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March 31, 2026

To whom it may concern,

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Representative: Masashi Mori, President
(Securities code: 8386, TSE Prime)
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Notice of Changes in Capital Adequacy Ratio Calculation Method

The Hyakujushi Bank, Ltd. (President: Masashi Mori; hereinafter the “Bank”) announces that with “approval” from the Financial Services Agency, the Bank will change the calculation method of the capital adequacy ratio as described below. The Bank will further advance the risk management system through the changes and thereby strive to improve its soundness and transparency and to provide better services for customers.

1. Changes in the calculation method

The Bank will change the “credit risk calculation method” and the “operational risk equivalent amount calculation method” in calculating the capital adequacy ratio, as described below.

	Before change	After change
Credit risk calculation method	Standardized approach	Foundation internal ratings-based approach
Operational risk equivalent amount calculation method	Standardized measurement approach (ILM = 1)	Standardized measurement approach (ILM calculated from internal loss data, etc.)

[Foundation internal ratings-based approach]

- The foundation internal ratings-based approach, which is used for the calculation of credit risk, is an approach that uses the Bank’s internal credit ratings to calculate credit risk for loan assets, etc.
- While the “standardized approach” adopted in the past uses weightings prescribed by the Financial Services Agency, this approach assesses credit risk based on data accumulated in the Bank, making it possible to calculate credit risk more accurately and reflect changes in the risk in the capital adequacy ratio more appropriately.

[Standardized measurement approach]

- The standardized measurement approach, which is used for the calculation of the operational risk equivalent amount, is an approach that uses the formula “Business Indicator Component (BIC) × Internal Loss Multiplier (ILM)” to calculate the operational risk equivalent amount.
- While the value specified by the Financial Services Agency (1) was adopted as the ILM in the past, a multiplier calculated based on the Bank’s internal loss data during a certain period will be used going forward, making it possible to calculate the operational risk equivalent amount more accurately and reflect changes in the risk in the capital adequacy ratio more appropriately.

2. Purposes of the adoption of new approaches

- By adopting the approaches that reflect the risks faced by the Bank more appropriately, the Bank will further advance the risk management system and maintain soundness and thereby strive to improve the Bank's sustainability.
- Through advancement of the risk management system, the Bank will strive to provide more appealing products and services and achieve its "Long-term Vision 2030: Through evolution of the general consulting group, we will create a society with well-being together with local community members."

3. Timing of application

The new approaches will apply from the calculation made on March 31, 2026. The capital adequacy ratio will be disclosed in mid-May 2026.