	—	—	—
Other	—	—	239	239
Total liabilities	\$ —	\$ 369,951	\$ 239	\$ 370,190

(2) Financial instruments other than those recorded at fair value in the consolidated balance sheet

March 31, 2026	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity securities				
Japanese national government bonds	¥129,967	¥ —	¥ —	¥ 129,967
Japanese local government bonds.....	—	3,934	—	3,934
Japanese corporate bonds	—	2,553	76,992	79,545
Loans and bills discounted	—	—	13,725,659	13,725,659
Total assets	¥129,967	¥ 6,488	¥13,802,651	¥13,939,107
Deposits:				
Deposits	¥ —	¥17,830,388	¥ —	¥17,830,388
Negotiable certificates of deposit.....	—	276,180	—	276,180
Borrowed money	—	1,208,817	—	1,208,817
Total liabilities	¥ —	¥19,315,386	¥ —	¥19,315,386

March 31, 2025	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity securities				
Japanese national government bonds	¥112,356	¥ —	¥ —	¥ 112,356
Japanese local government bonds.....	—	1,667	—	1,667
Japanese corporate bonds	—	3,545	83,807	87,353
Loans and bills discounted	—	—	13,043,987	13,043,987
Total assets	¥112,356	¥ 5,213	¥13,127,795	¥13,245,365
Deposits:				
Deposits	¥ —	¥17,569,933	¥ —	¥17,569,933
Negotiable certificates of deposit	—	350,586	—	350,586
Borrowed money	—	1,853,217	—	1,853,217
Total liabilities	¥ —	¥19,773,737	¥ —	¥19,773,737

March 31, 2026	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity securities				
Japanese national government bonds	\$812,910	\$ —	\$ —	\$ 812,910
Japanese local government bonds.....	—	24,610	—	24,610
Japanese corporate bonds	—	15,972	481,562	497,534
Loans and bills discounted	—	—	85,849,758	85,849,758
Total assets	\$812,910	\$ 40,582	\$86,331,320	\$ 87,184,812
Deposits:				
Deposits	\$ —	\$111,523,569	\$ —	\$111,523,569
Negotiable certificates of deposit	—	1,727,424	—	1,727,424
Borrowed money	—	7,560,779	—	7,560,779
Total liabilities	\$ —	\$120,811,772	\$ —	\$120,811,772

(a) Explanation of valuation techniques and inputs used for fair value measurement

Assets

Securities

The fair values of securities for which unadjusted quoted prices in active markets are available are classified as Level 1, which mainly includes listed equities and Japanese national government bonds.

In case the markets are inactive even if the quoted prices are available, the fair values are classified as Level 2, which mainly includes Japanese local government bonds and Japanese corporate bonds.

The fair values of investment trusts for which there are no market transaction price are classified as Level 2 based on the net asset values if there are no significant restrictions on the level at which market participants are required to pay for the risk in relation to cancellation or repurchase requests.

In case the quoted prices are not available, the fair values are the prices valued by an information vendor, a broker or other sources of market information, or the prices determined by valuation techniques, such as the discounted cash flow method. In valuing these prices, observable inputs are used to the maximum, which include market rates, government bond yields, credit spreads, default rates, and recovery rates. When the fair values are measured by significant unobservable inputs, they are classified as Level 3.

The fair values of private placement bonds are measured by reflecting default rates and other credit risk factors in the discounted present value determined by a discount rate adjusted for a market rate. As the discount rate and default rates are unobservable, the fair values are classified as Level 3.

The fair values of securitized products are based on valuations obtained from an information vendor, a broker, or other sources of market information. These fair values are classified as Level 3 when significant unobservable inputs are used and as Level 2 when other inputs are used.

Loans and bills discounted

The fair values of loans and bills discounted are determined by discounting the principal and interest amount at the discount rate reflecting credit risk and other risks in market rates by categories according to the types, internal ratings, and terms of the loans and bills discounted. The carrying amounts of loans and bills discounted with floating -interest rates approximate fair value when customers’ credit risks have not changed significantly after lending because the market rates are promptly reflected in the floating-interest rates. The carrying amounts of loans and bills discounted with maturity less than one year approximate fair value because of their short maturities.

For loans to obligors classified as “Legal bankruptcy,” “Virtual bankruptcy,” and “Possible bankruptcy,” an allowance is provided based on the discounted cash flow method or based on amounts expected to be collected through the disposal of collateral or execution of guarantees. The carrying value, net of the allowance as of the consolidated balance sheet date, is a reasonable estimate of the fair values of those loans.

The carrying amounts of loans and bills discounted that do not have fixed maturities due to loan characteristics, such as limited loan amounts within the value of pledged assets, approximate fair value due to their expected repayment periods and interest rate conditions. These fair values are classified as Level 3.

Liabilities

Deposits and negotiable certificates of deposit

The fair values of demand deposits are the amounts paid immediately according to the demands on the consolidated balance sheet date. The fair values of time deposits and negotiable certificates of deposit are determined by discounting the contractual cash flows grouped by the remaining duration at the rates that would be applied for similar new contracts.

The carrying amounts of time deposits whose deposit terms are one year or less approximate fair value because of their short deposit terms. These fair values are classified as Level 2.

Borrowed money

The fair value of borrowed money is determined by discounting the principal and interest amount of the borrowed money grouped by the remaining duration at the rate that would be applied for similar new contracts. The carrying amount of borrowed money with a floating-interest rate is considered to approximate fair value because the market rate is promptly reflected in the floating-interest rate, and the credit risks of the Company and its consolidated subsidiaries have not changed significantly after lending. The carrying amount of borrowed money with maturity of one year or less approximates fair value because of its short maturity period. This fair value is classified as Level 2.

Derivatives

The fair values of derivatives for which unadjusted quoted prices in active markets are available are classified as Level 1, which mainly includes bond futures.

However, since most derivatives are over-the-counter transactions and there are no quoted prices, the fair values of derivatives are measured using valuation techniques, such as the discounted cash flow method and the Black-Scholes model, depending on the type of transaction and the maturity period. The main inputs used in those valuation techniques include interest rates, currency rates, stock prices, and volatility. Price adjustments are also made based on the credit risk of counterparties and the credit risk of the consolidated banking subsidiaries themselves. When unobservable inputs are not used or the impact of unobservable inputs is not material, the fair values are classified as Level 2, which includes such transactions as plain vanilla interest rate swaps and forward exchange contracts. When significant unobservable inputs are used, the fair values are classified as Level 3.

(b) Information on Level 3 fair value of financial instruments recorded at fair value in the consolidated balance sheet

(1) Quantitative information on significant unobservable inputs

March 31, 2026	Valuation Technique	Significant Unobservable Input	Input Range	Weighted-Average Input
Securities:				
Available-for-sale securities				
Japanese corporate bonds	Discounted cash flow method	Discount rate Default rate	1.420% — 2.424% 0.030% — 3.101%	1.894% 0.187%
March 31, 2025	Valuation Technique	Significant Unobservable Input	Input Range	Weighted-Average Input
Securities:				
Available-for-sale securities				
Japanese corporate bonds	Discounted cash flow method	Discount rate Default rate	0.921% — 1.431% 0.030% — 2.998%	1.132% 0.197%

(2) Changes from the beginning balance to the ending balance, and unrealized gains or losses recognized in income or loss

Millions of Yen								
March 31, 2026	Income/Loss or Other Comprehensive Income for the Year						Ending Balance	Unrealized Gains/Losses on Financial Assets and Financial Liabilities Held as of the Consolidated Balance Sheet Date, Which are Recorded in Income/Loss for the Year
	Beginning Balance	Recorded in Income/Loss*1	Recorded in Other Comprehensive Income*2	Net of Purchase, Sale, Issuance, and Settlement	Transfer to Level 3 Fair Value	Transfer from Level 3 Fair Value		
Securities:								
Available-for-sale securities								
Japanese corporate bonds.....	¥ 61,831	¥ —	¥(491)	¥ (4,234)	¥—	¥—	¥ 57,105	¥ —
Foreign bonds.....	166,401	14,378	(332)	23,557	—	—	204,005	14,339
Derivative transactions:								
Other.....	(0)	(0)	—	—	—	—	(0)	—

*1 The amounts are included in “Interest and dividends on securities” and “Other operating income” in the consolidated statement of income.

*2 The amounts are included in “Unrealized gains (losses) on available-for-sale securities” in the consolidated statement of comprehensive income.

Millions of Yen								
March 31, 2025	Income/Loss or Other Comprehensive Income for the Year						Ending Balance	Unrealized Gains/Losses on Financial Assets and Financial Liabilities Held as of the Consolidated Balance Sheet Date, Which are Recorded in Income/Loss for the Year
	Beginning Balance	Recorded in Income/Loss*1	Recorded in Other Comprehensive Income*2	Net of Purchase, Sale, Issuance, and Settlement	Transfer to Level 3 Fair Value	Transfer from Level 3 Fair Value		
Securities:								
Available-for-sale securities								
Japanese corporate bonds.....	¥ 70,107	¥ 0	¥(195)	¥ (8,080)	¥—	¥—	¥ 61,831	¥ —
Foreign bonds.....	180,914	(2,375)	(127)	(12,009)	—	—	166,401	(2,387)
Derivative transactions:								
Other.....	(0)	(0)	—	—	—	—	(0)	—

*1 The amounts are included in “Interest and dividends on securities” and “Other operating income” in the consolidated statement of income.

*2 The amounts are included in “Unrealized gains (losses) on available-for-sale securities” in the consolidated statement of comprehensive income.

Thousands of U.S. Dollars								
March 31, 2026	Income/Loss or Other Comprehensive Income for the Year						Ending Balance	Unrealized Gains/Losses on Financial Assets and Financial Liabilities Held as of the Consolidated Balance Sheet Date, Which are Recorded in Income/Loss for the Year
	Beginning Balance	Recorded in Income/Loss*1	Recorded in Other Comprehensive Income*2	Net of Purchase, Sale, Issuance, and Settlement	Transfer to Level 3 Fair Value	Transfer from Level 3 Fair Value		
Securities:								
Available-for-sale securities								
Japanese corporate bonds.....	\$ 386,738	\$ —	\$(3,075)	\$ (26,484)	\$—	\$—	\$ 357,179	\$ —
Foreign bonds.....	1,040,790	89,935	(2,077)	147,343	—	—	1,275,991	89,689
Derivative transactions:								
Other.....	(0)	(0)	—	—	—	—	(0)	—

(3) Explanation of the fair value measurement process

In the Group, the middle and back offices at the consolidated banking subsidiaries have established a fair value measurement policy and procedures. The Group verifies the reasonableness of the valuation techniques and inputs used for fair value measurement and the appropriateness of the fair value-level classification for the measured fair values and level classification.

The Group uses valuation models that most appropriately reflect the nature, characteristics, and risks of individual assets to measure their fair values. When using quoted prices obtained from third parties, the Group also verifies the reasonableness of the prices in an appropriate way; for example, examining valuation techniques and inputs used and comparing the prices with the fair values of similar financial instruments.

24. DERIVATIVES

(1) Derivative Transactions to Which Hedge Accounting Is Not Applied as of March 31, 2026 and 2025

With respect to derivatives to which hedge accounting is not applied, contract amount or notional principal, fair value, and the related valuation gains (losses) at the fiscal year end date by transaction type and valuation method of fair value are described below. Note that contract amounts do not represent the market risk exposure associated with derivatives.

Consolidated banking subsidiaries had the following derivative contracts, which were quoted on listed exchanges, outstanding as of March 31, 2026 and 2025, as follows:

March 31, 2026	Millions of Yen				Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/Losses	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/Losses
Bond-related transactions								
Bond futures:								
Sold	¥131	—	¥1	¥1	\$824	—	\$9	\$9
Bought	—	—	—	—	—	—	—	—
Total	—	—	¥1	¥1	—	—	\$9	\$9

March 31, 2025	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/Losses
Bond-related transactions				
Bond futures:				
Sold.....	¥138	—	¥(0)	¥(0)
Bought.....	—	—	—	—
Total	—	—	¥(0)	¥(0)

Note:
The above transactions are stated at fair value, and the related valuation gains (losses) are reported in the consolidated statement of income.

(4) Explanation of the impact on fair value when changing significant unobservable inputs

The significant unobservable inputs used to measure the fair values of private placement bonds are the discount rate and default rates. In general, a significant increase or decrease in these inputs causes a significant decrease or increase in these fair values.

Consolidated banking subsidiaries had the following derivative contracts, which were not quoted on listed exchanges, outstanding as of March 31, 2026 and 2025:

March 31, 2026	Millions of Yen				Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value*	Unrealized Gains/Losses	Contract Amount	Contract Amount Due after One Year	Fair Value*	Unrealized Gains/Losses
Interest rate-related transactions								
Interest rate swaps:								
Receive fixed and pay floating	¥366,049	¥306,966	¥(17,406)	¥(17,406)	\$2,289,525	\$1,919,982	\$(108,870)	\$(108,870)
Receive floating and pay fixed	365,749	306,733	19,632	19,632	2,287,652	1,918,525	122,794	122,794
Cap transactions:								
Sold	940	647	(31)	10	5,886	4,048	(199)	66
Bought	940	647	32	9	5,886	4,048	204	57
Swaption:								
Sold	163,500	130,040	(136)	1,176	1,022,642	813,360	(852)	7,362
Bought	163,500	130,040	136	136	1,022,642	813,360	852	852
Total	—	—	¥ 2,226	¥ 3,559	—	—	\$ 13,929	\$ 22,261
Currency-related transactions								
Currency swaps.....	¥185,783	¥ 86,837	¥ 85	¥ 85	\$1,162,018	\$ 543,144	\$ 534	\$ 534
Forward exchange contracts:								
Sold	12,214	6,254	(1,686)	(1,686)	76,398	39,121	(10,549)	(10,549)
Bought	11,760	5,882	1,840	1,840	73,560	36,793	11,511	11,511
Currency option contracts:								
Sold	451,980	355,221	(4,126)	1,869	2,826,995	2,221,799	(25,811)	11,692
Bought	451,980	355,221	2,724	1,746	2,826,995	2,221,799	17,042	10,922
Total	—	—	¥ (1,162)	¥ 3,854	—	—	\$ (7,273)	\$ 24,109
Other transactions								
Earthquake derivatives:								
Sold	¥ 3,750	—	¥ (38)	—	\$ 23,455	—	\$ (239)	—
Bought	3,750	—	38	—	23,455	—	239	—
Total	—	—	¥ (0)	—	—	—	\$ (0)	—

March 31, 2025	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value*	Unrealized Gains/Losses
Interest rate-related transactions				
Interest rate swaps:				
Receive fixed and pay floating	¥ 293,051	¥ 268,397	¥ (8,546)	¥ (8,546)
Receive floating and pay fixed	292,788	268,183	10,572	10,572
Cap transactions:				
Sold	1,185	870	(24)	14
Bought	1,185	870	25	3
Swaption:				
Sold	107,440	106,550	(248)	941
Bought	107,440	106,550	248	248
Total	—	—	¥ 2,025	¥ 3,233
Currency-related transactions				
Currency swaps.....	¥ 163,055	¥ 118,793	¥ 115	¥ 115
Forward exchange contracts:				
Sold	20,542	8,049	(1,154)	(1,154)
Bought	19,646	7,726	1,363	1,363
Currency option contracts:				
Sold	384,222	307,614	(5,568)	(302)
Bought	384,222	307,614	4,391	3,193
Total	—	—	¥ (851)	¥ 3,216
Other transactions				
Earthquake derivatives:				
Sold	¥ 3,550	—	¥ (35)	—
Bought	3,550	—	35	—
Total	—	—	¥ (0)	—

Note:
* The above transactions are stated at fair value and the related valuation gains (losses) are reported in the consolidated statement of income.

(2) Derivative Transactions to Which Hedge Accounting is Applied as of March 31, 2026 and 2025

With respect to derivatives to which hedge accounting is applied, contract amount or notional principal and fair value at the fiscal year end date by transaction type, hedge accounting method, and valuation method of fair value are as follows. Note that contract amounts do not represent the market risk exposure associated with derivatives.

Consolidated banking subsidiaries had the following derivative contracts, which were accounted for based on the principal method, outstanding as of March 31, 2026 and 2025:

		Millions of Yen			Thousands of U.S. Dollars		
March 31, 2026	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate-related transactions* ¹							
Interest rate swaps:							
Receive floating and pay fixed.....Securities		¥879,940	¥879,940	¥124,771	\$5,503,753	\$5,503,753	\$ 780,404
Total.....		—	—	¥124,771	—	—	\$ 780,404
Currency-related transactions* ²							
Currency swaps.....Loans, securities, deposits, foreign exchanges, etc., which are denominated in foreign currencies		¥263,918	¥ 19,295	¥ (7,935)	\$1,650,730	\$ 120,689	\$ (49,633)
Forward exchange contracts		—	—	—	—	—	—
Foreign exchange swap		227,281	45,086	(23,984)	1,421,578	282,000	(150,015)
Total.....		—	—	¥ (31,919)	—	—	\$(199,648)
Equity-related transactions* ^{3, *4}							
Stock forward contracts:							
Sold Other securities (stocks)		¥ 6,235	¥ —	¥ (3,093)	\$ 39,004	\$ —	\$ (19,349)
Total.....		—	—	¥ (3,093)	—	—	\$ (19,349)

		Millions of Yen		
March 31, 2025	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate-related transactions*1				
Interest rate swaps:				
Receive floating and pay fixed	Securities	¥820,274	¥820,274	¥ 39,647
Total		—	—	¥ 39,647
Currency-related transactions*2				
Currency swaps	Loans, securities, deposits, foreign exchanges, etc., which are denominated in foreign currencies	¥234,778	¥ 19,463	¥ 3,277
Forward exchange contracts		—	—	—
Foreign exchange swap		257,088	79,544	(17,565)
Total		—	—	¥(14,287)
Equity-related transactions*3, *4				
Stock forward contracts:				
Sold	Other securities (stocks)	¥ —	¥ —	¥ —
Total		—	—	¥ —

Note:

*1. Interest rate-related transactions are primarily accounted for using deferral hedge accounting in accordance with "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks" (JICPA Industry Audit Committee Report No. 24, March 17, 2022).

*2. Currency-related transactions are primarily accounted for using deferral hedge accounting in accordance with "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25, October 8, 2020).

*3. These transactions are accounted for using deferral hedge accounting.

*4. Determination of fair value

Fair value is determined based on prices and other information quoted by counterparty financial institutions and other market participants.

Consolidated banking subsidiaries had the following derivative contracts, which were accounted for by the exceptional accrual method, outstanding as of March 31, 2026 and 2025:

		Millions of Yen			Thousands of U.S. Dollars		
March 31, 2026	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate-related transactions							
Interest rate swaps:							
	Receive fixed and pay floating.....Loans and borrowed money	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
	Receive floating and pay fixed.....	1,598	1,598	(16)	10,000	10,000	(103)
	Total	—	—	¥(16)	—	—	\$(103)

		Millions of Yen		
March 31, 2025	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate-related transactions				
Interest rate swaps:				
	Receive fixed and pay floating.....Loans and borrowed money	¥ —	¥ —	¥ —
	Receive floating and pay fixed.....	1,495	1,495	(23)
	Total	—	—	¥(23)

The exceptional accrual method of hedge accounting, as specifically permitted for certain interest rate swaps, is valued with the hedged items as a whole so that the fair value is included in the fair value of borrowed money and loans and bills discounted ("Note 23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES").

25. 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 gains (losses) on available-for-sale securities:			
Gains (losses) arising during the year	¥ 1,311	¥(112,699)	\$ 8,204
Reclassification adjustments to profit or loss.....	9,965	14,542	62,332
Before corporate taxes and tax effect adjustments	11,277	(98,157)	70,536
Corporate taxes and tax effect amount.....	(3,410)	29,384	(21,332)
Total	¥ 7,866	¥ (68,772)	\$ 49,204
Deferred gains (losses) on derivatives under hedge:			
Gains arising during the year	¥ 92,498	¥ 41,135	\$ 578,548
Reclassification adjustments to profit or loss.....	(11,367)	(6,780)	(71,103)
Before corporate taxes and tax effect adjustments	81,130	34,354	507,444
Corporate taxes and tax effect amount.....	(25,407)	(10,822)	(158,915)
Total	¥ 55,722	¥ 23,531	\$ 348,530
Land revaluation excess, net of taxes:			
Gains arising during the year	¥ —	¥ —	\$ —
Reclassification adjustments to profit or loss.....	—	—	—
Before corporate taxes and tax effect adjustments	—	—	—
Corporate taxes and tax effect amount.....	—	(228)	—
Total	¥ —	¥ (228)	\$ —
Defined retirement benefit plans:			
Gains (losses) arising during the year	¥ 22,436	¥ (901)	\$ 140,334
Reclassification adjustments to profit or loss.....	(3,047)	(3,300)	(19,064)
Before corporate taxes and tax effect adjustments	19,388	(4,202)	121,270
Corporate taxes and tax effect amount.....	(6,094)	1,031	(38,122)
Total	¥ 13,293	¥ (3,170)	\$ 83,148
Total other comprehensive income (loss)	¥ 76,883	¥ (48,640)	\$ 480,882

26. SEGMENT INFORMATION

Under 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.

The Group engages in banking and other related activities, such as leasing, securities, and credit card services. Segment information is not disclosed as the operations other than banking are immaterial.

Other segment-related information:

(1) Information by services

	Millions of Yen (Thousands of U.S. Dollars)			
	Lending Operations	Investment Operations	Other	Total
March 31, 2026				
Total income from external customers.....	¥167,181 (\$1,045,669)	¥137,755 (\$861,616)	¥138,377 (\$865,506)	¥443,313 (\$2,772,791)

	Millions of Yen			
	Lending Operations	Investment Operations	Other	Total
March 31, 2025				
Total income from external customers.....	¥131,244	¥109,859	¥119,059	¥360,163

(2) Information by geographic region

Since the ordinary income and total tangible fixed assets attributable to the “Japan” segment account for more than 90% of the total of all geographic segments, geographical segment information has not been presented.

(3) Information by major customers

Since there has been no specific customer to whom the Group sells more than 10% of total ordinary income on the consolidated statement of income, information on major customers has not been presented.

(4) Information on loss on impairment of fixed assets by reportable segment
Information on loss on impairment of fixed assets is not disclosed as it is immaterial, except for the banking business.

(5) Information on amortization and unamortized balance of goodwill by reportable segment
Information on amortization and unamortized balance of goodwill is not disclosed as it is immaterial, except for the banking business.

(6) Information on gain on negative goodwill by reportable segment
Information on gain on negative goodwill is not disclosed as it is immaterial, except for the banking business.

27. RELATED-PARTY TRANSACTIONS

Related-party transactions of consolidated subsidiaries of the Company with its directors or major individual shareholders for the years ended March 31, 2026 and 2025, were as follows:

Year ended March 31, 2026

Type	Name	Location	Capital (Millions of Yen /Thousands of U.S. Dollars)	Business	Owner-ships	Relation-ship	Transactions (Millions of Yen /Thousands of U.S. Dollars)	Outstanding Balance (Millions of Yen /Thousands of U.S. Dollars)		
A director or director's close relative	Yuichi Sugita	—	—	—	—	—	Loan	¥9 (\$58)	Loans and bills discounted	¥8 (\$51)
	Jinichi Yoshizawa	—	—	—	—	—	Loan	¥43 (\$272)	Loans and bills discounted	¥42 (\$267)

Terms and conditions on transactions and transaction policy:

The interest rates are reasonably determined by taking into account market interest rate trends, similar to general business partners. Additionally, the transaction amounts for loans are stated as the average balance during the period.

Year ended March 31, 2025

Type	Name	Location	Capital (Millions of Yen)	Business	Owner-ships	Relation-ship	Transactions (Millions of Yen)		Outstanding Balance (Millions of Yen)	
A director or director's close relative	Yuichi Sugita	—	—	—	—	—	Loan	¥13	Loans and bills discounted	¥12
	Jinichi Yoshizawa	—	—	—	—	—	Loan	¥47	Loans and bills discounted	¥46

Terms and conditions on transactions and transaction policy:

The interest rates are reasonably determined by taking into account market interest rate trends, similar to general business partners. Additionally, the transaction amounts for loans are stated as the average balance during the period.

28. SUBSEQUENT EVENTS

Not applicable.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mebuki Financial Group, Inc.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Mebuki Financial Group, Inc. 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.

Determination of the allowance for loan losses

The Group performs lending business focusing on the business feasibility evaluation of local companies, such as their potential growth and business sustainability mainly within their core markets, which are Ibaraki Prefecture, Tochigi Prefecture and adjacent areas. As of March 31, 2026, the Group recorded the loans and bills discounted of ¥13,997.6 billion and the allowance for loan losses of ¥73.2 billion on the consolidated balance sheet. Loans mainly consist of loans of Joyo Bank, Ltd. and Ashikaga Bank, Ltd. (the "Banking subsidiaries") which are consolidated subsidiaries engaged in banking business, and the Banking subsidiaries have provided an allowance for loan losses to prepare for losses that may be incurred when all or part of a loan becomes uncollectible due to the borrower's bankruptcy and other adverse conditions. The Banking subsidiaries calculate the allowance for loan losses in accordance with predetermined internal policies related to internal loan classification standards, and the write-off and provisioning standards. Details of the basis for calculating the allowance for loan losses are disclosed in Note 2.g, Summary of Significant Accounting Policies—Allowance for Loan Losses, and the Note, Significant Accounting Estimate—Allowance for Loan Losses, included in the consolidated financial statements.

Key audit matter description

The calculation process of the allowance for loan losses includes various estimates, such as the determination of the borrower's credit category based on the evaluation of the borrower's loan service capacity, the assessment of the value of collateral provided by the borrower, and adjustments to future projections for the expected loss rate calculated based on historical credit loss experiences. Among these estimates, certain borrowers are classified as "Borrowers requiring caution, excluding borrowers requiring monitoring" or "Borrowers requiring monitoring." There are cases where such classification is based on an expectation that the borrowers' business performances in the future will improve despite their current unfavorable business performances and financial positions. The estimates regarding the expected future improvement in the business performances of such borrowers are based on the assumption that sales will increase or be maintained as a result of the implementation of marketing measures, the assumption that expenses will decrease or be consistent as a result of improvement in productivity and cost reduction measures or the assumption that cash flow will be maintained through financial support from the parent company, etc. or the reduction of assets. These assumptions are highly uncertain and selected based on management's judgment.

In particular, for such borrowers for whom the amounts of the total loans outstanding less estimated recoveries from disposal of collaterals and execution of guarantees (hereinafter referred to as "Unsecured amounts") are quantitatively significant, if the Banking subsidiaries fail to correctly estimate the expected future improvement in the borrowers' business performances when determining the borrowers' credit categories, and classify the borrowers as "Borrowers requiring caution, excluding borrowers requiring monitoring" or "Borrowers requiring monitoring," who should have been classified as "Possible bankruptcy," the allowance for loan losses may be understated, which could have a significant impact on the Group's consolidated financial statements.

Therefore, we identified, as a key audit matter, the reasonableness of the assumptions selected by the management when determining the borrowers' credit categories for those borrowers with significant unsecured amounts who are classified as "Borrowers requiring caution, excluding borrowers requiring monitoring" or "Borrowers requiring monitoring" based on the expectation of the management that the borrowers' business performances in the future will improve despite their current unfavorable business performances and financial positions.

How the key audit matter was addressed in the audit

We performed the following procedures, among others, to address the key audit matter:

(Test of the effectiveness of internal controls)

The Banking subsidiaries design and operate controls over the credit rating of the quality of assets. The assessment of the quality of assets performed by the business offices is reviewed by the credit-related divisions in the headquarters, and then independently examined by the internal audit division.

We inquired of the personnel who performed the relevant control activities over the credit rating and inspected relevant documents to corroborate the responses to evaluate the design and operating effectiveness of the internal controls, including the approvals by the credit-related divisions for the borrowers' credit categories determined by the business offices, and being monitored by the internal audit division.

(Test of the borrower's credit category determination)

We selected, among the borrowers subject to the credit rating of the quality of assets performed by the Banking subsidiaries, the borrowers with significant unsecured amounts classified as "Borrowers requiring caution, excluding borrowers requiring monitoring" or "Borrowers requiring monitoring" based on the expectation of the management that their business performance in the future will improve despite their current unfavorable business performance and financial positions and performed the following procedures, among others, to ensure the reasonableness of the assumptions selected by management:

- For borrowers with the assumption that sales would increase or be maintained as a result of the implementation of marketing measures or the assumption that expenses would decrease or be consistent as a result of improvement in productivity and cost reduction measures, we inquired of the credit-related divisions about the Banking subsidiaries' assessment and the basis for its assessment of whether the borrowers' marketing measures or improvement in productivity and cost reduction measures were sufficiently specific and feasible in light of the borrowers' business environment.

We also inspected the underlying documents for various measures, compared the expected future improvements of the borrowers' business performance with past business performances and analyzed whether the expected future improvements of the borrowers' business performance were sufficiently reasonable in light of the demand and supply trends in the industries to which the borrowers belong.

- For borrowers classified based on the assumption that cash flow would be maintained through financial support from the parent company, etc., we inquired of the credit-related divisions about the Banking subsidiaries' assessment of their willingness and ability to provide support and the basis for its assessment, and also inspected relevant information on their willingness and ability to provide support, such as historical performances of providing support, negotiation records with the parent company, etc., or their financial information.
- For borrowers classified based on the assumption that cash flow would be maintained through the reduction of assets, we inquired of the credit-related divisions about the sales of assets in order to examine the Banking subsidiaries' assessment of the feasibility of such sales. We also inspected documents relevant to the salability, such as the negotiation processes for sales and the estimates of the sellable prices, and analyzed whether the sellable prices were sufficiently reasonable in light of market prices.

Other Information

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

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 Mebuki Financial Group, Inc. and its subsidiaries were ¥157 million and ¥6 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.

Kentaro Fukada
Designated Engagement Partner
Certified Public Accountant

Tatsuya Hiraki
Designated Engagement Partner
Certified Public Accountant

Kenji Hatanaka
Designated Engagement Partner
Certified Public Accountant

Deloitte Touche Tohmatsu LLC
September 4, 2026