Basic Policy Strengthening Efforts Towards Carbon Neutrality

Key Strategy

Carbon Neutral Strategy

As a financial group, we will strengthen our efforts to promote carbon neutrality by creating green fund flows in the region to address decarbonization and other challenges faced by our customers and solving issues related to decarbonization.

Addressing Climate Change

Hyakugo Bank is strengthening its responses to climate change based on the approach of the TCFD (Task Force on Climate-related Financial Disclosures) Recommendations. We will assess the impact of climate change on our customers and the Hyakugo Bank Group, strive to reduce the environmental impact of the Group's business activities, and support the decarbonization of our customers through our financial products and services.

Governance

Governance system

For more information about our governance system and policies related to responses to climate change, please refer to Sustainability Governance System and Policies on page 48.

Strategy

Approach and plans with respect to climate change

- Based on the recognition that addressing climate change is one of the most important initiatives, we identified it as a key issue in the Hyakugo Bank Group SDGs Declaration, which was announced in October 2019.
- Under our Environmental Policy, which presents guidelines such as "compliance with environment-related laws and regulations," "responses to climate change," and "governance management," we formulate an environmental conservation activity plan every year and work to support our customers' decarbonization efforts and to mitigate the Hyakugo Bank Group's own environmental impact.
- The environmental conservation activity plan includes measures such as the reduction of the Hyakugo Bank Group's greenhouse gas (GHG) emissions, support of customers' decarbonized management, and responses to the TCFD. The SDGs Promotion Committee discusses the status of responses to climate change-related risks and opportunities and seeks to make improvements.

Recognition of risks and opportunities

Risks	Physical risks	Risk of major flooding causing various damages, including direct damage to customers' assets, disruption of supply chains leading to business stagnation and deterioration in performance, and damage to collateral property, which would all increase credit costs
	Transition risks	Risk of delays in responding to policy changes, technological innovations, and market changes that arise in the process of transitioning to a decarbonized society leading to assets being stranded and a damaged corporate brand, which would result in deterioration of customers' performance and increased credit costs
Opportunities	Reduction of environmental impact	• Reduction of GHG emissions by the Group • Increase in consulting and services related to decarbonization management support • Increase in sustainable finance

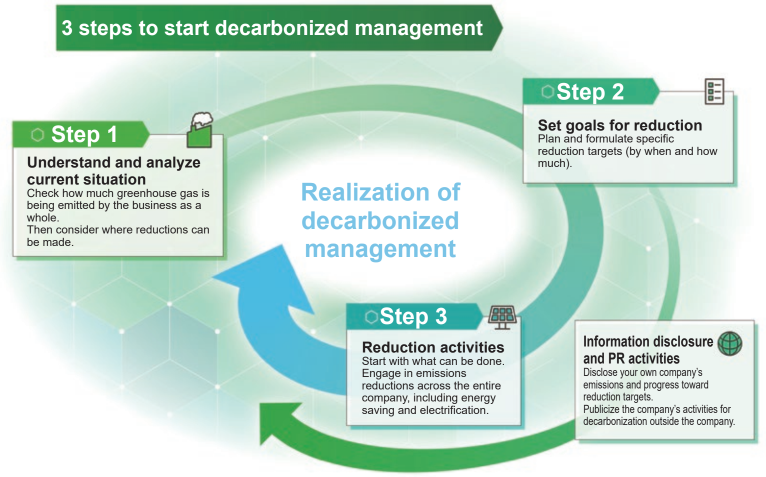
Initiatives

Utilization of scenario analysis	Regarding the impacts of climate change and the transition to a decarbonized society on the Group's finances, we are working to understand and mitigate their risks.
Reduction of GHG emissions	We are working to reduce GHG emissions of the Group with the aim of achieving our net zero GHG emissions target by the end of FY2030 (Scopes 1, 2*).
	Our consulting service offerings included decarbonized management support and emissions reduction simulations, in accordance with the phase of the customer's decarbonized management initiatives.
Promotion of sustainable finance	We have set a target of executing a total of ¥1 trillion in sustainable finance at the end of FY2030 (including ¥500 billion in the environmental area) to meet the financing needs of our customers for the promotion of decarbonized management.

* Scope 1: Direct GHG emissions by business owners Scope 2: Indirect GHG emissions from the use of electricity, heat, and steam supplied by other companies

Initiatives to support decarbonized management

Major companies are responding to climate change and progress is already being made in the reduction of GHG emissions. This trend is also spreding to suppliers in the supply chain, and decarbonization is becoming a business challenge for regional companies. The Bank offers solutions for each step of the process to help customers achieve decarbonized management.

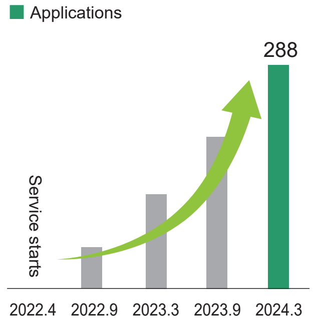


Assistance in calculating emissions and Hyakugo Decarbonization Support Services

Hyakugo Bank supports our customers' efforts to realize decarbonized management by extending assistance in calculating emissions in partnership with specialized companies and Hyakugo Decarbonization Support Services.

Assistance in calculating emissions (cumulative number of contracts)

Hyakugo Decarbonization Support Services (cumulative number of contracts)



Overview of Hyakugo Decarbonization Support Services

Eligible persons	Corporations and sole proprietors who have calculated or are planning to calculate GHG emissions (Scopes 1, 2*)
Details of the service	We will confirm the status of GHG emissions calculations and support reduction simulations and external PR efforts, such as formulating declarations and posting about activities on the Bank's website. ● Assist in developing GHG emission reduction targets and reduction simulations ● Assist external PR activities with delivery of declarations of decarbonized management (wooden plaque) ● Assist external PR activities by posting related information on the Bank's website

Topics

Expanding partnerships with local governments

We have signed partnership agreements with three local governments to promote awareness and support for decarbonized management. By promoting decarbonized management across the entire region, we are contributing to the realization of the region's decarbonization.

Initiatives in collaboration with Toba City

We signed a partnership agreement on "the promotion of carbon neutrality" with Toba City in February 2024. The conclusion of this agreement prompted our cooperation with a seminar on decarbonized management jointly organized by Toba City and the Toba Chamber of Commerce and Industry. We will continue to work with Toba City to support the promotion of decarbonized management.

Left: Kinichiro Nakamura, Mayor of Toba City
Right: Masakazu Sugiura, President of Hyakugo Bank

Seminar on decarbonization management jointly organized by Toba City and TOBA Chamber of Commerce and Industry

Initiatives in collaboration with Ise City

We signed a partnership agreement on the promotion of carbon neutrality with Ise City in December 2022, under which the two parties have been cooperating to support business operators' efforts to realize decarbonized management.

Voice of the Environment Division, Environment and Lifestyle Department, Ise City

In October 2022, Ise City announced "Zero Carbon City Ise," which aims to achieve carbon neutrality by 2050. We believe that, for the realization of a decarbonized society, it is important that residents and business operators take ownership of decarbonization efforts. In December the same year, we signed a partnership agreement on the promotion of carbon neutrality with Hyakugo Bank, and we are now collaborating and cooperating to support business operators in the realization of decarbonized management. In FY2023, the City established the Ise City Office Decarbonization Support Subsidy, which partially subsidizes the calculation of emissions and the cost of energy saving diagnosis. Hyakugo Bank has been kind enough to disseminate information about this subsidy scheme widely among business operators, and we look forward to further development of the scheme in the future.

Initiatives for Sustainable Finance

Sustainability-related products

Name of product			Customer needs
Deposits	Green deposits		Contribute to environmental conservation initiatives through deposits into funds whose use is limited to loans extended to renewable energy businesses
Financing	Hyakugo SDGs private placement bonds	Corporate support type	Promote company's own SDGs initiatives
		Donation type	Contribute to solving social issues through donations to educational and welfare institutions, local governments, etc.
	Loan to support SDG initiatives		Promote company's own SDGs initiatives
	Hyakugo sustainable loans (framework evaluation type)	Green loan type	Externally communicate efforts in green projects (projects that contribute to solving environmental problems)
		Sustainability-linked loans	Externally communicate commitment to targets that lead to decarbonized management
	Green loans (individual evaluation type)		Externally communicate efforts in green projects (projects that contribute to solving environmental problems)
	Sustainability-linked loans (individual evaluation type)		Externally communicate commitment to targets that lead to advanced sustainability management
	Social loans		Externally communicate efforts in social projects (projects that contribute to solving social issues)
	Positive impact finance		Externally communicate efforts to strengthen sustainability management through bank's impact assessment

Customer's Voice

Hayashi United Co. Ltd. (Suzuka Branch)

Representative: Kenichiro Hayashi
Business: Formulation and administration of Group management strategy and other incidental operations

Details of support	
	● Hyakugo Decarbonization Support Services ● Assistance in calculating emissions/Support for SME's acquisition of SBT certification (Hyakugo Research Institute) ● Hyakugo sustainable loans (sustainability-linked loan type)

We have three companies, Hayashi Kenzai Corporation (building materials trading company), Nishiguchi Kenko (general construction company), and Matsuzaka Toumiya (a long-established hardware store), and our job is to formulate and administer management strategies for these Group companies. Since our inception, we have strived toward community-based management, and our core company, Hayashi Kenzai, produces environmentally-friendly fly ash concrete.

After receiving a proposal for decarbonized management from Hyakugo Bank, we decided to embark on it to accelerate our responses to the SDGs and climate change. First, with Hyakugo Research Institute Company Limited's assistance, we calculated the emissions of each of our Group companies. Obtaining a visual impression of those emissions gave us a good idea of the characteristics of each company and the measures for reducing their emissions, so we obtained SBT certification for SMEs with a target of reducing emissions by 42% from FY2022 levels by 2030. We also felt that it was important to obtain understanding about these initiatives both within the company and externally, so we use the Hyakugo Decarbonization Support Services and our own website to publicize them. Further, we are working to reduce emissions while receiving Hyakugo sustainable loan financing with preferential interest rates based on the degree to which the target is achieved. We will continue to contribute to the realization of a sustainable society while living up to the expectations of our customers.


Right: Kenichi Hayashi, Representative Director, Hayashi United Co. Ltd.
Left: Takanori Kondo, General Manager, Suzuka Branch, Hyakugo Bank (now General Manager, Yokkaichi Branch and General Manager, Yokkaichi-ekimae Branch)

Voice of the person in charge

One of Hayashi United's Group companies handles environmentally friendly building materials, and Hayashi United is also actively contributing to the environment and regional communities. This includes the conclusion an agreement with four cities in Mie Prefecture for the provision of supplies in the event of a disaster. Seeing the growing importance of decarbonization in the construction industry, we proposed to Hayashi United, a leading company in that sector in the region, that it also take the lead in the introduction of decarbonized management. Together with our customers, we will consider the enhancement of corporate value and the realization of a sustainable society from long-term perspectives and walk beside them as they work toward those goals.

Kaito Oshio Assistant Manager, Suzuka Branch

Hyakugo Bank's first green loan (individual evaluation type) initiative

Hyakugo Bank aims to contribute to the realization of a sustainable society by actively engaging in sustainable finance. Green loans are one form of sustainable finance. The use of funds from green loans is limited to green projects, and they have a mechanism for securing transparency through tracking and management of funds use and reporting after the execution of the loan. Hyakugo Bank contributes to the reduction of GHG emissions and other aims through green loan initiatives.

In December 2023, the Bank organized and executed project financing for a solar power generation project in Nagasaki Prefecture, using a syndicated loan with the Bank as the arranger. This project finance, which conforms with the JCR Green Finance Framework, was the Bank's first green loan (individual evaluation type) extended as project finance.

Project overview

Name	Nagasaki Solar Power Generation Project
Location	Minamishimabara City, Nagasaki Prefecture
Generation scale	10.061MW (22,866 440W panels) * Equivalent to annual power consumption of approximately 3,000 households

Initiatives for the promotion of renewable energy through green deposits

As an initiative to lend funds collected from local customers to businesses in the field of renewable energy, we have called for applications for Green Deposits every December since FY2021. This initiative received support from many customers in FY2023 as well.

The Green Deposits we solicited on this occasion have been appropriated to loans provided to nine solar power generation operators around the country, based on the Hyakugo Bank Green Deposit Framework, after we received second opinions from Rating and Investment Information, Inc. (R&I), a third-party assessment organization. The environmental improvement effects of the loans to which the Green Deposits are allocated are published on the Bank's website in March every year. Together with our regional customers, we will continue to promote initiatives that contribute to environmental improvements and the regional economy.

	FY2021	FY2022	FY2023
Balance of Green Deposits	¥3.26 billion	¥3.01 billion	¥8.33 billion
Balance of eligible loans	¥3.59 billion	¥3.92 billion	¥9.28 billion
Financed projects	3 solar power generation loans	3 solar power generation loans	9 solar power generation loans
Estimated CO_2 reductions	4,960 t-CO_2/year	6,723 t-CO_2/year	Scheduled for publication in March 2025

Topics

Hyakugo Bank Group's climate change-related initiatives

Expansion of "100% renewable energy branches"

The Ugata Branch, which relocated to newly built premises in 2024, uses a solar power generation system and locally produced CO_2-free electricity, making it a branch that essentially uses 100% renewable energy-sourced electricity. With the introduction of this model, renewable energy now accounts for approximately 40% of the Hyakugo Bank Group's power consumption. We will continue our efforts to reduce our own greenhouse gas emissions while also contributing to the spread of renewable energy in the region.

Award of "B" grade in CDP Climate Change Survey 2023

The Group received a "B" grade in the 2023 Climate Change Survey by CDP, an international environmental non-governmental organization (NGO). The "B" grade is the third highest grade on the 8-grade scale. It is an evaluation of companies' level of management in climate change initiatives.

We will continue to promote initiatives that will support the decarbonization of the region and mitigate the Group's environmental impact.

Quantitative assessment of climate change risks (scenario analysis)

Risks related to climate change are divided into two categories. Physical risks are the risks of physical damage resulting from natural disasters and extreme weather events caused by climate change, while transition risks are risks from changes in legislation, markets, technology and social reputation resulting from the transition to a decarbonized society. Hyakugo Bank conducts scenario analysis to assess resilience to climate change risk.

Physical risks

- Referring to the 2°C and 4°C scenarios of the IPCC*, we analyzed the impact on credit costs that would result if a major climate change-induced flood event in Japan were to cause the deterioration of customers' business performance and damage to the value of their collateral.

Overview of analysis

Risk event	• Damage to collateral property due to a massive flood • Deterioration in business performance of commercial credit recipients due to direct damage to their buildings and damage due to the suspension of operations resulting from flooding
Scope of analysis	• Domestic commercial credit recipients and housing loans borrowers (the Bank's own clients and those guaranteed by the Bank's guarantee company)
Scenario	• IPCC RCP 2.6 and RCP 8.5
Analysis method	• After estimating the financial condition of a company in the event of a major flood event, using flood hazard maps, the amount of increase in credit costs is calculated considering the probability of a major flood event up to 2050, which is assumed based on IPCC scenarios.
Analysis period	• Until 2050
Analysis results	• Increase in credit costs: up to ¥5.1 billion

IPCC: Intergovernmental Panel on Climate Change

Transition risks

- Referring to the 1.5°C and 2°C scenarios of the NGFS*1 and IEA*2 , we analyzed the impact on credit costs that would result from the deterioration of customers' business performance in the event of policy tightening (introduction of a carbon tax, etc.) and market changes for the transition to a decarbonized society.
- The sectors chosen for the analysis were those sectors that Bank deemed to have a relatively high degree of material risk. Until FY2022, the sectors analyzed were energy, utilities, and transportation, and we added the automotive components sector in FY2023.

Overview of analysis

Risk event	• Deterioration in the performance of credit clients due to sales fluctuations and increased costs and capital expenditures associated with the transition to a decarbonized society.
Scope of analysis	• Energy (gas refining), utilities (electricity and gas supply), transportation (freight and passenger land transportation), automotive components
Scenario	• NGFS's Net Zero 2050 and Below 2°C • IEA's NZE and APS
Analysis method	• Based on the transition scenarios, the amount of increase in credit costs is calculated by estimating the future financial condition of the loan recipient.
Analysis period	• Until 2050
Analysis results	• Increase in credit costs: up to ¥14.5 billion

*1 NGFS: Network for Greening the Financial System, a network comprised of financial authorities to address climate change and relevant risks
*2 IEA: International Energy Agency

Percentage of carbon-related assets in the Bank's credit balance*

Sector	Industry (TCFD 14 industry classification)	Ratio
Energy and utilities	Oil and gas, coal, electricity	1.99%
Transportation	Air, marine, land, automobile	4.48%
Materials and buildings	Metals and mining, chemicals, building materials and capital goods, real estate management and development	17.02%
Agriculture, food, and forest products	Beverages and food, agriculture, paper and forestry	1.85%

* Bank's credit balance: Total of loans, acceptances and guarantees, foreign exchange, etc. on March 31, 2024 (excludes renewable energy power generation businesses, etc.)

Results of scenario analysis	Based on the scenario analysis results, we believe that the impact on credit costs would be limited. In addition to efforts to identify and mitigate the impacts of climate change risks, we will contribute to the decarbonization of the region through decarbonization support and sustainable finance.

Risk Management

In light of the importance of the impact of direct risks arising from climate change factors and indirect risks arising from investments and loans, etc., the Bank is taking steps to mitigate the negative impacts of such risks and to achieve a smooth decarbonization of society.

Management system for climate change risks

- Based on the recognition that addressing climate change is one of the most important initiatives, the SDGs Promotion Committee meets regularly to discuss progress and issues related to addressing climate change.
- Further, if physical and transition risks that are recognized as climate change risks materialize, they could have a significant impact on the Bank's management through various spillover channels, and we are working to identify and mitigate such risks in our integrated risk management framework.
- The Bank's capital adequacy is also assessed by taking into account the estimated physical risk and the additional credit cost of transition risk.

Spillover channels of climate change risk (example)

Category	Definition	Physical risks	Transition risk
Credit risk	Risk of incurring losses primarily due to failure to repay principal or interest as scheduled as a result of deterioration in the business performance of the loan recipient or investee, etc.	Damage to collateral value due to damage to customer assets, business stagnation and performance deterioration	Deterioration in business performance resulting from increased costs incurred by customers in dealing with capital expenditures and other costs associated with the realization of a decarbonized society
Market risk	Risk of losses due to a decrease in the value of the Bank's financial assets as a result of fluctuations in interest rates, exchange rates, stock prices, etc.	Decline in the value of securities and other assets due to the impact of extreme weather and natural disasters	Decline in the value of securities and other assets due to deterioration in the performance of investees or changes in investor behavior in the market
Operational risks	Risk of incurring losses due to internal management problems in terms of internal procedures, people, systems, etc., or external factors such as natural disasters	Decrease in revenues and damage to the value of assets held by the Bank due to stagnation of the Bank's business	Reputational damage resulting from a lack of disclosure of information on the Bank's efforts to realize a decarbonized society

Sustainable Investment and Loan Policy

- The Hyakugo Bank Group has established a Sustainable Investment and Loan Policy for making responsible investments and loans as a lender of funds.
- We actively invest in and lend to businesses that have a positive impact on the environment and society in compliance with the Hyakugo Bank Credit Policy.
- For investments and loans in sectors that are considered to have a significant impact on the environment and society, we establish initiative policies and take appropriate measures.

Investment and loan policies for specific sectors

Sector	Policy
Coal-fired thermal power generation businesses	As this sector has higher emissions of greenhouse gases than other power generation methods and it has a negative impact on the environment, including climate change and atmospheric pollution, the Bank does not invest in or lend to new coal-fired thermal power generation facilities. However, we may respond, after careful consideration, to projects that are incorporating innovative technologies and methodologies, such as CCS/CCUS* and co-firing in an effort to achieve the matters agreed on in the Paris Agreement.
Businesses that involve the logging and burning of forests	The Bank recognizes that illegal logging and burning of forests takes place for the production of raw materials such as palm oil, which is an important raw material that is indispensable to people's lives and society. In light of this fact, regarding investments and loans to businesses that involve logging and burning forests, we respond cautiously after careful consideration of the legality of the business and its impact on the regional economy and environment.
Manufacturing of weapons of mass destruction and non-humanitarian weapons	The Bank does not invest in or lend to companies that manufacture weapons of mass destruction, such as nuclear weapons and biological and chemical weapons, or anti-personnel land mines and cluster bombs, due to the inhumane nature of such weapons.
Businesses involved in human rights violations such as forced labor	The Bank does not invest in or lend to companies that engage in human rights violations such as child labor and forced labor.

* CCS: Carbon capture and storage; CCUS: Carbon capture, utilization and storage

Indicators and Targets

Sustainable finance targets and results

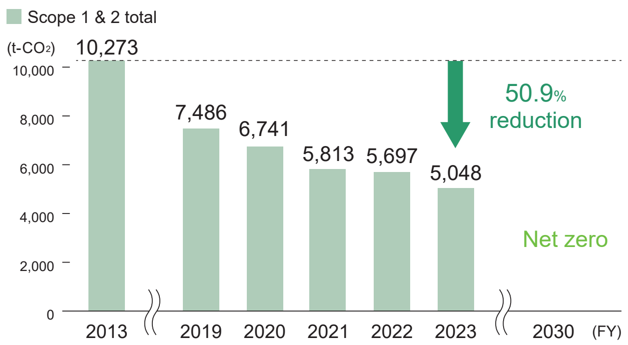
For the nine years from FY2022 to FY2030, we have set a target of totaling ¥1 trillion in sustainable finance execution* (including ¥500 billion in environment-related loans). Through sustainable finance, we aim to both solve the business challenges of customers, including their responses to climate change, and develop regional economies.

Item	FY2023 Actual	FY2030 Target
Cumulative amount of sustainable finance executed*1	¥513.2 billion	¥1 trillion
Of which, cumulative executed amount in environmental fields*2	¥121.4 billion	¥500.0 billion

*1 Sustainable finance: Investments and loans that contribute to the realization of a sustainable society by resolving social and environmental issues
*2 Environmental fields: Investments and loans that support initiatives for the protection of global and regional environments, such as responses to climate change

GHG emissions reduction targets and results (Scope 1, 2)

We are working to mitigate the environmental impact of the Group's business activities with the aim of achieving net zero GHG emissions (Scopes 1, 2) by the end of FY2030. In FY2023, GHG emissions were 5,048 t-CO_2, a 50.9% reduction from FY2013, mainly due to the introduction of CO_2-free electricity and LED lighting. We will continue our efforts to reduce the Group's GHG emissions by introducing renewable energy sources and promoting energy savings through equipment upgrades.



Major measures	FY2023 initiatives
Expanded introduction of renewable energy	• Expanded locations introducing CO_2-free electricity
	• Installed solar power equipment at newly built branch
Promotion of energy saving	• Expanded introduction of LED lighting
	• Replaced aging air conditioning equipment
	• Raised employees' awareness of reducing power consumption

Understanding GHG emissions including from the supply chain

We have been working to understand GHG emissions, including those from our supply chain (Scope 3), since FY2022. In FY2023, we added Scope 3 Category 2 (capital goods) to our calculations. We will continue our efforts to expand the measured items and scope of measurements.

(t-CO_2)

Measured item		Scope of calculation	FY2023
Scope 1	Burning of fuels (gasoline, diesel oil, bunker A, city gas, LPG)	Entire Group	1,341
Scope 2	Power use		3,707
Scope 1 & 2 total			5,048
Scope 3	Category 2 (capital goods)	Entire Group	9,115
	Category 6 (business travel)	Hyakugo Bank	404
	Category 7 (employee commuting)		1,677
	Category 15 (investment)		See P30

<Calculation method>
- For Scope 1 and 2, coefficients based on the Act on Promotion of Global Warming Countermeasures (the Global Warming Act) are used.
- For Scope 2, adjusted emission coefficients for the relevant fiscal year are used for each electric utility, but for FY2023 results, coefficients for the preceding fiscal year (FY2022) are used because coefficients for FY2023 have not yet been published.
- The Ministry of the Environment's emissions intensity database was used in the calculations of Scope 3 emissions.
- Scope 3 Category 2 (capital goods) was calculated based on capital expenditures in FY2023.
- Scope 3 Category 6 (business travel) was calculated based on the number of days of domestic business travel in FY2023.
- Scope 3 Category 7 (employee commuting) was calculated based on commuting allowance payments by mode of travel (transportation) in FY2023.

Understanding GHG emissions from our investment and loan portfolio (Scope 3 Category 15)

Results of emissions by industry sector of investee companies

Industry	GHG emissions (t-CO_2)
Building materials and capital goods	1,646,336
Metals and mining	1,162,176
Automobiles	561,816
Chemicals	456,000
Land transportation	372,174
Beverages and food	312,141
Electricity	206,861
Oil and gas	190,317
Paper and forestry	177,382
Real estate management and development	52,786
Marine transportation	40,360
Agriculture	29,457
Air transportation	4,582
Coal	–
Other	1,613,229
Total	**6,825,618**

We believe that understanding the GHG emissions of investee companies and supporting their reduction are important for the realization of regional decarbonization. To this end, since FY2022, we have calculated the emissions of our corporate investees in Japan with reference to the PCAF Standard*. In FY2023, as a result of calculations using a portion of emissions data disclosed by companies, we improved our data quality score, which indicates the quality of emissions data on a scale of 1 to 5, from 4.00 to 3.46.

We will continue our efforts to improve the level of measurement methods and expand the scope of calculation.

* A method developed by the PCAF (Partnership for Carbon Accounting Financials), an international initiative, for financial institutions to measure and disclose the greenhouse gas emissions of their investment and loan portfolios.

<Calculation method>
- The investment and loan balances used for the measurement are as of March 31, 2023, and the financial data are for the most recent fiscal year, up to March 31, 2023.
- GHG emissions are calculated by multiplying the estimated emissions of investees (total of Scope 1 and 2) by the ratio of the Bank's contribution.
- Emissions from investees are estimated based on data disclosed by companies. If such data is not available, industry-specific emissions coefficients per unit of sales quoted from databases, such as those of the National Institute for Environmental Studies and the Ministry of the Environment, are used.
- The Bank's contribution is calculated by dividing the balance of the Bank's investments and loans by the total amount of assets procured by the counterparties.
- The method of calculating GHG emissions may be subject to change in the future due to clarification of international standards and other factors.

Analysis of GHG emissions of regional loan recipients

Analysis of emissions of loan recipients in local areas by industry sector

Industry	GHG emissions (t-CO_2)
Building materials and capital goods	1,232,198
Metals and mining	889,938
Automobiles	456,974
Beverages and food	268,218
Land transportation	254,455
Chemicals	208,219
Oil and gas	113,956
Electricity	73,671
Paper and forestry	53,080
Marine transportation	39,846
Real estate management and development	35,932
Agriculture	21,990
Air transportation	–
Coal	–
Other	1,223,356
Total	**4,871,834**

After identifying trends in emissions by industry sector for the Bank's entire investment and loans portfolio, to further support decarbonization efforts by our customers in the region, we conducted an analysis of emissions by industry sector of customers based in the local areas that are the Bank's main sales territories (Mie Prefecture, Aichi Prefecture, and Shingu City in Wakayama Prefecture).

From results of analysis of the current status, sectors such as "building materials and capital goods," "metals and mining," and "automobiles" would appear to be the main sectors for engagement in decarbonized management support.

We will continue to support the decarbonization of the region by deepening our dialogue with customers that have positioned decarbonized management as an issue and providing them with solutions to suit the phase of their initiatives.

For examples of decarbonization engagement and more information about our track record of support, please refer to P24-26.