The Hyakujushi Bank, Ltd.

INTEGRATED REPORT 2026



For Our Stakeholders

By fulfilling our role as a regional financial institution, the Hyakujushi Bank aims for the sustainable growth of local communities together with stakeholders.
Our purpose of this Integrated Report is to obtain the understanding of our shareholders and investors, as well as our customers and local residents regarding the Bank's initiatives, in addition to conveying our commitment to you all.

Corporate Philosophy

1
Prosper together with customers and communities

2
Create a vigorous corporate culture

3
Ensure sound business management and enhance corporate value

Long-term Vision

Through the evolution of our comprehensive consulting group,
we will create a society of well-being
with local communities

Code of Conduct

- Promote close dialogue to deepen mutual trust
- Spare no effort to grow as professionals
- Understand diversity and respect human rights
- Strive to minimize our environmental footprint and revitalize local communities
- Take actions that exceed our shareholders' expectations

Editing Policy

The Hyakujushi Bank has prepared this report with the aim of communicating to our stakeholders in straightforward terms the Group's initiatives for sustainable value creation from the perspective of both financial and pre-financial information.

When editing this report, we referred to the Integrated Reporting Framework established by the International Integrated Reporting Council, and the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry, etc.

The Japanese version of this report consists of the informative and reporting editions, and also integrates disclosure materials in accordance with Article 21 of the Banking Act (explanatory documents related to the status of performance and financial condition of the bank). For figures, please see the reporting edition.

Environment
Social
Governance
価値協創ガイダンス

Scope Covered in this Report

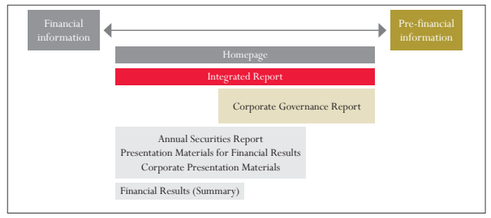
Hyakujushi Bank and group companies

Reporting Period

FY 2025 (April 1, 2025 to March 31, 2026)

Certain content includes information pertaining to FY 2026.

Information disclosure framework



About the cover

The Hyakujushi Bank's head office building located in Takamatsu, Kagawa, is a motif of the graphic art on the cover.

The building, which was completed in 1966, was then the tallest building in the western part of Japan, and the greenish-blue bronze plates, which were used for the first time in the country, garnered considerable attention.

It has received the BELCA Award, which recognizes architectures that have been maintained and preserved appropriately and repaired excellently, twice to date, once in the long-life architecture category and once in the best-reformed architecture category.

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Hyakujushi Group's History

Established in 1878 as the Hyakujushi National Bank

The Hyakujushi Bank was founded as Japan's 114th national bank under the name of "the Hyakujushi National Bank" on November 1, 1878 with the mission of issuing banknotes. The Hyakujushi Bank is a bank with tradition that has remained steadfast for many years since its establishment as a leader of Kagawa Prefecture's economy, and it is one of a few banks with numbers* in their names.

* Banks using the order in which they were approved at the time of foundation as bank names

Developments in the Hyakujushi Group

1878–

1878 Established

1898 Reorganized as The Takamatsu Hyakujushi Bank, Ltd.



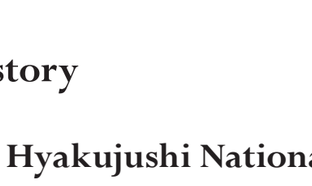
1900s–

1948 The trade name was changed to The Hyakujushi Bank, Ltd.

1950 Opened Osaka Branch

1952 Opened Tokyo Branch

1966 Opened the head office at the current location



1973 Was listed on the First Section of Tokyo and Osaka Stock Exchanges

1978 100th anniversary

1980 The Bank's first ATM was installed at the head office



2000s–

2007 Started the cooperation on mainframe system for regional bank project, named "Chance"



2010s–

2016 Launched Shikoku Alliance



2017 Shifted to a company with Audit and Supervisory Committee

2018 Established Shikoku Alliance Capital Company Limited

2020s–

2020 Established SHIKOKU BRAND inc.

2023 Formulated Long-term Vision 2030

Established a local consulting subsidiary in Vietnam, HBCV

2024 Established Hyakujushi Growth Investment & Assistance Co., Ltd.

2025 Established The Hyakujushi Regional Future Design Co., Ltd.

Signed a "Definitive Agreement on a Comprehensive Business Partnership for Financial Product Intermediation Services" with Nomura Securities Co., Ltd.



The present

2026 Launched the Medium-term Management Plan, "DAKARA IDOMU" That's why, we challenge.

150TH ANNIVERSARY だから、挑む。

2028 Our 150th Anniversary

Continuing to take on challenges toward the next 50 years

Indicators built up over our long history

Trends in total loans and bills discounted

Trends in total deposits and negotiable certificates of deposit

Developments in society

1878 ▸ the 1960s

1872 Promulgation of the National Bank Act

1929 Great Depression

1941 Pacific War

1964 Tokyo Olympics

the 1970s

1973 The First Oil Crisis

1979 The Second Oil Crisis

the 1980s

1985 Plaza Accord

1988 Seto Ohashi Bridge opened

the 1990s

1991 Collapse of the bubble economy

1995 Great Hanshin-Awaji Earthquake

1999 Zero-interest rate policy introduced by the Bank of Japan

the 2000s

2008 Collapse of Lehman Brothers

the 2010s

2013 Quantitative and qualitative monetary easing policy introduced by the Bank of Japan

2016 Negative interest rate policy introduced by the Bank of Japan

From the 2020s

2020 COVID-19 pandemic

2021 Tokyo Olympic and Paralympic Games opening

2024 Negative interest rate policy terminated by the Bank of Japan

At a Glance

Enhancing corporate value

Financial Highlights
—Enhancing profitability based on a robust financial base

ROE × PER

Pre-financial Highlights
—Turning pre-financial strengths into growth expectations

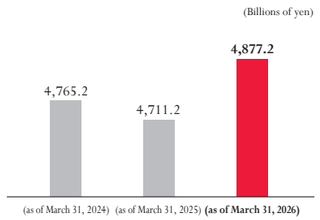
Improve profitability	Cost control	Shareholder returns	Optimal capital allocation

Implement sustainability management	Strengthen engagement	Deepen existing businesses	Take on the challenge of new business	Efforts to improve the attractiveness of regions

Deposits and negotiable certificates of deposit (non-consolidated)

¥4,877.2 billion

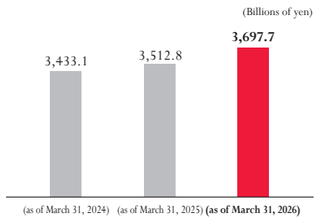
(Billions of yen)



Loans and bills discounted (non-consolidated)

¥3,697.7 billion

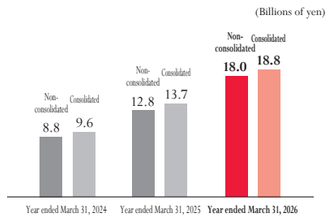
(Billions of yen)



Profit (non-consolidated/consolidated)

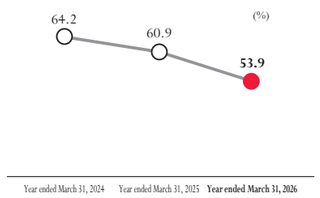
(Non-consolidated) **¥18.0 billion** (Consolidated) **¥18.8 billion**

(Billions of yen)



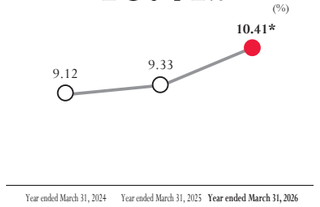
Non-consolidated OHR (core gross operating profit basis)

53.9%



Consolidated capital ratio

10.41%

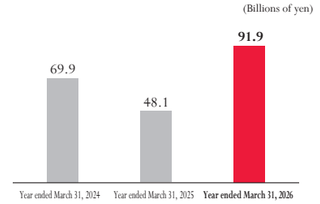


*Changed to the Foundation Internal Ratings-Based Approach (F-IRB) since the year ended March 31, 2026

Valuation gains (losses) on securities

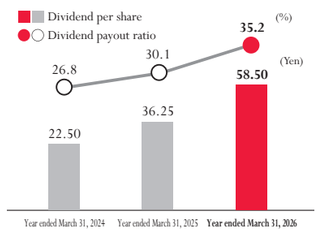
¥91.9 billion

(Billions of yen)



Dividend per share and dividend payout ratio

(Dividend per share) **¥58.50** (Dividend payout ratio) **35.2%**

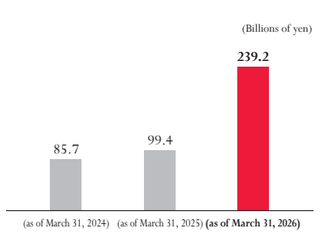


*The figures for the periods before the year ended March 31, 2026 are adjusted based on the number of shares of the Bank's common stock after the stock split conducted in April 2026.

Market capitalization

¥239.2 billion

(Billions of yen)



Credit rating (as of March 31, 2026)

JCR (Japan Credit Rating Agency)	R&I (Rating and Investment Information, Inc.)
A	A-
Long-term Issue Rating	Issue Rating

• • • The foundations of the Bank • • •

Established

148 years ago

Since November 1878

Employees (as of March 31, 2026)

Non-consolidated **1,920**

No. of customers (as of March 31, 2026)

Retail customers Approx. **1.16 million**

Corporate customers Approx. **50 thousand**

• • • Sustainability • • •

Share of females in management and junior management (as of April 1, 2026)

Management **18.1%**

Junior management **34.5%**

Management (Assistant General Managers, Group Leaders and above)
Junior management (Deputy Branch Managers, Deputy Chiefs and above)

CO_2 emissions reduction rate (of the Group as a whole, as of March 31, 2026)

vs. FY 2013 **75.6% reduction**

CDP assessment

A List (the highest rating)

• • • Strengthen governance and engagement • • •

Share of independent Outside Directors in Directors (as of March 31, 2026)

33.3%

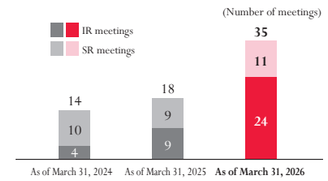
Number of Board of Directors meetings held and attendance rate (FY 2025)

Number of meetings **12**

Attendance rate of the Board members **100%**

One-on-one meetings held with institutional investors and analysts

(Number of meetings)



• • • Practice value creation • • •

Growth rate of outstanding corporate loans

16.1%

Growth rate during the previous medium-term management plan period (FY 2023 to FY 2025)

Number of corporate consultations (FY 2025)

1,388 cases

Total of corporate consultations in the consultation fields and the solution fields

Balance of assets related to retail customers' life design (as of March 31, 2026)

¥1,018.7 billion

Balance of personal loans and deposited assets for long-term asset formation

Message from the President

From Our Resolve for the Region to Corporate Value

We would like to express our sincere gratitude to all our stakeholders for your continued support and patronage of the Hyakujushi Group

The environment surrounding us is dramatically changing. With a declining, aging population with low birthrates, transforming industrial structure, and rapid advancement of digital technology, as well as the changing interest rate environment and new entrants into the banking industry from other business fields, the role that regional financial institutions are expected to play is also beginning to change significantly. I see these changes not as threats but as challenges that test the real value of regional financial institutions and as opportunities for us to make a big leap. There is a special role that only we are able to serve as a bank that is deeply rooted in the region and has been the closest partner for local businesses. Regional financial institutions are being asked whether they will be able to create the virtuous cycle of helping local communities achieve sustainable growth, and then leveraging their growth to enhance their own corporate value.

The Hyakujushi Group has been supporting local communities for 147 years, based on its Corporate Philosophy, "Prosper together with customers and communities." Without local communities' growth, ours would not be possible. For this reason, we have shifted to management committed to the future of local communities under our new Medium-term Management Plan, "DAKARA IDOMU —That's why, we challenge.: Shaping a Stronger Future for Our Region." We, the Hyakujushi Group as a whole, will further challenge ourselves not to wait for the future to unfold but to take the initiative and create a better future.

July 2026

President 森 亘史

Masashi Mori



Message from the President

Where Creating Regional Value Means Creating Corporate Value

To date, when speaking of corporate management, financial and non-financial matters have often been addressed separately. But I view these matters as essentially inseparable. Efforts to support local businesses' growth or to sustain local industries for the next generation might drive costs up in the short term. However, in the medium to long term, I am convinced that those efforts will lead to, among others, an expansion of our transaction base in the region, increasing demand for solutions to promote further growth, and enhanced productivity, and will turn into sustainable profitability going forward. These value drivers have yet to be recognized in the financial statements, but they make up important management capital that will contribute to enhancing profitability and growth potential in the future. We position these drivers as "pre-financial capital."

Based on this thinking, as we formulated our new Medium-term Management Plan, we asked ourselves again what has supported our corporate value. As a result, we have decided to review the Sustainability KPIs set under our Long-term Vision 2030 and newly determine "sustainability indicators." We consider those value drivers that cannot be measured only in terms of short-term profit—such as human capital capability, trusting relationships with customers, and connections with our region—as important management capital that will support our future growth, and we will leverage them to enhance our medium- to long-term corporate value.

● Sustainability indicators

Well-being indicators	Target levels
Employee engagement scores	Continuous increases
Reduction ratio for CO_2 emissions (compared to 2013 levels)	Carbon neutral
Assessment results for "Corporate Customer Questionnaires"	Continuous improvement
NPS scores for retail banking customers	Continuous improvement
Key financial targets	
Consolidated ROE	ROE exceeding capital costs
Consolidated capital ratio	11.5% to 12.5%
Non-consolidated core OHR	55% or less
Regional impact indicators	
Business Conditions Index (CI) in Kagawa Prefecture	Continuous improvement
Net migration rate in relation to the population of Kagawa Prefecture	Continuous improvement

"Foundation for Transformation" Built under the Previous Medium-term Management Plan

The previous Medium-term Management Plan represented the first phase of our efforts toward the Long-term Vision 2030. Its theme was "Evolution of the comprehensive consulting group." Over the past three years, we have been advancing our transformation into a solution provider business, going beyond the existing scope of banking operations. For example, we have set up a local subsidiary in Vietnam to strengthen overseas support functions, established a specialized investment subsidiary to enhance equity support functions, and built a community co-creation system by starting up a regional vitalization business subsidiary. In this way, we have expanded our solutions both qualitatively and quantitatively. As a result, we achieved record highs in both profit attributable to owners of parent and dividend per share, and also reached the target ROE of 5% set in the Long-term Vision earlier than planned.

However, in my view, the most notable achievement is that change is appearing in our organizational culture. Previously, we tended to think with a focus on short-term profit or existing operations. But now, the culture of making what really matters to the region the starting point for thinking is steadily spreading in our organization. The "Out of KidZania in Kagawa" event that we hosted in March 2026 illustrates this change. It was the first time that the event was hosted by a regional financial institution. Forty-three businesses participated to set up booths, and more than 3,500 visitors joined from the local community, making it the largest-ever such event. This initiative, which demonstrates the attractiveness of local businesses to the next generation and contributes to fostering the future of local industries, may not directly lead to profit in the short term. However, we view this as an important proactive investment to promote our region's sustainability and deepen our ties with the local community, thereby developing a future business foundation of ours. The event received much praise from those who participated, and we have already started preparations for our second event.

Meanwhile, in recognition of our efforts to address climate change and other environmental problems and the quality of our disclosures about such endeavors, we have been selected as an A-list company by CDP, a global non-profit organization that runs an environmental disclosure system. This means that we rank among the top 4%. The role of regional financial institutions is not just to provide financial services. Like other businesses, we are also required to show how seriously we take the sustainability of local communities. We will fulfill our responsibility as a bank that works with local communities to create their future.

On the other hand, some issues have come to the fore. They include challenges that we would be unable to overcome if we simply continue to do things the same way, such as securing and developing human resources as the population continues to decline, advancing productivity transformation, and leveraging digital technology. For these reasons, in the next three years, we will take changes in the environment surrounding us as opportunities and strive to evolve to implement management that emphasizes taking the initiative and creating a future.

New Medium-term Management Plan, "DAKARA IDOMU" That's why, we challenge.

Accelerating Growth Investment and Transforming Earnings Structure

In the new Medium-term Management Plan, the second phase, we have set four basic themes of "Empowering Our People," "Revolutionizing through DX," "Driving Regional Growth," and "Building a Resilient Foundation." These themes are not mutually independent. Investment in human capital brings about higher productivity and greater ability to make proposals to customers. DX leads to more efficient operations and more advanced customer touchpoints. Growth of the regional economy drives the growth of profits from providing solutions and revitalizes local communities. All these combine to sustainably enhance corporate value and eventually generate higher shareholder value. In the new Medium-term Management Plan, we would like to particularly focus on this virtuous cycle.

To achieve it, we have announced our plan to invest approximately ¥20.0 billion in DX and increase investment in human capital by approximately ¥5.0 billion. These are investments in our future to establish an unwavering competitive advantage. It is becoming difficult for regional financial institutions to grow steadily with a profit structure that is highly dependent on the interest environment. For this reason, we have been working to strengthen our solution provider businesses, such as corporate consulting and custody and asset management services. Because we are in a time of significant change, it is all the more important to implement proactive investments now, rather than putting them off until later, and it determines our competitiveness in the future.

● Empowering Our People
—Evolving into an Organization Where People Can Perform at Their Best

I am convinced that it is people that power a company. No matter how much digital transformation progresses, it is people's passion and enthusiasm and efforts to tackle challenges that move an organization. For this reason, we have placed investment in human capital at the center of our management under the new Medium-term Management Plan. One of the examples of investment in human capital is the restricted stock incentive plan for the employee shareholding association, which we announced in May 2026. This is not merely an introduction of a new system. This represents our wish to create a successful future for the Hyakujushi Group together with employees who have supported our region and tackled a series of challenges for many years, and our wish for every one of us to serve as a member responsible for management of the Group and move together in the same direction.

In addition, we have begun to standardize rules about how to address one another in our organization. Respecting each other as individual persons, rather than based on titles or positions in the organization, is an attitude essential to creating an effective working environment and working together as teams. Words create a culture. How one person addresses another reflects his or her respect to the person addressed and a psychological distance between them. We wish to foster a corporate culture that values people by changing for the better the way we talk and act every day.

Going forward, we will work on the reform of our personnel systems. We aim to establish a culture that rewards people who have taken on challenges and those who have delivered results, rather than considers seniority or follows precedent.

● Revolutionizing through DX
—Transforming our Corporate Culture through DX

The essence of DX is not digital transformation itself. What we aim for is not transformation of workstyles, but transformation of our corporate culture. Currently, we are working to implement Microsoft 365 as a business platform that energizes communication and collaboration in our organization. We also have decided to introduce Microsoft Dynamics 365 Sales, a new sales support system, in order to increase productivity in our sales activity and enhance the value we offer to customers. We are the first among Japanese banks to fully implement this system (based on the Bank's research), and considering the advent of the AI age, we take on this challenge to advance digital transformation in sales activity, moving ahead of competitors. By introducing these systems, we will work to create time through work process reform and achieve AI-aided work reform. These initiatives are expected to help reduce work volume by approximately 90,000 hours a year.

However, real change will come after that. Through DX, the connection between employees will become even stronger, so that they

Message from the President

will more actively support one another, each one's experience and expertise will be shared, and various ideas will be exchanged across the organization. That will create new challenges to tackle and help evolve us into an organization that continues to grow. DX is a tool that not only increases efficiency but also helps people achieve their full potential. DX frees frontline employees from troublesome work and gives them more time to make proposals to customers and work to solve issues. These benefits will accumulate and eventually change the value we offer to local communities. We are in the age of technological advancement, but that is the very reason that we focus on the value only humans can offer and are striving to further hone it.

Driving Regional Growth —Establishing a Robust Revenue Base Together with Our Region

We will utilize our capabilities enhanced by the efforts to empower our people and revolutionize through DX for the benefit of the region we serve and our customers, and thereby build a sustainable robust revenue base. To this end, under the new Medium-term Management Plan, we are committed to the concept of "Focus and Prioritization" and will invest our business resources in priority fields.

For corporate customers, we will provide deep-level support as their management partner and help them respond to changes in the environment, such as a declining population, higher prices of goods, and a rise in interest rates. We will offer the combination of consulting and financing to address management issues that have become increasingly complex and advanced, including business succession and labor shortages, and thereby contribute to customers' growth and the revitalization of the regional economy. By doing so, we will strive to increase our loan balance to ¥4 trillion, from the current balance of approximately ¥3.7 trillion, in the final year of the Medium-term Management Plan.

For retail customers, we will work to enhance our specialization and ability to make proposals in custody and asset management services by transitioning to a new system based on the partnership with Nomura Securities. We expect that our balance on deposited assets will increase dramatically as we will provide each regional customer with deeper-level support to help their respective asset formation.

Furthermore, under the new Medium-term Management Plan, we have clarified our strategy and role by geographic area, which previously remained rather vague. We will optimally allocate our business resources according to the characteristics and market growth potential of each area. Regional Management System, which we launched at the same time as the new Medium-term Management Plan, is an initiative that embodies this commitment. We have made the Chugoku area, which is made up of Okayama and Hiroshima, and the Kansai area, which is made up of Osaka and Hyogo, one separate business unit and will implement our strategy for each area from a regional perspective. We have appointed a regional head for each of the areas, who takes charge of sales activities within the area. As a certain part of authority has been delegated to the regional heads, such as making decisions on loan interest rates, we expect that responsibilities will become clearer, operations will be performed with a greater sense of urgency, and consequently, the level of customer satisfaction will go up.

Enterprise activity and the flows of people, goods, money and information have crossed prefectural boundaries and have extended across wide areas. We see not only Kagawa Prefecture but the whole Setouchi area as our growth field and will step up efforts to provide solutions by leveraging our regional network. We will work with our region by looking at a broader area, rather than narrowly focusing on individual points, and strive to grow together with our region.

Building a Resilient Foundation —Building the Foundation That Enables Our Challenges

To achieve the other three basic themes, it is essential that we build a resilient management foundation that supports our efforts to pursue those basic themes. Without sound governance and a sustainable management system, it would be impossible to carry out investment in human capital, advance DX, or contribute to the regional economy. Accordingly, first and foremost, it is necessary to reform our Board of Directors, which is responsible for management decision-making.

As a first step, we employed a third-party institution in the evaluation of the Board's effectiveness for the previous fiscal year. This aims to incorporate a neutral perspective to increase the objectivity and transparency of the evaluation and bring essential issues to the fore. As a result of the evaluation, it has become clear that the human capital strategy and DX strategy, which were halfway through under the previous Medium-term Management Plan, are the drivers that will propel our efforts in the new Medium-term Management Plan, and that more active engagement by the Board of Directors is necessary. In addition, from the perspective of linking our management strategy and the Board's functions more closely, we have revised the skills matrix. Specifically, we have subdivided the skill item "consulting" into "Regional growth/Sustainability" and "Financial wellness." While this may appear to be a revision of details, we expect that it will also help better fulfill our accountability to stakeholders by more clearly showing what kind of value we provide for whom.

In capital policy, enhancement of capital efficiency and dialogue with the market are important themes. As a major effort to quantitatively measure our progress in these areas, we have been working to reduce our cross-shareholdings, with the target of lowering the consolidated net assets ratio based on market value to less than 20% in these three years. This aims to achieve the target set in the Long-term vision toward FY 2030 earlier than planned. We will continue to verify the rationality for cross-shareholdings on a stock-by-stock basis and reallocate our capital to areas with higher growth potential in order to increase capital efficiency and enhance management discipline.

Toward Our 150th Anniversary and Beyond

We are now at a critical crossroad. Going forward, the environment surrounding regional financial institutions will change at an increasing rate. However, I believe that new growth opportunities lie beyond such change. Under the previous Medium-term Management Plan, we built a "Foundation for Transformation". And under the new Medium-term Management Plan, we will leverage the culture of transformation that we have fostered to enhance our corporate value.

What we aim for is not mere survival as a regional financial institution. We aim to create a future in which more people and more businesses will take on challenges locally, new vitality will emerge in the regional economy, and people in the next generation will want to work and live in the local communities. To achieve this, we will work beyond the realm of finance, collaborate with stakeholders from all fields in local communities, and create new value together.

And to do so, we also need to change continuously. We will continue to ask ourselves questions, take the initiative, act, and open up a future without being bound by past successes or conventional thinking, believing that these strenuous efforts will change the future of the region we serve for the better and promote our own growth.

In its history of 147 years, the Hyakujushi Group has been walking together and growing together with the local communities. And now, our efforts to tackle new challenges are about to begin toward our 150th anniversary and the next 50 years. As President, I will take the lead in this transformation and take responsibility for the results. I will continue to communicate clearly in my own words to every one of our employees on the frontline why we change, what we change, and how we change.

In a time of dramatic change, maintaining the status quo means regression. We will continue to challenge ourselves with all our might to pursue both goals — creating a better future for local communities and returning the fruits of those efforts to our shareholders through enhanced corporate value and shareholder returns.



Message from the Director in Charge of Finance



Record-High Profits as a Milestone: Investing in Human Capital and DX to Drive Sustainable Corporate Value from Pre-Financial Capital

Masaaki Iwane
Director and Managing Executive Officer

Evolution into a Comprehensive Consulting Group Led to Record-High Profits

In FY 2025, the final year of the previous Medium-term Management Plan, we have exceeded all of our management targets. Profit attributable to owners of parent was ¥18.8 billion, a new record high.

This result was driven by the tailwind of the return to a "entering a world of positive interest rates" as well as the progress of our efforts to evolve into the comprehensive consulting group.

The Bank has addressed customers' management issues on a deep level based on business analysis and worked to strengthen its ability to provide solutions that are not limited to financial intermediation. These steady and strenuous efforts have led to deeper customer relations and produced synergies in consulting and financing, and have resulted in a steady increase in profit from fees and commissions and interest income.

Our consolidated capital ratio, one of the major issues for the Bank, has significantly increased as profits increased and, in addition, we have changed our calculation method to the Foundation Internal Ratings-Based Approach (F-IRB) since March 2026 to appropriately reflect inherent risks. Because of this change, our capital ratio is expected to improve over the next several years, and we will be able to take risk more strategically with the objective of solving issues for the region and our customers.

OHR was controlled below the target level, as increases in management expenses due mainly to investment in human capital and an increase in non-personnel expenses resulting from inflation were more than offset by higher profits.

Our efforts to improve capital efficiency also showed some progress. We achieved the ROE target of 5% set in the Long-term Vision earlier than planned.

● Status of achievement of the management targets in the previous Medium-term Management Plan

Indicator	FY 2023 (1st year)	FY 2024 (2nd year)	**FY 2025 (3rd year)**	Management target
Consolidated profit*	¥9.6 billion	¥13.7 billion	**¥18.8 billion**	¥13.5 billion or more
Consolidated capital ratio	9.12%	9.33%	**10.41%**	Around 9.0 %
Non-consolidated OHR	74.9%	71.6%	**62.9%**	Around 65.0 %
Consolidated ROE	3.16%	4.16%	**5.29%**	—

* Profit attributable to owners of parent

New Medium-term Management Plan: Targeting ¥35.0 Billion in Net Income and ROE of 8.0% or More

The environment surrounding financial institutions is significantly changing. In addition to the interest rates in Japan trending upward, the socio-economic structure is at a turning point, with demographic shifts, the spreading use of AI, and the rise in geopolitical risks. However, we can view these changes as new opportunities for growth. In the new Medium-term Management Plan launched in April 2026, we are committed to accelerating the enhancement of our corporate value by focusing on the connection of our management strategy and logic tree developed in light of changes in the environment and the Bank's strengths.

We have also set the targets of profit attributable to owners of parent of ¥35.0 billion and an ROE of 8.0% or more as part of our management targets in the plan. Even upon entering a world of positive interest rates, the Bank's portfolio of securities is in a sound state and maintaining unrealized gains. We will utilize these profits for future growth and strive to achieve profitability that steadily exceeds cost of capital in view of interest rate conditions, while continuously reviewing the composition of assets and liabilities, including loans and deposits, to maintain soundness.

Regarding sustainability, we are aware that vitalizing the regional economy and protecting and enhancing jobs in local communities contribute to enhancing the Bank's sustainability. We will strive for management that pursues the enhancement of the Bank's corporate value while also ensuring profitability and the sustainability of the local communities we serve.

● Performance trends

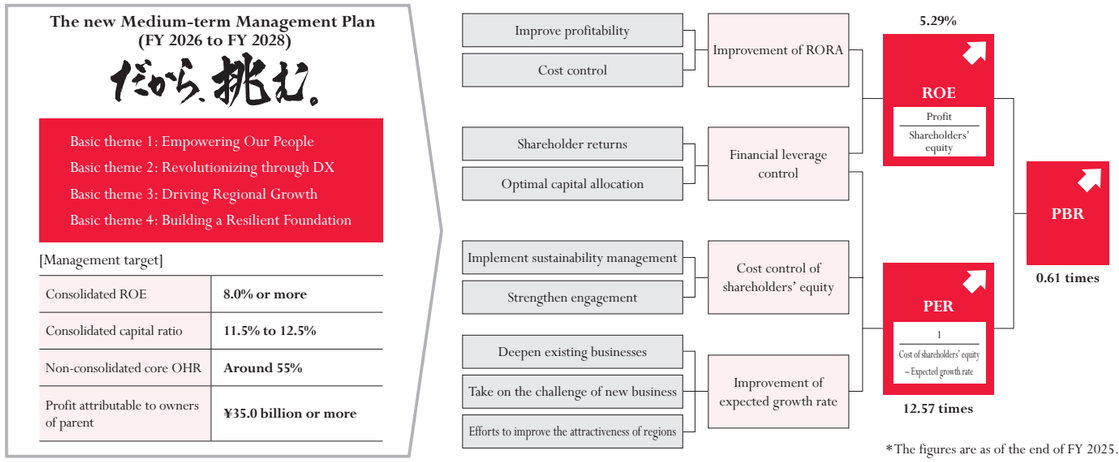
[Non-consolidated financial results]

Account (Billions of yen)	FY 2023 (1st year)	FY 2024 (2nd year)	**FY 2025 (3rd year)**	**YoY**
Ordinary income	73.5	81.3	**99.5**	18.2
Core business gross profit	50.0	53.8	**64.7**	10.9
Interest income	38.1	41.9	**51.2**	9.3
Profit from fees and commissions	6.9	6.6	**7.7**	1.0
Other operating income (excluding gains or losses on bond transactions)	4.9	5.2	**5.7**	0.5
Of which gains on foreign exchange transactions	3.7	5.4	**5.0**	(0.3)
Of which gains or losses on financial derivatives	1.1	(0.1)	**0.7**	0.8
Management expenses	32.1	32.8	**34.9**	2.1
Core business net income	17.9	21.0	**29.8**	8.8
Gains or losses on bond transactions	(7.1)	(8.0)	**(9.2)**	(1.1)
Credit-related expenses	1.1	3.8	**6.7**	2.9
Ordinary profit	13.2	18.5	**27.6**	9.1
Profit	8.8	12.8	**18.0**	5.1

[Consolidated financial results]

Ordinary income	82.1	90.0	**108.5**	18.5
Ordinary profit	14.5	19.9	**29.1**	9.2
Profit attributable to owners of parent	9.6	13.7	**18.8**	5.1

● Connection of the new Medium-term Management Plan and the logic tree for enhancing corporate value



*The figures are as of the end of FY 2025.

Message from the Director in Charge of Finance

Focused Investment in Human Capital and DX to Drive a Further Leap

Looking back to the previous Medium-term Management Plan, human resources transformation (HRX) and DX have remained issues. Our efforts for workforce creation did not progress as planned because we revised our strategy in branch restructuring and other initiatives in light of changes in the environment, such as the return to entering a world of positive interest rates. In addition, in DX, it took time to build the Bank's internal platforms, including an integrated information platform. Furthermore, we worked to increase the functionality of our banking app for customers, but the number of users was below the target, while the app received a high rating at App Store, scoring in the high 4s. The initiative is still a work in progress.

In the new Medium-term Management Plan, we will make focused investment in human capital and DX to solve these issues. The source of value created by the Bank is people. We believe that each employee's efforts to tackle challenges and their personal growth contribute to increasing the value offered by the Bank to local communities and customers and to the Bank's further growth. Based on this belief, we will actively invest in human capital and help employees enhance their skills. We will also work on the reform of personnel systems to ensure that those who have taken on challenges are appropriately rewarded.

Concerning investment in DX, we will invest to actively incorporate AI in operations and advance the centralization and automation of operational processes in order to increase productivity. By doing so, we will ensure that employees can focus on higher value-added tasks. In addition, in order to maximize employees' capacity, we are working to transform our culture into one in which employees help one another both in person and virtually, and we will implement DX investment that will contribute to this initiative.

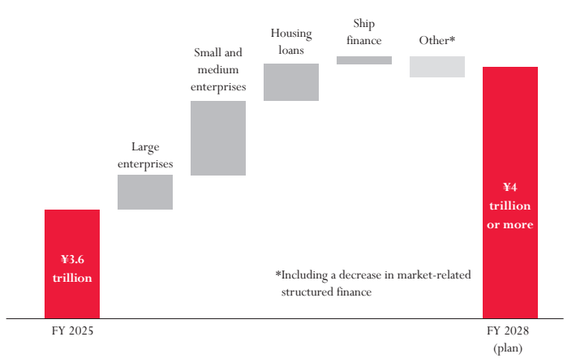
We position these investments as important growth investments that will strengthen the Bank's profitability and also promote a sustainable management foundation.

Targeting a Loan Balance of ¥4 Trillion through Strategic Risk-Taking

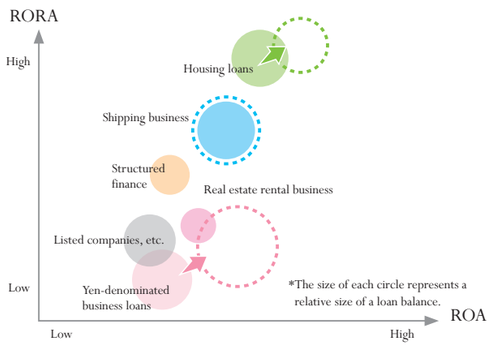
As the cost of funds, including deposits, is increasing, we will offer loans while ensuring appropriate levels of risk and return by using RORA as a yardstick and accumulating high quality assets, rather than only seeking to increase our loan balance. By leveraging the strengths of the Bank, which has, for many years, been operating branches across wide areas, we will analyze the characteristics and growth potential of each market and take appropriate risk based on risk appetite.

For small and medium enterprises, the major segment to which we offer loans, we will perform an analysis focused on scale and growth potential, provide solutions for sales channel development and new business creation, and support their growth by offering loans to finance their growth investments. We will also focus on ship finance, a business where the Bank has a competitive advantage, as demand for funds is expected to remain strong against the backdrop of increasing ship size and other factors. For housing loans, we will work to strategically expand our business by analyzing the characteristics of each region and identifying areas with large room for growth, while also using non-face-to-face channels.

Projection of an increase in loan balance



Asset allocation

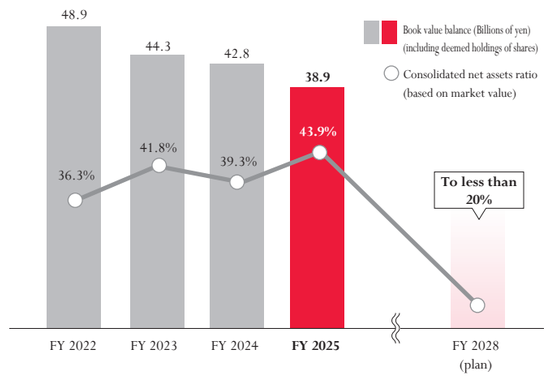


Efforts to Improve Capital Efficiency

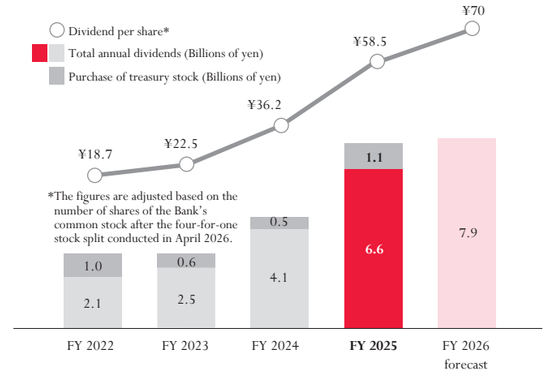
Toward improving capital efficiency, we will accelerate the reduction of our cross-shareholdings. We have had dialogues with the investee companies and made steady progress in the reduction effort. Under the new Medium-term Management Plan, we will increase the pace and aim for a consolidated net assets ratio of less than 20%, including deemed holdings of shares.

We will reallocate the capital to be created through this effort to growth investment in human capital and DX and to risk-taking in growth areas, and will appropriately distribute profits for each period to shareholders. We have set the target of achieving a dividend payout ratio of 40% or more during the period of the plan and will strive to increase capital efficiency and sustainably enhance our corporate value while balancing growth investment and shareholder return.

Cross-shareholdings reduction plan



Trends of shareholder return and its outlook



Fostering 'Pre-Financial' Capital and Building Solid Assets for Future Generations

In the new Medium-term Management Plan, the Bank has put forward the concept of "pre-financial." This means "seeds" that have yet to be recognized in financial statements but have potential to grow into corporate value going forward. I believe that employees' efforts to tackle challenges and their personal growth, trusting relationships with customers, our commitment to the local communities we serve and the environment, and fellowship and pride in our organization —all these intangible value drivers accumulate and serve as a foundation that support our long-term profitability and sustainable growth. To promote these value drivers, we have newly set well-being indicators that help visualize pre-financial value. Starting with the enhancement of each one's well-being, we will strive to contribute to the prosperity of local communities and customers, and building on the efforts, we will enhance our medium- to long-term corporate value.

Well-being indicators

Employee engagement scores	Continuous increases
Reduction ratio for CO_2 emissions (compared to 2013 levels)	Carbon neutral
Assessment results for "Corporate Customer Questionnaires"	Continuous improvement
NPS scores for retail banking customers	Continuous improvement

Toward New Record Highs: A Steadily Evolving Revenue Base

Our performance in FY 2026 is expected to remain steady.

We project that we will achieve new record highs in profit attributable to owners of parent and dividend per share for the second consecutive year. Major contributing factors include an increase in management expenses due to active investment in human capital and DX, which will be more than offset by an increase in interest income due to the effect of policy rate hikes and an increase in profit from fees and commissions driven by an increase in consulting revenue.

Qualitative shifts of our profitability have steadily progressed. We will work to further strengthen the growth cycle for the enhancement of our corporate value by achieving both growth investment and capital efficiency improvement in tandem.

FY 2026 financial results forecast

[Non-consolidated financial results]

Account (Billions of yen)	FY 2025	FY 2026 (forecast)	YoY
Ordinary income	99.5	**106.7**	7.1
Interest income	51.2	**54.2**	2.9
Profit from fees and commissions	7.7	**8.2**	0.5
Management expenses	34.9	**38.8**	3.9
Ordinary profit	27.6	**31.2**	3.5
Profit	18.0	**20.0**	1.9

[Consolidated financial results]

Ordinary income	108.5	**116.5**	7.9
Ordinary profit	29.1	**33.0**	3.8
Profit attributable to owners of parent	18.8	**21.0**	2.1

Open dialogue drives the evolution of management.

I consider dialogue with the capital market essential to the enhancement of corporate value. Under the new Medium-term Management Plan, we will greatly increase opportunities to talk with stakeholders to thoroughly communicate the Bank's strategy and stance.

We will incorporate views and opinions provided in the dialogue into our management and strive to achieve sustainable growth and continuously enhance our corporate value.

Discussion between Outside Director and Employees



Expectations for the new Medium-term Management Plan, "DAKARA IDOMU" That's why,we challenge.

—To play the role of connecting businesses and stakeholders

About the Area of Specialty

—New Financial Reporting Contributing to Sustainability Management

Konishi Today, we would like to have a discussion, following a three-party discussion format, rather than the interview format used in the past, among the three of us, Mr. Aga and Ms. Akiyama from Corporate Planning Division and myself, Konishi, Outside Director. Let's begin.

Aga Thank you very much for this opportunity. First of all, Mr. Konishi, you are a graduate school professor. May I ask you about your area of specialty?

Konishi In my view, research should be future-oriented. I am always impressed by the foresight demonstrated in research activities. For example, a research paper written by a University of Chicago's professor about 70 years ago is found helpful in the current efforts to develop a new financial reporting model that contributes to sustainability management.

I have been studying integrated reporting, one of the financial reporting models that contribute to sustainability management, from 17 years ago, when a Harvard University professor offered me advice. At that time, environmental, social and governance (ESG) information was disclosed in CSR reports or environment reports as non-financial information, separate from financial information. Today, more than 1,300 companies listed on the Tokyo Stock Exchange Prime Market issue integrated reports. In my research, ESG information is placed in the same position as financial information. Initially, this concept was not well received, even by academia.

Awareness about Sustainability

Konishi In 2010, the ISO 26000 International Standard, "Guidance on Social Responsibility," was issued, marking a turning point. The concept of socially responsible investment began to spread, and the idea of sustainability that emphasized co-existence with society started taking root. In 2013, the International Integrated Reporting Framework was published. Since then, Japanese companies also have begun to issue integrated reports. The Hyakujushi Bank began the publication of its integrated report six years ago.

Mr. Aga and Ms. Akiyama, how do you see the developments related to information about climate change, and human capital and diversity?

Aga I view it as important information for stakeholders to determine whether the company in question can last in the long term. In my view, these developments seem to resonate with the concept of socially responsible investment, which considers that the value of a company cannot be measured only by looking at its financial growth. Six years ago, when I was assigned to the Corporate Planning Division, terms such as SDGs and sustainability began to be used in the Bank. Since then, awareness about the field of sustainability has increased year by year. Now I consider that we regional financial institutions that share a common destiny with the local communities must clearly communicate how we address the issue of the local communities' sustainability.

Akiyama I have not had much opportunity to think about such information because I worked at branches for a long time. One year has passed since I was assigned to the Corporate Planning Division, and now I would like to work to increase the awareness in the Bank by using our integrated report and other tools, so that we will be able to play a leading role in the region we serve. At the same time, we need to provide active support for our customers, such as placement services and decarbonization support services, because small and medium enterprises face chronic labor shortages and they also find it challenging to know where to start in this particular field.

Enhancing Management Capability through Corporate Governance

Konishi These past seven years or so, my study of integrated reporting has centered on corporate governance. Corporate governance literally means governing of companies, but currently, it also includes stakeholder engagement, and it is said that the benefit of corporate governance is the enhancement of management capability, achieved through enhancement of corporate value, visualization of risk management, and enhancement of the value of information. In other words, it is offense-oriented governance.

What do you think about the idea that enhancement of corporate governance leads to the enhancement of management capability? Does it make good sense to you?

Aga I understand that companies cannot exist without the local communities and customers they serve, their employees, or other stakeholders. When companies discipline themselves based on a sound sense of crisis that warns them that their management foundation itself will be shaken unless they continue to win approval of various stakeholders—in other words, when corporate governance works effectively—I believe that it contributes to increasing management capability and enhancing corporate value.

Image of the Hyakujushi Bank

Aga Mr. Konishi, how do you see the Hyakujushi Bank's corporate culture, organizational climate, and reasons for existence in the local communities?

Konishi The sustainability management the Hyakujushi Bank has upheld is a management approach that is directly linked to the creation of value for stakeholders, and it seeks to maximize both economic value and social value of the Bank. Accordingly, I understand that the Bank is actively working to create new value in accordance with its management policy that aims to enhance competitive advantage, while contributing to improving the economic conditions and social circumstances of Kagawa Prefecture where it is based and other local communities it serves.

Mr. Aga and Ms. Akiyama, has your impression about the Hyakujushi Bank changed after joining the Bank?

Aga Before joining the Bank, banking operations had a strong image of traditional services including deposits and loans. After joining the Bank, I was surprised that the Bank was engaged in operations and services that were more diverse than I had imagined and that in each field of those operations and services, people with diverse backgrounds and specialized expertise were working.

Akiyama I had an impression that the Hyakujushi Bank is a bank that has taken root in Kagawa Prefecture, its home. Working in the Bank, I have learned that its customer base includes companies varying in scale and location and extends nationwide and that it has built very good relations with customers.

Results of the previous Medium-term Management Plan

Akiyama Under the previous Medium-term Management Plan, the Bank delivered significant results, including the record high profit it achieved in FY 2025.

What is your assessment of these results?



Discussion between Outside Director and Employees

Konishi The central initiative under the previous Medium-term Management Plan was evolution of the comprehensive consulting group to solve issues of local communities and customers by combining consulting and financing. In childhood, and as I grew up, I learned that Kagawa Prefecture was supported by the branch economy. The Hyakujushi Bank's comprehensive consulting group initiative, which adopted a solution provider model, boosts the sustainability of Kagawa Prefecture and thereby promotes the co-existence and co-prosperity of the local communities and the Bank. My assessment is that the effort is gradually producing results.

Aga As I work with the other divisions of the head office as a member of Corporate Planning Division, I feel the business model of the comprehensive consulting group steadily spreading in the Bank.

Expectations for the New Medium-term Management Plan, "DAKARA IDOMU" That's why, we challenge

Konishi Mr. Aga and Ms. Akiyama, both of you worked to formulate the new Medium-term Management Plan, "DAKARA IDOMU" That's why, we challenge. Can you elaborate on the idea and spirit underlying the plan?

Aga The challenges facing local communities and customers have become more and more diverse, so we put into the plan our desire to spread entrepreneurship in the Bank to innovate the way we think and do things. Going forward, in rural areas, faced with various issues such as a declining population, the business environment will become even more challenging. Given this outlook, we consider that it is essential that we stop thinking in the same way as we have and adopt a new mindset, take on new challenges, and strive to reach new heights.

Akiyama While we have the assets the Bank has built in its history of about 150 years, the external environment is significantly changing. Now is the time to change. This is the spirit that we want to share in the new Medium-term Management Plan. I believe that creating a culture in which every one of our officers and employees tackles challenges in their respective roles and positions should lead to the innovation of the Hyakujushi Bank itself.





Konishi Your comments tell me that, in essence, the new Medium-term Management Plan has been developed by all at the Hyakujushi Bank.

For the Hyakujushi Group to achieve sustainable value creation

—From non-financial to pre-financial

Aga What do you think is necessary to achieve sustainable value creation? We would appreciate it if you share your candid view.

Konishi For any kind of organization, to make value creation sustainable, human resource development matters more than anything else. In human resource development, effective job rotation is vitally important. You should find the new Medium-term Management Plan or the integrated report helpful in getting a clear picture of where your work fits in the Bank's value creation process. It would help your career development in the Bank.

Akiyama Mr. Konishi, what are your expectations for the new Medium-term Management Plan? What is your assessment of our decision to reframe what we called "non-financial" as "pre-financial"?

Konishi In corporate management, it is necessary to identify material risks and opportunities related to sustainability, but information about them is out of the scope of financial statements. In Japan, too, disclosure will be mandated, which includes sustainability-related financial information, such as environmental information.

In the new Medium-term Management Plan, resources that will contribute to creating financial value in the future are defined as "pre-financial capital," and the Hyakujushi Group's value creation story is explained with the combination of financial capital and pre-financial capital in a systematic and consistent way. The rationale of the logic tree, one of our issues, has been enhanced, and with portfolio management emphasized, the Bank's commitment to sustainable value creation has become clearer. Because the value creation story has now become more convincing, I have high expectations for the new plan, "DAKARA IDOMU" That's why, we challenge.

Embedding the Mid-Term Management Plan

—Features of Integrated Report 2025

Konishi For the Hyakujushi Group to achieve sustainable value creation, most important is to spread the new Medium-term Management Plan and the Long-term Vision in and outside of the Bank. What measures are you going to take for this challenge?

Akiyama In the Bank, we are going to provide briefing sessions and training programs to ensure that all employees fully understand the new Medium-term Management Plan and Long-term Vision. In addition, we are going to adopt creative approaches to familiarize employees with the new plan and the vision, such as cartooning the new Medium-term Management Plan. When I was working at a branch, I thought that I had little to do with the Medium-term Management Plan. Based on this personal experience, I would like to create a system to help employees, and those at branches in particular, to understand that the work we do and the efforts we make every day are contributing to the achievement of the goals set in the Medium-term Management Plan. The main theme of our projects to celebrate the Bank's 150th anniversary, FY 2028, is also "DAKARA IDOMU" That's why, we challenge. In addition to the dialogue with shareholders, an initiative that we have focused on in recent years, we are going to use the opportunities to engage with stakeholders in the anniversary projects to spread the new Medium-term Management Plan and the Long-term Vision outside of the Bank.

Konishi Please share the features of the Integrated Report 2026, which plays an important role in your efforts to spread the new Medium-term Management Plan and the Long-term Vision.

Aga This year's Integrated Report represents the concept of participation by all. At Mr. Konishi's suggestion, we have adopted a three-party discussion format for today's session. In the new Medium-term Management Plan, the Bank is committed to tackling challenges by involving all at the Bank. In the Integrated Report, we express this commitment by using our real voices as much as possible, in the same way as in today's session, hoping that the fresh spirit that the Hyakujushi Group has cultivated in its history of about 150 years is fully felt.

What I Strive for as Outside Director

—A Company People Want to Join and Are Glad They Joined, Want to Partner with and Are Glad They Did

Aga How do you see the Bank's governance system? I would appreciate it if you share your candid view.

Konishi The Hyakujushi Bank needs to establish a governance system that represents its style, anticipating the planned revision of the corporate governance code. For example, if we seek to continue to grow as a company with Audit and Supervisory Committee, we need to consider optimizing the size of the Board of Directors. We also need to clarify the roles of the Sustainability Committee, the Risk Management Committee, and other committees and to consider the option to elect the Audit and Supervisory Committee chair from external members, rather than from internal members.

Akiyama As Outside Director, how will you engage in the enhancement of the Hyakujushi Group's corporate value? And could you tell us about the unique role that you can play?

Konishi As Outside Director, I will work to play the role of connecting businesses and stakeholders. By doing so, I would like to enhance the credibility of the Hyakujushi Bank and contribute to increasing social confidence in the Bank. To achieve this, I am going to promote the sharing of risks and opportunities related to the Bank's sustainability among Internal Directors, full-time Audit and Supervisory Committee Members, internal auditors, and Accounting Auditors, and I will manage and evaluate those risks comprehensively from a standpoint of independent Outside Director.

I will strive to make the Hyakujushi Group a company that employees want to work for and feel happy to work for, that local community members want to work with and feel happy to work with.

Akiyama The words summarize virtually the whole point. And to achieve that, we need to create a society with well-being together with local community members, as set out in the Long-term Vision. By working on the goals of the new Medium-term Management Plan, I would like us to move on to a new stage.

Aga Through today's discussion, I have learned once again that our commitment to working with all our might for local communities defines who we are and why we exist as a regional financial institution.

Konishi **Aga** **Akiyama** Thank you very much.



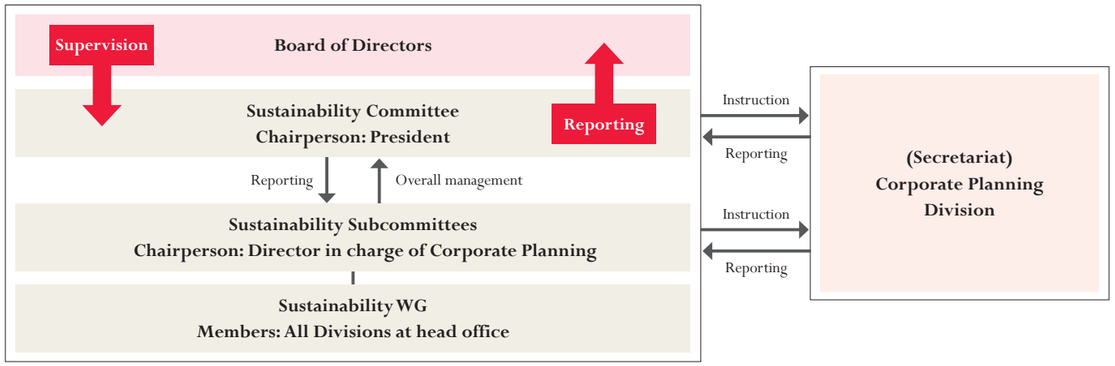
Hyakujushi Group Material Issues

With the aim of realizing our corporate vision, the Bank has prioritized key issues that the Group should address and has identified them as the "Hyakujushi Group Material Issues," taking into account factors such as external environment and expectations of stakeholders from a long-term perspective in order to solve various challenges facing the local community. Through various initiatives aimed at addressing material issues, we are practicing sustainability management by contributing to the sustainability of our customers and the local communities.

Sustainability management system

With the Sustainability Committee chaired by President in place, the Bank has established a cross-functional system to discuss and advance sustainability management that addresses and solves various issues facing the local communities it serves from a medium- to long-term perspective and translate the outcome into its own growth.

Governance system related to sustainability



About Sustainability Committee

Chairperson	President
Role and responsibility	To establish a system and take measures to implement sustainability management that addresses and solves various issues facing the local communities the Bank serves from a medium- to long-term perspective and translate the outcome into its own growth with the aim of realizing its Corporate Philosophy
Frequency of the committee meeting	Held every month

Identification of material issues

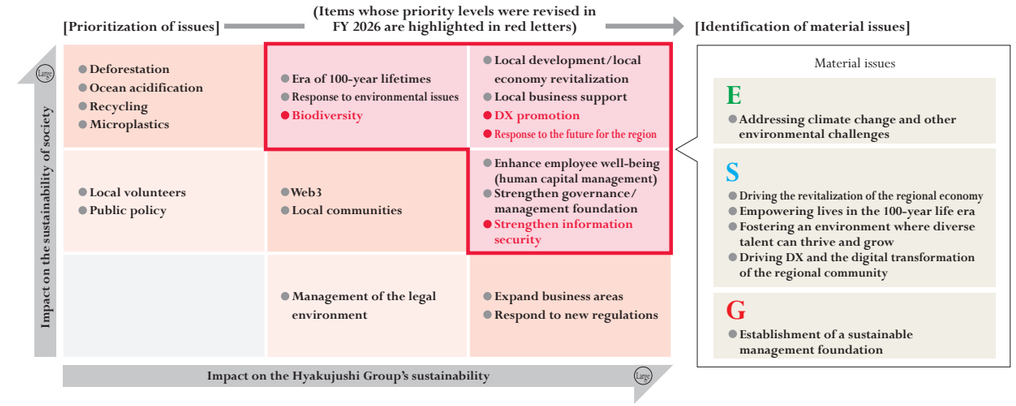
We have identified material issues by prioritizing the key issues that the Group should address in light of their impact on the sustainability of society and the Group. We conduct business by considering the material issues, monitor progress and identify issues related to strategies and tactics, and drive the PDCA cycle for sustainability management.

Step 1 — Selection of factors

Selection of a comprehensive list of factors that are important to local expectations, various ESG issues, and the local community and stakeholders

Step 2 — Prioritization of issues

Prioritization of the materiality through examining selected issues from the perspectives of our own sustainability and social sustainability.



Step 3 — Discussion by committee, etc.

Discussions in the Sustainability Committee from the perspective of the significance of the company's presence in the region as a regional financial institution, the status of social issues that influence value creation, and the relationship with management issues.

Step 4 — Finalization by Board of Directors

The Board of Directors finalized the Hyakujushi Group Material Issues that were discussed and identified by the Sustainability Committee.

Hyakujushi Group Material Issues

Material issue		Opportunity and risk	Main initiatives	Relation with strategy	Targets for sustainability indicators set under the Long-term Vision 2030
Driving the Revitalization of the Regional Economy ▶Page 35	Opportunities	● Expansion of areas for industry-academia-government-finance collaboration for regional revitalization ● Expansion of consulting needs due to the increasing sophistication and diversity of management issues of local companies	● Revitalize "towns" by establishing co-creation frameworks with local public authorities, etc. ● As the Hyakujushi Group overall, support corporate customers in solving the issues they face ● Contribute to the comprehensive vitalization of local communities through the establishment of a regional vitalization business company	Community co-creation Corporate customer strategy	**Well-being indicators** Employee engagement scores: **Continuous increases** Reduction ratio for CO_2 emissions (compared to 2013 levels): **Carbon neutral** Assessment results for "Corporate Customer Questionnaires": **Continuous improvement** NPS scores for retail banking customers: **Continuous improvement** **Key financial targets** Consolidated ROE: **ROE exceeding capital costs** Consolidated capital ratio: **11.5% to 12.5%** Non-consolidated core OHR (core gross operating profit basis): **55% or less** **Regional impact indicators** Business Conditions Index (CI) in Kagawa Prefecture: **Continuous improvement** Net migration rate in relation to the population of Kagawa Prefecture: **Continuous improvement**
	Risks	● Reduced sustainability due to declining local population and sluggish economy ● Deterioration of corporate performance due to delayed response to local companies' management issues			
Empowering lives in the 100-year life era ▶Page 40	Opportunities	● Greater asset formation/asset management needs in anticipation of the era of 100-year lifetimes	● As the Hyakujushi Group overall, support retail customers with their total life design ● Provide financial education to future generations	Retail customer strategy	
	Risks	● Reduced competitiveness due to delayed response to social structure changes triggered by further progression of the aging society			
Fostering an environment where diverse talent can thrive and grow ▶Page 43	Opportunities	● Sustainable growth of human resource capability by giving employees a sense of well-being ● Create new value through promoting participation by a diversity of human resources	● Through promotion of DE&I, establish a workplace environment in which diverse human resources can participate ● Improve motivation by creating challenging opportunities and improve work comfortability by enriching work-life balance ● Implement health enhancement promotion measures aimed at promoting health management	Human capital strategy	
	Risks	● Decline in engagement and outflow of human resources due to delayed response to changes in social structure and diversification of values ● Decline in human resource capability due to reduced QOL (quality of life) of employees			
Driving DX and the digital transformation of the regional community ▶Page 47	Opportunities	● Digital shift of work and services through advancements in digital technologies ● Increased solution needs in anticipation of digital transformation of local communities	● Work process reform leveraging digital technologies and sophistication of digital channels ● Enrich social media/website content, etc. ● As the Hyakujushi Group overall, support digital transformation of customer operations	DX strategy	
	Risks	● Reduced competitiveness due to delayed response to digital transformation and new entrants from outside the industry			
Addressing climate change and other environmental challenges ▶Page 51	Opportunities	● Greater needs for finance solutions aimed at solving environmental issues	● Leading initiatives aimed at achieving a decarbonized/circular society for the 2050 carbon neutrality target pledged by the Japanese government ● Strengthen initiatives aimed at decarbonization of customers' operations through sustainable finance, etc. ● Response to biodiversity through participation in TNFD Forum, Setouchi Nagisa Forum, and other initiatives	Environmental conservation	
	Risks	● Weakened social confidence due to delayed response to decarbonization and biodiversity ● Business suspension of customers due to abnormal weather, increase in credit costs due to decline in collateral value, and decline in earnings of customers due to delays in decarbonization			
Establishment of a sustainable management foundation ▶Page 57	Opportunities	● Stronger business foundation through sophistication of governance system and profit structure reforms, etc.	● Strengthen governance ● Enhance corporate value through profit structure reforms ● Strengthen capital strategy and sophisticate risk management system ● Strengthen system/digital foundations	Investment management Cost control	
	Risks	● Weakened social confidence due to insufficient governance ● Suspension of business activities or weakened social confidence due to delayed response to cyberattacks, disasters, etc.			

Hyakujushi Group's Value Creation Process

A safe and secure future for local communities



The values we want to achieve —outcome

Economic values

Environment and social values

Business activities and value offered

Well-being of stakeholders

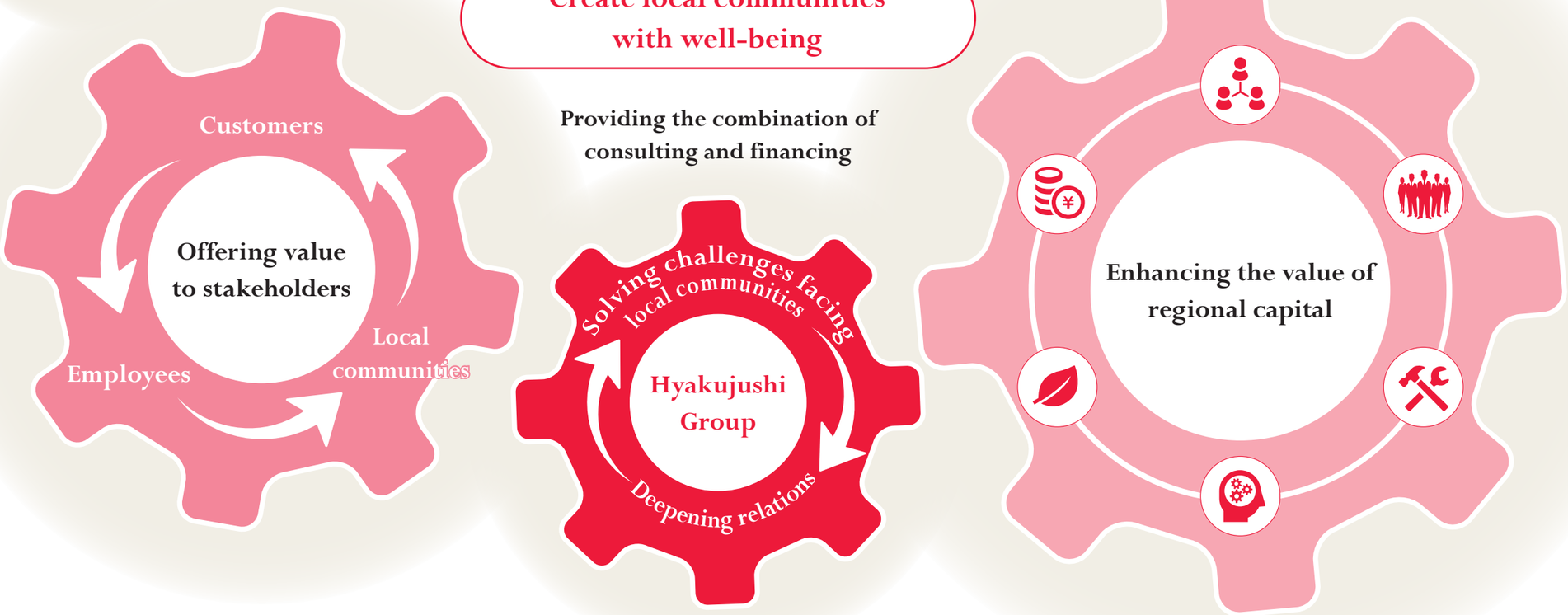
Enhance Hyakujushi Group's management sustainability

Enhancement of shareholder value

Virtuous cycle in the regional economy contributing to the prosperity of local communities

Create local communities with well-being

Providing the combination of consulting and financing



Return of value to the Bank's capital

Group Material Issues

Driving the Revitalization of the Regional Economy	Empowering Lives in the 100-Year Life Era	Fostering an Environment Where Diverse Talent Can Thrive and Grow	Driving DX and the Digital Transformation of the Regional Community	Addressing Climate Change and Other Environmental Challenges	Establishment of a Sustainable Management Foundation
● Create unique local industries ● Provide advanced solutions to management issues	● Provide services that meet life designs ● Provide financial education	● Provide solutions related to human resources ● Improve the workplace environment	● Provide solutions and funds for regional DX	● Utilize renewable energy ● Support local communities' decarbonization and efforts to conserve nature and the environment	● Provide robust financial infrastructure ● Offer trust and security as a financial institution

Business Deployment Based on Material Issues

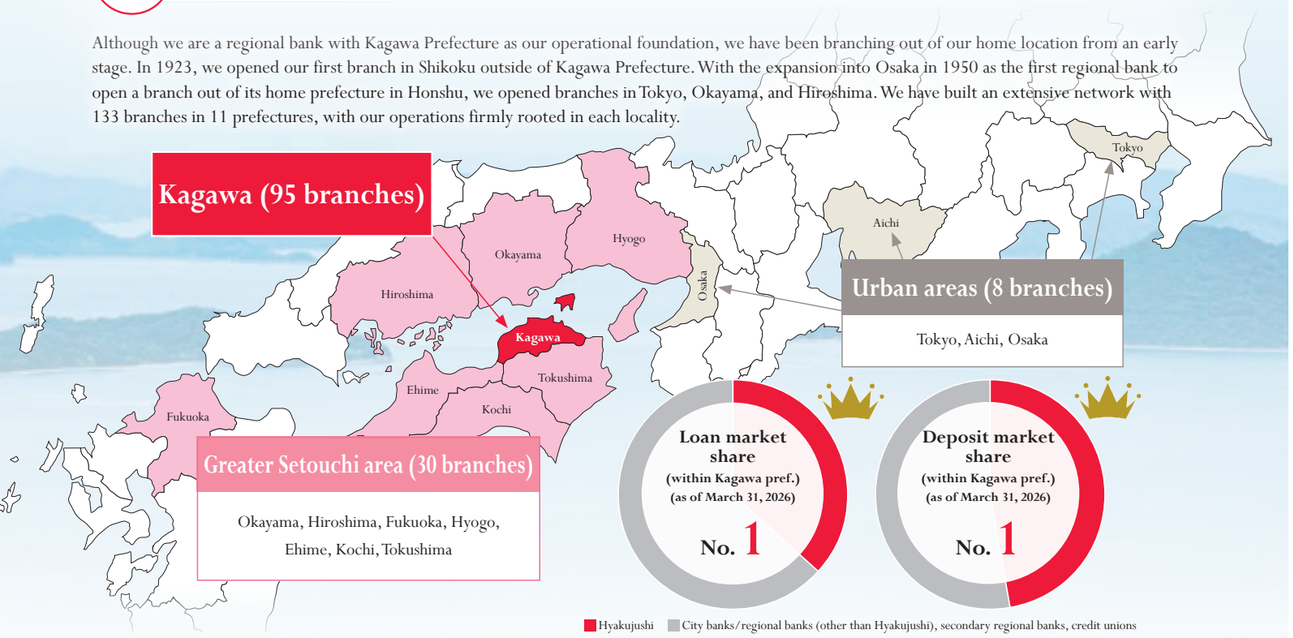
Hyakujushi Group's strengths —input

Social and relationship capital ▶ Page 25	Human capital ▶ Page 25	Manufactured capital ▶ Page 25	Intellectual capital ▶ Page 26	Natural capital ▶ Page 26	Financial capital ▶ Page 26
Solid customer foundation and far-reaching network in Kagawa Prefecture	Human resources that strengthen customer relations and provide most appropriate services	Diverse, highly convenient and functional channels that enhance the value of the customer experience	Provide one-stop services as the comprehensive consulting group	The authentic and unmatched natural environment and a comfortable living environment that only rural areas can offer	Profitability and a robust financial foundation that make sustainable distribution of profits to shareholders possible

Sources of Competitive Advantage (the Bank's Strengths)

1 Social and relationship capital — The combination of the far-reaching network and the robust customer foundation

Although we are a regional bank with Kagawa Prefecture as our operational foundation, we have been branching out of our home location from an early stage. In 1923, we opened our first branch in Shikoku outside of Kagawa Prefecture. With the expansion into Osaka in 1950 as the first regional bank to open a branch out of its home prefecture in Honshu, we opened branches in Tokyo, Okayama, and Hiroshima. We have built an extensive network with 133 branches in 11 prefectures, with our operations firmly rooted in each locality.



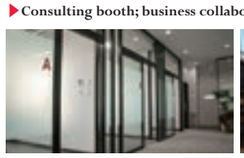
2 Human capital — People with diverse backgrounds continuing to tackle issues for local communities

As the comprehensive consulting group, the Bank is working to develop human resources with diverse backgrounds and specialized expertise that continue to tackle and solve various issues facing the local communities it serves and customers. In addition to providing practical training programs, we are also actively supporting employees' efforts to acquire advanced professional certificates, such as 1st grade Certified Skilled Professionals of Financial Planning, SME management consultants, and management consultants, and many employees have gained certification. In addition, since FY 2017, we have implemented the Hyakujushi Meister system, our proprietary system in which employees can work to acquire certificates in any professional area of their choice, and the number of applicants has increased year by year. These autonomous efforts to learn and grow have contributed to enhancing the Bank's ability to solve issues facing the local communities as well as its ability to make proposals. Moreover, we are working to enhance mid-career recruitment and diversify recruitment methods, while also actively investing in education and development, including reskilling, and implementing employee placement in a planned way. The human resource portfolio, which is made up of people with diverse backgrounds and specialized expertise working together and fully demonstrating their abilities, is one of our major strengths that drive the execution of our management strategy. (For more details about human capital, please see "Fostering an Environment Where Diverse Talent Can Thrive and Grow" on page 43.)

3 Manufactured capital — Optimized channels that integrate real-world solutions and digital solutions

The Bank is working to develop channel systems that enhance both the value of customer experience and the Bank's productivity, by organically combining real-world solutions and digital solutions. For real-world solutions, we are advancing branch deployment that has adopted a solution provider model, adding value to existing branches by opening consulting booths and business collaboration spaces where customers can feel at ease and consult. For digital solutions, we have introduced tools to reduce paper work and wait time in branches, such as in-store tablet devices and Branch appointment service and are working to provide comfortable space for customers visiting our branches.

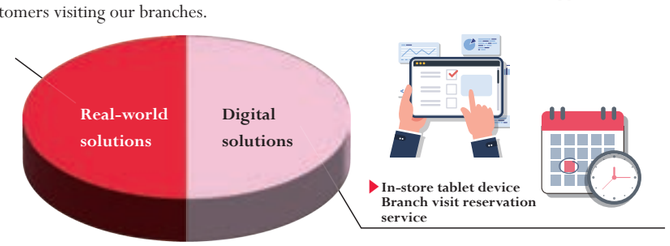
▶Consulting booth; business collaboration space



Privacy-friendly consulting booth



Higashi Kagawa Branch, where products of local manufacturers are displayed

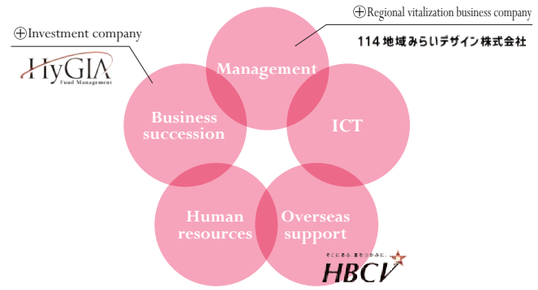


4 Intellectual capital — In-house know-how that the Bank has accumulated as the comprehensive consulting group

The Bank's strong relationships with the local communities and customers support its sustainable growth. These relationships are bolstered by our function as the comprehensive consulting group that resolves various issues by providing advanced solutions.

The expertise and know-how is centrally managed at Consulting Division, the organization specialized in consulting operations. By leveraging it as well as the functions of our group companies, our consulting system provides one-stop solutions to all kinds of issues and gives the Bank a strength difficult to duplicate.

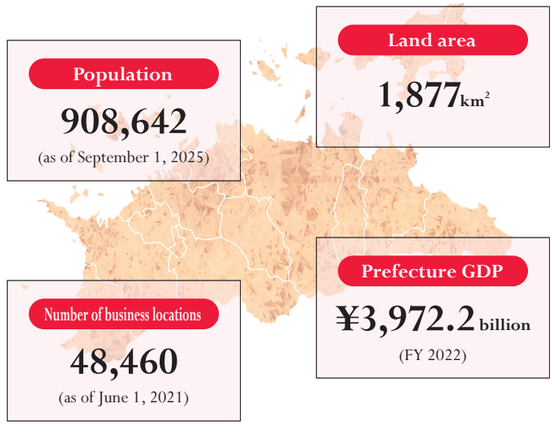
—5+2 consulting system



5 Natural capital — Home market that has attracted attention because of its mild climate and relatively low frequency of natural disasters

Kagawa Prefecture, the home of the Bank, is the smallest prefecture in Japan. However, it has unique characteristics, such as a mild climate peculiar to the Setouchi area, a relatively low frequency of natural disasters, and convenience as a compact city. In recent years, these characteristics have been rated highly, and Kagawa has attracted attention in a wide range of fields, such as tourism and industry.

Basic data on Kagawa Prefecture



The potential of Kagawa Prefecture

▶Potential as a tourism site attracting visitors from outside of the region

In the ranking of attractive prefectures announced in "Jalan Survey 2025: Sight-Seeing, Lodging, and Travel in Japan," in recognition of its rich food culture, locations where children can enjoy, and other attractive characteristics,

Kagawa Prefecture ranked first in Japan in the overall satisfaction level!

▶Potential as a location where child-rearing families migrate

In Kagawa Prefecture, there are many parks and facilities for children, while children can receive medical treatment free of charge, childcare fees are reduced or exempted, and generous local childcare support services are available in each city and town.

Kagawa Prefecture ranks fifth in Japan in the number of childcare support facilities!

▶Potential as a location of an AI industry cluster

Kagawa Prefecture has concluded a cooperation agreement with NVIDIA, which boasts a dominant global share in the manufacturing of graphics processing units (GPUs), essential components to advance generative AI technology, to promote the use of AI. In Kagawa, there is a strong movement under way to promote the local development of AI and IT human resources and attract related industries to the prefecture.

6 Financial capital — A robust financial foundation that supports sustainable distribution of profits to shareholders

While its home market is Kagawa Prefecture, the smallest prefecture in Japan, the Group ranks middle among Japanese regional banks in terms of business scale and has profitability that makes distribution of profits to shareholders possible, with total assets of ¥5.8 trillion and profit attributable to owners of parent of ¥18.8 billion. Our consolidated capital ratio is 10.41%, significantly exceeding the level required for domestic standard banks of 4%, while we boast the level of our valuation gains on securities, which is high by industry standards. As these show, we have a robust financial foundation.

(FY 2025)

Profit attributable to owners of parent	Consolidated capital ratio	Valuation gains (losses) on securities
¥18.8 billion	10.41%	¥91.9 billion

Communication with Stakeholders

Building on our sincere dialogue with stakeholders, we will continue to contribute to the creation of social value and the development of the local communities we serve and thereby build a reliable management foundation.

Local Communities

Volunteering for regional revitalization

We have received "FY2025 Volunteer Award Volunteer Award (Corporate Division)" in recognition of many years of the Bank's volunteering efforts, such as our contribution to Setouchi Triennale, forest conservation activities that we have conducted continuously, and participation in regional events.



Scene from the award ceremony

Cultural and sports promotion

"Poem of the Heart" concert

The Bank holds the "Poems of Heart" concert every year by inviting distinguished guests, and it has offered an opportunity to work with local community members to develop a place for interaction through music and contributed to the promotion of local culture. This event, hosted by the Bank, marks its 32nd anniversary in FY 2026.



Scene from the concert

Activities of the corporate-owned athletic team

Through the activities of our athletic team, we provide coaching for children who are expected to lead the next generation of athletes and also offer various training programs to support healthy growth of children, who will lead local communities' future going forward.

Support for scholarship repayment

We are advancing efforts to reduce the economic burden falling on young people who are repaying their scholarships. This aims to help create an environment in which young people, who will lead local communities' future, can work locally with peace of mind and can thrive and grow, even as local communities face challenges such as a declining population and loss of human resources.

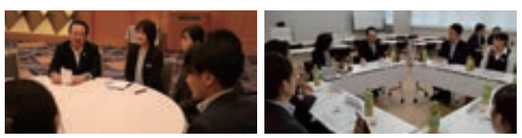
In June 2024, the four Shikoku Alliance banks, which work together to revitalize Shikoku, established a scholarship repayment support program. To date, more than 200 companies have supported this initiative, and more than 100 applicants have been granted support from the program.

In addition, in deep agreement with its principles, the Bank has registered with the Let's Work in Kagawa! scholarship repayment support program, launched by Kagawa Prefecture in April 2026, becoming the first registered company.

Employees

Town hall meeting/Mini town hall meeting

Since FY 2024, we have held a town hall meeting for young employees where the President personally speaks about the current status and management policies of the Bank and engages in discussions with the attendees. This meeting aims to enable young employees who will lead the future of the Bank, to gain an overall understanding of the Bank, think from a higher-level perspective, and cultivate a can-do spirit that drives them toward higher goals. In addition, we have a mini town hall meeting for young and mid-career employees where the President personally visits each branch to meet with participants in person. In the period of about one year from February 2025 to March 2026, 16 meetings were held for a total of 256 participants.





Spreading the Medium-term Management Plan

To help each employee have a sense of ownership about the Medium-term Management Plan and thereby demonstrate the Group's comprehensive strength, we have held a briefing session for all Group employees as appropriate. We are also implementing other initiatives to promote employees' understanding of the spirit and content of the plan, such as producing cartoon content.



Cartoon featuring the Medium-term Management Plan

Customers

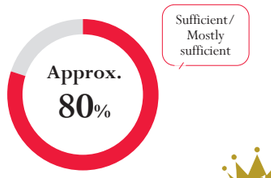
Customer questionnaires

In the customer questionnaires conducted to further enhance the quality of our services, most customers responded that they are satisfied with the status and details of transactions with the Bank.

Corporate customers:



Retail customers:



Current situation meeting

We hold an annual current situation meeting aimed at introducing our management situation and main initiatives to customers, mainly from the local community, and fostering closer relationships.

Event location

Event venue	Four venues in Kagawa One venue in Okayama One venue in Ehime
Attendees from the Bank	Executive Directors



Topic

In the bank ranking survey conducted by the Nikkei Inc. group, the Bank earned a high rating in terms of knowledge about financial products and easy access to fund management consulting service and ranked first overall in terms of customer service and reception.

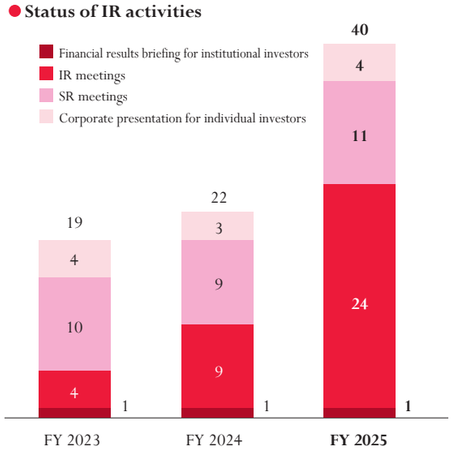
Investors and Shareholders

Implementation of IR activities

In order to promote understanding of the Bank's business performance, management policy, and management strategy, we provide opportunities for dialogue with investors. In addition to holding financial results briefings for institutional investors and corporate presentations for individual investors, we also arrange one-on-one meetings with institutional investors.

We sincerely respond to the views and opinions provided by investors through the dialogue, and actively incorporate proposals that contribute to enhancing the corporate value of the Group.

Status of IR activities



Shareholder benefit program

To express our appreciation to our shareholders, spread information about the attractiveness of the local communities we serve, and ensure that our shareholders continue to support the Bank in the medium to long term, the Bank has introduced a shareholder benefit program.

In this program, in collaboration with local businesses, we send those of our shareholders who meet prescribed shareholding conditions a catalog gift of local specialty products, such as *udon* noodle and Olive Beef, to convey the attractiveness of Kagawa Prefecture.

The catalog gift also includes a donation course to support the initiative to conserve local resources for future generations and efforts to achieve sustainable local communities. In FY 2025, 62 shareholders supported this donation initiative, contributing a total of ¥245,000.

WEB **A summary of the Bank's shareholder benefit program is available here:** ▶



Catalog gift



Scene from the donation presentation ceremony (Kagawa Prefecture Children's Future Support Network)

The 150th Anniversary Projects to Implement the Bank's Future-Focus Approach

Toward the 150th Anniversary—Envision a Future with Diverse Ideas

The Hyakujushi Group will celebrate its 150th anniversary on November 1, 2028. Toward this major milestone, we launched the 150th Anniversary Projects in September 2024.

In these projects, led by employees in their twenties to forties with diverse backgrounds and based on the keyword "future focus," we had discussions in a workshop format about the future of the region and the Group to determine key themes that we should address toward the 150th anniversary. Based on the key themes, we are planning and implementing our future-focused anniversary projects.

Vision toward the next 50 years and three key themes set in the 150th Anniversary Projects

Where we are (strengths and weaknesses)

- Many employees full of enthusiasm for regional vitalization
- A wealth of know-how in the foreign exchange and corporate consulting fields
- A delay in responding to digitalization and shortage of specialists
- Local communities facing growing challenges including a declining population

Three key themes

1. Drive transformation to develop a culture where everyone challenges themselves
2. Establish a new brand
3. Take ownership of the challenges facing local communities and our company

Vision toward the next 50 years

Enhance our presence in local communities and become an essential partner to stakeholders

Main theme and logo mark

After inviting all officers and employees to contribute ideas and take a vote, we have determined the main theme, "DAKARA IDOMU —That's why, we challenge.: Shaping Our Gratitude." We also have determined the logo mark symbolizing the main theme, after all officers and employees took a vote to decide the best among the logos that the project team had produced.

Main theme of the 150th Anniversary Projects	Logo mark
だから、挑む。 ーありがとうを、たしかなカタチにー [The underlying spirit of the main theme] We want to be a company where everyone is tackling challenges for someone else for some purpose or reason, and a company that can go all out to support the commitment of those who take on challenges. We will carry with us to the future our appreciation for the support given to us for the past 150 years and continue to tackle challenges to turn our gratitude into action.	We express our commitment to going beyond the milestone of the 150th anniversary and advancing strongly toward the future by placing an image of a runner on a three-dimensional rising arrow.

Launched the 150th Anniversary Projects toward the Future—Initiatives in FY 2025

Held "Out of KidZania in Kagawa," the first "Out of KidZania" event hosted by a regional bank in Japan!



▲About 3,500 visitors joined, including children, their guardians and others involved in the event. The children actively participated in various programs, role-playing as a pastry chef, Shinto priest, Shinto shrine maiden, bus driver, and other jobs.

Supported by 42 local businesses and organizations, we hosted "Out of KidZania in Kagawa," an event to provide children with an opportunity to have social experience and learn about jobs.

It was for the first time in Japan that the "Out of KidZania" event was hosted by a regional bank. Through this initiative, we contributed to promoting understanding about the regional economy and to encouraging young people to continue to live and work in the region.

Calligraphy performance event by a local high school's calligraphy club to promote the main theme, "DAKARA IDOMU"







▲The calligraphic works created in the performance event are displayed at the lobby of Main Branch of the Bank.

We hosted a calligraphy performance event held in collaboration with "Takasho Girls," members of Takamatsu Shogyo High School's calligraphy club. This is one of our initiatives to demonstrate our commitment to taking on new challenges toward the 150th anniversary. Their calligraphic works created with dynamic brushwork strongly express our commitment to continuing to tackle challenges toward the future.

Special Interview

Carrying with us our commitment beyond the 150 years

We have launched projects to celebrate the Bank's 150th anniversary, a major milestone. Three young employees spoke about what they experienced and discovered as they engaged in the initiatives for the future of local communities and about their commitment to the 150th anniversary.



From left, Ms. Tamai, Personnel Division, Ms. Kashimura, Consulting Division, and Mr. Mori, Ritsurin Branch

How did your awareness or perspective change as you engaged in the activities?

Tamai In an environment where everyone was able to voice their opinions regardless of age or position, I realized that my ideas were incorporated in the Bank's activities and had an impact on local communities. I now have a stronger sense of ownership over the Bank's efforts, and feel more motivated to engage in them proactively.

The project members are in their twenties to forties. What did you learn as you had discussions with members from different generations?

Kashimura When I spoke with senior members, I was often impressed by their deep understanding about local communities and customers based on their many years of experience. On the other hand, we, the generation that are very familiar with digital technology and communication using social media, have a unique perspective, and we found that perspective useful. I realized that the cross-generational dialog helped us develop and implement better initiatives.

In the discussions about the vision toward the next 50 years, what scene impressed you particularly?

Mori Questions from senior members were what impressed me most. They asked questions rather than offered answers. That gave us an opportunity to think more deeply ourselves and drove deeper discussion.

Tamai My perspective has broadened as I got involved in the discussion about the next 50 years. We had discussions from the perspective of what kind of local communities we should build and hand down to the next generation, rather than focus on the challenges in front of us. That was particularly impressive.

You were involved in the management of "Out of KidZania in Kagawa" and the calligraphy performance event. How was your experience?

Kashimura Children really enjoyed role-playing various local jobs, and their radiant faces left a deep impression on me. In the calligraphy performance event, I was moved to see the local high-school students working very hard to create calligraphic works from our 150th anniversary theme. I was delighted that I was able to make such a memorable moment with local youth.

Mori I was particularly impressed with all the people involved engaging in the projects seriously and taking the projects as their own. The overwhelming enthusiasm and serious commitment that the Takasho Girls demonstrated, that is the attitude that we must always show.

What is your own vision of yourself and of the Bank in 2028, when the Bank will celebrate its 150th anniversary?

Kashimura I want to be a banker trusted by customers. I want customers to leave saying, "I'm glad that I came to you for advice." I will work to develop a culture in which everyone takes on challenges. I want the Hyakujushi Bank to be recognized as a bank always standing by local communities.

Tamai I will continue to be committed to taking on challenges to become a banker who can contribute to local communities and customers as their best partner. I would like to help local communities tackle their challenges, and I want us to remain a bank preferred by everyone in the region.

Mori I will take ownership of daily work, face it head on, and put everything into it. I also want us to be a bank where the enthusiasm demonstrated in the anniversary projects is not something for special days, but second nature.

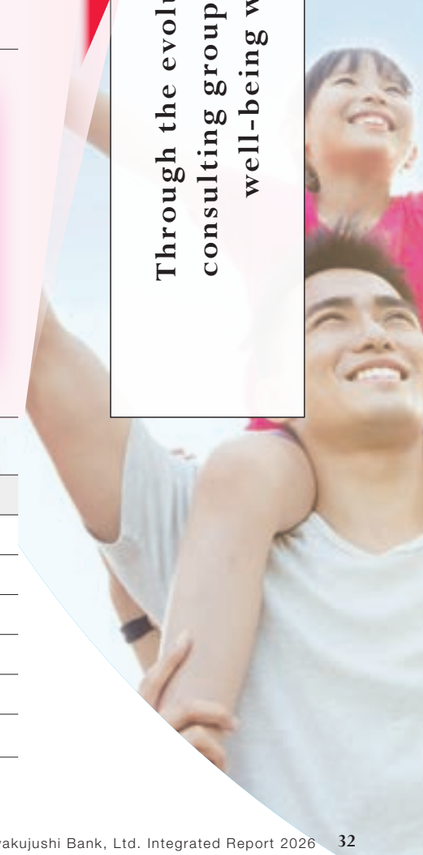
Evolution of Medium-term Management Plan

The Bank has steadily progressed toward achieving the Long-term Vision 2030 as the comprehensive consulting group that solves issues facing local communities and customers, flexibly responding to changes in the external environment.

	FY 2020 to FY 2022	FY 2023 to FY 2025	FY 2026 to FY 2028
Name	トライ★ミライ！ Co-create a future where stakeholders can live their lives with smiles	「創ろうｲ･ｲ･ﾖ♪」	だから、挑む。 ー地域の未来を、たしかなカタチにー
Concept	**“Transforming the comprehensive consulting group”** into one that provides new value unique to the Bank through high quality consulting going beyond the realm of finance and co-creates a future of customers and local communities	**“Evolution of the comprehensive consulting group”** by advancing transformation based on the three growth engines (SX, HRX, and DX) and through expansion of non-financial area and enhancement of financial services	**“Accelerating efforts to tackle challenges as the comprehensive consulting group”** by using as catalysts generation of human capital value and business transformations achieved through DX, and strategically allocating resources based on the concept of “Focus and Prioritization”
Key strategies/ basic themes	1 Transformation to a comprehensive consulting group 2 Development of human resources with high market value 3 Structural reforms leading to the future	1 Evolution of the comprehensive consulting group 2 Enhancement of employee well-being 3 Dramatic improvement of productivity 4 Establishment of a sustainable management foundation	1 Empowering Our People 2 Revolutionizing through DX 3 Driving Regional Growth 4 Building a Resilient Foundation
Major outcomes	▶ Made progress in the development of systems to provide consulting services for corporate and retail customers ▶ Reformed cost structure through branch restructuring and operational reform efforts	▶ Strengthened and enhanced ability to solve issues on both financial and non-financial fronts through establishment of new three Group companies ▶ Made progress in enhancement of convenience for customers and operational streamlining by introducing digital tools and using AI	**Achieve significant growth in three years** by building a sustainable growth path for a world of positive interest rates and by combining **consulting and financing**!
Key issues	▶ Enhancing profitability on both fronts of financing and consulting by further strengthening ability to solve issues ▶ Creating time for face-to-face sales activities through operational process reforms by leveraging digital technology and data	▶ Formulating fine-tuned strategies and tactics and allocating resources by taking account of characteristics of each local community ▶ DX implementation for operational and business reforms still in process, with digital tools introduced only partially, resulting in improved functionality in limited areas	

FY 2030

Through the evolution of our comprehensive consulting group, we will create a society of well-being with local communities



Key indicator

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	To FY 2028 (target)
Balance of deposits and negotiable certificates of deposit	¥4,539.4 billion	¥4,648.3 billion	¥4,795.8 billion	¥4,765.2 billion	¥4,711.2 billion	¥4,877.2 billion	—
Balance of total loans and bills discounted	¥3,042.9 billion	¥3,164.8 billion	¥3,366.8 billion	¥3,433.1 billion	¥3,512.8 billion	¥3,697.7 billion	¥4 trillion or more
Non-consolidated core business net income	¥12.2 billion	¥18.0 billion	¥27.6 billion	¥17.9 billion	¥21.0 billion	¥29.8 billion	—
Consolidated ROE	0.94%	4.06%	3.24%	3.16%	4.16%	5.29%	8% or more
Consolidated profit*	¥2.5 billion	¥11.7 billion	¥9.1 billion	¥9.6 billion	¥13.7 billion	¥18.8 billion	¥35.0 billion
Core OHR (non-consolidated)	73.8%	64.7%	53.7%	64.2%	60.9%	53.9%	Around 55%

* Profit attributable to owners of parent

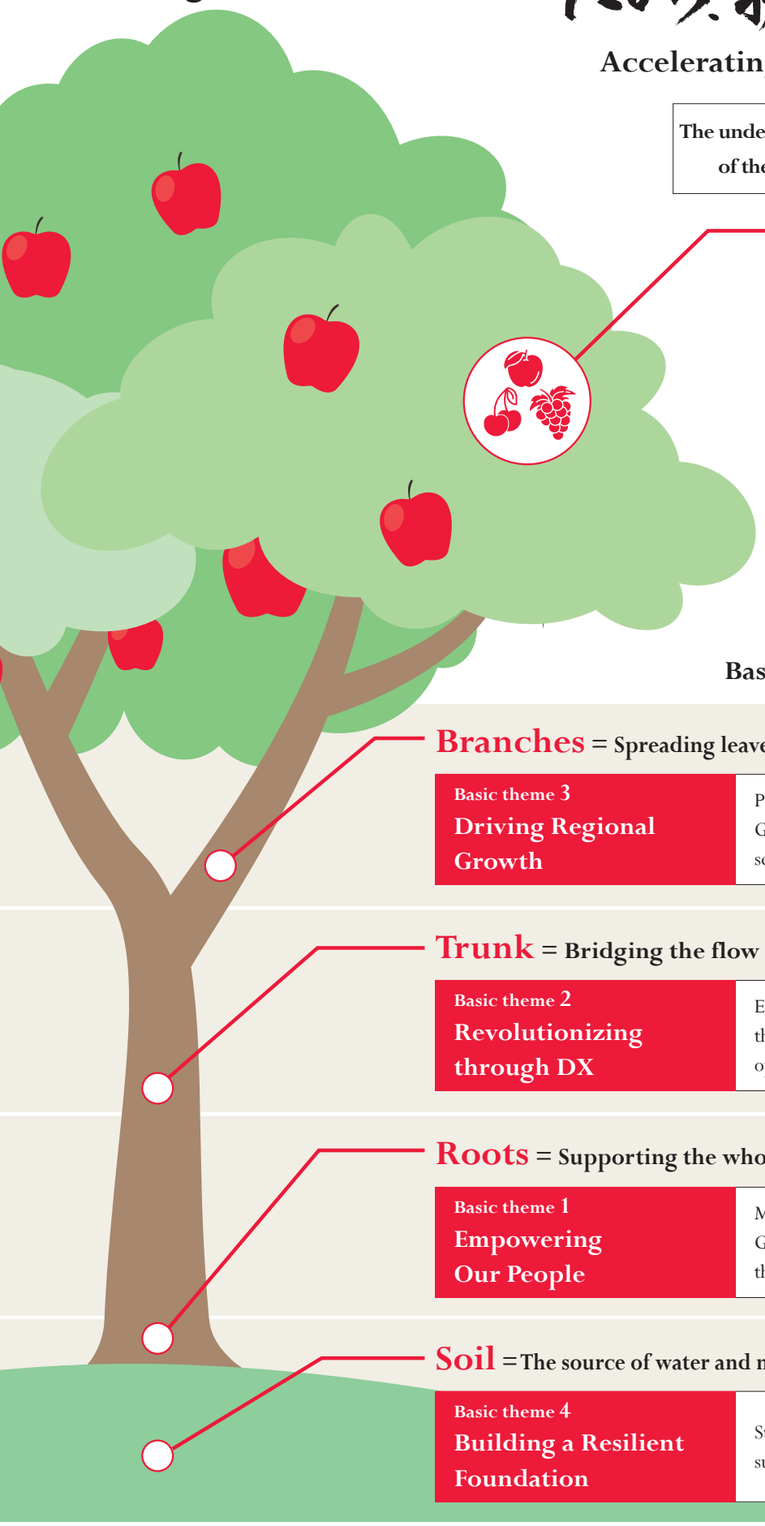
Overview of Medium-term Management Plan

だから、挑む。 —Shaping a Stronger Future for Our Region (FY 2026 to FY 2028)

Accelerating efforts to tackle "challenges" as the comprehensive consulting group toward achieving the Long-term Vision 2030

The underlying spirit of the slogan

We want to be a company where everyone is tackling challenges for someone else for some purpose or reason. We also want to be a company that can support the commitment of those who take on challenges.
Such efforts of each individual will build up and enable us to tackle greater challenges, shaping a stronger future for our region.



Fruits = Outcomes

Management targets —challenge indicators

—Key financial targets (economic value)

Consolidated ROE	8.0% or more	Profit attributable to owners of parent	¥35.0 billion or more	Consolidated capital ratio	11.5% to 12.5%	Non-consolidated core OHR	Around 55%

—Well-being indicators (environmental and social value)

Employee engagement scores	Continuous increases	Assessment results for "Corporate Customer Questionnaires"	Continuous improvement	Reduction ratio for CO_2 emissions (compared to 2013 levels)	Carbon neutral	NPS scores for retail banking customers	Continuous improvement

Financial perspective and pre-financial perspective

Basic themes	Increasing and generated capital	Strategies	Material issues	Perspectives
Branches = Spreading leaves and each producing flowers and fruits **Basic theme 3 Driving Regional Growth** Provide the kind of value that only the Hyakujushi Group can through financial and non-financial services (external value creation)	▶ **Social and relational capital** (Co-creation relations with local communities) ▶ **Financial capital** (Improvement of profitability)	Area strategy; Community Co-creation; Group strategy; Channel strategy; Corporate customer strategy; New businesses; Retail customer strategy	Driving the Revitalization of the Regional Economy Empowering Lives in the 100-Year Life Era	Perspectives of local communities and customers
Trunk = Bridging the flow of water and nutrients to branches **Basic theme 2 Revolutionizing through DX** Enhance customer experience and productivity through data-driven management (upgrading of operational capabilities)	▶ **Intellectual capital** (Data and AI service capabilities) ▶ **Manufacturing capital** (Upgrading and streamlining of operational processes)	DX strategy; Combination of human knowledge and AI; Cycle of operational process transformation, learning, and growth	Driving DX and the Digital Transformation of the Regional Community	Perspective of operational processes
Roots = Supporting the whole tree and storing water and nutrients **Basic theme 1 Empowering Our People** Maximize human capital value of the Hyakujushi Group, which is the source of all value created by the Group (the source of all capital)	▶ **Human capital** (Enhancement of capabilities and ability to tackle challenges) ▶ **Intellectual capital** (Transformation of tacit knowledge into organizational knowledge)	Human capital strategy; Work reform; Human resource development and placement taking account of each one's will	Fostering an Environment Where Diverse Talent Can Thrive and Grow	Perspective of learning and growth
Soil = The source of water and nutrient supply and the base of ecosystems **Basic theme 4 Building a Resilient Foundation** Strengthen our management foundation that supports business activities (reliability and stability)	▶ **Social and relational capital** (Reliability and reputation) ▶ **Manufacturing capital** (Stability of internal controls and operations) ▶ **Financial capital** (Enhancement of soundness and capital efficiency)	Environmental conservation; Capital policy; Deposit strategy; Cost control; Investment management; Governance	Addressing Climate Change and Other Environmental Challenges Establishment of a Sustainable Management Foundation	

Driving the Revitalization of the Regional Economy

Community Co-creation

Basic Theme 3 | Driving Regional Growth



As structural issues, such as a declining and aging population with low birthrates, have become increasingly serious, we are keenly aware that our role as a regional financial institution is more important than ever. The Bank has been going all out to solve challenges facing local communities in collaboration with various stakeholders including local public authorities. All of these efforts are a source of our pride and our great assets. In April 2025, we established the Regional Sustainability Promotion Division and a regional vitalization business company. Building on this, we will strongly advance regional vitalization beyond the traditional scope of banking in collaboration with local community members and create a better future of the region.

Makiyo Misawa
General Manager, Regional Sustainability Promotion Division

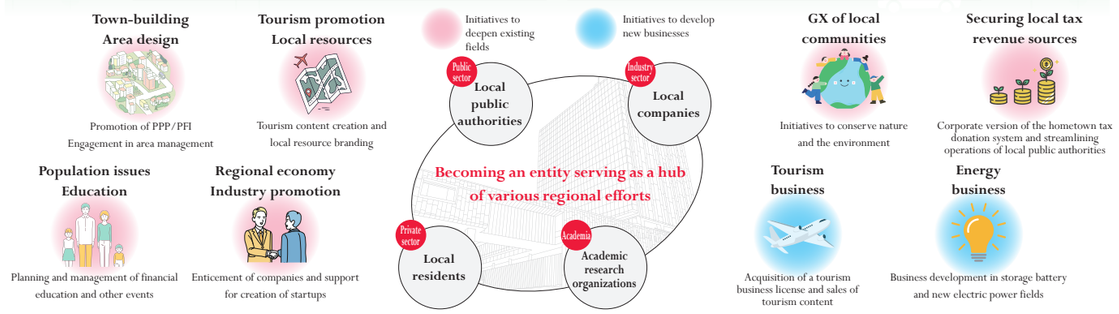
Basic policy

In recognition that the Group's sustainability depends entirely on local development and revitalization of the regional economy, we will strive to solve various issues, including new business development, by leveraging our regional network. By making the most use of the function of the regional vitalization business company established in April 2025, we will strongly advance our efforts to create a better future of the region beyond the traditional scope of banking.

In recognition that the Group's sustainability depends entirely on local development and revitalization of the regional economy.

Regional Sustainability Promotion Division
Implementing and upgrading measures contributing to the region's sustainability

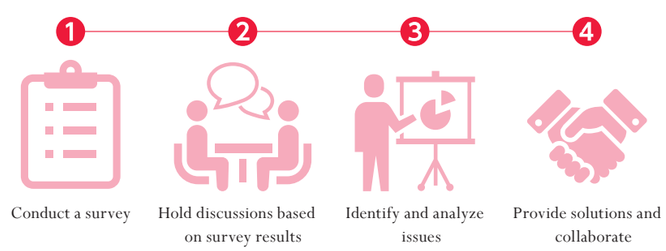
The Hyakujushi Regional Future Design —a regional vitalization business company
Venturing into business fields beyond the traditional scope of banking



Local development survey to detect issues facing local governments and strengthen cooperation

Since 2021, the Bank has conducted the "Local Development Survey" every year to strengthen cooperation with the cities and towns of Kagawa Prefecture, its hometown. We learn about issues unique to each of the cities and towns in detail through the survey and closely analyze those issues by having in-depth discussions with their staff members. By making use of the results, we have provided optimal solutions and collaborated with local communities.

◆Local Development Survey



◆Major themes and the Bank's engagement

Theme	Directions of solutions
Tourism	Attraction of inbound tourists and value addition to tourism content in collaboration with destination marketing organizations (DMOs) and local trading companies
Publicity	Use of digital signage in branches and an exhibition featuring local products at #114base
Research and analysis	Analysis of survey results and business planning and development to renovate aging facilities

Building a sustainable "town" through public-private partnership

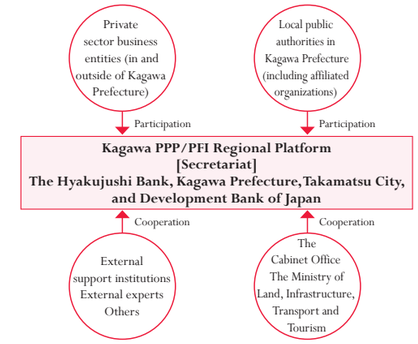
Case 1 Matching service for public-private partnerships through Kagawa PPP/PFI Regional Platform

The platform, which was formed to strengthen the partnership between the public and private sectors in Kagawa Prefecture, has acquired a certificate as a PPP/PFI regional platform from the Cabinet Office and the Ministry of Land, Infrastructure, Transport and Tourism of Japan.

The platform is one of the few PPP/PFI regional platforms in which financial institutions serve as secretariat. In recognition of the unique operations of the platform leveraging the Bank's customer network and public and private sector coordination function, the Bank's employees have been appointed as PPP/PFI private sector expert practitioners by the Cabinet Office and as PPP supporters by the Ministry of Land, Infrastructure, Transport and Tourism.

Currently, we are publicizing the details of our initiative through seminars held in various locations in Japan and other occasions to contribute to promoting the partnership between the public and private sectors.

◆Functions of the PPP/PFI regional platform



Case 2 Support for a project planned by local public authorities (Tonosho Town, Kagawa Prefecture)

We conducted a study of a public-private partnership scheme to develop a PPP/PFI project via small concessions for three facilities, a former government building, a former elementary school building, and a central community hall. This project aims to revitalize the center of the town and increase the attractiveness of local tourism and includes development of a Michi-no-Eki rest stop.

Operations	● Collection of basic information (study of comparable cases, etc.) ● Preparation of a business scheme and a draft model plan, etc.



Case 3 Workshop to discuss the future of Takamatsu City (an industry-academia partnership project with Kagawa University)

We held a workshop to discuss the future of Takamatsu City, Kagawa Prefecture, using metaverse technology developed by Kagawa University. In this event, local public authorities, companies, and other stakeholders related to the Sunport district of Takamatsu City participated.

Operations	● Planning and management of the workshop ● Execution of the workshop

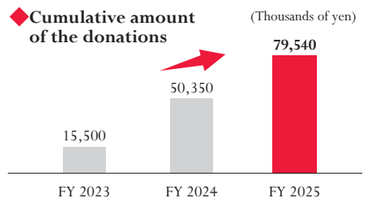


Creating capital flows into the region

Corporate version of the hometown tax donation system

We have entered into agreements with local public authorities in Kagawa Prefecture, contributing to securing financial resources for new initiatives of local public authorities and creating opportunities to contribute to the achievement of the SDGs through regional revitalization projects undertaken by businesses from outside the region.

◆Cumulative amount of the donations



Supporting efforts to improve the attractiveness of the region

Local products promotion project

We held the second round of "*Promote Lesser-Known Kagawa-Made Products in Kagawa!* Support Project," a project to increase the recognition of products made in Kagawa Prefecture that are not widely known. In collaboration with local organizations involved in this project, we offered coffeehouse menu items using Higashikagawa City-made *Shiroshitato* (unrefined white sugar), with support from local restaurant businesses.


Flyer

Support for Kagawa Marathon 2026

We supported Kagawa Marathon 2026, the first full marathon race held in Kagawa Prefecture, as a gold sponsor. More than 300 employees of the Bank joined the event as runners and volunteers and to cheer on runners, and they contributed to making the historic first race a great success.


Group photo of the Bank's employees

Driving the Revitalization of the Regional Economy

Corporate Customer Strategy

▶ **Basic Theme 3** | Driving Regional Growth

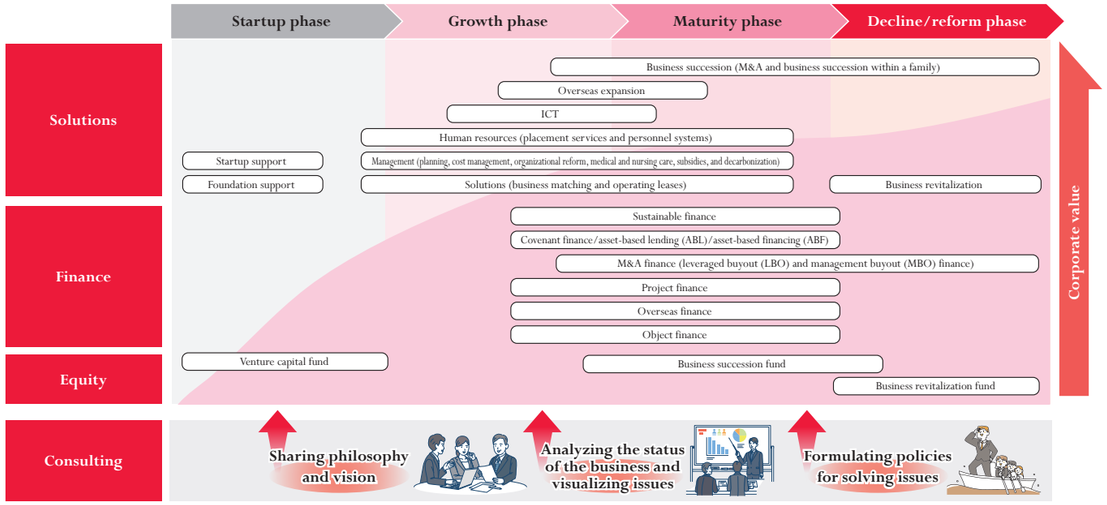


The Bank has faced customers' management issues head-on and worked together with customers to explore ways to solve them through business analysis. This deep relationship is the Bank's most significant strength that we are proud of. Now the environment surrounding local small and medium enterprises is changing more dramatically than ever before, including an increase in interest rates and a surge in prices of goods, and we view it as a good opportunity for us to demonstrate the strength. We will continue to strongly advance, determined to listen to customers' voices sincerely, address their issues together, and grow together with local community members as their true management partner working beyond the scope of a mere fund provider.

Akiyoshi Kawahara
General Manager, Business Strategy Division

Basic policy

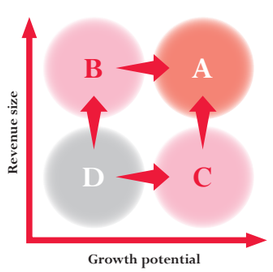
We offer a wide range of products and services that suit each growth phase of businesses. We will accurately identify customers' essential issues and provide optimal solutions based on business analysis through consulting, thereby achieving their growth and at the same time creating the Bank's own revenue generation opportunities.



Sales activity by segment

We segment customers based on revenue size and growth potential, and determine sales policies for each segment to conduct sales activities efficiently. We will make proposals that meet customers' needs and suit management issues facing them and thereby support the enhancement of their corporate value, while also working to take customers to a higher-class segment to deepen and expand transactions with them.

◆Segmentation by revenue size and growth potential



◆Sales activity by segment

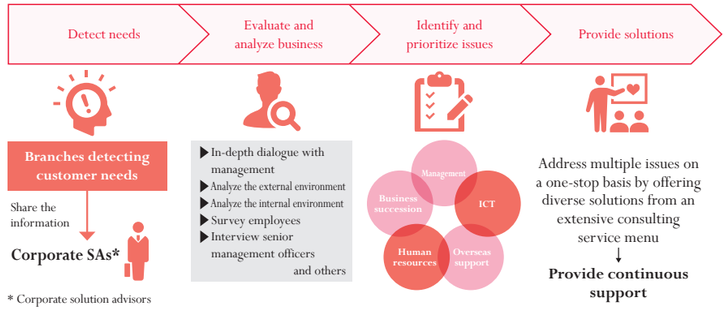
	Sales policy	Target segment
A	Increase share by deepening transactions	Remain in A
B	Shift to a high-growth business by solving issues	Shift from B to A
C	Increase revenue by developing sales channels and creating business opportunities	Shift from C to A
D	Business revitalization and management support	Shift from D to B or C

Consulting system based on business analysis

We have assigned corporate solution advisors (SAs) with advanced professional expertise and know-how to Consulting Division to help customers solve their issues.

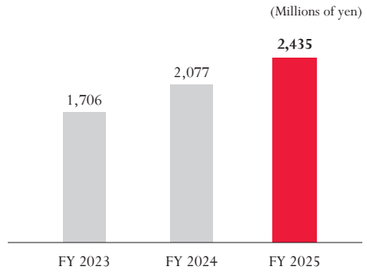
Branches and corporate SAs are working closely together to conduct consulting activities based on business analysis. Through in-depth dialogue with customers and by accurately identifying their needs, we are supporting growth of customers' businesses. This is also contributing to the enhancement of branch staff's skills, creating a virtuous cycle.

These efforts are highly rated by customers, and corporate consulting revenue has maintained steady growth.



* Corporate solution advisors

◆Change in corporate consulting revenue



M&A and business succession

As more and more small and medium enterprises are considering discontinuing their business against the backdrop of successor shortages, we are stepping up efforts to support M&A and business succession to protect local industries and jobs. We have established a dedicated team in the Consulting Division, offering one-stop solutions that meet customers' needs, including support for business succession in and outside of a business owner's family and formation of a scheme for treasury stock transfer.

◆Number of consultations related to M&A and business succession (Number of consultations)



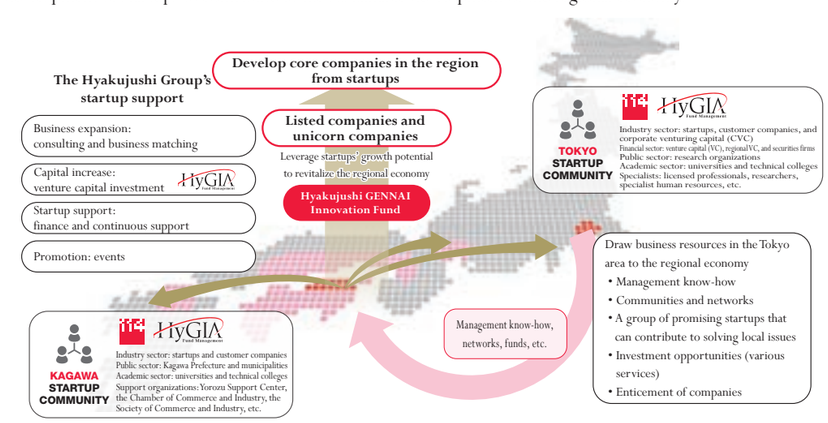
Providing advanced finance function

We have provided high value-added finance to address diversified issues facing customers and local communities. We are working to achieve sustainable local communities by offering sustainable finance that supports climate actions and contributes to the development of local communities and also providing LBO finance that meets business succession and M&A needs.

Startup support

In October 2025, Hyakujushi Growth Investment & Assistance Co., Ltd., a specialized investment subsidiary of the Bank, established the Hyakujushi GENNAI Innovation Fund (fund size: ¥2.0 billion), with the aim of revitalizing the regional economy, solving social issues, and transforming industries by using advanced technologies.

Building on startup investment, we will work to create a Kagawa startup ecosystem in cooperation with various stakeholders and promote the development of startups to contribute to the sustainable development of the regional economy.



About the name of the fund

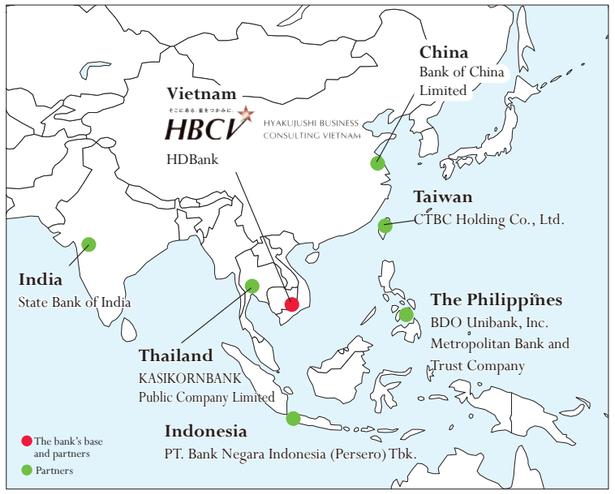
The fund was named "GENNAI" to show our resolve to follow in the footsteps of Mr. Gennai Hiraga, an Edo-era innovator born in Kagawa Prefecture, who rendered distinguished service in a wide range of fields, including science, commerce, art, and education.

Driving the Revitalization of the Regional Economy

Overseas business support

HYAKUJUSHI BUSINESS CONSULTING VIETNAM COMPAMY LIMITED (HBCV), a Ho Chi Minh City, Vietnam-based consulting subsidiary of the Bank, provides customers considering a business expansion into Vietnam with integrated services, from needs assessments to establishment of local operations for follow-on support.

We also have established our "Overseas Expansion Support Team" in Consulting Division and are providing a wide range of services to support customers' overseas businesses, including provision of local information, establishment of local business entities, development of supplier and sales channels, and employment agent services to hire foreign national staff and onboarding support services for them, in cooperation with HBCV as well as local banks and others.



HBCV ranks among the top 20 "Outstanding FDI Companies 2025*"!

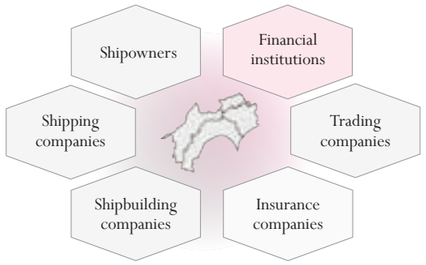
HBCV has been awarded by the Consumer Protection Agency of Vietnam and the Cultural and Economic Research Center, which recognizes that the company's business support to connect Japanese and Vietnamese businesses is contributing to local communities.



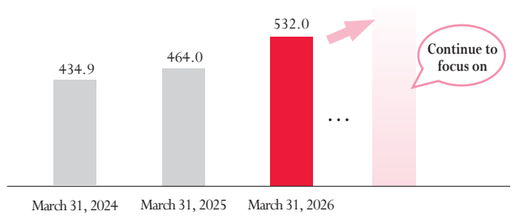
* Recognition given to 20 outstanding companies selected from foreign direct investment (FDI) companies operating in Vietnam after comprehensively evaluating their economic, employment, and social contribution efforts

Ship finance

The Setouchi area, our local location, is one of the world's leading maritime industry hubs. As part of the "maritime cluster," we have long focused on ship finance, building deep relationships with customers in the maritime sector, including shipowners and shipbuilders.



Trends in loan balances related to the maritime industry (Billions of yen)



Focus ! **Based on trust, we provide financial support for the maritime industry.**

The strength of the Bank's ship finance lies in our strong trusting relationship with shipowners built over the past many years. In good times and bad, we have supported shipowners and worked together as their business partner. With this commitment, the Bank has established a robust competitive advantage. In recent years, the management issues facing shipowners have become increasingly complex, including efforts toward carbon neutrality and rising geopolitical risks, and the environment surrounding the maritime industry is at critical crossroads. We will continue to provide strong financial support based on the firm trust to help shipowners to make active investment and tackle challenges.



Hirokiyo Nakahara
General Manager, Ship Financing Office, Credit Supervision Division

Business Deployment Based on Material Issues

Empowering Lives in the 100-Year Life Era

Retail Customer Strategy ▶ **Basic Theme 3** | Driving Regional Growth

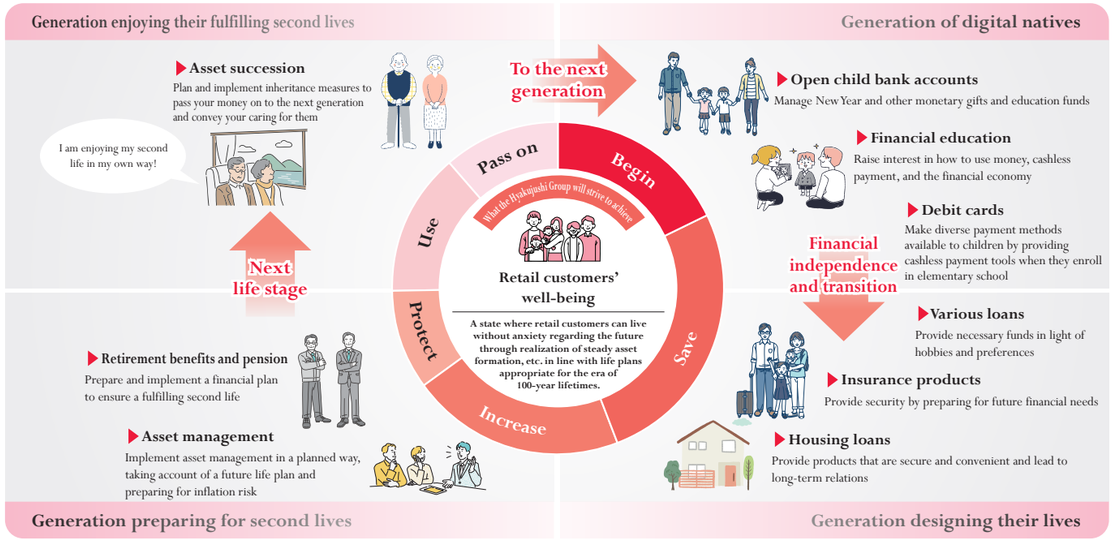


We will strive to continuously enhance our customers' lifetime value by standing by them in every one of their milestones and building a deep trusting relationship beyond generations. We will continue to support customers' entire life by seamlessly offering comprehensive financial services, ranging from financial education to housing loans, asset management, and asset succession. Our constant mission is to sincerely consider customers' life plans and create a better future together so that everyone can be themselves and live a fulfilling life. We will continue to work as one to tackle issues to help our retail customers live more fulfilling lives with smiles.

Shinya Futagawa
General Manager, Retail Promotion Division

Basic policy

We categorize our retail customers into four segments and provide financial services that suit their life stages. We will realize our retail customers' well-being through asset formation, asset management, and asset succession to the next generation and strive to maximize their lifetime value by building cross-generational relations.



Generation of digital natives—From "Begin" to "Save"

We are stepping up efforts to provide education for the digital native generation, who have new values and behavioral patterns, so that they can gain correct knowledge on finance and economy and foster financial and career literacy early on.

In addition, we are also offering various financial services, including child bank accounts and debit cards. Through these efforts, we will strongly support the next generation who will lead the region gaining financial independence.

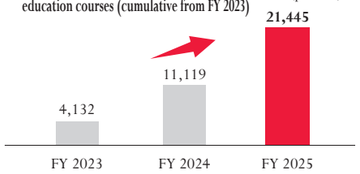


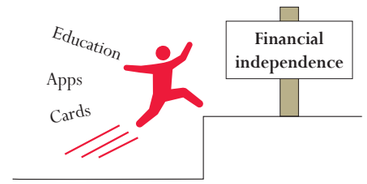
Scene from a financial education class (High school in Kagawa Prefecture)



Scene from a workplace experience workshop (Elementary school in Okayama Prefecture)

● No. of people who have completed financial education courses (cumulative from FY 2023) (persons)





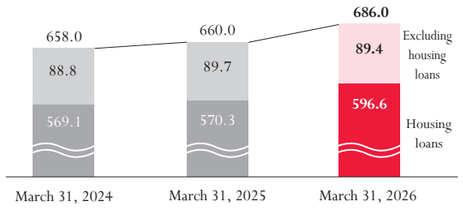
Empowering Lives in the 100-Year Life Era

Generation designing their lives—From “Save” to “Increase”

The generation designing their lives meet a series of important milestones of life, such as getting married, having a baby, and buying a home. To satisfy their diverse financial needs, we offer a wide range of loan products, including housing loans. We are providing fine-tuned support for this generation so that each of our customers can live fulfilling lives in the 100-year life era.

As a result of these efforts, as well as continuous product improvement to meet customer needs, loan balances to retail customers have maintained stable growth.

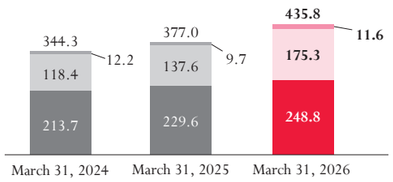
Loan balance to retail customers (Billions of yen)



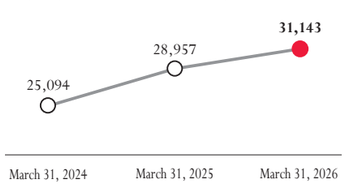
Generation preparing for second lives—from “Increase” to “Protect”

The generation preparing for second lives aim to make them fulfilling. We hold in-depth dialogue with each one of our customers in this generation to understand their future life plans and the status of their assets in detail. Based on the details that we have obtained, we offer professional proposals about asset management and asset formation that combine various financial products and services, including NISA and insurance. Through these efforts, we will continue to support our customers in the long term in ways that meet their needs, so that they can realize fulfilling second lives with peace of mind.

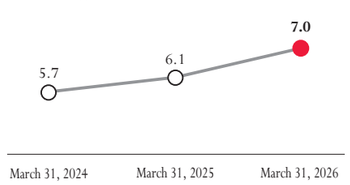
Balance on deposit assets (Billions of yen)



Number of NISA accounts (only those with balances) (Accounts)



“Percentage of individual customers holding deposit assets” (%)



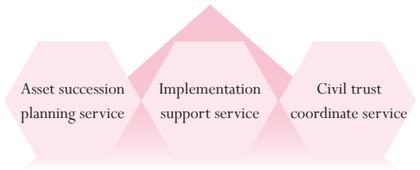
Single premium insurance
Investment trust
Financial product intermediary

Generation enjoying fulfilling second lives—From “Use” to “Pass on”

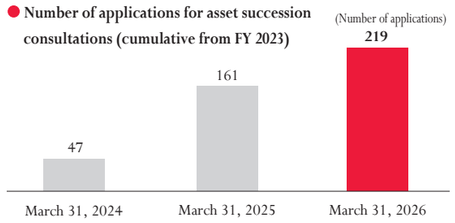
The generation enjoying fulfilling second lives are fully appreciating the rich joy that life brings by using the assets that they have accumulated. We provide fine-tuned support for this generation, so that they can enjoy their lives in their own ways and also smoothly pass their precious assets on to the next generation and convey their caring for them.

Through asset succession consulting services offered by our dedicated team, “Private Banking and Business Succession Team,” we are providing each one of our customers in this generation with optimal solutions to meet their diverse and advanced needs related to personal asset succession, including inheritance measures, family business succession, and asset management anticipating nursing care and dementia.

Asset succession consulting service



Number of applications for asset succession consultations (cumulative from FY 2023)



Customer-centric business operations

Looking to the era of 100-year lifetimes, the Bank is committed to strongly supporting customers’ fulfilling lives and has formulated its “Basic Policy on Fiduciary Duty (Customer-Centric Business Operations)” to ensure that we can provide financial products and services truly valuable to customers.

We position this policy as the guidelines of conduct that all officers and employees must follow in daily operations. We will regularly disclose and report on the status of our compliance with this policy.

WEB **For the Bank’s basic policy on its services to support customers’ asset management and asset formation, its policy on initiatives, the status of initiatives, and related information, please see here:**



Opening new possibilities in regional finance through the business partnership with Nomura Securities

—Achieving financial wellness of local customers

In this era of 100-year lifetimes, it is our mission to achieve financial wellness of local customers so that they can live fulfilling lives with peace of mind throughout the lifetime.

To carry out this mission, the Bank has formed a business partnership with Nomura Securities, a leading company in the securities industry. We trust that the Bank’s customer base and the product lineup and advanced sales know-how that Nomura Securities boasts will combine to generate synergies, which will open new possibilities in regional finance.

This partnership marks a great step forward for the Bank to continue to be preferred by local customers.

The business partnership will significantly enhance the value that we can offer to customers. It will become possible to handle stocks, corporate bonds, WRAP trusts, and other products, in addition to investment trusts and municipal bonds, and the number of investment trust products that we offer will increase to about 750. Convenience for customers will also be dramatically enhanced by the introduction of trade affirmation by phone and the use of Nomura Securities’ apps.

In addition, Asset Consulting Division, which will be newly established, will assume a central role in deposit asset operations and provide comprehensive financial services that suit customers’ various life plans as well as high quality consulting.

What matters most in creating true value is a fusion of talent. Only when the sales approach rooted in the region that the Bank has developed and Nomura Securities’ advanced expertise join together, services really preferred by customers will be generated.

To realize this fusion, we are stepping up efforts to promote interactions among employees and support their learning using online training. We will work to provide more opportunities for employees of the two companies to know each other toward the launch of the partnership.

This partnership marks the start of new operations and also the beginning of new interpersonal relations.

This provides a great growth opportunity for each one of our employees in the frontline, and as they take the first step and grow, the Bank will be better able to offer new value to customers.

This partnership opens a new chapter of the Bank’s deposit asset business. We will make the Bank’s new journey in cooperation with Nomura Securities, and together with our customers.



Scene from World Cafe, an event for employees of the Nomura Securities and the Bank to interact

Fostering an Environment Where Diverse Talent Can Thrive and Grow

Human capital strategy

▶ **Basic theme 1** | Empowering Our People



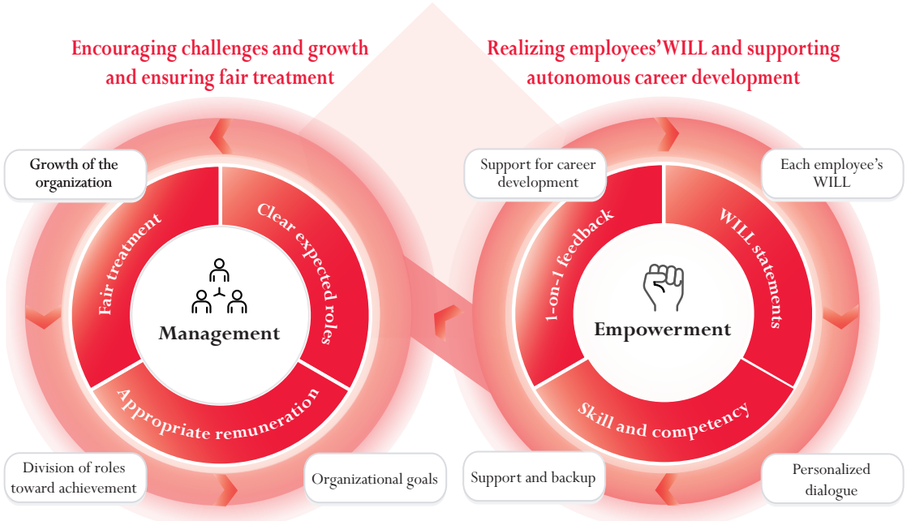
Supporting the growth of each and every employee is the most critical mission of the personnel sector. Our business environment is now changing at an unprecedented pace as digitalization accelerates and ways of working become increasingly diverse. Amid this, I believe we must evolve our "human capital strategy." My goal is to transform our corporate culture into one where each and every employee autonomously develops their career and proactively takes on challenges. We will enhance opportunities for employees not only to develop their expertise but also to explore new fields. By creating such an environment, we will build an organization where employees can work with pride and satisfaction.

Kaori Taniyama
General Manager, Personnel Division

Basic policy

The Bank's basic policy is to create an environment where each and every employee, with diverse attributes and values, respects one another's individuality and can fully utilize their capabilities. We will drive the transformation into a strong organization armed with the optimal human resources who support the realization of our Long-term Vision and medium-term management plan by developing diverse talent that continues to take on challenges autonomously with "management" and "empowerment" as two pillars.

<Diverse talent that takes on challenges autonomously to enhance Hyakujushi Group's sustainability>



Human capital strategy linked with management strategy

In light of changes in the labor market environment and issues identified under the previous medium-term management plan, we will identify the talent required to implement the new medium-term management plan. We will then maximize the value of our human capital by aligning the management strategy with the human capital strategy to put human capital management into practice.

Labor market environment

Politics
- Workstyle reform
- Increase in wages

Economy
- Potential for deterioration in the job market due to an economic downturn

Society
- Increasingly tight labor market
- Increasingly diverse values

Technology
- Advancements in digital tools
- The rise of AI

Talent required to execute the new medium-term management plan

Talent that boldly takes on challenges with autonomy and determination

Talent that makes every effort toward self-realization

Talent with a passion for regional development

Issues from the previous medium-term management plan

◆**Talent management**
Making the skills and attributes of each employee visible

◆**Enabling diverse talent to thrive**
Fostering an environment where mid-career hires and senior talent can actively play their roles

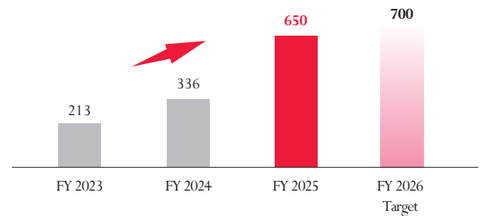
◆**Talent allocation**
Placing the right people in the right roles in alignment with business strategy

Human capital investment that supports our human capital strategy

We are committed to strengthening various human capital investments, including expanding training programs, to support the autonomous growth of our employees, who are the source of the Group's corporate value, and to help each individual improve their abilities and skills.

* Expenses include fees for external lecturers, costs for dispatching employees to off-site training programs, subsidies for examinations and online courses, personnel expenses for long-term trainees, management costs for training facilities, etc.

◆**Investment in human capital** (Millions of yen)



Human resource development and empowerment

To build an organization with the human resources we aspire to develop, we have established a step-by-step training system tailored to each employee level: young employees (Years 1–6), next-generation employees (Year 7 through Deputy Branch Manager), and management and executive positions (Assistant General Manager through General Manager). This system is reviewed in light of issues identified each year. Our basic policy for FY 2026 is to address three priority areas based on the Three Pillars of Learning.

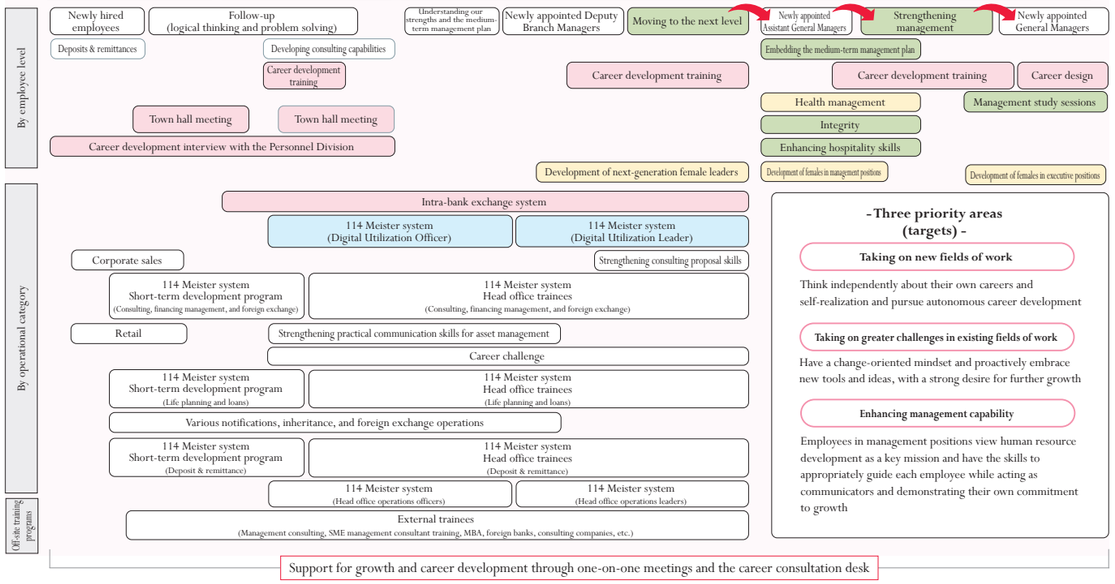
◆**Three Pillars of Learning**

Know Yourself, Learn for Yourself
Each employee sees themselves as the "owner of their own career" and proactively pursues ambitious and challenging learning to develop their career and pursue self-realization.

Learn Together (with Colleagues)
Each employee takes pride in their own growth, inspires their colleagues, and grows together with them through a healthy sense of competition and urgency.

Learn Community
Each employee develops an awareness of their role as a member of the region's leading bank, fosters a sense of gratitude toward the local community, and further broadens their perspective for growth by experiencing its culture and history.

◆**Training system (FY 2026)**



● Hyakujushi Meister system

In addition to various practical training programs, through our Hyakujushi Meister system for certifying knowledge and business proficiency in each area, we are encouraging employees to autonomously develop their careers and take initiative with respect to self-development. We will continue strengthening our professional human resource base by increasing the number of employees with the top level of "Meister."

* Certified fields: Consulting, financing management, foreign exchange, life planning, loans, deposit & remittance, digital utilization, and head office operations

Certification level



Fostering an Environment Where Diverse Talent Can Thrive and Grow

● Career return program

We have introduced the career return program to create an environment where former employees who have further developed their expertise, skills, and experience after leaving the Bank can return and play an active role, with the aim of securing work-ready talent and further revitalizing the organization.

VOICE <Voice of a program participant>



Ms. Ugawa
Ritsurin Branch

The biggest reason I chose the career return program was that I wanted to use the retail sales experience I had gained at another company to once again contribute to the local community at the Hyakujushi Bank, where I had been trained and developed from the ground up. I had to leave the Bank for a period of time to raise my children, but during that time, I continued to gain experience at an insurance company and a trust bank. I love Kagawa, with its abundant natural beauty and ever-growing appeal, enhanced by events such as the Setouchi Triennale. I hope to continue playing an active role as someone whom people in my home prefecture of Kagawa can turn to for advice.

● Mid-career recruitment

As part of our efforts to secure human resources in alignment with our management strategy, we are actively recruiting work-ready talent through mid-career hiring, including professionals with advanced specialized skills, as well as personnel with extensive experience in head office and sales operations.

VOICE <Voice of a mid-career hire>

I joined Hyakujushi Bank in 2026 and am engaged in addressing regional issues faced by local governments in Kagawa Prefecture and supporting the development of PPP/PFI projects. In my previous position, I, as a city government employee, was involved in the development of hospitals and school lunch centers, the formulation of comprehensive plans, and initiatives to promote migration and settlement. In order to solve diversifying and complicating regional issues amid the rapidly declining birthrate, aging population, and population decline, it is essential to promote cooperation between the government and private sectors further. Leveraging my experience in the previous position, I will commit to achieving a sustainable Kagawa Prefecture in cooperation with various regional stakeholders.



Mr. Maeba
Regional Sustainability Promotion Division

● Challenge System

We are promoting diverse work styles and capability development and supporting employees in autonomously developing their careers by establishing programs that encourage motivated and capable employees to take on new challenges regardless of age.

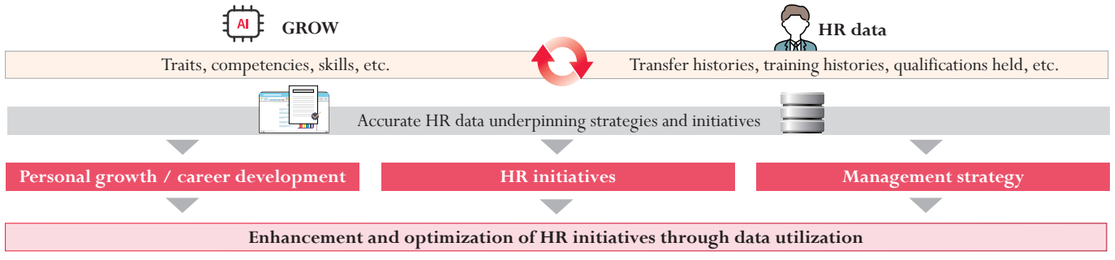
Names of systems	Post Challenge System	Senior Challenge System	Second Challenge System
Eligible employees	All employees	Senior expert employees aged 58 or older	Employees aged 61 or older appointed through the Senior Challenge System
Details and purposes	Separate from appointments to positions or roles through personnel transfers, employees may apply for positions for which the Bank openly solicits applications	Encourage motivated and capable employees to play active roles, while also leveraging their skills and experience to develop younger and mid-career employees	Support motivated employees in taking on challenges and growing, while promoting the development of their second careers and fostering a vibrant workplace culture

Human resource portfolio

● Advanced talent management

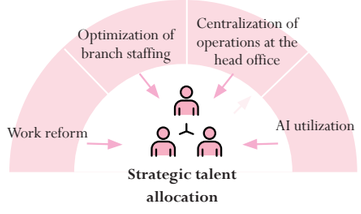
By introducing the AI-powered competency assessment tool GROW*, we have begun assessing personality traits, competencies, and skills of all employees. By understanding their own characteristics, strengths and weaknesses, employees will use these insights for their future career development. In addition, by centrally visualizing data obtained through GROW together with conventional HR data, such as transfer histories and qualifications held, in our talent management system, we aim to optimize employee development and allocation as well as HR analytics.

* HR competency assessment tool provided by Institution for a Global Society Corporation



● Strategic talent allocation

We aim to improve productivity and free up personnel through initiatives including the use of AI, optimization of branch staffing, centralization of operations at the head office, and fundamental reform of business processes. Personnel freed up through these initiatives will be strategically reallocated based on the characteristics of each employee and from the perspective of "select and focus," with the aim of steadily executing the medium-term management plan.

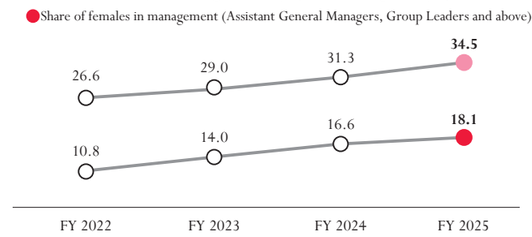


DE&I

We believe that embracing diverse talent and perspectives strengthens our organization and brings about significant change in society, and we are actively promoting diversity, equity and inclusion (DE&I).

As a result of these initiatives, the share of females in management and junior management has been increasing year by year. In addition, our efforts to establish systems and improve the workplace environment to maintain and promote the health of female employees have been highly recognized by the Ministry of Health, Labour and Welfare, and we have received various certifications.

◆Share of females in management and junior management* (%)



* Results for each fiscal year are as of April 1 of the following fiscal year.

◆Status of certifications for the promotion of female participation

Certification		Timing of acquisition
Act on the Promotion of Women's Active Engagement in Professional Life	L-boshi (Level 3)	July 2016 (First in Shikoku)
	L-boshi Plus (Level 3)	April 2026 (First in Chugoku and Shikoku)
Act on Advancement of Measures to Support Raising Next-Generation Children	Platinum Kurumin	June 2017 (First among financial institutions in Kagawa Prefecture)
	Platinum Kurumin Plus	November 2022

Health management

To make sustainable contributions to local communities, we believe it is essential that our employees and their families remain mentally and physically healthy. Since issuing a Health Management Declaration in August 2018, we have proactively implemented initiatives from various viewpoints to create a comfortable work environment for employees. These initiatives have been highly evaluated and the Bank was certified as a "White 500" company in the Large Enterprise Category for three consecutive years.

Ongoing initiatives

- Regular health checkups and 100% participation in comprehensive medical examinations
- Encouraging follow-up examinations (reexaminations and detailed examinations)
- Initiatives to address women-specific health issues (menstrual pain experience seminars, introduction of LunaLuna Office, etc.)
- Establishment of consultation desks for nursing care and holding of nursing care seminars

Recent new initiatives

- Introduction of a complete ban on smoking during working hours
- Introduction of a work interval system
- Launch of health management training
- Hepatitis screening for all employees
- Collaboration with local medical institutions (seminars, etc.)



Engagement

● Restricted stock incentive plan for the employee shareholding association

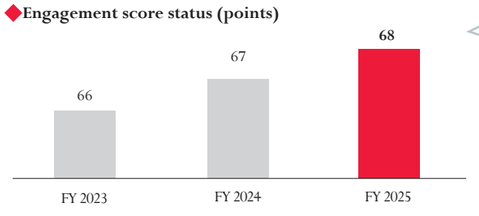
With the aim of providing incentives for the sustainable enhancement of the Bank's corporate value and further promoting value sharing with shareholders, we introduced a "restricted stock incentive plan for the employee shareholding association."Through this plan, we aim to foster employee engagement and maximize the value of our human capital, thereby achieving sustainable enhancement of corporate value.

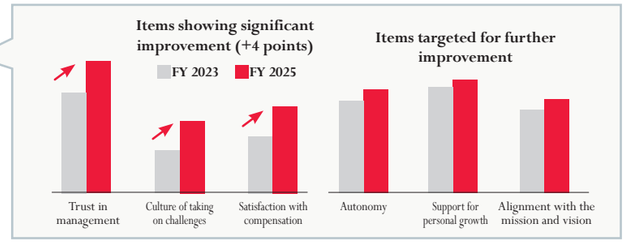
● Engagement survey

The Bank regularly measures and monitors employees' voluntary engagement toward the organization by scoring the results of the engagement survey provided by Atrae, Inc.

The obtained scores are analyzed to identify issues and are leveraged in formulating measures aimed at further improving employee well-being.

◆Engagement score status (points)





Driving DX and the Digital Transformation of the Regional Community

DX strategy

▶ **Basic theme 2** | Revolutionizing through DX



Hisakazu Ishii
Executive Officer
General Manager, Digital Innovation Division,

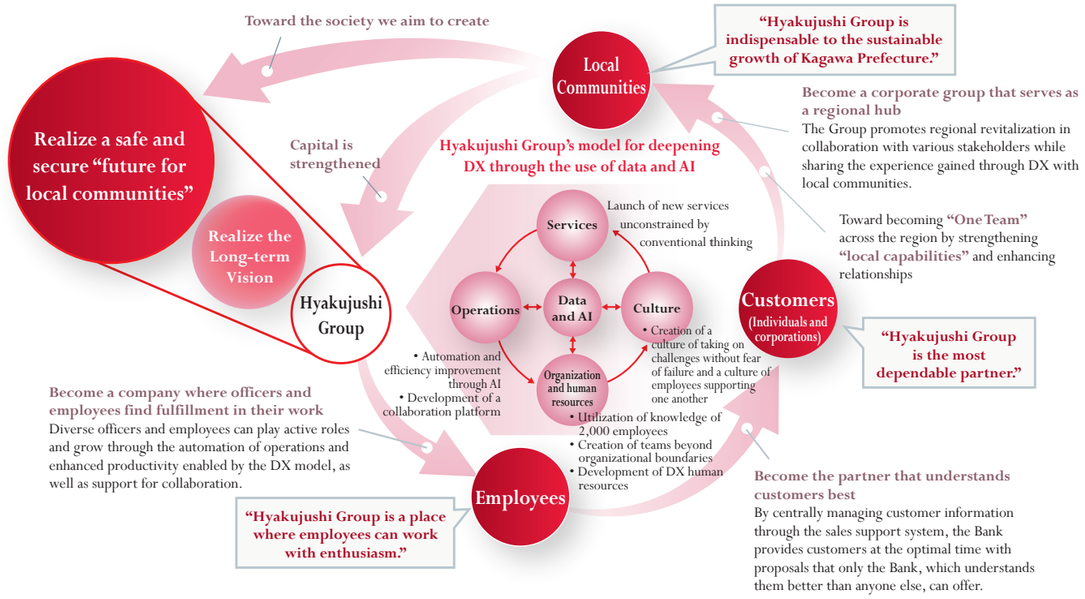
The previous medium-term management plan delivered some positive results, including the wider adoption of the banking app, the in-house development of a generative AI chat service, and a reduction in administrative work.

Under the theme of "Revolutionizing through DX," the new medium-term management plan will promote data-driven management (data-based decision-making) centered on three core areas: "starting with customers," "AI utilization," and an "integrated information platform*," while leveraging the experience, insights, and technologies gained through the previous medium-term management plan. Through these efforts, we aim to provide an optimal customer experience tailored to the needs of each and every customer and achieve significant productivity improvements through system investments optimized across the organization.

* Common data platform that centralizes data from each operational system

Basic policy

We will support and enhance the activities of each and every employee through DX to increase the value we provide to stakeholders. Through this positive cycle, we aim to realize a safe and secure future for local communities. With "data" and "AI" at the core, we will support this value cycle by driving transformation across the domains of services, operations, organization and human resources, and corporate culture.



"Critical Core": The heart of the DX strategy

When utilizing AI to improve customer experience and productivity, the quality and quantity of data are critical factors affecting its effectiveness. With Starting with Customers, AI Utilization, and an Integrated Information Platform as the three pillars, we believe that a virtuous cycle of utilizing data accumulated in the Bank and data obtained from all channels, including branch counters and digital channels, will generate data unique to the Bank, leading to a sustainable competitive advantage.

The Bank calls this the Critical Core (information value that increases over time) and aims to create it.

◆**Competitive advantage built through a virtuous cycle of data utilization**

Starting with Customers → AI utilization → Integrated Information Platform (data) → Improved dialogue quality and outcomes → Data accumulation AI accuracy improvement

Critical Core = Information value that increases over time

Enhancement of customer experience value and innovation in operational processes

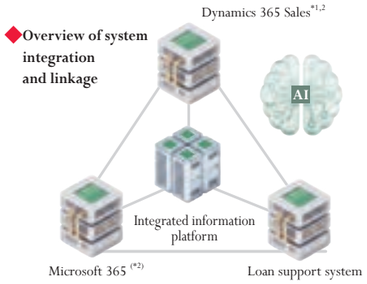
● Deeper customer understanding and enhanced sales capabilities

We will centralize data by integrating and linking various systems related to sales activities, thereby developing a framework that enables each and every employee to promptly and accurately understand the status of customers.

In addition, we will share the know-how of experienced employees across the organization by leveraging AI and standardizing sales and screening skills, thereby creating an environment where all employees can engage with customers at a high level, ultimately leading to enhanced customer loyalty.

	-As-Is-	-To-Be-
Preparation for visits	● Time-consuming information gathering ● Difficulty deciding topics for meetings	● Information centralized in CRM ● Recommendations for customers to visit and topics to discuss
Sales activity	● Employee-dependent progress management ● Lack of confidence in proposals and negotiations	● Project progress visualized and shared ● Support for proposals and negotiations
Screening	● Burden of preparing approval documents	● Approval document preparation supported by AI
Contracts / Results	● Burden of reporting tasks ● Uncertainty about procedures	● Reporting tasks completed within the sales support system ● Procedures supported by the system

◆**Overview of system integration and linkage**

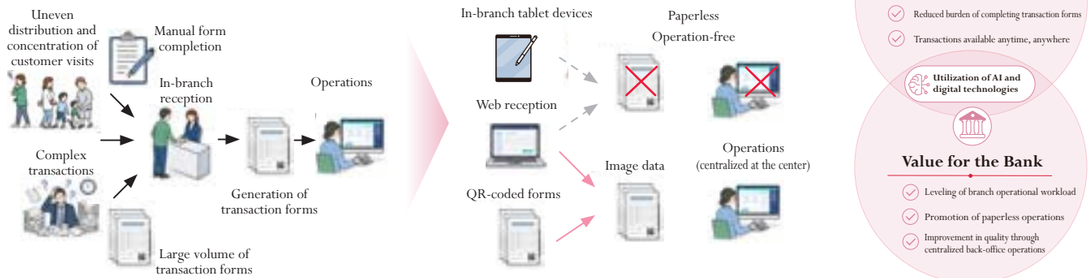


*1 Microsoft Dynamics 365 Sales (hereinafter, "Dynamics 365 Sales") is a cloud-based operational platform provided by Microsoft Corporation that supports sales activities, customer management, and operational processes in an integrated manner.
*2 Microsoft 365 and Microsoft Dynamics 365 Sales are registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries.

● Improvement in the efficiency and quality of branch operations

We will review existing operational flows by actively leveraging AI and digital technologies to enhance operational efficiency and quality, aiming to improve customer satisfaction.

-As-Is-	-To-Be-
Large volumes of paper forms and uneven customer traffic	Paperless and operation-free in-branch transactions
Manual form completion and long waiting times (concentration of customer visits)	Web-based transactions
Transactions unavailable outside business hours (9:00 a.m.–3:00 p.m.)	Centralization of operations at the head office



● Reallocation of human resources through reform of head-office operations

We will promote the reform of head-office operations to provide better services to customers. In addition to reviewing operational processes and rules, we will fully utilize various tools available through Microsoft 365, which we have decided to introduce, including the communication tool (Teams), the AI assistant (Copilot), and the low-code development platform (Power Platform), as well as our internally developed AI service, thereby freeing up time for head-office employees to plan new services for customers.

Phase 1
- Selection of a pilot division
- Analysis of current status, identification of issues, and consideration of measures
- Prioritization of measures and development of a roadmap

Phase 2
- Development of specific measures and verification of their effectiveness
- Rollout of successful practices across departments
- Development of personnel capable of utilizing RPA and AI

Phase 3
- Establishment of a self-sustaining framework in each division
- Bank-wide rollout of successful practices
- Strategic allocation of human resources

Driving DX and the Digital Transformation of the Regional Community

Investments for achieving DX strategy

We have plans to begin making DX investments totaling approximately ¥20.0 billion under the new medium-term management plan. We will modernize the entire system by migrating to a cloud environment while ensuring security, and develop an environment that enables the full utilization of AI by adopting a multi-cloud environment, thereby driving the transformation of our operational processes and businesses.

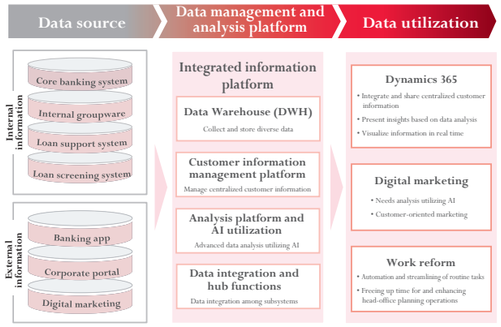
◆Examples of DX investments totaling approximately ¥20.0 billion

1. Expansion and utilization of integrated information platform	2. AI utilization (in-house development, SaaS*1)	3. Adoption of Microsoft 365	4. Adoption of Dynamics 365 Sales	5. Utilization of multi-cloud environment
Continuous expansion of platform and utilization of data toward the realization of AI utilization and data-driven management	In-house development as appropriate and active utilization of AI through SaaS	Improvement of productivity, transformation of working styles, and enhanced communication through the utilization of generative AI and RPA*2	Deeper customer understanding and enhanced organization-wide sales capabilities through the revamp of the current CRM*3	Optimal use of the latest and most appropriate services and enhancement of resilience

*1 SaaS: Software as a Service. A model that enables software to be used as a cloud service via the Internet
*2 RPA: Robotic Process Automation. A model for improving operational efficiency through the automation of routine tasks
*3 CRM: Customer Relationship Management. A customer management system for strengthening customer relationships through the centralized management of customer information

1. Expansion and utilization of integrated information platform

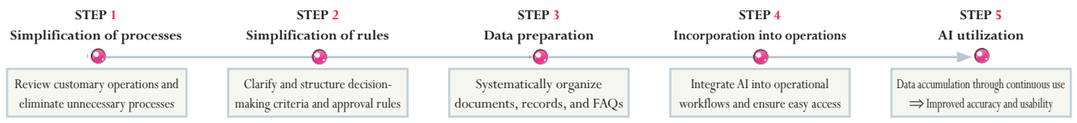
In January 2026, we built an integrated information platform on cloud infrastructure. Going forward, we will promote the centralization of data by prioritizing the linkage of subsystems containing important data with the integrated information platform and accelerate the advancement of AI and data utilization across various operational domains, aiming to enhance customer experience value and productivity.



2. AI utilization (in-house development, SaaS)

While ensuring security, we will actively utilize generative AI to improve productivity by adopting in-house development, which enables customization without external connectivity, for operations involving highly confidential information, and SaaS for routine tasks and specific operations that are difficult to develop in-house. At the same time, as social expectations for customer protection and AI ethics are growing, we will establish an AI governance structure by the end of FY 2026.

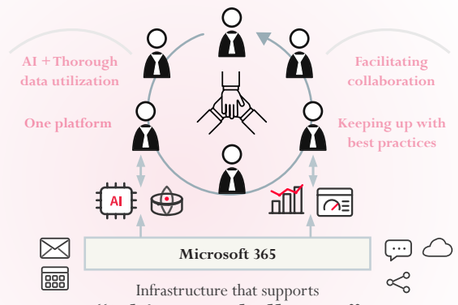
◆Five steps to achieving "usable AI"



3. Adoption of Microsoft 365

In May 2026, we decided to introduce "Microsoft 365" across the Bank as a new operational platform that supports the creation of a Group-wide culture of "taking on challenges." To ensure that this introduction leads to the transformation of operations and communication, going beyond merely upgrading IT tools, we will establish a CoE* with support from Accenture Japan Ltd and Avanade Japan K.K. We will consistently advance efforts from introduction through adoption and continuous improvement, thereby driving transformation across the Group.

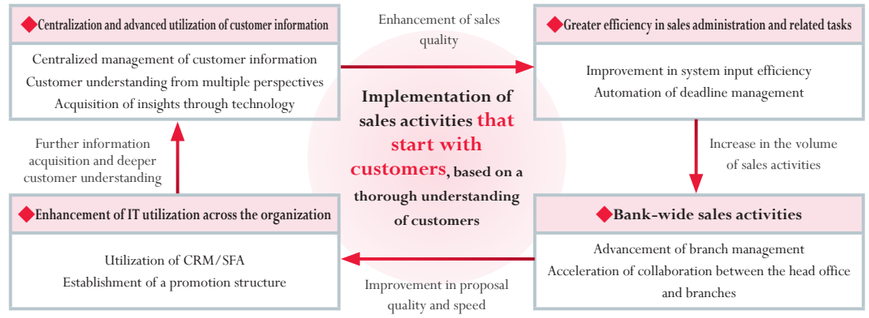
* CoE: Center of Excellence. A permanent specialized team that drives organization-wide DX initiatives and technology utilization



4. Adoption of Dynamics 365 Sales

We are promoting the revamp of the current CRM to enhance sales activities and sales capabilities based on deep customer understanding. As operations are becoming increasingly diverse and complex and the workforce is becoming younger, the early acquisition of knowledge and skills has become more important than ever. Thus, there is an urgent need to strengthen sales capabilities to meet the diversifying needs of customers.

To address these issues, we will transform the current CRM into a next-generation CRM that provides advanced support for sales activities through the use of AI, while strengthening collaboration between the head office and branches. In June 2026, we decided to adopt "Dynamics 365 Sales" as a new CRM. Through this, we will conduct sales activities from the customer's perspective, aiming to provide a high-quality customer experience.



Human resource development and organizational transformation

By actively utilizing "Copilot" and "Power Platform" included in "Microsoft 365," we will aim to achieve operational transformation. To fully utilize these tools, it is essential to transform our workforce and organization so that AI can be used in daily operations.

For this purpose, we will promote the development of DX human resources and the transformation of organizational culture by conducting various development programs tailored to job levels and roles, while continuing to develop DX human resources through the Meister System, an internal certification system.

Training programs for all employees
<Purposes> Raising IT and AI literacy across the Bank
Training programs for executive positions
<Purposes> Leading DX initiatives in the workplace and improving planning and implementation skills
Power Platform training programs
<Purposes> Advancing head-office operational reform through citizen development

Metrics and targets

DX human resources*1
150 persons

Corporation survey results*2
Sustainable improvement

Reduction in working hours*3
90,000 hours

*1 Human resources who contribute to the well-being of employees, local communities, and customers through operational improvements using digital technologies
*2 Percentage of respondents that responded that their business issues have been resolved and that they "really feel" their business is growing
*3 Working hours to be reduced through head-office operational reform utilizing Microsoft 365, etc.

Focus ! Initiatives for regional digitalization — Making Kagawa Japan's No. 1 prefecture for cashless tax payments! —

In response to Kagawa Prefecture ranking 37th nationwide in the cashless payment rate for national taxes (FY 2024), we launched the "Cashless Tax Payment Promotion Project" to encourage companies in Kagawa Prefecture to pay their taxes through cashless methods.

By utilizing an original character created by students at a local junior college, we aim to promote and encourage the use of cashless payments through e-Tax (national taxes) and eLTAX (local taxes) in collaboration with tax offices, local public authorities, financial institutions, certified public tax accountants' associations, and other organizations.





▲Project launch ceremony
◀Original character

Addressing Climate Change and Other Environmental Challenges

Environmental conservation ▶ **Basic theme 4** | Building a Resilient Foundation



The Group regards addressing climate change and other environmental challenges, which is one of the Group material issues, as a key management issue and is advancing initiatives toward solving it.

In April 2026, the Group moved up the timing of achieving carbon neutrality to FY 2028 in order to lead sustainable local communities, and also moved up the long-term goal for sustainable finance to the same fiscal year in order to stay close to and support the sustainability management of customers in the region. We will continue to vigorously work on realizing a sustainable future of the region and customers.

Masaru Soramoto
Executive Officer and General Manager,
Corporate Planning Division

Initiatives based on TCFD recommendations

The Group regards addressing environmental and climate change issues as one of its key management issues. We are promoting disclosure in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and advancing initiatives toward the realization of a decarbonized society.

Governance

The Group has clearly stated that it supports customers engaged in alleviating environmental burden and conserving the environment, while contributing to the realization of a sustainable society. Please see P. 21 "Hyakujushi Group Material Issues" for information on climate-related risks and opportunities.

Strategy

WEB Hyakujushi Bank's Environmental Policy

● Identified opportunities and risks

Under the Hyakujushi Group Material Issues "addressing climate change and other environmental challenges," we recognize that supporting our customers and communities in their efforts to combat climate change and transition to a decarbonized society from a medium- to long-term perspective will lead to the creation and expansion of business opportunities for financial institutions. We recognize the potential impact of risks and opportunities resulting from climate change on our business activities, and manage these risks properly.

Type		Potential events and impacts	Timeline*
Opportunities		● Financing renewable energy businesses	Short to medium term
		● Assisting customers to reduce their greenhouse gas emissions	Short to long term
		● Providing services aimed at alleviating environmental burden	Short to medium term
Risks	Transition risks	● More stringent climate-related policy / regulation	Medium to long term
		● Increase in credit risk for customers whose business environment changes due to factors such as the advance of technological innovation aimed at decarbonization	Medium to long term
	Physical risks	● Damage to customers' assets resulting from abnormal weather conditions	Medium to long term
		● Increase in credit risk due to stagnation of business activities, and operational risk due to causes such as damage to the Bank's branches	Medium to long term

※Short term: 3 years Medium term: 10 years Long term: 30 years

● Scenario analysis

We conduct quantitative scenario analysis on the financial impact of climate change. Based on analysis, we have concluded that the financial impact of physical and transition risks was limited.

	Transition risks	Physical risks
Scenario	2°C and 1.5°C scenarios of the International Energy Agency (IEA)	2°C and 4°C scenarios of the Intergovernmental Panel on Climate Change (IPCC)
Method of analysis	We analyzed the situation of our credit portfolio in the event that a carbon tax is introduced.	We analyzed the impact on our credit portfolio of large-scale floods in all of our business areas.
Subject of analysis	Electricity, gas, and marine transportation sectors	All companies provided with credit
Applicable period	Until 2050	Until 2050
Result of analysis	Increase in credit costs: Up to approximately ¥4.2 billion (cumulative)	Increase in credit costs: Up to approximately ¥1.8 billion (cumulative) The impact of losses at the Bank's business branches, and other facilities: Up to ¥0.4 billion (cumulative)

● Carbon-related assets

As of March 31, 2026, loans to carbon-related assets* as recommended for disclosure by TCFD accounted for 42.7% of the Bank's loan balance.

* Loans to the energy, transportation, materials/buildings, and agriculture/food & forestry sectors (excluding renewable energy businesses) based on the industry classification table of the Ministry of the Environment

Risk management

Recognizing that the transition risks caused by climate change may significantly impact the Bank's business operations, strategies, and financial planning, we are developing frameworks to manage these risks under the scheme of integrated risk management, and have set our policy for financing and investment activity for addressing environmental and social issues.

Metrics and targets

WEB Environmental and Social Management Policy for Financing and Investment Activity

● Initiatives to track CO_2 emissions

The Group is trying to grasp CO_2 emissions from its business activities to mitigate climate change risks. For results since FY 2024, the Group has introduced "C-Turtle® FE," a greenhouse gas emission calculation tool provided by NTT DATA Japan Corporation, and promoted emission calculation based on the GHG Protocol.

◆CO_2 emission results (Scope 1 and 2)

Measurement category	Group	Non-consolidated
Scope 1 (direct emissions)	887	520
Scope 2 (indirect emissions)	1,899	1,317
Total of Scope 1 and 2	2,786	1,837
Reduction (vs. FY 2013)	75.6%	81.2%

Third-party guarantee: For emission results for FY 2025, we plan to obtain third-party guarantees on Scope 1, 2, and 3 (Category 6) by the Japan Quality Assurance Organization, as in the previous fiscal year.
Calculation method for Scope 3: We use the Ministry of the Environment's basic guidelines and emissions unit database.
Calculation of Scope 3 (Category 15): We calculate emissions based on the PCAF standard.
Fluctuations in calculation results: Results may change in the future due to reconsideration of the calculation method, the disclosure status of customers, etc.

◆CO_2 emission results (Scope 3)

Measurement category	Emissions
1. Purchased products and services	3,451
2. Capital goods	5,369
3. Energy-related activities not covered in Scopes 1 and 2	731
4. Upstream transportation and distribution	728
5. Waste generated by operations	403
6. Business travel	560
7. Employee commuting	747
8 to 14. Upstream leased assets, downstream transportation, etc.	(Not applicable)
15. Financing and investment	6,217,064
Total of Scope 3	6,229,053

● Long-term targets for the reduction of CO_2 emissions

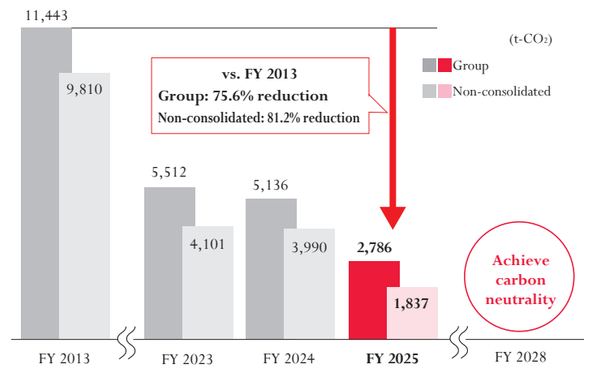
We have established long-term targets for the reduction of CO_2 emissions with the aim of reducing CO_2 emissions from our business activities over the medium to long term and contributing to the goal, established by the Japanese government, of achieving carbon neutrality by 2050.

As our efforts for the reduction have been progressing smoothly, we have moved up the timing of achieving carbon neutrality, which was initially set at FY 2050, to FY 2028.

Definition	Scope 1 and Scope 2 emissions
Target	Carbon neutrality in FY 2028



◆CO_2 emissions (Scope 1 and 2)



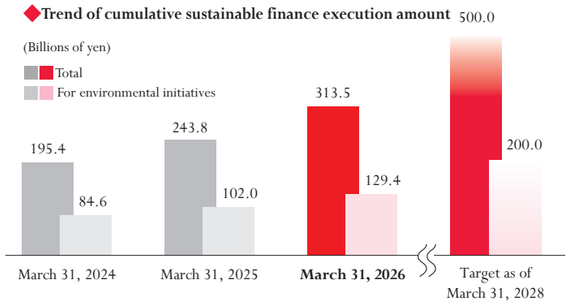
Addressing Climate Change and Other Environmental Challenges

Long-term target for sustainable finance

In order to support our customers and local communities in improving sustainability, we have set the long-term target for sustainable finance. We have moved up the timing of achieving the target to FY 2028 from FY 2030 from the perspective of responding appropriately to diversifying needs of our customers and local communities and further strengthening our support for sustainability management of customers through finance.

Definition	Financing and investment activities that support and promote initiatives by local communities and customers to resolve environmental and social issues
Target	[Target period] FY 2021 – FY 2028 [Target amount] Cumulative financing and investment of ¥500.0 billion (including ¥200.0 billion for environmental initiatives)
Result	April 2021 – March 31, 2026 (cumulative) ¥313.5 billion (including ¥129.4 billion for environmental initiatives)

Trend of cumulative sustainable finance execution amount



About Scope 3 (category 15)

Indirect emissions from financing and investment activities account for a large proportion of Scope 3 for financial institutions. Therefore, we see this as a key metric in our efforts to address climate change. We calculate emissions for category 15 (financing and investment activities) using the PCAF Standard*. For results since FY 2024, we use "C-Turtle® FE," a calculation tool provided by NTT DATA Japan Corporation.

* A standard created by the PCAF (Partnership for Carbon Accounting Financials), an international initiative, for measuring and disclosing GHG emissions in financial institutions' financing and investment portfolios.

Scope of calculation	Finance for corporations (Targeting domestic businesses, excluding project finance and those lacking sufficient financial data) * It covers 89% of the Hyakujushi Bank's finance for corporations on a non-consolidated basis
Calculation method	Based on the PCAF standard, we have calculated emissions for each borrower using the following formula. The emissions of each borrower (Financed emissions <FE>) = The emissions of each borrower × Loan balance to borrowers / Total funds raised to borrowers
Tracking emissions	The emissions of each borrower were calculated using a combination of bottom-up and top-down methods.
Base date	As of March 31, 2026
Data quality score	3.10 (It is a measure of data quality based on a score of 1 to 5, with values closer to Score 1 indicating higher quality.)

<FY 2025>

Sector	Emissions*1 (t-CO_2)	Carbon intensity*2 (t-CO_2/millions of yen)
Petroleum and gas	136,761	3.7
Coal	3,562	2.3
Power utilities	601,623	6.6
Air freight transportation	3,606	2.4
Air passenger transportation	5,745	10.0
Sea transportation	1,070,299	7.1
Rail transportation*3	10,609	0.4
Road freight transportation	165,813	2.1
Automobiles and parts	46,875	0.9
Metals and mining	250,002	5.7
Chemicals	217,601	3.1
Construction materials	316,947	18.1
Capital goods	1,255,912	3.1
Real estate management and development	67,982	0.3
Beverages	2,884	1.3
Agriculture	154,016	17.8
Processed foods and processed meats	248,898	5.9
Paper and forestry products	145,742	3.2
Others	1,512,186	1.7
Total*4	**6,217,064**	**2.8**

*1 The emissions of each borrower

*2 It represents the impact of indirect emissions resulting from loans, expressed as emissions per ¥1 million of loans.

*3 There was an error in a part of the data source regarding the FY 2024 result of Scope 3 (category 15). The correct emissions for FY 2024 are as follows.
Emissions of borrowers in the rail transportation sector: 9,612 t-CO_2

*4 As a result of the above, the total emissions of borrowers in FY 2024 were 6,482,924 t-CO_2.

Initiatives based on TNFD recommendations

We believe that the maintenance and conservation of rich natural capital (forests, soil, water, biological diversity, etc.) in the region are indispensable in increasing the Group's corporate value through improvement in the sustainability of the region.

With this understanding, we joined in the TNFD (Taskforce on Nature-related Financial Disclosures) Forum in April 2024 and registered as a TNFD Adopter in April 2026.

We will advance our nature-positive efforts by appropriately grasping the dependence and impacts of our business activities on natural capital as well as risks and opportunities arising from them and integrating them into our management strategy.

TNFD Taskforce on Nature-related Financial Disclosures

An international initiative officially launched in June 2021 by United Nations Environment Programme Finance Initiative (UNEP FI), United Nations Development Programme (UNDP), the UK-based environmental NGO Global Canopy, and World Wildlife Fund for Nature (WWF). It aims to develop and provide a comprehensive framework for disclosure related to natural capital and biodiversity.

Business development of the Bank

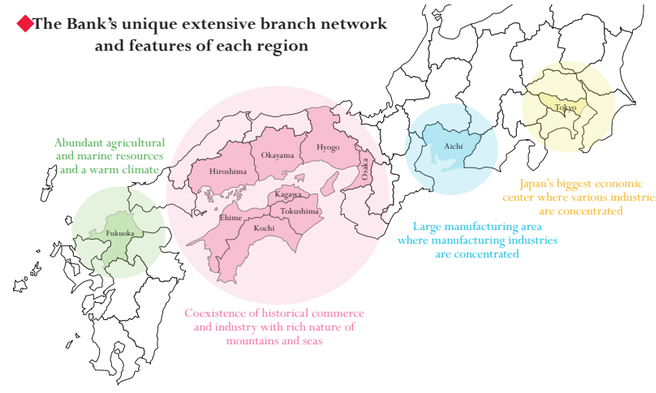
An extensive branch network extending over 11 prefectures is the feature and strength of the Bank's business development. We have a wide variety of points of contact with natural capital through business activities, including the Kyushu region in the west where there are abundant agricultural and marine resources; the Kanto and Tokai regions in the east where various giant industries are concentrated; and the Shikoku, Chugoku, and Kansai regions where history and nature of mountains and seas coexist.

We have set up new branches outside the prefecture since early times and conducted business activities firmly rooted in each locality, thereby developing strong relationships with customers of various business industries and scales.

Natural capital of Kagawa Prefecture

Kagawa Prefecture, the main market of the Bank, is a region surrounded in the north by the Seto Inland Sea on which there are more than 110 islands of various sizes, and in the south by abundant nature where the Sanuki Mountains spread out. Although it has the smallest area among all the prefectures, a culture that supports industries and local economies has been nurtured through accumulation of ingenuity and wisdom taking advantage of the blessings of nature. The mild environment of the Seto Inland Sea is a reservoir of marine resources. A rich ecosystem nurtured by shores, tidal flats, seaweed beds, etc. and the sea routes connecting islands have supported industries and people's lives in the prefecture since old times. Irrigation ponds in the Sanuki Plain are also closely related to people's lives in the region and form habitats for organisms. In agricultural land and community-based forest areas, diverse ecosystems have been developed under management conducted by people.

The Bank's unique extensive branch network and features of each region



Process of analyzing dependence and impacts on natural capital

We adopted the LEAP approach, a nature-related evaluation method recommended by the TNFD, for the purpose of strengthening the relationship between conservation of natural capital and management strategy through deep understanding of dependence and impacts on natural capital, as well as disclosing information appropriately.

In FY 2025, we proceeded with analysis in the phases of L (Locate) and E (Evaluate) to grasp the dependence and impacts of our business activities on nature.

L Locate
- L1 Checking the scope of business models and value chains
- L2 Screening dependence and impacts
- L3 Identifying points of contact with nature
- L4 Identifying points of contact with areas requiring attention

E Evaluate
- E1 Identifying environmental assets, ecosystem services, and influencing factors
- E2 Identifying dependence and impacts
- E3 Measuring dependence and impacts
- E4 Evaluating impact materiality

A Assess
- A1 Identifying risks and opportunities
- A2 Coordinating the existing risk reduction measures and the management methods for risks and opportunities
- A3 Measuring and prioritizing risks and opportunities
- A4 Evaluating the materiality of risks and opportunities

P Prepare
- P1 Strategy and resource allocation planning
- P2 Target setting and performance management
- P3 Reporting
- P4 Disclosure

Addressing Climate Change and Other Environmental Challenges

Locate (identifying points of contact with nature)

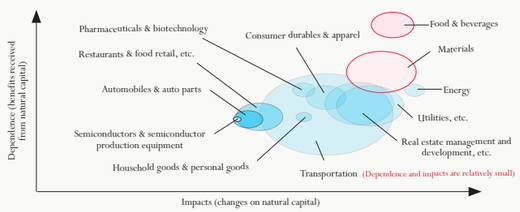
We conduct business activities in wide areas and thus do not rely on particular natural capital and areas. In viewing our points of contact with nature, we recognized that the dependence and impacts of business activities of investees and borrowers on nature are far greater than the direct dependence and impacts of our business activities on nature, and focused on the sectors of investees and borrowers. For investees and borrowers who belong to potentially important sectors identified by the TNFD, we evaluated the dependence and impacts on natural capital.

◆Relationships between major financing sectors and natural capital

VH: Very High H: High M: Medium L: Low VL: Very Low Low → High

		Energy	Materials	Transportation	Automobiles & auto parts	Consumer durables & apparel	Restaurants & food retail, etc.	Food & beverages	Household goods & personal goods	Pharmaceuticals & biotechnology	Semiconductors & semiconductor production equipment	Utilities, etc.	Real estate management and development, etc.	
Dependence (benefits received from natural capital)														
Supply	Animal-derived energy		VL	VL		VL		L					VL	
	Biomass supply	VL	VL					M		VL		VL		
	Genetic material	VL	VL					M		H				
Adjustment and maintenance	Water supply	M	H	L	L	M	M	H	M	M	M	M	M	Material influencing items
	Water purification	M	M	VL	M	M	L	VH	M	H	M	L	M	
	Flood mitigation	H	H	M	M	M	M	H	M	L	M	M	M	
	Storm mitigation	M	M	M	M	M	M	H	M	M	M	M	M	
	Maintenance of water streams	H	H	L	M	M	M	H	M	M	M	H	M	
	Rainfall pattern adjustment	M	M	M	VL	L	VL	M			VL	L	H	
	Degradation of solid waste	L	M		L	M		M	M	L	L	M	VL	
	Retention of soil, earth and sand	M	M	M	M	M	M	H	M	L	L	M	H	
	Adjustment of soil quality		VL					M						
	Natural dilution of pollutants	L	L	VL	L	L		M	L	L	L	VL	L	
	Biological control	VL	VL	VL		VL	VL	M		VL		VL		
	Air purification	L	L	VL	VL	L	VL	L	VL	VL	VL	VL	VL	
	Global-scale climate regulation	M	L	L	VL	L	L	M	VL	L	VL	L	L	
	Maintenance of the number of inhabitants and habitats		VL					VL						
	Noise mitigation	VL	VL	VL	VL	VL		VL	VL	VL	VL	VL	VL	
	Mitigation of sensory impulses	VL	VL		VL	VL	VL	VL	VL	VL	VL	VL	VL	
	Local climate regulation	L	M	L	L	L	L	M	L	L	L	L	L	
	Pollination		VL					L		VL				
Culture	Recreation			L			L							
	Visual comfort			M			L							
	Education and research services			VL		VL		VL		VH				
	Spirit, art, symbols		VL			VL	L	L						
Impacts (changes on natural capital)														
	Release of toxic substances	VH	H	L	M	H	L	M	VH	M	H	M	H	Material influencing items
	Noise and light pollution	H	H	M	H	H	L	M	VH	M	M	H	H	
	Water use	M	M	M	L	M	M	H	M	M	M	M	M	
	GHG emissions	H	H	M	L	M	M	M	M	M	L	M	M	
	Air pollution other than GHG	H	H	M	M	M	M	M	M	M	L	M	L	
	Area of fresh-water use	M	VL	VL		VL	VL	L				L	M	
	Area of seafloor use	L	VL	L		VL		VL				VL	M	
	Extraction of biological resources		VL					VL		VL		VL		
	Extraction of non-biological resources	VL	VL											
	Release of eutrophication substances	VL	VL	L		VL	VL	M		L		L		
	Release of solid waste	M	M	L	M	M	L	H	M	M	L	M	M	
	Area of land use	M	M	L	L	L	L	M	L	L	L	M	L	
	Invasion of foreign species	VL	VL	M		VL	VL	L		VL		L	L	

◆Dependence and impacts based on the loan balance ratio by sector



◆Analysis method and analysis results

Using the international evaluation tool "ENCORE,"* we created a bubble chart that visualizes the dependence and impacts on nature by sector and the loan balance ratio by the Bank, and identified sectors that should be given priority for analysis. Of all 12 sectors, the sectors "food & beverages" and "materials" were selected as sectors (priority sectors) that have large dependence and impacts on natural capital and should be given priority. For the transportation sector including marine transportation, which is one of the characteristics of our loan portfolio, we have confirmed that its loan balance ratio is high but its dependence and impacts on natural capital are not relatively large.

* A tool developed by UNEP-WCMC, etc. to evaluate dependence and impacts on natural capital. Ecosystem services to be received (dependence) and load factors on nature (impacts) can be both determined by business sector.

Evaluate (evaluating dependence and impacts)

For the sectors "food & beverages" and "materials," we identified customers where a value obtained based on the degree of dependence and impacts and the balance of loans is high, and analyzed the degree of dependence and impacts of relevant sub-sectors. As a result, we found that the "food" sector of the "food & beverages" sector and the "paper products & forest products" sector of the "materials" sector were sectors with the highest value.

Future challenges, etc.	In this fiscal year, we only visualized the degree of dependence and impacts on natural capital by financing sector. In the future, however, we will deepen our understanding of sectors and nature capital requiring attention by grasping the degree of dependence and impacts on natural capital as seen from the whole value chain and by examining and researching the characteristics of natural capital by region (location).

Initiatives for environmental conservation

(★): Climate change
(★): Natural capital

Joint proposal for and selection of decarbonization leading areas based on the collaboration of industry, academia and government in the region (★)

Regarding Takamatsu City in Kagawa Prefecture, which is a gateway to Shikoku and a place where tourism, commerce, and logistics functions are concentrated, 23 local organizations including the Bank worked together to make a joint proposal for decarbonization leading areas, which are recognized by the Ministry of the Environment. Then, our proposal was selected as a result of recognition of initiatives taking advantage of regional characteristics, including establishing local eco-points based on public and private sector cooperation, and building an operation scheme for integrated maintenance management of ponds and power-generation facilities.

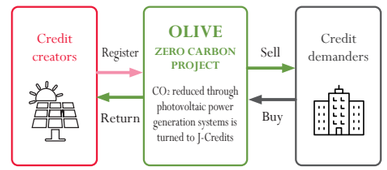


Scene from the recognition ceremony

Launching a program-based project under the J-Credit Scheme (★)

In April 2026, we launched the Olive Zero-Carbon Project, a program-based project by the introduction of photovoltaic power generation systems to create J-Credits, under a partnership agreement that the Bank concluded with Kanonji Shinkin Bank and ByWill Inc. in order to achieve decarbonization in the region. This project is a system to put together the amounts of CO_2 reduced through photovoltaic power generation by small- and medium-sized companies, etc., for which the procedural burden is great if they apply alone, and efficiently apply for certification as J-Credits (environmental value).

Scheme of this project



Participation in Setouchi Nagisa Forum, a project to protect marine ecosystems in the Seto Inland Sea (★)

We have participated in Setouchi Nagisa Forum, a project that aims to conserve biodiversity in the Seto Inland Sea and revitalize regional economy.

In FY 2025, we started research on region-specific habitats and growth constraints in order to conserve and restore seaweed beds, which play a key role in marine ecosystems. In addition, we cooperated on Seaweed Bed Heroes, a research experience event held for elementary and junior high school students to observe seaweed and do experiments in order to develop next-generation players who create community-based ocean. About 100 elementary and junior high school students in the region participated in the event.



Scene from Seaweed Bed Heroes

Development of human resources who promote carbon-neutral and nature-positive outcomes and business in an integrated manner (★) (★)

We have sent our employees to recurrent courses held by a local national university for students to learn projects and value creation for the realization of a carbon-neutral and nature-positive society by focusing on blue carbon projects.

Through efforts to conserve environments in the region, we try to not only improve environmental and social value but also create business opportunities, and aim to develop human resources who promote them in an integrated manner.

Focus !

Initiative by viewing Shikoku as one region

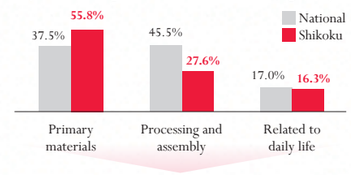
四国アライアンス

The Shikoku Alliance, consisting of four banks in Shikoku including the Bank, is working together on Shikoku-Sosei [Shikoku Revitalization], which is accomplished through solving of social problems Shikoku faces, including population decline and aging population with a declining birthrate. In this fiscal year, each bank examined and researched the characteristics and problems of natural capital in the location of its head office, and shared its results as appropriate in order to pursue disclosure based on the TNFD recommendations. This allowed us to recognize the characteristics of each home region from a comprehensive view of the natural capital of whole Shikoku. Going forward, we will enrich information to disclose based on the TNFD recommendations while sharing information among the banks regarding issues surrounding natural capital. At the same time, we will also consider conservation of nature capital and cooperation for nature-positive outcomes.

<Characteristics of natural capital of the four prefectures in Shikoku>

	Tokushima	Kagawa	Ehime	Kochi
Characteristics	The largest river in Shikoku and water resources rich in basins	A warm climate of the Seto Inland Sea, and an extensive plain that occupies one-third of the total area	Flourishing aquaculture based on complex rias coasts	High coverage rate of forest that provides watershed conservation and diverse ecosystems
Challenges	High flood risk due to steep terrain and high rainfall	High degree of dependence on ponds due to a low precipitation	High risk of a sediment disaster due to many steep areas	High risk of loss of natural capital due to the Nankai Trough Earthquake and a tsunami
Main industries	Citrus sudachi, Naruto wakame seaweed, LEDs	Gloves, frozen foods, olives	Towels, citrus fruits, shipbuilding (maritime industry)	Yuzu citron, ginger, bonito

Industry types of Shikoku (Ratio of shipments of manufactured goods)



Industrial structure that is likely to be affected and constrained by natural capital

Establishment of a Sustainable Management Foundation

Investment management

Basic theme 4 | Building a Resilient Foundation



With the domestic financial market shifting fully to "entering a world of positive interest rates" the Bank's investment management has assigned top priority to reducing interest rate risks and tried to respond flexibly to rising rate environments. In addition, we have pursued diversification and quality improvement of asset holdings in order to improve the securities portfolio.

Going forward, we will further improve the quality of asset holdings and work on strategic portfolio reconstruction focusing on increasing investment yields, thereby practicing stable investment management that supports the Bank's financial base from the medium- to long-term perspective.

Makoto Oka
General Manager,
Treasury and International Division

Basic policy

The Bank sets the ideal image of its investment management as stable investment management that supports financial affairs. The ALM function contributing to appropriate control of interest rate risks and liquidity risks, and stable profit contribution for providing a financial intermediary function for customers in the region are regarded as key functions in the investment management, which is operated based on four basic policies.

Basic policy 1 Secure stable profits

Try to gain stable profits by building a carry-based portfolio without relying excessively on capital gains, which are vulnerable to market factors.

Basic policy 2 Stabilize risks

Try to reduce the risks of the portfolio through portfolio optimization and diversified investment that take into account the current state and future of the market environment.

Ideal image

Stable investment management that supports financial affairs

Basic policy 3 Maintain soundness

Improve tolerance to prepare for situations under stressful market conditions by increasing portfolio quality.

Basic policy 4 Flexible ALM

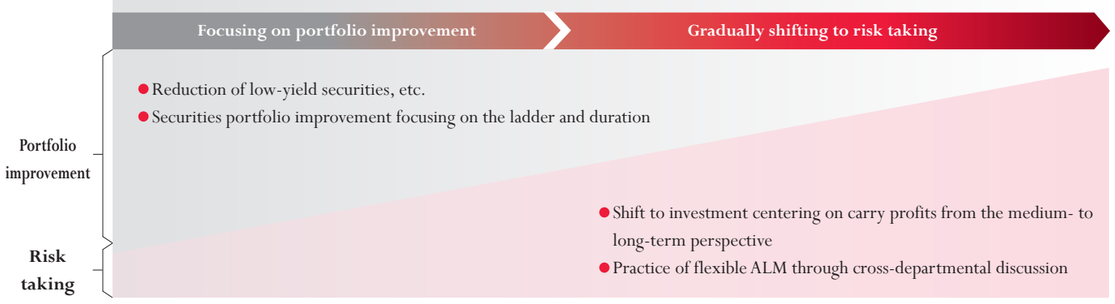
Secure securities portfolio liquidity that allows for resizing in order to practice flexible ALM operation that takes into account deposit-loan gaps.

Building a portfolio during periods of rising interest rates

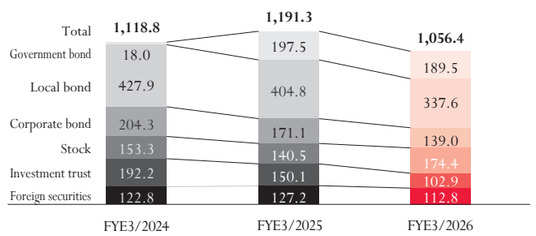
In this period of transition to entering a world of positive interest rates we have continued investments in securities with an eye toward total optimization in order to build a carry-based portfolio without relying excessively on capital gains, on the basis of medium- to long-term estimation of fundamentals.

With domestic interest rates expected to continue to increase gradually, we intend to promote further portfolio improvement that focuses on reducing duration risks and smoothing the ladder, while gradually shifting our focus to risk taking.

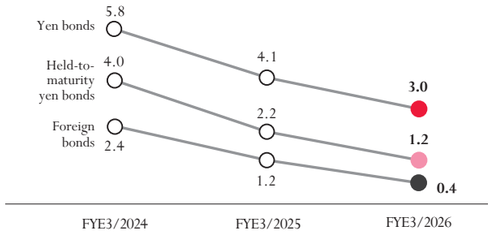
Conceptual diagram of investment policy during the period of the medium-term management plan



Changes in the balance of securities by class (Billions of yen)



Modified duration of bonds



Developing an environment for investment management

We manage efficient business operations by assigning appropriate personnel suitable for risk taking to each department of the front, middle, and back offices in order to maintain the functionality of investment management in a stable manner. In addition, we are trying actively to secure and develop human resources responsible for the next generation by, for example, promoting intra-bank exchange system, dispatching trainees to a megabank, and supporting the acquisition of highly professional qualifications through reskilling support program. We are proceeding steadily with the maintenance and improvement of an environment for robust investment management that can respond flexibly to a changing market environment.

Cost control

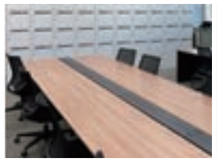
High-priority investment in growth areas and cost efficiency improvement

We are promoting strategic cost management that allocates management resources to areas supporting the continued growth of local communities and the Group, from the medium- to long-term perspective. More specifically, we try to ensure well-organized cost management through high-priority investment in areas that will lead directly to sustainability improvement, including DX aimed at increasing business efficiency and customers' convenience, GX toward realizing a carbon-free society, and investment in human capital, while streamlining other expenses. In addition, we will also work on beautification and renovation of offices and revamping of facilities to improve customer satisfaction and employee engagement and ensure that such improvement will lead to enhancement of the Group's competitiveness.

Investment toward creating environmental value

Energy saving	Energy creation
● Replacing lighting with LED lighting ● Renewing air-conditioning equipment	● Converting offices to net zero energy buildings (ZEB) ● Installing photovoltaic power generation systems
Energy storage	**Energy adjustment**
● Installing storage batteries ● Switching to electric or hybrid vehicles	● Introducing energy management systems, etc. in line with conversion of offices to net zero energy buildings

Improvement of working environments that contributes to the well-being of customers and employees


An office with new desks


A lounge available for a small break

Running alongside business operators

We will try to reduce credit-related expenses by further strengthening close relationships with customers through deepening of relationship banking and minimizing the effects of rising prices and other changes in the economic environment on customers.

Practice of relationship banking

Expansion of high-priority recipients of support	● Deep dialogue based on problems of business operators ● Strengthening coordination between the head office and branches
Early prediction management	● Ensuring the practice of basic moves using guidelines and a fund tracing table ● Utilizing various tools including screening AI models
Enhancement of external coordination	● Providing support for management improvement and for business operators to ensure smooth business rehabilitation, etc. ● External coordination to develop internal human resources

Corporate Governance

Basic stance on corporate governance

The Group has set forth "Prosper together with customers and communities," "Create a vigorous corporate culture," and "Ensure sound business management and enhance corporate value" as its Corporate Philosophy. Based on these philosophies, in order to remain a company that provides value to our customers, local communities, shareholders, and all officers and employees, we will strive to build a bank that is truly trusted by achieving both "ensuring soundness" and "enhancing corporate value."

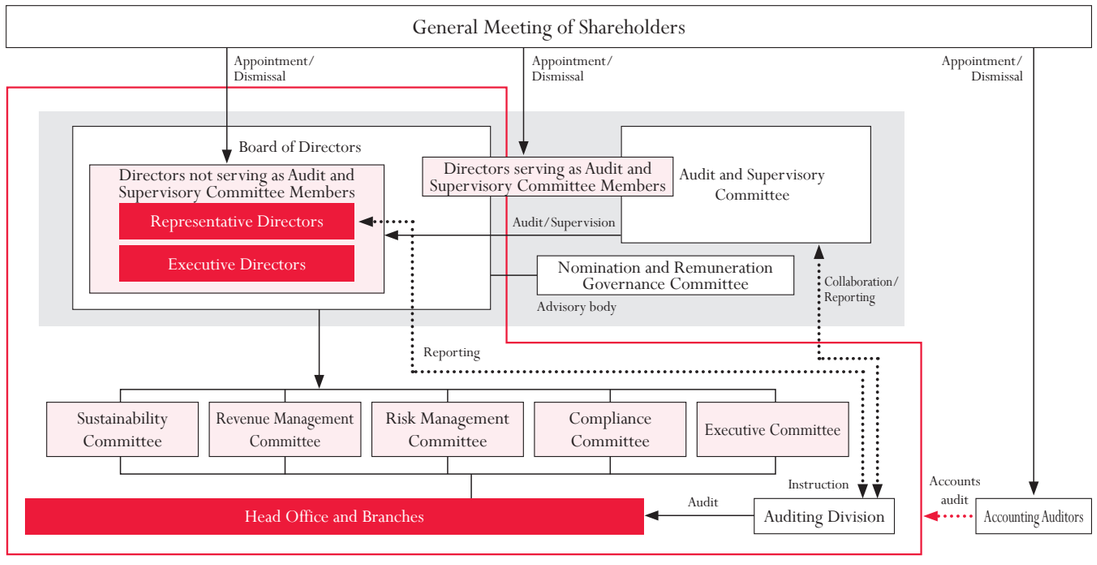
WEB The "Corporate Governance Guidelines," which set out the basic principles and operational policies to ensure the effectiveness of corporate governance, are available here:

Corporate governance framework

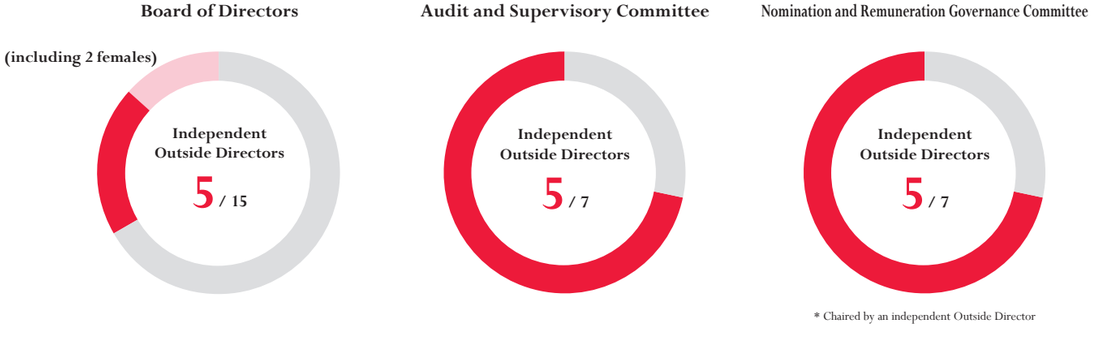
In order to strengthen its auditing and supervising functions in relation to the execution of duties by Directors through the granting of voting rights at Board of Directors Meetings to the Directors serving as Audit and Supervisory Committee members, the Bank has adopted the structure of a company with an Audit and Supervisory Committee. In addition, for the purpose of improving objectivity and transparency of the governance system, the Nomination and Remuneration Governance Committee has been established as a voluntary committee, where the majority of members are independent Outside Directors.

Furthermore, the Bank has introduced an Executive Officer System whereby Executive Officers appointed by the Board of Directors are in charge of business execution. With regard to important business execution matters, the Bank strives to ensure the effectiveness of corporate governance by effectively utilizing the Executive Committee, which consists of Managing Executive Officers and above, as well as the Sustainability Committee, Revenue Management Committee, Risk Management Committee, Compliance Committee and other committees established in order to swiftly respond to cross-organizational matters.

Corporate governance framework



Configuration of each meeting body



* Chaired by an independent Outside Director

Board of Directors

The Board of Directors consists of 8 Directors (excluding Directors serving as Audit and Supervisory Committee members) and 7 Directors serving as Audit and Supervisory Committee Members (including 5 Outside Directors). Directors are selected based on their expertise and skills that the Bank expects with consideration to the business environment and management strategy, and care is taken to ensure that the entire Board of Directors maintains a balance of skills that contributes to the sustainable development of the Bank's group. We also pay attention to diversity when configuring the Board of Directors, including factors such as gender, internationalism, occupational history, and age. In principle, the Board of Directors meets once a month and in addition to matters stipulated by laws and regulations or the Articles of Incorporation, passes resolutions on important matters concerning management and oversees business execution by Directors.

No. of meetings in FY 2025	12	Attendance rate of members	100%

<Main matters discussed in FY 2025>

Matters to be resolved
- Formulation of medium-term management plan
- Stock split and changes to shareholder benefit program
- Amendment of the successor training policy, etc.

Matters reported
- Status of initiatives for realizing management that is conscious of capital costs and stock prices
- Status of progress on the 3rd Shikoku Alliance Master Plan
- Status of deliberations on the next medium-term management plan, etc.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of 7 Directors (including 5 Outside Directors) serving as Audit and Supervisory Committee Members. In principle, the committee meets once a month, and occasionally as necessary to audit and supervise the execution of duties by Directors.

No. of meetings in FY 2025	13	Attendance rate of members	100%

<Main matters discussed in FY 2025>
- Formulation of audit policy and audit plans
- Formulation of audit reports
- Determination of opinions regarding the appointment and remuneration of Directors not serving as Audit and Supervisory Committee Members
- Appointment of Accounting Auditor, etc.

Nomination and Remuneration Governance Committee (Voluntary committee)

The Nomination and Remuneration Governance Committee is chaired by an independent Outside Director and comprises of the President of the Bank, the Chairperson of the Audit and Supervisory Committee, and 5 independent Outside Directors. In principle, it meets at least twice per year as a general rule. As an advisory body to the Board of Directors, the committee deliberates on the following: nomination of candidate Directors and dismissal of Directors; nomination and dismissal of Representative Directors; remuneration and other matters concerning Directors not serving as Audit and Supervisory Committee Members; and other important matters in terms of governance and management. The Board of Directors is to respect the findings of the committee.

No. of meetings in FY 2025	10	Attendance rate of members	100%

<Main matters discussed in FY 2025>
- Results of the candidate selection survey based on the succession plan
- Proposed new organizational structure for FY 2026 (new Director candidates, new Executive Officer candidates, etc.)
- Overview of questionnaire to assess effectiveness of Board of Directors and results thereof
- Amendment of the successor training policy, etc.

Assessment of Board of Directors' effectiveness

In order to maintain and further enhance the effectiveness of the Board of Directors, the Bank stipulates in its "Corporate Governance Guidelines" to conduct an annual assessment of Board of Directors' effectiveness based on the report of the Nomination and Remuneration Governance Committee.

The Bank's Board of Directors is composed of Directors selected with consideration for diversity in terms of skills, age, and gender, etc., and as identified issues have been appropriately addressed, the Bank evaluates that the effectiveness of the Board of Directors is generally ensured.

Evaluation process

The Bank evaluates the effectiveness of the Board of Directors based on the findings of the Nomination and Remuneration Governance Committee, which were derived from the compilation and analysis of the results of an annual questionnaire targeting all Directors. By addressing the identified issues in the operations of the Board of Directors for the following fiscal year, we drive the PDCA cycle to ensure ongoing effectiveness.



Overview of questionnaire survey (FY 2025)

Respondents	All Directors
Questions	• Structure and operation of the Board of Directors • Management strategy and business strategy • Corporate ethics and risk management • Nomination and remuneration • Dialogue with shareholders, etc.
Implementing body	Questionnaire survey and analysis by an external organization

FY 2025 assessment results

Issues recognized in the previous fiscal year
- Considering a growth strategy to achieve a mode change in anticipation of our 150th anniversary in 2028
- Conducting discussions with a focus on management indicators and stock price in the process of formulating the next medium-term management plan (2026–2028) to realize the growth strategy
- Measures to review our successor training policy and systematic efforts to develop diverse management personnel
- Measures to promote AI utilization and DX for work process improvement and realizing innovation

Assessment results
- Conducted active discussions during the process of formulating the medium-term management plan regarding growth strategies and management that is conscious of management indicators and stock price
- With respect to "AI utilization" and "realization of human capital management," further involvement of the Board of Directors is necessary to achieve diverse challenges and reforms
- Objectivity and transparency of governance relating to the remuneration framework and succession plan, as seen by a review of our successor training policy and appointment of female executive officers

Key issues going forward
1. Enhancing discussions on optimizing the business portfolio in response to changes in the business environment, and strengthening the monitoring functions of the Board of Directors with regard to the appropriateness of management strategy
2. Further involvement in and oversight of progress on human capital strategy and DX strategy, as well as deepening discussions aimed at strengthening the organizational and human resource foundation that supports diverse challenges and reforms

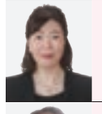
Corporate Governance

● Board of Directors skills matrix

	Name	Position	For Executive Directors: Areas where they have a high level of expertise or work experience from a strategy execution perspective For Non-Executive Directors: Areas where they have deep insight from an oversight and supervision perspective and can demonstrate their expertise							
			Corporate management/ management strategy	Financial/ accounting	Risk management/ compliance/legal affairs	Human capital/ DE&I	ICT/digital	Regional growth/ sustainability	Financial wellness	Investment management/ international operations
Directors (excluding Audit and Supervisory Committee Members)	Yujiro Ayada	Chairman	◎	●	●	●		●	●	●
	Masashi Mori	Representative Director, President	◎	◎	●	◎	●	●	●	
	Masakazu Toyoshima	Representative Director and Senior Managing Executive Officer	◎	◎	◎		●			●
	Kazuhito Tada	Representative Director and Senior Managing Executive Officer	◎		●			◎	◎	●
	Hiroshi Suga	Director and Managing Executive Officer			●			◎	◎	
	Masaaki Iwane	Director and Managing Executive Officer	◎	◎	●	◎		●	●	◎
	Hideki Oda	Director and Managing Executive Officer			●	◎		◎	●	●
	Tetsuya Iwase	Director and Managing Executive Officer		●	◎		◎			●
Directors serving as Audit and Supervisory Committee Members	Tatsuya Sakuma	Full-time	●	●	●		●	●	●	
	Takao Tsushima	Full-time	●		●			●	●	
	Yasuko Yamada	Outside Director		●	●			●		
	Tomoko Fujimoto	Outside Director			●	●				
	Noriyuki Konishi	Outside Director	●	●	●	●		●		
	Yasushi Marumori	Outside Director	●	●	●	●		●	●	●
	Seiji Kito	Outside Director	●	●	●	●	●	●	●	

* For Directors not serving as Audit and Supervisory Committee Members, skills that are particularly expected of them are marked with the symbol ◎.
*The skills matrix does not represent all the expertise and experience each Director has.

● Reason for appointment as an Outside Director

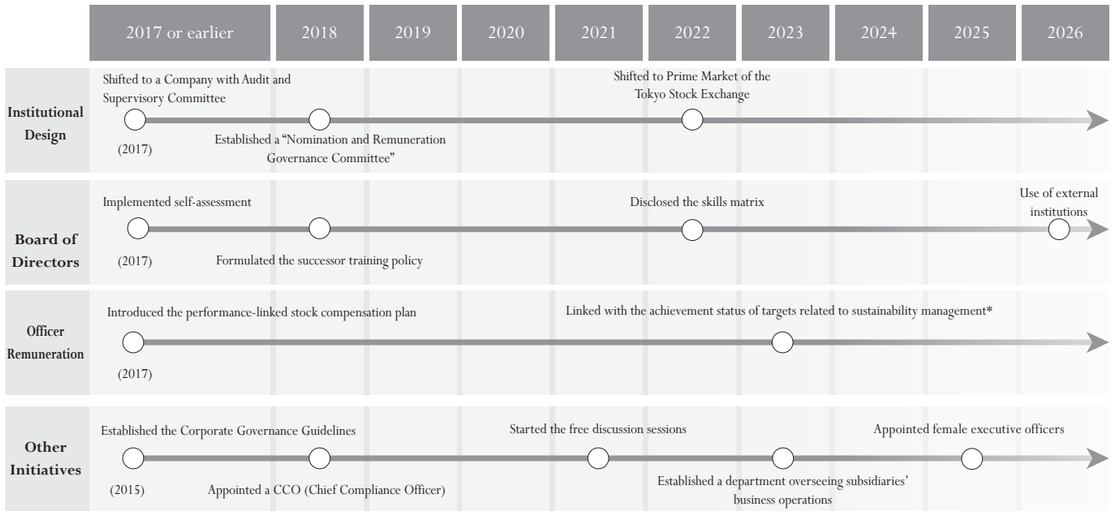
Name (date of appointment)	Reason for appointment
 Yasuko Yamada (Jun. 2019)	Yasuko Yamada worked for the Kagawa Prefectural Government, holding a number of important positions in departments and divisions relating to the environment, welfare, accounting, and so forth. As such, she has ample experience in local government, possesses expertise in particular on regional revitalization and financial accounting, and has excellent personality and insights.
 Tomoko Fujimoto (Jun. 2021)	Tomoko Fujimoto not only possesses highly specialized knowledge as a lawyer, but has also served in a number of public positions including the Kagawa Local Labor Council and the Takamatsu City Environment Council. As a result, she has diverse perspectives and ideas developed on the front line of local government, along with a jurist's perspective, and has excellent personality and insight.
 Noriyuki Konishi (Jun. 2022)	Noriyuki Konishi possesses a high level of expertise in particular on accounting, audit, governance and regional revitalization as an academic expert, has held important posts as Vice President of Aoyama Gakuin University and Chairperson of Japanese Association for International Accounting Studies, etc., and has excellent personality and insight.
 Yasushi Marumori (Jun. 2023)	Yasushi Marumori has ample experience as a corporate manager at MUFG Bank, Ltd. and Mitsubishi UFJ Research and Consulting Co., Ltd., etc., possesses expertise in particular on finance, financial accounting and consulting, as well as experience as an outside corporate auditor of a regional bank, and has excellent personality and insight.
 Seiji Kito (Jun. 2024)	Seiji Kito has ample experience as a corporate manager at Nippon Life Insurance Company and Nissay Information Technology Co., Ltd., possesses a wealth of knowledge in particular of finance, legal affairs, compliance, risk management and information systems, and has excellent personality and insight.

● Support system for Outside Directors

To provide support for Outside Directors serving as Audit and Supervisory Committee Members, we have set up the "Audit and Supervisory Committee Office" with dedicated staff. In order to ensure the effectiveness and the smooth operation of the Board of Directors, we provide prior explanations of agenda items and tablets where reference materials for various meeting bodies may be viewed.

Furthermore, for the purpose of creating opportunities to freely and openly exchange opinions, we have held informal free discussion sessions as needed with the participation of Outside Directors, internal Directors, Executive Officers, as well as department and branch managers.

Initiatives to strengthen corporate governance



* (E) CO_2 emissions reduction, sustainable finance working budget (S) Ratio of women in junior management, engagement score (G) Reduction of cross-shareholdings

● Group governance

The Bank has developed operational and management systems for its subsidiaries, including sharing and ensuring thorough understanding of basic strategies such as the medium-term management plan, and establishing departments responsible for overseeing operations, while respecting the autonomous and independent business operations of its subsidiaries.

In addition, the Bank regularly holds "Hyakujushi Group Representatives' Meetings" attended by the Representative Directors of the Bank, Director in charge of the overall control division for subsidiaries (Corporate Planning Division), the Chairperson of the Audit and Supervisory Committee, and the Representative Directors of each subsidiary, for the purpose of reporting on the status of business execution at each company and exchanging opinions on issues, etc. that require sharing and collaboration among companies.

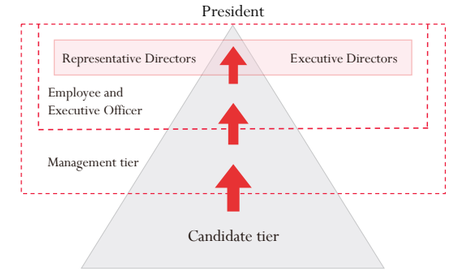
● Successor training plan

The Bank has established a basic policy that sets forth the fundamental approach to developing management personnel up to the position of President and Directors as well as the requirements expected of successors.

The Board of Directors recognizes that systematic successor training is important to ensure the sustainability of management, and oversees the progress of training with the support of the Nomination and Remuneration Governance Committee.

In addition to Directors, we conduct initiatives aimed at developing future management personnel, including the organizing of "Management Study Sessions" for those in managerial positions such as General Managers of each division/office and branch in order to foster shared values among officers and employees, while enhancing the sense of ethics, human capabilities, and quality of education required to earn the trust of stakeholders.

● Successor training framework



● Director remuneration

The remuneration for the Bank's Directors (excluding Directors serving as Audit and Supervisory Committee Members) mainly consists of "basic remuneration," "bonuses," and "performance-linked stock compensation (officer remuneration BIP trust)."The proportion of each remuneration is determined with consideration to ensuring an incentive to enhance corporate value of the Bank.

With respect to bonuses, we determine the position-specific remuneration based not only on "profit attributable to owners of parent" intended to clarify the Directors' accountability for the performance of a single fiscal year, but also on progress toward sustainability management targets to realize the Bank's Long-term Vision.

● Total remuneration by officer category, total remuneration by type, and the number of applicable officers (April 1, 2025 to March 31, 2026)

Officer category	Number of applicable officers	Total remuneration (Millions of yen)	Fixed remuneration	Performance-linked remuneration	
			Monetary remuneration		Nonmonetary remuneration
			Basic remuneration	Bonus	Performance-linked stock compensation
Directors (excluding Audit and Supervisory Committee Members) (excluding Outside Directors)	10	342	199	84	57
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	3	40	40	—	—
Outside Officers	5	39	39	—	—

(Note) 1. The number of applicable officers and the total remuneration include three Directors who retired as of the conclusion of the 156th Annual General Meeting of Shareholders held on June 27, 2025.
2. Outside Officers are five Outside Directors (Audit and Supervisory Committee Members)
3. The amounts for "performance-linked remuneration" include provision for bonuses for directors (and other officers) for the current fiscal year and share-based payment expenses.
4. There are no company officers who also serve as employees of the Bank.
5. There were no officers whose total consolidated remuneration for the fiscal year amounted to ¥100 million or more.

Board of Directors and Audit and Supervisory Committee Members (as of July 1, 2026)



1 Chairman
Yujiro Ayada

Number of years in office	11 years
Number of shares of the Bank held	214 thousand shares

2 Representative Director, President
Masashi Mori

Number of years in office	4 years
Number of shares of the Bank held	10 thousand shares

3 Representative Director, Director, Senior Managing Executive Officer and CCO
Masakazu Toyoshima

Number of years in office	9 years
Number of shares of the Bank held	28 thousand shares

4 Representative Director, Director and Senior Managing Executive Officer
Kazuhito Tada

Number of years in office	4 years
Number of shares of the Bank held	11 thousand shares

5 Director and Managing Executive Officer
Hiroshi Suga

Number of years in office	2 years
Number of shares of the Bank held	10 thousand shares

6 Director and Managing Executive Officer
Masaaki Iwane

Number of years in office	2 years
Number of shares of the Bank held	7 thousand shares

7 Director and Managing Executive Officer
Hideki Oda

Number of years in office	1 year
Number of shares of the Bank held	11 thousand shares

8 Director and Managing Executive Officer
Tetsuya Iwase

Number of years in office	1 year
Number of shares of the Bank held	5 thousand shares

9 Directors (Audit and Supervisory Committee Members)
Tatsuya Sakuma

Number of years in office	3 years
Number of shares of the Bank held	32 thousand shares

10 Directors (Audit and Supervisory Committee Members)
Takao Tsushima

Number of years in office	1 year
Number of shares of the Bank held	9 thousand shares

11 Director (Audit and Supervisory Committee Member, Outside Director)
Yasuko Yamada

Number of years in office	7 years
Number of shares of the Bank held	—

12 Director (Audit and Supervisory Committee Member, Outside Director)
Tomoko Fujimoto

Number of years in office	5 years
Number of shares of the Bank held	—

13 Director (Audit and Supervisory Committee Member, Outside Director)
Noriyuki Konishi

Number of years in office	4 years
Number of shares of the Bank held	—

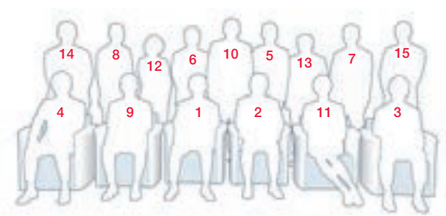
14 Director (Audit and Supervisory Committee Member, Outside Director)
Yasushi Marumori

Number of years in office	3 years
Number of shares of the Bank held	0 thousand shares

15 Director (Audit and Supervisory Committee Member, Outside Director)
Seiji Kito

Number of years in office	2 years
Number of shares of the Bank held	0 thousand shares

*The number of shares of the Bank held is as of the date of submission of the Annual Securities Report for the fiscal year ended March 31, 2026.



For details of the career summary, etc. of each Director, please refer to "Status of Officers" in the Annual Securities Report for the fiscal year ended March 31, 2026.

Enhancing Risk Management and Compliance



Message from the CCO

Masakazu Toyoshima,

Representative Director, Senior Managing Executive Officer and CCO

The source of strength to survive in the era of VUCA lies in "integrity."

In the era of VUCA, the risks surrounding regional financial institutions continue to become increasingly complex and diverse. In such an environment, what is required of us is nothing other than to continue appropriately responding to change while meeting the trust and expectations of diverse stakeholders, including local communities, customers, officers and employees, and shareholders. "Integrity" forms the basis of this response. Integrity refers to the stance of thinking for oneself, even when facing difficulty in making a decision, in light of corporate philosophy and social mission, and continuing to choose sincere and responsible actions. Risk management and compliance grounded in integrity constitute an important foundation to foster trust capital (social relationship capital) with local communities and lead to sustainable value creation.

In practicing integrity, what we wish to hold close is the spirit of "*jikon* (the present moment)." It is being sincere in one's own judgement and actions at this moment while learning from the past and looking ahead to the future — for risk always exists "here and now." We are convinced that sincerely accumulating dialogue with the customers in front of you, and each individual decision, will foster unwavering trust and organizational resilience.

In addition to the sophistication of its risk management and compliance systems, the Group is working to cultivate a culture of integrity in which each and every officer and employee thinks and acts proactively. Convinced that continuing to cultivate trust capital is the source that supports the sustainable development of both local communities and the Group, we will continue to strive to build a sincere management foundation.

Risk Appetite Framework

We introduced the "Risk Appetite Framework" as a management control framework to control risks by clarifying the type and amount of risk (risk appetite) we are actively willing to accept to achieve our business strategies and financial plans, and that links to appropriate risk-taking and risk control to the enhancement of corporate value.

Top risk management

Of the risks that may arise relating to the environment surrounding the Bank and direction of its business, those that the Board of Directors has recognized as being of particularly high importance and requiring priority response, after comprehensively taking into account factors such as the degree of impact and probability of occurrence should such risks materialize, are identified as "top risks."

Identified top risks are periodically subject to review.

●Top risks identified by the Bank (Excerpt of principal risks)

External environment

		Risk Factor		Risk Scenario
Top risks forming the foundation of the Bank's management	Management Risk	BCP Risk	Major disasters, pandemics, and system outages	Suspension of transactions and services Damage to the Bank's physical and human capital
	Operational Risk	Information Security Risk	Increase and sophistication of cyberattacks	Suspension of transactions and services Leak of customer information
		Compliance Risk	Increase and complexity of financial crimes	Increase in customers' special fraud and skimming damage
	ESG Risk	Environmental Risk	Intensification of climate change and other environmental issues	Business suspension of customers due to abnormal weather
		Social Responsibility Risk	Increasing focus on DE&I and human rights	Decline in employee engagement
Top risks associated with enhancement of the Bank's sustainability	Strategic Risk	Market Fluctuation Risk	Intensifying competition as we enter a world of positive interest rates	Decline in loan share
		Technological Transformation Risk	Advancement of AI technology	Decline in the Bank's presence due to non-utilization of AI
		Growth Opportunity Risk	Economic contraction in the region, falling birthrate and aging populations in the region, and declining population	Business contraction due to a decrease in the number of customers
	Financial Risk	Credit Risk	Economic slowdown in Japan or globally and rising inflation	Increase in credit costs due to decline in earnings of customers
		Liquidity Risk	Changes in customer behavior	Rising deposit funding costs
	Reputation Risk	Governance Risk	Low profitability (capital efficiency) and productivity, high ratio of cross-shareholdings	Decline in the Group's corporate value

Direction of business

Identification of the types and amount of risks to be actively accepted (risk appetite)

Qualitative appetite

Quantitative appetite

Risk management system

Based on the Risk Appetite Framework, we have established a management framework (risk management system) in order to strike a balance between improving profitability and maintaining soundness.

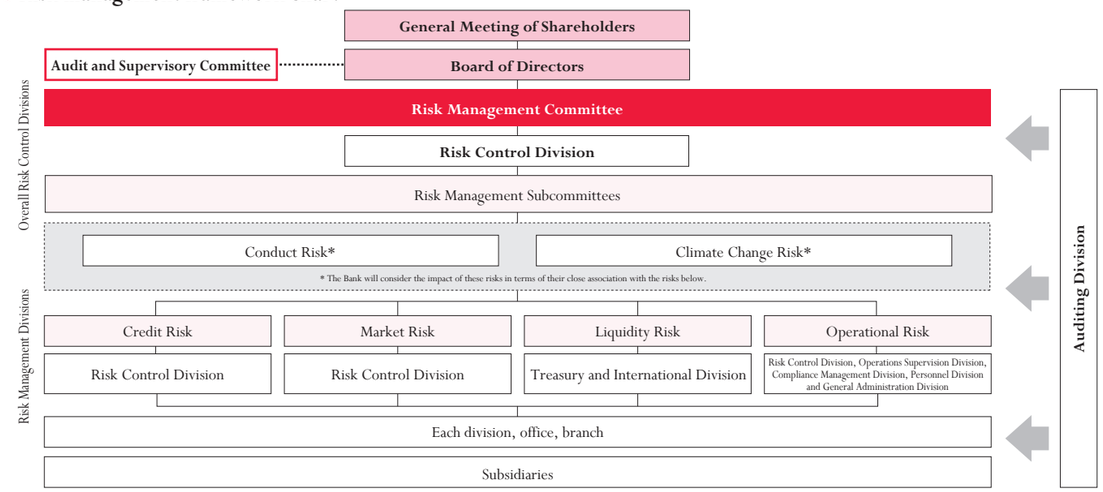
●Basic concepts

By identifying and managing various risks associated with banking operations such as credit risk, market risk, liquidity risk, and operational risk, and ascertaining risks in a comprehensive manner and comparing them to our level of capital adequacy, we aim to achieve stability and soundness in our overall management while achieving our business strategies and financial plans.

●Management framework

We determine the category to which each risk belongs, and decide the divisions responsible for managing each category appropriately, along with management rules. We have also established an independent Risk Control Division to integrate risk management and carry out comprehensive management. Additionally, through the establishment of the Risk Management Committee and its subordinate Risk Management Subcommittees, and cross-sectional consultations on matters regarding risk management, we strive to improve and sophisticate our risk management system.

●Risk management framework chart



Business continuity system

In order to maintain a minimum level of financial services and support the livelihood and economic activities of local communities in the event of an emergency that threatens business continuity, such as earthquakes, storms, floods, the spread of infectious diseases, or system failures, we are developing and continuously improving systems based on our business continuity plan (BCP).

In the event of an emergency, a comprehensive task force with the president as the general manager is established, putting in place a system that enables centrally managing information and promptly issuing instructions to branches.

We regularly conduct our own drills to improve the effectiveness of our business continuity system, and we work to ensure that all officers and employees fully understand our business continuity system and to foster crisis awareness.

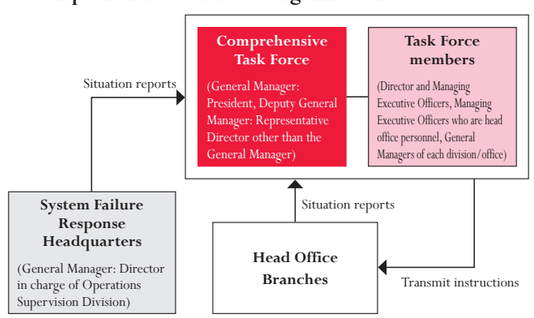
●Initiatives for business continuity in the event of an emergency

- Identification of priority branches and operations
- Practice of ongoing business continuity drills
- Acceleration of communication, etc. using LINE WORKS

●Status of equipment installed for business continuity purposes

- Stockpiles of water, food, helmets, and other items necessary for business continuity
- Installation of damp proof barriers at the entrances and exits of branches liable to flooding
- Installation of independent power generators at key locations
- Introduction of EVs with power supply functions (at some branches)

●Comprehensive task force organization



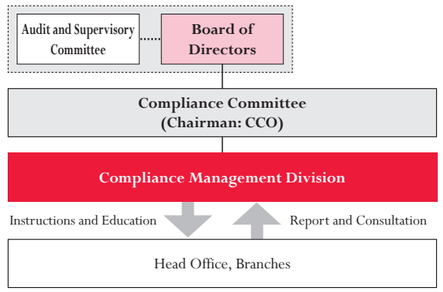
Enhancing Risk Management and Compliance

Compliance posture

At the Bank, under the oversight of CCO (Chief Compliance Officer), who has the highest responsibility for compliance, the Compliance Management Division serves as the central body to centrally manage various compliance-related issues.

We also appoint a manager or a person in charge at each department, office, and branch to put into practice and instill compliance, while aiming to spread compliance culture by checking the compliance status with a checklist and conducting study sessions. Furthermore, the Compliance Committee, chaired by the CCO, holds cross-organizational discussions to improve and upgrade the system.

● Compliance system



● Formulation of the Compliance Program

The Compliance Program, which has been formulated as a specific implementation plan to ensure effective compliance, is formulated and determined by the Board of Directors, and a system has been established to periodically report on the program's progress and achievements to the Board of Directors.

● Whistleblowing system

We have established a whistleblower hotline ('hot' dial) and developed a system to accept reports from all officers and employees, thereby ensuring early detection of misconduct and prompt implementation of corrective measures.

● Compliance with policy for preventing money laundering and related activities

The Group strongly recognizes the importance of preventing money laundering, terrorist financing, and the financing of activities related to the proliferation of weapons of mass destruction, as well as of compliance with economic sanctions (hereinafter referred to as "prevention of money laundering and related activities"). The Group positions the prevention of money laundering and related activities as a key management priority and executes its operation under the following policy in order to respond to stringent international requirements.

Policy for preventing money laundering and related activities

Operation policy
The Hyakujushi Group complies with all laws, regulations, and rules to prevent money laundering and related activities.

Organizational structure
The Hyakujushi Group has established a structure to integrate risk management by designating responsible officers and an overall control division for preventing money laundering and related activities. Furthermore, under the active leadership of management, we promote the enhancement of measures across the entire organization.

Risk-based approach
The Hyakujushi Group identifies and assesses its own risks related to money laundering and related activities and implements appropriate measures in order to effectively mitigate them.

Customer Management Policy
To protect our customers from money laundering and related activities, the Hyakujushi Group has established a customer acceptance policy and conducts investigations and analyses of customer information and transactions. Based on these, it determines and implements appropriate risk mitigation measures to ensure proper customer management.

Reporting of suspicious transactions
The Hyakujushi Group has established a framework for accurately detecting, monitoring, and analyzing suspicious customers and transactions through the use of IT systems and other tools. When a transaction is considered suspicious, the Group promptly reports it to the relevant authorities without delay.

Management of correspondent banks
The Hyakujushi Group collects information on correspondent banks, conducts proper evaluations, and implements appropriate measures to the risks. In addition, the Group severs relationships with fictitious banks that have no actual business operations.

Training for officers and employees
The Hyakujushi Group provides appropriate and continuous training to all officers and employees to deepen the organization-wide, specialized understanding of the prevention of money laundering and related activities.

Internal audit
The Group conducts regular audits of measures to prevent money laundering and related activities through an independent internal audit department and, based on the results, implements improvements to its framework.

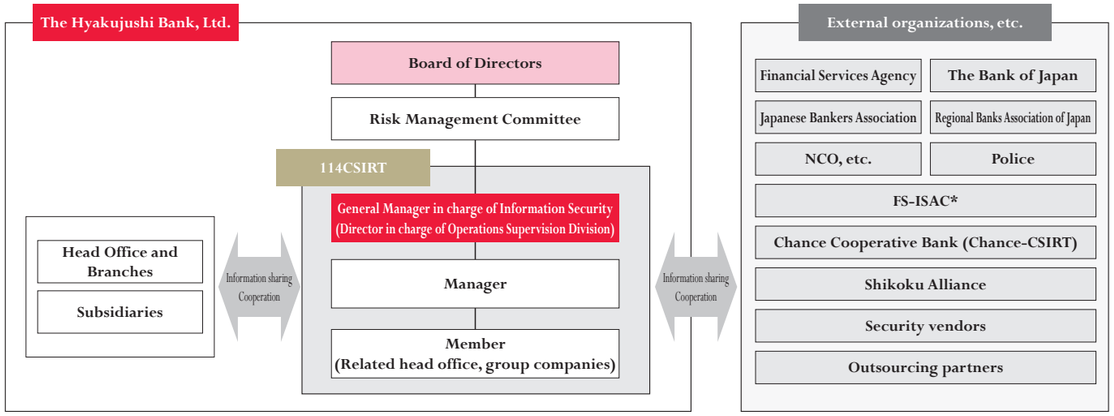
Measures to prevent special fraud damage, etc.

Recently, amid an increase in damage caused by special fraud, etc., the Bank recognizes that protecting our customers' important assets is a vital mission as a regional financial institution. We cooperate with the police in each local community to continuously conduct awareness-raising activities aimed at preventing damage from special fraud, etc., including speaking to customers, distributing flyers, and providing information at high schools, with the aim of improving fraud awareness literacy in local communities and building a community more resistant to fraud damage.


Flyer distribution at branch counter (Tomida Branch)

Cybersecurity management system

We are continuously strengthening our cybersecurity measures to protect the information assets of our customers and ourselves from cyberattacks, which are becoming more and more sophisticated each year. Under the leadership of management, we have established "114 CSIRT (Computer Security Incident Response Team)," a team dedicated to addressing cybersecurity for the entire Group, to collect and analyze threat information, respond to incidents, and establish systems for recovery. Furthermore, we continuously promote the enhancement of our management framework by appointing responsible officers for cybersecurity, strengthening collaboration with external organizations, providing regular training and education for officers and employees, and developing specialized personnel.



* An organization for information sharing and analysis on cybersecurity by Japanese financial institutions.

Internal audit department

We conduct audits that contribute to the achievement of our management targets by verifying and assessing the appropriateness and effectiveness of internal management systems in the audited departments, making recommendations to improve problems and following up on the status of improvements.

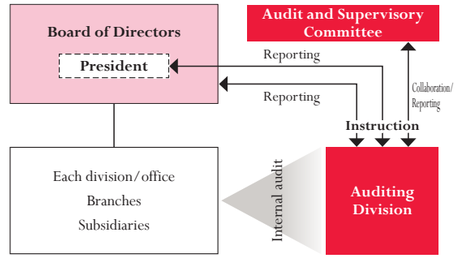
● Ensuring independence and check-and-balance function

To ensure the objectivity and effectiveness of the internal audit department, the Bank has established a structure in which the internal audit department is completely independent from the audited departments, and maintains an environment that enables internal audits to be conducted without undue restrictions from outside parties.

● Reporting system

Problems identified through internal audits are verified and reported to the President, the Board of Directors, and the Audit and Supervisory Committee. Moreover, problems such as those deemed to have a significant impact on management are immediately reported to the President, the Board of Directors, and the Audit and Supervisory Committee.

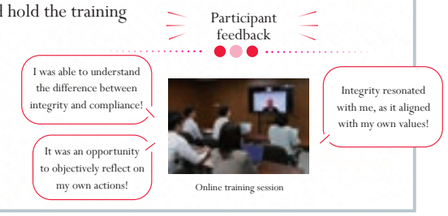
● Internal audit system



Close UP!! We hosted an "integrity training"!

The Bank held an "integrity training" for all department and branch managers, aimed at having each and every employee enhance their integrity (sincerity, honesty, and high moral character), thereby improving the reliability of the entire organization, strengthening risk management, and fostering a sound corporate culture. Through case studies involving situations that test one's integrity that could also occur at the Bank, the training sought to deepen participants' understanding and contribute to forming the process and foundation for integrity-based conduct. Going forward, we will expand the scope of participants and hold the training on an ongoing basis.

Overview	Participants	99 department and branch managers
	Training content	Group discussions on case studies
Post-training action plan	Self-reflection	Asking oneself, "How would my ideal self behave?"
	Clarifying judgement criteria	Basing judgement not on gain/loss or convention, but "what is right"
	Subordinate development	Guidance focused not only on weaknesses but also on strengths



Online training session

Corporate Data

Company profile

The Hyakujushi Bank, Ltd.
百十四銀行 (as of March 31, 2026)



Established	November 1, 1878
Head Office	5-1, Kamei-cho, Takamatsu, Kagawa
Total assets	¥5,783.7 billion
Deposits and negotiable certificates of deposit	¥4,877.2 billion
Loans and bills discounted	¥3,697.7 billion
Paid-in capital	¥37.3 billion
Total shares issued	114,520 thousand shares
Employees	1,920

Hyakujushi Group Overview

Name	Address	Overview of business
Nihonbashi Fudosan Co., Ltd.	5-1, Kamei-cho, Takamatsu, Kagawa	Real estate rental and management
Hyakujushi Business Service Co., Ltd.	7-15, Kamei-cho, Takamatsu, Kagawa	Cash balancing and management, ATM maintenance and management
Hyakujushi Jinzai Center Co., Ltd.	8-1, Shioyamachi, Takamatsu, Kagawa	Worker dispatch business, outsourced contract processing services
HYAKUJUSHI BUSINESS CONSULTING VIETNAM COMPANY LIMITED	Level10, PDD Building, 162 Pasteur Street, Sai Gon ward, Ho Chi Minh City, Viet Nam	Various consulting services
Hyakujushi Growth Investment & Assistance Co., Ltd.	7-15, Kamei-cho, Takamatsu, Kagawa	Fund operation and management operations, management consulting services
The Hyakujushi System Service Co., Ltd.	7-15, Kamei-cho, Takamatsu, Kagawa	DX support operations through various ICT solution services
The Hyakujushi JCB Card Co., Ltd.	11-5, Tamachi, Takamatsu, Kagawa	Credit card operations and money lending operations
The Hyakujushi DC Card Co., Ltd.	11-5, Tamachi, Takamatsu, Kagawa	Credit card operations, money lending operations, and credit guarantee operations
Hyakujushi Sogo Hosho Co., Ltd.	8-1, Shioyamachi, Takamatsu, Kagawa	Credit guarantee operations
Hyakujushi Lease Co., Ltd.	5-1, Kamei-cho, Takamatsu, Kagawa	General leasing business
The Hyakujushi Regional Future Design Co., Ltd.	7-15, Kamei-cho, Takamatsu, Kagawa	Research and consulting business, regional design business

MEMO

Consolidated Financial Highlights

For the years ended or as of March 31	Millions of yen					Thousands of U.S. dollars (Note 1)
	2026	2025	2024	2023	2022	**2026**
FOR THE YEAR:						
Total income	**¥108,625**	¥90,098	¥82,172	¥84,949	¥73,147	**$679,415**
Total expenses	**79,894**	70,560	67,890	71,739	58,108	**499,712**
Profit before income taxes	**28,731**	19,537	14,281	13,209	15,039	**179,703**
Income taxes-current	**9,752**	5,700	4,337	3,056	1,705	**60,995**
Income taxes-deferred	**120**	136	301	979	1,631	**750**
Profit attributable to non-controlling interests	**—**	—	—	—	—	**—**
Profit attributable to owners of parent	**18,857**	13,700	9,642	9,172	11,702	**117,944**
AT YEAR-END:						
Loans and bills discounted	**3,688,724**	3,506,645	3,428,362	3,362,245	3,159,889	**23,071,828**
Securities and trading account securities	**1,055,179**	1,189,932	1,117,828	1,044,674	1,274,877	**6,599,818**
Foreign exchange assets	**4,553**	4,373	4,793	19,938	6,236	**28,477**
Other assets	**1,097,347**	1,052,627	1,289,663	1,382,497	1,306,258	**6,863,566**
Total assets	**5,845,803**	5,753,583	5,840,650	5,809,359	5,747,266	**36,563,691**
Deposits and negotiable certificates of deposit	**4,859,521**	4,695,040	4,749,635	4,780,670	4,632,815	**30,394,802**
Foreign exchange liabilities	**142**	181	180	248	321	**888**
Other liabilities	**601,714**	730,080	761,641	747,336	829,786	**3,763,535**
Total liabilities	**5,461,377**	5,425,309	5,511,464	5,528,260	5,462,929	**34,159,225**
Common stock	**37,322**	37,322	37,322	37,322	37,322	**233,437**
Capital surplus	**30,486**	30,486	30,486	30,486	30,486	**190,680**
Retained earnings	**218,507**	204,899	194,802	187,908	183,444	**1,366,693**
Treasury stock	**(1,603)**	(565)	(569)	(513)	(2,030)	**(10,026)**
Total stockholders' equity	**284,713**	272,143	262,041	255,204	249,223	**1,780,791**
Net unrealized gains on available-for-sale securities, net of taxes	**65,989**	35,766	49,774	14,669	25,891	**412,740**
Net deferred gains (losses) on hedging instruments, net of taxes	**(77)**	(16)	(11)	138	2,611	**(481)**
Revaluation reserve for land	**7,336**	7,593	7,865	7,952	7,927	**45,884**
Remeasurements of defined benefit plans	**26,456**	12,778	9,494	3,113	(1,339)	**165,474**
Total accumulated other comprehensive income	**99,704**	56,121	67,123	25,873	35,091	**623,617**
Share subscription rights	**8**	8	21	21	21	**50**
Non-controlling interests	**—**	—	—	—	—	**—**
Total net assets	**384,426**	328,273	329,186	281,098	284,336	**2,404,465**
Total liabilities and net assets	**¥5,845,803**	¥5,753,583	¥5,840,650	¥5,809,359	¥5,747,266	**$36,563,691**

Notes: 1. Yen figures have been rounded, omitting numbers below the million mark, in accordance with the Japanese Commercial Code and the common accounting practice in Japan.
2. U.S. dollar amounts represent translations of Japanese yen at the exchange rate of ¥159.88 to US$1.00 on March 31, 2026.

Attention regarding forward-looking statements

The reader is advised that this report contains forward-looking statements, which are not statements of historical fact but constitute estimates or projections based on facts known to the Bank's management as of the time of writing. Actual results may therefore differ substantially from such statements.

Consolidated Balance Sheet

As of March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	**2026**
Assets:			
Cash and due from banks	**¥919,077**	¥861,929	**$5,748,542**
Call loans and bills bought	**3,757**	1,644	**23,498**
Monetary claims bought	**12,947**	25,488	**80,979**
Securities (Notes 6, 8, 9 and 10)	**1,055,179**	**1,189,932**	**6,599,818**
Loans and bills discounted (Notes 8, 10 and 11)	**3,688,724**	3,506,645	**23,071,828**
Foreign exchange assets (Note 8)	**4,553**	4,373	**28,477**
Lease receivables and investments in leases	**24,811**	20,665	**155,185**
Other assets (Notes 8 and 10)	**36,791**	64,452	**230,116**
Tangible fixed assets (Notes 13 and 14)	**37,733**	37,520	**236,008**
Intangible fixed assets	**6,326**	5,407	**39,567**
Net defined benefit asset	**57,893**	35,377	**362,102**
Deferred tax assets	**796**	732	**4,978**
Customers' liabilities for acceptances and guarantees (Note 8)	**19,699**	17,702	**123,211**
Reserve for possible loan losses	**(22,488)**	(18,289)	**(140,655)**
Total assets	**¥5,845,803**	¥5,753,583	**$36,563,691**

As of March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	**2026**
Liabilities and net assets			
Liabilities:			
Deposits (Note 10)	**¥4,744,569**	¥4,572,471	**$29,675,813**
Negotiable certificates of deposit	**114,952**	122,569	**718,989**
Call money and bills sold	**4,114**	8,286	**25,731**
Borrowed money (Notes 10 and 31)	**469,761**	613,505	**2,938,209**
Foreign exchange liabilities	**142**	181	**888**
Other liabilities	**64,074**	66,679	**400,763**
Reserve for bonuses for directors and corporate auditors	**84**	70	**525**
Net defined benefit liability	**272**	275	**1,701**
Reserve for retirement benefits for directors and corporate auditors	**48**	34	**300**
Reserve for claims on dormant accounts	**148**	174	**925**
Reserve for contingent liabilities	**163**	156	**1,019**
Reserve for stock-based compensation plan	**201**	216	**1,257**
Deferred tax liabilities	**38,144**	17,865	**238,578**
Deferred tax liability for land revaluation (Note 14)	**4,999**	5,118	**31,267**
Acceptance and guarantees	**19,699**	17,702	**123,211**
Total liabilities	**5,461,377**	5,425,309	**34,159,225**
Net assets :			
Stockholders' equity:			
Common stock	**37,322**	37,322	**233,437**
Capital surplus	**30,486**	30,486	**190,680**
Retained earnings	**218,507**	204,899	**1,366,693**
Treasury stock	**(1,603)**	(565)	**(10,026)**
Total stockholders' equity	**284,713**	272,143	**1,780,791**
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities, net of taxes	**65,989**	35,766	**412,740**
Net deferred losses on hedging instruments, net of taxes	**(77)**	(16)	**(481)**
Revaluation reserve for land (Note 14)	**7,336**	7,593	**45,884**
Remeasurements of defined benefit plans	**26,456**	12,778	**165,474**
Total accumulated other comprehensive income	**99,704**	56,121	**623,617**
Share subscription rights	**8**	8	**50**
Total net assets	**384,426**	328,273	**2,404,465**
Total liabilities and net assets	**¥5,845,803**	¥5,753,583	**$36,563,691**

As of March 31	Yen		U.S. dollars (Note 1)
	2026	2025	**2026**
Per share			
Net assets	**¥3,399.29**	¥2,887.58	**$21.261**

Note: The Bank executed a 4-for-1 stock split of its common stock effective April 1, 2026.
Net assets per share are calculated based on the assumption that the stock split had been implemented at the beginning of the previous fiscal year.
See accompanying notes to consolidated financial statements.

Consolidated Statement of Income

For the years ended March 31	Millions of yen 2026	Millions of yen 2025	Thousands of U.S. dollars (Note 1) 2026
Income:			
Interest on loans and bills discounted	**¥46,075**	¥41,015	**$288,184**
Interest and dividends on securities	**15,915**	12,186	**99,543**
Other interest income	**6,098**	2,816	**38,141**
Fees and commissions	**13,848**	12,685	**86,614**
Other operating income	**5,851**	5,503	**36,596**
Other income (Note 17)	**20,834**	15,889	**130,310**
Total income	**108,625**	90,098	**679,415**
Expenses:			
Interest on deposits and negotiable certificates of deposit	**12,738**	6,661	**79,672**
Interest on call money and bills sold	**71**	446	**444**
Interest on borrowed money	**1,004**	1,233	**6,279**
Other interest expenses	**3,264**	5,891	**20,415**
Fees and commissions	**3,642**	3,732	**22,779**
Other operating expenses	**9,311**	8,333	**58,237**
General and administrative expenses (Note 18)	**35,477**	33,337	**221,897**
Other expenses (Note 19)	**14,382**	10,922	**89,954**
Total expenses	**79,894**	70,560	**499,712**
Profit before income taxes	**28,731**	19,537	**179,703**
Income taxes :			
Current	**9,752**	5,700	**60,995**
Deferred	**120**	136	**750**
Subtotal	**9,873**	5,836	**61,752**
Profit	**18,857**	13,700	**117,944**
Profit attributable to owners of parent	**¥18,857**	¥13,700	**$117,944**

For the years ended March 31	Yen 2026	Yen 2025	U.S. dollars (Note 1) 2026
Per share			
Basic earnings	**¥166.07**	¥120.30	**$1.038**
Diluted earnings	**¥166.06**	¥120.29	**$1.038**

Note: The Bank executed a 4-for-1 stock split of its common stock effective April 1, 2026.
Basic earnings per share and diluted earnings per share are calculated based on the assumption that the stock split had been implemented at the beginning of the previous fiscal year.
See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the years ended March 31	Millions of yen 2026	Millions of yen 2025	Thousands of U.S. dollars (Note 1) 2026
Profit	**¥18,857**	¥13,700	**$117,944**
Other comprehensive income (loss) (Note 20)	**43,839**	(10,876)	**274,199**
Net unrealized gains (losses) on available-for-sale securities, net of taxes	**30,222**	(14,008)	**189,029**
Net deferred losses on hedging instruments, net of taxes	**(61)**	(5)	**(381)**
Revaluation reserve for land	**—**	(147)	**—**
Remeasurements of defined benefit plans	**13,678**	3,283	**85,551**
Total comprehensive income	**¥62,697**	¥ 2,823	**$392,150**
Total comprehensive income attributable to:			
Owners of parent	**¥62,697**	¥ 2,823	**$392,150**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

For the years ended March 31	Millions of yen: Stockholders' equity: Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of March 31, 2024	¥37,322	¥30,486	¥194,802	¥ (569)	¥262,041
Changes in items during the period					
Dividends from surplus	—	—	(3,289)	—	(3,289)
Profit attributable to owners of parent	—	—	13,700	—	13,700
Purchase of treasury stock	—	—	—	(504)	(504)
Disposal of treasury stock	—	3	—	66	70
Cancellation of treasury stock	—	(441)	—	441	—
Transfer from retained earnings to capital surplus	—	438	(438)	—	—
Transfer from revaluation reserve for land	—	—	124	—	124
Net changes in items other than stockholders' equity	—	—	—	—	—
Total changes in items during the period	—	—	10,097	4	10,101
Balance as of March 31, 2025	**¥37,322**	**¥30,486**	**¥204,899**	**¥ (565)**	**¥272,143**
Changes in items during the period					
Dividends from surplus	**—**	**—**	**(5,506)**	**—**	**(5,506)**
Profit attributable to owners of parent	**—**	**—**	**18,857**	**—**	**18,857**
Purchase of treasury stock	**—**	**—**	**—**	**(1,110)**	**(1,110)**
Disposal of treasury stock	**—**	**—**	**—**	**72**	**72**
Cancellation of treasury stock	**—**	**—**	**—**	**—**	**—**
Transfer from retained earnings to capital surplus	**—**	**—**	**—**	**—**	**—**
Transfer from revaluation reserve for land	**—**	**—**	**257**	**—**	**257**
Net changes in items other than stockholders' equity	**—**	**—**	**—**	**—**	**—**
Total changes in items during the period	**—**	**—**	**13,608**	**(1,038)**	**12,569**
Balance as of March 31, 2026	**¥37,322**	**¥30,486**	**¥218,507**	**¥(1,603)**	**¥284,713**

For the years ended March 31	Millions of yen: Accumulated other comprehensive income: Net unrealized gains on available-for-sale securities, net of taxes	Net deferred losses on hedging instruments, net of taxes	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share subscription rights	Total net assets
Balance as of March 31, 2024	¥49,774	¥(11)	¥7,865	¥ 9,494	¥67,123	¥21	¥329,186
Changes in items during the period							
Dividends from surplus	—	—	—	—	—	—	(3,289)
Profit attributable to owners of parent	—	—	—	—	—	—	13,700
Purchase of treasury stock	—	—	—	—	—	—	(504)
Disposal of treasury stock	—	—	—	—	—	—	70
Cancellation of treasury stock	—	—	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—
Transfer from revaluation reserve for land	—	—	—	—	—	—	124
Net changes in items other than stockholders' equity	(14,008)	(5)	(271)	3,283	(11,001)	(12)	(11,014)
Total changes in items during the period	(14,008)	(5)	(271)	3,283	(11,001)	(12)	(912)
Balance as of March 31, 2025	**¥35,766**	**¥(16)**	**¥7,593**	**¥12,778**	**¥56,121**	**¥ 8**	**¥328,273**
Changes in items during the period							
Dividends from surplus	**—**	**—**	**—**	**—**	**—**	**—**	**(5,506)**
Profit attributable to owners of parent	**—**	**—**	**—**	**—**	**—**	**—**	**18,857**
Purchase of treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**(1,110)**
Disposal of treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**72**
Cancellation of treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Transfer from retained earnings to capital surplus	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Transfer from revaluation reserve for land	**—**	**—**	**—**	**—**	**—**	**—**	**257**
Net changes in items other than stockholders' equity	**30,222**	**(61)**	**(257)**	**13,678**	**43,582**	**—**	**43,582**
Total changes in items during the period	**30,222**	**(61)**	**(257)**	**13,678**	**43,582**	**—**	**56,152**
Balance as of March 31, 2026	**¥65,989**	**¥(77)**	**¥7,336**	**¥26,456**	**¥99,704**	**¥ 8**	**¥384,426**

Consolidated Statement of Changes in Net Assets

	Thousands of U.S. dollars (Note 1)				
	Stockholders' equity				
For the years ended March 31	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of March 31, 2025	**$233,437**	**$190,680**	**$1,281,579**	**$ (3,533)**	**$1,702,170**
Changes in items during the period					
Dividends from surplus	—	—	**(34,438)**	—	**(34,438)**
Profit attributable to owners of parent	—	—	**117,944**	—	**117,944**
Purchase of treasury stock	—	—	—	**(6,942)**	**(6,942)**
Disposal of treasury stock	—	—	—	**450**	**450**
Cancellation of treasury stock	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—
Transfer from revaluation reserve for land	—	—	**1,607**	—	**1,607**
Net changes in items other than stockholders' equity	—	—	—	—	—
Total changes in items during the period	—	—	**85,113**	**(6,492)**	**78,615**
Balance as of March 31, 2026	**$233,437**	**$190,680**	**$1,366,693**	**$(10,026)**	**$1,780,791**

	Thousands of U.S. dollars (Note 1)						
	Accumulated other comprehensive income						
For the years ended March 31	Net unrealized gains on available-for-sale securities, net of taxes	Net deferred losses on hedging instruments, net of taxes	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share subscription rights	Total net assets
Balance as of March 31, 2025	**$223,705**	**$(100)**	**$47,491**	**$ 79,922**	**$351,019**	**$50**	**$2,053,246**
Changes in items during the period							
Dividends from surplus	—	—	—	—	—	—	**(34,438)**
Profit attributable to owners of parent	—	—	—	—	—	—	**117,944**
Purchase of treasury stock	—	—	—	—	—	—	**(6,942)**
Disposal of treasury stock	—	—	—	—	—	—	**450**
Cancellation of treasury stock	—	—	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—
Transfer from revaluation reserve for land	—	—	—	—	—	—	**1,607**
Net changes in items other than stockholders' equity	**189,029**	**(381)**	**(1,607)**	**85,551**	**272,591**	—	**272,591**
Total changes in items during the period	**189,029**	**(381)**	**(1,607)**	**85,551**	**272,591**	—	**351,213**
Balance as of March 31, 2026	**$412,740**	**$(481)**	**$45,884**	**$165,474**	**$623,617**	**$50**	**$2,404,465**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

	Millions of yen		Thousands of U.S. dollars (Note 1)
For the years ended March 31	**2026**	2025	**2026**
Cash flows from operating activities			
Profit before income taxes	**¥ 28,731**	¥ 19,537	**$ 179,703**
Depreciation	**3,185**	2,936	**19,921**
Impairment losses	**286**	259	**1,788**
Net change in reserve for possible loan losses	**4,198**	991	**26,257**
Net change in reserve for bonuses for directors and corporate auditors	**14**	11	**87**
Net change in net defined benefit asset	**(2,605)**	(3,211)	**(16,293)**
Net change in net defined benefit liability	**(3)**	5	**(18)**
Net change in reserve for retirement benefits for directors and corporate auditors	**14**	(7)	**87**
Net change in reserve for claims on dormant accounts	**(25)**	56	**(156)**
Net change in reserve for contingent liabilities	**6**	35	**37**
Net change in reserve for stock-based compensation plan	**(14)**	(0)	**(87)**
Interest income	**(68,090)**	(56,019)	**(425,881)**
Interest expenses	**17,080**	14,233	**106,830**
Net loss related to securities transactions	**(2,396)**	702	**(14,986)**
Net gain related to foreign exchange	**(11,365)**	(237)	**(71,084)**
Net gain on disposal of fixed assets	**(137)**	(133)	**(856)**
Net change in loans and bills discounted	**(182,079)**	(78,282)	**(1,138,847)**
Net change in deposits	**172,097**	(104,485)	**1,076,413**
Net change in negotiable certificates of deposit	**(7,616)**	49,890	**(47,635)**
Net change in borrowed money excluding subordinated borrowings	**(143,744)**	(1,704)	**(899,074)**
Net change in due from banks other than Bank of Japan	**(12,928)**	(9,946)	**(80,860)**
Net change in call loans and others	**10,428**	19,355	**65,223**
Net change in call money and others	**(4,171)**	(7,386)	**(26,088)**
Net change in foreign exchange assets	**(179)**	420	**(1,119)**
Net change in foreign exchange liabilities	**(39)**	0	**(243)**
Net change in lease receivables and investments in leases	**(4,146)**	(2,645)	**(25,931)**
Proceeds from fund operations	**67,554**	56,366	**422,529**
Payments on fund procurement	**(15,589)**	(14,236)	**(97,504)**
Other	**18,594**	(12,100)	**116,299**
Subtotal	**(132,941)**	(125,596)	**(831,504)**
Payment of income taxes	**(7,125)**	(5,104)	**(44,564)**
Net cash used in operating activities	**(140,067)**	(130,700)	**(876,075)**
Cash flows from investing activities			
Purchase of securities	**(82,407)**	(299,297)	**(515,430)**
Proceeds from sales of securities	**140,614**	116,573	**879,497**
Proceeds from redemption of securities	**137,151**	92,544	**857,837**
Purchases of tangible fixed assets	**(2,497)**	(2,153)	**(15,617)**
Purchases of intangible fixed assets	**(2,431)**	(2,005)	**(15,205)**
Proceeds from sales of tangible fixed assets	**421**	228	**2,633**
Net cash provided by (used in) investing activities	**190,850**	(94,110)	**1,193,707**
Cash flows from financing activities			
Purchase of treasury stock	**(1,110)**	(504)	**(6,942)**
Proceeds from sales of treasury stock	**44**	29	**275**
Dividends paid	**(5,506)**	(3,289)	**(34,438)**
Net cash used in financing activities	**(6,572)**	(3,764)	**(41,105)**
Effect of exchange rate changes on cash and cash equivalents	**8**	(2)	**50**
Net change in cash and cash equivalents	**44,218**	(228,578)	**276,569**
Cash and cash equivalents at beginning of year	**817,900**	1,046,479	**5,115,711**
Cash and cash equivalents at end of year (Note 3 (16))	**¥ 862,119**	¥ 817,900	**$ 5,392,287**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of The Hyakujushi Bank, Ltd. (hereinafter the "Bank") and its consolidated subsidiaries (hereinafter collectively the "Group") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Bank as required by the Financial Instruments and Exchange Act of Japan.

The Japanese yen figures in the consolidated financial statements are in millions, with fractions omitted.

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

2. Fiscal year ends

The account closing date of the Bank and its consolidated subsidiaries is the same.

3. Significant accounting policies

(1) Consolidation

The consolidated financial statements include the accounts of the Bank and 8 subsidiaries.

[Establishment of non-consolidated subsidiaries]

The Hyakujushi Regional Future Design Co., Ltd. and Hyakujushi GENNAI Innovation Fund Limited Partnership were established on April 1, 2025 and October 1, 2025, respectively.

HYAKUJUSHI BUSINESS CONSULTING VIETNAM COMPANY LIMITED, Hyakujushi Growth Investment and Assistance Co., Ltd., Hyakujushi Business Succession and Growth Support Fund Limited Partnership, The Hyakujushi Regional Future Design Co., Ltd. and Hyakujushi GENNAI Innovation Fund Limited Partnership are excluded from the scope of consolidation because its assets and operating income and the Bank's interests in its respective amounts of net profit or loss, retained earnings or accumulated other comprehensive income are not material to the extent that exclusion from consolidation would impede reasonable judgment concerning the financial position and operating results of the Group.

There are no affiliates accounted for by the equity method as of March 31, 2026.

Shikoku Alliance Capital Co., Ltd. and SHIKOKU BRAND inc. are affiliates not accounted for by the equity method. The non-consolidated subsidiaries and the affiliated companies not accounted for by the equity method are excluded from the scope of the equity method because the Bank's interests in their respective amounts of net profits or losses, retained earnings or accumulated other comprehensive income do not have a material impact on the consolidated financial statements.

(2) Trading account securities

Under the Accounting Standards for Financial Instruments, trading account securities are stated at fair value (cost of sales is calculated by the moving-average cost method).

(3) Securities

Held-to-maturity debt securities are stated at amortized cost using the moving-average cost method. Investments in non-consolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost by the moving-average cost method. Available-for-sale securities are stated at fair value (cost of sales is calculated by the moving-average cost method), whereas shares, etc. that do not have a market price are stated at cost by the moving-average cost method.

Unrealized gain or loss on available-for-sale securities (net of the related tax effect) has been reported as a component of net assets.

(4) Derivatives

Under the Accounting Standards for Financial Instruments, derivatives are stated at fair value.

(5) Depreciation

(a) Tangible fixed assets (excluding lease assets)

Depreciation of tangible fixed assets is calculated principally using the declining-balance method (However, the straight-line method is used for facilities attached to buildings and structures acquired on or after April 1, 2016). Useful lives of tangible fixed assets are as follows:

Buildings: 10 to 50 years
Equipment: 5 to 15 years

Tangible fixed assets held by the consolidated subsidiaries are depreciated, in principle, by the declining-balance method, based on the respective estimated useful lives of the assets.

(b) Intangible fixed assets (excluding lease assets)

Intangible fixed assets are amortized by the straight-line method. Depreciation of software for internal use is calculated using the straight-line method over the useful lives (principally 5 years).

(c) Lease assets

Lease assets held by the Bank are depreciated over the leasing contract periods by the straight-line method with residual value at zero.

(6) Reserve for possible loan losses

Reserve for possible loan losses is provided as follows, based on the defined rules for write-offs and provisioning.

Reserve for possible loan losses for bankrupt or substantially bankrupt debtors is provided based on the amount after deducting the collectible portion, based on the fair value of any underlying collateral or guarantees, except for a portion written-off, as explained below.

Reserve for possible loan losses for debtors not currently bankrupt but likely to go bankrupt is provided considering the overall solvency assessment after deducting the collectible portion, based on the fair value of any underlying collateral or guarantees.

Reserve for possible loan losses on loans other than the above is provided principally at the amounts of expected losses over the next 1 year or 3 years, which are determined by making necessary adjustments considering forecasts of loss rates calculated based on the average historical default rates corresponding to a certain period consistent with those for 1 year or 3 years.

In accordance with the Bank's asset self-assessment standards, loans are assessed by branch staff and head office staff in charge of inspection, the results of which are audited by independent staff in charge of audits. Provision is made to reflect these assessment procedures.

In the case of loans to debtors who are bankrupt or substantially bankrupt, the amount remaining after deduction of the amount of collateral considered to be disposable and the amount recoverable under guarantees is set off from the original outstanding loan balance. The amount of such write-offs totaled ¥9,845 million ($61,577 thousand) and ¥9,140 million as of March 31, 2026 and 2025, respectively.

A reserve for possible losses on ordinary loans held by the Bank's consolidated subsidiaries is provided based on loan loss experience as calculated using the historical default rates. A reserve for possible losses on specific loans held by the Bank's consolidated subsidiaries is provided based on the amount deemed irrecoverable after careful examination of the recoverability of the loans in question on an individual basis.

(7) Reserve for bonuses for directors and corporate auditors

A provision is made for the payments of bonuses to directors and corporate auditors of the Bank based on an estimated amount deemed necessary.

(8) Reserve for retirement benefits for directors and corporate auditors

In order to provide for the payment of retirement benefits to directors and corporate auditors of consolidated subsidiaries, a provision is made based on the estimated amount incurred at the end of the consolidated reporting period.

(9) Reserve for claims on dormant accounts

A provision is made for losses on claims on dormant accounts in the future in an amount deemed necessary, taking into account the Bank's historical refund record.

(10) Reserve for contingent liabilities

A provision is made for an estimated amount considered necessary for losses which may occur in the future due to contingencies other than those covered for in other reserves.

(11) Reserve for stock-based compensation plan

In order to provide for the delivery of the Bank's shares from the BIP Trust, a provision is made for an estimated amount of benefits corresponding to the number of points allotted to directors in accordance with BIP Trust's share delivery rules.

(12) Accounting method for retirement benefits

To calculate retirement benefit obligations, the Bank used the benefit formula as a method for attributing estimated retirement benefits over the period until March 31, 2026. The amortization method for prior service costs and actuarial differences is as follows:

Prior Service Costs:

Prior service costs are charged fully to income at the time of occurrence.

Actuarial Differences:

Actuarial differences of the plans are to be amortized from the fiscal year following their occurrence by the straight-line method over a fixed period of 10 years, which is within the average remaining service period of the employees at the time of occurrence in each fiscal year.

In calculating net defined benefit liability and retirement benefit costs, consolidated subsidiaries apply a simplified method that provides their retirement benefit obligation at an amount to be paid for voluntary termination at the balance sheet date.

(13) Basis for recognizing significant earnings and expenses

(a) Finance lease transactions

The corresponding amounts are recognized in "Other income" and "Other expenses" at the time of receipt of lease payments.

(b) Revenue from contracts with customers

Revenue from contracts with customers is the revenue recognized from service provision related to financial services such as deposit and loan services, foreign currency exchange services, and securities-related services, and is recognized at the amount expected to be received in exchange for goods or services when control of such goods or services promised by such service provision is transferred to the customer.

(14) Foreign currency translation

Receivables and payables in foreign currencies are translated into Japanese yen primarily at the year-end rates. Translation differences arising from available-for-sale securities (bonds), including the effect of changes in exchange rates, are accounted for as net unrealized gains/losses on available-for-sale securities.

(15) Hedge accounting

Hedging against currency fluctuations

The Bank applies the deferred hedge accounting stipulated in the basic provisions of JICPA Industry Committee Practical Guideline No. 25 issued on October 8, 2020 to currency swap and foreign exchange swap transactions executed for the purpose of lending or borrowing funds in different currencies.

Pursuant to JICPA Industry Committee Practical Guideline No. 25, the Bank assesses the effectiveness of currency swap and foreign exchange swap transactions executed for the purpose of offsetting the risk of changes in currency exchange rates by verifying that there are foreign currency monetary claims and debts (foreign securities and foreign currency loans) corresponding to the foreign-currency positions.

(16) Statement of cash flows

The reconciliations between cash and due from banks in the consolidated balance sheet and cash and cash equivalents in the consolidated statement of cash flows are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2026**	2025	**2026**
Cash and due from banks	**¥919,077**	¥861,929	**$5,748,542**
Time deposits with banks other than Bank of Japan	**(56,000)**	(43,000)	**(350,262)**
Deposits with banks other than Bank of Japan	**(715)**	(669)	**(4,472)**
Other	**(242)**	(359)	**(1,513)**
Cash and cash equivalents	**¥862,119**	¥817,900	**$5,392,287**

(17) Other significant accounting policies adopted

Net gains from the cancellation and redemption of investment trusts (excluding ETF) are included in "Interest and dividends on securities" in the case of gains on the investment trusts as a whole, and net losses from the cancellation and redemption of investment trusts (excluding ETF) are included in "Loss on redemption of bonds" under "Other operating expenses" in the case of losses.

Gains on cancellation and redemption of investment trusts of ¥4,561 million ($28,527 thousand) and ¥1,563 million were recorded in "Interest and dividends on securities" for the fiscal years ended March 31, 2026 and 2025, respectively.

(18) Significant accounting estimates

Reserve for possible loan losses

(i) Amounts recognized in the consolidated financial statements at the end of fiscal year

Reserve for possible loan losses: ¥22,488 million ($140,655 thousand) and ¥18,289 million as of March 31, 2026 and 2025, respectively.

(ii) Information on the nature of significant accounting estimates for identified items

(1) Method used in making the accounting estimates

The collectability of loans and other receivables fluctuates depending on factors such as domestic and international economic trends, the business conditions of the debtors operating in areas where the Bank's wide-area network exists, mainly in its home prefecture of Kagawa, the decline in the value of real estate used as collateral, and other factors. For this reason, the Group mainly calculates the amount of expected losses from future bad debts for each debtor category and records it as reserve for possible loan losses.

The method of calculating the reserve for possible loan losses is described in "3. Significant accounting policies (6) Reserve for possible loan losses."

(2) Key assumptions used in making accounting estimates

The main assumptions used in the calculation of the reserve for possible loan losses are "the future business prospects of each debtor in determining the debtor classification."

The "future business prospects of each debtor in determining the debtor classification" consist of the assessment of the financial condition and repayment capacity of each debtor based on the impact of high prices and resources and changes in local economy. In addition to this, individual assessment of debt repayment capacity of each debtor based on the progress of each debtor's management improvement plan and other factors is conducted.

(3) Impact on the consolidated financial statements for the next fiscal year

The above "(2) Key assumptions used in making accounting estimates" is subject to uncertainty as it will be affected by changes in the business environment surrounding the debtors and the success or failure of their business strategies. Therefore, in the event of an unexpected deterioration in the business conditions of major debtors or other factors that affect the assumptions used for the initial estimate, there may be a significant impact on the reserve for possible loan losses in the consolidated financial statements for the next fiscal year.

(19) Accounting Standards Issued but Not Effective

"Accounting Standard for Leases" (ASBJ Statement No. 34 issued on September 13, 2024)
"Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33 issued on September 13, 2024)
and other revisions of related Accounting Standards, Implementation Guidance, Practical Solutions, and Transferred Guidance

(i) Overview

These standards stipulate the accounting treatment for leases whereby a lessee is required to recognize assets and liabilities for all leases, etc., consistent with international accounting standards.

(ii) Scheduled date of adoption

The Group expects to adopt the accounting standards, etc., from the beginning of the fiscal year ending March 31, 2028.

(iii) Impact of adopting the accounting standards, etc.

The Group is currently assessing the impact of adopting "Accounting Standard for Leases", etc.

4. Additional information

Board Incentive Plan (BIP) Trust

The Bank has introduced a BIP Trust for directors (excluding directors serving as audit and supervisory committee members, outside directors and non-residents of Japan; hereinafter collectively referred to as the "Bank's directors").

(i) Transaction overview

The BIP Trust is a stock incentive plan for directors, aimed at further raising motivation to contribute to the medium- to long-term improvement of business performance and enhance the Bank's corporate value. Under the plan, a certain number of points are granted to the Bank's directors based on their ranks and the level of achievement of performance targets, and the Bank's shares corresponding to the aggregate number of points or money equivalent to the value of the Bank's shares are granted or delivered to the Bank's directors upon their retirement.

(ii) Accounting treatment for transactions delivering the Company's own stock through the trust

The Bank applies the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts" (ASBJ PITF No. 30, March 26, 2015).

(iii) Matters relating to the Bank's shares held by the trust

(1) The book values of the shares held by the trust were ¥220 million ($1,376 thousand) and ¥292 million as of March 31, 2026 and 2025, respectively.
(2) The Bank's shares held by the trust have been recorded as treasury stock in stockholders' equity.
(3) The numbers of shares at year-end were 334 thousand and 444 thousand as of March 31, 2026 and 2025, respectively. The average numbers of shares during the year were 367 thousand and 470 thousand for the fiscal years ended March 31, 2026 and 2025, respectively.
(4) The number of shares at year-end and the average number of shares during the year in (3) above are included in the number of treasury stock to be deducted in the calculation of per share information.
(5) The Bank executed a 4-for-1 stock split on April 1, 2026. The number of shares stated in (3) above is calculated taking into account the effects of the stock split.

5. Changes in net assets

(1) Type and number of shares issued and treasury shares are as follows:

	Thousands of shares			
2026	March 31, 2025	**Increase**	**Decrease**	**March 31, 2026**
Shares issued				
Common stock	28,630	**—**	**—**	**28,630**
Total	28,630	**—**	**—**	**28,630**
Treasury stock				
Common stock (Notes 1, 2 and 3)	209	**176**	**27**	**358**
Total	209	**176**	**27**	**358**

Notes: 1. The number of shares of common stock at the end of the fiscal years ended March 31, 2026 and 2025 includes 83 thousand and 111 thousand shares, respectively, of the Bank's shares held by the BIP Trust.
2. The 176 thousand share increase in the number of common shares of treasury stock consists of increases of 174 thousand shares due to an acquisition based on a resolution of the Board of Directors and 1 thousand shares due to a purchase demand for fractional shares from shareholders.
3. The 27 thousand share decrease in the number of common shares of treasury stock is due to the delivery of shares to the beneficiaries from the BIP Trust.
4. The Bank executed a 4-for-1 stock split of its common stock effective April 1, 2026, but the information stated in these notes is based on the number of shares before the stock split.

	Thousands of shares			
2025	March 31, 2024	Increase	Decrease	March 31, 2025
Shares issued				
Common stock (Note 1)	28,790	—	160	28,630
Total	28,790	—	160	28,630
Treasury stock				
Common stock (Notes 2, 3 and 4)	234	161	185	209
Total	234	161	185	209

Notes: 1. The 160 thousand share decrease in the number of common shares is due to the cancellation of treasury stock.
2. The number of shares of common stock at the end of the fiscal years ended March 31, 2025 and 2024 includes 111 thousand and 133 thousand shares, respectively, of the Bank's shares held by the BIP Trust.
3. The 161 thousand share increase in the number of common shares of treasury stock consists of increases of 159 thousand shares due to an acquisition based on a resolution of the Board of Directors and 1 thousand shares due to a purchase demand for fractional shares from shareholders.
4. The 185 thousand share decrease in the number of common shares of treasury stock consists of decreases of 160 thousand shares due to the cancellation of treasury stock, 21 thousand shares due to the delivery of shares to the beneficiaries from the BIP Trust, and 3 thousand shares due to the exercise of share subscription rights.

(2) Matters concerning share subscription rights and own share options

The balance of share subscription rights (for stock options) as of March 31, 2026 and 2025 stood at ¥8 million ($50 thousand) and ¥8 million, respectively. At the end of the current and previous fiscal years, no shares had been earmarked for share subscription rights.

(3) Information on dividends

(a) Dividends paid

2026

Resolution	Type of share	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
June 27, 2025 (Regular Annual General Meeting of Shareholders) (Note 1)	**Common stock**	**¥2,425**	**¥85.0**	**March 31, 2025**	**June 30, 2025**
November 7, 2025 (Meeting of the Board of Directors) (Note 2)	**Common stock**	**3,081**	**108.0**	**September 30, 2025**	**December 10, 2025**

2025

Resolution	Type of share	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
June 27, 2024 (Regular Annual General Meeting of Shareholders) (Note 1)	Common stock	¥1,577	¥55.0	March 31, 2024	June 28, 2024
November 8, 2024 (Meeting of the Board of Directors) (Note 2)	Common stock	1,711	60.0	September 30, 2024	December 10, 2024

2026

Resolution	Type of share	Total dividend amount (Thousands of U.S. dollars)	Dividend per share (U.S. dollars)	Record date	Effective date
June 27, 2025 (Regular Annual General Meeting of Shareholders) (Note 1)	**Common stock**	**$15,167**	**$0.531**	**March 31, 2025**	**June 30, 2025**
November 7, 2025 (Meeting of the Board of Directors) (Note 2)	**Common stock**	**19,270**	**0.675**	**September 30, 2025**	**December 10, 2025**

Notes: 1. In accordance with the resolutions approved at the Bank's Regular Annual General Meetings of Shareholders held on June 27, 2025 and June 27, 2024, total amount of dividends paid includes the dividend payment to the BIP Trust of ¥9 million ($56 thousand) and ¥7 million, respectively. These exclusions reflect the Bank's classification of the shares held by the Trust as treasury stock.
2. In accordance with the resolutions approved at the Meetings of the Board of Directors held on November 7, 2025 and November 8, 2024, total amount of dividends paid includes the dividend payment to the BIP Trust of ¥9 million ($56 thousand) and ¥6 million, respectively. These exclusions reflect the Bank's classification of the shares held by the Trust as treasury stock.

(b) Dividends paid after the balance-sheet date

2026

Resolution	Type of share	Total dividend amount (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
June 26, 2026 (Regular Annual General Meeting of Shareholders) (Notes 1 and 2)	**Common stock**	**¥3,572**	**Retained earnings**	**¥126.0**	**March 31, 2026**	**June 29, 2026**

2025

Resolution	Type of share	Total dividend amount (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
June 27, 2025 (Regular Annual General Meeting of Shareholders) (Note 1)	Common stock	¥2,425	Retained earnings	¥85.0	March 31, 2025	June 30, 2025

2026

Resolution	Type of share	Total dividend amount (Thousands of U.S. dollars)	Source of dividends	Dividend per share (U.S. dollars)	Record date	Effective date
June 26, 2026 (Regular Annual General Meeting of Shareholders) (Notes 1 and 2)	**Common stock**	**$22,341**	**Retained earnings**	**$0.788**	**March 31, 2026**	**June 29, 2026**

Notes: 1. The total dividend amounts resolved on June 26, 2026 and June 27, 2025 include the dividends for the BIP Trust of ¥10 million ($62 thousand) and ¥9 million, respectively.
2. The Bank executed a 4-for-1 stock split of its common stock effective April 1, 2026, but the amounts stated are calculated based on the number of shares before the stock split, because the record date for dividends was March 31, 2026..

6. Securities

(1) Investments in affiliates

Stocks in non-consolidated subsidiaries and affiliates amounted to ¥236 million ($1,476 thousand) and ¥234 million as of March 31, 2026 and 2025, respectively.

Investments in non-consolidated subsidiaries and affiliates amounted to ¥1,041 million ($6,511 thousand) and ¥168 million as of March 31, 2026 and 2025, respectively.

(2) Securities lending transactions

Not applicable.

(3) Trading account securities

Not applicable.

(4) Held-to-maturity debt securities

Consolidated balance sheet amount and fair value of held-to-maturity securities and their difference as of March 31, 2026 and 2025 were as follows:

	Millions of yen		
2026	Consolidated balance sheet amount	Fair value	Difference
Fair value not exceeding consolidated balance sheet amount			
Bonds:			
National	**¥108,908**	**¥108,682**	**¥ (225)**
Local	**91,548**	**89,438**	**(2,109)**
Corporate	**30,218**	**29,465**	**(753)**
Subtotal	**230,675**	**227,586**	**(3,088)**
Total	**¥230,675**	**¥227,586**	**¥(3,088)**

	Millions of yen		
2025	Consolidated balance sheet amount	Fair value	Difference
Fair value not exceeding consolidated balance sheet amount			
Bonds:			
National	¥108,823	¥108,325	¥ (497)
Local	91,507	89,568	(1,938)
Corporate	30,187	29,532	(655)
Subtotal	230,519	227,427	(3,092)
Total	¥230,519	¥227,427	¥(3,092)

	Thousands of U.S. dollars		
2026	Consolidated balance sheet amount	Fair value	Difference
Fair value not exceeding consolidated balance sheet amount			
Bonds:			
National	**$ 681,185**	**$ 679,772**	**$ (1,407)**
Local	**572,604**	**559,407**	**(13,191)**
Corporate	**189,004**	**184,294**	**(4,709)**
Subtotal	**1,442,800**	**1,423,480**	**(19,314)**
Total	**$1,442,800**	**$1,423,480**	**$(19,314)**

(5) Available-for-sale securities

(a) Consolidated balance sheet amount and acquisition cost of available-for-sale securities and their difference as of March 31, 2026 and 2025 were as follows:

	Millions of yen		
2026	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost			
Equity stock	**¥169,680**	**¥ 37,026**	**¥132,654**
Bonds:			
Corporate	**50**	**50**	**0**
	50	**50**	**0**
Other	**46,342**	**44,076**	**2,266**
Subtotal	**216,072**	**81,152**	**134,920**
Consolidated balance sheet amount not exceeding acquisition cost			
Equity stock	**783**	**977**	**(193)**
Bonds:			
National	**80,633**	**81,806**	**(1,173)**
Local	**246,069**	**269,144**	**(23,074)**
Corporate	**108,754**	**118,572**	**(9,817)**
	435,457	**469,523**	**(34,066)**
Other	**160,853**	**165,680**	**(4,827)**
Subtotal	**597,094**	**636,180**	**(39,086)**
Total	**¥813,167**	**¥717,333**	**¥ 95,834**

	Millions of yen		
2025	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost			
Equity stock	¥133,618	¥ 41,195	¥ 92,422
Bonds:			
Corporate	50	50	0
	50	50	0
Other	58,429	56,548	1,880
Subtotal	192,097	97,794	94,303
Consolidated balance sheet amount not exceeding acquisition cost			
Equity stock	2,836	3,454	(618)
Bonds:			
National	88,732	89,604	(872)
Local	313,317	335,232	(21,914)
Corporate	140,872	148,584	(7,712)
	542,921	573,421	(30,499)
Other	212,477	223,820	(11,343)
Subtotal	758,235	800,697	(42,461)
Total	¥950,333	¥898,491	¥ 51,841

	Thousands of U.S. dollars		
2026	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost			
Equity stock	**$1,061,295**	**$ 231,586**	**$ 829,709**
Bonds:			
Corporate	**312**	**312**	**0**
	312	**312**	**0**
Other	**289,854**	**275,681**	**14,173**
Subtotal	**1,351,463**	**507,580**	**843,882**
Consolidated balance sheet amount not exceeding acquisition cost			
Equity stock	**4,897**	**6,110**	**(1,207)**
Bonds:			
National	**504,334**	**511,671**	**(7,336)**
Local	**1,539,085**	**1,683,412**	**(144,320)**
Corporate	**680,222**	**741,631**	**(61,402)**
	2,723,648	**2,936,721**	**(213,072)**
Other	**1,006,085**	**1,036,277**	**(30,191)**
Subtotal	**3,734,638**	**3,979,109**	**(244,470)**
Total	**$5,086,108**	**$4,486,696**	**$ 599,412**

(b) Gains and losses on sale of available-for-sale securities for the fiscal years ended March 31, 2026 and 2025 are as follows:

	Millions of yen		
2026	Proceeds from sale	Gains on sale	Losses on sale
Equity stock	**¥ 18,298**	**¥11,635**	**¥ —**
Bonds:			
Local	**77,468**	**—**	**5,671**
Corporate	**18,331**	**—**	**1,122**
	95,800	**—**	**6,793**
Other	**24,879**	**73**	**2,480**
Total	**¥138,977**	**¥11,709**	**¥9,273**

	Millions of yen		
2025	Proceeds from sale	Gains on sale	Losses on sale
Equity stock	¥ 12,049	¥7,405	¥ 60
Bonds:			
Local	40,820	—	2,818
Corporate	27,772	—	1,676
	68,592	—	4,494
Other	36,039	87	3,535
Total	¥116,681	¥7,493	¥8,091

	Thousands of U.S. dollars		
2026	Proceeds from sale	Gains on sale	Losses on sale
Equity stock	**$114,448**	**$72,773**	**$ —**
Bonds:			
Local	**484,538**	**—**	**35,470**
Corporate	**114,654**	**—**	**7,017**
	599,199	**—**	**42,488**
Other	**155,610**	**456**	**15,511**
Total	**$869,258**	**$73,236**	**$57,999**

(6) Impairment losses on securities

For securities other than trading securities (excluding shares, etc. that do not have a market price and investments in partnerships), if the fair value has fallen significantly below their acquisition cost and the fair value is not expected to recover, said securities are recorded at fair value on the consolidated balance sheet and the valuation difference is treated as loss for the fiscal year ("impairment loss").

No impairment loss was recognized in the fiscal years ended March 31, 2026 and 2025, respectively.

The Bank determines whether fair value has decreased significantly based on the degree of such decrease. If the fair value as of the end of the fiscal year has decreased by 50 percent or greater than acquisition cost, all securities are deemed to have decreased materially. And if the fair value has decreased by 30 percent or more but less than 50 percent, the determination shall be made by taking into account changes in fair value over a certain period in the past and the performance of the issuing company concerned.

7. Net unrealized gains on available-for-sale securities

The following is a breakdown of net unrealized gains on available-for- sale securities recorded in the consolidated balance sheet:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	**2026**
Valuation difference	**¥95,834**	¥51,841	**$599,412**
Available-for-sale securities	**95,834**	51,841	**599,412**
Money held in trust	**—**	—	**—**
Deferred tax liabilities	**(29,845)**	(16,075)	**(186,671)**
Net unrealized gains on available-for-sale securities (before equity equivalent)	**65,989**	35,766	**412,740**
Net unrealized gains attributable to non-controlling interests	**—**	—	**—**
Parent's ownership interest of affiliates' unrealized gains on available-for-sale securities	**—**	—	**—**
Net unrealized gains on available-for-sale securities	**¥65,989**	¥35,766	**$412,740**

8. Loans and bills discounted

Claims under the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions are as follows. Claims include corporate bonds in "Securities" in the consolidated balance sheet (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part, and for which the bonds were issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans and bills discounted, foreign exchange assets, accrued interest and suspense payments in "Other assets," and customers' liabilities for acceptances and guarantees, as well as the securities in the case of a loan of securities (limited to those under a loan-for-use or lease agreement) that are indicated in the notes.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	**2026**
Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto	**¥ 4,801**	¥ 4,885	**$ 30,028**
Claims with risks	**31,842**	25,477	**199,161**
Claims requiring management	**13,908**	17,306	**86,990**
Loans overdue for three months or more	**266**	151	**1,663**
Restructured loans	**13,641**	17,155	**85,320**
Sub-total	**50,552**	47,670	**316,187**
Ordinary claims	**3,675,695**	3,498,792	**22,990,336**
Total	**¥3,726,248**	¥3,546,462	**$23,306,529**

Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto mean the claim held against debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claims equivalent thereto.

Claims with risks mean the claims whose debtor is not yet in the status of failure in business although such debtor's financial status and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible, excluding the claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto.

Loans overdue for three months or more mean loans for which payment of principal or interest has been delayed for three months or more from the date following the agreed payment date, excluding the claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto and the claims with risks.

Restructured loans mean loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payment, concessions of principal repayment, waiver of the face amount, or other concessive measures) to the debtors to assist them in recovering from financial difficulties and eventually being able to pay creditors, excluding the claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto, the claims with risks and the loans overdue for three months or more.

Ordinary claims mean the claims categorized as those other than the claims set forth above, whose debtors are not found to be problematic in terms of the financial status and business performance.

The above claim amounts are before deduction of reserve for possible loan losses.

Bills discounted are treated as financial transactions in accordance with "Accounting and Auditing Treatment Relating to Adoption of Accounting Standards for Financial Instruments for Banks (JICPA Industry Committee Practical Guideline No. 24, March 17, 2022)." Commercial bills and foreign bills bought are permitted to be sold or pledged and their total face value was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	**2026**
Bills discounted	**¥6,631**	¥11,105	**$41,474**

9. Guarantee obligations

Guarantee obligations for bonds in private placement (defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act of Japan) included in corporate bonds under "Securities" in the consolidated balance sheet were ¥14,380 million ($89,942 thousand) and ¥18,616 million as of March 31, 2026 and 2025, respectively.

10. Assets pledged as collateral

Assets pledged as collateral as of March 31, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	**2026**
Assets pledged as collateral:			
Securities	**¥401,000**	¥568,912	**$2,508,131**
Loans and bills discounted	**98,024**	110,238	**613,109**
Cash (other assets)	**536**	536	**3,352**
Total	**499,561**	679,687	**3,124,599**
Liabilities corresponding to assets pledged as collateral:			
Deposits	**25,789**	29,205	**161,302**
Borrowed money	**445,313**	591,952	**2,785,295**

In addition to the assets presented above, the following assets were pledged as collateral for exchange clearance transactions and futures contracts at March 31, 2026 and 2025:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	**2026**
Securities	**¥39,516**	¥12,951	**$247,160**
Other assets	**—**	20,000	**—**

As of March 31, 2026 and 2025, in addition to the items presented above, other assets included cash collateral paid for financial instruments of ¥3,096 million ($19,364 thousand) and ¥7,270 million, and guarantees and household deposits of ¥1,042 million ($6,517 thousand) and ¥984 million, respectively.

11. Commitment line agreements on overdrafts and loans

Commitment line agreements on overdrafts and loans are agreements to lend funds to customers upon application up to a prescribed amount as long as there is no violation of any condition established in the contract. The balance of unused loans under these agreements as of March 31, 2026 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	**2026**
Unused commitments	**¥1,008,821**	¥1,030,480	**$6,309,863**
Contracts with less than a year of contract period or contacts that are cancellable unconditionally at any time	**946,418**	938,393	**5,919,552**

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily have effect on the future cash flow of the Group. Many of these commitments have clauses that allow the Group to refuse an application from customers or reduce the limit amount with proper reasons (e.g. changes in financial situation, to secure claims, etc.). In addition, the Group may request the customers to pledge collateral such as real estate and securities at the time of the contracts if necessary and take necessary measures periodically based on a prescribed internal procedure after conclusion of contracts such as monitoring customers' business status, revising contracts and securing claims.

12. Income taxes

(1) Deferred tax assets and liabilities

Major components of 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:			
Net unrealized losses on available-for-sale securities	**¥ 12,234**	¥ 13,290	**$ 76,519**
Excess reserve for possible loan losses	**8,921**	7,320	**55,798**
Excess depreciation	**944**	939	**5,904**
Net deferred losses on hedging instruments	**632**	566	**3,952**
Reserve for bonuses	**417**	433	**2,608**
Accrued enterprise taxes	**413**	251	**2,583**
Loss on devaluation of equity securities	**371**	364	**2,320**
Other	**2,188**	2,171	**13,685**
Subtotal	**26,121**	25,337	**163,378**
Valuation reserve	**(8,354)**	(7,035)	**(52,251)**
Deferred tax assets	**17,767**	18,302	**111,127**
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	**(42,079)**	(29,365)	**(263,191)**
Net defined benefit asset	**(12,244)**	(5,310)	**(76,582)**
Net deferred gains on hedging instruments	**(596)**	(558)	**(3,727)**
Other	**(195)**	(201)	**(1,219)**
Deferred tax liabilities	**(55,115)**	(35,436)	**(344,727)**
Net deferred tax liabilities	**¥(37,347)**	¥(17,133)	**$(233,593)**

(2) Income taxes

The following table shows the major items responsible for the difference between the statutory tax rate and the effective tax rate after application of tax-effect accounting for the fiscal years ended March 31, 2026 and 2025.

	2026	2025
Statutory income tax rate	**30.4%**	**30.4%**
Reconciliation:		
Non-deductible expenses, including entertainment expenses	**0.4**	0.5
Non-taxable income, including dividend income	**(1.7)**	(2.2)
Per-capita resident tax	**0.2**	0.3
Increase in term-end balance of deferred tax assets due to tax rate changes	**—**	(0.4)
Increase (decrease) of valuation reserve	**4.5**	0.5
Other	**0.5**	0.7
Effective income tax rate under tax-effect accounting	**34.3%**	29.8%

13. Accumulated depreciation and reduction entry

Accumulated depreciation of tangible fixed assets as of March 31, 2026 and 2025 amounted to ¥39,483 million ($246,953 thousand) and ¥38,644 million, respectively.

Reduction entry, which is deferred gain on tangible fixed assets deductible for tax purposes, amounted to ¥2,353 million ($14,717 thousand) and ¥2,474 million as of March 31, 2026 and 2025, respectively. Reduction entry for the fiscal years ended March 31, 2026 and 2025 amounted to nil and ¥69 million, respectively.

14. Revaluation reserve for land

Based on the Law on the Revaluation of Land, the Bank's land was revalued on March 31, 1999.

The amounts equivalent to deferred tax on the land revaluation were recorded as deferred tax liability for land revaluation in liabilities, and net unrealized gains on the land revaluation were recorded as revaluation reserve for land in stockholders' equity.

As of March 31, 2026 and 2025, the difference between the carrying amount and the fair value of the revalued land was ¥10,803 million ($67,569 thousand) and ¥11,616 million, respectively.

15. Asset retirement obligations

Notes on asset retirement obligations have been omitted due to immateriality.

16. Investment and rental property

Notes on investment and rental property have been omitted due to immateriality.

17. Other income

Other income includes the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	**2026**
Lease revenue	**¥ 7,300**	¥6,823	**$45,659**
Gain on sale of equity securities	**11,635**	7,405	**72,773**

18. General and administrative expenses

General and administrative expenses include the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	**2026**
Salaries and allowances	**¥14,837**	¥14,553	**$92,800**
Administrative outsourcing expenses	**3,741**	3,378	**23,398**

19. Other expenses

(1) Other expenses include the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	**2026**
Cost of leases	**¥5,893**	¥5,545	**$36,858**
Loan write-offs	**1,431**	2,394	**8,950**

(2) Impairment losses

During the fiscal years ended March 31, 2026 and 2025, the Bank recorded impairment losses on fixed assets as described below:

			Millions of yen	
			Impairment losses	
			2026	2025
Kagawa Pref.	Assets for business use and idle assets (2026: 12 locations 2025: 27 locations)	Land, buildings and movables	**¥167**	¥257
			land: 154	land: 187
			buildings: 13	buildings: 69
			movables: —	movables: 1
Other	Assets for business use and idle assets (2026: 5 locations 2025: 3 locations)	Land and buildings and movables	**¥118**	¥ 0
			land: 95	land: 0
			buildings: 22	buildings: 0
			movables: 0	movables: 0
Total			**¥286**	¥259
			land: 251	land: 188
			buildings: 35	buildings: 69
			movables: 0	movables: 1

			Thousands of U.S. dollars
			Impairment losses
			2026
Kagawa Pref.	Assets for business use and idle assets (2026: 12 locations)	Land, buildings and movables	**$1,044**
			land: 963
			buildings: 81
			movables: —
Other	Assets for business use and idle assets (2026: 5 locations)	Land and buildings and movables	**$738**
			land: 594
			buildings: 137
			movables: 0
Total			**$1,788**
			land: 1,569
			buildings: 218
			movables: 0

The Bank posted impairment losses of ¥286 million ($1,788 thousand) and ¥259 million, respectively, during the fiscal years ended March 31, 2026 and 2025, respectively, on land, buildings and movables due to a fall in operating cash flows and continuous declines in land prices. The Bank reduced the carrying amounts of the corresponding assets to the recoverable amounts, and recorded the difference between the carrying amount and recoverable amount of each asset as impairment losses under other expenses.

In general, the Bank treats each of its branches as a single asset group unit for recognition and measurement of impairment losses; however, jointly managed branches are treated as a single cash generating unit. Values of idle assets and assets for disposal are measured on an individual basis.

Regarding head office buildings, operation and training centers, dormitories, and housing and welfare facilities, these facilities are classified as the Bank's common property, as it is deemed difficult to specify each asset as a source of identifiable cash flows in the future.

At the Bank's consolidated subsidiaries, each business base of subsidiaries is usually considered as the smallest grouping unit. Idle assets and assets for disposal, however, are valued on an individual basis.

For the fiscal years ended March 31, 2026 and 2025, the recoverable amounts are measured using the higher of either the net selling prices or the value in use. Net selling prices are calculated on the basis of appraisal values of land or the amounts computed using the method laid down by the National Tax Agency of Japan for calculation of land prices (used as the basis for computing taxable amounts as set forth in Article 16 of the Land Tax Law) after deducting estimated costs of disposal. The value in use is calculated by discounting future cash flows at a rate of 0.5% as of March 31,2026.

20. Matters relating to consolidated statement of comprehensive income

The amount of recycling and amount of income taxes and tax effects associated with other comprehensive income (loss):

	Millions of yen		Thousands of U.S. dollars
	2026	2025	**2026**
Net unrealized gains (losses) on available-for-sale securities, net of taxes:			
Amount recognized during the year	**¥50,593**	¥(18,439)	**$316,443**
Amount of recycling	**(6,601)**	(1,023)	**(41,287)**
Prior to income taxes and tax effect	**43,992**	(19,463)	**275,156**
Income taxes and tax effect	**(13,769)**	5,454	**(86,120)**
Net unrealized gains (losses) on available-for-sale securities, net of taxes	**30,222**	(14,008)	**189,029**
Net deferred losses on hedging instruments, net of taxes:			
Amount recognized during the year	**(2,182)**	(5,779)	**(13,647)**
Amount of recycling	**2,093**	5,771	**13,091**
Prior to income taxes and tax effect	**(89)**	(7)	**(556)**
Income taxes and tax effect	**27**	2	**168**
Net deferred losses on hedging instruments	**(61)**	(5)	**(381)**
Revaluation reserve for land:			
Amount recognized during the year	**—**	—	**—**
Amount of recycling	**—**	—	**—**
Prior to income taxes and tax effect	**—**	—	**—**
Income taxes and tax effect	**—**	(147)	**—**
Revaluation reserve for land	**—**	(147)	**—**
Remeasurements of defined benefit plans:			
Amount recognized during the year	**21,578**	6,578	**134,963**
Amount of recycling	**(1,668)**	(1,619)	**(10,432)**
Prior to income taxes and tax effect	**19,909**	4,958	**124,524**
Income taxes and tax effect	**(6,231)**	(1,674)	**(38,972)**
Remeasurements of defined benefit plans	**13,678**	3,283	**85,551**
Total other comprehensive income (loss)	**¥43,839**	¥(10,876)	**$274,199**

21. Finance leases

Information on finance leases for the fiscal years ended March 31, 2026 and 2025 are as follows:

1. As lessee

Finance lease transactions that do not transfer ownership

(1) Components of lease assets

(a) Tangible fixed assets

Not applicable.

(b) Intangible fixed assets

Not applicable.

(2) Depreciation and amortization methods for lease assets

Depreciation and amortization methods for lease assets are described in "3. Significant accounting policies (5) Depreciation".

2. As lessor

(1) Breakdown of investment in leases

	Millions of yen		Thousands of U.S. dollars
	2026	2025	**2026**
Lease receivables	**¥22,008**	¥19,174	**$137,653**
Estimated residual value	**4,103**	3,642	**25,662**
Interest received	**(2,722)**	(2,250)	**(17,025)**
Investments in leases	**¥23,389**	¥20,565	**$146,290**

(2) Schedule for collection of lease receivables and receivables on investments in leases by leasing contract maturity

	Millions of yen	
2026	Lease receivables	Receivables on investments in leases
Up to 1 year	**¥296**	**¥6,285**
Over 1 year, up to 2 years	**290**	**5,199**
Over 2 years, up to 3 years	**275**	**4,219**
Over 3 years, up to 4 years	**272**	**3,042**
Over 4 years, up to 5 years	**206**	**1,616**
Over 5 years	**184**	**1,645**

	Millions of yen	
2025	Lease receivables	Receivables on investments in leases
Up to 1 year	¥45	¥5,831
Over 1 year, up to 2 years	22	4,513
Over 2 years, up to 3 years	21	3,439
Over 3 years, up to 4 years	6	2,485
Over 4 years, up to 5 years	3	1,364
Over 5 years	—	1,539

	Thousands of U.S. dollars	
2026	Lease receivables	Receivables on investments in leases
Up to 1 year	**$1,851**	**$39,310**
Over 1 year, up to 2 years	**1,813**	**32,518**
Over 2 years, up to 3 years	**1,720**	**26,388**
Over 3 years, up to 4 years	**1,701**	**19,026**
Over 4 years, up to 5 years	**1,288**	**10,107**
Over 5 years	**1,150**	**10,288**

3. Operating leases

As lessee

Future minimum lease payments related to non-cancellable operating lease transactions

	Millions of yen		Thousands of U.S. dollars
	2026	2025	**2026**
Up to 1 year	**¥ 51**	¥ 48	**$ 318**
Over 1 year	**152**	180	**950**
Total	**¥203**	¥229	**$1,269**

22. Financial instruments

1. Disclosures related to financial instruments

(1) Financial instrument policies

The Group provides banking services, including leasing and other financial services. The Group limits risk within the scope of its business capacity, while realizing profits commensurate with the risk of the financial instruments held. To accomplish this goal, the Group quantifies, to the greatest extent possible, various risks related to financial instruments using statistical methods. It categorizes capital (risk capital) according to the size of the risk, engaging in "integrated risk management," incorporating a capital allocation system that monitors risk versus return. The Group continues to improve efficiency in risk management, ensuring greater stability and soundness for the business as a whole.

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

The major types of financial assets held by the Group are loans and bills discounted and securities. Loans and bills discounted are mainly for domestic corporations and individuals, and are exposed to credit risk, interest rate risk, and foreign exchange risk. If loans and bills discounted are concentrated excessively on a particular corporate group or industry type, the Group's stockholders' equity may suffer significant adverse effects. Therefore, the Group has set maximum loan balances for each corporate group or industry type, and has in place a system for monitoring compliance with these thresholds to prevent such an excessive concentration of risk.

Securities mainly consist of stocks, bonds, investment trusts and direct investments. These investments are used as a pure investment vehicle or as a cross-shareholding vehicle. In addition, certain bonds are held-to-maturity. These investments are exposed to the credit risk of the issuing body, interest rate risk, price volatility risk and/or foreign exchange risk. Securities include financial instruments with limited market liquidity, including private placement bonds underwritten by the Group, private equity shares, and direct investments.

Financial liabilities mainly consist of deposits received from domestic corporations and individuals. These financial liabilities are exposed to interest rate risk, exchange rate risk, and liquidity risk.

Derivative transactions entered into by the Group include interest rate and currency swaps, options, futures/forward contracts, and cap transactions. These transactions are generally entered into with a client to cover the underlying financial instrument. Such transactions are variously exposed to interest rate risk, foreign exchange risk, price volatility risk, and the credit risk of the counter party.

The Bank applies the deferred hedge accounting stipulated in the basic provisions of JICPA Industry Committee Practical Guideline No. 25 for currency swap and foreign exchange swap transactions that are concluded for the purpose of hedging foreign exchange rate risk associated with foreign currency denominated financial assets. Hedge effectiveness of these hedge transactions is evaluated by confirming the correspondence of the position to the amount of foreign currency denominated financial assets hedged.

(3) Risk management for financial instruments

(a) Credit risk management

The Group has compiled Credit Risk Management Rules and related documents, and the Risk Management Committee (Risk Management Subcommittee) monitors and manages credit risk exposures.

In addition, the Risk Management Division acts as the credit risk managing department for granting and verifying internal credit ratings, measures the amount of credit risk and sets and manages credit limits.

(b) Market risk management

The Group has established Market Risk Management Rules along with relevant documentation, and the Risk Management Committee (Risk Management Subcommittee) monitors market risk and maintains management systems. The Revenue Management Committee (Budget ALM Subcommittee) deliberates on the stability of medium and long-term profit in light of risk circumstances.

Departments involved in the execution of market transactions (Treasury and International Division) have been divided into front office (transaction execution), back office (clerical), and middle office (market risk management) roles. This creates a system of internal checks and balances, with the Risk Management Division in charge of managing overall market risk.

(i) Interest rate risk management

The Group manages interest rate risk using statistical methods to quantify the size of the interest rate risk. When deemed necessary, the Group establishes and manages limits on positions and/or profits and losses for securities, derivatives, and other market transactions.

(ii) Foreign exchange risk management

The Group uses statistical methods to quantify and manage foreign exchange risk. The Group also establishes and manages limits on positions and profits and losses.

(iii) Price volatility risk management

The Group uses statistical methods to quantify and manage price volatility risk. The Group establishes and manages limits on positions and profits and losses.

(iv) Quantitative information regarding market risks

a. Financial instruments held for trading purposes

In measuring the VaR of interest rate risks associated with trading securities, interest rate futures and related transactions as well as the VaR of foreign currency exchange risks associated with foreign exchange trading and related transactions, the Group applies the historical simulation method with a holding period of 10 days, a confidence interval of 99% and an observation period of 1,200 business days. As of March 31, 2026 (the consolidated balance sheet date), the volume of the aforementioned risks of financial instruments held for trading purposes (estimated amount of loss) amounted to ¥14 million ($87 thousand) (compared with ¥6 million at the end of the previous fiscal year).

b. Financial instruments not held for trading purposes

In measuring the VaR of interest rate risks associated with loans and bills discounted, investment securities, deposits, and interbank, interest rate swap and related transactions, as well as the VaR for volatility risks associated with the prices of publicly listed company shares and investment trusts, etc. the Group applies the historical simulation method with a holding period of 120 days, a confidence interval of 99% and an observation period of 1,200 business days.

The VaR of financial instruments not held for trading purposes amounted to ¥33,228 million ($207,830 thousand) and ¥48,136 million as of March 31, 2026 and 2025, respectively.

c. VaR

The Group uses back testing to compare the VaR computed by the models and the hypothesized gain/loss (gain or loss assumed generated when the portfolio is fixed at the time of measuring the VaR) to verify the reliability of these measured models.

However, VaR determined using the historical simulation method is a measure of the volume of market risk at a certain event probability statistically computed utilizing changes in historical market data. In this context, there are cases in which VaR cannot capture risk under sudden and dramatic changes in the market beyond normal circumstances. To supplement the limitations of VaR, the Group conducts stress testing periodically in addition to the management using VaR.

(c) Liquidity risk management

The Group has established Liquidity Risk Management Rules and other related guidelines as a basis for managing liquidity risk. The Group has established Liquidity Crisis Response Rules to ensure a prompt and appropriate response to cases where a run on deposits, difficulties in funding, or a significant premium on interbank funding occurs due to the realization of risk events such as reputational damage or deteriorating business performance and cases where such events might occur. These rules assume that unexpected situations will arise and classify them into the categories of "caution" and "crisis", thereby enabling the Group to respond in a timely and appropriate manner.

The Liquidity Risk Management Department (Treasury and International Division) performs daily and monthly cash projections to ensure proper and stable cash management based on the Group's investment/acquisition structure, ensuring sufficient liquidity reserves. The Liquidity Risk Management Department is also responsible for identifying, analyzing, assessing and monitoring liquidity risk by identifying internal and external factors that may have an impact on the said risk.

(4) Supplementary information regarding fair value of financial instruments

Since certain assumptions are used to calculate the fair value of financial instruments, the said value may vary when differing assumptions are used.

2. Fair value of financial instruments

The consolidated balance sheet amount, fair values and the differences as of March 31, 2026 and 2025 are as follows. Shares, etc. that do not have a market price and investments in partnerships are not readily determinable are not included in the following table (Note 1). Notes to cash and due from banks, call loans and bills bought, monetary claims bought, foreign exchange (assets and liabilities), and call money and bills sold are omitted because the fair values approximate book values due to their short maturities.

	Millions of yen		
2026	Consolidated balance sheet amount	Fair value	Difference
(1) Securities			
Held-to-maturity debt securities	**¥ 230,675**	**¥ 227,586**	**¥ (3,088)**
Available-for-sale securities	**813,167**	**813,167**	**—**
(2) Loans and bills discounted	**3,688,724**		
Reserve for possible loan losses*1	**(20,965)**		
	3,667,758	**3,606,868**	**(60,890)**
Total assets	**4,711,601**	**4,647,622**	**(63,979)**
(1) Deposits	**4,744,569**	**4,744,438**	**(130)**
(2) Negotiable certificates of deposit	**114,952**	**115,026**	**73**
(3) Borrowed money	**469,761**	**468,669**	**(1,091)**
Total liabilities	**5,329,283**	**5,328,134**	**(1,148)**
Derivative transactions*2			
Not subject to hedge accounting	**1,265**	**1,265**	**—**
Subject to hedge accounting	**(807)**	**(807)**	**—**
Total derivative transactions	**¥ 458**	**¥ 458**	**¥ —**

	Millions of yen		
2025	Consolidated balance sheet amount	Fair value	Difference
(1) Securities			
Held-to-maturity debt securities	¥ 230,519	¥ 227,427	¥ (3,092)
Available-for-sale securities	950,333	950,333	—
(2) Loans and bills discounted	3,506,645		
Reserve for possible loan losses*1	(17,036)		
	3,489,608	3,405,023	(84,584)
Total assets	4,670,460	4,582,784	(87,676)
(1) Deposits	4,572,471	4,571,534	(936)
(2) Negotiable certificates of deposit	122,569	122,614	45
(3) Borrowed money	613,505	612,975	(530)
Total liabilities	5,308,546	5,307,124	(1,421)
Derivative transactions*2			
Not subject to hedge accounting	548	548	—
Subject to hedge accounting	1,301	1,301	—
Total derivative transactions	¥ 1,850	¥ 1,850	¥ —

	Thousands of U.S. dollars		
2026	Consolidated balance sheet amount	Fair value	Difference
(1) Securities			
Held-to-maturity debt securities	**$ 1,442,800**	**$ 1,423,480**	**$ (19,314)**
Available-for-sale securities	**5,086,108**	**5,086,108**	**—**
(2) Loans and bills discounted	**23,071,828**		
Reserve for possible loan losses*1	**(131,129)**		
	22,940,693	**22,559,844**	**(380,848)**
Total assets	**29,469,608**	**29,069,439**	**(400,168)**
(1) Deposits	**29,675,813**	**29,674,993**	**(813)**
(2) Negotiable certificates of deposit	**718,989**	**719,452**	**456**
(3) Borrowed money	**2,938,209**	**2,931,379**	**(6,823)**
Total liabilities	**33,333,018**	**33,325,831**	**(7,180)**
Derivative transactions*2			
Not subject to hedge accounting	**7,912**	**7,912**	**—**
Subject to hedge accounting	**(5,047)**	**(5,047)**	**—**
Total derivative transactions	**$ 2,864**	**$ 2,864**	**$ —**

*1 General reserve for possible loan losses and specific reserve for possible loan losses for loans and bills discounted are deducted from above.
*2 Derivative transactions in the above table are recorded on a net basis with liabilities presented in parentheses.
*3 Items with no material impact have not been listed.

(Note 1) The consolidated balance sheet amount of shares, etc. that do not have a market price and investments in partnership are as follows. These are not included in Available-for-sale securities in the tables above.

	Millions of yen		Thousands of U.S. dollars
	Consolidated balance sheet amount		Consolidated balance sheet amount
Category	**2026**	2025	**2026**
1. Private equity shares*1*2	**¥2,777**	¥2,669	**$17,369**
2. Investments in partnership*3*4	**8,559**	6,410	**53,533**

*1 Private equity shares are excluded from fair value disclosure in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).
*2 Impairment losses on private equity shares of ¥1 million ($6 thousand) and nil were recognized for the fiscal years ended March 31, 2026 and 2025, respectively.
*3 Investments in partnership are excluded from the disclosure of fair value in accordance with Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).
*4 Impairment loss on investments in partnership of ¥37 million ($231 thousand) and ¥104 million were recognized for the fiscal years ended March 31, 2026 and 2025, respectively.

(Note 2) The redemption schedule and the corresponding estimated amounts of monetary claims and securities with maturities subsequent to March 31, 2026 and 2025 are as follows:

	Millions of yen					
2026	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
Securities:						
Held-to-maturity debt securities	**¥ 110,657**	**¥120,248**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
National government bonds	**109,000**	**—**	**—**	**—**	**—**	**—**
Local government bonds	**1,554**	**90,068**	**—**	**—**	**—**	**—**
Corporate bonds	**103**	**30,180**	**—**	**—**	**—**	**—**
Available-for-sale securities with maturities	**91,258**	**202,471**	**155,834**	**124,246**	**48,256**	**37,799**
National government bonds	**—**	**72,500**	**9,500**	**—**	**500**	**—**
Local government bonds	**4,368**	**56,924**	**95,515**	**82,375**	**11,212**	**19,597**
Corporate bonds	**5,325**	**25,107**	**48,708**	**22,758**	**3,510**	**13,249**
Other	**81,564**	**47,939**	**2,110**	**19,112**	**33,033**	**4,952**
Loans and bills discounted*	**1,449,410**	**627,303**	**516,058**	**263,364**	**247,609**	**537,906**
Total	**¥1,651,326**	**¥950,023**	**¥671,892**	**¥387,610**	**¥295,866**	**¥575,706**

	Millions of yen					
2025	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
Securities:						
Held-to-maturity debt securities	¥ —	¥167,216	¥ 63,690	¥ —	¥ —	¥ —
National government bonds	—	109,000	—	—	—	—
Local government bonds	—	55,617	36,006	—	—	—
Corporate bonds	—	2,599	27,684	—	—	—
Available-for-sale securities with maturities	58,083	246,194	148,046	255,374	50,937	39,679
National government bonds	18,000	71,500	—	—	500	—
Local government bonds	3,035	49,305	61,537	184,375	14,612	22,635
Corporate bonds	16,819	14,153	37,157	60,390	6,010	14,115
Other	20,228	111,235	49,351	10,609	29,814	2,928
Loans and bills discounted*	1,366,819	544,702	430,272	297,867	284,238	541,520
Total	¥1,424,903	¥958,113	¥642,008	¥553,242	¥335,176	¥581,199

	Thousands of U.S. dollars					
2026	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
Securities:						
Held-to-maturity debt securities	**$ 692,125**	**$ 752,114**	**$ —**	**$ —**	**$ —**	**$ —**
National government bonds	**681,761**	**—**	**—**	**—**	**—**	**—**
Local government bonds	**9,719**	**563,347**	**—**	**—**	**—**	**—**
Corporate bonds	**644**	**188,766**	**—**	**—**	**—**	**—**
Available-for-sale securities with maturities	**570,790**	**1,266,393**	**974,693**	**777,120**	**301,826**	**236,421**
National government bonds	**—**	**453,465**	**59,419**	**—**	**3,127**	**—**
Local government bonds	**27,320**	**356,042**	**597,416**	**515,230**	**70,127**	**122,573**
Corporate bonds	**33,306**	**157,036**	**304,653**	**142,344**	**21,953**	**82,868**
Other	**510,157**	**299,843**	**13,197**	**119,539**	**206,611**	**30,973**
Loans and bills discounted*	**9,065,611**	**3,923,586**	**3,227,783**	**1,647,260**	**1,548,717**	**3,364,435**
Total	**$10,328,533**	**$5,942,100**	**$4,202,476**	**$2,424,380**	**$1,850,550**	**$3,600,863**

*Loans and bills discounted do not include ¥36,551 million ($228,615 thousand) and ¥30,326 million in loans to bankrupt, substantially bankrupt and likely to go bankrupt debtors or other loans of which repayment is not expected, or ¥10,519 million ($65,793 thousand) and ¥10,897 million in loans with no established maturity as of March 31, 2026 and 2025, respectively.

(Note 3) The redemption schedule of borrowed money and other interest-bearing debt scheduled to be repaid subsequent to March 31, 2026 and 2025 is as follows:

	Millions of yen					
2026	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
Deposits*	**¥4,551,229**	**¥165,533**	**¥25,909**	**¥244**	**¥1,652**	**¥ —**
Negotiable certificates of deposit	**114,952**	**—**	**—**	**—**	**—**	**—**
Borrowed money	**323,023**	**141,850**	**3,993**	**227**	**334**	**331**
Total	**¥4,989,205**	**¥307,384**	**¥29,902**	**¥471**	**¥1,987**	**¥331**

	Millions of yen					
2025	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
Deposits*	¥4,379,249	¥161,578	¥29,548	¥264	¥1,830	¥ —
Negotiable certificates of deposit	122,569	—	—	—	—	—
Borrowed money	256,994	352,247	3,597	163	223	279
Total	¥4,758,813	¥513,825	¥33,146	¥427	¥2,054	¥279

	Thousands of U.S. dollars					
2026	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
Deposits*	**$28,466,531**	**$1,035,357**	**$162,052**	**$1,526**	**$10,332**	**$ —**
Negotiable certificates of deposit	**718,989**	**—**	**—**	**—**	**—**	**—**
Borrowed money	**2,020,409**	**887,227**	**24,974**	**1,419**	**2,089**	**2,070**
Total	**$31,205,935**	**$1,922,591**	**$187,027**	**$2,945**	**$12,428**	**$2,070**

*Among deposits, demand deposits are included in "Up to 1 year."

3. Fair value information by level within the fair value hierarchy

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

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for identical assets or liabilities.

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

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

	Millions of yen			
	Fair Value			
2026	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
National government bonds	**¥ 80,633**	**¥ —**	**¥ —**	**¥ 80,633**
Local government bonds	**—**	**246,069**	**—**	**246,069**
Corporate bonds	**—**	**94,728**	**14,076**	**108,804**
Equity stock	**170,464**	**—**	**—**	**170,464**
Other	**11,846**	**184,823**	**10,405**	**207,075**
Total assets	**¥262,943**	**¥525,621**	**¥24,482**	**¥813,047**
Derivative transactions				
Interest rate related	**¥ —**	**¥ 507**	**¥ —**	**¥ 507**
Currency related	**—**	**(48)**	**—**	**(48)**
Total derivative transactions	**¥ —**	**¥ 458**	**¥ —**	**¥ 458**

* For investment trusts to which the treatment of deeming net asset value as fair value is applied, information on the fair value by level within the fair value hierarchy is omitted. The amount of such investment trusts in the consolidated balance sheet as of March 31, 2026 was ¥119 million ($744 thousand).

	Millions of yen			
	Fair Value			
2025	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
National government bonds	¥ 88,732	¥ —	¥ —	¥ 88,732
Local government bonds	—	313,317	—	313,317
Corporate bonds	—	122,477	18,444	140,922
Equity stock	136,454	—	—	136,454
Other	20,216	240,743	9,828	270,788
Total assets	¥245,403	¥676,538	¥28,273	¥950,214
Derivative transactions				
Interest rate related	¥ —	¥ 237	¥ —	¥ 237
Currency related	—	1,612	—	1,612
Total derivative transactions	¥ —	¥ 1,850	¥ —	¥ 1,850

* For investment trusts to which the treatment of deeming net asset value as fair value is applied, information on the fair value by level within the fair value hierarchy is omitted. The amount of such investment trusts in the consolidated balance sheet as of March 31, 2025 was ¥118 million.

	Thousands of U.S. dollars			
	Fair Value			
2026	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities				
National government bonds	**$ 504,334**	**$ —**	**$ —**	**$ 504,334**
Local government bonds	**—**	**1,539,085**	**—**	**1,539,085**
Corporate bonds	**—**	**592,494**	**88,041**	**680,535**
Equity stock	**1,066,199**	**—**	**—**	**1,066,199**
Other	**74,093**	**1,156,010**	**65,080**	**1,295,190**
Total assets	**$1,644,627**	**$3,287,596**	**$153,127**	**$5,085,357**
Derivative transactions				
Interest rate related	**$ —**	**$ 3,171**	**$ —**	**$ 3,171**
Currency related	**—**	**(300)**	**—**	**(300)**
Total derivative transactions	**$ —**	**$ 2,864**	**$ —**	**$ 2,864**

* For investment trusts to which the treatment of deeming net asset value as fair value is applied, information on the fair value by level within the fair value hierarchy is omitted. The amount of such investment trusts in the consolidated balance sheet as of March 31, 2026 was $744 thousand.

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

	Millions of yen			
	Fair Value			
2026	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities				
National government bonds	**¥108,682**	**¥ —**	**¥ —**	**¥ 108,682**
Local government bonds	**—**	**89,438**	**—**	**89,438**
Corporate bonds	**—**	**29,465**	**—**	**29,465**
Loans and bills discounted	**—**	**—**	**3,606,868**	**3,606,868**
Total assets	**¥108,682**	**¥ 118,903**	**¥3,606,868**	**¥3,834,454**
Deposits	**¥ —**	**¥4,744,438**	**¥ —**	**¥4,744,438**
Negotiable certificates of deposit	**—**	**115,026**	**—**	**115,026**
Borrowed money	**—**	**468,669**	**—**	**468,669**
Total liabilities	**¥ —**	**¥5,328,134**	**¥ —**	**¥5,328,134**

	Millions of yen			
	Fair Value			
2025	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities				
National government bonds	¥108,325	¥ —	¥ —	¥ 108,325
Local government bonds	—	89,568	—	89,568
Corporate bonds	—	29,532	—	29,532
Loans and bills discounted	—	—	3,405,023	3,405,023
Total assets	¥108,325	¥ 119,101	¥3,405,023	¥3,632,451
Deposits	¥ —	¥4,571,534	¥ —	¥4,571,534
Negotiable certificates of deposit	—	122,614	—	122,614
Borrowed money	—	612,975	—	612,975
Total liabilities	¥ —	¥5,307,124	¥ —	¥5,307,124

	Thousands of U.S. dollars			
	Fair Value			
2026	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities				
National government bonds	**$679,772**	**$ —**	**$ —**	**$ 679,772**
Local government bonds	**—**	**559,407**	**—**	**559,407**
Corporate bonds	**—**	**184,294**	**—**	**184,294**
Loans and bills discounted	**—**	**—**	**22,559,844**	**22,559,844**
Total assets	**$679,772**	**$ 743,701**	**$22,559,844**	**$23,983,324**
Deposits	**$ —**	**$29,674,993**	**$ —**	**$29,674,993**
Negotiable certificates of deposit	**—**	**719,452**	**—**	**719,452**
Borrowed money	**—**	**2,931,379**	**—**	**2,931,379**
Total liabilities	**$ —**	**$33,325,831**	**$ —**	**$33,325,831**

(Note 1) Description of valuation techniques and inputs used in the fair value measurements

Assets

Securities:

Securities for which unadjusted quoted market prices in active markets are available are classified as Level 1 fair value. This mainly includes listed equity stock and national government bonds.

Securities for which published quoted market prices are available but the market is not active are classified as Level 2 fair value. This mainly includes local government bonds and corporate bonds. For investment trusts for which no market trading prices exist, the net asset value is used as fair value and classified as Level 2 fair value if there are no material restrictions that would require compensation for the risk from market participants with respect to cancellation or repurchase requests.

When quoted market prices are not available, fair value is estimated using valuation techniques such as valuation prices obtained from third parties such as brokers or present value of future cash flows. The valuation is based on the maximum use of observable inputs, which include TIBOR, national government bond yields, swap rates, and credit spreads. When significant unobservable inputs are used in the calculation, the fair value is classified as Level 3 fair value.

The fair value of self-guaranteed privately-subscribed bonds is calculated by discounting the total amount of principal and interest by the interest rate that would be assumed if similar bonds were issued, by category based on internal rating and term, and is classified as Level 3 fair value because the discount rate is unobservable.

Notes regarding securities by purpose of holding are described in "6. Securities."

Loans and bills discounted:

The fair value of loans and bills discounted is calculated by discounting the total amount of principal and interest by the interest rate that would be applicable to a similar new loan based on the loan type, internal rating, and term, and is classified as Level 3 fair value because the relevant discount rate is unobservable. For loans to bankrupt, substantially bankrupt and likely to go bankrupt debtors, reserve for possible loan losses is provided based on the present value of estimated future cash flows or the amount expected to be collected through collateral and guarantees, etc. As the fair value approximates the amount of loans less the amount of reserve for possible loan losses on the consolidated balance sheet as of the end of the fiscal year, this value is used as fair value and classified as Level 3 fair value.

For loans and bills discounted that do not have a repayment date due to characteristics such as limiting such loans to the scope of collateral assets, book value is used as fair value because the fair value is assumed to approximate the book value based on the expected repayment period and interest rate terms, etc. Such loans and bills discounted are classified as Level 3 fair value.

Liabilities

Deposits and Negotiable certificates of deposit:

For demand deposits, the amount payable on demand at the end of the fiscal year (book value) is considered to be the fair value. The fair value of time deposits is calculated as the present value of future cash flows discounted by a certain period of time. The discount rate used is the interest rate applicable to new deposits. For those with short deposit terms (6 months or less), book value is used as fair value because the fair value approximates the book value. Such fair value is classified as Level 2 fair value.

Borrowed money:

The present value of borrowed money is calculated by discounting the total amount of principal and interest of the relevant borrowings, classified by a certain period of time, by the interest rate assumed for similar borrowings.

For those with floating interest rates, the book value is used as the fair value because the fair value is considered to approximate the book value since the floating interest rate reflects the market interest rate in a short period of time and the credit conditions of the Bank and its consolidated subsidiaries have not changed significantly since the borrowings were executed. For those with short contractual terms (1 year or less), book value is used as fair value because the fair value approximates the book value. Such fair value is classified as Level 2 fair value.

Derivative transactions:

For exchange-traded transactions, those for which unadjusted quoted prices in active markets are available are classified as Level 1 fair value.

For over-the-counter transactions, fair value is calculated using valuation techniques such as present value techniques and option pricing models with inputs such as interest rates, exchange rates, and volatility. In addition, price adjustments are made based on the credit risk of the counterparty and the Bank's own credit risk. When unobservable inputs are not used or their effect is not material, the Bank classifies the instruments as Level 2 fair value, and when significant unobservable inputs are used, the Bank classifies the instruments as Level 3 fair value.

(Note 2) Information about Level 3 fair value of financial instruments measured at fair value

(1) Quantitative information on significant unobservable inputs

2026	Valuation techniques	Significant unobservable inputs	Range of inputs	Weighted average of inputs
Securities:				
Available-for-sale securities:				
Privately-subscribed bonds	Present value technique	Credit spread	0.03% to 0.09%	0.05%

2025	Valuation techniques	Significant unobservable inputs	Range of inputs	Weighted average of inputs
Securities:				
Available-for-sale securities:				
Privately-subscribed bonds	Present value technique	Credit spread	(0.07)% to 0.08%	0.04%

(2) A reconciliation of the beginning balances and ending balances and gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period

	Millions of yen	
	Securities	
	Available-for-sale securities	
2026	Privately-subscribed bonds	Structured bonds
Beginning balance	**¥18,444**	**¥ 9,828**
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1)	**—**	**—**
Recorded in other comprehensive income (*2)	**(131)**	**577**
Purchases, sales, issuances, and settlements (net)	**(4,236)**	**—**
Transfer into Level 3 (*3)	**—**	**—**
Transfer out of Level 3 (*4)	**—**	**—**
Ending balance	**¥14,076**	**¥10,405**
Gains or losses on valuation of financial assets and financial liabilities held at the end of the fiscal year included in profit or loss for the period (*1)	**¥ —**	**¥ —**

	Millions of yen	
	Securities	
	Available-for-sale securities	
2025	Privately-subscribed bonds	Structured bonds
Beginning balance	¥20,477	¥9,994
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1)	—	—
Recorded in other comprehensive income (*2)	(157)	(165)
Purchases, sales, issuances, and settlements (net)	(1,875)	—
Transfer into Level 3 (*3)	—	—
Transfer out of Level 3 (*4)	—	—
Ending balance	¥18,444	¥9,828
Gains or losses on valuation of financial assets and financial liabilities held at the end of the fiscal year included in profit or loss for the period (*1)	¥ —	¥ —

	Thousands of U.S. dollars	
	Securities	
	Available-for-sale securities	
2026	Privately-subscribed bonds	Structured bonds
Beginning balance	**$115,361**	**$61,471**
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1)	**—**	**—**
Recorded in other comprehensive income (*2)	**(819)**	**3,608**
Purchases, sales, issuances, and settlements (net)	**(26,494)**	**—**
Transfer into Level 3 (*3)	**—**	**—**
Transfer out of Level 3 (*4)	**—**	**—**
Ending balance	**$ 88,041**	**$65,080**
Gains or losses on valuation of financial assets and financial liabilities held at the end of the fiscal year included in profit or loss for the period (*1)	**$ —**	**$ —**

(*1) Included in "other operating income" and "other operating expenses" in the consolidated statement of income.
(*2) Included in "net unrealized gains (losses) on available-for-sale securities" under "other comprehensive income" in the consolidated statement of comprehensive income.
(*3) Transferred out of Level 2 fair value into Level 3 fair value. Not applicable for the fiscal year.
(*4) Transferred out of Level 3 fair value into Level 2 fair value. Not applicable for the fiscal year.

(3) Description of valuation processes used for fair value measurements

The Group's risk management department and middle office have established policies and procedures for the calculation of fair value, and the front office formulates a fair value model in accordance with these policies and procedures. The fair value calculated by the back office is verified by the middle office to ensure the appropriateness of the fair value valuation model and inputs, and the appropriateness of the classification of fair value levels. The results of the verification are reported to the risk management department each fiscal year to ensure the appropriateness of the fair value calculation policies and procedures.

The fair value model utilizes observable data to the extent possible. In cases where quoted market prices obtained from third parties are used, the Group verifies the appropriateness of the prices by comparing them with recalculated results using observable inputs.

(4) Description of sensitivity of the fair value measurement to changes in significant unobservable inputs

Credit spread:

The credit spread is the additional interest rate included in the coupon rate of the privately-subscribed bonds and is an estimate calculated based on the past one year of issuance. A significant increase (decrease) in the credit spread would result in a significant decrease (increase) in the fair value.

23. Accrued retirement benefits

(1) Overview of retirement benefit scheme adopted by the Bank

As defined-benefit type plans, the Bank has established a contract-type defined benefit corporate pension plan and a retirement lump-sum payment plan. In some cases, an extra severance package is provided to employees on their retirement and so on. In addition, the Bank has set up a retirement benefit trust.

The Bank's consolidated subsidiaries have established a retirement lump-sum payment plan as defined-benefit type plans, and a defined contribution pension plan as defined-contribution type plan. Further, for the retirement lump-sum payment plan of consolidated subsidiaries, net defined benefit liability and retirement benefit costs are calculated by the simplified method.

(2) Defined benefit plan

(a) Reconciliation of retirement benefit obligations at beginning and end of period

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	**2026**	2025	**2026**
Retirement benefit obligations at beginning of period	**¥43,303**	¥51,498	**$270,846**
Service costs*	**971**	1,245	**6,073**
Interest costs	**867**	467	**5,422**
Actuarial differences	**(3,645)**	(7,645)	**(22,798)**
Retirement benefits paid	**(2,254)**	(2,261)	**(14,098)**
Prior service costs	**—**	—	**—**
Retirement benefit obligations at end of period	**¥39,242**	¥43,303	**$245,446**

*Retirement benefit costs of consolidated subsidiaries that apply the simplified method are all recorded within "Service costs."

(b) Reconciliation of pension assets at beginning and end of period

	Millions of yen		Thousands of U.S. dollars
For the fiscal years ended March 31,	**2026**	2025	**2026**
Pension assets at beginning of period	**¥78,405**	¥78,436	**$490,399**
Expected return on pension assets	**1,356**	1,376	**8,481**
Actuarial differences	**17,932**	(1,067)	**112,159**
Contribution from employer	**703**	1,197	**4,397**
Retirement benefits paid	**(1,534)**	(1,537)	**(9,594)**
Pension assets at end of period	**¥96,863**	¥78,405	**$605,848**

(c) Reconciliation of retirement benefit obligations and pension assets at end of period and net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2026**	2025	**2026**
Retirement benefit obligations of funded plan	**¥ 39,242**	¥ 43,303	**$ 245,446**
Pension assets	**(96,863)**	(78,405)	**(605,848)**
	(57,621)	(35,102)	**(360,401)**
Retirement benefit obligations of unfunded plan	**—**	—	**—**
Net amount of liabilities and assets recorded in consolidated balance sheet	**¥(57,621)**	¥(35,102)	**$(360,401)**

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2026**	2025	**2026**
Net defined benefit liability	**¥ 272**	¥ 275	**$ 1,701**
Net defined benefit asset	**(57,893)**	(35,377)	**(362,102)**
Net amount of liabilities and assets recorded in consolidated balance sheet	**¥(57,621)**	¥(35,102)	**$(360,401)**

(d) Breakdown of retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
For the fiscal years ended March 31,	**2026**	2025	**2026**
Service costs*	**¥ 971**	¥ 1,245	**$ 6,073**
Interest costs	**867**	467	**5,422**
Expected return on pension assets	**(1,356)**	(1,376)	**(8,481)**
Amortization of actuarial differences	**(1,668)**	(1,619)	**(10,432)**
Amortization of past service costs	**—**	—	**—**
Retirement benefit costs for defined benefit plans	**¥(1,185)**	¥(1,283)	**$ (7,411)**

*Retirement benefit costs of consolidated subsidiaries that use the simplified method are recorded in a lump-sum in "Service costs."

(e) Remeasurements of defined benefit plans in other comprehensive income

The breakdown of items (before adjusting for income taxes and tax effects) recorded in remeasurements of defined benefit plans.

	Millions of yen		Thousands of U.S. dollars
For the fiscal years ended March 31,	**2026**	2025	**2026**
Actuarial differences	**¥19,909**	¥4,958	**$124,524**
Total	**¥19,909**	¥4,958	**$124,524**

(f) Remeasurements of retirement benefit plans in accumulated other comprehensive income

The following is a breakdown of items (before adjusting for income taxes and tax effects) recorded in remeasurements of retirement benefit plans:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2026**	2025	**2026**
Unrecognized actuarial differences	**¥38,510**	¥18,600	**$240,868**
Total	**¥38,510**	¥18,600	**$240,868**

(g) Items related to pension assets

(i) The following is the percentage of total pension assets by main category:

As of March 31,	**2026**	2025
Bonds	**10.6%**	12.8%
Stocks	**48.2**	42.2
Life insurers' general account	**16.6**	20.9
Other	**24.6**	24.1
Total	**100.0%**	100.0%

Note: Total pension assets include retirement benefit trusts established for the corporate pension plan (23.7% and 20.5% as of March 31, 2026 and 2025, respectively) and retirement benefit trusts established for the retirement lump-sum payment plan (27.8% and 23.2% as of March 31, 2026 and 2025, respectively).

(ii) Method for determining expected long-term rate of return on pension assets:

To determine expected long-term rate of return on pension assets, the Bank considers the current and projected pension asset allocations, as well as long-term rate of current returns and expected returns from each category consisting of pension assets.

(h) Assumptions for making actuarial calculation

Major assumptions for actuarial calculations at the end of the fiscal year

	2026	2025
1) Discount rate	**2.97%**	2.01%
2) Expected long-term rate of return	**mainly 2.00% to 3.00%**	mainly 2.00% to 3.00%
3) Assumed salary increase rate	**3.22%**	3.22%

(3) Defined contribution pension plan

The required contribution to the defined contribution plans of consolidated subsidiaries was ¥5 million ($31 thousand) and ¥6 million for the years ended March 31, 2026 and 2025, respectively.

24. Stock options

1. Amount and title of expense recognized for stock options

Not applicable.

2. Stock option details, size, and changes

(1) Stock option details

	2015 stock options	2016 stock options
Category and number of grant recipients	The Bank's nine directors (excluding outside directors)	The Bank's eight directors (excluding outside directors)
Type and number of stock options granted (Note)	Common stock: 9,430 shares	Common stock: 13,770 shares
Grant date	July 24, 2015	July 26, 2016
Vesting terms	No vesting terms	No vesting terms
Service period	No service period specified	No service period specified
Exercise period	July 25, 2015 to July 24, 2045	July 27, 2016 to July 26, 2046

Note: Converted to the number of shares equivalent to that after the 1-for-10 reverse stock split implemented on October 1, 2018. The Bank executed a 4-for-1 stock split of its common stock effective April 1, 2026, but the information stated in this note is based on the number of shares before the stock split.

(2) Stock option size and changes

(a) Number of stock options

	2015 stock options	2016 stock options
Prior to vesting (shares):		
Prior fiscal year end	860	1,840
Granted	—	—
Expired	—	—
Vested shares	—	—
Unvested shares	860	1,840
After vesting (shares):		
Prior fiscal year end	—	—
Vested shares	—	—
Exercised	—	—
Expired	—	—
Unexercised	—	—

Note: Converted to the number of shares equivalent to that after the 1-for-10 reverse stock split implemented on October 1, 2018. The Bank executed a 4-for-1 stock split of its common stock effective April 1, 2026; but the information stated in this note is based on the number of shares before the stock split.

(b) Unit price information (in year)

	2015 stock options	2016 stock options
Exercise price	Per share: ¥ 1	Per share: ¥ 1
Average price at exercise	—	—
Fair value on grant date	Per share: ¥4,090	Per share: ¥2,850

Note: Converted to the price equivalent to that after the 1-for-10 reverse stock split implemented on October 1, 2018. The Bank executed a 4-for-1 stock split of its common stock effective April 1, 2026; but the information stated in this note is based on the number of shares before the stock split.

3. Method for estimating number of vested stock options

In general, as it is difficult to rationally estimate the future number of expired stock options only the actual number of expired stock options is reflected.

25. Derivative transactions

(1) Type of transactions

The Group undertakes the following derivative transactions: interest-rate swaps and others for interest rate-related transactions; currency swaps, forward exchange contracts and currency options for currency-related transactions; and bond futures for bond-related transactions.

(2) Aims and policy

The Bank offers derivative products to meet customer needs, and to minimize risk from exchange rate and interest rate fluctuations regarding the Bank's assets and liabilities.

The following are the contracted value or the amount equivalent to the principal, the fair value and the appraised profit or loss for each type of derivative transaction not subject to hedge accounting as of the end of the fiscal year. The contracted value, other price or value below does not indicate by itself the market risk of the derivative transaction.

Fair value of interest rate-related transactions as of March 31, 2026 and 2025 were as follows:

	Millions of yen			
	Contracted value			Appraised
2026	Total	Over 1 year	Fair value	profit/(loss)
Over the Counter				
Interest rate swaps:				
Fixed rate receivable/ variable rate payable	**¥32,685**	**¥30,426**	**¥ (769)**	**¥ (769)**
Variable rate receivable/fixed rate payable	**32,685**	**30,426**	**1,275**	**1,275**
Others:				
Sell	**2,049**	**1,630**	**(58)**	**(24)**
Buy	**2,049**	**1,630**	**58**	**43**
Total			**¥ 507**	**¥ 526**

	Millions of yen			
	Contracted value			Appraised
2025	Total	Over 1 year	Fair value	profit/(loss)
Over the Counter				
Interest rate swaps:				
Fixed rate receivable/ variable rate payable	¥24,408	¥23,135	¥(571)	¥(571)
Variable rate receivable/fixed rate payable	24,408	23,135	807	807
Others:				
Sell	3,010	2,829	(60)	(8)
Buy	3,010	2,829	60	40
Total			¥ 237	¥ 268

	Thousands of U.S. dollars			
	Contracted value			Appraised
2026	Total	Over 1 year	Fair value	profit/(loss)
Over the Counter				
Interest rate swaps:				
Fixed rate receivable/ variable rate payable	**$204,434**	**$190,305**	**$(4,809)**	**$(4,809)**
Variable rate receivable/fixed rate payable	**204,434**	**190,305**	**7,974**	**7,974**
Others:				
Sell	**12,815**	**10,195**	**(362)**	**(150)**
Buy	**12,815**	**10,195**	**362**	**268**
Total			**$ 3,171**	**$ 3,289**

Fair value of currency-related transactions as of March 31, 2026 and 2025 were as follows:

	Millions of yen			
	Contracted value			Appraised
2026	Total	Over 1 year	Fair value	profit/(loss)
Over the Counter				
Currency swaps	**¥ 681**	**¥ 681**	**¥ 3**	**¥ 3**
Forward exchange contracts:				
Sell	**79,015**	**60,067**	**(5,550)**	**(5,550)**
Buy	**82,017**	**60,296**	**6,435**	**6,435**
Currency options:				
Sell	**82,387**	**62,384**	**(3,548)**	**146**
Buy	**82,387**	**62,384**	**3,528**	**499**
Others:				
Sell	**261,716**	**261,684**	**476**	**485**
Buy	**261,716**	**261,684**	**(585)**	**2,529**
Total			**¥ 758**	**¥ 4,548**

	Millions of yen			
	Contracted value			Appraised
2025	Total	Over 1 year	Fair value	profit/(loss)
Over the Counter				
Currency swaps	¥ 647	¥ 647	¥ 4	¥ 4
Forward exchange contracts:				
Sell	46,623	26,377	(4,138)	(4,138)
Buy	50,160	26,377	4,817	4,817
Currency options:				
Sell	94,702	70,559	(5,066)	(918)
Buy	94,702	70,559	4,971	1,611
Others:				
Sell	253,893	253,714	4,538	4,556
Buy	253,893	253,714	(4,817)	(1,727)
Total			¥ 311	¥ 4,206

	Thousands of U.S. dollars			
	Contracted value			Appraised
2026	Total	Over 1 year	Fair value	profit/(loss)
Over the Counter				
Currency swaps	**$ 4,259**	**$ 4,259**	**$ 18**	**$ 18**
Forward exchange contracts:				
Sell	**494,214**	**375,700**	**(34,713)**	**(34,713)**
Buy	**512,990**	**377,132**	**40,248**	**40,248**
Currency options:				
Sell	**515,305**	**390,192**	**(22,191)**	**913**
Buy	**515,305**	**390,192**	**22,066**	**3,121**
Others:				
Sell	**1,636,952**	**1,636,752**	**2,977**	**3,033**
Buy	**1,636,952**	**1,636,752**	**(3,658)**	**15,818**
Total			**$ 4,741**	**$ 28,446**

(3) Derivative transactions subject to hedge accounting

The following are the contracted value or the amount equivalent to the principal and the fair value for each type of derivative transaction subject to hedge accounting as of the end of the fiscal year. The contracted value, other price or value below does not indicate by itself the market risk of the derivative transaction.

(a) Interest rate-related transactions

Not applicable.

(b) Currency-related transactions

As of March 31, 2026

			Millions of yen		
Hedge accounting method	Type	Main hedged item	Contracted value	Contracted value over 1 year	Fair value
General accounting rules	Currency swaps	Foreign currency receivables	**¥ 71,946**	**¥63,952**	**¥(2,237)**
	Monetary swaps		**221,761**	**—**	**1,430**
	Total				**¥ (807)**

As of March 31, 2025

			Millions of yen		
Hedge accounting method	Type	Main hedged item	Contracted value	Contracted value over 1 year	Fair value
General accounting rules	Currency swaps	Foreign currency receivables	¥ 91,207	¥67,284	¥1,807
	Monetary swaps		159,600	—	(505)
	Total				¥1,301

As of March 31, 2026

			Thousands of U.S. dollars		
Hedge accounting method	Type	Main hedged item	Contracted value	Contracted value over 1 year	Fair value
General accounting rules	Currency swaps	Foreign currency receivables	**$ 450,000**	**$400,000**	**$(13,991)**
	Monetary swaps		**1,387,046**	**—**	**8,944**
	Total				**$ (5,047)**

Note: In general, deferred hedge accounting is applied according to "Accounting and Auditing for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Committee Practical Guideline No. 25).

26. Revenue recognition

Disaggregation of revenue from contracts with customers

	Millions of yen		Thousands of U.S. dollars
Category	**2026**	2025	**2026**
Operating income	**¥108,556**	¥90,007	**$678,984**
Of which, Fees and commissions	**13,847**	12,684	**86,608**
Foreign exchange services	**3,033**	2,890	**18,970**
Deposit and loan services	**3,028**	2,378	**18,939**
Securities-related services	**1,796**	1,508	**11,233**
Guarantee services	**306**	327	**1,913**
Agency services	**85**	84	**531**
Others	**5,597**	5,494	**35,007**

(Note) The above table also includes income based on "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

27. Segment information

(1) Overview of reportable segments

Reportable segments are the Group's constituent business units for which separate financial data can be obtained and that are examined periodically by the Board of Directors for the purposes of determining the allocation of management resources and evaluating operating results.

The Group is engaged mainly in banking activities. Consolidated subsidiaries provide financial services primarily engaging in leasing activities. The Bank and its individual consolidated subsidiaries, which comprise a corporate group, each prepare business and other plans while developing business activities.

As a result, the Group has identified the two reportable segments of banking and leasing, which comprise the basic segments of the Bank and its individual consolidated subsidiaries by operation. Operations under the banking segment include the provision of services relating deposits, loans, marketable securities and related investment as well as foreign currency exchange. Operations under the leasing segment include leasing and other operations conducted by Hyakujushi Lease Co., Ltd.

(2) Calculation methods for ordinary income, profit and loss, assets and liabilities and other items by reportable segment

The method of accounting treatment applied to reportable segments is the same as that described in "3. Significant accounting policies."

Moreover, reportable segment profit is based on ordinary profit.

Intersegment ordinary income is based on transaction prices between third parties.

(3) Information regarding ordinary income, profit and loss, assets and liabilities and other items by reportable segment

Information about reportable segments of the Bank and its consolidated subsidiaries for the years ended March 31, 2026 and 2025 is as follows:

	Millions of yen						
2026	Banking	Leasing	Total	Other businesses	Total	Adjustment	Consolidated total
Ordinary income:							
Outside customers	**¥ 99,000**	**¥ 7,467**	**¥ 106,467**	**¥ 2,088**	**¥ 108,556**	**¥ —**	**¥ 108,556**
Inter-segment transactions	**591**	**499**	**1,090**	**3,653**	**4,744**	**(4,744)**	**—**
Total	**¥ 99,591**	**¥ 7,966**	**¥ 107,558**	**¥ 5,741**	**¥ 113,300**	**¥ (4,744)**	**¥ 108,556**
Segment profit	**¥ 27,687**	**¥ 417**	**¥ 28,104**	**¥ 1,522**	**¥ 29,627**	**¥ (491)**	**¥ 29,135**
Segment assets	**¥5,822,240**	**¥34,876**	**¥5,857,117**	**¥26,090**	**¥5,883,207**	**¥(37,403)**	**¥5,845,803**
Segment liabilities	**¥5,457,189**	**¥28,790**	**¥5,485,979**	**¥ 9,921**	**¥5,495,901**	**¥(34,523)**	**¥5,461,377**
Other items:							
Depreciation	**¥ 2,685**	**¥ 162**	**¥ 2,847**	**¥ 277**	**¥ 3,124**	**¥ 60**	**¥ 3,185**
Interest income	**68,338**	**297**	**68,635**	**129**	**68,765**	**(674)**	**68,090**
Interest expenses	**17,043**	**207**	**17,250**	**18**	**17,269**	**(188)**	**17,080**
Gain from disposal of tangible assets	**26**	**47**	**73**	**—**	**73**	**(4)**	**69**
Loss from disposal of tangible assets	**156**	**—**	**156**	**30**	**187**	**—**	**187**
Impairment losses	**286**	**—**	**286**	**—**	**286**	**—**	**286**
Tax expenses	**9,261**	**104**	**9,366**	**500**	**9,866**	**7**	**9,873**
Increases in tangible fixed assets and intangible fixed assets	**4,449**	**0**	**4,449**	**341**	**4,791**	**137**	**4,929**

	Millions of yen						
2025	Banking	Leasing	Total	Other businesses	Total	Adjustment	Consolidated total
Ordinary income:							
Outside customers	¥ 80,853	¥ 6,982	¥ 87,836	¥ 2,170	¥ 90,007	¥ —	¥ 90,007
Inter-segment transactions	527	487	1,015	3,521	4,536	(4,536)	—
Total	¥ 81,381	¥ 7,469	¥ 88,851	¥ 5,692	¥ 94,543	¥ (4,536)	¥ 90,007
Segment profit	¥ 18,517	¥ 280	¥ 18,798	¥ 1,550	¥ 20,348	¥ (437)	¥ 19,910
Segment assets	¥5,731,563	¥29,791	¥5,761,355	¥25,243	¥5,786,598	¥(33,015)	¥5,753,583
Segment liabilities	¥5,421,666	¥24,084	¥5,445,750	¥ 9,684	¥5,455,434	¥(30,125)	¥5,425,309
Other items:							
Depreciation	¥ 2,416	¥ 169	¥ 2,586	¥ 305	¥ 2,892	¥ 44	¥ 2,936
Interest income	56,185	267	56,453	92	56,545	(525)	56,019
Interest expenses	14,215	108	14,324	20	14,344	(111)	14,233
Gain from disposal of tangible assets	4	30	34	—	34	(13)	21
State subsidy	69	—	69	—	69	—	69
Loss from disposal of tangible assets	125	—	125	11	136	—	136
Impairment losses	259	—	259	—	259	—	259
Loss on tax purpose reduction entry of tangible assets	69	—	69	—	69	—	69
Tax expenses	5,265	75	5,340	497	5,838	(1)	5,836
Increases in tangible fixed assets and intangible fixed assets	3,756	0	3,757	304	4,061	97	4,158

	Thousands of U.S. dollars						
2026	Banking	Leasing	Total	Other businesses	Total	Adjustment	Consolidated total
Ordinary income:							
Outside customers	**$ 619,214**	**$ 46,703**	**$ 665,918**	**$ 13,059**	**$ 678,984**	**$ —**	**$ 678,984**
Inter-segment transactions	**3,696**	**3,121**	**6,817**	**22,848**	**29,672**	**(29,672)**	**—**
Total	**$ 622,910**	**$ 49,824**	**$ 672,742**	**$ 35,908**	**$ 708,656**	**$ (29,672)**	**$ 678,984**
Segment profit	**$ 173,173**	**$ 2,608**	**$ 175,781**	**$ 9,519**	**$ 185,307**	**$ (3,071)**	**$ 182,230**
Segment assets	**$36,416,312**	**$218,138**	**$36,634,457**	**$163,184**	**$36,797,641**	**$(233,944)**	**$36,563,691**
Segment liabilities	**$34,133,031**	**$180,072**	**$34,313,103**	**$ 62,052**	**$34,375,162**	**$(215,930)**	**$34,159,225**
Other items:							
Depreciation	**$ 16,793**	**$ 1,013**	**$ 17,807**	**$ 1,732**	**$ 19,539**	**$ 375**	**$ 19,921**
Interest income	**427,433**	**1,857**	**429,290**	**806**	**430,103**	**(4,215)**	**425,881**
Interest expenses	**106,598**	**1,294**	**107,893**	**112**	**108,012**	**(1,175)**	**106,830**
Gain from disposal of tangible assets	**162**	**293**	**456**	**—**	**456**	**(25)**	**431**
Loss from disposal of tangible assets	**975**	**—**	**975**	**187**	**1,169**	**—**	**1,169**
Impairment losses	**1,788**	**—**	**1,788**	**—**	**1,788**	**—**	**1,788**
Tax expenses	**57,924**	**650**	**58,581**	**3,127**	**61,708**	**43**	**61,752**
Increases in tangible fixed assets and intangible fixed assets	**27,827**	**0**	**27,827**	**2,132**	**29,966**	**856**	**30,829**

Notes: 1. In place of sales, which are usually posted by companies other than banks, the Bank and its consolidated subsidiaries report ordinary income. In addition, adjusted differences are recorded as the difference between ordinary income and ordinary income recorded on consolidated statement of income.
2. The Other businesses segment is comprised of business segments not included in reportable segments and mainly consists of credit card and credit guarantee operations.
3. For the fiscal years ended March 31, 2026 and 2025, the amounts in the column of "Adjustment" under the following line items primarily represent the elimination arising from the inter-segment transactions: Segment profit, Segment assets, Segment liabilities, Depreciation, Interest income, Interest expenses, Gain from disposal of tangible assets, Tax expenses and Increases in tangible fixed assets and intangible fixed assets.
4. Segment profit is adjusted with ordinary profit recorded on consolidated statement of income.

(Associated information)

1. Information on each service

	Millions of yen				
2026	Lending services	Securities investment services	Leasing services	Other	Total
Income from external customers	**¥48,138**	**¥29,421**	**¥7,467**	**¥23,529**	**¥108,556**

	Millions of yen				
2025	Lending services	Securities investment services	Leasing services	Other	Total
Income from external customers	¥42,425	¥21,188	¥6,982	¥19,411	¥90,007

	Thousands of U.S. dollars				
2026	Lending services	Securities investment services	Leasing services	Other	Total
Income from external customers	**$301,088**	**$184,019**	**$46,703**	**$147,166**	**$678,984**

2. Information on each area
(1) Ordinary income
Information is omitted since the amount attributed to income from external customers in Japan accounts for more than 90% of the ordinary income in the consolidated statement of income.
(2) Tangible fixed assets
Information is omitted since the amount attributed to tangible fixed assets located in Japan accounts for more than 90% of the tangible fixed assets in the consolidated balance sheet.

3. Information on each major customer
Information is omitted since there are no specific customers from whom ordinary income accounts for 10% or more of ordinary income in the consolidated statement of income.

(Information on impairment losses on fixed assets by reportable segment)

Information regarding impairment losses on fixed assets by reportable segment for the years ended March 31, 2026 and 2025 was as follows:

	Millions of yen					
2026	Banking	Leasing	Total	Other	Corporate/ Elimination	Total
Impairment losses on fixed assets	**¥286**	**¥—**	**¥286**	**¥—**	**¥—**	**¥286**

	Millions of yen					
2025	Banking	Leasing	Total	Other	Corporate/ Elimination	Total
Impairment losses on fixed assets	¥259	¥—	¥259	¥—	¥—	¥259

	Thousands of U.S. dollars					
2026	Banking	Leasing	Total	Other	Corporate/ Elimination	Total
Impairment losses on fixed assets	**$1,788**	**$—**	**$1,788**	**$—**	**$—**	**$1,788**

28. Related-party transactions

Not applicable to the fiscal years ended March 31, 2026 and 2025.

29. Per share data

Amounts per share as of March 31, 2026 and 2025 and for the fiscal years then ended were summarized as follows:

	Yen		U.S. dollars
	2026	2025	**2026**
Net assets per share	**¥3,399.29**	¥2,887.58	**$21.261**
Basic earnings per share	**166.07**	120.30	**$1.038**
Diluted earnings per share	**166.06**	120.29	**$1.038**

Notes: 1. Net assets per share figures are calculated on the basis of the following.

	Millions of yen, except number of shares		Thousands of U.S. dollars
	2026	2025	**2026**
Net assets	**¥384,426**	¥328,273	**$2,404,465**
Amount excluded from net assets	**8**	8	**50**
(of which, share subscription rights)	**8**	8	**50**
Net assets attributable to common stock at the fiscal year-end	**384,417**	328,265	**2,404,409**
Number of common stock at the fiscal-year end for calculation of net assets per share (in thousands)	**113,087**	113,681	

2. Basic and diluted earnings per share figures are calculated on the basis of the following.

	Millions of yen, except number of shares		Thousands of U.S. dollars
	2026	2025	**2026**
Basic earnings per share			
Profit attributable to owners of parent	**¥18,857**	¥13,700	**$117,944**
Amount not attributable to common stockholders	**—**	—	**—**
Profit attributable to common stockholders	**18,857**	13,700	**117,944**
Average number of common stock during the year (in thousands)	**113,545**	113,879	
Diluted earnings per share			
Increase in number of common stock (in thousands)	**10**	14	
(of which, share subscription rights)	**10**	14	

3. The Bank's own stock remaining in the BIP Trust recorded as treasury stock in stockholders' equity is included in treasury stock to be deducted in the calculation of net assets per share, basic earnings per share, and diluted earnings per share.
   The number of the said treasury stock deducted at year-end in the calculation of net assets per share was 334 thousand shares and 444 thousand shares as of March 31, 2026 and 2025, respectively. Moreover, the average number of the said treasury stock deducted in the calculation of basic earnings per share and diluted earnings per share during the year was 367 thousand shares and 470 thousand shares for the fiscal years ended March 31, 2026 and 2025, respectively.
4. The Bank executed a 4-for-1 stock split of its common stock effective April 1, 2026. Net assets per share, basic earnings per share, and diluted earnings per share are calculated based on the assumption that the stock split had been implemented at the beginning of the fiscal year ended March 31, 2025.

30. Significant subsequent events

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

At the Board of Directors' meeting held on February 27, 2026, the Bank resolved to implement a stock split and a partial amendment to the Articles of Incorporation in connection with the stock split, effective April 1, 2026.

1. Stock split

(1) Purpose of the stock split

The purpose of the stock split is to lower the investment unit price (minimum investment amount) of the Bank's shares and provide a more accessible investment environment for investors, thereby enhancing the liquidity of its shares and further expanding the investor base.

(2) Overview of the stock split

a. Method of the split

The Bank will conduct a stock split at a ratio of four shares for each share of common stock held by shareholders listed or recorded in the final shareholder registry as of Tuesday, March 31, 2026, the record date.
There will be no change in the amount of share capital as a result of this stock split.

b. Number of shares to be increased by the split

Total number of issued shares before the stock split	28,630,000 shares
Increase in number of shares due to the stock split	85,890,000 shares
Total number of issued shares after the stock split	114,520,000 shares
Total number of authorized shares after the stock split	350,000,000 shares

c. Schedule of the stock split

Date of public notice of record date	Thursday, March 12, 2026
Record date	Tuesday, March 31, 2026
Effective date	Wednesday, April 1, 2026

d. Impact on per-share information

The impact on per-share information is described in "29. Per share data."

2. Partial amendment to the Articles of Incorporation in connection with the stock split

(1) Reason for the amendment

In connection with this stock split, effective Wednesday, April 1, 2026, the Bank will increase the total number of authorized shares as set forth in Article 6 of its Articles of Incorporation, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act.

(2) Details of amendment

(Amended parts are underlined.)

Before amendment	After amendment
(Total Number of Authorized Shares)	(Total Number of Authorized Shares)
Article 6 The total number of authorized shares of the Bank shall be ninety-nine million three hundred thousand (99,300,000) shares.	Article 6 The total number of authorized shares of the Bank shall be three hundred and fifty million (350,000,000) shares.

(3) Schedule of amendment

Date of Board of Directors' resolution	Friday, February 27, 2026
Effective date	Wednesday, April 1, 2026

(Disposal of Treasury Shares as Restricted Stock Incentives for Employee Shareholding Association)

At the Board of Directors' meeting held on May 12, 2026, the Bank resolved to introduce a restricted stock incentive plan for the Employee Shareholding Association (hereinafter referred to as the "Plan") and, pursuant to the Plan, to execute a disposal of treasury shares as restricted stock (hereinafter referred to as the "Disposal of Treasury Shares" or the "Disposal") with the Hyakujushi Bank Employee Shareholding Association (hereinafter referred to as the "Shareholding Association") as the scheduled allottee as described below.

1. Overview of the Disposal

(1) Date of disposal	August 5, 2026
(2) Class and number of shares to be disposed of	162,581 common shares of the Bank (Note)
(3) Disposal price	¥2,397 ($14.992) per share
(4) Total amount of disposal	¥389,706,657 ($2,437 thousand) (Note)
(5) Disposal method (scheduled allottees)	The Bank will allot to the Shareholding Association the number of shares applied for as determined by the Shareholding Association within the range of the number of shares to be disposed of set forth in (2) above (such number of shares allotted shall constitute the number of shares to be disposed of) by way of a third-party allotment and subject to subscription by the Shareholding Association. (The Hyakujushi Bank Employee Shareholding Association: 162,581 shares) No applications for a partial number of shares to be granted will be accepted from any of the Eligible Employees (as defined below).
(6) Other	An extraordinary report has been filed pursuant to the Financial Instruments and Exchange Act in connection with the Disposal of Treasury Shares.

(Note) The "number of shares to be disposed of" and the "total amount of disposal" are calculated on the assumption that shares will be granted as restricted stock to each of the 2,017 employees of the Bank, which represents the maximum number of employees to whom the Plan may apply. The actual number of shares to be disposed of and the total amount of disposal will be determined based on the number of employees of the Bank who agree to the Plan (hereinafter the "Eligible Employees") after completion of the enrollment promotion for non-members of the Shareholding Association and the confirmation of consent to the Plan by members of the Shareholding Association (up to a maximum of 2,017 employees) and the number of shares granted per person as specified in accordance with the Bank's employee grade structure (Pattern A: up to 607 employees, 125 shares; Pattern B: up to 688 employees, 83 shares; and Pattern C: up to 722 employees, 41 shares). Specifically, as set forth in (5) above, the number of shares applied for as determined by the Shareholding Association shall constitute the "number of shares to be disposed of," and the amount obtained by multiplying such number by the disposal price per share shall constitute the "total amount of disposal." In addition, the Bank executed a 4-for-1 stock split of its common stock effective April 1, 2026, and the above numbers of shares are stated based on the number of shares after the stock split.

2. Objective and reason for the Disposal

At the Board of Directors' meeting held on May 12, 2026, the Bank determined to introduce the Plan for the Eligible Employees among the employees of the Bank who are members of the Shareholding Association. The objective is to assist the Eligible Employees in building their assets, to provide the Eligible Employees with incentives to achieve the sustainable enhancement of the Bank's corporate value, and to promote further value sharing between the Eligible Employees and the Bank's shareholders by creating, through the Shareholding Association, opportunities for the Eligible Employees to acquire the Bank's common shares issued or disposed of by the Bank as restricted stock, as a measure to enhance employee benefits and welfare.

(Completion of Disposal of Treasury Shares as Restricted Stock Incentives for Employee Shareholding Association)

Regarding the "Disposal of Treasury Shares" or the "Disposal" with the "Shareholding Association" as the allottee, which was resolved by the Board of Directors of the Bank at the meeting held on May 12, 2026, pursuant to the "Plan," the payment was completed on August 5, 2026.

Overview of the Disposal

(1) Date of disposal	August 5, 2026
(2) Class and number of shares disposed of	154,438 common shares of the Bank (Note)
(3) Disposal price	¥2,397 ($14.992) per share
(4) Total amount of disposal	¥370,187,886 ($2,315 thousand)
(5) Disposal method (allottees)	A third-party allotment (The Hyakujushi Bank Employee Shareholding Association: 154,438 shares)

31. Borrowed money

The weighted average interest rate applicable to the total balance of borrowed money as of March 31, 2026 is 0.20%.

Annual maturities of borrowed money as of March 31, 2026 are as follows:

	Millions of yen	Thousands of U.S. dollars
Up to 1 year	**¥323,023**	**$2,020,409**
Over 1 year, up to 2 years	**137,647**	**860,939**
Over 2 years, up to 3 years	**4,202**	**26,282**
Over 3 years, up to 4 years	**2,621**	**16,393**
Over 4 years, up to 5 years	**1,371**	**8,575**
Over 5 years	**897**	**5,610**

Independent Auditor’s Report

The Board of Directors
The Hyakujushi Bank, Ltd.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The Hyakujushi Bank, Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2026, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

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

Basis for Opinion

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

Key Audit Matters

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

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Adequacy of borrower classification in determining the reserve for possible loan losses	
Description of Key Audit Matter	**Auditor’s Response**
The Group has a wide-area retail network in Japan in 11 prefectures surrounding the Seto Inland Sea and urban areas, mainly in Kagawa Prefecture, with their lending operations representing a core business activity. As of March 31, 2026, loans and bills discounted and advances of 3,688,724 million yen were recorded in the consolidated balance sheet, accounting for 63% of consolidated assets of 5,845,803 million yen. The collectability of loans to customers by the Group is subject to uncertainties mainly due to economic trends in Japan and overseas, fluctuations in the business conditions of borrowers who operate in Kagawa Prefecture and the surrounding region, and fluctuations in the economic environment such as a decline in the value of secured real estate. As a result, increased credit expenses, including those arising from new non-performing loans, may materially affect the Group’s financial position and cash flow conditions. As such, the Group calculates the amounts of expected loans that cannot be collected and records them as a reserve for possible loan losses. The reserve for possible loan losses included in the consolidated balance sheet as of March 31, 2026, was 22,488 million yen. The method of calculating the reserve for possible loan losses is described in “(6) Reserve for possible loan losses” and “(18) Significant accounting estimates” under “3. Significant accounting policies” of Notes to Consolidated Financial Statements in the Integrated Report.	In considering the adequacy of the borrower classification, our audit procedures consisted primarily of the following: ・We evaluated the Group’s internal controls for determining the borrower classification. The controls tested included, but were not limited to, controls to evaluate the accuracy and completeness of schedules used in determining the borrower classification and controls over the underlying credit rating data concerning the borrower.

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The reserve for possible loan losses is calculated in accordance with the Group’s pre-established self-assessment provision policy. The calculation process includes the determination of the borrower classification, which involves assessing the borrower’s ability to repay loans based on its repayment status, financial position, business performance, and future prospects, including the impact of inflation and rising resource prices. In determining the classification of borrowers, it is important to determine the outlook for improvement in business performance (including the details of management improvement plans, etc.) as there are many cases where uncertainty associated with future business performance increases, especially for entities for which a downgrade in the borrower classification has a certain degree of impact on profit or loss and whose repayment status and financial conditions have deteriorated, entities which have obtained loans following the Group’s examination of their future business outlook and growth potential (entities for which an assessment of business feasibility is necessary), and entities which have developed management improvement plans (entities for which a business improvement plan has been formulated). The above-mentioned outlook for improvement in business performance, including the debt repayment capacity and business improvement plans of the borrower, is based on significant assumptions, such as forecasts of future sales and expenses of borrowers. Therefore, the outlook for such improvement is affected by changes in the economic environment surrounding the borrower and the success or failure of its business strategy, and the determination of borrower classification will depend more on the judgment of management.	・We selected samples taking into account the type of business, the location of the borrower, the financial position and repayment capacity, the Group’s lending policy, and potential credit risk estimated from external information. In order to identify risk scenarios where credit risk is assumed to be high from a different perspective than those described above and select borrowers for which there are concerns about deterioration in their future business performance outlook, we performed analysis using a self-assessment anomaly detection tool (a tool used in self-assessment audits to provide support for the selection of testing targets by, among other methods, identifying the location of credit risk through visualization from the standpoint of industries, branches, and regions based on the credit information and financial information of borrowers and identifying inconsistencies between borrower classifications that are based on a borrower classification predictive model using machine learning for each borrower and borrower classifications that are determined by the Group), and also selected borrowers corresponding to risk scenarios set in consideration of the results of the analysis.

Accordingly, we have determined that the adequacy of borrower classification in determining the reserve for possible loan losses with respect to entities for which a downgrade in the borrower classification has a certain degree of impact on profit or loss and whose repayment status and financial conditions have deteriorated, entities for which an assessment of business feasibility is necessary, and entities for which a business improvement plan has been formulated to be a key audit matter.	・We inspected data on the recent repayment status of sampled borrowers, their financial position, business performance, and future cash flows, and other business prospects by inspecting information related to the Group’s self-assessment, such as explanatory materials including a description of the business, borrowing and repayment status, research materials providing an understanding of the actual financial position, financial statements, and the trial balances. In addition, we examined consistency with reports obtained from credit agencies, made comparisons with available external information, made inquiries to responsible personnel and the head of the loan department, and considered responses received as necessary to supplement our understanding. ・We examined the reasonableness and feasibility of business improvement plans by analyzing the trends from past results of the major planned items such as sales and profits or losses of borrowers, etc., evaluating the accuracy of estimates based on the historical degree of achievement of business improvement plans in previous years, and performing a comprehensive analysis that included the degree of the impact of changes in the economic environment surrounding the borrower such as inflation and rising resource prices. Furthermore, we examined the consistency of the borrower’s financial plan and results with reports obtained from credit agencies, made comparisons with available external information, made inquiries to responsible personnel and the head of the loan department, and considered responses received as necessary to supplement our understanding.

Other Information

The other information comprises the information included in the INTEGRATED REPORT that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these 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 and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing 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. 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not 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 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 in accordance with accounting principles generally accepted in Japan.
- 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 consolidated financial statements. We are responsible for the direction, supervision and review 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 the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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.

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Convenience Translation

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

Fee-related Information

The fees for the audits of the financial statements of The Hyakujushi Bank, Ltd. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2026 are 71 million yen and 4 million yen, 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.

Ernst & Young ShinNihon LLC
Tokyo, Japan
October 21, 2026

Hachiro Miyata
Designated Engagement Partner
Certified Public Accountant

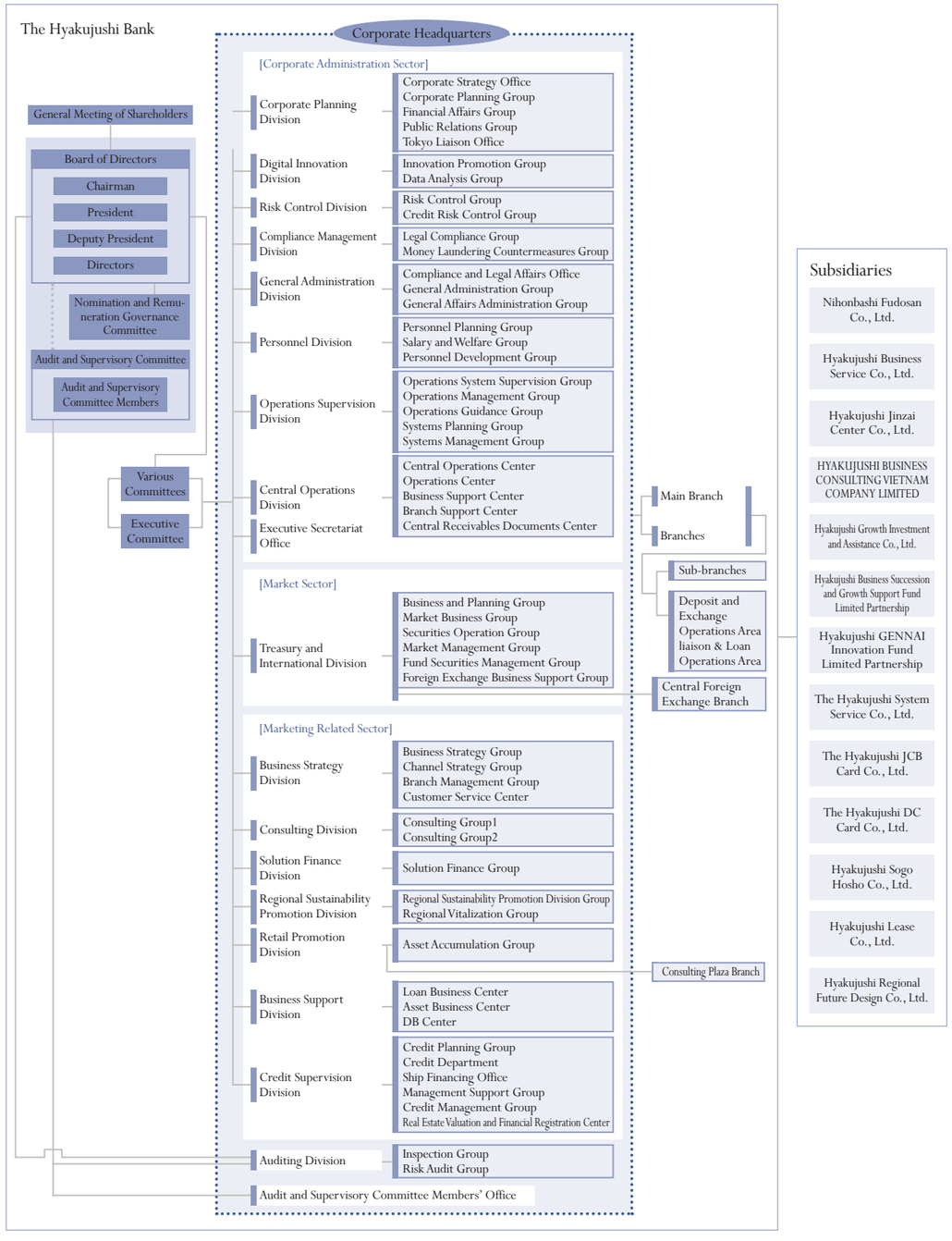
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Corporate Information

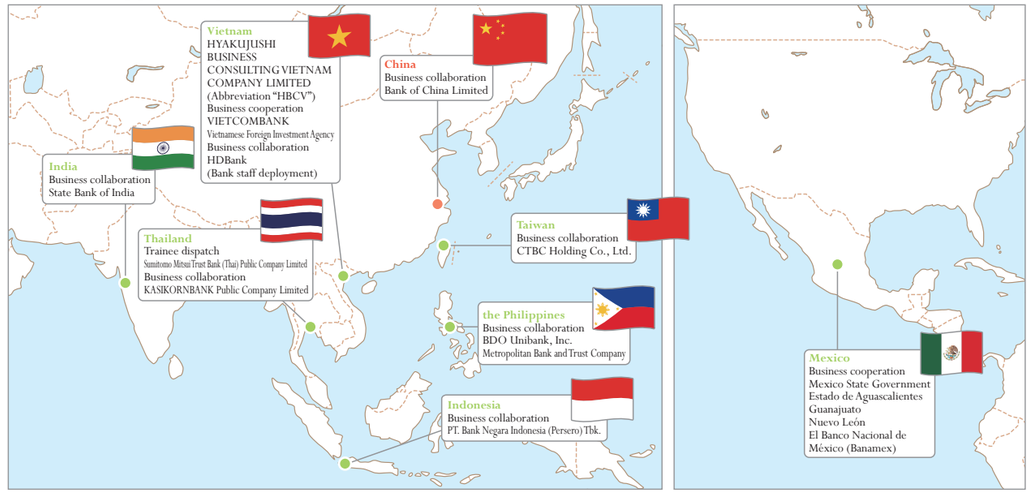
Profile (as of March 31, 2026)

Head Office	5-1 Kamei-cho, Takamatsu, Kagawa
Established	November 1, 1878
Total assets	¥5,783.7 billion
Deposits and negotiable certificates of deposit	¥4,877.2 billion
Loans and bills discounted	¥3,697.7 billion
Paid-in capital	¥37.3 billion
Total shares issued	28,630 thousand shares
Employees	1,920
Offices	133 (Head Office, 100 branches, 22 sub-branches, 6 Quick Square, 5 Consulting Plaza)
Non-branch ATMs and CDs	128 locations

Organization (as of July 1, 2026)



Overseas Support Organizations (as of March 31, 2026)



List of Major Shareholders (as of March 31, 2026)

Name	Address	No. of shares held (thousand shares)	Ratio of shares held to the total number of shares outstanding (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	8-1, Akasaka 1-Chome, Minato-ku, Tokyo	2,522	8.89
Custody Bank of Japan, Ltd.	8-12, Harumi 1-Chome, Chuo-ku, Tokyo	1,674	5.90
Nippon Life Insurance Company	6-6, Marunouchi 1-Chome, Chiyoda-ku, Tokyo	629	2.22
TAIHEIYO CEMENT CORPORATION (Note) 2	1-1, Koishikawa 1-Chome, Bunkyo-ku, Tokyo	595	2.09
Hyakujushi Bank Employee Shareholding Association	5-1, Kamei-cho, Takamatsu, Kagawa	580	2.04
NAMBA HOLDINGS CORPORATION	9-1-2803, Osaki 2-Chome, Shinagawa-ku, Tokyo	556	1.96
NH Foods Ltd. (Note) 3	4-9, Umeda 2-Chome, Kita-ku, Osaka	505	1.78
SUMITOMO LIFE INSURANCE COMPANY	2-1, Yaesu 2-Chome, Chuo-ku, Tokyo	500	1.76
NIKON CORPORATION	5-20, Nishioi 1-Chome, Shinagawa-ku, Tokyo	432	1.52
Sumitomo Forestry Co., Ltd.	3-2, Otemachi 1-Chome, Chiyoda-ku, Tokyo	364	1.28
Total	–	8,362	29.49

(Notes)
1. The 274 thousand treasury shares held by the Bank are excluded from the number of shares outstanding.
2. The number of shares held by TAIHEIYO CEMENT CORPORATION includes 595 thousand shares that have been contributed to the retirement benefit trust; however, the right to provide instructions for the voting rights to those shares has been retained by TAIHEIYO CEMENT CORPORATION.
3. The number of shares held by NH Foods Ltd. includes 373 thousand shares that have been contributed to the retirement benefit trust; however, the right to provide instructions for the voting rights to those shares has been retained by NH Foods Ltd.

百十四銀行

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