

2026

Integrated Report



Annual Report



Procrea Holdings, Inc.

Procrea Holdings Annual Report 2026

Profile

The name "Procrea" embodies our mission, which is to create a new future by embracing the challenge of enhancing the potential and the possibilities of local communities as well as to move forward together with our customers in our capacity as professionals.

Procrea Holdings, Inc. was established on April 1, 2022 with the integration of the management operations of the Aomori and Michinoku banks. By combining the know-how, informational capacities, and networks that the two banks have developed over many years, we aim to actively contribute to the sustainable growth and development of our local communities by taking on challenges in new fields of banking and creating services that transcend the conventional frameworks of the financial sector.

History

May 2021: "Notice Regarding the Basic Agreement on Management Integration between the Aomori Bank, Ltd. and the Michinoku Bank, Ltd." issued.

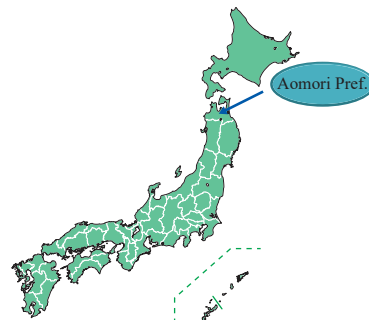
November: "Notice Regarding the Execution of a Definitive Agreement on the Establishment of a Joint Holding Company (Share Transfer) between the Michinoku Bank, Ltd. and the Aomori Bank, Ltd." issued

January 2022: Share transfer plan is approved during an extraordinary general meeting of shareholders of the Aomori Bank and the Michinoku Bank.

April: Establishment of Procrea Holdings, Inc.

January 2025: Establishment of Aomori Michinoku Bank, Ltd. through merger of The Aomori Bank, Ltd. and The Michinoku Bank, Ltd.

The name "Procrea" combines the Latin words for "challenge" (Provocatio) and "creation" (Creare).



●Trade Name **Procrea Holdings, Inc.** ●Established **April 1, 2022** ●Location of head office **3-1 Katta 1-chome, Aomori-shi, Aomori**
 ●Location of main head office functions **9-30 Hashimoto 1-chome, Aomori-shi, Aomori** ●Business Operations **Administration and management and all related business functions of banks and of companies that can be deemed to be their subsidiaries, as defined by the Banking Act** ●Other business functions of bank holding companies as authorized by the Banking Act ●Capital **¥20 billion** ●Operating branches **193 main and local branches** ●Fiscal year **Year ending March 31** ●Stock exchange listing **Tokyo Stock Exchange Prime Market (Securities code: 7384)**

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Greeting

We at the Procrea Group would like to thank all of you for your continued support.

I have recently been appointed as President and Representative Director of Procrea Holdings, Inc. With the added responsibility of serving concurrently as President of Aomori Michinoku Bank, Ltd., I am keenly aware of the weight of my responsibility in overseeing the Group as a whole. With renewed determination, we will devote our full efforts to meeting the expectations of all our stakeholders.

Building on the new organizational structure following the bank merger, our Group is setting out on its next stage of growth. By further strengthening collaboration across our banking, consulting, and leasing businesses, as well as the investment company we are currently considering establishing, we will leverage the Group's collective strengths to a greater extent and steadily advance our efforts on "addressing regional issues," a pillar of our Second Medium-term Management Plan, and "enhancing profitability," in support of our sustainable growth. In particular, we will focus on rapidly translating the bank merger synergies into tangible results, while continuing to strengthen our sales capabilities, and invest in digitalization and human capital, as we build a stronger foundation for sustainable growth in the years ahead.

In addition, with regard to shareholder returns, in light of the recent improvement in earnings and our expectations for future growth, we will maintain stable dividends as our basic policy while striving to further enhance returns to our shareholders. By reinvesting earnings into growth investments while also providing appropriate returns to our shareholders, we will strive to enhance our corporate value.

Embracing the concepts of "challenge" and "creation" as the driving force, the Procrea Group will work toward sustainable development together with our communities. We are looking forward to your continued support going forward.



K. Ishikawa

Keitaro Ishikawa,
President and Representative Director

Overview of Procrea Holdings

Management Philosophy

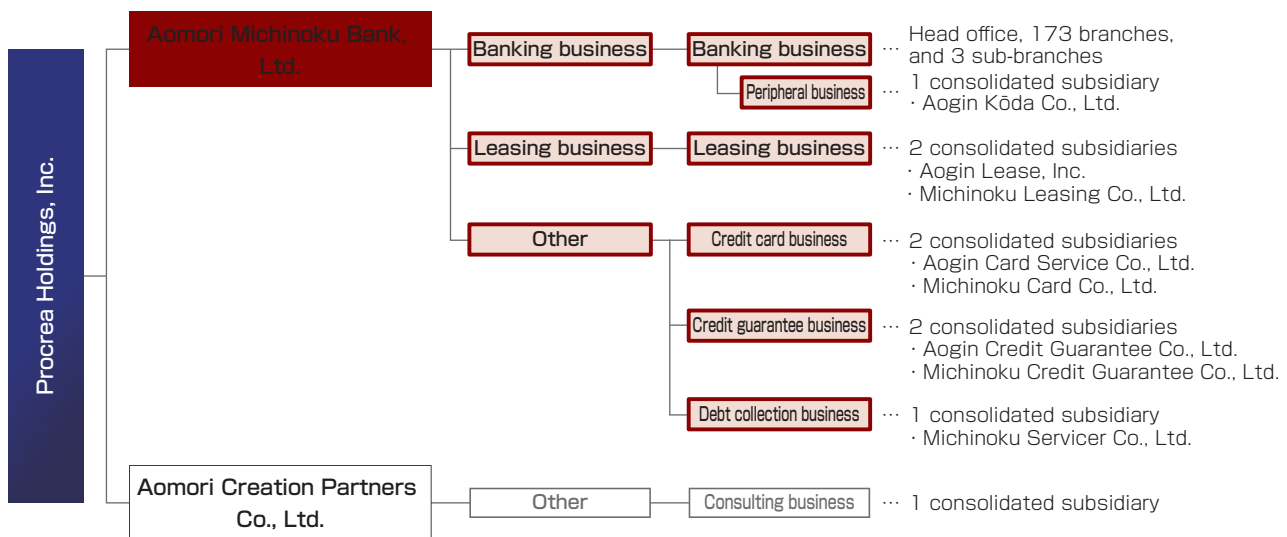
"Creating the Future of Our Local Communities"
 "Continuing to Move Forward with Our Customers"
 "Helping Achieve the Dreams of Everyone"

• Core ideas of our philosophy

- ◆ We aim to create a bright and prosperous future by maintaining organizational integrity, while proactively taking on challenges and exploring the possibilities of our local communities.
- ◆ We will continue to gain the trust of our customers and join them in moving forward toward growth and development by enhancing our expertise and pursuing services that exceed expectations.
- ◆ By respecting individual autonomy and turning this diversity into strength, we will build an organization filled with confidence and pride that will step up to all challenges and help bring the ideas of each individual to fruition.

Group Structure Chart

(as of Jun 25, 2026)



Note: In addition to the consolidated subsidiaries mentioned above, the organization also consists of non-consolidated subsidiaries not accounted for under the equity method Michinoku Regional Revitalization Investment Limited Partnership and Procrea HD Regional Co-Creation Fund Investment Limited Partnership, and consists of affiliate not accounted for under the equity method Procrea Town Development Fund Limited Liability Partnership.

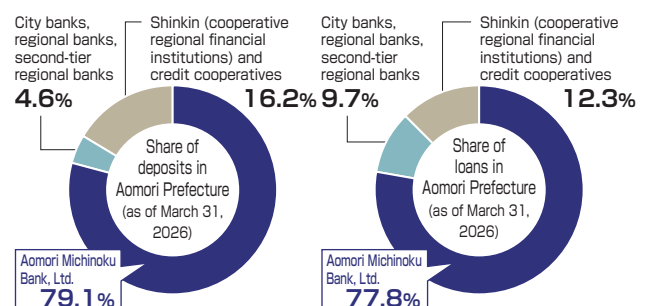
Solid Foundation

Our deeply established presence in Aomori Prefecture, cultivated over more than 100 years and dating back prior to the merger, together with information and expertise accumulated over many years, has enabled us to secure the leading share of both deposits and loans in the prefecture by a substantial margin.

Share of deposits and loans in Aomori Prefecture (as of March 31, 2026)

* Excluding JAPAN POST BANK Co., Ltd., workers' credit unions, agricultural cooperative associations, and government financial institutions

Share of deposits	79.1%	No. 1 in the prefecture
Share of loans	77.8%	No. 1 in the prefecture



Financial Strategy

Revenue and profit increased in FY2025 driven mainly by higher net interest income and the absence of merger-related expenses, although challenges remain on the sales front

Having completed the establishment of our operating framework in the first year of our Medium-term Management Plan, we are now pursuing profit growth exceeding the pre-merger level of the two banks combined

FY2025 Results and FY2026 Forecasts

(Unit: ¥100 million)

Aomori Michinoku Bank, Ltd. (Non-consolidated)	FY2024	FY2025	YoY	FY2026 Forecast	YoY
Core gross business profit	479	537	+57	553	+16
Net interest income	441	500	+58	510	+10
Interest on loans and discounts	367	432	+64	511	+78
Interest on securities	72	101	+28	62	-38
Of which, gains and losses on redemption of investment trusts	1	34	+32	0	-34
Short-term funds	32	65	+33	111	+46
Interest on deposits (Including interest on negotiable deposits)	-30	-99	-68	-170	-70
Net fees and commissions	37	37	-0	42	+5
Expenses	427	394	-32	406	+11
Core net business income	52	142	+90	147	+4
Core net business income (excluding gains and losses on redemption of investment trusts)	50	108	+58	147	+38
Credit expenses	12	38	+25	33	-5
Securities-related gains and losses	-20	-51	-31	0	+51
Other non-recurring gains and losses	13	7	-6	0	-6
Ordinary profit	32	59	+27	115	+55
Extraordinary income and losses	5	-8	-14	-8	+0
Of which, impairment losses	2	6	+4	6	+0
Income taxes	14	16	+1	33	+17
Net income	23	34	+10	73	+38

Procrea Holdings, Inc. (Consolidated)	FY2024	FY2025	YoY	FY2026 Forecast	YoY
Ordinary profit	24	65	+41	113	+47
Profit attributable to owners of parent	12	37	+25	70	+32
Consolidated ROE	0.75%	2.35%	+1.60pt	Around 4.0%	-

Review of FY2025

In FY2025, core net business income increased by ¥9.0 billion year on year to ¥14.2 billion, driven by an increase in net interest income and lower expenses, due to the absence of merger-related expenses. Net income increased due to increased core net business income despite higher credit expenses, including precautionary provisions, and the absence of extraordinary income recorded in the previous fiscal year in connection with revisions to the retirement benefit plan. On a non-consolidated basis, the Bank's net income increased by ¥1.0 billion year on year to ¥3.4 billion, and on a holding company basis net income increased by ¥2.5 billion to ¥3.7 billion.

Although deposits increased across all segments, total loans decreased by ¥12.1 billion year on year, mainly due to a decline in personal loans, particularly housing loans. During the past year, especially in the first half, our sales momentum was somewhat subdued as we prioritized the stabilization of operations following the merger.

Net fees and commissions remained largely unchanged year on year at ¥3.7 billion. Our consulting capabilities are steadily expanding, driven by growth in consulting services and local government-related business at our consulting subsidiary, Aomori Creation Partners Co. Ltd.

Although personnel expenses increased due to factors including base pay increases, overall expenses decreased by ¥3.2 billion year on year to ¥39.4 billion, as merger-related expenses passed their peaking. Credit expenses increased by ¥2.5 billion year on year to ¥3.8 billion, due in part to precautionary provisions.

In the securities business, as part of our portfolio restructuring, we recognized ¥11.1 billion in losses through the disposal of securities with unrealized losses. However, these losses were offset by gains from the sale of policy-held shares and other factors, resulting in overall earnings from securities remaining virtually unchanged year on year.

Earnings forecast for FY2026

Our FY2026 plan assumes that the policy interest rate reaches 1.0% during the fiscal year, and we are targeting higher earnings. On a non-consolidated basis, the Bank is forecasting core net business income of ¥14.7 billion and net income of ¥7.3 billion. On a consolidated basis, the holding company is forecasting profit attributable to owners of parent of ¥7.0 billion and consolidated ROE of approximately 4.0%.

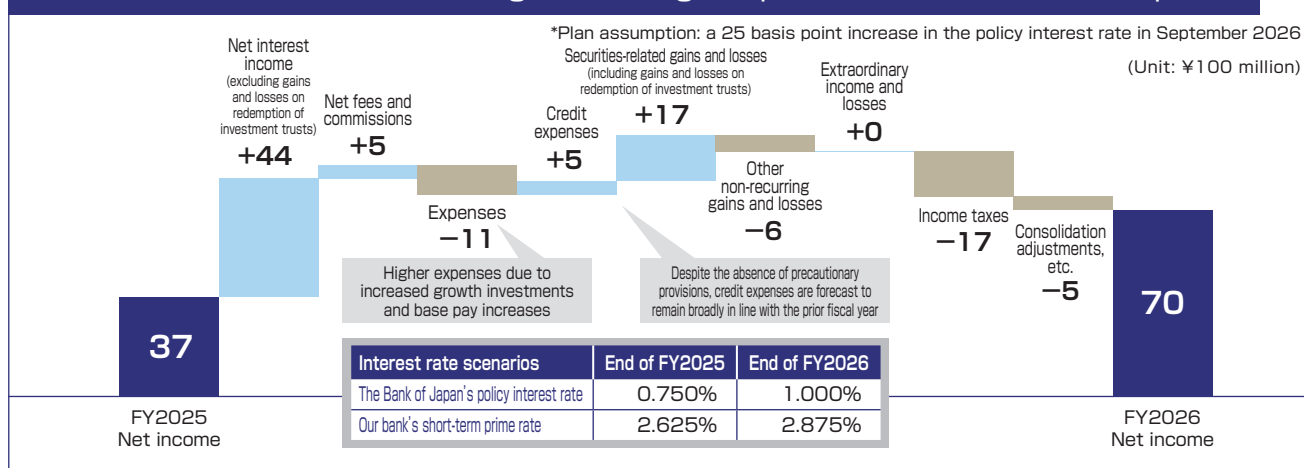
Net interest income and net fees and commissions are forecast to grow, however expenses are also forecast to increase reflecting growth investments and base pay

increases.

Our plan is for securities-related gains and losses to net to zero, with gains from the sale of policy-held shares offsetting losses realized through the disposal of bonds carrying unrealized losses.

In FY2026, we aim to achieve profit growth not only through the benefits of higher interest rates but also by realizing merger synergies and reallocating resources previously dedicated to the merger to strengthening our sales capabilities.

FY2025 - FY2026 factors contributing to the changes in profit attributable to owners of parent



Review of the first year of the Second Medium-term Management Plan

Reflecting on the first year of the Second Medium-term Management Plan, improving yields and the realization of synergies from branch consolidation and other initiatives resulted in core net business income of ¥10.87 billion and consolidated net income of ¥3.78 billion. Both the capital adequacy ratio and ROE also exceeded our targets for the fiscal year.

Achievement status of management targets

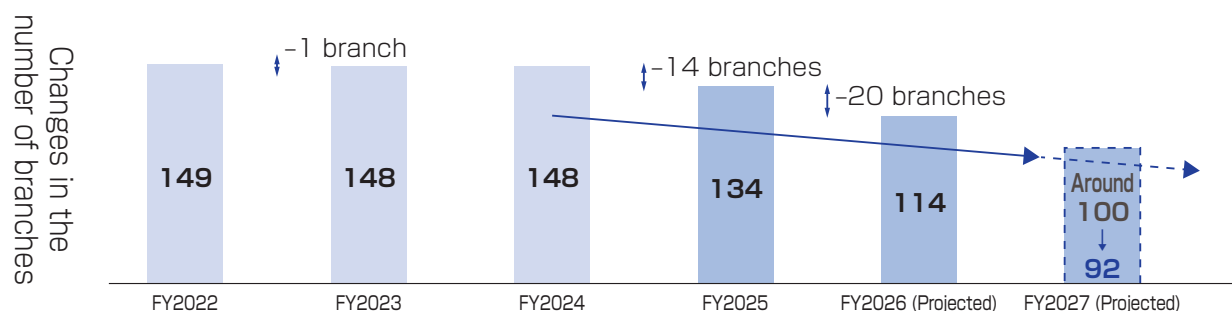
Management targets	FY2027 (Final year of the Plan)	FY2025 (Results)
Consolidated net income	¥8.0 billion	¥3.7 billion
Consolidated ROE (Shareholder's equity basis)	4.0% or more	2.19%
Capital adequacy ratio (Consolidated)	Around 8.0%	8.83%

In addition, the development of the post-merger operating framework and branch consolidation proceeded broadly in line with our original plans.

We are reviewing our head office organizational structure to establish a framework that support the implementation of initiatives under the Medium-term Management Plan. We have implemented a number of organizational initiatives to address the key priorities set out in the Medium-term Management Plan. These include establishing the Regional Strategy Business Division (Regional Development Department at the Bank) to lead efforts to “address regional issues,” the Structured Finance Office to help address regional issues and “enhance profitability” in support of these efforts, and the DX Promotion Office to accelerate digital transformation as a growth driver. Each of these units has played a significant role from the first year of the plan.

Our branch consolidation also progressed as planned, with the consolidation of 14 branches completed during FY2025. The synergies from branch consolidation will extend beyond cost savings. By redeploying the personnel freed up through consolidations to priority areas, including sales functions, we expect to strengthen revenue growth as well. We plan to consolidate 20 branches in FY2026, while in FY2027 we intend to bring forward the consolidation of branches originally scheduled for FY2028 and beyond, with the aim of establishing a 92 branch network by the final year of the Medium-term Management Plan.

Branch network optimization



Deposits from individuals, corporates, and the public sector all increased, and the total balance of deposits rose ¥44.1 billion from the end of the previous fiscal year to ¥5,325.2 billion. On the other hand, we recognize that challenges remain on the sales front, as loans declined and growth in net fees and commissions remained sluggish. In the first half of FY2025, we had to devote considerable resources to merger-related work and stabilizing operations, which constrained customer visits and other sales activities. Although performance has improved since the second half of FY2025, when conditions began to stabilize to some extent, increasing the total loan balance and strengthening fees and commissions will remain major priorities that we need to address in FY2026. We are redeploying personnel freed up through branch consolidation and the streamlining of head office functions to priority areas, including sales functions, and will continue to steadily strengthen our sales capabilities.

Status of deposits

(Unit: ¥100 million; %)

	March 31, 2025	March 31, 2026	YoY	Percentage change
Total deposits at end of period	52,810	53,252	+441	+0.8
Personal deposits	35,452	35,668	+216	+0.6
Corporate deposits	11,819	11,880	+61	+0.5
Public deposits	5,539	5,704	+164	+2.9
Interest paid on deposits	30	99	+68	+226.6

Status of loans

(Unit: ¥100 million; %)

	March 31, 2025	March 31, 2026	YoY	Percentage change
Balance of loans at end of period	35,497	35,376	-121	-0.3
Business loans	13,487	13,714	+228	+1.6
Within Aomori Prefecture	8,523	8,492	-30	-0.3
Outside Aomori Prefecture	4,964	5,222	+258	+5.1
Personal loans	12,064	11,897	-167	-1.3
Public loans	9,944	9,763	-181	-1.8
Interest on loans and discounts	367	432	+64	+17.4

Status of net fees and commissions

(Unit: ¥100 million)

	FY2024	FY2025	YoY
Net fees and commissions	37.3	37.2	-0.1
Fees and commissions income	110.7	107.0	-3.6
Insurance sales through bank counters	10.8	7.9	-2.9
Investment trust sales through bank counters	11.2	10.6	-0.5
Corporate solutions	7.0	5.7	-1.3
Other	81.3	82.8	+1.4
Fees and commissions expenses	73.2	69.8	-3.4
Group credit life insurance	33.7	32.9	-0.8
Other	39.5	36.9	-2.6

Personnel redeployment

Personnel capacity freed up (during the Medium-term Management Plan period)

Personnel capacity freed up through head office streamlining
Around 300 persons

Personnel capacity freed up through branch consolidation
Around 300 persons

Consolidation of operations into specialized head office hubs, smart branch initiatives, and leveraging AI

Staffing deployments required to cover overall headcount reductions

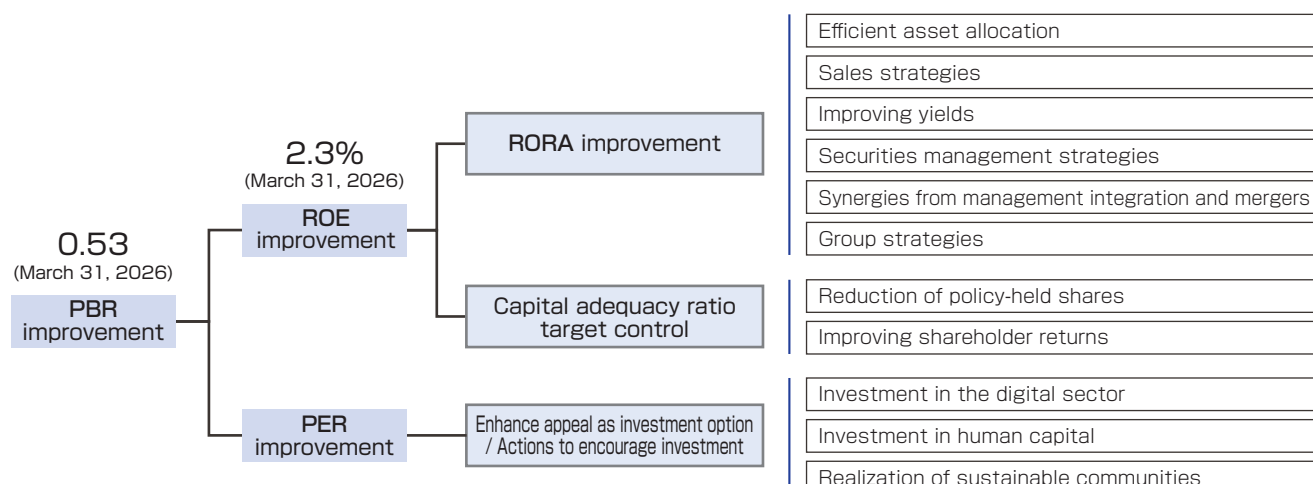
(Overall headcount reductions (during the Medium-term Management Plan period))
Down 467 persons

Redeployment to sales and other strategic areas
(Over 133 persons)

Initiatives to Improve corporate value

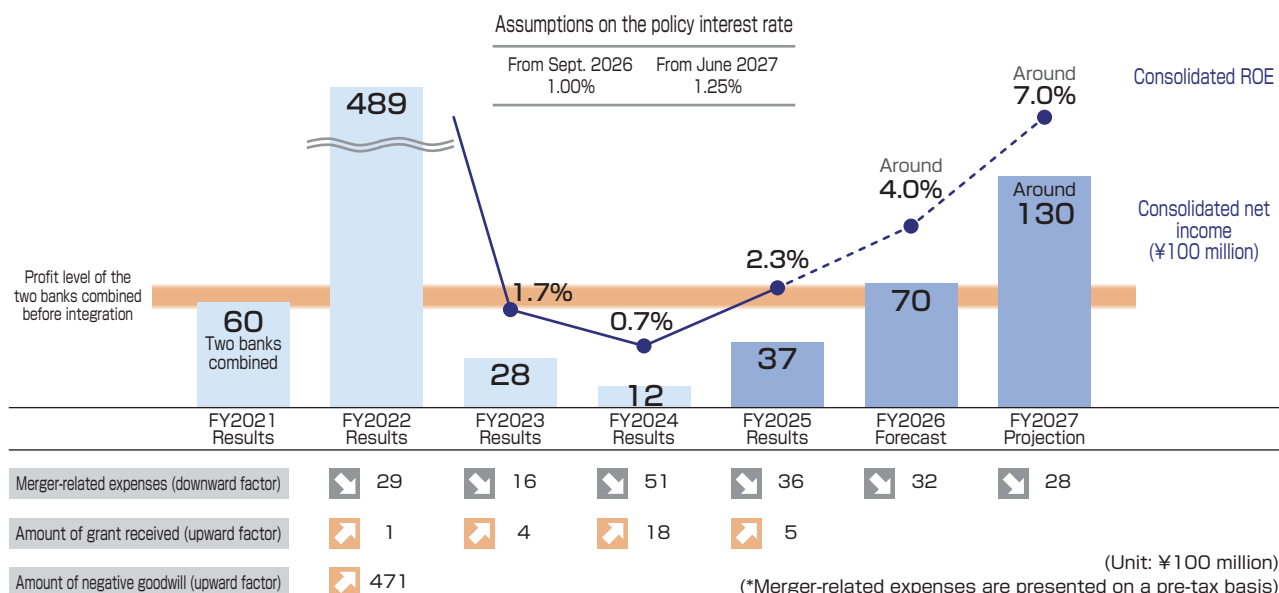
Logic Tree

Our price-to-book-ratio (PBR) remains well below 1.0x, which we recognize as an issue. We aim to improve our PBR by raising ROE through enhancing profitability and disciplined capital management, while pursuing medium- to long-term growth through efforts to address regional issues and making investments for growth.



Target profit and ROE levels

To date, net income has remained below the pre-merger level of the two banks combined, mainly due to merger-related expenses and other factors. Looking ahead, we aim to achieve consolidated net income of approximately ¥13.0 billion and ROE of approximately 7% in FY2027, supported by integration and merger synergies as well as changes in the policy interest rate.

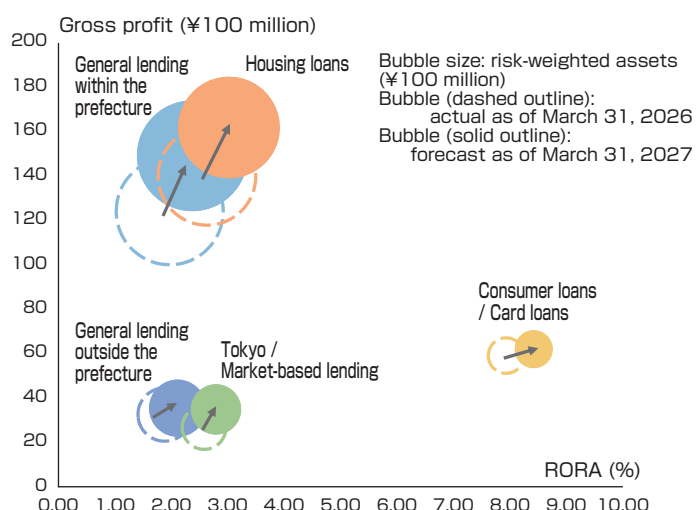


Improving RORA

Asset allocation

We will seek to increase risk-weighted assets, focusing primarily on general loans within the prefecture, housing loans, and Tokyo / market-based lending. As a result, we expect RORA to improve across all categories of loan assets in FY2026.

RORA outlook by asset



Sales Strategies

On the sales front, we will redeploy resources previously devoted to merger-related activities towards strengthening our sales capabilities and translate these efforts into results.

In the corporate banking segment, we will further deepen collaboration among the specialized business development teams assigned to three regions within the prefecture in April 2025, our consulting subsidiary Aomori Creation Partners Co. Ltd., and the Bank's branches, with the aim of enhancing both the quality and volume of our business activities and deepening customer relationships.

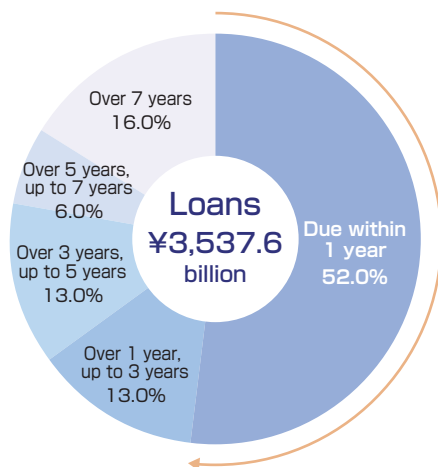
For markets outside the prefecture, we will clearly define and execute strategies for each area, including not only expanding the volume of market-based lending in Tokyo but also increasing our market share in Sapporo and Sendai through the deployment of specialized personnel. In the retail banking segment, we will centralize housing loans and financial product sales at specialized hubs to enhance service capabilities and improve efficiency, while expanding digital and other remote sales channels for consumer loans and card loans, including online applications and telemarketing.

Improving yields

Our loan portfolio is structured such that more than 50% of loans are repriced within one year. The impact of changes in the Bank of Japan's policy interest rate on net interest income is expected to be positive ¥3.9 billion in FY2026 and positive ¥6.4 billion in FY2027.

Breakdown of loans by maturity (as of March 31, 2026)

*Based on interest rate repricing dates



Impact of yield improvements factored into the earnings plan

*Year-on-year increase in earnings attributable to changes in yields on deposits, loans, and deposits with the Bank of Japan

FY2026 Forecast
+¥3.9 billion

FY2027 Projection
+¥6.4 billion

Assumption: covers deposits, loans, and deposits with the Bank of Japan
Policy interest rate increases of +25 basis points in September 2026 and a further +25 basis points in June 2027

(Reference) Annual impact of a 25 basis point increase in the policy interest rate

*Estimate based on deposits, loans, and current account deposits at the Bank of Japan as of March 31, 2026

Impact on the asset side

+¥7.2 billion

Impact on the funding side

-¥4.3 billion

Annual impact of a 25 basis point increase in the policy interest rate
+¥2.8 billion

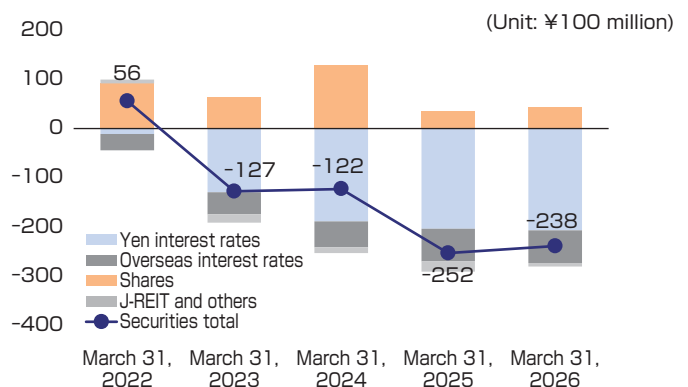
Assumption: Based on deposit and loan balances as of March 31, 2026; covers deposits, loans and current account deposits at the Bank of Japan that are subject to interest rate repricing within the following 12 months.
The assumed interest rate pass-through is 100% for long-term variable rate loans and housing loans, 50% for short-term variable rate loans and fixed rate loans maturing within one year, 40% for liquid deposits, and 60% for time deposits.

Securities management strategies

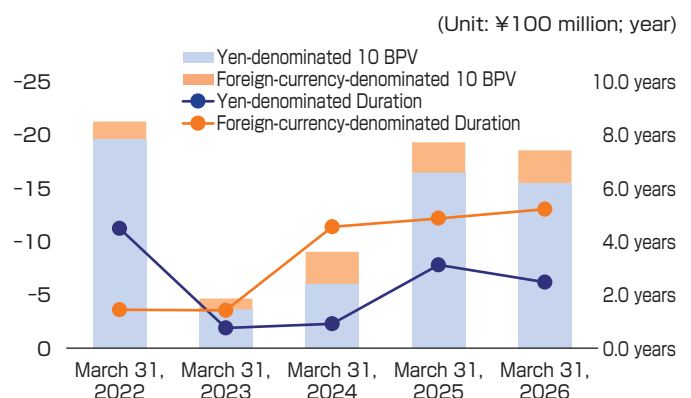
In securities management, we will pursue both portfolio restructuring through the reduction of assets with unrealized losses and improved profitability by enhancing yields on yen-denominated interest-bearing assets and expanding investments in equity-type assets. With regard to assets with unrealized losses, in FY2025 we recorded ¥11.1 billion in loss on sale of securities to reduce such assets, taking into consideration gain on sale of securities and our earnings performance. Consequently, unrealized gains and losses on securities improved by ¥1.4 billion from the previous fiscal year to negative ¥23.8 billion as of March 31, 2026.

In FY2026, we will continue to steadily reduce assets with unrealized losses by utilizing higher than planned investment income and gains on the sale of policy-held shares, while also working to improve yields on yen-denominated interest-bearing assets and expanding investments in equity-type assets and other instruments. Current account deposits at the Bank of Japan exceeded ¥1 trillion as of the end of March 2026. While monitoring the rising interest rate environment and the outlook for interest rates, we will explore opportunities to deploy these funds, focusing mainly on marketable instruments.

Unrealized gains and losses on securities



Interest rate risk status (10 BPV, duration)



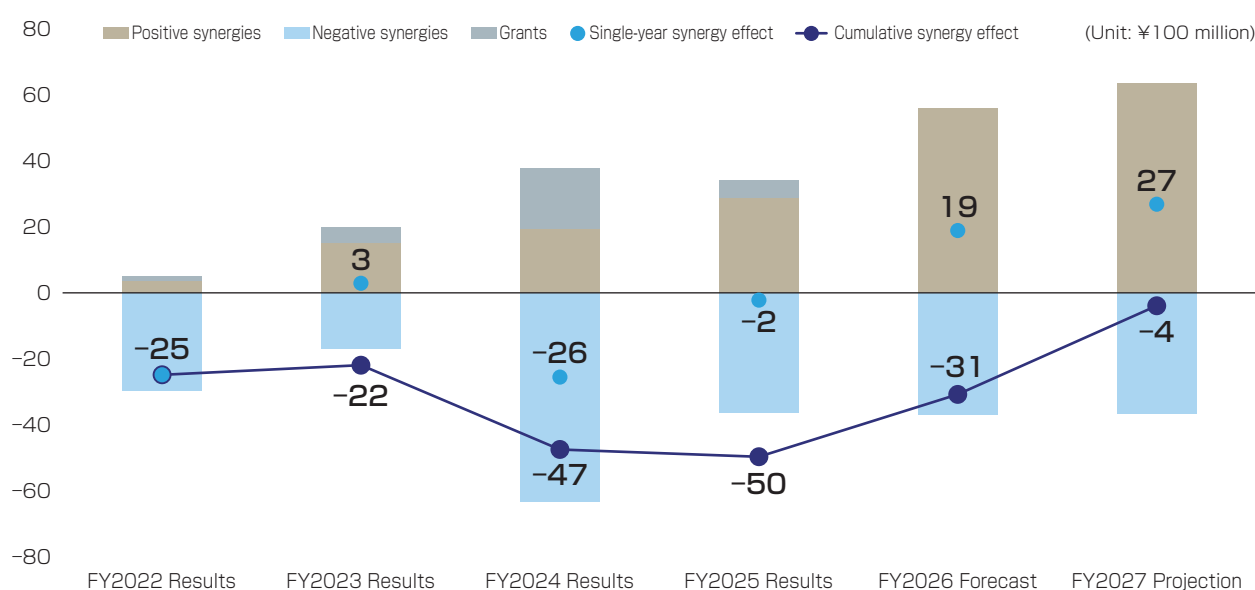
Synergies from management integration and mergers

We are making steady progress in realizing integration and merger synergies. Negative synergies, primarily associated with system integration and other merger-related initiatives, peaked in FY2024. In FY2025, positive synergies steadily materialized, bringing the net synergy impact close to break-even on a single-year basis, although it remained slightly negative.

From FY2026 onward, the synergy impact is expected to remain positive on a single-year basis, and by FY2027 the cumulative impact is projected to improve to negative ¥0.4 billion, a level that puts a shift into positive territory within sight.

Although depreciation on system investments related to the integration and merger will remain for a certain period, we will steadily realize positive cost synergies through measures such as reducing running costs through branch consolidation, standardizing procurement and other functions, and lower system operating costs. At the same time, we will accelerate the realization of top-line synergies.

Synergy effects from management integration and mergers



Group strategies

The Bank and other Group companies will work closely together to enhance the Group's overall earnings.

As part of our Group strategies, we completed the merger of our two leasing subsidiaries in July 2026. The newly established Aomori Michinoku Lease Co., Ltd. now has an asset base that ranks alongside leading regional bank-affiliated leasing companies in terms of asset size. We will work to strengthen our leasing business by expanding its scope of operations and pursuing other initiatives. (For the Group structure chart and related information, please refer to page 2)

As part of our efforts to expand our business scope, we are also preparing to establish a specialized investment subsidiary. The Bank and other Group companies will work closely together to enhance the Group's overall earnings.

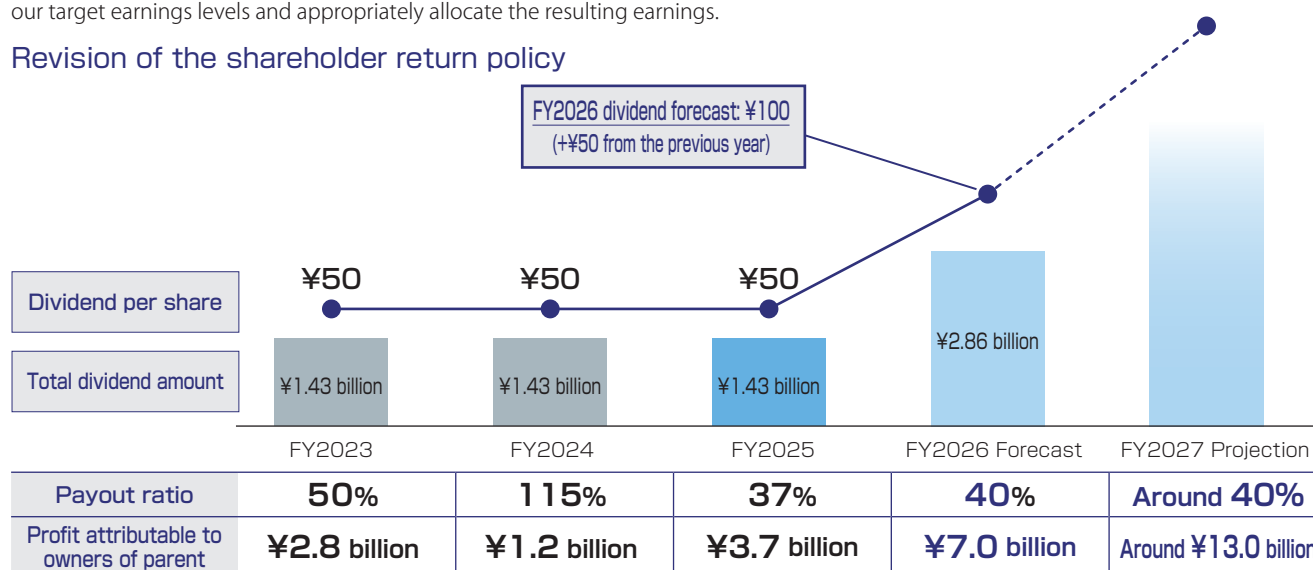
Capital adequacy ratio target control

With regard to the capital adequacy ratio, our current priority is to strike a balance between improving capital efficiency and enhancing shareholder returns. While maintaining the necessary level of capital adequacy, we will pursue capital policies aimed at improving ROE.

Improving shareholder returns

In light of the recent improvement in earnings and the full-scale realization of integration synergies going forward, we revised our shareholder return policy to further enhance returns to shareholders. We raised our target dividend payout ratio to approximately 40% and set the annual dividend per share for FY2026 at ¥100, an increase of ¥50 from the previous fiscal year. We will continue to steadily pursue our target earnings levels and appropriately allocate the resulting earnings.

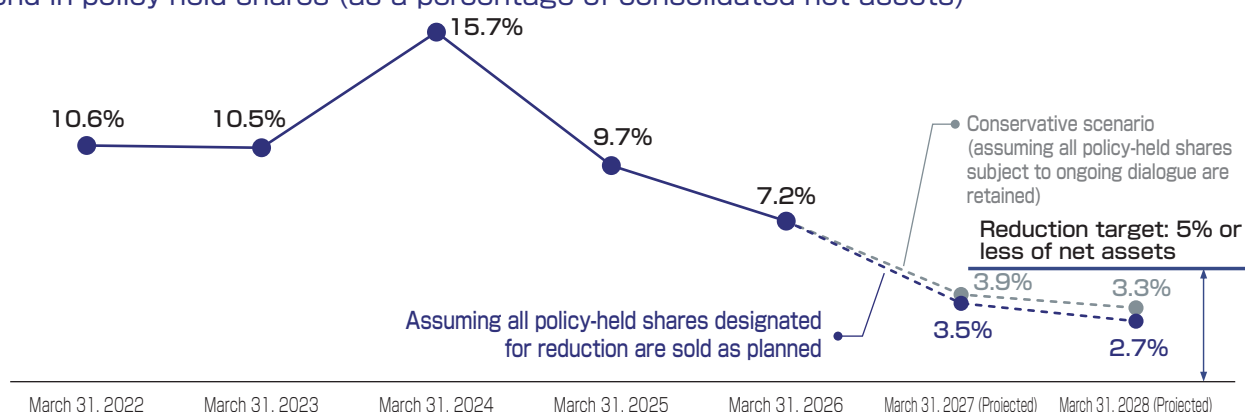
Revision of the shareholder return policy



Reduction of policy-held shares

With regard to policy-held shares, we have engaged in dialogue with the issuers and, as of March 31, 2026, achieved a reduction of 2.5% from the level as of March 31, 2025. From FY2026 onward, even under a conservative scenario, the ratio of policy-held shares to consolidated net assets is projected to decline to 3.3% on a book-value basis, a level that would enable us to achieve ahead of schedule our original target of 5% or less by the end of March 2028.

Trend in policy-held shares (as a percentage of consolidated net assets)



*Consolidated net assets from March 31, 2027 onward are calculated based on the management plan, with unrealized gains and losses on securities fixed at the March 31, 2026 level.

*The market value of policy-held shares does not reflect changes resulting from share price movements or changes in unlisted shares.

Enhance appeal as investment option / Actions to encourage investment

To enhance our attractiveness as an investment option, we will actively invest in human capital and accelerate investment in digital capabilities, which had been delayed by merger-related activities. At the same time, we will proactively address regional issues to enhance the sustainability of the communities that form the foundation of our business.

Sustainability Policy and Materiality

Sustainability Policy

Public concern is rising over issues related to climate change and decarbonization, healthcare and relative poverty, diversity and inclusion, as well as other sustainability issues. Our sustainability policy clarifies the positions that will guide the efforts of Procrea Holdings to bring about and sustain sustainable societies, both at home and abroad.

Procrea Holdings Sustainability Policy

A dynamic future for future generations

In order to pass on the beauty of the communities we love to future generations, we will take on the challenges of creating a vibrant future for them. We are prepared to face various challenges and explore the infinite possibilities within the region, and continue to move forward together with our customers by engaging in sustainable business activities with a focus on the environment, society, and governance.

Our Promise to Stakeholders

	Nature and the Environment	Our aim is to contribute to the growth of the local economy in a way that protects the natural environment. We will engage in business activities while maintaining an awareness of climate change and our impact on the natural environment.
	Regional Society	We will contribute to the development of local communities by prioritizing communication with our customers in order to maximize the value of natural and human capital and to make our communities even better places to live.
	Our Customers	As a most-valued partner of our customers, we will continually respond to changes in society and seek to provide appropriate solutions that are both effective and reassuring.
	Our Employees	Our aim is to create a company and an organizational culture in which each and every employee can work in good health, contribute in a diversity of roles, and thrive, each in their own way.
	Shareholders and Investors	We will continue to grow hand-in-hand with our local communities and strive to be a company that appeals to and is trusted by all stakeholders.



Identifying materiality challenges

Based upon the "Procrea Holdings Sustainability Policy," we have identified important issues (materiality – aligning business strategies with ESG priorities) that must be addressed to promote the sustainable growth of our group and the region. Taking into consideration the environmental and social issues facing Aomori Prefecture, which is the foundation of our business activities, we will work to resolve materiality issues through our management strategies. We will periodically update the materiality challenges based on factors that include the external environment, the progress made under our initiatives, and the status of our business activities.

[Identified materiality challenges]

Regional economy	Natural environment	Human capital
Supporting the regional economy Increasing the added value of regional resources	To take measures to combat climate change and promote decarbonization To help preserve the natural environment	Promoting and empowering autonomous human resource talent Promoting diversity and inclusion

Materiality Based on Regional Issues

Category	Materiality	Description	Key initiatives
Regional economy 	Supporting regional economic revitalization	Drive regional economic revitalization by providing multifaceted support to communities and business partners encountering social challenges such as population decline, low birthrates and aging demographics.	- Provide collaborative support to enterprises working to address social challenges - Provide financial education
	Enhancing added value of local resources	- Work to enhance the added value of both tangible and intangible local resources, including history, culture, and human resources, while also identifying new local resources. - Cooperate with local governments, communities, youth and others to make use of local resources.	- Partner with local authorities to enhance regional sustainability - Identify new businesses that make effective use of local resources - Support promotion of digital transformation (DX) in local communities
Natural environment 	Addressing climate change decarbonization	- Work to reduce GHG emissions across the Group. - Promote initiatives by local communities and business partners to combat climate change.	- Promote sustainable finance (incl. the environmental sector) - TCFD: Calculate Scope 1 to 3 GHG emissions and promote reduction initiatives - Encourage dialogue with business partners on combating climate change
	Contributing to conservation of the natural environment	- Work to conserve the natural environment and biodiversity. - Support sustainable development in agriculture, forestry, and fisheries, which coexist in a mutually supportive relationship with the natural environment.	- Promote sustainable finance (incl. the agriculture, forestry, and fisheries sectors) - Support shift to smart solutions in agriculture, forestry, and fisheries - Undertake initiatives in forestry conservation and coastal beautification activities
Human capital 	Promoting development and empowerment of self-directed professionals	Encourage all employees to take initiative in enhancing their expertise and harnessing their abilities by fostering a growth mindset and providing growth opportunities.	- Provide support for employees to shape their own careers - Assist employees in acquiring skills aligned with business strategies - Expand realm of human resource utilization through reskilling initiatives and integration of external skills - Support human resource empowerment in addressing regional issues
	Promoting diversity and inclusion	- Promote empowerment of diverse human resources by creating supportive work environments, establishing flexible work arrangements, and providing opportunities for employees to thrive. - Communicate on initiatives that leverage diversity and take the lead in diversity and inclusion efforts within local communities.	- Create supportive work environments - Promote flexible work arrangements (flextime, telework, etc.) - Employ senior citizens and people with disabilities - Communicate externally about our diversity and inclusion initiatives

FY2025 KPI Results

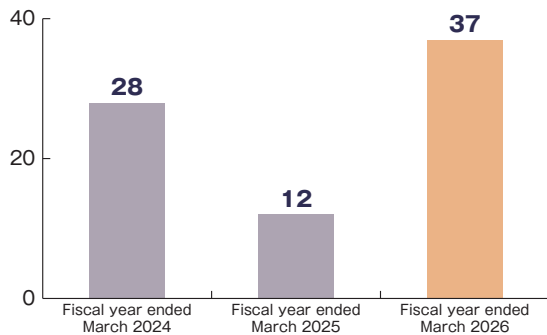
Category	Item	FY2025 Results	FY2030 Target
Regional economy	Sustainable finance implemented (cumulative)	¥201.7 billion	¥600.0 billion
	Number of start-up and new business ventures (cumulative)	1,857	6,000
	Number of business succession and M&A initiatives (cumulative)	1,957	4,000
	Number of talent referrals (cumulative)	103	500
	Number of new business seeds identified (cumulative)	9	100
Natural environment	Sustainable finance implemented (incl. the environmental sector) (cumulative)	¥78.7 billion	¥200.0 billion
	Percentage reduction in Scope 1 and 2 emissions (vs. FY2013)	-48.1%	-55.0%
	Sustainable finance implemented (incl. the agriculture, forestry, and fisheries sector) (cumulative)	¥18.7 billion	¥100.0 billion
Human capital	Number of sustainability-related credential holders (cumulative)	326	500 or more
	Percentage of women in managerial and executive roles	24.0% (as of March 31, 2026)	30% or more

Financial Performance Highlights

Consolidated Net Income

Consolidated net income increased by ¥2.5 billion year on year to ¥3.7 billion, mainly due to an increase in net interest income and a decrease in expenses following the absence of merger-related expenses.

(Unit: 100 million yen)

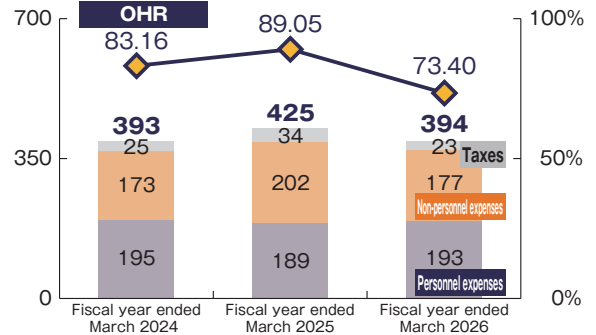


OHR

Two banks combined for the fiscal year ended March 2024

OHR improved by 15.65 percentage points year on year to 73.40%, mainly due to an increase in core gross business profit and a decrease in non-personnel expenses.

(Unit: 100 million yen)

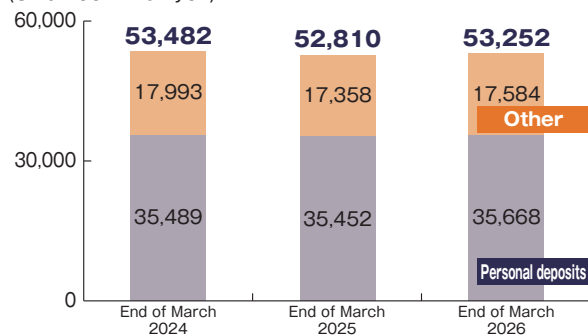


Balance of Deposits

Two banks combined for the fiscal year ended March 2024

The total balance of deposits, including negotiable deposits, increased by ¥44.1 billion from the end of the previous fiscal year to ¥5,325.2 billion, due to steady growth in personal deposits as well as increases in corporate deposits and public deposits.

(Unit: 100 million yen)

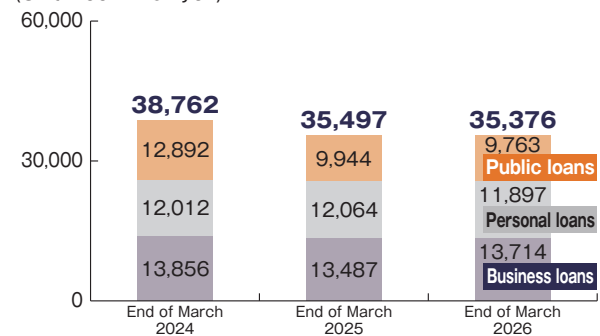


Balance of Loans

Two banks combined for the fiscal year ended March 2024

The balance of loans decreased by ¥12.1 billion from the end of the previous fiscal year to ¥3,537.6 billion, due to decreases in personal loans and public loans.

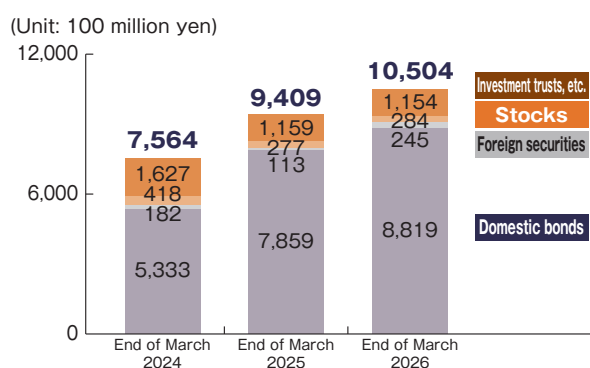
(Unit: 100 million yen)



Balance of Securities

Two banks combined for the fiscal year ended March 2024

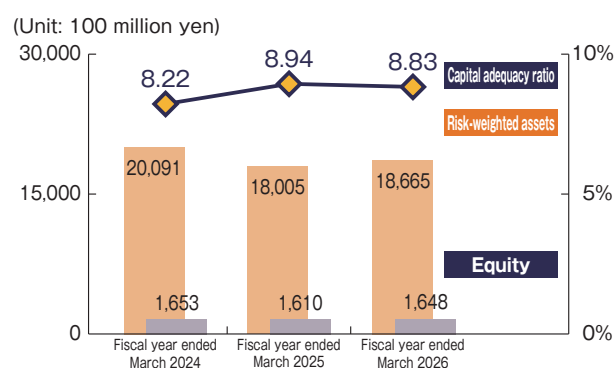
The balance of securities was ¥1,050.4 billion, up ¥109.5 billion from the end of the previous fiscal year due to an increase in domestic bonds.



Capital Adequacy Ratio (Procrea HD Consolidated)

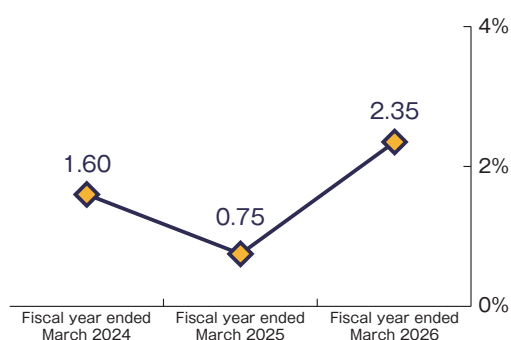
The consolidated capital adequacy ratio decreased by 0.11 percentage points from the end of the previous fiscal year to 8.83%, as the increase in equity was offset by an increase in risk-weighted assets.

We have continued to secure a level that far exceeds the domestic standard of 4%.



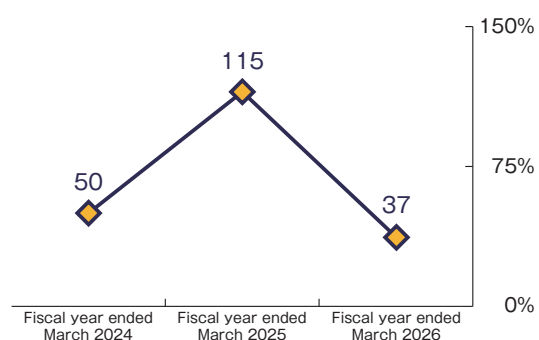
Consolidated ROE

Consolidated ROE increased by 1.60 percentage points year on year to 2.35%, mainly due to an increase in consolidated net income resulting from an increase in net interest income and a decrease in expenses following the absence of merger-related expenses.



Payout Ratio

The payout ratio decreased by 78 percentage points year on year to 37%, mainly due to an increase in consolidated net income.



Glossary

- Core net business income The profitability obtained from the bank's core businesses such as deposits, loans and foreign exchange operations.
- Ordinary income Profit calculated by adding or subtracting securities-related gains and losses and credit expenses (such as expenses related to the disposal of nonperforming loans) to or from core net business income.
- Net income The final income obtained by adding or subtracting extraordinary income and taxes to or from ordinary income.

Consolidated Financial Statements

Consolidated Balance Sheets Procrea Holdings,inc. As of March 31, 2026

	Millions of Yen		Thousands of U.S. dollars
	2026	2025	2026
Assets			
Cash and due from banks	¥1,152,093	¥1,481,761	\$7,205,985
Call loans and bills bought	20,000	-	125,093
Monetary claims bought	5,555	5,929	34,746
Money held in trust	2,000	1,999	12,509
Trading securities	4	10	25
Securities	1,039,108	929,528	6,499,300
Loans and bills discounted	3,495,123	3,507,783	21,860,917
Foreign exchanges	3,300	3,327	20,643
Lease receivables and investments in leases	34,228	34,274	214,091
Other assets	36,947	34,558	231,098
Tangible fixed assets	28,563	29,473	178,654
Buildings, net	10,899	10,968	68,171
Land	12,131	12,623	75,877
Construction in progress	599	40	3,752
Other tangible fixed assets	4,932	5,840	30,853
Intangible fixed assets	9,632	10,784	60,245
Software	8,415	10,601	52,639
Other intangible fixed assets	1,216	182	7,606
Retirement benefit asset	11,505	9,021	71,961
Deferred tax assets	12,005	14,085	75,088
Customers' liabilities for acceptances and guarantees	17,758	20,286	111,075
Allowance for loan losses	(22,300)	(21,178)	(139,481)
Allowance for investment loss	(30)	(3)	(189)
Total assets	¥5,845,495	¥6,061,642	\$36,561,765
Liabilities			
Deposits	¥5,051,663	¥5,024,233	\$31,596,597
Negotiable certificates of deposit	254,895	238,706	1,594,293
Call money and bills sold	1,834	2,305	11,471
Cash collateral received for securities lent	106,735	150,596	667,594
Borrowed money	196,959	417,760	1,231,921
Foreign exchanges	50	38	313
Other liabilities	49,612	46,081	310,311
Provision for bonuses	1,073	1,086	6,716
Provision for bonuses for directors (and other officers)	48	43	305
Retirement benefit liability	128	138	806
Provision for retirement benefits for directors (and other officers)	6	5	39
Provision for stockshares	455	466	2,850
Provision for reimbursement of deposits	95	158	594
Deferred tax liabilities for land revaluation	1,414	1,430	8,849
Acceptances and guarantees	17,758	20,286	111,075
Total liabilities	5,682,733	5,903,339	35,543,742
Net assets			
Share capital	20,000	20,000	125,093
Capital surplus	28,150	28,151	176,074
Retained earnings	126,407	124,018	790,638
Treasury shares	(722)	(608)	(4,520)
Total shareholders' equity	173,835	171,561	1,087,286
Valuation difference on available-for-sale securities	(18,582)	(17,326)	(116,227)
Deferred gains or losses on hedges	3,448	1,244	21,570
Revaluation reserve for land	2,182	2,217	13,651
Remeasurements of defined benefit plans	1,877	606	11,741
Total accumulated other comprehensive income	(11,073)	(13,257)	(69,263)
Total net assets	162,761	158,303	1,018,023
Total liabilities and net assets	¥5,845,495	¥6,061,642	\$36,561,765

Consolidated Income

Procrea Holdings,inc.

Years ended March 31, 2026

	Millions of Yen		Thousands of U.S. dollars
	2026	2025	2026
Ordinary income	95,278	84,674	595,939
Interest income	61,395	47,434	384,012
Interest on loans and discounts	42,980	36,606	268,832
Interest and dividends on securities	9,753	6,791	61,006
Interest on call loans and bills bought	1,398	382	8,750
Interest on deposits with banks	7,255	3,642	45,382
Other interest income	6	10	39
Fees and commissions	12,248	12,649	76,613
Other ordinary income	1,409	205	8,813
Other income	20,224	24,384	126,499
Recoveries of written off receivables	2	40	16
Other	20,222	24,344	126,483
Ordinary expenses	88,721	82,242	554,924
Interest expenses	11,988	3,898	74,986
Interest on deposits	9,180	2,879	57,418
Interest on negotiable certificates of deposit	717	185	4,486
Interest on call money and bills sold	25	138	161
Interest expenses on cash collateral received for securities lent	935	254	5,850
Interest on borrowings and rediscounts	263	166	1,646
Other interest expenses	867	273	5,423
Fees and commissions payments	6,639	7,002	41,525
Other ordinary expenses	11,758	11,293	73,544
General and administrative expenses	41,618	45,047	260,308
Other expenses	16,716	15,000	104,559
Provision of allowance for loan losses	3,749	1,342	23,454
Other	12,967	13,658	81,105
Ordinary profit	<u>6,557</u>	<u>2,432</u>	<u>41,014</u>
Extraordinary income	47	1,204	297
Gain on disposal of non-current assets	47	34	297
Gain on revision of retirement benefit plan	-	1,169	-
Extraordinary losses	797	902	4,987
Loss on disposal of non-current assets	314	604	1,967
Impairment losses	482	298	3,020
Profit before income taxes	<u>5,807</u>	<u>2,733</u>	<u>36,324</u>
Income taxes - current	948	1,104	5,932
Income taxes - deferred	1,075	401	6,727
Total income taxes	<u>2,024</u>	<u>1,506</u>	<u>12,659</u>
Profit	<u>3,783</u>	<u>1,227</u>	<u>23,664</u>
Profit attributable to owners of parent	<u>3,783</u>	<u>1,227</u>	<u>23,664</u>

Consolidated Statements of Changes In Net Assets

Procrea Holdings,inc.

As of March 31, 2025

	Millions of yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥20,000	¥28,151	¥124,218	(¥608)	¥171,761
Changes during period					
Dividends of surplus			(1,430)		(1,430)
Profit attributable to owners of parent			1,227		1,227
Purchase of treasury shares				(20)	(20)
Disposal of treasury shares		(0)		20	20
Reversal of revaluation reserve for land			3		3
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	(199)	(0)	(199)
Balance at end of period	¥20,000	¥28,151	¥124,018	(¥608)	¥171,561

	Thousands of US. dollars				
	Shareholder's equity				
	Common stock	Capital surplus	Total retained earnings	Treasury stock	Total
Balances as of March 31,2023	\$133,761	\$188,276	\$830,780	(\$4,068)	\$1,148,749
Changes during the accounting period					
Dividends from surplus			(9,567)		(9,567)
Net income attributable to shareholders of parent company			8,209		8,209
Purchase of treasury stock				(139)	(139)
Disposal of treasury stock		(0)		138	137
Reversal of land revaluation excess			24		24
Changes other than Shareholders' equity (net)					
Total changes during the accounting period	-	(0)	(1,333)	(1)	(1,335)
Balances as of March 31,2024	\$133,761	\$188,275	\$829,446	(\$4,070)	\$1,147,414

Consolidated Statements of Changes In Net Assets

Procrea Holdings,inc.

As of March 31, 2025

	Millions of yen					
	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
Balance at beginning of period	(¥8,070)	¥240	¥2,262	¥1,154	(¥4,412)	¥167,348
Changes during period						
Dividends of surplus						(1,430)
Profit attributable to owners of parent						1,227
Purchase of treasury shares						(20)
Disposal of treasury shares						20
Reversal of revaluation reserve for land						3
Net changes in items other than shareholders' equity	(9,255)	1,003	(44)	(548)	(8,844)	(8,844)
Total changes during period	(9,255)	1,003	(44)	(548)	(8,844)	(9,044)
Balance at end of period	(¥17,326)	¥1,244	¥2,217	¥606	(¥13,257)	¥158,303

	Thousands of U.S. dollars					
	Valuation and translation adjustments					
	Net unrealized gains(losses) on securities	Deferred gains(losses) on hedging instruments	Revaluation reserve for land	Retirement benefit adjustments	Total accumulated other comprehensive income	Total net assets
Balances as of March 31,2023	(\$53,976)	\$1,609	\$15,132	\$7,723	(\$29,510)	\$1,119,238
Changes during the accounting period						
Dividends from surplus						(9,567)
Net income attributable to shareholders of parent company						8,209
Purchase of treasury stock						(139)
Disposal of treasury stock						137
Reversal of land revaluation excess						24
Changes other than Shareholders' equity (net)	(61,902)	6,714	(299)	(3,668)	(59,155)	(59,155)
Total changes during the accounting period	(61,902)	6,714	(299)	(3,668)	(59,155)	(60,491)
Balances as of March 31,2024	(\$115,878)	\$8,323	\$14,832	\$4,055	(\$88,666)	\$1,058,747

(*) The consolidated financial statements presented herein are expressed in yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of ¥149.52= U.S.\$1, the prevailing rate as of March 31, 2025. This translation should not be construed as a representation that all the amounts shown could be converted into U.S. dollars.

Consolidated Statements of Changes In Net Assets

Procrea Holdings,inc.

As of March 31, 2026

	Millions of yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥20,000	¥28,151	¥124,018	(¥608)	¥171,561
Changes during period					
Dividends of surplus			(1,430)		(1,430)
Profit attributable to owners of parent			3,783		3,783
Purchase of treasury shares				(244)	(244)
Disposal of treasury shares		(0)		130	130
Reversal of revaluation reserve for land			35		35
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	2,388	(114)	2,274
Balance at end of period	¥20,000	¥28,150	¥126,407	(¥722)	¥173,835

	Thousands of US. dollars				
	Shareholder's equity				
	Common stock	Capital surplus	Total retained earnings	Treasury stock	Total
Balances as of March 31,2024	\$125,093	\$176,075	\$775,699	(\$3,806)	\$1,073,063
Changes during the accounting period					
Dividends from surplus			(8,946)		(8,946)
Net income attributable to shareholders of parent company			23,664		23,664
Purchase of treasury stock				(1,532)	(1,532)
Disposal of treasury stock		(1)		818	816
Reversal of land revaluation excess			220		220
Changes other than Shareholders' equity (net)					
Total changes during the accounting period	-	(1)	14,939	(713)	14,223
Balances as of March 31,2025	\$125,093	\$176,074	\$790,638	(\$4,520)	\$1,087,286

Consolidated Statements of Changes In Net Assets

Procrea Holdings,inc.

As of March 31, 2026

Millions of yen						
	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(¥17,326)	¥1,244	¥2,217	¥606	(¥13,257)	¥158,303
Changes during period						
Dividends of surplus						(1,430)
Profit attributable to owners of parent						3,783
Purchase of treasury shares						(244)
Disposal of treasury shares						130
Reversal of revaluation reserve for land						35
Net changes in items other than shareholders' equity	(1,256)	2,204	(35)	1,270	2,183	2,183
Total changes during period	(1,256)	2,204	(35)	1,270	2,183	4,457
Balance at end of period	(¥18,582)	¥3,448	¥2,182	¥1,877	(¥11,073)	¥162,761

Thousands of U.S. dollars						
	Valuation and translation adjustments					Total net assets
	Net unrealized gains(losses) on securities	Deferred gains(losses) on hedging instruments	Revaluation reserve for land	Retirement benefit adjustments	Total accumulated other comprehensive income	
Balances as of March 31, 2024	(\$108,370)	\$7,784	\$13,871	\$3,792	(\$82,921)	\$990,141
Changes during the accounting period						
Dividends from surplus						(8,946)
Net income attributable to shareholders of parent company						23,664
Purchase of treasury stock						(1,532)
Disposal of treasury stock						816
Reversal of land revaluation excess						220
Changes other than Shareholders' equity (net)	(7,857)	13,786	(220)	7,948	13,657	13,657
Total changes during the accounting period	(7,857)	13,786	(220)	7,948	13,657	27,881
Balances as of March 31, 2025	(\$116,227)	\$21,570	\$13,651	\$11,741	(\$69,263)	\$1,018,023

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Procrea Holdings Overview List of Directors_(as of Jun 25, 2026)

► Chairman and Director

Susumu Narita

► President and Representative Director

Keitaro Ishikawa
President and Representative Director,
Aomori Michinoku Bank

► Vice-president and Representative Director

Takayuki Fujisawa
Chairman and Director, Aomori Michinoku Bank

► Director

Yo Mori
President and Representative Director,
Aomori Creation Partners

► Director

Motomi Shiratori
Representative Director and Senior Managing
Executive Officer, Aomori Michinoku Bank

► Director

Shinji Suto
Representative Director and Senior Managing
Executive Officer, Aomori Michinoku Bank

► Director

Shin Kidachi
Senior Managing Executive Officer,
Aomori Michinoku Bank

► Director

Takuya Furusato
Managing Executive Officer,
Aomori Michinoku Bank

► Outside Director

Katsunori Mikuniya

► Outside Director

Takeshi Katano

► Director

(Audit & Supervisory Committee Member)
Kazuhiro Moriyama

► Outside Director

(Audit & Supervisory Committee Member)
Masashi Iwakigawa

► Outside Director

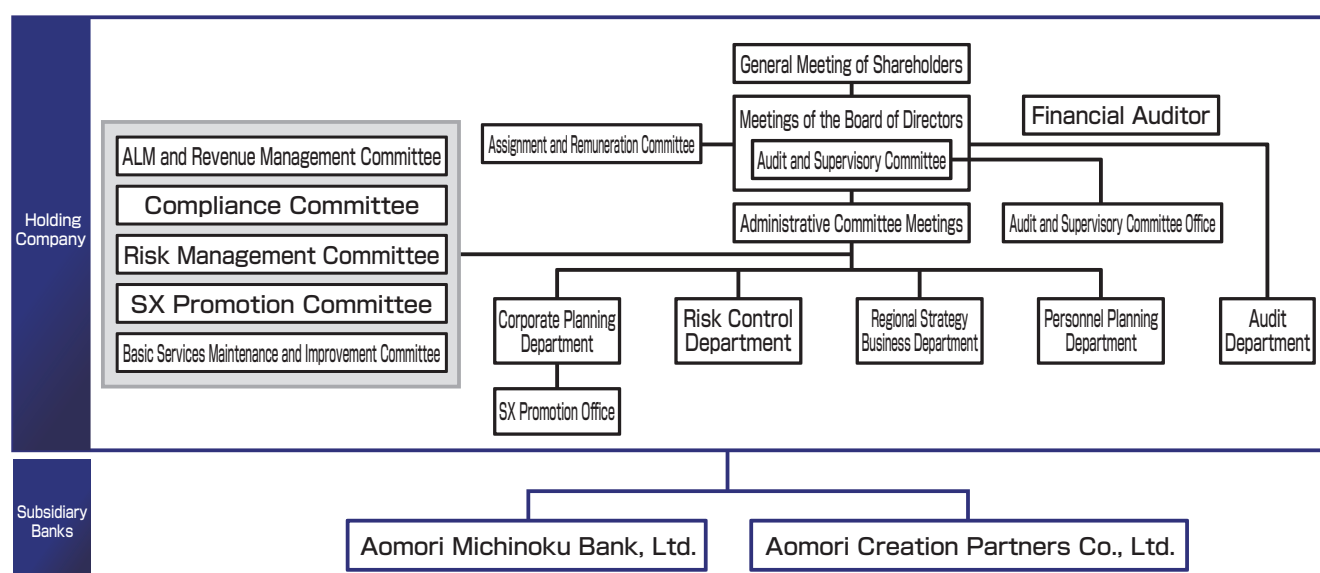
(Audit & Supervisory Committee Member)
Mie Ishida

► Outside Director

(Audit & Supervisory Committee Member)
Yoshiteru Kawata

Organization Chart

(as of Jun 25, 2026)



Procrea Holdings Annual Report 2026

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9-30, Hashimoto 1-chome, Aomori 030-8668, Japan

Telephone : 017-777-5111