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[TRANSLATION]

The Other items to Be Provided via Electronic Measures for the Notice of the Annual General Meeting of Shareholders for the 26th Term

- 1) Stock Acquisition Rights of the Bank
- 2) Contents of Resolutions Concerning the Organization of a System to Ensure Business Relevance and Operational Status of the Said System “Outline of resolutions concerning a system to ensure business relevance”
- 3) Notes to the consolidated financial statements
- 4) Notes to the financial statements

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

Pursuant to the laws and regulations as well as Article 13 of the Company's Articles of Incorporation, the above items are omitted from the document to be provided to shareholders who requested delivery of a written document (a document describing the items provided via electronic measures) .

SBI Shinsei Bank, Limited

Matters regarding Stock Acquisition Rights, etc of the Bank

(1) Stock acquisition rights of the Bank owned by the Directors, Outside Directors, and Audit & Supervisory Board Members of the Bank as of the end of the fiscal year ended March 31, 2026.

Not applicable.

(2) Stock Acquisition Rights, etc of the Bank issued to employees, etc. during the fiscal year ended March 31, 2026.

	Name and allotment date of stock acquisition rights	Number of stock acquisition rights	Type and number of shares subject to stock acquisition rights	Exercise price (per share)	Exercise period	Number of employees, etc who received stock acquisition rights
Employees	Second series stock acquisition rights (September 30, 2025)	29,008	Common stock 2,900,800 Shares	1,153 yen	July 1, 2028 To September 30, 2030	1,908
Company officers and employees of subsidiaries	Second series stock acquisition rights (September 30, 2025)	38,205	Common stock 3,820,500 Shares	1,153 yen	July 1, 2028 To September 30, 2030	2,615

(Notes)

1. "Employee" means a person who is an employee of the Bank at the time of issuance and includes an employee of the Bank who is seconded to an affiliated company, etc.
2. "Company officers and employees of subsidiaries" excludes "Employees" as described in paragraph 1.
3. The classification is described at the time of granting.

(3) Other status of stock acquisition rights, etc

The outline of the first stock acquisition rights issued pursuant to the resolution of the Extraordinary General Meeting of Shareholders dated August 28, 2025 are as follows:

	Number of stock acquisition rights	Type and number of shares subject to stock acquisition rights	Issue price (per stock acquisition right)	Exercise price (per share)	Exercise period	Number of holders
Directors (excluding Outside Directors)	3,905	Common stock 390,500 shares	500 yen	1,153 yen	July 1, 2028 To September 30, 2030	3
Employees	10,495	Common stock 1,049,500 shares	500 yen	1,153 yen	July 1, 2028 To September 30, 2030	46
Company officers and employees of subsidiaries	2,929	Common stock 292,900 Shares	500 yen	1,153 yen	July 1, 2028 To September 30, 2030	17

(Notes)

1. "Employee" means a person who is an employee of the Bank at the time of issuance and includes an employee of the Bank who is seconded to an affiliated company, etc.
2. "Company officers and employees of subsidiaries" excludes "Employees" as described in paragraph 1.
3. Classification of the officers, employees and officers and employees of subsidiaries is based on the the time of issuance.

8. Contents of Resolutions Concerning the Organization of a System to Ensure Business Relevance and Operational Status of the Said System

1. Outline of resolutions concerning a system to ensure business relevance

To create a system for ensuring business relevance (internal control systems) as resolved by the Board of Directors pursuant to Article 362, Paragraph 4, Item 6 of the Corporation Act and Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of Corporation Act, we prescribe detailed rules in the “Internal Control Rules” and their related rules, and make resolutions at the Board of Directors meetings. “Executive Directors” (*gyoumu-shikkou-torishimariyaku*), Executive Officers are required to establish and operate internal control systems for the business areas they are responsible for, and all “Executive Directors” (*gyoumu-shikkou-torishimariyaku*), Executive Officers, and employees of the Bank are required to observe such internal control systems. Furthermore, the Board of Directors periodically verifies the status of internal control systems and the Bank’s basic policy for building internal control systems. An outline of these activities is described below.

(1) Framework of the organization

The “Internal Control Rules” stipulate that the internal control systems shall consist of ① a self-disciplined function in the business execution line in the field (hereinafter, the “First Line”), management functions that are independent from the business execution line in the field such as risk management and compliance functions (hereinafter, the “Second Line”), and an internal audit line (hereinafter, the “Third Line”) and ② in order to capture and address serious risks and problems appropriately, the Board of Directors shall receive reports from the Second and Third Lines in a timely manner and shall examine major policies and controls regularly.

(2) System for ensuring that the Bank’s directors and employees perform their duties in compliance with laws, regulations and the Articles of Incorporation (Article 362, Paragraph 4, Item 6 of the Corporation Act; Article 100, Paragraph 1, Item 4 of the Ordinance for Enforcement of Corporation Act)

We have established the “SBI Group Compliance Code of Conduct” (the “Code of Conduct”) as a basis of the system to ensure that the Bank’s directors and employees perform their duties in compliance with laws, regulations, and the Articles of Incorporation. All officers and employees of the Bank are required to comply with it.

The Code of Conduct requires the Bank officers and employees to comply with code of conduct to win the confidence of customers, code of conduct to win the confidence of shareholders etc., Social code of conduct, Code of conduct to build a better corporate culture, code of conduct as a member of an organization, code of conduct of top management. The Code of Conduct also prescribes rules to establish a sound management system in conformity with laws and regulations, to immediately make reports and hold consultations when finding any violation of compliance without neglecting it, to respect human rights, to arrange and keep a pleasant and open working environment, and to make internal decisions in a transparent and fair manner.

(3) System for retaining and managing information related to the execution of duties by directors of the Bank (Article 100, Paragraph 1, Item 1 of the Ordinance for Enforcement of Companies Act)

We endeavor to retain and manage information related to the performance of duties by the Bank’s directors with due care required for each type of storage media in order to prevent information leakage. We also provide such information to the Audit & Supervisory Board Members of the Bank from time to time upon their request. In addition, we manage information regarding the performance of duties by the Bank’s directors and employees pursuant to the “Information Security Policy” established by the Bank.

The “Group Information Security Policy” recognizes information as important assets and requires appropriate management and protection of information assets.

(4) Regulations and other systems concerning the management of risk of losses for the Bank (Article 100, Paragraph 1, Item 2 of the Ordinance for Enforcement of Corporation Act)

We have established the “Group Risk Governance Policy” and the “Group Risk Management Policy” to manage the risk of losses for the Bank and created a risk management system based on these Policy

The “Group Risk Governance Policy” sets forth the basic rationale for risk governance and the basic policy for its systems by capturing risk culture, appropriate business execution based on risk appetite, and risk management as basic components of risk governance.

The “Group Risk Management Policy” focuses mainly on the components of risk management and sets forth the basic policy for managing risks in a proactive manner by understanding the total quantity of risks assumed by the Bank and the Group. This system is put into operation by combining a “macro approach” (allocation and assessment of capital/resources by the management body) and a “standardized business management framework” (gradually diversified approval process for risk-taking). As the specific “business management framework”, the Policy provides for:

- 1) Risk classifications such as credit risk, market risk, liquidity risk, operational risk, and investment risk;
- 2) Composition, objectives, missions, and functions of various committee organizations corresponding to risks such as the Group Risk Policy Committee, Transaction Committee, Doubtful Debt Committee, Group ALM Committee, Market Business Management Committee, and Group New Business and Product Committee; and
- 3) Functions, roles and responsibilities of the divisions under the Executive Officer in charge of Group Risk and the divisions under the head of Credit Risk Management.

Moreover, we have established the Group Business Continuity Management Committee and various rules concerning the business continuity framework in order to continue important business operations and fulfill our responsibilities to customers and society as much as possible upon occurrence of large-scale disasters, accidents, or other events that disrupt our business activities.

(5) System to ensure that the Bank's directors efficiently perform their duties and responsibilities (Article 100, Paragraph 1, Item 3 of the Ordinance for Enforcement of Corporation Act)

We have adopted the Executive Officer system in order to ensure timely and efficient execution of daily business. Specifically, "Divisions" are designated as the most basic business unit in the Bank, and under the direction of the President, Executive Officers who are delegated authorities by the Board of Directors undertake operations for which they are responsible, in accordance with the "Regulations of Business Execution."

The "Regulations of Business Execution" provide for basic matters for ensuring efficient execution of duties and responsibilities of directors and others. These include: standards for the election and dismissal of "executive directors" (*gyoumu-shikkou-torishimariyaku*) and Executive Officers, compliance with laws and regulations, a good manager's duty of care and duty of loyalty, duty not to compete, prohibition of actions constituting a conflict of interest, duty of reporting to the Board of Directors, actions to be taken when there is a concern that significant damage may be incurred to the Bank, retention and management of information concerning the execution of duties, establishment of the Group Executive Committee and the Executive Committee (composed of executive officers, such as executive directors, the Heads of Executive Officers and Executive Officers in the Group Headquarters) established as a body to allow the President to make decisions on business execution matters), and the duties and authorities of "executive directors" (*gyoumu-shikkou-torishimariyaku*) and Executive Officers, among other things.

(6) System to ensure business relevance of corporate groups consisting of the Bank and its parent company and subsidiaries (Article 362, Paragraph 4, Item 6 of the Corporation Act; Article 100, Paragraph 1, Item 5 of the Ordinance for Enforcement of Corporation Act)

To ensure our business operations are consistent with our overall management policies, business plans, risk management and compliance frameworks, we designate the Divisions in charge of each of our subsidiaries and affiliates and create a system for mainly specialized sections to provide guidance on and manage overall management of the subsidiaries and affiliates. The Bank's subsidiaries and affiliates also receive guidance on their business management and are managed in accordance with the "Subsidiaries and Affiliates Policy" and "Group Headquarters Organization Management Policy".

The purpose of the "Subsidiaries and Affiliates Policy" is to maximize our Group value by clarifying the following three responsibilities with respect to the management of our subsidiaries and affiliates:

- 1) Supporting the subsidiaries and affiliates to show their autonomy, while ensuring that their initiatives are consistent with the Bank's overall strategy and directions;
- 2) Instructing the subsidiaries and affiliates to manage risks, perform administrative operations, and achieve operational efficiency in accordance with the scale and nature of their businesses; and
- 3) Ensuring that the subsidiaries and affiliates comply with rules (including firewall rules), maintain their reputation, and establish appropriate internal controls.

To achieve this goal, the Policy stipulates issues concerning instructions to and management of subsidiaries and affiliates such as the roles and responsibilities of the Business-Supervising Sections and Governance Section, specialized sections and other relevant divisions within the Bank, items requiring approval of the Group Executive Committee, responsibilities of the subsidiaries and affiliates, responsibilities of the Bank's officers and employees in relation to the Bank's subsidiaries and affiliates, and other responsibilities of the Bank's officers and employees.

The "Group Headquarters Organization Management Policy" aims to operate the Group Headquarters efficiently. The Policy stipulates basic matters related to the organizations necessary for operating the Group Headquarters and related to managing the organizations, such as basic principles for forming the Group Headquarters, organization, division of duties, relationship between the Group Headquarters and Group member companies, members, titles, duties, and authority.

- (7) **Matters concerning employees who are required to assist the Audit & Supervisory Board Members of the Bank in fulfilling their duties and responsibilities and matters concerning ensuring the effectiveness of instructions given by the Audit & Supervisory Board Members of the Bank to the said employees (Article 100, Paragraph 3, Items 1 and 3 of the Ordinance for Enforcement of Corporation Act)**

We have established the Office of Audit & Supervisory Board Members to assist the Audit & Supervisory Board Members of the Bank in the performance of audits, and stipulate that the employees belonging to the Office of Audit & Supervisory Board Members are the employees who should assist the Audit & Supervisory Board Members in fulfilling their duties and responsibilities (the "Assistants"). The Assistants have an obligation to comply with the directions and orders the Audit & Supervisory Board Members give them and to report to the Audit & Supervisory Board Members the results of their work.

- (8) **Matters concerning the independence of the employees defined in the preceding paragraph from the Bank's directors (Article 100, Paragraph 3, Item 2 of the Ordinance for Enforcement of Corporation Act)**

The Office of Audit & Supervisory Board Members directly reports to the Audit & Supervisory Board Members of the Bank, and is established as an organization independent from the Bank's directors and their business lines. As such, the Office of Audit & Supervisory Board seeks prior approval from the Audit & Supervisory Board concerning the appointment, dismissal, reassignment and transfer of the Assistants and other important matters concerning employment. Furthermore, the Office seeks prior approval of the Audit & Supervisory Board when revising wages and other remuneration of the Assistants.

- (9) **Systems listed below and other systems concerning reporting to the Audit & Supervisory Board Members of the Bank (Article 100, Paragraph 3, Item 4 of the Ordinance for Enforcement of Corporation Act)**

- ① Directors and employees of the Bank are, when they have found any fact that could cause significant damage to the Bank, required to report without delay to the Audit & Supervisory Board Members of the Bank the matters concerning such a fact and other matters prescribed by the Bank's Board of Directors or Audit & Supervisory Board.
- ② Directors, Audit & Supervisory Board members, and employees of the Bank's subsidiary are, when they have found any fact that could cause significant damage to the subsidiary of the Bank, required to report without delay to the Audit & Supervisory Board Members of the Bank the matters concerning such a fact and other matters prescribed by the Bank's Board of Directors or Audit & Supervisory Board.
- ③ The directors and employees of the Bank and directors, Audit & Supervisory Board members, and employees of the subsidiary of the Bank who have received a report on matters prescribed in each of the preceding items are required to report such matters without delay to the Audit & Supervisory Board Members of the Bank.
- ④ In addition to the preceding items, the whistle-blowing system and reports made under the said system to the Audit & Supervisory Board Members of the Bank by directors and employees of the Bank, and directors, Audit & Supervisory Board members, and employees of the Bank's subsidiaries are handled appropriately pursuant to the "Compliance Hotline Procedure."

- (10) **System to ensure that people who made a report under the preceding paragraph are not treated disadvantageously on the ground they made the said report (Article 100, Paragraph 3, Item 5 of the Ordinance for Enforcement of Corporation Act)**

We ensure that a person who makes a report that falls under the preceding paragraph is not treated disadvantageously in relation to his/her employment conditions and other matters on the ground that the said person made the said report.

- (11) **Procedures for advance payment or refund of expenses incurred for the execution of duties by the Audit & Supervisory Board Members of the Bank and matters concerning the policy for handling other expenses or obligations incurred in the execution of such duties (Article 100, Paragraph 3, Item 6 of the Ordinance for Enforcement of Corporation Act)**

When the Audit & Supervisory Board Members of the Bank have requested advance payment and so forth of expenses incurred in relation to the execution of their duties pursuant to each item of Article 388 of the Corporation Act, we ensure that the Bank shall promptly process such expenses or obligations unless it is deemed that such expenses or obligations are unnecessary for the execution of the relevant duties by the Audit & Supervisory Board Members. Furthermore, the Audit & Supervisory Board Members of the Bank may, as necessary, hire outside experts at the expense of the Bank within the scope permitted by laws.

(12) Other systems to ensure that audits by the Audit & Supervisory Board Members of the Bank are performed effectively (Article 100, Paragraph 3, Item 7 of the Ordinance for Enforcement of Corporation Act)

Directors and employees of the Bank are required to cooperate with audits by the Audit & Supervisory Board Members and are not permitted to take actions that obstruct their audits.

(13) Others

We declare in the “Charter of SBI Shinsei Bank Group Corporate Behavior” resolved by the Board of Directors that we will take a firm and resolute stand against antisocial forces which threaten the order and security of our society, and that we will consistently prevent illegal interference by such antisocial forces and completely exclude and eliminate any relationships with antisocial forces.

In order to verify the effectiveness of the above-mentioned internal control systems, the Group Internal Audit Division conducts internal audits in accordance with the “Internal Audit Policy” determined by the Board of Directors with the approval of the Audit & Supervisory Board and President and reports the audit results to the President and the Audit & Supervisory Board.

Notes to the consolidated financial statements

<Basis for Presentation of Consolidated Financial Statements and Significant Accounting Policies>

The definitions of subsidiaries and affiliates are based on the 8th paragraph of Article 2 of the Banking Act and Article 4-2 of the Banking Act Enforcement Order.

1. Basis for presentation of consolidated financial statements

(1) Scope of consolidation

(a) Consolidated subsidiaries: 52 companies

Major companies:

APLUS Co., Ltd.

Showa Leasing Co., Ltd.

Shinsei Financial Co., Ltd.

Shinsei Trust & Banking Co., Ltd. (Currently, SBI Shinsei Trust & Banking Co., Ltd.)

Shinsei Investment & Finance Limited

UDC Finance Limited

SBI Shinsei Asset Finance Company Limited

In the current fiscal year, Takeda Industry Co., Ltd. and 1 other company were newly consolidated due to the acquisition of their shares.

Additionally, EasyLend Finance Company Limited and other 7 companies were excluded from the scope of consolidation due to liquidation, TOKYO NEO PRINT CO., LTD. was excluded from the scope of consolidation due to the sale of its shares, clearpass Co., Ltd. was excluded from the scope of consolidation due to mergers with other company, etc. and SL WING CO., LTD. and 6 other companies were excluded from the scope of consolidation due to their decreased materiality and other reasons.

(b) Unconsolidated subsidiaries: 30 companies

Major Company:

SL PACIFIC LTD.

SL PACIFIC LTD. and 8 other unconsolidated subsidiaries are operating companies that undertake leasing businesses based on the Tokumei Kumiai system (silent partnerships). Tokumei Kumiai's assets, profits and losses virtually belong to each silent partner but not to the operating companies, and SBI Shinsei Bank, Limited (the "Bank") and its consolidated subsidiaries (collectively, the "Group") do not have any material transactions with these subsidiaries. Therefore, these subsidiaries were excluded from the scope of consolidation pursuant to Article 63, Paragraph 1, Item 2 of the Regulation on Corporate Accounting.

Other unconsolidated subsidiaries were excluded from the scope of consolidation because they are immaterial to the financial condition and results of operations, such as assets, ordinary income, profit (the Group's interest portion), retained earnings (the Group's interest portion) and accumulated other comprehensive income (the Group's interest portion) of the Group.

(2) Application of the equity method

(a) Unconsolidated subsidiaries accounted for by the equity method: not applicable

(b) Affiliates accounted for by the equity method: 43 companies

Major Companies:

NEC Capital Solutions Limited

SBI PE Holdings Co., Ltd.

Nissen Credit Service Co., Ltd.

MB Shinsei Consumer Credit Finance Limited Liability Company

In the current fiscal year, SBI APAC Credit Capital Pte. Ltd. and 1 other company were newly included in the scope of application of the equity method due to the acquisition of its shares, etc.

Additionally, Shinsei Aoyama Partners Investment Limited Partnership IX and other 2 companies were excluded from the scope of application of the equity method due to liquidation and Shinsei Growth Capital, Ltd. and other 6 companies were excluded from the scope of application of the equity method due to the loss of significant influence.

(c) Unconsolidated subsidiaries accounted for not applying the equity method: 30 companies

Major Company:

SL PACIFIC LTD.

SL PACIFIC LTD. and 8 other unconsolidated subsidiaries are operating companies that undertake leasing businesses based on the Tokumei Kumiai system (silent partnership). Tokumei Kumiai's assets, profits and losses essentially do not belong to the subsidiaries or their parent companies but to the members of the silent partnership, and furthermore, as the Group does not have any material transactions with these subsidiaries, pursuant to Article 69, Paragraph 1, Item 2 of the Ordinance of Company Accounting, these subsidiaries were excluded from the scope of application of the equity method.

Other unconsolidated subsidiaries were excluded from the scope of application of the equity method because they are immaterial to the financial condition and results of operations, such as profit (the Group's interest portion), retained earnings (the Group's interest portion) and accumulated other comprehensive income (the Group's interest portion) of the Group.

(d) Affiliates accounted for not applying the equity method: Not applicable

(3) Fiscal year of consolidated subsidiaries

(a) Balance sheet dates of consolidated subsidiaries were as follows:

March 31:	37 companies
June 24:	2 company
June 30:	1 company
September 30:	4 companies
November 30:	1 company
December 16:	1 company
December 31:	6 companies

(b) Except for 12 subsidiaries which are consolidated using their provisional financial statements as of March 31 and 1 subsidiary which is consolidated using its provisional financial statements as of February 28, those consolidated subsidiaries whose fiscal year-end at dates other than March 31 are consolidated using their fiscal-year-end financial statements with appropriate adjustments made for material transactions that occurred during the period from the ending dates of their fiscal years to March 31.

All yen amounts are rounded down to millions of yen.

2. Accounting policies

(1) Recognition and measurement of trading assets/liabilities and trading income/losses

Trading account positions including derivatives embedded in compound financial instruments, which are managed and accounted for separately from the host financial assets and liabilities, that are entered into for the purpose of generating gains arising from short-term changes in interest rates, currency exchange rates or market prices of financial instruments and other market-related indices, or from price differences among markets, are included in “Trading assets” and “Trading liabilities” on a trade-date basis. The income and losses resulting from trading activities are included in “Trading income” and “Trading losses”.

Trading securities and monetary claims purchased for trading purposes are stated at market value at the consolidated balance sheet date and derivative financial instruments related to trading positions are stated at fair value based on estimated amounts that would be settled in cash if such positions were terminated at the consolidated balance sheet date.

Trading income and trading losses include interest received and paid during the fiscal year and unrealized gains and losses resulting from the change in the value of securities, monetary claims purchased and derivatives between the beginning and the end of the fiscal year.

For derivatives, the fair value is determined based on the net assets or liabilities after offsetting financial assets and financial liabilities with respect to specific market risk or specific credit risk, using the group of financial assets and financial liabilities as the unit.

(2) Measurement of securities

(a) Securities for trading purposes (except for those included in trading accounts) are carried at fair value (cost of securities sold is determined by the moving-average method). Securities being held to maturity are carried at amortized cost (using the straight-line method) determined by the moving-average method. Investments in unconsolidated subsidiaries and affiliates are carried at cost determined by the moving-average method. Available-for-sale securities are carried at fair value (cost of securities sold is determined by the moving-average method) except for nonmarketable equity securities and others, which are carried at cost determined by the moving-average method. Investments in partnerships and others are carried at the amount of the Group's share of net asset value based on their most recent financial statements.

Unrealized gain (loss) on available-for-sale securities is directly recorded in a separate component of equity, after deducting the amount charged to profit or loss by applying fair value hedge accounting. Foreign currency-denominated available-for-sale securities (bonds) are translated into Japanese yen at the exchange rates as of the consolidated balance sheet date, and of the translation amount, the translation difference arising from changes in fair values in foreign currencies is treated as unrealized gain or loss on available-for-sale securities and the other translation difference is treated as profit or loss.

(b) The values of securities included in monetary assets held in trust are determined by the same methods as stated in (a) above.

(3) Measurement of derivatives

Derivatives (except for those included in trading accounts) are carried at fair value.

The fair value of derivatives is determined based on the net assets or liabilities after offsetting financial assets and financial liabilities with respect to specific market risk or specific credit risk, using the group of financial assets and financial liabilities as the unit.

(4) Measurement of other monetary claims purchased

Other monetary claims purchased held for trading purposes (except for those included in trading accounts) are carried at fair value.

(5) Depreciation

(a) Premises and equipment (excluding leased assets as lessee)

Depreciation of the Group's buildings and the Bank's computer equipment (including ATMs) other than personal computers is computed principally using the straight-line method, and depreciation of other equipment is computed principally using the declining-balance method. Principal estimated useful lives are as follows:

Buildings: 3 – 50 years

Others: 4 – 20 years

In addition, depreciation of tangible leased assets as lessor for operating lease transactions is computed using the straight-line method over the leasing period assuming that residual values are the estimated disposal value at the end of the estimated leasing period.

(b) Intangible assets (excluding leased assets as lessee)

Intangible assets acquired in business combinations have been recognized by applying the full market value method when

the Group obtained control over the subsidiaries and are amortized by the straight-line method. Their amortization periods are as follows:

Trade names and trademarks:	20 years
Customer relationship:	8 – 13 years

In addition, goodwill and negative goodwill, which were recorded prior to March 31, 2010, are amortized using the straight-line method over 5 to 20 years. The total amount is written off in the fiscal year during which they occurred when the amount is not material.

Intangible assets other than the identified intangible assets mentioned above are amortized using the straight-line method. Capitalized software for internal use is amortized using the straight-line method based on the Group's estimated useful lives (primarily 5 – 15 years).

(c) Leased assets (as lessee)

Depreciation of leased assets under finance lease transactions that are deemed to transfer ownership of the leased property to the lessee, which are included in "Other intangible assets," is computed using the same method which is applied to the owned properties.

(6) Deferred charges

Deferred issuance expenses for corporate bonds, which are included in other assets, are amortized using the straight-line method over the term of the corporate bonds.

(7) Reserve for credit losses

The reserve for credit losses of the Bank has been established according to the obligor categorization described below based on the predetermined internal rules for establishing the reserve.

Legally bankrupt obligors: Obligor who have legally or formally declared bankruptcy, special liquidation

Virtually bankrupt obligors: Obligor who are in a situation substantially equivalent to that of the "Legally bankrupt obligors"

Possibly bankrupt obligors: Obligor who are not currently in a state of bankruptcy but are deemed likely to go bankrupt in the future

Substandard obligors: Obligor whose debts, all or in part, are Substandard Claims (Restructured Loans and Loans in Arrears for three months or longer)

Need caution obligors: Obligor requiring attention for credit control due to problems with loan terms and repayment performance, poor business conditions, instability, or financial problems

Normal obligors: Obligor whose business conditions are favorable and whose financial conditions are deemed to have no particular problems

For claims to legally bankrupt obligors and virtually bankrupt obligors, a specific reserve is provided based on the amount of claims, after the write-off for collateralized or guaranteed claims to legally bankrupt obligors or virtually bankrupt obligors stated below, net of amounts expected to be collected through the disposal of collateral or execution of guarantees. For claims to possibly bankrupt obligors, except claims to obligors with large claims described below, a specific reserve is provided by forecasting a loss amount expected for the next three years from the net amount, which is the claim amount net of amounts expected to be collectible through the disposal of collateral and execution of guarantees.

With regard to claims to possibly bankrupt obligors and substandard obligors, if the obligors' future cash flows, which are collection of principal of claims and receipt of interests from the obligor (hereinafter referred to as "future cash flows"), are reasonably estimable and amounts of the claims are equal to or greater than a certain threshold, then the reserve for credit losses is determined as the difference between (i) discounted estimated future cash flows using the original contractual interest rate and (ii) book value of the claim (hereinafter referred to as "the discounted cash flow method"). This calculation method is used to record the reserve for all applicable obligors, including obligors who have recovered to "need caution". When it is difficult to reasonably estimate an obligor's future cash flows and amounts of the claims are equal to or greater than a certain threshold, the remaining term is individually estimated and the reserve is calculated based on the expected loss over the remaining term.

For other claims (claims to normal, need caution and substandard obligors), the reserve for credit losses is recorded by estimating an expected loss amount of loans and claims. The expected loss amount is calculated based on the characteristics of the portfolio. The portfolio is divided into loans for general non-financial corporations, real estate non-recourse loans, project finance and loans for individual customers. For loans to general non-financial corporations, real estate non-recourse loans and loans for individual customers, loss rate is calculated based mainly on the actual credit loss over the average remaining term to maturity of each obligor category. For project finance, loss rate is calculated based on the average rate of the probability of default over a certain period in the past. The probability of default is calculated based on the actual default over the average remaining term to maturity of each obligor category. The reserve is provided by making necessary adjustments to the expected loss amount.

For specific foreign claims, there is a reserve for loans to restructuring countries, which has been provided based on losses estimated by considering the political and economic conditions in those countries. All claims are assessed by the sales promotion

divisions and credit analysis divisions based on the predetermined internal rules for the self-assessment of asset quality. The risk management division, which is independent of the sales promotion divisions and credit analysis divisions, conducts verifications of these assessments, and the abovementioned reserves are provided based on the verified assessments. The consolidated subsidiaries calculate the general reserve for general claims based on historical actual rate of credit losses, and the specific reserve for claims to possibly bankrupt obligors, virtually bankrupt obligors and legally bankrupt obligors based on estimated losses, considering the recoverable value. For collateralized or guaranteed claims of the Bank and certain consolidated subsidiaries to legally bankrupt obligors or virtually bankrupt obligors, the amount of claims that exceeded the estimated value of collateral or guarantees and was deemed uncollectible was, in principle, written off, totaling ¥52,977 million as of March 31, 2026.

(8) Accrued employees' bonuses

Accrued employees' bonuses are provided in the amount of the estimated bonuses that are attributable to the current fiscal year.

(9) Accrued directors' bonuses

Accrued directors' bonuses are provided in the amount of the estimated bonuses that are attributable to the current fiscal year.

(10) Reserve for directors' retirement benefits

The reserve for directors' retirement benefits is provided for the payment of directors' retirement benefits for a certain consolidated subsidiary based on the amount that would be required if all directors retired on its balance sheet date.

(11) Reserve for reimbursement of deposits

The reserve for reimbursement of deposits is provided for estimated losses on future reimbursement requests of deposits derecognized from liabilities.

(12) Reserve for reimbursement of debentures

The reserve for reimbursement of debentures is provided for estimated losses on future reimbursement requests of debentures derecognized from liabilities.

(13) Reserve for losses on interest repayments

The reserve for losses on interest repayments is provided for a moneylender who had operated at a loan rate exceeding the upper limit of the Interest Rate Restriction Act and below the upper limit of the so-called Contributions Act (hereinafter referred to as "gray-zone rate") for estimated losses on repayment of excess interest receipts arising from a claim for repayment of interest paid by a debtor ("customer") in excess of the maximum interest rate prescribed by the Interest Rate Restriction Act. A claim for interest repayment is approved based on a decision of the Supreme Court in 2006 that unless there are special circumstances, the excess interest cannot be deemed to have been voluntarily paid if the contract concerning the loan includes a special provision to the effect that the obligor loses the benefit of time if he/she delays the payment of the agreed interest including excess interest. In general, if the customer claims for repayment, the lender shall repay the excess portion (hereinafter referred to as "excess interest") if the amount exceeds the amount calculated based on the maximum interest rate provided in the Interest Rate Restriction Act.

In the Group, since the fiscal year 2007, the consolidated subsidiaries (Shinsei Financial, Shinsei Personal Loan, APLUS, and Aplus Investment) have applied the reduced maximum interest rate to new loans to new customers and certain existing customers. Also, with the full enforcement of the amended Money Lending Business Act in June 2010, all new loans are made at an interest rate within the maximum interest rate regulated by the Interest Rate Restriction Act. However, since the Group had made loans at gray-zone interest in the past, the amount of repayment of excess interest that would arise in the future as a result of the customer's claims for repayment is estimated and recorded as reserve for losses on interest repayments.

In calculating the reserve for losses on interest repayments, as for loans subject to gray-zone interest, Shinsei Financial and Shinsei Personal Loan estimate the amount expected to be repaid in the future by multiplying "the population subject to repayment of excess interest" (hereinafter referred to as "number of accounts"), "the ratio of the relevant accounts that would result in repayments of excess interest due to settlements with the obligors" (hereinafter referred to as "repayment rate"), and the amount per account expected to be repaid, for a certain period in the future. APLUS and Aplus Investment estimate the number of repayment requests for excess interest during a certain period in the future from changes in the number of repayment requests in the past and estimate the amount expected to be repaid in the future by multiplying the estimated number of repayment requests in the future, an estimated amount of repayment request per customer and the ratio of an expected repayment to a repayment request.

The Group calculates the reserve for losses on interest repayments based on a reasonable estimate of the amount of interest repayment in the future. The assumptions in these calculations include estimates of how the decrease in the number of accounts subject to be repaid, the repayment rate, the number of repayment requests, and the amount of claims for repayment per account or customer will change in the future. Such estimates are mainly based on the analysis of the occurrence of past interest repayment amounts.

(14) Accounting for employees' retirement benefits

The difference between retirement benefit obligations and plan assets is recognized as liabilities for retirement benefits or assets for retirement benefits.

The retirement benefit obligation is estimated using the benefit formula basis for attributing the expected benefits to the current fiscal year. The actuarial gain (loss) is amortized as follows:

Actuarial gain (loss):	Amortized using the straight-line method over the average remaining service period (9.00-12.00 years) primarily from the fiscal year of occurrence.
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Certain consolidated subsidiaries recognize voluntary retirement payments at the consolidated balance sheet date as retirement benefit obligations under the non-actuarial method.

(15) Revenue and expense recognition

(a) Revenue recognition for installment sales finance business

Revenue from installment sales finance business is recognized primarily using installment bases as follows:

Revenue from shopping credit business, credit card business and loan business is recognized using the sum-of-the-months digits method, the straight-line method or the credit-balance method depending on the type of contracts.

Of revenues from the card business, merchant fees and annual membership fees are recognized in accordance with the standards described in "(d) Revenue recognition from contracts with customers."

(Notes)

1. In "Sum-of-the-months digits method," the commission amount regarded as revenue at the time of each installment payment is calculated by dividing the total commission amount by the sum of months installment payments.
2. In "Credit-balance method," the commission amount regarded as revenue at the time of each installment payment is calculated by multiplying the respective outstanding principal by a contracted commission ratio.

(b) Revenue and expense recognition for leasing business

For finance lease transactions, lease income is recognized based on lease payments for each of the leasing period, and lease cost is calculated by deducting the interest allocated for each period from lease income.

With regard to finance lease transactions entered into prior to April 1, 2008, that are not deemed to transfer ownership of the leased property to the lessee, leased investment assets are recognized at the amount of book values of those leased properties as of March 31, 2008 in accordance with the transitional treatment in the "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan ("ASBJ") Statement No. 13) that was effective from April 1, 2008. As a result, income before income taxes for this interim period the current fiscal year has increased by ¥42 million, as compared to what would have been reported if the revised accounting standard was applied retroactively to all finance lease transactions as lessor.

(c) Revenue recognition for interest on consumer lending business

Consolidated subsidiaries specializing in the consumer lending business accrued interest income at the balance sheet date at the lower of the amount determined using a rate permissible under the Interest Rate Restriction Act of Japan or the amount determined using rates on contracts with customers.

(d) Revenue recognition from contracts with customers

The Group recognizes revenue from contracts with customers based on the following five steps.

- Step 1: Identify the contracts with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenues from contracts with customers are mainly from (i) sales of mutual funds and insurance products in Retail Banking segment, (ii) the collection agent service fees in the payment business and merchant fees in the credit card business in APLUS segment, and (iii) sales of used construction machines, etc. in Showa Leasing segment. The Group recognizes these revenues when the performance obligation is satisfied at the time of transferring these goods or services.

Also, regarding annual membership fees from the credit card business, revenues are recognized over the contract period of services as each entity in the Group satisfies the performance obligation over time.

In addition, these revenues do not contain elements of material variable estimates or significant financing components.

(16) Translation of foreign currency-denominated assets and liabilities

Foreign currency-denominated assets and liabilities of the Bank are translated into Japanese yen at exchange rates as of the consolidated balance sheet date, except for investments in unconsolidated subsidiaries and affiliates not being accounted for by the equity method which are translated at the relevant historical exchange rates.

Foreign currency-denominated assets and liabilities of consolidated subsidiaries are translated at exchange rates of their respective balance sheet dates.

(17) Hedge accounting

(a) Hedge of interest rate risks

The Bank applies deferral hedge accounting for derivative transactions that meet hedge accounting criteria for mitigating interest risks of its financial assets and liabilities.

The Bank adopted portfolio hedging to determine the effectiveness of hedging instruments in accordance with "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (Industry Committee Practical Guidelines No. 24 March 17, 2022, by the Japanese Institute of Certified Public Accountants (the "JICPA")). Under portfolio hedging to mitigate the change in fair value, a portfolio of hedged items with common maturities such as deposits or loans is designated and matched with a group of hedging instruments such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities. The effectiveness of the portfolio hedging is assessed by each group.

As for portfolio hedging activities to fix cash flows, the effectiveness is assessed based on the correlation between the base interest rate index of the hedged cash flow and that of the hedging instruments.

Certain foreign subsidiaries which adopt International Financial Reporting Standards ("IFRS"), apply cash flow hedges. Of changes in fair value of hedging instruments, the effective portion of the hedge is recognized as "Deferred gain (loss) on derivatives under hedge accounting" of other comprehensive income and the ineffective portion of the hedge is recognized as net profit or loss.

The interest rate swaps of certain consolidated subsidiaries which qualify for hedge accounting and meet specific matching criteria are not measured at fair value, but the net payments or receipts under the swap agreements are recognized and included in interest expenses or income. Other certain consolidated subsidiaries apply deferral hedge accounting.

(b) Hedge of foreign exchange fluctuation risks

The Bank applies either deferral hedge accounting or fair value hedge accounting for derivative transactions for the purpose of hedging foreign exchange fluctuation risks of its financial assets and liabilities denominated in a foreign currency.

Under deferral hedge accounting, which is in accordance with "Accounting and Auditing Treatment of Accounting Standards for Foreign Exchange Transactions in the Banking Industry" (Industry Committee Practical Guidelines No. 25 October 8, 2020 by JICPA), hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currency and designating derivative transactions such as currency swap transactions, funding swap transactions and forward exchange contracts as hedging instruments. Hedge effectiveness is reviewed by comparing the total foreign currency position of the hedged items and hedging instruments by currency.

The Bank also applies deferral hedge accounting and fair value hedge accounting to translation gains or losses from foreign-currency denominated securities (other than bonds) if such foreign currency denominated securities as hedged items are designated in advance and liability exposure related to the foreign currency denominated securities which equal or exceed the acquisition cost of the hedged securities exist.

(c) Intercompany and intracompany derivative transactions

Gains (losses) on intercompany and intracompany derivative hedging transactions between the trading book and the banking book are not eliminated since offsetting transactions with third parties are appropriately entered into in conformity with the nonarbitrary and strict hedging policy in accordance with Industry Committee Practical Guidelines No. 24 and No. 25 of the JICPA. As a result, in the banking book, realized gains (losses) on such intercompany and intracompany transactions are reported in current earnings and valuation gains (losses) that meet the hedge accounting criteria are deferred.

(18) Group tax sharing system

A wholly controlling relationship by SBI Holdings, Inc., the parent company of the Bank, was established on July 31, 2025, and the wholly controlling relationship by SBI Holdings, Inc. was dissolved on December 17, 2025.

As a result, the application of the group tax sharing system with the Bank as the parent company was terminated as of July 30, 2025, and the Bank and the certain consolidated domestic subsidiaries apply the individual taxation system.

(Accounting standards issued but not yet adopted)

The Group has not adopted the following new accounting standards or amendments published by March 31, 2026.

- “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), etc.

(1) Outline

In an effort to align Japanese accounting standards with international accounting standards, leveraging on the requirements of the international accounting standards, the Accounting Standards Board of Japan (ASBJ) had deliberations to develop an accounting standard for leases that require a lessee to recognize assets and liabilities for all leases. Although the fundamental approach was to base the accounting standard on the single accounting model of IFRS 16, the accounting standard adopted only principal requirements of IFRS 16 rather than all requirements of IFRS 16. As a result, the lease accounting standards, etc. were published as accounting standards that aim to ensure simplicity and convenience and to minimize the need for adjustments when applying the requirements of IFRS 16 to nonconsolidated financial statements.

In terms of the method of allocation for expense for a lessee's lease, regardless of whether the lease is a finance lease or an operating lease, a single accounting model that records the depreciation expense for the right-of-use asset and the interest expense on the lease liability is applied, similar to IFRS 16.

(2) Expected date of adoption

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

(3) Effect of adopting the accounting standard

The Group is currently evaluating the effect of the adoption of the accounting standards, etc. on the consolidated financial statements.

(Significant Accounting Estimates)

Items whose amounts are recorded in the financial statements for this consolidated fiscal year based on accounting estimates and which may have a material impact on the financial statements for the following consolidated fiscal year are as follows.

1. Reserve for credit losses**(1) Amount recorded in the consolidated financial statements for the current fiscal year**

Reserve for credit losses ¥149,098 million

(2) Information that contributes to the understanding of the significant accounting estimates

The Bank determines obligor categories (normal, need caution, substandard, possibly bankrupt, virtually bankrupt and legally bankrupt) for each obligor based on the obligor's financial information and available external information, and records a reserve for loan losses for each obligor category based on the calculation method described in “2. Accounting policies (7) Reserve for credit losses” of “Basis of Preparation of Consolidated Financial Statements”.

The determination of obligor categories and the calculation of the reserve for credit losses based on the discounted cash flow method for real estate non-recourse loans included in the Bank's loans and claims take into account the valuation of underlying properties. The valuation of underlying properties is based on assumed income, vacancy rate and discount rate considering market trends and recent operating condition of individual projects.

Of the obligors whose business performance has deteriorated due to the recent changes in the economic environment including fluctuations of prices, foreign exchange rates and interest rates, reserves for the obligors, such as possibly bankrupt obligors and substandard obligors are provisioned based on the discounted cash flow method. Such obligor's reserve for credit losses is calculated based on necessary adjustments taking the obligor's business plan into consideration (reduction of future cash flow to reflect future uncertainties and establishment of multiple scenarios, etc.).

The estimation is highly uncertain because the assumptions regarding property valuation and the assumptions concerning the possibility of deterioration or recovery of the obligor's financial condition, business sustainability and forecasted performance including future cash flow are affected by economic activity due to the changes in the internal and external economic environments including the recent fluctuation of prices, foreign exchange rates and interest rates.

The amount of reserve for credit losses provisioned as of March 31, 2026 is based on the Group's best estimate at present. However, the amount may change during the next fiscal year if there are changes in the economic environment surrounding the obligors or in their financial conditions.

2. Reserves for losses on interest repayments

(1) Amount recorded in the consolidated financial statements for the current fiscal year

As of March 31, 2026, as a result of estimating the required amount of reserve for losses on interest repayments in order to provide for losses on future claims for interest repayments, the Group recorded reserves for losses on interest repayments of ¥15,224 million on the consolidated balance sheet. It consisted of ¥10,274 million for Shinsei Financial and ¥1,356 million for Shinsei Personal Loan and ¥1,883 million for APLUS and ¥1,709 million for Aplus Investment. Also, the Group recorded a reversal of reserve for losses on interest repayments of ¥2,504 million in the consolidated income statement consisting of ¥475 million for Shinsei Financial, ¥88 million for Shinsei Personal Loan, ¥1,330 million for APLUS and ¥610 million for Aplus Investment.

(2) Information that contributes to the understanding of significant accounting estimates

The Group has recorded reserves for losses on interest repayments at consolidated subsidiaries (Shinsei Financial, Shinsei Personal Loan, APLUS, and Aplus Investment). The calculation method is stated in “2. Accounting policies (13) Reserve for losses on interest repayments” of “Basis for Presentation of Consolidated Financial Statements and Significant Accounting Policies”.

Recently, due to a decrease in the population (number of accounts) and a slower response to public relations activities of attorney’s offices and judicial scrivener’s offices as agents for obligors, the number of transaction history disclosure requests regarding matters on the gray zone interest and the amounts of interest repayments for gray zone claim have been declining steadily. The Group recognizes that the occurrence of additional losses associated with excess interest repayments will be limited. In contrast, since the reserve for losses on interest repayments is calculated by estimating the future trend of the decrease in the number of accounts subject to requests for repayment of excess interest, the repayment rate, the number of repayment requests, and the amount of repayment requests per customer or per account, the amount of reserves for losses on interest repayments could affect the consolidated financial statements for the next fiscal year of the Group in the event of future changes in the business environment that differ from the current forecast.

As to APLUS and Aplus Investment, until the last fiscal year, based on an analysis of the year-to-year decreasing trend experienced in the number of repayment requests, the number of repayment requests in the future was estimated, assuming that such decreasing trend continues in the future. However, because of the widening variance between the expectation of the number of repayment requests and the corresponding actual result, from the current fiscal year, the number of repayment requests in the future is estimated based on an analysis of the relationship between the changes in the status categories (such as active, fully repaid, or terminated) of contracts subject to potential repayment requests and the trend in the occurrence of repayment requests based on the historical data. As a result, the reserves of losses on interest payments increased by ¥2,072 million compared to the amount calculated by the conventional method, each of the ordinary profit and the income before income taxes decreased by ¥2,072 million.

(Other information)

(Full repayment of public funds concerning Class-A and Class B preferred shares)

On July 31, 2025, SBI Holdings, Inc., the parent company of the Bank, acquired all of the Class-A preferred shares issued by the Bank from the Deposit Insurance Corporation of Japan and all of the Class-B preferred shares issued by the Bank from the Resolution and Collection Corporation.

As a result, the outstanding public funds of ¥230,018 million were fully repaid.

(Revision of employees’ retirement benefit and pension plans)

Effective April 1, 2025, the Bank revised its employees’ retirement benefit and pension plans by introducing an unfunded severance indemnity plan in addition to the existing noncontributory defined benefit pension plan.

As a result of the revision, those employed on or after April 1, 2025 are enrolled in the unfunded severance indemnity plan. Those employed before the date continue to be enrolled in the noncontributory defined benefit pension plan.

Notes

(Consolidated Balance Sheet)

1. Investments in unconsolidated subsidiaries and affiliates were as follows:

(Millions of yen)

	Carrying amount
Equity securities	¥67,521
Other investments in capital	11,264

(Note) Investment in a jointly controlled entity of ¥5,269 million was included in equity securities.

2. For securities held in connection with securities borrowing transactions (with or without cash collateral), securities purchased under resale agreements and securities accepted as collateral for derivative transactions, where the Group has an unrestricted right to sell, pledge or re-pledge such securities, ¥570,541 million of those securities was re-pledged and ¥1,322 million was held by the Group at the consolidated balance sheet date, respectively.
3. Claims subject to disclosures under the Japanese Banking Act (JBA) and the Financial Revitalization Law are as follows. The claims include: corporate bonds included in the "Securities" in the consolidated balance sheet (limited to bonds for which redemption of principal and payment of interest are guaranteed in whole or in part, and the issuance of such bonds is due to private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans and bills discounted, foreign exchange claims, accrued income and suspense payments in other assets, customers' liabilities for acceptances and guarantees, and securities lent (limited to those under a loan for use or lease contract).

Claims against bankrupt and quasi-bankrupt obligors	¥29,038 million
Doubtful claims	¥32,339 million
Loans past due for three months or more	¥864 million
Restructured loans	¥58,118 million
Total amount	¥120,361 million

In addition to the above, installment receivables are as follows:

Claims against bankrupt and quasi-bankrupt obligors	¥8,940 million
Doubtful claims	¥1,807 million
Loans past due for three months or more	¥1,202 million
Restructured loans	¥2,060 million
Total amount	¥14,010 million

Claims against bankrupt and quasi-bankrupt obligors are claims against obligors under bankruptcy and similar claims, as provided for under the Bankruptcy Law, the Corporate Reorganization Law, the Civil Rehabilitation Law, and similar laws.

Doubtful claims are claims against obligors that are not yet in bankruptcy but have experienced deterioration in their financial condition and operating performance and for which there is a high probability of contractual defaults on principal and interest payments.

Loans past due for three months or more are loans on which principal and/or interest are past due three months or more, excluding claims against bankrupt and quasi-bankrupt obligors and doubtful claims.

Restructured loans are loans where the Group relaxes lending conditions, such as by reducing the original interest rate, or by forbearing interest payments or principal repayments to support the borrower's reorganization, but excluding claims against bankrupt and quasi-bankrupt obligors, doubtful claims, or loans past due for three months or more.

The above amount of claims is the amount before deduction of reserve for credit losses.

4. Bills discounted, such as bank acceptances bought, commercial bills discounted, documentary bills and foreign exchange contracts bought, are accounted for as financing transactions in accordance with Industry Committee Practical Guidelines No. 24 revised on October 8, 2020 by the JICPA, although the Group has an unrestricted right to sell, pledge or re-pledge them. There was no outstanding balance of such bills discounted as of the end of the current fiscal year.
5. The total principal amount of loans accounted for as a sale through loan participation arrangements was ¥28,263 million as of March 31, 2026. This "off-balance sheet" treatment is in accordance with "Accounting and Presentation of Loan Participations" (Transferred Guidance No. 1 issued on July 1, 2024). The carrying amount of the principal of loans to original borrowers arising from loan participation arrangements in which the Bank participated was ¥38,606 million as of March 31, 2026.

6. Assets pledged as collateral were as follows:

(Millions of yen)

Cash and due from banks	¥ 50
Monetary assets held in trust	2,710
Securities	1,539,034
Loans and bills discounted	2,007,777
Installment Receivables	229,145
Lease receivables and leased investment assets	5,604

Liabilities collateralized were as follows:

(Millions of yen)

Deposits	¥ 1,681
Payables under repurchase agreements	879,286
Payables under securities lending transactions	383,899
Borrowed money	1,627,312
Corporate bonds	243,673
Other liabilities	2
Acceptances and guarantees	75,292

In addition, ¥59,049 million of securities were pledged as collateral for transactions including exchange settlements and swap transactions or as substitute for margin deposits for futures transactions and other.

Also, ¥125,536 million of cash collateral paid for financial instruments, ¥30,000 million of cash collateral for Zengin-net, ¥8,281 million of security deposits, ¥3,128 million of guarantee deposits under resales agreements and repurchase agreements, and ¥1,842 million of margin deposits for outstanding future transactions were included in “Other assets.”

7. The Bank and certain of its consolidated subsidiaries set credit lines of overdrafts and issue commitments to extend credit to meet the financing needs of their customers.

The unfulfilled amounts of these commitments were ¥3,714,266 million, out of which the amounts with the commitments of the agreement expiring within one year or being able to be cancelled at any time with no condition were ¥3,075,051 million.

Since a large majority of these commitments expires without being drawn upon, the unfulfilled amounts do not necessarily represent future cash requirements. Many such agreements include provisions that allow the Bank to reject the drawdown or to reduce the amount if there are changes in the condition of financial market, issues relating the preservation of claims or other reasonable grounds.

In addition, the Bank may, as necessary, obtain collateral such as real estate and securities at the time of entering into the contracts. Further, the Bank regularly monitors customers’ business conditions in accordance with its prescribed internal procedures after the contracts are executed, and the Bank reviews the contractual terms and takes measures to preserve its credit positions when necessary.

8. Accumulated depreciation on “Premises and equipment” was ¥72,457 million.

9. Deferred gains on “Premises and equipment” deducted for tax purposes were ¥21 million.

10. “Tangible leased assets as lessor” and “Intangible leased assets as lessor” are leased assets for the operating leases transactions as lessor.

11. Software in progress of ¥8,703 million were included in “Software.”

12. Goodwill and Negative goodwill are offset and presented as “Goodwill” in intangible assets by the net amount. The gross amounts were as follows:

Goodwill	¥5,379 million
Negative goodwill	543
Net	4,836 million

13. The amount of guarantee obligations for privately placed bonds (Paragraph 3 of Article 2 of the Financial Instruments and Exchange Act), out of corporate bonds included in the “Securities” stands at ¥100 million.
14. Total obligations to the Directors and Audit & Supervisory Board Members of the Bank stand at ¥144 million.
15. Contingent liability arising from the agreement on the purchase of the personal property of a certain consolidated subsidiary is ¥331 million.

(Consolidated Statement of Income)

1. “Other business income” included leasing revenue of ¥104,711 million, income from installment sales of 69,115 million and sales of returned leased assets of ¥33,363 million.
2. “Other” presented in “Other income” included gain on sale of equity securities of ¥25,889 million, share of profit of entities accounted for using equity method of ¥9,573 million and gain on monetary assets held in trust of ¥7,968 million. The share of profit of entities accounted using equity method includes gain on negative goodwill equivalent to ¥3,738 million arising from the additional acquisition of shares in NEC Capital Solutions Limited, an equity-method affiliate, in June 2025.
3. “Other business expenses” included leasing cost of ¥91,725 million, disposal cost of lease of ¥30,437 million and loss on foreign exchange transactions of ¥21,896 million.
4. “Other general and administrative expenses” included personnel expenses of ¥65,763 million and system expenses (excluding depreciation) of ¥20,718 million.
5. “Other extraordinary gains” was gain on liquidation of subsidiaries of ¥312 million.
6. “Other impairment losses” included the impairment losses in the Group related to the following assets:

(Millions of yen)

Location	Usage	Asset type	Amount
Tokyo, Osaka, Ibaraki, etc.	Branches, etc.	Buildings, Other premises and equipment	¥1,634
Tokyo, Fukuoka, Osaka	IT-related property	Other premises and equipment, Software	¥71
Total			¥1,705

The Group determines the asset group based on management segmentation.

Properties of branches, etc. in the Individual Business that the Bank and certain consolidated subsidiaries determined to close down considering the business environment are individually deemed as an idle asset, and the impairment loss for their carrying amount was recognized assuming their recoverable amount to be zero. Also, the impairment loss for the carrying amount of IT-related idle assets such as software no longer used or discontinued development of software was recognized assuming their recoverable amount to be zero.

Included in the impairment loss above were ¥1,471 million for “Buildings”, ¥197 million for “Other premises and equipment” and ¥35 million for “Software”.

(Consolidated Statement of Changes in Equity)

1. Type and number of issued shares and treasury stock were as follows:

(Unit: shares)

	Number of shares as of April 1, 2025	Number of shares increased	Number of shares decreased	Number of shares as of March 31, 2026	Note
Issued shares					
Common stock	48	895,499,952	—	895,500,000	(Note 4)
Class-A preferred shares	6	83,999,994	84,000,000	—	(Note 5, 6)
Class-B preferred shares	6	83,999,994	84,000,000	—	(Note 7, 8)
Total	60	1,063,499,940	168,000,000	895,500,000	
Treasury stock					
Common stock	3	41,999,997	33,500,000	8,500,000	(Note 9, 10)
Total	3	41,999,997	33,500,000	8,500,000	

Note : 1. The Bank conducted stock splits at a ratio of 14,000,000-for-1 for common stock, Class-A preferred shares, and Class-B preferred shares on July 27, 2025.

2. The Bank converted Class-A preferred shares and Class-B preferred shares into common stock on August 25, 2025.

3. The Bank issued new shares of common stock on December 16, 2025.

4. The increase in the issued shares of common stock is associated with the increase of 671,999,952 shares from the stock split in Note 1 (48 shares before the stock split), and the increase of 168,000,000 shares from the conversion from preferred shares in Note 2 and the increase of 55,500,000 shares from the new issuance of common stock in Note 3.

5. The increase in the issued shares of Class-A preferred shares is associated with the increase from the stock split in Note 1.

6. The decrease in the issued shares of Class-A preferred shares is associated with the decrease from the conversion to the shares of common stock in Note 2.

7. The increase in the issued shares of Class-B preferred shares is associated with the increase from the stock split in Note 1.

8. The decrease in the issued shares of Class-B preferred shares is associated with the decrease from the conversion to the shares of common stock in Note 2.

9. The increase in the issued shares of treasury stock is associated with the increase due to the stock split in Note 1.

10. The decrease in the issued shares of treasury stock is associated with the decrease from the disposal for a third-party allotment.

2. Matters concerning stock acquisition rights

Stock acquisition rights represent the Bank's stock options, and their balance was ¥8 million as of March 31, 2026.

3. Information on dividends

(a) Dividend paid in the current fiscal year

Resolution	Type of shares	Total amount of dividend	Source of dividend	Dividend per share	Record date	Effective date
The board of directors' meeting on May 9, 2025	Common stock	¥1,800 million	Retained earnings	¥40,000,000.00	March 31, 2025	June 27, 2025

(Note) The Bank conducted a stock split for a ratio of 14,000,000-for-1 of common stock on July 27, 2025. The amount presented in "Dividend per share" is an amount prior to the effect of the stock split.

(b) Dividend in kind paid in the current fiscal year

Resolution	Type of shares	Form of dividend in kind	Total amount of dividend	Source of dividend	Dividend per share	Record date	Effective date
The general meeting of shareholders on September 19, 2025	Common stock	Security	¥41,921 million	Retained earnings	¥52.53	—	September 30, 2025

(Note) Shares of common stock of Latitude Group Holdings Limited were distributed as the dividend in kind.

(c) Dividend to be paid in the next fiscal year attributable to the current fiscal year

Resolution	Type of shares	Total amount of dividend	Source of dividend	Dividend per share	Record date	Effective date
The board of directors' meeting on May 13, 2026	Common stock	¥37,254 million	Retained earnings	¥42.00	March 31, 2026	June 9, 2026

(Financial instruments)

1. Status of financial instruments

(1) Group Policy for financial instruments

The Group conducts total financial services, primarily basic banking business and other financial services such as trust business, consumer finance business, and commercial finance business.

For conducting these businesses, the Bank obtains retail customer deposits as a long-term and stable source of funding. In addition, the Bank diversifies sources of funding by securitization of loans or other assets. Consolidated subsidiaries and affiliates also use borrowings from other financial institutions as a source of funding.

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

(a) Financial assets

The financial assets held by the Group are exposed to the following risks:

[Loans and bills discounted]

Loans and bills discounted, which are primarily provided to domestic institutional and individual customers, are exposed to customer's credit risk and risk of fluctuation in interest rates.

As of March 31, 2026, loans to the financial and insurance industry were approximately 13% of the total loans and bills discounted, and those to the real estate industry were approximately 15%, approximately 20% of which are nonrecourse loans for real estate.

[Securities]

Securities primarily consist of bonds and stocks and other investments such as foreign securities and investment in partnerships. They are exposed to the risk of fluctuation in interest rates, foreign exchange rates, and prices in the bond/stock markets and in addition, credit risk arising from downgrading of issuer's credit rating, default, etc.

[Other monetary claims purchased, Monetary assets held in trust]

Other monetary claims purchased and Monetary assets held in trust consist of investments in various assets such as housing loans, nonperforming loans, and receivables in credit trading and securitization businesses, with a purpose of collection, sale, or securitization. There is a possibility that the Group's profits and losses and financial condition will be badly affected if earnings from these assets are less than expected. These investments are exposed to the risk of fluctuation in market size and price of these assets.

[Lease receivables and leased investment assets, Installment receivables]

Lease receivables, leased investment assets, and installment receivables held by consolidated subsidiaries are exposed to the customer's credit risk and the risk of fluctuation in interest rates.

(b) Financial liabilities

Financial liabilities of the Group are mainly deposits. In addition to the risk of fluctuation in interest rates, the Group has funding liquidity risk that sufficient funding would become difficult or more expensive in the case of deterioration in the Group's financial position.

By utilizing time deposits as an important Asset Liability Management (ALM) measure, the Bank is striving to diversify funding maturities and to disperse refunding dates. Without solely relying on interbank funding, the Bank is aiming to cover its funding needs through core retail deposits and corporate deposits as well as capital.

(c) Derivative transactions

The Group enters into the following derivative transactions to provide products for customer needs, to maximize the profit of the Bank's own trading account and for asset and liability management, hedging transactions and other purposes.

- | | |
|---------------------------|---|
| (i) Interest rate related | Interest rate swap, Future contract, Interest rate option, and Interest rate swaption |
| (ii) Currency related | Currency swap, Forward foreign exchange contract, and Currency option |
| (iii) Equity related | Equity index futures, Equity index option, and other |
| (iv) Bond related | Bond futures and Bond futures option |
| (v) Credit derivative | Credit default option and other |

Among the risks associated with derivative transactions, market risk, credit risk and liquidity risk are to be specially noted for risk management.

- | | |
|----------------------|--|
| (i) Market Risk | Risk that losses are incurred associated with changes in the value of financial instruments from fluctuation in market price, as well as volatilities inherent in derivative instruments |
| (ii) Credit Risk | Risk that losses are incurred associated with the counterparty defaulting on contractual terms |
| (iii) Liquidity Risk | Risk that additional costs are incurred associated with closing out the position of the financial instrument held |

To appropriately reflect the risk mitigation effect of derivative transactions to the consolidated financial statements, the Group adopts hedge accounting where risks in assets and liabilities of the Group are hedged by interest rate swap, currency swap, etc.

In hedge accounting, effectiveness of hedging is assessed based on the conditions determined in the accounting standards such as the “Accounting Standard for Financial Instruments”.

(3) Risk management for financial instruments

(a) Credit risk management

The Group’s model for credit risk management focuses on securing adequate return on risk, avoiding excessive concentration in particular sectors or to particular customer groups, and managing the credit portfolio with an analysis of potential losses under a worst-case scenario.

Concrete policies and guidelines related to credit risk management of corporate business are clarified in the Group’s detailed procedures, and credit risk management processes are roughly categorized into credit risk management for individual transactions and portfolio-based credit risk management.

As for credit risk management for individual transactions, approval authority level is determined in accordance with transaction amount, aggregate credit exposure to obligor’s group companies, credit rating, and so on. The Group has an approval system in which decisions are made jointly by the business promotion section and the credit assessment section, and the final authority and decision rests with the credit assessment section.

On portfolio-based credit risk management, to diversify risks in terms of industries, ratings and customer groups, the risk management divisions monitor the segment-specific risk diversification status and also rating fluctuations related to customers within the portfolios. The division uses this information to provide comprehensive reports to the Group Risk Policy Committee on a quarterly basis.

Credit risks in credit transactions are quantified based on the probability of default by obligor rating, loss given default, and unexpected loss ratio. In order to decrease credit risk of obligors, the Group secures collateral and guarantees for the protection of its claims, the values of which are checked more than once a year. Quasi credit risks involved in market transactions, such as derivative transactions, are controlled based on fair values and estimations of future value fluctuations and are reflected in the valuation of derivative transactions.

As for credit risk management of the consumer finance business, risk management divisions of each Group Company monitor leading indicators for quality of screening, quality of portfolio and performance of collection of claims monthly to recognize and tackle the aggravation of credit cost promptly. In case of any aggravation, the Group takes action to tackle it.

To take the risk strategy above, the Group Individual Banking Risk Management Division in the Bank holds performance review at frequencies appropriate for the risk characteristic and significance of respective entities and their products, analyzes and monitors these leading indicators, confers with the persons in charge of risk management of each Group Company on their policies and strategies, and carries out the necessary measures. The division does not merely avoid losses but also produces a balanced strategy with appropriate risk and return attributes and reports this business performance to the Group Risk Policy Committee quarterly.

(b) Market risk management

Market risks which are associated with changes in the value of financial assets and liabilities, including off-balance-sheet transactions, from fluctuations in interest rates, foreign exchange rates, stock prices and other market-related indices, have an effect on our financial performance.

The Group manages market risk by segregating the overall balance sheet, including off-balance-sheet transactions, into a trading business and a banking business. At the Market Business Management Committee, the senior review and decision-making for the management of the trading business, the marketable securities transactions in the banking account and Derivative instruments (“securities investment business”) are performed. At the Group ALM Committee, the senior review and decision-making for the management mainly related to asset/liability management of the banking business are performed.

The actual risk limits for asset/liability management of the trading business and securities investment business, such as the value-at-risk (VaR) method, are approved by the Group Risk Policy Committee based on “Trading Business Risk Management Policy”. The Market Business Management Committee meets monthly to review reports from the Group Market Risk Management Division and front office.

The interest rate risk of the net asset and/or liability in the banking business, which has interest rate sensitivity, is managed by the Group ALM Committee based on “Group ALM Policy”.

The Group Market Risk Management Division is responsible for appropriate monitoring and reporting of market risk in both the Group’s trading business and banking business. In addition to reporting risk information to management, administrative divisions and front office units, the Group Market Risk Management Division carries out regular risk analyses and makes recommendations. Market risk involved in the trading business is managed by the Trading Division and securities investment business is managed by the Securities Investment Division, and market risk of the balance sheet involved in the banking business is managed by the Group Treasury Division.

Market risk is managed by quantifying the risk on a daily basis and making risk adjustment in response to market conditions.

Quantitative information on market risk is as follows:

(i) Amount of market risk associated with the trading business

The Group uses VaR for quantitative analysis on market risk associated with trading business. For calculating VaR, the historical simulation method (in principle, holding period of 10 days, confidence interval of 99%, and observation period of 250 business days) has been adopted.

The VaR in the Group's trading business as of March 31, 2026 was ¥559 million in the aggregate.

The Group conducts back testing to compare VaR calculated using the model with actual loss amounts. According to the results of back testing conducted, it is believed that the measurement model the Group uses is adequate enough to accurately capture market risk. It should be noted that VaR measures and calculates the amount of market risk at certain probability levels statistically based on historical market fluctuation, and therefore there may be cases where risk cannot be captured in such situations when market conditions are changing dramatically beyond what was experienced historically.

(ii) Amount of market risk associated with the banking business

The Group uses VaR for quantitative analysis on market risk associated with securities investment business as in trading business. For calculating VaR, the historical simulation method is generally same as that used in trading business.

The VaR in the Group's securities investment business as of March 31, 2026 was ¥44,854 million in the aggregate.

Also, the Group's main financial instruments which are affected by interest rate risk, one of the major risk variables, includes “Call loans and bills bought,” “Receivables under resale agreements,” “Receivables under securities borrowing transactions,” “Other monetary claims purchased,” “Monetary assets held in trust,” bonds other than trading business in “Securities,” “Loans and bills discounted,” “Installment receivables,” “Lease receivables and leased investment assets,” “Deposits,” “Negotiable certificates of deposit,” “Call money and bills sold,” “Payables under repurchase agreements,” “Payables under securities lending transactions,” “Borrowed money,” “Short-term corporate bonds,” “Corporate bonds” and interest rate swaps other than trading business in “Derivative instruments.”

The Group uses a quantitative analysis of interest rate risk of these financial assets and liabilities and analyzes the amount of change in economic values (Δ EVE) based on the interest rate shock scenario defined by the interest rate risk of bank accounts under the Basel regulation (IRRBB). As for Δ EVE for each interest rate shock scenario as of March 31, 2026, the Δ EVE of the upward parallel shift in the interest rate curve decreased by ¥73,382 million, the Δ EVE of the downward parallel shift decreased by ¥208 million, and Δ EVE of the steepening scenario decreased by ¥63,141 million.

(c) Liquidity risk management

The Group ALM Committee, which is the senior review and decision-making body for the management of funding liquidity risk, manages funding liquidity risk by establishing funding gap limits and minimum liquidity reserve levels. In accordance with the “Cash Liquidity Risk Management Policy,” the Bank has a structure to conduct two or more liquidity measurements and to secure available reserves over the net cumulative outflow forecasted in an emergency situation.

To manage the market liquidity risk for marketable instruments, the Group has trading limits and monitors the amounts of marketable instruments in view of the attributes of marketable instruments. Moreover, liquidity reserves for the trading account are calculated monthly and are reflected valuation of derivative transactions.

(4) Supplement to the fair value information for financial instruments

As certain assumptions have been adopted for the calculation of fair value of financial instruments, the fair value of financial instruments may not be the same when assumptions that differ from the Group’s calculation are adopted.

2. Matters concerning fair value of financial instruments and breakdown by input level

Carrying amounts on the consolidated balance sheet as of March 31, 2026, the fair value of financial instruments as well as the

difference between them, and fair values by input level are as follows.

The fair values of financial instruments are categorized as the following three levels depending on the observability and significance of the input used in the fair value measurement.

Level 1: Fair value determined based on the quoted price (unadjusted) in an active market for identical assets and liabilities

Level 2: Fair value determined based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Fair value determined based on significant unobservable inputs

In some cases, multiple inputs with a significant impact on the fair value measurement are used, the financial instrument is categorized as the lowest priority level of fair value measurement in which each input belongs.

(1) Financial instruments measured at fair value on the consolidated balance sheet

(Millions of yen)

Categorization	Carrying amount			
	Level 1	Level 2	Level 3	Total
Other monetary claims purchased	¥ -	¥ -	¥ 56,991	¥ 56,991
Monetary assets held in trust	-	3,233	119,354	122,588
Securities	304,255	1,305,874	406,687	2,016,818
Trading securities	-	-	0	0
Other securities	304,255	1,305,874	406,687	2,016,818
Equity securities	4,757	1,502	-	6,259
Japanese national government bonds	283,969	-	-	283,969
Japanese local government bonds	-	2,186	-	2,186
Japanese corporate bonds	-	25,639	133,555	159,195
Foreign securities ¹	15,529	145,392	272,394	433,316
Others ¹	-	1,131,153	737	1,131,891
Total	304,255	1,309,108	583,033	2,196,398
Derivative instruments ^{2,3}	95	129,760	(113,271)	16,584
Interest rate-related	-	163,876	(78,874)	85,002
Currency-related	-	(34,309)	(34,397)	(68,707)
Bond-related	95	-	-	95
Credit derivatives	-	193	-	193

1. The amount of investment trusts for which transitional treatments are applied in accordance with Paragraph 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is not included in the table above. The amount of such investment trusts on the consolidated balance sheet is ¥2,112 million.
2. The amounts collectively represent the derivative transactions which are recorded in "Trading assets," "Trading liabilities," "Other assets," and "Other liabilities." Assets and liabilities arising from derivative transactions are presented on a net basis, with a net liability presented in round brackets.
3. As for derivative transactions for which hedge accounting is applied, the balances recorded on the consolidated balance sheet amount to a net liability of ¥1,291 million.

(2) Financial instruments other than those measured at fair value on the consolidated balance sheet

Notes are omitted for “Cash and due from banks,” “Call loans and bills bought,” “Receivables under securities borrowing transactions,” “Call money and bills sold,” “Payables under repurchase agreements,” “Payables under securities lending transactions,” “Short-term bonds payable” since they are mostly with short maturity of one year or less and their carrying amounts approximate their fair values.

(Millions of yen)

Categorization	Fair value				Carrying amount	Net unrealized Gains (losses)
	Level 1	Level 2	Level 3	Total		
Other monetary claims purchased	¥ -	¥ -	¥ 223,648	¥ 223,648	¥ 232,468	¥ (8,820)
Monetary assets held in trust ¹	-	33,873	348,229	382,103	381,562	540
Securities	358,500	-	1,515,315	1,873,815	1,900,704	(26,888)
Securities being held to maturity	320,609	-	1,515,315	1,835,924	1,844,169	(8,245)
Japanese national government bonds	316,949	-	-	316,949	325,344	(8,394)
Foreign Securities	3,659	-	1,515,315	1,518,974	1,518,825	148
Shares of an affiliated company	37,891	-	-	37,891	56,534	(18,642)
Loans and bills discounted ²	-	5,597,318	5,160,665	10,757,983	10,871,147	(113,163)
Installment receivables ³	-	188,826	1,160,964	1,349,791	1,326,405	23,385
Lease receivables and leased investment assets ⁴	-	7,567	320,500	328,067	316,041	12,026
Total	358,500	5,827,585	8,729,324	14,915,410	15,028,330	(112,920)
Deposits	-	9,853,454	3,154,834	13,008,289	13,021,673	13,383
Negotiable certificates of deposit	-	-	4,338,981	4,338,981	4,336,810	(2,171)
Borrowed money	-	1,459,189	713,356	2,172,546	2,178,067	5,520
Corporate bonds	-	243,659	-	243,659	243,673	14
Total	-	11,556,304	8,207,172	19,763,476	19,780,224	16,747

(Millions of yen)

Categorization	Fair value				Contract Amount
	Level 1	Level 2	Level 3	Total	
Other					
Guarantee contracts ⁵	¥ -	¥ (147)	¥ (6,255)	¥ (6,403)	¥ 802,790

1. ¥2,244 million of Reserve for credit losses corresponding to “Monetary assets held in trust” are deducted.
2. ¥74,493 million of Reserve for credit losses corresponding to “Loans and bills discounted” are deducted. For consumer loans held by consolidated subsidiaries included in “Loans and bills discounted,” reserve for losses on interest repayments of ¥15,224 million is recognized to prepare for estimated losses arising from reimbursement of excess interest payments. A portion of this reserve is for losses on interest repayments that have a possibility of being appropriated for loan principal in the future.
3. ¥27,473 million of deferred gains on installment receivables and ¥30,171 million of reserve for credit losses corresponding to “Installment receivables” are deducted.
4. ¥1,145 million of Reserves for credit losses corresponding to “Lease receivables and leased investment assets” are deducted.
¥7,630 million of estimated residual value of “Lease receivables and leased investment assets” arising from finance lease transactions, where the ownership of the property is not deemed to transfer to the lessee, is deducted from leased investment assets.
5. The “Contract Amount” for “Guarantee contracts” presents the amount of “Acceptances and guarantees” on the consolidated balance sheet.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

AssetsOther monetary claims purchased

The fair values of securitized products are measured at quoted prices from third parties, and they are categorized as Level 3 because the impact of unobservable inputs to measure the fair value is significant.

The fair values of other transactions are, in principle, based on methods similar to the methods applied to “Loans and bills discounted,” and for short-term transactions, the carrying amounts are used as the fair values as they approximate their fair values. They are categorized as Level 3.

Monetary assets held in trust

The fair values of monetary assets held in trust are determined using the discounted cash flow method based on the characteristics of the components of the trust assets. They are categorized as Level 3 if the impact of unobservable inputs to measure the fair values is significant; otherwise, they are categorized as Level 2. Refer to Note “(Monetary assets held in trust)” for monetary assets held in trust being held to maturity and others.

Securities

The fair values of securities are categorized as Level 1 if an unadjusted quoted price in active markets is available. Equity securities and Japanese national government bonds are mainly included in it.

The fair values of securities are categorized as Level 2 if a quoted price in inactive market is used. Foreign securities are mainly included in it.

In addition, the fair values of nonmarketable investment trusts are based on the net asset value per share if there are no material restrictions that would require compensation for the risk from market participants with respect to cancellation or repurchase requests. They are mainly categorized as Level 2.

The fair values of privately placed bonds are determined by discounting total amounts of principal and interest etc. at discount rate that reflects risk factors like credit risk for each category based on the internal credit rating and period. They are categorized as Level 3 if the impact of unobservable inputs to measure the fair values is significant; otherwise, they are categorized as Level 2.

In principle, the fair values of securitized products are based on valuations obtained from independent third parties. They are categorized as Level 3 if the impact of unobservable inputs to measure the fair values is significant; otherwise, they are categorized as Level 2.

Notes for securities being held to maturity and others are disclosed in Note “(Securities).”

Loans and bills discounted

The fair values of loans and bills discounted with a fixed interest rate are determined by discounting contractual cash flows, and the fair values of loans and bills discounted with a floating interest rate are determined by discounting expected cash flows based on the forward rates as of the consolidated balance sheet date (for loans and bills discounted hedged by interest rate swaps which meet specific matching criteria, summing up the cash flows from the interest rate swaps), using the risk-free rate adjusted to account for credit risk (after consideration of collateral) with Credit Default Swap (CDS) spread etc. corresponding to the internal credit rating of each borrower and an adjusted discount rate by considering risk premiums that other market participants need. They are categorized as Level 3 if the impact of unobservable inputs to measure the fair values is significant; otherwise, they are categorized as Level 2. The fair values of housing loans are determined by discounting expected cash flows at a discount rate that consist of the risk-free rate and spread that would be applied for the new housing loans with the same terms at the consolidated balance sheet date. The fair values of consumer loans are determined by discounting cash flows that is expected based on actual principal and interest recovery rates at an adjusted discount rate that is considered the quoted indicators published by industry groups, etc. by a group of similar product types and customer segments. Regarding loans to obligors categorized as “legally bankrupt,” “virtually bankrupt” or “possibly bankrupt,” their fair values are measured at carrying amounts net of reserves for loan losses because the fair values of those loans approximate the carrying amounts net of reserves for loan losses as of the consolidated balance sheet date, which are calculated based on the discounted cash flow method or based on amounts which are expected to be collected through the disposal of collateral or execution of guarantees. They are categorized as Level 3.

Installment receivables

The fair values are primarily determined by discounting expected cash flows that reflect the probability of prepayment at the rates that would be applied for the new contracts and adjusted discount rates that is considered risk premiums that other market participants need, by major product category groups. They are categorized as Level 3 if the impact of unobservable inputs to measure the fair values is significant; otherwise, they are categorized as Level 2.

Lease receivables and leased investment assets

The fair values are primarily determined by discounting contractual cash flows at the rates that would be applied for the new contracts and an adjusted discount rate that is considered risk premiums that other market participants need, by major product category groups. They are categorized as Level 3 if the impact of unobservable inputs to measure the fair values is significant; otherwise, they are categorized as Level 2.

LiabilitiesDeposits, including negotiable certificates of deposit

The fair values of demand deposits, such as current deposits and ordinary deposits, are recognized as the payment amounts (the carrying amounts) at the consolidated balance sheet date. The fair values of the deposits with maturities of six months or less approximate carrying amounts because of their short-term maturities. The fair values of time deposits and negotiable certificates of deposit are determined by discounting expected cash flows at the rates that consist of the risk-free rate and spread that would be applied for the new contracts with the same terms at the consolidated balance sheet date. They are categorized as Level 3 if the impact of unobservable inputs to measure the fair value is significant; otherwise, they are categorized as Level 2.

Borrowed money

The fair values of borrowed money with fixed interest rates are primarily determined by discounting contractual cash flows (for borrowed money hedged by interest rate swaps which meet specific matching criteria, the contractual cash flows include the cash flows of the interest rate swaps), and the fair values of borrowed money with floating interest rates are determined by discounting expected cash flows on forward rates as of the consolidated balance sheet date, at the funding rates that reflect the credit risk of the bank and its consolidated subsidiaries or the rates expected for new borrowings of similar terms. Nevertheless, the fair values of borrowed money whose remaining maturities are one year or less approximate the carrying amounts. They are categorized as Level 3 if the impact of unobservable inputs to measure the fair value is significant; otherwise, they are categorized as Level 2.

Corporate bonds

The fair values of marketable corporate bonds are measured at market prices. They are categorized as Level 2. The fair values of nonmarketable corporate bonds with fixed interest rates are primarily determined by discounting contractual cash flows, and the fair values of nonmarketable corporate bonds with floating interest rates are determined by discounting expected cash flows as of the consolidated balance sheet date, at the funding rates that reflect the credit risk corresponding to consolidated subsidiaries and external ratings. Nevertheless, the fair values of nonmarketable corporate bonds whose remaining maturities are one year or less approximate the carrying amounts. They are categorized as Level 3 if the impact of unobservable inputs to measure the fair values is significant; otherwise, they are categorized as Level 2.

Derivative instruments

The fair values of listed derivatives are based on their closing prices. The fair values of over-the-counter derivative transactions are mainly based on the discounted cash flow method, option pricing models, etc., using inputs such as interest rate, foreign exchange rate, volatility, etc.

The valuation of derivatives transactions reflects the liquidity risk, the credit valuation adjustment (CVA) and the debt valuation adjustment (DVA). Calculation of CVA/DVA uses either CDS spreads observed in the market or probability of default measured at estimated credit spreads. Credit risk mitigation by collateral pledged and risk mitigation by netting exposures are also considered.

Listed derivative transactions are mainly categorized as Level 1. Over-the-counter derivative transactions are categorized as Level 2 if observable inputs are available or the impact of unobservable inputs to measure the fair value is not significant. If the impact of unobservable inputs to measure the fair values is significant, they are categorized as Level 3.

OtherGuarantee contracts

The fair values are determined by discounting the amount of difference between the future cash flows based on the original contracts and the adjusted future cash flows that is considered risk premiums that other market participants need, expected from guarantee contracts that would have been newly entered into on similar terms as of the end of the period. The fair values of guarantee contracts are categorized as Level 3 when such inputs are significant and unobservable, and as Level 2 otherwise.

(Note 2) Information about the Level 3 fair value of financial instruments measured at fair values on the consolidated balance sheet

(1) Quantitative information on significant unobservable inputs as of March 31, 2026

Categorization	Valuation technique	Significant unobservable inputs	Range	Weighted average
Other monetary claims purchased	Discounted cash flow	Prepayment rate	0.0% - 0.2%	0.2%
		Probability of default	0.1% - 1.1%	0.3%
		Recovery rate	0.0% - 60.0%	49.8%
		Discount rate	0.4% - 16.9%	0.5%
Monetary assets held in trust	Discounted cash flow	Prepayment rate	0.0% - 15.9%	4.6%
		Probability of default	0.0% - 2.0%	1.6%
		Recovery rate	29.9% - 100.0%	80.1%
		Discount rate	0.2%	0.2%
Securities				
Other securities	Discounted cash flow	Prepayment rate	-	-
		Probability of default	1.6%	1.6%
		Recovery rate	80.0%	80.0%
		Discount rate	0.2%	0.2%
Derivative instruments				
Interest rate-related	Discounted cash flow Option valuation model	Correlation between interest rates	29.0% - 85.0%	-
		Correlation between interest rate and foreign exchange rate	8.0% - 38.0%	-
		Recovery rate	35.0% - 74.0%	-
Currency-related	Discounted cash flow	Recovery rate	35.0% - 74.0%	-

(2) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized in the earnings of the current period as of March 31, 2026

(Millions of yen)

Categorization	Other monetary claims purchased	Monetary assets held in trust	Securities	Total	Derivative instruments	Interest rate- related	Currency- related
Beginning balance	¥ 58,945	¥ 124,033	¥ 218,087	¥ 401,067	¥ (64,919)	¥ (40,822)	¥ (24,097)
Earnings of the period ¹	188	1,670	27,045	28,904	(51,965)	(41,603)	(10,361)
Other comprehensive income	104	(713)	(1,137)	(1,746)	-	-	-
Net amount of purchase, sale, issuance and settlement	(2,247)	(5,635)	162,691	154,808	3,613	3,551	62
Transfer to Level 3	-	-	-	-	-	-	-
Transfer from Level 3	-	-	-	-	-	-	-
Ending balance	56,991	119,354	406,687	583,033	(113,271)	(78,874)	(34,397)
Net unrealized gains (losses) on financial assets and liabilities held at the consolidated balance sheet date among the amount recognized in the earnings of the current period ¹	(1)	(152)	(90)	(244)	(52,470)	(39,421)	(13,048)

1. The amounts shown in the table above are included in the consolidated statements of income.

(3) Description of the fair value valuation process

At the Group, the middle office unit establishes policies and procedures for the calculation of fair value, and the front division develops valuation models in accordance with such policies and procedures.

The middle division verifies the reasonableness of the fair value valuation models and the inputs used and also verifies the categorization of fair value level based on the verification results of the model and inputs. If quoted prices obtained from third parties are used, those values are verified by confirming the valuation technique and the inputs used by the third parties or confirming with the fair values of similar financial instruments.

(4) Description of the sensitivity of the fair value to changes in significant unobservable inputs

Prepayment rate

Prepayment rate is the proportion of principals estimated to be prepaid and it is an estimate calculated based on the past record of prepayment. In general, a significant change in prepayment rate would result in a significant increase or decrease in fair value in accordance with the contractual terms and conditions.

Probability of default

Probability of default represents the likelihood that the default will occur and contract amounts will be unrecoverable. A significant increase (decrease) in the default rate would result in a significant decrease (increase) in fair value.

Recovery rate

Recovery rate is the proportion of contractual amount estimated to be recovered in the case of default. In general, a significant increase (decrease) in the recovery rate would result in a significant increase (decrease) in fair value.

Discount rate

Discount rate is an adjustment rate regarding base market interest rate and is constituted from the risk premium that market participants need against uncertainty of cash flow produced mainly by credit risks.

A significant increase (decrease) in the discount rate would generally result in a significant decrease (increase) in fair value.

Correlation

Correlation is an indicator of the relation between two variables. A significant change in correlation can cause a significant increase (decrease) in fair value of derivative according to nature of underlying asset.

(Note 3) Carrying amount of “Nonmarketable equity securities and others” and “Investment in partnerships and others” were as follows, and these are not included in the above “Securities” which are disclosed at tables in fair value of financial instruments and breakdown by input level.

(Millions of yen)

Categorization	Carrying amount (March 31, 2026)
Nonmarketable equity securities and others ^{1,3}	¥ 25,766
Investments in partnerships and others ^{2,3}	60,101
Total	85,868

1. “Nonmarketable equity securities and others” including non-listed equity securities are out of the scope of fair values disclosure according to Paragraph 5 of the “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).
2. “Investment in partnerships and others” including investments in silent partnership and investment partnership are out of the scope of fair values disclosure according to Paragraph 24-16 of the “Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).
3. For the fiscal year ended March 31, 2026, impairment losses on “Nonmarketable equity securities and others” of ¥296 million, and on “Investment in partnerships and others” of ¥992 million were recognized, respectively.

(Note 4) Redemption schedule of monetary claims and securities with contractual maturities

(Millions of yen)

	1 year or less	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
Due from banks	¥ 4,783,902	¥ -	¥ -	¥ -
Call loans and bills bought	55,000	-	-	-
Receivables under securities borrowing transactions	570,538	-	-	-
Monetary claims purchased	62,812	179	3,429	222,932
Securities				
Held-to-maturity	111,172	164,660	35,000	1,533,977
Japanese national government bonds	100,000	161,000	35,000	30,000
Foreign securities	11,172	3,660	-	1,503,977
Available-for-sale	7,686	56,012	77,361	790,688
Japanese national government bonds	-	-	-	324,000
Japanese local government bonds	2,200	-	-	-
Japanese corporate bonds	2,186	51,012	65,967	50,374
Foreign securities	3,300	5,000	11,394	416,314
Loan and bills discounted	1,722,210	2,608,797	2,118,367	4,452,560
Installment receivables	261,633	364,173	287,920	406,227
Lease receivables and leased investment assets	81,659	126,934	77,419	37,137
Total	7,656,616	3,320,758	2,599,498	7,443,523

(Note) The financial instruments whose cash flow cannot be reliably estimated such as loans and bills discounted to obligors of “legally bankrupt,” “virtually bankrupt” and “possibly bankrupt,” and the financial instruments with no contractual maturity are not included in the table above.

(Note 5) Redemption schedule of corporate bonds, borrowed money and other interest-bearing debts

(Millions of yen)

	1 year or less	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
Deposits (*)	¥ 11,693,299	¥ 493,030	¥ 725,492	¥ 109,850
Negotiable certificates of deposit	4,336,810	-	-	-
Call money and bills sold	443,586	-	-	-
Payables under repurchase agreements	879,286	-	-	-
Payables under securities lending transactions	383,899	-	-	-
Borrowed money	872,416	1,034,076	171,928	99,645
Short-term corporate bonds	105,500	-	-	-
Corporate bonds	-	-	5,843	237,830
Total	18,714,797	1,527,107	903,265	447,325

(*) The cash flow of demand deposits is included in “1 year or less.”

(Securities)

In addition to “Securities” on the consolidated balance sheet, the figures in the following tables include beneficiary interests included in “Other monetary claims purchased” that are accounted for in the same way as securities.

1. Trading securities (as of March 31, 2026)

(Millions of yen)

	Unrealized gain (loss)
Trading securities	¥ -
Other monetary claims purchased for trading purposes	(0)

2. Securities being held to maturity (as of March 31, 2026)

(Millions of yen)

	Type	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount	Japanese national government bonds	¥99,831	¥99,845	¥13
	Foreign securities	854,119	854,777	658
	Subtotal	953,951	954,622	671
Fair value does not exceed carrying amount	Japanese national government bonds	225,512	217,104	(8,407)
	Foreign securities	664,706	664,196	(509)
	Subtotal	890,218	881,301	(8,917)
Total		1,844,169	1,835,924	(8,245)

3. Securities available for sale (as of March 31, 2026)

(Millions of yen)

	Type	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/acquisition cost	Equity securities	¥6,245	¥2,919	¥3,325
	Domestic bonds:	5,002	4,925	77
	Japanese national government bonds	-	-	-
	Japanese local government bonds	-	-	-
	Japanese corporate bonds	5,002	4,925	77
	Other:	1,081,389	1,062,384	19,005
	Foreign securities	239,563	238,535	1,027
	Other	841,825	823,848	17,977
	Subtotal	1,092,636	1,070,229	22,407
Carrying amount does not exceed amortized/acquisition cost	Equity securities	14	17	(3)
	Domestic bonds:	440,348	480,443	(40,095)
	Japanese national government bonds	283,969	313,628	(29,659)
	Japanese local government bonds	2,186	2,200	(13)
	Japanese corporate bonds	154,192	164,615	(10,422)
	Other:	542,921	554,087	(11,165)
	Foreign securities	194,309	197,766	(3,457)
	Other	348,612	356,320	(7,708)
	Subtotal	983,284	1,034,548	(51,263)
Total		2,075,921	2,104,777	(28,856)

Note: “Unrealized gain (loss) on available-for-sale securities” on the consolidated balance sheet consists of the following:

(Millions of yen)

Unrealized gain (loss) before deferred tax on:	
Available-for-sale securities	¥ (28,856)
The Group's interests in available-for-sale securities held by partnerships and other adjustments	6,051
Other monetary assets held in trust	(901)
Add: Deferred tax assets	7,783
Less: Deferred tax liabilities	-
Unrealized gain (loss) on available-for-sale securities before interest adjustments	(15,922)
Less: Noncontrolling interests	71
The Group's interests in unrealized gain (loss) on available-for-sale securities held by affiliates to which the equity method is applied	824
Unrealized gain (loss) on available-for-sale securities	(15,170)

4. Available-for-sale securities sold during the current fiscal year (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Equity securities	¥4,953	¥3,658	¥ -
Domestic bonds:	211,051	4	12,036
Japanese national government bonds	182,332	2	12,017
Japanese local government bonds	4,991	0	10
Japanese corporate bonds	23,728	1	8
Other:	228,959	24,756	3,030
Foreign securities	63,947	14,469	2,720
Other	165,012	10,286	310
Total	444,965	28,419	15,067

5. Securities for which impairment losses are recognized

When individual securities (except for nonmarketable equity securities and others and investment in partnerships and others), other than trading securities, experience a decline in fair value which is significant as compared to the amortized/acquisition cost of such securities, in principle, the fair value of such securities is deemed not to recover to the amortized/acquisition cost (in other words, the decline in fair value is “other than temporary”). The carrying amounts of such securities are written down to the fair value, and the valuation difference is recorded as an impairment loss for the current fiscal year. However, for Japanese national government bonds classified as securities being held to maturity, unless the decline in fair value is due to the increase in credit risk such as a significant deterioration in ratings, the impairment loss is not recorded because the fair value is expected to recover to the amortized/acquisition cost by their maturity dates.

Impairment loss on securities with other-than-temporary impairment for the fiscal year ended March 31, 2026 was ¥103 million, which was related to other securities.

The Group’s rules for the determination of whether an other-than-temporary impairment has occurred differ by the obligor categorization of the security issuer based upon the Group’s self-assessment guidelines. The details of these rules are as follows: The definition of the obligor categorization is described in “2. Accounting policies (7) Reserve for credit losses” of “Basis of Preparation of Consolidated Financial Statements”.

Securities issued by “legally bankrupt,” “virtually bankrupt” and “possibly bankrupt” obligors	The fair value of securities is less than the amortized/acquisition cost
Securities issued by “need caution” obligors	The fair value of securities declines by 30% or more compared to the amortized/acquisition cost
Securities issued by “normal” obligors	The fair value of securities declines by 50% or more compared to the amortized/acquisition cost

Further, for securities issued by issuers with no asset balance subject to the self-assessment other than the securities as of the end of the current fiscal year, the Group determines that an other-than-temporary impairment has occurred when the fair value of the securities declines by 50% or more compared to the amortized/acquisition cost for bonds with very low credit risk such as Japanese national government bonds, and when the fair value of the securities declines by 30% or more compared to the amortized/acquisition cost for all other securities, respectively.

(Monetary assets held in trust)

1. Monetary assets held in trust for trading purposes (as of March 31, 2026)

(Millions of yen)

	Carrying amount (Fair value)	Unrealized gain (loss)
Monetary assets held in trust for trading purposes	¥943	¥ (209)

2. Monetary assets held in trust held to maturity (as of March 31, 2026)

Not applicable

3. Monetary assets held in trust other than for trading purposes and held to maturity (as of March 31, 2026)

(Millions of yen)

	Carrying amount	Acquisition cost	Unrealized gain (loss)	Gross unrealized gain	Gross unrealized loss
Other monetary assets held in trust	¥505,452	¥506,354	¥ (901)	¥350	¥ (1,252)

Note: “Gross unrealized gain” and “Gross unrealized loss” are components of “Unrealized gain (loss).”

(Revenue Recognition)

1. Information on disaggregated revenue from contracts with customers

Information on disaggregated revenue from contracts with customers allocated to each reportable segment was as follows:

(Millions of yen)

	Institutional Business				
	Corporate Business	Structured Finance	Principal Transactions	Financial Markets	Showa Leasing
Fees and commissions income ^{1,6}	¥ 557	¥ 3,297	¥ 489	¥ 48	¥ 1,613
Other business income ^{2,6}	1,291	27	516	(858)	5,853
Other income ^{3,6}	-	-	5,623	-	-
Ordinary income from contracts with customers	1,849	3,324	6,630	(809)	7,466
Ordinary income other than the above ^{4,6}	92,932	128,699	27,314	61,199	150,783
Ordinary income from external customers	94,782	132,023	33,944	60,389	158,250

(Millions of yen)

	Individual Business				Overseas Business/Securities Investment/Other			Total
	Retail Banking	Consumer Finance			Overseas Business	Securities Investments	Other ⁵	
		Shinsei Financial	APLUS	Other Individual				
Fees and commissions income ^{1,6}	¥ 6,605	¥ 935	¥ 18,773	¥ 73	¥ 9	¥ -	¥ (481)	¥ 31,921
Other business income ^{2,6}	-	2,661	21,757	5,281	-	1,099	(375)	37,254
Other income ^{3,6}	-	-	-	-	-	-	-	5,623
Ordinary income from contracts with customers	6,605	3,597	40,531	5,354	9	1,099	(857)	74,800
Ordinary income other than the above ^{4,6}	41,081	77,458	75,309	9,043	51,693	93,581	(109,840)	699,258
Ordinary income from external customers	47,686	81,055	115,840	14,398	51,703	94,681	(110,697)	774,058

(Notes)

1. “Fees and commissions income” are mainly from sales of mutual funds and insurance products in “Retail Banking” and from collection agent service fees in the payment business in “APLUS”.
2. “Other business income” are mainly from sales of used construction machines, etc. in “Showa Leasing” and merchant fees and annual membership fees in the credit card business in “APLUS”.
3. “Other income” are mainly from revenue from business succession support in “Principal Transactions”.
4. “Ordinary income other than the above” includes revenue from transactions in the scope of application of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, revised on July 4, 2019) and “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, revised on March 30, 2007).
5. “Other” under the Overseas Business/Securities Investment/Other includes revenues which are not included in our reportable segments and elimination amounts of inter-segment transactions.
6. Revenues relating to each reportable segment are allocated based on our rational standard.

2. Basic information to understand revenue from contracts with customers

Basic information for understanding revenue from contracts with customers is as stated in “2. Accounting policies (15) Revenue and expense recognition” of “Basis of Preparation of Consolidated Financial Statements”.

3. Information on the relationship between the satisfaction of performance obligations under contracts with customers and cash flow arising from the contracts with customer and information on the amounts and timing of revenue expected to be recognized in the following fiscal year and thereafter from the contracts with customers existing at the end of the current fiscal year

(1) Receivables and contract liabilities from contracts with customers

Categories	(Millions of yen)
	In the current fiscal year (From April 1, 2025 to March 31, 2026)
Receivables from contracts with customers (as of April 1, 2025)	¥2,792
Receivables from contracts with customers (as of March 31, 2026)	1,658
Contract liabilities (as of April 1, 2025)	1,212
Contract liabilities (as of March 31, 2026)	1,318

Receivables from contracts with customers were included in “Other assets” and contract liabilities were included in “Other liabilities” on the consolidated balance sheets.

Contract liabilities mainly include the balance of annual membership fees in the credit card business in APLUS segment that do not satisfy the performance obligation at the end of the fiscal year.

Of revenue recognized during the current fiscal year, the amount that was included in the contract liability balance at the beginning of the period and the amount of revenue recognized from the performance obligations satisfied in previous periods were not significant.

(2) Transaction price allocated to residual performance obligations

Notes are omitted for transaction price allocated to residual performance obligations because the Group does not have any material contracts with an original expected duration of more than one year.

In addition, in the consideration received from contracts with customers, there are no material amounts such as variable consideration, etc. that are not included in the transaction price.

(Per share information)

Common shareholders' equity per share was ¥1,381.19.

Profit attributable to owners of parent per common share was ¥137.66.

Diluted profit attributable to owners of parent per common share was ¥137.51.

(Note) The Bank conducted a stock split at a ratio of 14,000,000-for-1 of its common shares and its preferred shares on July 27, 2025, and subsequently, the Bank converted all preferred shares into common shares on August 25, 2025. The profit attributable to owners of parent per common share and the diluted profit attributable to owners of parent per common share are calculated assuming that the stock split occurred at the beginning of the current fiscal year and also including the preferred shares in the calculation of the weighted average shares for the common shares.

(Stock option)

1. Expenses related to stock options and others in the current fiscal year
Not applicable

2. Outline, number and movement of stock options

- (a) Outline of stock options

	1st stock acquisition rights (with consideration)	2nd stock acquisition rights (without consideration)
Categories and numbers of grantees	66 grantees of full-time directors and executive officers of the Bank as well as full-time directors and titled executive officers of the Bank's subsidiaries	4,523 grantees of employees of the Bank as well as executive officers and employees of the Bank's subsidiaries
Number of stock options by the type of shares (Note 1)	1,732,900 shares of common stock	6,721,300 shares of common stock
Grant date	September 30, 2025	September 30, 2025
Conditions for vesting	(Note 2)	(Note 3)
Required service period	No requirement regarding service period	September 30, 2025 - June 30, 2028
Exercise period	July 1, 2028 - September 30, 2030	July 1, 2028 - September 30, 2030

Note:

1. The number of stock options converted to the number of shares is presented.
2. The conditions for vesting for 1st stock acquisition rights are as follows:

Stock acquisition right holders may exercise their rights at any time after the Bank's adjusted income before income taxes, as calculated from the consolidated statement of income in the annual securities report filed by the Bank (or, if a consolidated statement of income is not prepared, the statement of income; the same shall apply hereinafter), exceeds ¥131.5 billion at least once for any of fiscal years ending March 31, 2027, March 31, 2028, or March 31, 2029. The adjusted income before income taxes is defined as the amount obtained by deducting the net gain or loss from the liquidation of subsidiaries from the income before income taxes in the Bank's consolidated statement of income.

In determining the adjusted income before income taxes, the amounts in the consolidated statement of income in the annual securities report filed by the Bank shall be referenced. In case such as change of the fiscal-year end, adoption of International Financial Reporting Standards, changes in applicable accounting standards, or events that have significant impact on the Bank's performance, including corporate acquisitions, if the Board of Directors determines that an assessment based on such figure is not appropriate, the Bank may make necessary adjustments to reasonably exclude the effect of such events.

3. The conditions for vesting for 2nd stock acquisition rights are as follows:

Stock acquisition right holders must, at the time of exercising their stock acquisition rights, be a director, corporate auditor, or employee of the Bank, the SBI Shinsei Bank Group, or the SBI Group. However, this requirement shall not apply if the stock acquisition right holders are retired due to expiration of their term, mandatory retirement, retirements due to expiration of contract terms for re-employment contracts after mandatory retirement or fixed-term employment contracts, or if the Board of Directors of the Bank determines appropriate for valid reasons.

(b) Number of stock options and movement therein

(i) Number of stock options

	1st stock acquisition rights (with consideration)	2nd stock acquisition rights (without consideration)
Nonvested (share)		
Outstanding at the beginning of the fiscal year	-	-
Granted during the fiscal year	1,732,900	6,721,300
Forfeited during the fiscal year	-	62,200
Vested during the fiscal year	-	-
Outstanding at the end of the fiscal year	1,732,900	6,659,100
Vested (share)		
Outstanding at the beginning of the current fiscal year	-	-
Vested during the fiscal year	-	-
Exercised during the fiscal year	-	-
Forfeited during the fiscal year	-	-
Exercisable at the end of the fiscal year	-	-

(ii) Price information

	1st stock acquisition rights (with consideration)	2nd stock acquisition rights (without consideration)
Exercise price	1,153 yen	1,153 yen
Weighted-average stock price at the date of exercise	-	-
Fair value at the grant date	- (Note)	- (Note)

Note:

The value is calculated based on intrinsic value rather than fair value.

3. Measurement of the fair values of stock options

Fair value of the stock options is calculated with intrinsic value per unit because the Bank was a private company as of the grant date. Further, a price calculated with a dividend-discount model is used as the valuation of the Bank's stock, as the basis of the calculation of the intrinsic value per unit.

4. Method of determining the vested number of stock options

The actual forfeited options are used for the calculation of the vested number of stock options in principle because it is difficult to reasonably estimate the future forfeitures.

5. Total amount of intrinsic value as of the end of the current fiscal year when fair value is calculated with the intrinsic value of stock options and total amount of intrinsic values of stock options exercised during the current fiscal years as of the dates of exercises

- (a) Total amount of intrinsic value as of the end of the current fiscal year: ¥4,443 million yen
- (b) Total amount of intrinsic values of stock options exercised during the current fiscal year: ¥- million yen

(Business combination, etc.)

Transaction under common control

(Transfer of a part of the holdings of a subsidiary's shares)

The Bank transferred 49,000 shares (representing 49% of the voting rights) of its holdings of the shares of Shinsei Trust & Banking Co., Ltd. (currently SBI Shinsei Trust & Banking Co., Ltd.) to SBI Holdings, Inc., the parent company of the Bank.

1 Outline of the transaction

(a) Name and business description of the subsidiary

Name: Shinsei Trust & Banking Co., Ltd.

Business description: Trust business

(b) The date of the transfer

March 31, 2026

(c) Legal form of the business combination

Partial disposal of the holdings of shares with cash consideration

(d) Other matters concerning the outline of the transaction

The transaction aims to place Shinsei Trust & Banking Co., Ltd. at the core of SBI Group's digital finance domain and enable it to function more effectively as an issuer of stablecoins and a custodian of various tokens.

2 Overview of the accounting treatment

Based on "Accounting Standard for Business Combinations (ASBJ Statement No. 21 of January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 of January 16, 2019)", the Bank accounted for the above transaction as a transaction under common control (a transaction with noncontrolling interest).

3 Matters concerning the change in the ownership interest of the Bank

(a) Primary reason for the change in capital surplus

Partial disposal of the holdings of a subsidiary's shares without a change in the scope of consolidation

(b) The amount of capital surplus decreased due to the transaction with noncontrolling interest

¥19 million

Notes to the nonconsolidated financial statements

All yen amounts are rounded down to millions of yen.

Significant accounting policies

1. Recognition and measurement of trading assets / liabilities and trading income / losses

Trading account positions including derivatives embedded in compound financial instruments, which are managed and accounted for separately from the host financial assets and liabilities, that are entered into for the purpose of generating gains arising from short-term changes in interest rates, currency exchange rates or market prices of financial instruments and other market-related indices, or from price differences among markets, are included in “Trading assets” and “Trading liabilities” on a trade-date basis. The income and losses resulting from trading activities are included in “Trading income” and “Trading losses”.

Trading securities and monetary claims purchased for trading purposes are stated at market value at the balance sheet date and derivative financial instruments related to trading positions are stated at fair value based on estimated amounts that would be settled in cash if such positions were terminated at the balance sheet date.

Trading income and trading losses include interest received and paid during the fiscal year and unrealized gains and losses resulting from the change in the value of securities, monetary claims purchased and derivatives between the beginning and the end of the fiscal year.

For derivatives, the fair value is determined based on the net assets or liabilities after offsetting financial assets and financial liabilities with respect to specific market risk or specific credit risk, using the group of financial assets and financial liabilities as the unit.

2. Measurement of securities

(a) Securities for trading purposes (except for those included in trading accounts) are carried at fair value (cost of securities sold is determined by the moving-average method). Securities being held to maturity are carried at amortized cost (using the straight-line method) determined by the moving-average method. Investments in subsidiaries and affiliates are carried at cost determined by the moving-average method. Available-for-sale securities are carried at fair value (cost of securities sold is determined by the moving-average method) except for nonmarketable equity securities and others, which are carried at cost determined by the moving-average method. Investments in partnerships and others are carried at the amount of the Bank's share of net asset value based on their most recent financial statements.

Unrealized gain (loss) on available-for-sale securities is directly recorded in a separate component of equity, after deducting the amount charged to profit or loss by applying fair value hedge accounting. Foreign currency-denominated available-for-sale securities (bonds) are translated into Japanese yen at the exchange rates as of the balance sheet date, and of the translation amount, the translation difference arising from changes in fair values in foreign currencies is treated as unrealized gain or loss on available-for-sale securities and the other translation difference is treated as profit or loss.

(b) The values of securities included in monetary assets held in trust are determined by the same methods as stated in (a) above.

3. Measurement of derivatives

Derivatives (except for those included in trading accounts) are carried at fair value.

The fair value of derivatives is determined based on the net assets or liabilities after offsetting financial assets and financial liabilities with respect to specific market risk or specific credit risk, using the group of financial assets and financial liabilities as the unit.

4. Measurement of other monetary claims purchased

Other monetary claims purchased held for trading purposes (except for those included in trading accounts) are carried at fair value.

5. Depreciation

(a) Premises and equipment

Depreciation of buildings and computer equipment (including ATMs) other than personal computers is computed using the straight-line method, and depreciation of other equipment is computed using the declining-balance method. Principal estimated useful lives are as follows:

Buildings:	8 – 24 years
Others:	4 – 20 years

(b) Intangible assets (excluding leased assets)

Amortization of intangible assets is computed using the straight-line method. The amortization period of respective intangible assets is as follows:

Capitalized software for internal use	5 – 10 years (the estimated useful lives)
Goodwill	10 years

(c) Leased assets

Depreciation of leased assets under finance lease transactions that were deemed to transfer ownership of the leased assets to the lessee, which are included in “Intangible assets,” is computed using the same method as the one applied to owned assets.

6. Deferred charges

Deferred issuance expenses for corporate bonds, which are included in other assets, are amortized using the straight-line method over the term of the corporate bonds.

7. Reserves and allowances

(a) Reserve for credit losses

The reserve for credit losses has been established according to the obligor categorization described below based on the predetermined internal rules for establishing the reserve.

Legally bankrupt obligors:	Obligors who have legally or formally declared bankruptcy, special liquidation
Virtually bankrupt obligors:	Obligors who are in a situation substantially equivalent to that of the “Legally bankrupt obligors”
Possibly bankrupt obligors:	Obligors who are not currently in a state of bankruptcy but are deemed likely to go bankrupt in the future
Substandard obligors:	Obligors whose debts, all or in part, are Substandard Claims (Restructured Loans and Loans in Arrears for three months or longer)
Need caution obligors:	Obligors requiring attention for credit control due to problems with loan terms and repayment performance, poor business conditions, instability, or financial problems
Normal obligors:	Obligors whose business conditions are favorable and whose financial conditions are deemed to have no particular problems

For claims to legally bankrupt obligors and virtually bankrupt obligors, a specific reserve is provided based on the amount of claims, after the write-off for collateralized or guaranteed claims to legally bankrupt obligors or virtually bankrupt obligors stated below, net of amounts expected to be collected through the disposal of collateral or execution of guarantees. For claims to possibly bankrupt obligors, except claims to obligors with large claims described below, a specific reserve is provided by forecasting a loss amount expected for the next three years from the net amount, which is the claim amount net of amounts expected to be collectible through the disposal of collateral and execution of guarantees.

With regard to claims to possibly bankrupt obligors and substandard obligors, if the obligors’ future cash flows, which are collection of principal of claims and receipt of interests from the obligor (hereinafter referred to as “future cash flows”), are reasonably estimable and amounts of the claims are equal to or greater than a certain threshold, then the reserve for credit losses is determined as the difference between (i) discounted estimated future cash flows using the original contractual interest rate and (ii) book value of the claim (hereinafter referred to as “the discounted cash flow method”). This calculation method is used to record the reserve for all applicable obligors, including obligors who have recovered to “need caution”. When it is difficult to reasonably estimate an obligor’s future cash flows and amounts of the claims are equal to or greater than a certain threshold, the remaining term is individually estimated and the reserve is calculated based on the expected loss over the remaining term.

For other claims (claims to normal, need caution and substandard obligors), the reserve for credit losses is recorded by estimating an expected loss amount of loans and claims. The expected loss amount is calculated based on the characteristics of the portfolio. The portfolio is divided into loans for general non-financial corporations, real estate non-recourse loans, project finance and loans for individual customers. For loans to general non-financial corporations, real estate non-recourse loans and loans for individual customers, loss rate is calculated based mainly on the actual credit loss over the average remaining term to maturity of each obligor category. For project finance, loss rate is calculated based on the average rate of the probability of default over a certain period in the past. The probability of default is calculated based on the actual default over the average remaining term to maturity of each obligor category. The reserve is provided by making necessary adjustments to the expected loss amount.

For specific foreign claims, there is a reserve for loans to restructuring countries which has been provided based on losses estimated by considering the political and economic conditions in those countries.

All claims are assessed by the sales promotion divisions and credit analysis divisions based on the predetermined internal rules for the self-assessment of asset quality. The risk management division, which is independent of the sales promotion divisions and credit analysis divisions, conducts verifications of these assessments, and the abovementioned reserves are provided based on the verified assessments.

For collateralized or guaranteed claims to legally bankrupt obligors or virtually bankrupt obligors, the amount of claims that exceeded the estimated value of collateral or guarantees and was deemed uncollectible was, in principle, written off, totaling ¥ 2,060 million.

(b) Accrued employees' bonuses

Accrued employees' bonuses are provided in the amount of the estimated bonuses that are attributable to the current fiscal year.

(c) Reserve for employees' retirement benefits

The reserve for employees' retirement benefits is provided for the payment of employees' retirement benefits based on the estimated amounts of the projected benefit obligation and the estimated value of pension plan assets as of the balance sheet date. The projected benefit obligation is estimated using the benefit formula basis for attributing the expected benefits to the current fiscal year.

The unrecognized actuarial gain (loss) is treated in the following manner:

Unrecognized actuarial gain (loss): Amortized using the straight-line method over the average remaining service periods (9.68 - 12.00 years) as of the respective fiscal years of occurrence and recognized as profit or loss from the respective fiscal year of occurrence.

(d) Reserve for reimbursement of deposits

The reserve for reimbursement of deposits is provided for estimated losses on future reimbursement requests of deposits derecognized from liabilities.

(e) Reserve for reimbursement of debentures

The reserve for reimbursement of debentures is provided for estimated losses on future reimbursement requests of debentures derecognized from liabilities.

8. Translation of foreign currency-denominated assets and liabilities

Foreign currency-denominated assets and liabilities are translated into Japanese yen at the exchange rates as of the balance sheet date, except for investments in subsidiaries and affiliates which are translated at the relevant historical exchange rates.

9. Revenue and expense recognition

Revenue recognition from contracts with customers

The Bank recognizes revenue from contracts with customers based on the following five steps.

Step 1: Identify the contracts with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenues from contracts with customers for the Bank are mainly from sales of mutual funds and insurance products in Retail Banking. The Bank recognizes its revenues when the Bank satisfies the performance obligation at the time of transferring these goods or services.

In addition, these revenues do not contain estimates of material variable considerations or significant financing component.

10. Hedge accounting

(a) Hedge of interest rate risks

The Bank applies deferral hedge accounting for derivative transactions that meet the hedge accounting criteria for mitigating interest risks of its financial assets and liabilities.

The Bank adopted portfolio hedging to determine the effectiveness of hedging instruments in accordance with "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (Industry Committee Practical Guidelines No. 24, March 17, 2022, by the Japanese Institute of Certified Public Accountants (the "JICPA")). Under portfolio hedging activities to mitigate the change in fair value, a portfolio of hedged items with common maturities such as deposits or loans is designated and matched with a group of hedging instruments such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities. The effectiveness of the portfolio hedging is assessed by each group. As for portfolio hedging activities to fix cash flows, the effectiveness is assessed based on

the correlation between the base interest rate index of the hedged cash flow and that of the hedging instruments.

(b) Hedge of foreign exchange fluctuation risks

The Bank applies either deferral hedge accounting or fair value hedge accounting for derivative transactions for the purpose of hedging foreign exchange fluctuation risks of the Bank's financial assets and liabilities denominated in a foreign currency.

Under deferral hedge accounting, which is in accordance with "Accounting and Auditing Treatment of Accounting Standards for Foreign Exchange Transactions in the Banking Industry" (Industry Committee Practical Guidelines No. 25, October 8, 2020 by the JICPA), hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currency and designating derivative transactions such as currency swap transactions, funding swap transactions and forward exchange contracts as hedging instruments. Hedge effectiveness is assessed by confirming that the total foreign currency position of the hedged items is equal to or larger than that of the hedging instruments.

The Bank also applies deferral hedge accounting and fair value hedge accounting to translation gains or losses from foreign currency denominated securities such as investments in foreign subsidiaries and affiliates and available-for-sale securities (other than bonds) if such foreign currency denominated securities as hedged items are designated in advance and liability exposure related to the foreign currency denominated securities which equal or exceed the acquisition cost of the hedged securities exist.

(c) Intracompany derivative transactions

Gains (losses) on intracompany derivative hedging transactions between the trading book and the banking book are not eliminated since offsetting transactions with third parties are appropriately entered into in conformity with the non-arbitrary and strict hedging policy in accordance with Industry Committee Practical Guidelines No. 24 and No. 25 of the JICPA. As a result, in the banking book, realized gains (losses) on such intracompany transactions are reported in current earnings and valuation gains (losses) which meet the hedge accounting criteria are deferred.

11. Reserve for employees' retirement benefits

The method of recognition of the unrecognized actuarial gain (loss) is different from the method in the consolidated financial statements.

12. Group tax sharing system

A wholly controlling relationship by SBI Holdings, Inc., the parent company of the Bank, was established on July 31, 2025, and the wholly controlling relationship by SBI Holdings, Inc. was dissolved on December 17, 2025.

As a result, the application of the group tax sharing system with the Bank as the parent company was terminated as of July 30, 2025, and the Bank applies the individual taxation system.

(Significant accounting estimates)

An item whose amount is recorded in the financial statements for the current fiscal year based on accounting estimates and which may have a material impact on the financial statements for the following fiscal year is as follows.

Reserve for credit losses

1. Amount recorded in the nonconsolidated financial statements for the current fiscal year

Reserve for credit losses	¥42,112 million
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2. Information that contributes to the understanding of the significant accounting estimates

The Bank determines obligor categories (normal, need caution, substandard, possibly bankrupt, virtually bankrupt and legally bankrupt) for each obligor based on the obligor's financial information and available external information, and records a reserve for loan losses for each obligor category based on the calculation method described in "7. Reserves and allowances (a) Reserve for credit losses" of "Significant accounting policies".

The determination of obligor categories and the calculation of the reserve for credit losses based on the discounted cash flow method for real estate non-recourse loans included in the Bank's loans and claims take into account the valuation of underlying properties. The valuation of underlying properties is based on assumed income, vacancy rate and discount rate considering market trends and recent operating condition of individual projects.

Of the obligors whose business performance has deteriorated due to the recent changes in the economic environment including fluctuations of prices, foreign exchange rates and interest rates, reserves for the obligors, such as possibly bankrupt obligors and substandard obligors are provisioned based on the discounted cash flow method. Such obligor's reserve for credit losses is calculated based on necessary adjustments taking the obligor's business plan into consideration (reduction of future cash flow to reflect future uncertainties and establishment of multiple scenarios, etc.).

The estimation is highly uncertain because the assumptions regarding property valuation and the assumptions concerning the possibility of deterioration or recovery of the obligor's financial condition, business sustainability and forecasted performance including future cash flow are affected by economic activity due to the changes in the internal and external economic environments including the recent fluctuation of prices, foreign exchange rates and interest rates.

The amount of reserve for credit losses provisioned as of March 31, 2026, is based on the Bank's best estimate at present. However, the amount may change during the next fiscal year if there are changes in the economic environment surrounding the obligors or in their financial conditions.

(Other information)

(Full repayment of public funds concerning Class-A and Class B preferred shares)

On July 31, 2025, SBI Holdings, Inc., the parent company of the Bank, acquired all of the Class-A preferred shares issued by the Bank from the Deposit Insurance Corporation of Japan and all of the Class-B preferred shares issued by the Bank from the Resolution and Collection Corporation.

As a result, the outstanding public funds of ¥230,018 million were fully repaid.

(Revision of employees' retirement benefit and pension plans)

Effective April 1, 2025, the Bank revised its employees' retirement benefit and pension plans by introducing an unfunded severance indemnity plan in addition to the existing noncontributory defined benefit pension plan.

As a result of the revision, those employed on or after April 1, 2025 are enrolled in the unfunded severance indemnity plan. Those employed before the date continue to be enrolled in the noncontributory defined benefit pension plan.

Notes

(Balance sheet)

1. Investments in subsidiaries and affiliates were as follows:

(Millions of yen)

	Carrying amount
Equity securities	¥389,010
Other investments in capital	12,668

2. For securities held in connection with securities borrowing transactions (with or without cash collateral), securities purchased under resale agreements and securities accepted as collateral for derivative transactions, where the Bank has an unrestricted right to sell, pledge or re-pledge such securities, the Bank re-pledged ¥570,541 million and held ¥1,322 million of those securities at the balance sheet date.

3. Claims subject to disclosure under the Japanese Banking Act (JBA) and the Financial Revitalization Law are as follows. The claims include: corporate bonds included in the "Securities" in the nonconsolidated balance sheet (limited to bonds for which redemption of principal and payment of interest are guaranteed in whole or in part, and the issuance of such bonds is due to private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans and bills discounted, foreign exchange claims, accrued income and suspense payments in other assets, customers' liabilities for acceptances and guarantees, and securities lent (limited to those under a loan for use or lending agreement).

Claims against bankrupt and quasi-bankrupt obligors:	¥1,646 million
Doubtful claims:	¥22,936 million
Loans past due for three months or more:	¥505 million
Restructured loans:	¥1,324 million
Total amount:	¥26,414 million

Claims against bankrupt and quasi-bankrupt obligors are claims against obligors under bankruptcy and similar claims, as provided for under the Bankruptcy Law, the Corporate Reorganization Law, the Civil Rehabilitation Law, and similar laws.

Doubtful claims are claims against obligors that are not yet in bankruptcy but have experienced deterioration in their financial condition and operating performance and for which there is a high probability of contractual defaults on principal and interest payments.

Loans past due for three months or more are loans on which principal and/or interest are past due three months or more, excluding claims against bankrupt and quasi-bankrupt obligors and doubtful claims.

Restructured loans are loans where the Bank modifies lending conditions in favor of the borrower, such as by reducing the original interest rate, or by forbearing interest payments or principal repayments with the objective of supporting the borrower's financial recovery, but excluding claims against bankrupt and quasi-bankrupt obligors, doubtful claims, or loans past due for three months or more.

The above amount of claims is the amount before deduction of reserve for credit losses.

4. The total principal amount of loans accounted for as a sale through loan participation arrangements was ¥28,263 million as of March 31, 2026. This "off-balance sheet" treatment is in accordance with the "Accounting and Presentation of Loan Participations" (Transferred Guidance No. 1 issued on July 1, 2024). The carrying amount of the principal of loans to original borrowers arising from loan participation arrangements in which the Bank participated was ¥38,606 million as of March 31, 2026.

5. Assets pledged as collateral were as follows:

Cash and due from banks	¥	50 million
Monetary assets held in trust		3
Securities		1,539,034
Loans and bills discounted		1,874,071

Liabilities collateralized were as follows:

Deposits	¥	1,681 million
Payables under repurchase agreements		879,286
Payables under securities lending transactions		383,899
Borrowed money		1,491,646
Other presented in other liabilities		2
Acceptances and guarantees		75,292

In addition, ¥59,049 million of securities were pledged as collateral for transactions such as exchange settlements and swap transactions or as substitute for margin deposits for futures transactions and other.

Also, ¥30,000 million of cash collateral paid for Zengin-net, ¥7,189 million of security deposits, ¥3,128 million of guarantee deposits under resale agreements and repurchase agreements were included in “Other” presented in “Other assets” on the nonconsolidated balance sheet.

6. The Bank sets credit lines of overdrafts and issues commitments to extend credit to meet the financing needs of its customers. The unfulfilled amounts of these commitments were ¥3,969,353 million, out of which the amounts with the commitments of the agreement expiring within one year or being able to be cancelled at any time with no condition were ¥3,350,243 million.

Since a large majority of these commitments expires without being drawn upon, the unfulfilled amounts do not necessarily represent future cash requirements. Many such agreements include provisions that allow the Bank to reject the drawdown or to reduce the amount if there are changes in the condition of financial market, issues relating the preservation of claims or other reasonable grounds.

In addition, the Bank may, as necessary, obtain collateral such as real estate and securities at the time of entering into the contracts. Further, the Bank regularly monitors customers’ business conditions in accordance with its prescribed internal procedures after the contracts are executed, and the Bank reviews the contractual terms and takes measures to preserve its credit positions when necessary.

7. Accumulated depreciation on premises and equipment was ¥21,445 million.

8. Deferred gains on premises and equipment deducted for tax purposes were ¥21 million.

9. Software in progress of ¥2,983 million were included in Software.

10. The amount of guarantee obligations for privately placed bonds (Paragraph 3 of Article 2 of the Financial Instruments and Exchange Act), out of “Japanese corporate bonds” included in the “Securities” stands at ¥100 million.

11. Total obligations to the Directors and Audit & Supervisory Board Members stand at ¥144 million.

12. Total monetary claims to subsidiaries and affiliates stand at ¥1,655,888 million.

13. Total monetary liabilities against subsidiaries and affiliates stand at ¥124,623 million.

14. According to Article 18 of the Banking Act, there is a limitation on dividends from surplus.

Notwithstanding the provision of Article 445, Item 4 of the Companies Act (Amounts of Stated Capital and Amounts of Reserves), when dividends from surplus are paid, an amount equal to one-fifth of the surplus to be reduced by such dividends shall be appropriated to additional paid-in capital or legal reserve.

The amount of legal reserve to be accrued in connection with such dividends from surplus in the current fiscal year was ¥8,744 million.

15. Projected benefit obligations, etc., at the end of the current fiscal year were as follows:

Projected benefit obligation	¥	(51,422) million
Fair value of plan assets		86,549
Unfunded retirement benefit obligations		35,126
Unrecognized net actuarial gains		(18,879)
Net amount recognized on the balance sheet		16,246
Prepaid pension cost		16,320
Reserve for employees' retirement benefits		(73)

(Statement of income)

1. Earnings from transactions with subsidiaries and affiliates

Total interest income: ¥33,754 million

Total fees and commissions income: ¥1,511 million

Total earnings from other businesses and other transactions: ¥526 million

Total earnings from other transactions: ¥2,077 million

Expenses from transactions with subsidiaries and affiliates

Total interest expenses: ¥248 million

Total fees and commissions expenses: ¥14,013 million

Total expenses from other businesses and other transactions: ¥487 million

Total expenses from other transactions: ¥3,846 million

2. "Other extraordinary gains" was gain on sale of investments in subsidiaries and affiliates of ¥2,095 million.

3. "Impairment losses" are impairment losses as for the following asset groups.

Location	Usage	Asset type	Amount (Millions of yen)
Tokyo, Osaka, etc.	Branches, etc.	Buildings, Other premises and equipment	¥1,198
Tokyo, Fukuoka, Osaka	IT-related property	Other premises and equipment, Software	¥71
Total			¥1,269

The Bank determines the asset group based on management segmentation.

Properties of branches, etc. in the Individual Business that the Bank decided to close down considering the business environment are individually deemed as an idle asset, and the impairment loss for their carrying amount was recognized assuming their recoverable amount to be zero. Also, the impairment loss for the carrying amount of IT-related idle assets such as software no longer used or discontinued development of software was recognized assuming their recoverable amount to be zero.

Included in the impairment loss above were ¥1,058 million for "Buildings," ¥174 million for "Other premises and equipment" and ¥35 million for "Software".

4. "Other extraordinary losses" was impairment loss on investments in subsidiaries and affiliates of ¥1,056 million.

5. Significant related-party transactions to be disclosed were as follows:

(1) Parent company and major corporate shareholders

Not applicable.

(2) Subsidiaries and affiliates

(Millions of yen)

Category	Name of corporation or organization	Ratio of voting rights held by the Bank	Relationship	Details of transaction	Transaction amount	B/S account	Balance at fiscal year end
Subsidiaries	APLUS Co., Ltd.	Direct holding 100%	Deposit Lending Guarantee	Overdraft facility (Note)	¥672,878	Loans and bills discounted	¥650,900
				Execution of loans on deed (Note)	105,900		
				Receipt of loan interests (Note)	7,554	Accrued income	698
	Showa Leasing Co., Ltd.	Direct holding 100%	Deposit Lending	Execution of loans on deed (Note)	365,827	Loans and bills discounted	263,947
				Receipt of loans on deed repayment (Note)	383,259		
				Receipt of loan interests (Note)	2,833	Accrued income	154

Note:

The lending is for the purpose of business operation. The interest rate was determined at a reasonable level according to market conditions. The transaction amount of the overdraft facility is the average balance during this current fiscal year.

(3) Fellow subsidiaries

(Millions of yen)

Category	Name of corporation or organization	Ratio of voting rights held by the Bank	Relationship	Details of transaction	Transaction amount	B/S account	Balance at fiscal year end
A subsidiary of the parent company	SBI Holdings USA, Inc.	—	—	Proceeds for transferred securities (Note)	¥17,410	—	—
				Gain on sale of securities	13,789	—	—

Note:

A transaction to transfer securities is executed at the closing price at the New York Stock Exchange of the date of the transaction.

(4) Directors and major individual shareholders

(Millions of yen)

Category	Name of corporation or organization	Ratio of voting rights held by the Bank	Relationship	Details of transaction	Transaction amount	B/S account	Balance at fiscal year end
An officer of the parent company	Masato Takamura	—	Representative Director and Senior Executive Vice President of SBI Holdings, Inc.	Overdraft facility (Note)	¥820	Loans and bills discounted	¥410
				Receipt of loan interests (Note)	7	Accrued income	0
An officer of the parent company	Tomoya Asakura	—	Representative Director and Senior Executive Vice President of SBI Holdings, Inc.	Overdraft facility (Note)	1,231	Loans and bills discounted	615
				Receipt of loan interests (Note)	6	Accrued income	0

Note:

The transaction terms and conditions were the same as those for general customers. The transaction amount of overdraft facility is the accumulated amount of loans that were drawn down during the current fiscal year (without deducting the amount of repayments), considering the nature of the transaction. The Bank secures the loan from the transaction with shares of SBI Holdings, Inc. acquired by the borrower through the exercise of stock options issued by SBI Holdings, Inc.

(Statement of changes in equity)

Types and the number of treasury stocks were as follows:

(Unit: shares)

	Number of shares as of April 1, 2025	Number of shares increased	Number of shares decreased	Number of shares as of March 31, 2026	Note
Treasury stock:					
Common stock	3	41,999,997	33,500,000	8,500,000	(Note 1, 2, 3)
Total	3	41,999,997	33,500,000	8,500,000	

Note : 1. The Bank conducted a stock split at a ratio of 14,000,000-for-1 on July 27, 2025.

2. The increase in the number of treasury stocks is associated with the stock split described in Note 1.

3. The decrease in the number of treasury stocks is associated with the disposal for a third-party allotment.

(Securities)

In addition to “Securities” on the balance sheet, the figures in the following tables include beneficiary interests included in “Other monetary claims purchased” that are accounted for in the same way as securities.

1. Trading securities (as of March 31, 2026)

(Millions of yen)

	Unrealized gain (loss)
Trading securities	¥—

2. Securities being held to maturity (as of March 31, 2026)

(Millions of yen)

	Type	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount	Japanese national government bonds	¥99,831	¥99,845	¥13
	Foreign securities	854,119	854,777	658
	Subtotal	953,951	954,622	671
Fair value does not exceed carrying amount	Japanese national government bonds	219,538	211,296	(8,242)
	Foreign securities	664,706	664,196	(509)
	Subtotal	884,244	875,492	(8,751)
Total		1,838,195	1,830,115	(8,079)

3. Equity securities of subsidiaries and affiliates (as of March 31, 2026)

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
Equity securities of subsidiaries	¥—	¥—	¥—
Equity securities of affiliates	35,019	37,891	2,872
Total	35,019	37,891	2,872

(Note) Carrying amount of “Nonmarketable equity securities and affiliates” are as follows, and these are not included in the table shown above.

(Millions of yen)

	Carrying amount
Equity securities of subsidiaries	¥350,880
Equity securities of affiliates	3,110
Total	353,991

4. Securities available for sale (as of March 31, 2026)

(Millions of yen)

	Type	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/acquisition cost	Equity securities	¥4,698	¥2,427	¥2,271
	Domestic bonds:	5,002	4,925	77
	Japanese national government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Japanese corporate bonds	5,002	4,925	77
	Other:	1,081,389	1,062,384	19,005
	Foreign securities	239,563	238,535	1,027
	Other	841,825	823,848	17,977
	Subtotal	1,091,090	1,069,736	21,353
Carrying amount does not exceed amortized/acquisition cost	Equity securities	—	—	—
	Domestic bonds:	440,348	480,443	(40,095)
	Japanese national government bonds	283,969	313,628	(29,659)
	Japanese local government bonds	2,186	2,200	(13)
	Japanese corporate bonds	154,192	164,615	(10,422)
	Other:	542,921	554,087	(11,165)
	Foreign securities	194,309	197,766	(3,457)
	Other	348,612	356,320	(7,708)
	Subtotal	983,270	1,034,531	(51,260)
Total		2,074,360	2,104,267	(29,907)

(Note 1) Carrying amount of “Nonmarketable equity securities and others” and “Investment in partnerships and others” are as follows, and these are not included in the table shown above.

(Millions of yen)

	Carrying amount
Nonmarketable equity securities and others	¥12,121
Investment in partnerships and others	66,177

“Nonmarketable equity securities and others” and “Investment in partnerships and others” are not included in the table of “Securities available for sale” shown above, because these are out of the scope of fair values disclosure according to Paragraph 5 of the “Guidance on Disclosures about Fair Value of Financial Instruments”(ASBJ Guidance No. 19, March 31, 2020) and Paragraph 24-16 of the “Guidance on Accounting Standard for Fair Value Measurement”(ASBJ Guidance No. 31, June 17, 2021), respectively.

(Note 2) “Unrealized gain (loss) on available-for-sale securities” on the balance sheet consists of the following:

(Millions of yen)

Unrealized gain (loss) before deferred tax on:	
Available-for-sale securities	¥(29,907)
Interests in available-for-sale securities held by partnerships	5,743
Other monetary assets held in trust	(899)
Add: Deferred tax assets	8,102
Less: Deferred tax liabilities	—
Unrealized gain (loss) on available-for-sale securities	(16,960)

5. Available-for-sale securities sold during the current fiscal year (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Equity securities	¥675	¥555	¥—
Domestic bonds:	211,051	4	12,036
Japanese national government bonds	182,332	2	12,017
Japanese local government bonds	4,991	0	10
Japanese corporate bonds	23,728	1	8
Other:	228,959	24,756	3,030
Foreign securities	63,947	14,469	2,720
Other	165,012	10,286	310
Total	440,687	25,315	15,067

6. Securities for which impairment losses are recognized

When individual securities (except for nonmarketable equity securities and others and investment in partnerships and others), other than trading securities, experience a decline in fair value which is significant as compared to the amortized/acquisition cost of such securities, in principle, the fair value of such securities is deemed not to recover to the amortized/acquisition cost (in other words, the decline in fair value is “other than temporary”). The carrying amounts of such securities are written down to the fair value, and the valuation difference is recorded as an impairment loss for the current fiscal year. However, for Japanese national government bonds classified as securities being held to maturity, unless the decline in fair value is due to the increase in credit risk such as a significant deterioration in ratings, the impairment loss is not recorded because the fair value is expected to recover to the amortized/acquisition cost by their maturity dates.

Impairment loss on securities with other-than-temporary impairment for the fiscal year ended March 31, 2026 was ¥103 million, which was related to other securities.

The Bank’s rules for the determination of whether an other-than-temporary impairment has occurred differ by the obligor categorization of the security issuer based upon the Bank’s self-assessment guidelines. The details of these rules are as follows: The definition of the obligor categorization is described in “7. Reserves and allowances (a) Reserve for credit losses” of “Significant accounting policies”.

Securities issued by “legally bankrupt,” “virtually bankrupt” and “possibly bankrupt” obligors	The fair value of securities is less than the amortized/acquisition cost
Securities issued by “need caution” obligors	The fair value of securities declines by 30% or more compared to the amortized/acquisition cost
Securities issued by “normal” obligors	The fair value of securities declines by 50% or more compared to the amortized/acquisition cost

Further, for securities issued by issuers with no asset balance subject to the self-assessment other than the securities at the end of the current fiscal year, the Bank determines that an other-than-temporary impairment has occurred when the fair value of the securities declines by 50% or more compared to the amortized/acquisition cost for bonds with very low credit risk such as Japanese national government bonds, and when the fair value of the securities declines by 30% or more compared to the amortized/acquisition cost for all other securities, respectively.

(Monetary assets held in trust)

1. Monetary assets held in trust for trading purposes (as of March 31, 2026)

(Millions of yen)

	Carrying amount (Fair value)	Unrealized gain (loss)
Monetary assets held in trust for trading purposes	¥2,006	¥(858)

2. There were no monetary assets held in trust held to maturity (as of March 31, 2026)

3. Monetary assets held in trust other than for trading purposes and held to maturity (as of March 31, 2026)

(Millions of yen)

	Carrying amount	Acquisition cost	Unrealized gain (loss)	Gross unrealized gain	Gross unrealized loss
Other monetary assets held in trust	¥435,286	¥436,185	¥(899)	¥350	¥(1,249)

Note: "Gross unrealized gain" and "Gross unrealized loss" are components of "Unrealized gain (loss)".

(Deferred tax)

Breakdowns of deferred tax assets and deferred tax liabilities by reason of their occurrence are as follows:

(Millions of yen)

Deferred tax assets	
Reserve for credit losses	¥12,891
Unrealized loss on available-for-sale-securities	8,102
Deferred loss on derivatives under hedge accounting	7,386
Excessive impairment on securities price	6,035
Accrued employees' bonuses	2,280
Asset retirement obligations	2,063
Accrued expenses	1,138
Tax loss carryforwards (Note 2)	138
Other	3,715
Subtotal	43,750
Valuation allowance for tax loss carryforwards (Note 2)	—
Valuation allowance for deductible temporary differences	(24,077)
Total valuation allowance (Note 1)	(24,077)
Total deferred tax assets	19,672
Deferred tax liabilities	
Deferred gain on derivatives under hedge accounting	21,765
Retirement benefit costs	5,144
Asset retirement costs included in premises and equipment	476
Total Deferred tax liabilities	27,385
Net deferred tax liabilities	(7,713)

(Note 1) Valuation allowance has decreased by ¥25,176 million from the previous fiscal year. The decrease is mainly due to the change in the entity classification for the purpose of determining the recoverability of deferred tax assets at the Bank.

(Note 2) Expiration schedule of tax loss carryforwards

Fiscal year ended March 31, 2026

(Millions of yen)

	Within 1 year	1 year through 2 year	2 year through 3 year	3 year through 4 year	4 year through 5 year	Over 5 year	Total
Tax loss carryforwards (*1)	¥52	¥—	¥12	¥—	¥7	¥66	¥138
Valuation allowance	—	—	—	—	—	—	—
Deferred tax assets	52	—	12	—	7	66	(*) 138

(*1) The amounts of tax loss carryforwards are obtained as a result of multiplying the statutory effective tax rate.

(*2) The tax loss carryforwards resulted from the disposal of non-performing loans in the prior fiscal years and are determined to be collectible as it is probable that taxable income would be generated for the next three years based on the expected profitability.

A wholly controlling relationship by SBI Holdings, Inc., the parent company of the Bank, was established on July 31, 2025, and the wholly controlling relationship by SBI Holdings, Inc. was dissolved on December 17, 2025.

As a result, the application of the group tax sharing system with the Bank as the parent company was terminated as of July 30, 2025, and the Bank applies the individual taxation system.

(Per share information)

Common shareholders' equity per share was ¥1,201.00.

Net income per common share was ¥66.87.

Diluted net income per common share was ¥66.79.

(Note) The Bank conducted a stock split at a ratio of 14,000,000-for-1 of its common shares and its preferred shares on July 27, 2025, and subsequently, the Bank converted all preferred shares into common shares on August 25, 2025. The net income per common share and the diluted net income per common share are calculated assuming that the stock split occurred at the beginning of the current fiscal year and also including the preferred shares in the calculation of the weighted average shares for the common shares.

(Business combination, etc.)

(Transaction under common control (transfer of a part of the holdings of a subsidiary's shares))

The Bank transferred 49,000 shares (representing 49% of the voting rights) of its holdings of the shares of Shinsei Trust & Banking Co., Ltd. (currently SBI Shinsei Trust & Banking Co., Ltd.) to SBI Holdings, Inc., the parent company of the Bank.

(1) Outline of the transaction

(a) Name and business description of the subsidiary

Name: Shinsei Trust & Banking Co., Ltd.

Business description: Trust business

(b) The date of the transfer

March 31, 2026

(c) Legal form of the business combination

Partial disposal of the holdings of shares with cash consideration

(d) Other matters concerning the outline of the transaction

The transaction aims to place Shinsei Trust & Banking Co., Ltd. at the core of SBI Group's digital finance domain and enable it to function more effectively as an issuer of stablecoins and a custodian of various tokens.

(2) Overview of the accounting treatment

Based on "Accounting Standard for Business Combinations (ASBJ Statement No. 21 of January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 of January 16, 2019)", the Bank accounted for the above transaction as a transaction under common control (a transaction with noncontrolling interest).

(3) Recorded amount of the gain on the disposal of the subsidiary's shares

¥1,633 million