

HYAKUGO BANK REPORT **2025**

Hyakugo Bank Integrated Report

Disclosure Book Main Volume

未来への挑戦

Challenge for the Future



Corporate Philosophy

Mission

We dedicate ourselves to helping develop a society that places the highest value on mutual trust, and conduct our business in ways to contribute toward building a better society where warmth and respect prevail.

Management

We manage the Bank in a manner deemed fair and responsible against broader social standards.

Hence, we attach the greatest importance to sound banking practices in harmony with the ethics and integrity of the public. We believe our independence and solid growth are sustained and valued only in pursuit of such managerial practices.

Behavior

We try to always display our sincerity in both business and individual activities, guided by our conscience and common sense.

We express our deep appreciation for the society by achieving excellence in what we do, while constantly striving to expand our knowledge and challenging the future.

Corporate Statement

FRONTIER BANKING

We strive to be the bank with the most advanced customer service in Japan.

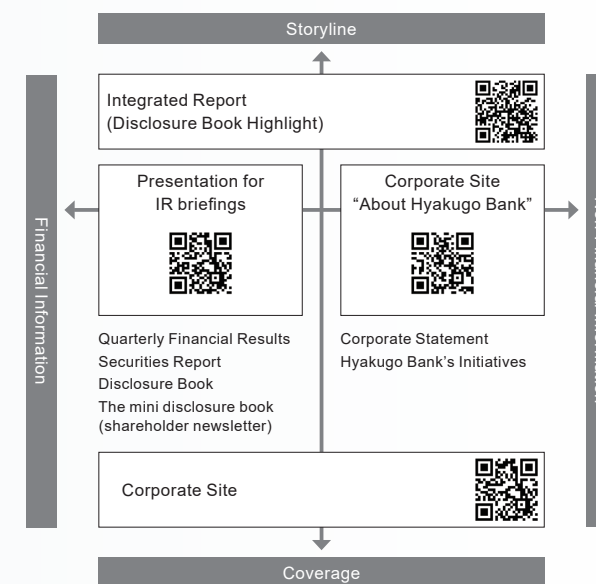
We provide cutting-edge services and products.

We provide satisfaction that exceeds customer expectations.

Editorial Policy

Hyakugo Bank has prepared HYAKUGO BANK REPORT 2025 (Integrated Report). This Integrated Report correlates financial information with non-financial information, including our corporate philosophy, strategies, ESG information, and initiatives, and explains in an integrated manner the framework for the Bank and regional societies to achieve sustainable value creation, in reference to the "International Integrated Reporting Framework" recommended by the "International Integrated Reporting Council," and the "Guidance for Collaborative Value Creation 2.0" by the Ministry of Economy, Trade and Industry. For disclosure materials (data edition) based on Article 21 of the Banking Act, please see the Bank's website. <https://www.hyakugo.co.jp/>

Disclosure Information Framework



Cautionary Note Regarding Forward-Looking Statements

This document contains forward-looking statements including forecasts, outlooks, targets, and plans. These statements do not guarantee future business performance, and involve risks and uncertainties. Please note that future business performance may vary due to factors such as changes in the business environment.

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HYAKUGO Episode 1



Origin of the Bank's emblem

The emblem's design combines the secret codes of ○ (meaning hundred) and × (meaning five) used by fish wholesalers. It was created at the time of the Bank's founding by Kaheji Oka, the Bank's second president, who was originally a fish wholesaler.

SECTION I

Management Messages

04 Message from the President

13 Message from an Outside Director



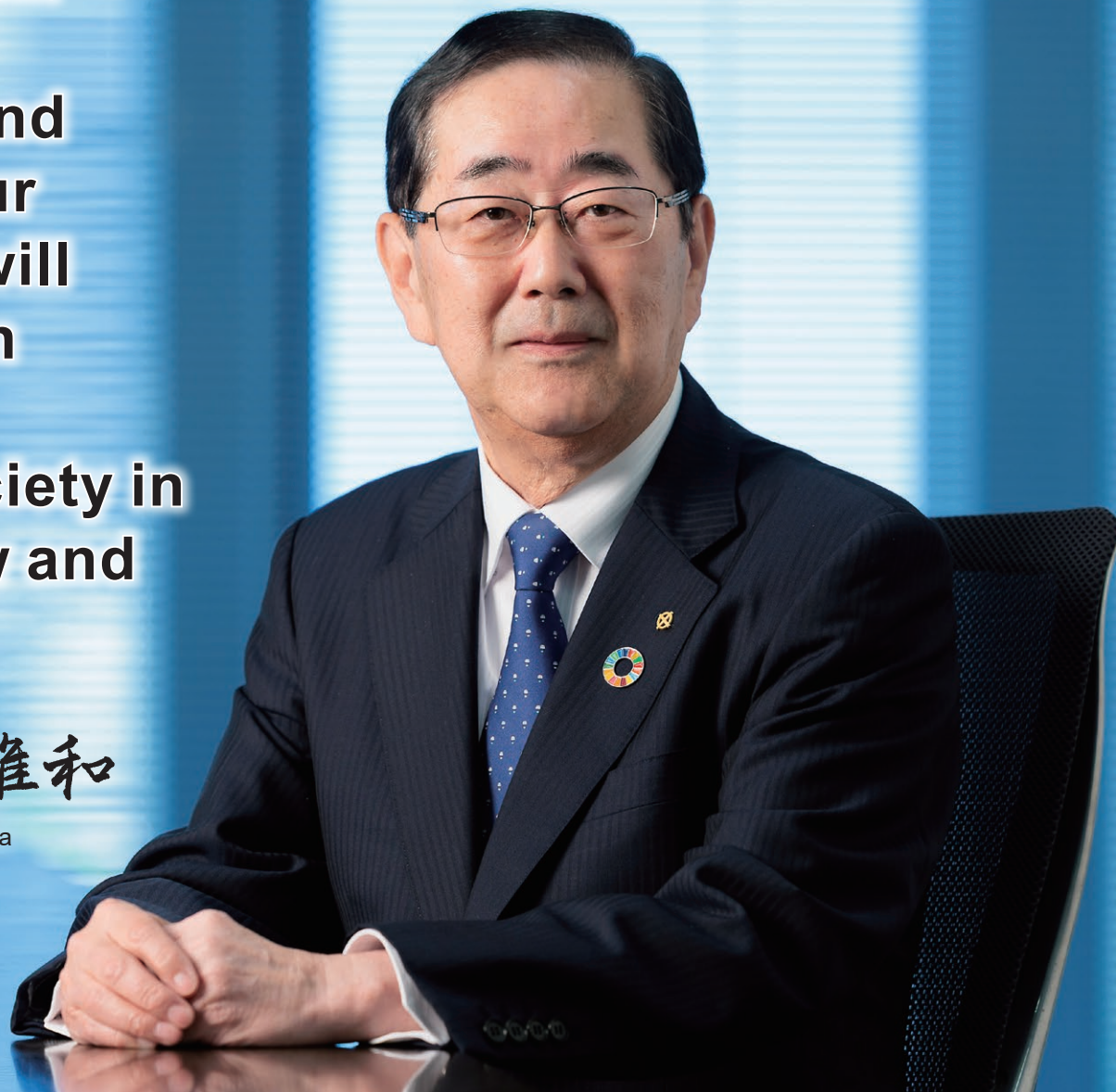
Message from the President

With the support and collaboration of our stakeholders, we will continue to take on “challenges” to contribute to a society in which we can grow and prosper together.

President

杉浦雅和

Masakazu Sugiura





Introduction

Looking back on FY2024, the arrival in earnest of “a world with interest rates” was the most significant news for financial institutions. Our true worth as a financial institution will now be measured by how effectively we can contribute to our customers and to the region.

Unfortunately, it was also a year marked by numerous cases of misconduct in the financial industry, which significantly undermined the trust held in the sector as a whole. Here at Hyakugo Bank, we must not believe that this situation has nothing to do with us. Instead, we must strengthen our own governance frameworks and be thorough in upholding compliance.

As a regional bank, in response to both the advent of “a world with interest rates” and the need to restore trust in the financial industry, we must pursue change with more haste than ever and further respond to the expectations and trust held in us by our customers and shareholders. To achieve this, I recognize that, above all else, we must take on many different “challenges.”

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We will hasten to pursue change and further respond to the expectations and trust held in us by our customers and shareholders.

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I am often told that the first image of Hyakugo Bank that comes to mind is one of “solid management.” While I am delighted that we are recognized for that solidity, by the same token, I imagine that some people have a slightly more negative impression that we are “overly cautious” or “conservative.”

With our announcement of “FRONTIER BANKING” in the Bank’s corporate statement, we have declared our commitment to deliver cutting-edge services and products in our aim to offer the most advanced customer service in Japan, and in doing so, provide customers with satisfaction that exceeds their expectations.

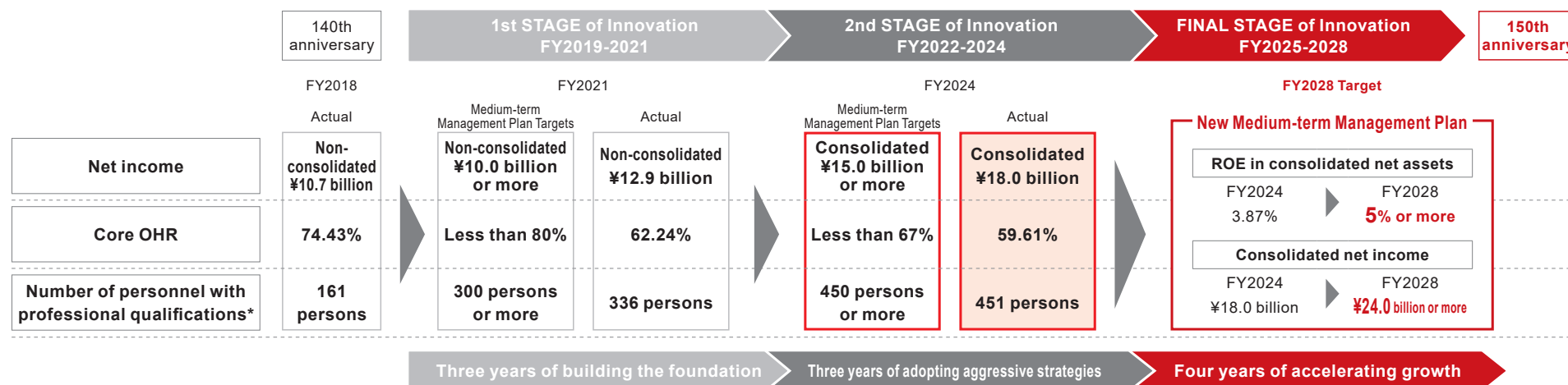
Hyakugo Bank’s solidity is by no means the result of an overly cautious approach. Rather, I take pride in the fact that it is something that has been cultivated by our FRONTIER spirit. To continue to be an institution of FRONTIER BANKING, we will be more proactive than ever in taking on diverse “challenges.”

We have incorporated that resolve into the four-year Medium-term Management Plan that began in April 2025 by giving it the name “KAI-KAKU 150 FINAL STAGE—Challenge for the Future.” Building on the foundation of “solidity” laid by our predecessors and supported by our many stakeholders over the years, by sowing and nurturing new seeds of “challenge,” we hope to share the many fruits of those efforts four years from now.

Review of the Previous Medium-term Management Plan

The three-year Medium-term Management Plan, “KAI-KAKU 150 2nd STAGE —Gateway to the Future II,” which began in April 2022, came to an end in March 2025. The result was the successful achievement of all of the KGIs that we had set, namely

Long-Term Vision



* Professional qualifications: 1st grade financial planner, CFP, SME consultant, certified tax accountant, certified social insurance labor consultant, securities analyst, and CIA (Certified Internal Auditor)

consolidated net income of ¥15.0 billion or more, ROE in consolidated net assets of 3.50% or more, a core OHR of less than 67%, and a capital adequacy ratio of 11% or more. In particular, as we posted record high consolidated net income of ¥18.0 billion, my assessment is that we were able to accomplish the plan smoothly overall.

This plan represented the mid-point of our ten-year Long-term Vision, “Aiming to Transform into a Green & Consulting Bank Group,” toward 2028, the 150th anniversary of the Bank’s foundation. As such, we focused on “the quality” of each initiative in the activities we pursued for the achievement of the Long-term Vision.

As the first step in our sales activities, our fundamental approach is to first listen to the concerns of our customers, who are our highest priority, and identify their underlying issues. To thoroughly execute this approach, we reorganized our sales locations and re-examined our personnel allocations, thereby working to build a framework that enables more productive sales activities. Additionally, to enhance opportunities for dialogue with customers, we have significantly expanded the reception booths at rebuilt branches. These kinds of initiatives have helped improve the quality of our dialogue with customers.

We have also placed increased efforts into human resources development to improve the quality of the proposed solutions to customer issues identified through in-depth dialogue. As a result, we were able to increase the number of personnel with

professional qualifications from 336 at the beginning of the Plan to 451. We also worked to improve the quality of support for solutions to our customers’ issues, which are becoming increasingly diverse and complex, by establishing a new dedicated team to provide solutions to relatively new business issues, such as decarbonization, support for the automotive industry, and ICT consulting. I believe that a virtuous cycle of such initiatives has helped to strengthen our profitability, leading to the achievement of record high financial results.

We have also focused efforts on activities for the realization of a sustainable society. In particular, although understanding of the importance of addressing climate change is increasing every year, progress in such initiatives by SMEs in the region has been limited due to a lack of information and resources on their part. For this reason, we have taken the lead in actively engaging in climate change responses ourselves to set the example for the local community. We have also deployed activities to deepen our customers’ understanding to help them take action themselves. To take the example of the Bank’s own carbon neutrality, our initiatives have included the expanded locations introducing CO₂-free electricity and carbon offsetting through the purchase of forest-related J-Credits. In addition, we have obtained “ZEB” and “Nearly ZEB” certification for newly built branches through the adoption of energy-saving equipment and solar power equipment, among other initiatives.

Regarding support for customers, we have held multiple seminars to help increase their understanding, as well as providing information. Other initiatives include consulting on the calculation of greenhouse gas emissions and concrete proposals for emissions reductions. As a result of such quiet, steady efforts, the Hyakugo Decarbonization Support Services received over 500 requests over three years, greatly broadening the circle of regional engagement in this issue.

Recognition of the External Environment and Practice of Sustainable Management

Our greatest strength lies in the strong bonds and unwavering relationships of trust with our customers that we have forged in the region over our long history of 146 years. In particular, we boast the highest market share in Mie Prefecture for both deposits and loans. This is a testament to the strong relationships we have with our



customers. This solid customer base underpins our stable business operations, and it will no doubt remain the source of enhancement of our corporate value in the years to come.

While our performance has remained steady to date, if we look at the external environment, social change is accelerating at an unprecedented rate. Factors of change include the declining working-age population due to birthrate decline and population aging, the materialization of climate change risks, advances in digitalization, and the increasing diversity of people's values. Depending on how we approach them, these major changes could become either a crisis or an opportunity for the Bank. If we falter in our approach to these changes, it could lead to the decline in the regional community as a whole. It would also mean the simultaneous decline of the Bank, which is supported by the region. This is precisely why, in the respect of the enhancement of the Bank's corporate value as well, it is more important than ever that we view these changes in the external environment in a positive light and undertake activities that will create a sustainable society.

With this recognition, we began the process of formulating the Medium-term Management Plan that began in April 2025 by re-organizing the key issues "materiality" that the Bank must address. This is because we determined that it was essential to re-examine what kind of value we should provide and in which domains, to fulfill our social responsibilities and build a future together with the regional community. In this materiality review, to ensure that we identified the most pressing social issues and the roles that the Bank is expected to play, we incorporated opinions from a wide range of perspectives. This included employee questionnaires, discussions with the Outside Directors, and interviews with institutional investors, local governments, and ESG evaluation institutions.

Ultimately, we organized our materiality into the five key issues: "Creating vibrant communities," "Contributing to secure and prosperous lives," "Creating a society where every individual can thrive," "Coexistence with nature," and "Responsible management." In addition, while not publicly announced, to ensure the execution of the materiality, we have set sub-materiality issues for each of the key issues, as well as 230 KGIs and 370 KPIs for the quantitative measurement of their degree of achievement.

By earnestly building up small actions one by one, we will solve the larger issues of the regional community, which will lead to the sustainable growth of both the region and the Bank.

New Medium-term Management Plan

As I mentioned earlier, we launched the new Medium-term Management Plan, "KAI-KAKU 150 FINAL STAGE—Challenge for the Future," in April 2025. This is a

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Through the challenge of “new business that creates new communities,” we will aim to create both “economic and social value” to revitalize the region and enhance our corporate value.

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four-year plan that will lead us into the milestone year of our 150th anniversary. It has an extremely important position for the Bank, marking the final stage of the ten-year Long-term Vision, “Aiming to Transform into a Green & Consulting Bank Group.” On the basis of building a more robust and efficient business structure for “the banking business,” the Bank’s core business, we will create both “economic and social value” through the challenge of “new business that creates new communities.” In doing so, we aim to revitalize the region and enhance our corporate value, which is the concept of the plan.

One distinctive feature of the new plan is that, in addition to financial targets, we have set non-financial targets for measuring the outcomes of the “materiality” approaches that I presented earlier. The financial targets include ROE in consolidated net assets of 5% or more and consolidated net income of ¥24.0 billion or more in FY2028. With regard to ROE in particular, until now, while our previously stated aim was to achieve 5% “in the long term,” we have now clarified the specific timeframe for reaching this target. In terms of non-financial targets, we have set seven targets, including “Cumulative total of 1,000 customer management issues solved” and “Cumulative total of 30 community issue engagements.”

In addition, to achieve these targets, we have set five basic strategies, namely “01 Creation of Social Value,” “02 Challenge for the Growth,” “03 Human Resource Strategy,” “04 Digital Transformation,” and “05 Strengthening of Strategic Foundation.” The formulation of the individual strategies and initiatives was indeed an “All Hyakugo” affair, including multiple discussions with the Outside Directors, and canvassing of the opinions and wishes of all employees, including at Group companies. I believe that the resulting plan is one that the employees will feel happy to take on as a “challenge” as we work toward achieving our goals over the next four years.



On April 1, 2025, the starting date of the plan, we were able to announce an initiative that will symbolize our “challenge for the future.” I would like to present that initiative here. Nagoya-based systems-related companies, Asca Planning Nagoya Company Limited and Digital Associate Company Limited, became subsidiaries of the Bank on April 1, 2025. These two companies are engaged in businesses such as systems development support, systems maintenance, systems operation support, and dispatch of systems-related personnel. The key objectives behind making these companies subsidiaries of the Group are to generate maximum synergies by leveraging the technologies, expertise, and abundant development talent possessed by these two companies, combined with the Group’s customer base, credibility, and systems development capabilities, and in doing so, take the lead in driving digital transformation (DX) in the region, contributing to the region’s enhanced productivity and revitalization. Through the accumulation of such initiatives, we will continue to embrace the challenge of creating economic value and social value at the same time by providing a wider range of solutions than ever to our customers.

Basic Strategies of the New Medium-term Management Plan

The following is a description of the five basic strategies of the Medium-term Management Plan “KAI-KAKU 150 FINAL STAGE—Challenge for the Future.”

01 Creation of Social Value

Aim to create economic and social value by taking on the challenge of solving local issues

02 Challenge for the Growth

Aim to thoroughly streamline banking operations and provide more value to customers

03 Human Resource Strategy

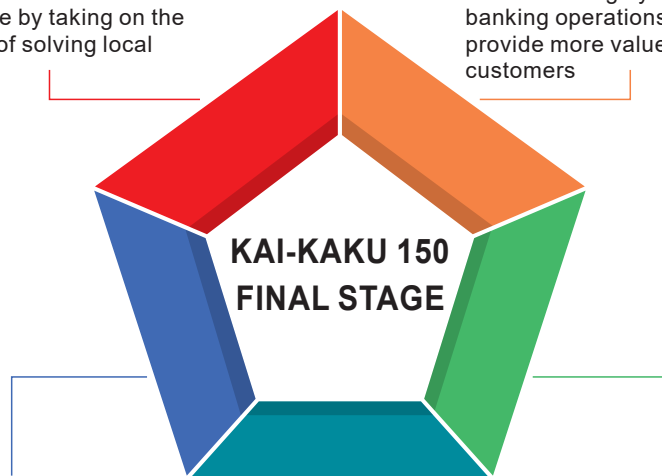
Aim to be a “group of professionals who take on challenges” through proactive career development

04 Digital Transformation

Aim to transform operations and mindsets by leveraging digitalization and data

05 Strengthening of Strategic Foundation

Aim to strengthen governance and integrate sustainability and management



Basic Strategy 01 Creation of Social Value

Through this strategy, we aim to revitalize the region and establish diverse revenue streams for the Bank by actively taking on the challenge of new businesses that contribute to solutions to regional issues and to the creation of social value. We have established a new Group Strategy Promotion Office and Sustainability Business Development Division as the framework for achieving this aim.

The Group Strategy Promotion Office will take the lead in reviewing the Group’s overall business portfolio by pursuing new business initiatives and considering the withdrawal from unprofitable businesses. In addition, the Office will play a central role in the “New Business Creation Project” to foster a culture of “challenge” and encourage employees to freely create new business based on their own ideas.

The Sustainability Business Development Division will take the lead in creating new business that will lead to solutions to social issues and that are able to consider relatively long-term profitability from medium- to long-term perspectives, rather than short-term gains.

In future terms, our goal is for the business that emerges from this strategy to grow into business that will stand alongside the banking business, which is our primary business.



Basic Strategy 02 Challenge for the Growth

This strategy aims at building a more robust and efficient structure for the banking business, our core business.

Thanks to strong performance in areas such as housing loan acquisition, our loan-to-deposit ratio has risen to over 80%. To achieve even further growth in “a world with interest rates,” it is essential that we build a loan portfolio with high capital and funding efficiency.

In that regard, in corporate sales, we will work on consolidating our corporate sales bases and standardizing sales activities, leveraging the “corporate sales models” that bring together the expertise of our ace bank employees. By further enhancing our sales capabilities in these ways, we will aim to be “A Bank That Can Be Relied Upon” by our customers, as well as conducting thorough asset management through RORA and interest margins to build the optimal loan portfolio.

Additionally, in the housing loan area, we will leverage DX to streamline operations and significantly reduce the number of personnel involved with the aim of improving profitability.

Basic Strategy 03 Human Resource Strategy

Amid the continued decline in the birth rate and aging of the population, as well as significant changes in values and workstyles, it has become more important than ever to break free from conventional frameworks, harness the strengths of diverse talent, and establish an environment in which each individual can thrive while feeling a sense of their own growth.

In this strategy, we are considering a fundamental reform of our personnel systems to realize clearer differentiations in treatment, reduce perceptions of unfairness, promote the active participation of dedicated and senior employees, and bring greater diversity to our human resources and workstyles. Through further efforts to improve human resources development and employee engagement via personnel system reforms, we will strive to build a “group of professionals who take on challenges” that is equipped with the ability to deliver solutions for our customers and the region.

Basic Strategy 04 Digital Transformation

In the previous Medium-term Management Plan, the IT Strategy Department in the Corporate Planning Division played a central role in identifying issues concerning bank-wide operational efficiency improvements and organizing IT strategy directions. This included conducting trials of initiatives in advance of their full-scale implementation.

In this strategy, in addition to operational and workforce streamlining by leveraging digital technologies to achieve paperless operations, we will pursue the enhancement of sales operations through the use of data within the organization with unwavering determination. To demonstrate that determination both internally and externally, we have renamed the IT Strategy Department as the DX Promotion Office. This office will play the central role in the promotion of our DX strategy.

From April this year, customers are able to perform a variety of procedures, such as opening savings accounts, notifying a change of address, and applying for housing loans, “without the need to fill out forms or affix their seals.”

Basic Strategy 05 Strengthening of Strategic Foundation

This strategy forms the foundation of the other four strategies presented above.

As specific initiatives, we will establish a framework for the supervision by the Board of Directors of sustainability initiatives, such as creating “social value” and “governance” in the form of a new Sustainability Promotion Committee, in our efforts to strengthen sustainability-related governance.

In addition, with regard to the management of risks such as money laundering, we aim to further strengthen our framework by enhancing the effectiveness of our initiatives, referring to reviews by external experts, and advancing the sophistication of our systems, including monitoring and filtering functions.

We will also work on strengthening the overall Group’s cybersecurity framework with the establishment of a new Cybersecurity Administration Office.

Initiatives to Improve Corporate Value

Around two years have passed since the Tokyo Stock Exchange called on companies to take “measures to realize management that is conscious of capital cost and share price.” Of course, even prior to that request, we had considered the enhancement of corporate value as a listed company to be a top priority and pursued a variety of management strategies. However, we viewed the request as a good opportunity to reassess our efforts and discuss how to enhance the quality of our management.

Thanks to the tailwind of “the world with interest rates,” the Bank’s share price rose from ¥649 to ¥735 in the past year*. However, our P/B ratio has stayed less than one, which we acknowledge is far from a satisfactory level.

As such, in the new Medium-term Management Plan, we have indicated our path toward the enhancement of corporate value (equivalent to improvement of P/B ratio) and the relationships between the individual strategies and initiatives in the form of a logic tree. P/B ratio is expressed by the multiplication of ROE and P/E ratio, so I will explain how we will improve them both.

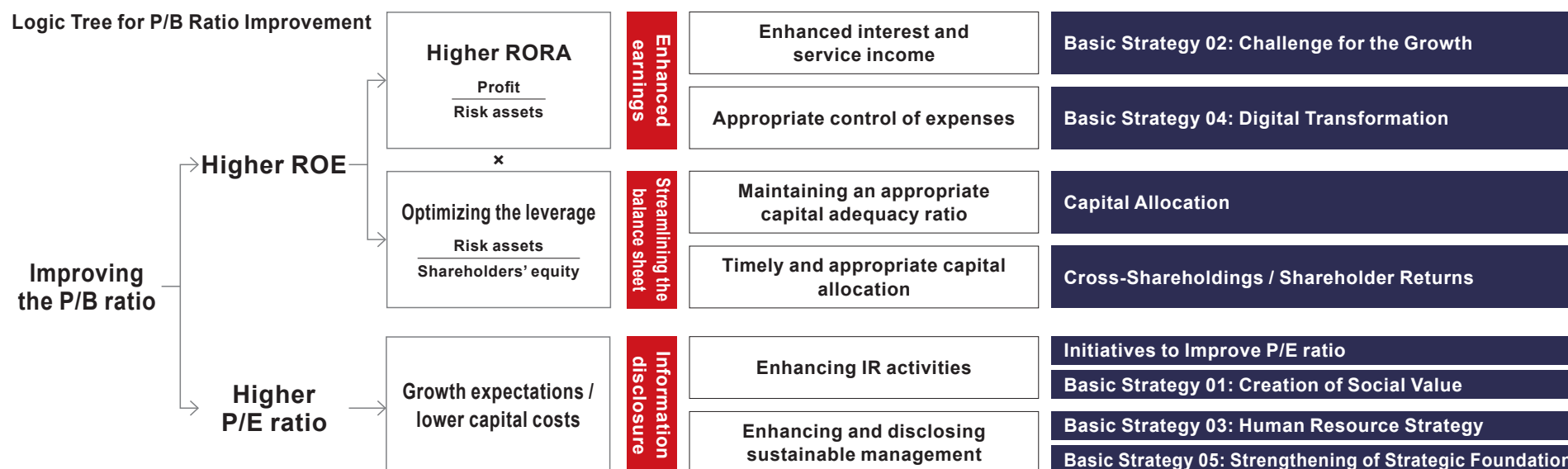
Higher ROE

For ROE, we will aim for higher RORA through the accumulation of quality loan assets via the initiatives in “Basic Strategy 02: Challenge for the Growth” and “Basic Strategy 04: Digital Transformation” in the Medium-term Management Plan. We will also aim to enhance interest and service income.

While maintaining an appropriate capital adequacy ratio, by allocating surplus capital to growth investments and timely, appropriate returns to our shareholders, thus ensuring both soundness and capital efficiency.

Regarding returns to shareholders, whereas previously, our stated aim was “a dividend payout ratio of 30% over the long term,” we have upgraded that to a target of “40% in FY2028.” Although our basic policy of long-term, stable dividends will remain unchanged, we will consider various measures, including flexible repurchases of treasury shares, in our aim to further enhance shareholder returns.

Logic Tree for P/B Ratio Improvement



*Comparison of closing prices on March 31, 2024 and March 31, 2025

In addition, regarding cross-shareholdings, we will continue to reduce holdings systematically by thoroughly assessing their economic rationale, such as the status of business relationships and investment efficiency, and reviewing any holdings for which no rationale can be recognized. Over the four years of the new Medium-term Management Plan, we intend to reduce our cross-shareholdings by more than ¥20.0 billion on a market value basis and allocate the resulting gains to strategic investments such as investment in DX.

Higher P/E ratio

For higher P/E ratio, through “Basic Strategy 01: Creation of Social Value” in the new Medium-term Management Plan, we will actively engage in businesses that will lead to the creation of markets from a medium- to long-term perspective.

In addition, through IR^{*1} and SR^{*2} activities, we will actively disclose information and communicate our initiatives in our efforts to eliminate the asymmetry of information between the Bank and our stakeholders. Our specific target in this regard is to conduct IR and SR activities at least 30 times a year.

*1: Investor Relations, including company briefing sessions for investors

*2: Shareholder Relations, including company briefing sessions for shareholders

Conclusion

“We dedicate ourselves to helping develop a society that places the highest value on mutual trust.” “We manage the Bank in a manner deemed fair and responsible against broader social standards.” “We try to always display our sincerity in both business and individual activities, guided by our conscience and common sense.” This is the Bank’s Corporate Philosophy, which has been carried on unchanged from when it was first established in 1996 until today.

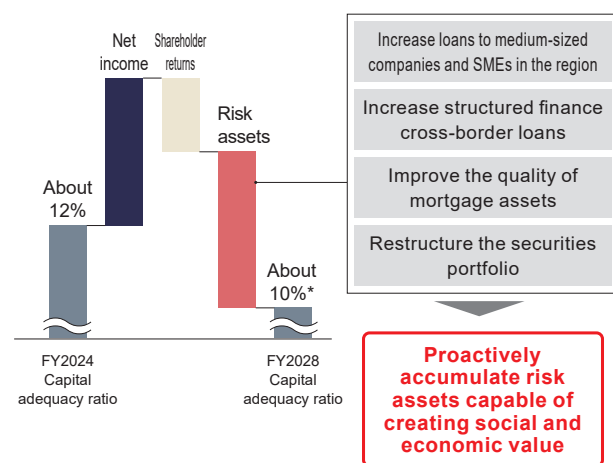
Among those, “We dedicate ourselves to helping develop a society that places the highest value on mutual trust.” expresses the fact that it is “the mission of the Bank” to foster sincere, mutually trusting relationships within society and to work hand in hand to build a society of shared growth and progress.

As the external and internal environments continue to undergo rapid change, our management strategies and the services we provide must also evolve. However, the mission of Hyakugo Bank remains unchanged.

As all employees contribute their ideas, and with the support and collaboration of our stakeholders, we will continue to embrace “challenges” to contribute to a society in which we can grow and prosper together.

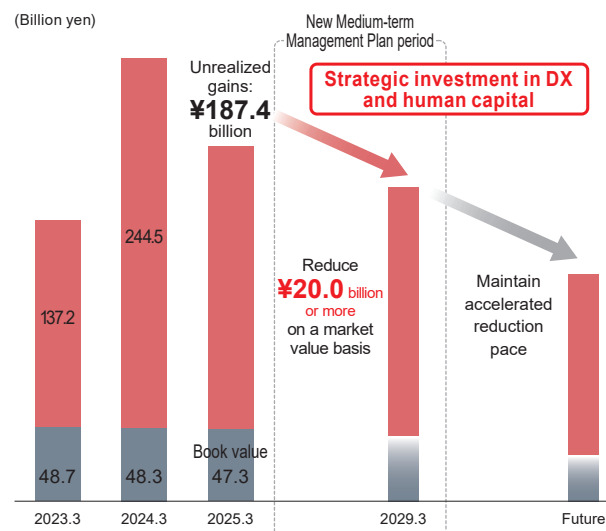
I hope we may rely on your continued support of Hyakugo Bank.

Capital Allocation

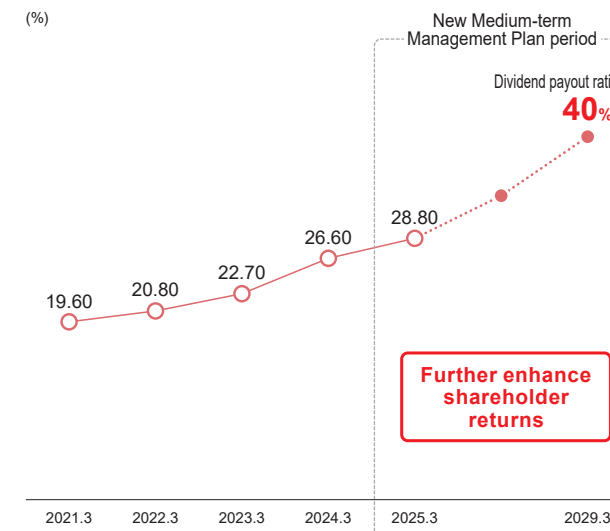


*The impact based on regulations to be applied as of the end of March 2028 following the finalization of Basel III (fully implemented) is taken into account.

Cross-Shareholdings (Listed Stocks)



Shareholder Returns



Message from an Outside Director

I want to use the diverse insights I have gained from my experience in public administration to share in the creation of sustainable growth of Hyakugo Bank.



Keiko Hirota

Outside Director

Q What is your assessment of the previous Medium-term Management Plan?

I sensed that Hyakugo Bank demonstrated a strong ability to execute concrete actions to achieve the previous Medium-term Management Plan.

For example, while the prefectural government often plays the leading role in the promotion of industry, Hyakugo Bank, with its network that spans the entire prefecture and relationships of trust with local businesses, is able to address solutions to specific issues, which means that it has the ability to execute concrete initiatives. In that respect, I find it highly significant that, under the previous Medium-term Management Plan, Hyakugo Bank strengthened its corporate consulting services and pursued initiatives for the sustainable development of local communities.

In terms of the outcomes of the Plan, the financial targets were generally achieved, and as “A Bank That Can Be Relied Upon,” the goal espoused by President Sugiura, I believe that it has fully earned the recognition of customers. On the other hand, there were problems evident in the non-financial targets. The employee engagement index was 80% against a target of 85%, and I understand that the ratio of female executives was 21.1% against a target of 25% for senior staff or higher and 9.8% against a target of 12% for branch general managers and equivalent. For any organization, its “people” are its greatest asset. I look forward to seeing continued efforts under the new Medium-term Management Plan to promote diversity to create an environment in which every individual, regardless of gender or age, can fully realize their potential.

Q What is your assessment of the new Medium-term Management Plan and the new, revamped materiality?

In the process of formulating the new materiality, interviews were held to obtain the opinions of a wide range of stakeholders, including prefectural and other government officials, as well as employees. I found that process to be highly commendable. It conveys what kind of presence Hyakugo Bank wants to have for what kind of people. Further, the new materiality is highly specific, including a vision, sub-materiality issues, and financial and non-financial targets. Internally, it is linked to the fiscal year operational plans and include which divisions will engage in what kind of initiatives. It has been organized well to make it easy to understand, and we can expect it to be effective.

Among the five basic strategies of the new Medium-term Management Plan, the one that I am particularly focused on is “Creation of Social Value.” Several specific initiatives have been outlined in pursuit of the aim to create economic and social value by taking on the challenge of solving local issues. Among these, I am particularly interested in the Hyakugo Bank’s newly stated policies in areas that it has had little involvement to date, such as “local production of renewable energy for local consumption” and “support for the primary industry, including agriculture, forestry, fisheries, and livestock farming.”

I also appreciated the clear articulation of a mindset of fostering a culture that allows each employee to freely take on challenges, which reflects a frontline perspective. The regional community and companies have diverse issues, and their situations and circumstances that are impeding solutions to those issues also differ. In addition, in order to engage in new areas, there are problems that cannot be solved simply by following precedent or established rules. In all such situations, frontline bank employees must work closely with the regional community and companies, approaching problems with flexibility. I believe that the clear articulation of this mindset is highly significant.

I hope that the Bank will engage in solutions to

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I hope that the Bank will engage in solutions to problems with “free ideas” and bring new economic and social value to local communities.

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problems with “free-thinking” and bring new economic and social value to local communities.

Further, as well as this mindset, I am extremely impressed with the Bank’s intention to invest properly in its people, including career building for the development of professional talent and the improvement of terms and conditions, as part of the Human Resource Strategy.

Q What are your views on the support for Mie Prefecture’s tourism industry that is mentioned in the new Medium-term Management Plan?

The tourism industry is a wide-ranging one, including travel companies, accommodation facilities, leisure facilities, food & beverage businesses, transport services, and souvenir shops. As such, it has a massive impact on the revitalization of the regional economy.

One problem with tourism in Mie Prefecture is the low level of the average number of days that travelers stay in the prefecture. The prefecture has many appealing tourism resources, such as Iseshima, but tourist locations are scattered throughout the prefecture, and access between those locations is a problem. Many tourism business operators are still lagging in terms of DX, and issues remain in accommodating foreign languages.



While there are individual tourism operators implementing advanced initiatives, these efforts alone are not enough. To enhance the overall convenience and appeal of the region, it is essential to not only spread cutting-edge initiatives across to other businesses but also to enhance infrastructure development that individual operators cannot undertake on their own. There is a need to establish the infrastructure for destination-style tourism, to encourage tourists to consider Mie Prefecture overall as “a good place” and “an appealing place to visit” and to stay multiple nights touring throughout the prefecture.

I believe that the trust, achievements, and networks built up by Hyakugo Bank as “A Bank That Can Be Relied Upon” will be major weapons for solving issues.



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I want to take various opportunities
to share the realities and
perspectives gained through the
many discussions I had as a public
administration official.
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stakeholders became entangled, and we were unable to unite them around a common goal. There are things that can be achieved with the trust and organizational capabilities that Hyakugo Bank has built up to date, and I hope to take advantage of those past bitter experiences to provide advice and cooperation.

Q What is your assessment of the governance structure, and the effectiveness of the Board of Directors?

My impression is that Hyakugo Bank's Board of Directors takes seriously the opinions of the Outside Directors and Corporate Auditors and responds to each of them with care.

Particularly noteworthy is its sharing of information at the stages prior to Board of Directors meetings. The direction and framework of proposals are shared from their early deliberation stage as matters for reporting. The discussions in the Management Meeting and risks and other negative information are included in those reports. In this respect, it is an extremely transparent process. The proposals are then refined by incorporating the opinions of the Outside Directors before being

brought to the Board of Directors, enabling high-quality discussions that help the Board to reach conclusions.

Regarding the governance structure, I have no doubts about its transparency, neutrality, and framework for the monitoring and control of management. I am particularly impressed by the flexibility of responses to change. With the establishment of new bodies such as the Cybersecurity Administration Office and the Sustainability Business Development Division, I believe that the Bank has excellent execution capabilities for promptly reflecting what is needed to respond to changes in society into its organizational structures.

Q What do you see as the roles expected of Outside Directors and their expectations of Hyakugo Bank?

In my experience in public administration, I have had many discussions with people involved in all sectors from the primary sector to the tertiary sector, as well as people involved in a variety of industries. I have also had numerous opportunities to hold frank discussions with administrative officials at the various municipal governments, which have different situations and issues, even within the same Mie Prefecture.

I believe that it is my role to convey to the Board of Directors those various circumstances and intentions of the prefecture's residents that I have learned in that process, and contribute to solutions to regional sustainability issues and the enhancement of medium- to long-term corporate value. I personally feel that I have been given another chance to contribute. Something that I was unable to do when working in public administration but I can do at Hyakugo Bank, a private-sector company, is to face each issue one by one sincerely with individual businesses and actually work on issues, coming up with concrete solutions together with the companies.

As someone who had been involved in public administration for many years, nothing would make me happier than to gain a true sense of the co-existence and advancement of Hyakugo Bank and local communities.

This is because, as well as the provision of loans, consulting that empathizes with customers is what is needed. In addition, we can also expect Hyakugo Bank to leverage its network to share good examples through business matching, create collaborative projects among companies, or play a coordinating role in bringing together organizations such as destination management/marketing organizations (DMOs).

In my experience in public administration, I remember difficult moments when conflicting interests among

SECTION II

Corporate Value of Hyakugo Bank

- 17 History of Hyakugo Bank
- 19 Our Sales Foundation and Strengths
(Source of Value Creation)
- 21 Value Creation Process
- 22 Materiality
- 24 Sustainability



History of Hyakugo Bank

Since the Bank's establishment in 1878, we have adhered to the respected traditions passed down to us, starting with "solid management" practices. All the while, we are steadily growing together with the local region and aiming to evolve.

1878

Former feudal retainers, including Takayasu Todo, Jodaigaro (a chief counselor of a castle when the feudal lord is away) of the Tsu domain, took the lead in establishing the 105th National Chartered Bank



Takayasu Todo, the first and third president of the Bank



Certificate of incorporation of the 105th National Chartered Bank



National bank notes issued by the Bank

1897

Restructured as an ordinary bank and name changed to The Hyakugo Bank, Ltd.

1901

Relocated Head Office to a newly constructed building at Daimon 1056, Tsu City



Share certificate of The Hyakugo Bank, Ltd. at the time of its establishment

1905

Acquired Kameyama Bank and opened Kameyama Branch

Since then, with a series of bank collapses due to the reactionary depressions caused by wars, aimed to expand sales network in the whole prefecture by absorbing many banks during the period from the Taisho era to the early Showa era

1924

Head Office relocated to Iwata riverbank, Marunouchi, Tsu City

1949

Started soliciting for the Fukuju Term Deposit as part of the Hyakugo Bank Deposit Reinforcement Campaign, aiming to use the funds for reconstruction, and reached ¥10 billion in 1952



Lottery for the Fukuju Term Deposit

1878-

Roots of Sound Management

To the Establishment of the 105th National Chartered Bank

Founding incorporators

1897-

History of the Bank as an Ordinary Bank

— Overcoming the Recession, Financial Crisis, and Post-war Economic Turmoil —

The Head Office in 1901

1924-

The Head Office in 1924

1879

Commenced banking business at 1 Tsusawa-noue-cho, with a capital of ¥80 thousand and the total of 11 personnel with Takayasu Todo as president

1882

Ise merchants joined the management of the Bank
Shirobe Kawakita became the fifth president in 1894

The Kawakita family, a merchant family from Ise, a community famous for its business acumen, helped save the Bank from immediate risk of being taken over. With the Kawakita family's abundant management know-how and expertise, the Bank established a solid foundation of sound management practices.

1919

Received order from Jingu cash handling office

1920

Opened Nagoya Branch, the Bank's first presence in an urban area



HYAKUGO Episode 2

Safety first at Hyakugo Bank

"Safety first at Hyakugo Bank," is a phrase Kyudayu Kawakita, also known as Handeishi, the sixth president (1919-1945) of the Bank frequently quoted. It means that deposits are money we are temporarily holding for customers, so it is only natural to manage them in a way that they can be returned at any time. Since then, the Bank has always strived for our "solid management" policy.



Social Situations

1867 Taisei Hokan (Restoration of Imperial Rule)
1877 Satsuma Rebellion

1882 Establishment of the Bank of Japan
1894 Sino-Japanese War

1904 Russo-Japanese War
1914 World War I

1923 Great Kanto Earthquake
1941 The Pacific War

1944 Tonankai Earthquake
1959 Isewan Typhoon

1964 Tokyo Olympic Games

1968

Head Office relocated to Iyomachi, Tsu City

1972

Started online operation of currency exchange, deposits, and loans services with a newly established administrative center



The first ATM

Administrative center

1978

Celebrated the Bank's 100th anniversary

1980

Total deposits exceeded ¥1 trillion

1996

Established Corporate Philosophy

2001

Started Hyakugo Internet Mobile Banking Service

2003

Established "FRONTIER BANKING" corporate statement

2015

Completion of Iwata Head Office Building (main building) and Marunouchi Headquarters Building

2019

Started the Medium-term Management Plan "KAI-KAKU 150 1st STAGE—Gateway to the Future"

Launched Hyakugo Bank smartphone banking app

**2020**

Total deposits exceeded ¥5 trillion

2021

Support for TCFD Recommendations

**2022**

Started the Medium-term Management Plan "KAI-KAKU 150 2nd STAGE—Gateway to the Future II"

Established "Hyakugo Bank Group Sustainability-related Policies"

2023

Celebrated the Bank's 145th anniversary

2024

Total deposits exceeded ¥6 trillion

Total loans exceeded ¥5 trillion

Achieved 300,000 no-passbook accounts with Hyakugo Bank's smartphone banking

2025

Started the Medium-term Management Plan "KAI-KAKU 150 FINAL STAGE—Challenge for the Future"

Established "Hyakugo Bank Group Sustainability Declaration"

1968-**With the Development of Regional Economies**

— Striving to be the Bank with the most Advanced Customer Service in Japan —

The Head Office in 1968

2015-**Serving Customers as a Trusted Bank**

— Aiming to Achieve a Sustainable Society —

Iwata Head Office Building

Marunouchi Headquarters Building

1973

Stock listed on Second Section of the Tokyo and Nagoya Stock Exchanges

1974

Listing changed to the First Section of the Tokyo and Nagoya Stock Exchanges

**2007**

Started operation of "Bank Vision" next-generation open account system

**HYAKUGO Episode 3****Historical Museum**

The Hyakugo Bank Historical Museum is located in the Marunouchi Headquarters Building. The museum exhibits mainly the Bank's history from its establishment to the present with panels and other displays.

Admission: Free

Open: 10:00 – 16:00 (Last admission 15:30)

Closed: Bank holidays

Viewing: Advance reservations required

Inquiries: Corporate Planning Division, Public Relations & Investor Relations Department

Telephone: 81-59-223-2326



1973 Yen shifted to the floating exchange rate system
First oil crisis

1985 Plaza Accord
1991 Economic bubble burst

1995 Great Hanshin-Awaji Earthquake
2005 EXPO 2005 AICHI, JAPAN

2008 Financial crisis
2011 Great East Japan Earthquake

2016 Introduction of negative interest rates
2020 COVID-19 pandemic

Our Sales Foundation and Strengths (Source of Value Creation)

Mie and Aichi Prefectures, which are the main sales foundation of the Hyakugo Bank Group, are particularly well known for their manufacturing industries including the automobile industry. A coastline connecting Ise Bay and the Sea of Kumano as well as the coast areas of Ise Bay and Mikawa Bay, each serves as an industrial base for fisheries, manufacturing, maritime transportation, and shipbuilding. The region is rich in nature, such as the national park, and has abundant tourism bases. Furthermore, various industries are thriving in the region, including diverse agriculture making use of the warm climate.



Source: Municipalities Area Statistics of Japan, Ministry of Land, Infrastructure, Transport and Tourism / Population Estimates, Statistics Bureau, Ministry of Internal Affairs and Communications / Mie Prefecture Economic Overview 2025, Hyakugo Research Institute / Ministry of Agriculture, Forestry and Fisheries' website / Aichi Prefecture's website / Mie Prefecture's website / Hyakugo Research Institute's website / 2023 Survey of Economic Structure

Mie Prefecture

Aichi Prefecture

Population (as of October 1, 2024)

1.71 million



7.46 million

Gross prefectural product (FY2021)

¥8,505.2 billion



¥40,586.0 billion

Ranked 19th in Japan

Ranked 3rd in Japan

Per capita prefectural income (FY2021)

¥3,111 thousand



¥3,597 thousand

Ranked 14th in Japan

Ranked 2nd in Japan

Shipments of products, etc. (2022)

¥11,866.8 billion

Ranked 9th in Japan

*Shipments of products, etc. per factory

¥3.1 billion

Ranked 3rd in Japan

¥52,409.8 billion

Ranked 1st in Japan *For 46 consecutive years

*Shipments of products, etc. per factory

¥2.8 billion

Ranked 5th in Japan

Shipments by main manufacturing industry (2023)

Shipments of electronic components, devices, and electronic circuits manufacturing industries



¥1,899.3 billion

Ranked 1st in Japan

Shipments of transport machinery



¥28,415.3 billion

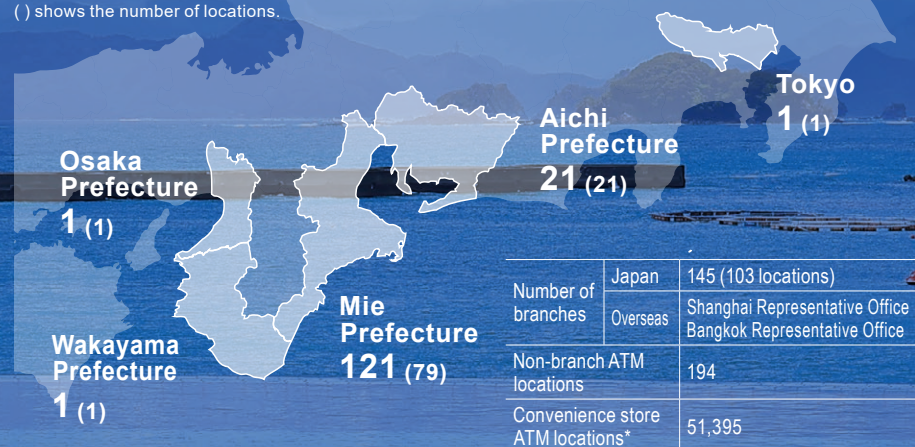
Ranked 1st in Japan

Solid sales foundation

Hyakugo Bank has a branch network of 145 branches (103 locations as of March 31, 2025) in Japan, mainly in Mie and Aichi Prefectures, and also has two overseas offices: Shanghai Representative Office (China) and Bangkok Representative Office (Thailand). The Bank has established a stable sales foundation, especially in Mie, where we have kept a dominant share of both deposits and loans.

Branches and ATM network (as of March 31, 2025)

() shows the number of locations.



*E-net, SEVEN BANK, LAWSON BANK

Share of deposits and loans in Mie (as of September 30, 2024)

Deposits
42.1%
(up 1.5% year on year)

Loans
50.9%
(up 0.9% year on year)

Mie Prefecture ranked 1st in Japan in the economic prosperity ranking.



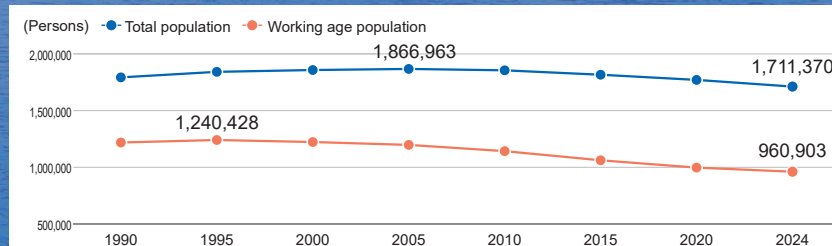
For the economic prosperity ranking, the disposable income in the upper 40–60% range, median households (the middle class), subtracted by basic expenditures (total spending for food, house rent, etc., and fuel, light & water charges) is ranked in descending order. This can be interpreted as the ranking of the amount of money remaining in hand in descending order by prefecture. The ranking was announced by the Ministry of Land, Infrastructure, Transport and Tourism in 2021 at the committee to consider factors of the overconcentration in Tokyo and the direction of initiatives for correcting the concentration.

Changes in economic base of Mie Prefecture

Gross prefectural product (nominal) of Mie in FY2021 was at ¥8,505.2 billion with a real economic growth rate of 4.5%, growth for two consecutive years, ranking 14th in Japan. Furthermore, Mie ranked 6th in Japan in terms of its average real economic growth rate over the past ten years (FY2012–FY2021), which stood at 1.1%.

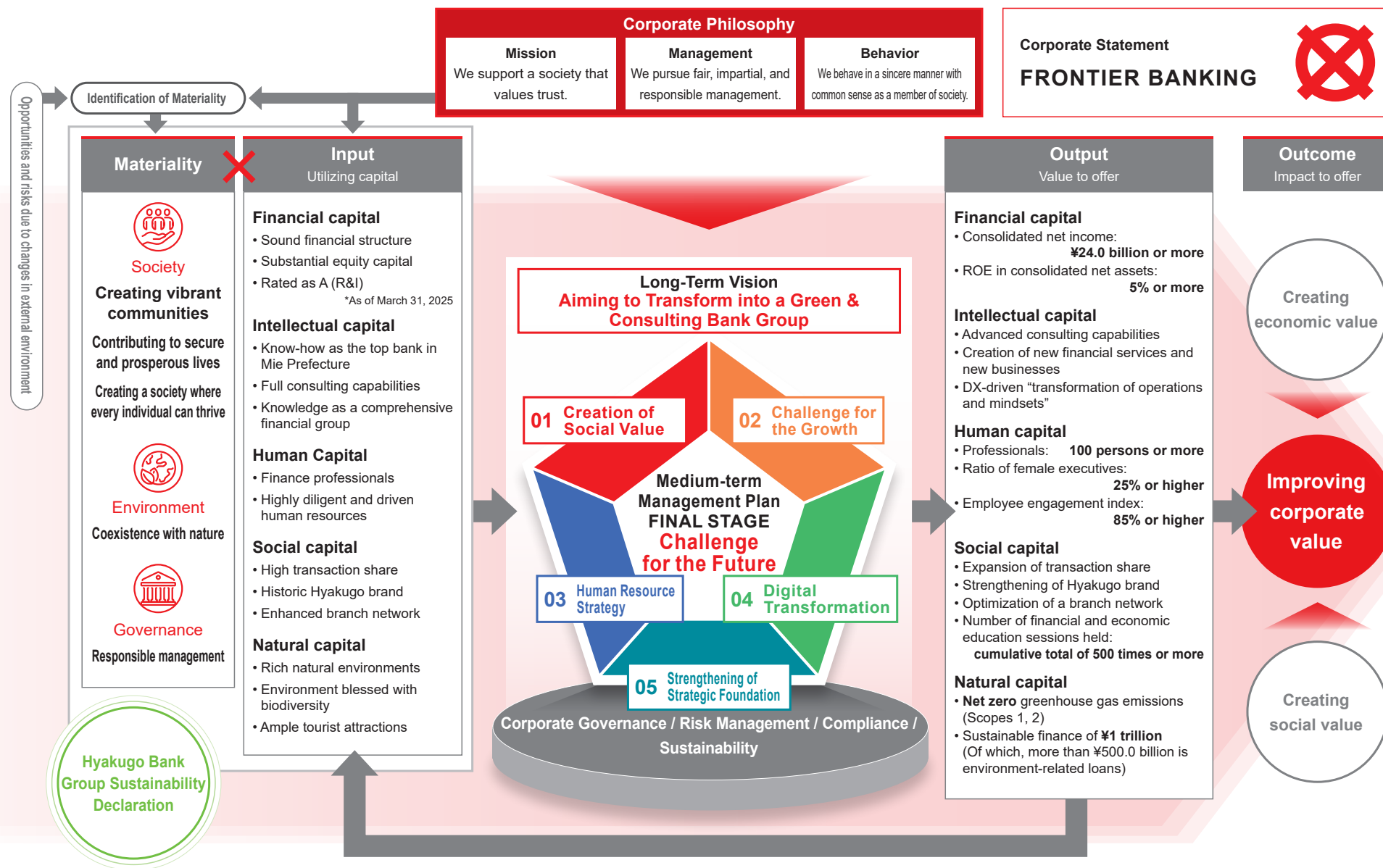
On the other hand, population, one of major factors of economic growth, has been decreasing with an accelerated pace higher than the average across the country, due to population ageing and negative net-migration (out-migration exceeding in-migration) among the younger generation. Furthermore, working age population, population with the ages between 15 and 64 years old, which can engage in labor as the core in Japan regardless of their willingness to work, declined significantly over the past dozen years or so. Labor shortage has also been increasingly serious in Mie due to those factors.

Trend of total population and working age population in Mie Prefecture



Value Creation Process

The Hyakugo Bank Group aims to continuously enhance its corporate value by creating value through solving social issues.



Materiality

The Hyakugo Bank Group conducted a review of its key issues (materiality) to be addressed, based on changes in the environment, expectations from stakeholders, and their significance to the Group's businesses. In the formulation of the materiality, we engaged with employees by canvassing their opinions on Hyakugo Bank's issues and responses and through an internal questionnaire survey. We also obtained feedback of the draft materiality from investors, local governments, and Outside Directors, based on which the draft was further refined. We will continue to incorporate the opinions of our stakeholders into initiatives to advance the Group's sustainability management even further.

Determination Process



Main opinions of stakeholders

Employees

- For regional issues such as population decline, hollowing of central urban areas, and the increase in vacant houses (loss of historical resources due to demolition), it should be possible to revitalize the local economy by promoting tourism, leveraging Hyakugo Bank's strengths in human resources, finance, and information.
- A decline in marine products from Ise Bay and the sustainability of local fisheries and processing industries due to industrial development and global warming are issues. By leveraging Hyakugo Bank's strengths in connecting government authorities and private companies and the geographical characteristics (marine) of Mie Prefecture to address ocean issues, it should be possible to contribute to the transition to a decarbonized society and the revitalization of local industries.

Mie Prefecture

- Labor shortages are a major issue for the sustainability of Mie Prefecture's economy that we would like the Bank to address.
- It is commendable that the Bank incorporates a perspective of creating value not only for corporate profit but also for the local community. When considering new businesses, participation in the agricultural and fisheries industries should also be considered from the perspectives of creation of employment and new value.

Investors

- The Bank is to be commended for listening to the opinions of stakeholders in its materiality decision-making process. Its reference to Mie Prefecture's General Plan and dialogue is particularly worthy of praise.
- It is important that initiatives to address the materiality are linked to the strategies in the Medium-term Management Plan and to consider how to connect these initiatives to the enhancement of corporate value.

Materiality

Risks and Opportunities		Materiality	Sub-materiality	Target	
Risk	Decrease in profit opportunities due to weakening of sales foundation resulting from population decline and regional economic stagnation	Creating vibrant communities	■ Growth of local businesses ■ Sustainability of local businesses ■ Creation of innovation in the region	Number of customer management issues solved	FY2028 Cumulative total of 1,000 cases
Opportunity	Strengthening of sales foundation and increase in profit opportunities through financial support that contributes to the solution of management issues and the enhancement of appeal of local businesses			Number of community issue engagements	FY2028 Cumulative total of 30 cases
Risk	Decrease in profit opportunities due to weakening of sales foundation resulting from declining birthrate and aging population	Contributing to secure and prosperous lives	■ Maintenance and development of social infrastructure ■ Readiness for the era of the 100-year lifespan	Increase in balance of depository assets*	FY2028 ¥50.0 billion
Opportunity	Increase in profit opportunities due to demand for funds to enhance social infrastructure such as medical and nursing facilities and asset building and management needs			Number of financial and economic education sessions held	FY2028 Cumulative total of 500 times
Risk	Decline in competitiveness due to a decline in labor productivity and exodus of human resources resulting from insufficient consideration to diversity in human resources development and to personnel/labor management and health and safety management	Creating a society where every individual can thrive	■ Respect for human rights ■ Implementation of healthy management practices ■ Respect for diversity of human resources ■ Improving employee growth and job satisfaction	Employee engagement index	FY2028 85% or more
Opportunity	Improving labor productivity and competitiveness by maximizing capabilities of diverse human resources			Ratio of female executives	FY2028 25% or more
Risk	Decrease in profit opportunities due to decline in local industries resulting from depletion of natural capital and adverse effects on ecosystems	Coexistence with nature	■ Transition to a decarbonized society ■ Transition to a circular economy ■ Conservation of natural capital and biodiversity	GHG emissions (Scope 1 & 2)	FY2028 Net zero
Opportunity	Increase in demand for funds and profit opportunities for enhancement of sustainability of business activities and local industries that are considerate of nature			Sustainable finance	FY2030 ¥1 trillion (Of which, more than ¥500.0 billion is environment-related loans)
Risk	Loss of business strength due to business stagnation and loss of social confidence resulting from insufficient risk management	Responsible management	■ Conduct of sound financial activities ■ Enhancement of corporate governance ■ Protection of customers' financial assets and information ■ Provision of safe and secure financial services ■ Customer-oriented business operations	ROE in consolidated net assets	FY2028 5% or more
Opportunity	Strengthening of relationships and trust with stakeholders and the enhancement of corporate value through financial activities conducted under appropriate risk management			Consolidated net income	FY2028 ¥24.0 billion or more

* Compared with the end of March 2025
Increase in consolidated balance of bank and securities investment trusts

Sustainability

For the enhancement of sustainability management, we revised the Hyakugo Bank Group SDGs Declaration announced in 2019 into the Hyakugo Bank Group Sustainability Declaration. We will continue to aim to be “A Bank That Can Be Relied Upon” that contributes to solving various social issues in the region by strengthening its initiatives and systems for sustainability.

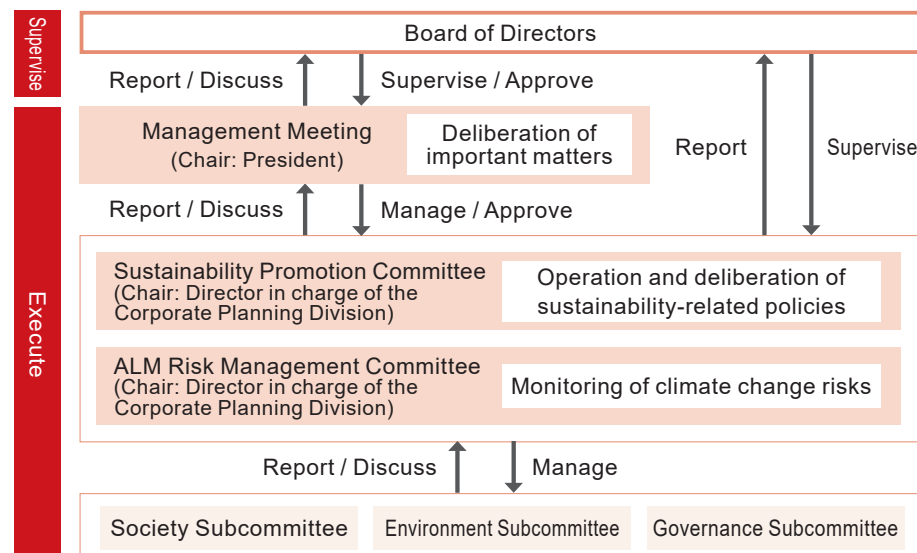
Sustainability Declaration

Hyakugo Bank Group will generate a virtuous cycle of social and economic value creation and contribute to the realization of a sustainable, vibrant, and prosperous society by working to resolve regional issues through our business activities.

Governance System for Sustainability

We reorganized the SDGs Promotion Committee into the Sustainability Promotion Committee to deliberate on the implementation of measures for achieving sustainable growth for both the region and the Hyakugo Bank Group. The Sustainability Promotion Committee sets non-financial targets for initiatives to address key issues. It also monitors those initiatives and manages their progress.

The Committee also delivers reports to the Management Meeting and the Board of Directors for discussion on matters such as policies and operations that have been deliberated on by the Committee. In doing so, we work to establish a PDCA cycle and strengthen governance regarding sustainability management practice.



Sustainability-related Policies

The Hyakugo Bank Group established its Environmental Policy, Human Rights Policy, and Sustainable Investment and Loan Policy as sustainability-related policies and, united as a Group, is working to promote initiatives that contribute to solving environmental and social issues.

Environmental Policy

With the awareness of the impacts of its business activities on the environment, climate, and living things, the Hyakugo Bank Group continues to work on responses to climate change, environmental conservation activities, and biodiversity conservation to mitigate its impact on the environment on a regional and global scale.



For the “Environmental Policy,” please scan the QR code on the right.
<https://www.hyakugo.co.jp/kankyo-houshin/>



Human Rights Policy

The Hyakugo Bank Group recognizes that respect for human rights is a basic issue to be addressed for the development of various activities and respects the human rights of its officers and employees and of its customers. The Group also asks its stakeholders not to violate human rights and works together with local communities to resolve human rights issues.



For the “Human Rights Policy,” please scan the QR code on the right.
<https://www.hyakugo.co.jp/jinken-houshin/>



Sustainable Investment and Loan Policy

- To conduct responsible investment and loans as a lender of funds, the Hyakugo Bank Group will comply with the Hyakugo Bank Credit Policy before actively promoting investment and loans in specific businesses and other enterprises that have a positive impact on the environment and society.
- We established a policy that sets forth our approach to investments and loans in businesses that are considered to have a significant impact on the environment and society and are taking appropriate measures. These businesses include coal-fired power generation businesses, businesses that involve logging and burning forests, businesses involving the manufacture of weapons of mass destruction and non-humanitarian weapons, and businesses involved in human rights violations such as forced labor.



For the “Sustainable Investment and Loan Policy,” please scan the QR code on the right.
<https://www.hyakugo.co.jp/sustainable-houshin/>



SECTION III

Strategies to Improve Corporate Value



- 26 Review of the Previous Medium-term Management Plan
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- 33 The Basic Strategies of New Medium-term Management Plan
- 34 Creation of Social Value
- 36 Challenge for the Growth
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Review of the Previous Medium-term Management Plan (April 2022 - March 2025)

In “Gateway to the Future II,” we revised our long-term vision in order to address new threats such as climate change risks and lifestyle changes, and worked on five basic policies and eleven key strategies, centered on strengthening our efforts toward carbon neutrality.

Long-Term Vision

We renewed our long-term vision to address new threats such as growing climate change risks and lifestyle changes and re-defined our goals.

KAI-KAKU 150 2nd STAGE “Gateway to the Future II”

—Aiming to Transform into a Green & Consulting Bank Group—

The Hyakugo Bank Group’s Vision

Green

- The Hyakugo Bank Group will contribute to the sustainable economic development of local communities by supporting “Just Transition,” a fair transition to regional carbon neutrality.

Consulting Bank Group

- The Hyakugo Bank Group is committed to pioneering the future for its customers and local communities by practicing problem-solving consulting.
- The Hyakugo Bank Group will continue its IT strategy to improve productivity, while also supporting the IT transformation of its customers and local communities through consulting.

Results of “Gateway to the Future II”

		Results in FY2022	Results in FY2023	Results in FY2024	FY2024 (Final Targets)	Evaluation
KGIs	Consolidated net income	¥14.4 billion	¥14.2 billion	¥18.0 billion	¥15.0 billion or more	○
	ROE in consolidated net assets	3.65%	3.21%	3.87%	3.50% or more	○
	Core OHR	63.78%	60.89%	59.61%	Less than 67%	○
	Capital adequacy ratio	12.23%	12.22%	11.92%	11% or more	○
KPIs	Housing-loan-related fees	¥3.3 billion	¥3.5 billion	¥2.8 billion	¥4.4 billion	△
	Commissions related to depository assets	¥2.8 billion	¥3.0 billion	¥2.8 billion	¥3.4 billion	△
	Corporate solutions fees	¥2.9 billion	¥2.9 billion	¥2.9 billion	¥3.0 billion	○
	Number of personnel with professional qualifications	371 persons	390 persons	451 persons	450 persons	○

New Medium-term Management Plan (April 2025 - March 2029)

The new Medium-term Management Plan aims at building a more robust and efficient business structure for “the banking business,” the Bank’s core business. In addition, we aim to promote business renewal and continuously reform the Bank’s business portfolio by creating and developing “new business that creates new communities.” In doing so, we will aim to enhance corporate value by creating both “economic and social value.”

Medium-term Management Plan

未来への挑戦

Challenge for the Future

Medium-term Management Plan KAI-KAKU 150 FINAL STAGE

Goals for Medium-term Management Plan

We aim to become “A Bank That Can Be Relied Upon” through this Medium-term Management Plan. To this end, bank employees need to become “people who are trusted and relied upon by customers.”

Bank's
Goal

**A Bank That Can Be
Relied Upon**



Bank
Employees'
Goal

**Bank employees whose faces are
the first to come to mind when
customers imagine their dreams
and futures**



Medium-term Management Plan: Basic Strategies

01 Creation of Social Value

Aim to create economic and social values by taking on the challenge of solving local issues

02 Challenge for the Growth

Aim to thoroughly streamline banking operations and provide more value to customers

03 Human Resource Strategy

Aim to be a “group of professionals who take on challenges” through proactive career development

04 Digital Transformation

Aim to transform operations and mindsets by leveraging digitalization and data

05 Strengthening of Strategic Foundation

Aim to strengthen governance and integrate sustainability and management

**KAI-KAKU 150
FINAL STAGE**

Medium-term Management Plan: Financial and Non-financial KGIs

This Medium-term Management Plan sets two financial KGIs: “ROE” and “Net Income.” We aim to create social value in addition to economic value by setting new non-financial KGI targets.

Financial Targets

	FY2024 Actual	FY2028 Target		FY2030 Target
ROE in consolidated net assets	3.87%	5% or more		¥1 trillion
Consolidated net income	¥18.0 billion	¥24.0 billion or more	Sustainable finance	(Of which, more than ¥500.0 billion is environment-related loans)

Non-Financial Targets

	FY2028 Target		FY2028 Target
Number of customer management issues solved	Cumulative total of 1,000 cases	Employee engagement index	85% or more
Number of community issue engagements	Cumulative total of 30 cases	Ratio of female executives (posts equivalent to or higher than senior staff)	25% or more
Increase in balance of depository assets*	¥50.0 billion	GHG emissions (Scope 1 & 2)	Net zero
Number of financial and economic education sessions held	Cumulative total of 500 times		

* Compared with the end of March 2025

Increase in consolidated balance of bank and securities investment trusts

Bank Employee Roundtable Discussion

“Challenge for the Future”

In the new Medium-term Management Plan “Challenge for the Future,” we placed importance on aligning our direction and vector through a formulation process that included the participation of all employees and incorporated individual employees’ opinions and requests.

In this section, four employees, including a branch general manager, DX promotion officer, and liaison staff, talk about their sense of the progression of the Bank’s transformation on the frontlines and about the path toward the Bank’s goal of being “A Bank That Can Be Relied Upon.”

Takayuki Mae

Yokkaichi-nishi Branch
and Matsumoto Branch
Responsibility: Liaison

Yuki Watanabe

Yatomi Branch
Responsibility:
Liaison

Miki Ao

General Manager of
Fujigaoka Branch

Hiroki Nakaya

Assistant Manager of
DX Promotion Office,
Corporate Planning
Division

Aim to be bank employees who get to know their customers, are able to meet all manner of customer needs, and whose faces are the first to come to customers' mind

—In the Medium-term Management Plan “Challenge for the Future,” Hyakugo Bank aims to be “A Bank That Can Be Relied Upon.” What strengths do you intend to demonstrate for customer needs and how do you envisage your part in helping to realize the Plan?

Watanabe I work as a corporate liaison, and as such, I have many opportunities to consult with business owners and employees of customer companies individually. For example, in addition to supporting business owners' asset building, they also make requests such as, “An employee is planning to purchase a home and would like some advice.” In corporate liaison, it is first important to build relationships of trust with our customers that will make them comfortable about consulting with us on any matter. Precisely because my role is to be our customers' first point of contact for their various needs, I am constantly working to increase my knowledge on a wide range of topics and to hone my response capabilities, so that customers will not think that I was the wrong person to ask.

Mae I also work in corporate liaison, and through handling their loans, I often have opportunities to talk with SME customers and sole proprietors about their wide-ranging needs. I receive many requests for advice about business succession and business management, as well as requests for matching between customers. In the process of such consultations, I gain a real sense that Hyakugo Bank's strength lies in “its responsiveness as an organization.” For consultations on capital investment and digitalization, we are able to introduce customers to relevant companies in the Hyakugo Bank Group. Hyakugo Bank has an organizational culture in which headquarters and branches work together to solve customers' issues, rather than leaving them entirely to the liaison staff.

Watanabe For example, in the Corporate Consulting Division at Bank headquarters, we have a support team for the automotive industry. Liaison staff, together with members of this support team, visit manufacturing industry customers and offer them support on issues such

as improving work efficiency and labor saving. We have established a system in which professionals in each field provide support for business succession and other highly specialized projects.

Mae We also have a broad network for meeting customers' business matching needs. I feel that this is precisely the strength that has allowed the Bank to remain rooted in the community for nearly 150 years, and that it is a legacy built by our predecessors.

Nakaya To demonstrate this kind of responsiveness, it is important for liaison staff, as the customers' point of contact, to build relationships of trust with them. I also worked in the sales division for about 13 years, and here at Hyakugo Bank, the management team has always communicated the message of “Let's listen to what our customers are saying and try to understand them more.” That culture of paying close attention to customers is firmly embedded in the frontlines.

The Medium-term Management Plan, as part of the goal to be “A Bank That Can Be Relied Upon,” declares a goal of employees being “Bank employees whose faces are the first to come to mind when customers imagine their dreams and futures.” My understanding of this goal is that, in other words, we maintain a stance of “Try to have a better understanding of our customers.” The most important way to get to know our customers is to actually meet with them and listen to them. On that basis, we will meet their expectations with precise proposals, thus becoming a trustworthy presence. This very history of providing value through both our ability to listen and our ability to offer solutions is a great strength of Hyakugo Bank, and I believe it to be a value that we will want to cherish for many years to come.

“Strengthening of consulting” is an essential part of being a reliable partner

—I believe that, for frontline employees, “Strengthening of consulting” is closely connected to “Challenge for the Growth,” which is one of the basic strategies of the Medium-term Management Plan. What is your opinion about the need for this strategy?

Ao I feel that the day will come when sales activities that rely solely on offering loan proposals based on the trust built up by our predecessors will no longer be

enough. In the 17 years since I joined the Bank, the business environment has changed greatly, particularly in the past few years. As customers themselves have more ways to obtain various information easily and quickly today, we need to have greater knowledge and proposal capabilities than our customers. Often, what may appear to the customer as a single issue can actually involve multiple intertwined factors. That is why our role as a reliable partner that deeply understands business, organizes issues from diverse perspectives, and proposes optimal solutions has become more important than ever.

Mae One privilege we have that no other industry has is that customers give us access to their financial statements for the purpose of loan screening. By analyzing their financials, we can identify underlying issues, and because of the trust that we earn through that process, customers will often ask us for more in-depth advice and invite us to visit their sites. Building relationships of this kind is the best part of the banking business. To take full advantage of the benefits of such relationships, it is essential that we improve not only our own individual character as people, but also our skills in areas such as analysis and proposals.



Ao One concrete measure that we are currently engaged in is the refinement of our sales manuals. This falls under the “Formation of ‘sales models’” and “Strengthening of individuals” aspects of the “Strengthening of consulting” strategy in the Medium-term Management Plan. We are preparing manuals that incorporate the expertise of high-performers at each branch, based on which we hold one-on-one training between supervisors and corporate liaison staff on a daily basis. We recreate daily sales conversations with customers and provide specific feedback and training based on the manual.

Watanabe Although I have been with the Bank for five years, I have not worked as a corporate liaison for very long, and I am finding it a challenge. I have seen my supervisors and senior colleagues respond instantly to quite technical inquiries from customers in all manner of industries, and the customers are surprised at the extent of their knowledge, which boosts the customers’ trust in an instant. I hope that I, too, will be able to improve the standard of my primary responses to increase my customers’ expectations before making proposals.



Mae The presence of role models who can inspire junior employees in that way is essential to enhancing their motivation.

As the Yokkaichi-nishi Branch where I work is a target of “Consolidation of corporate sales bases” stated in the Medium-term Management Plan, we are seeing a gradual increase in the number of employees at the branch. Some of those employees who have newly joined us are known as “ace bank employees,” and I naturally want to surpass them. I also have more junior colleagues, which gives me a healthy sense of urgency about not wanting to be overtaken by them.

Ao If you have an issue that you cannot solve by yourself, as long as you can solve it with the help of other people, you will eventually gain your own experience, thus improving your ability to deal with customers as well. As an environment that supports employees’ growth is progressively established during the period of the Medium-term Management Plan, I see it as a crucial period for me to give my best efforts as a branch general manager, and I am working with that mindset on a daily basis.

DX promotion that leads to model proposals for customers, as well as streamlining of operations

—Strategic DX promotion is another goal of the Medium-term Management Plan. How are you putting it into practice?

Nakaya For digital transformation (DX), the DX Promotion Office at Bank headquarters where I work plays a central role in making various capital investments, and we are working to increase our knowledge of labor-saving initiatives and operational automation. Initiatives implemented to date include labor-saving in counter services with the introduction of smartphone banking, support for bank staff working outside the office and at home by providing secure external access to internal systems that deal with confidential information, and the promotion of paperless operations with electronic contracts. Hyakugo Bank’s promotion of DX will serve as a model for DX proposals for our customers. We want to be a corporation that leads DX in the region.



Watanabe In terms of the shift to electronic contract documents, initially, there were some concerns such as “Can we use this system proficiently?” and “Would customers be willing to accept it?” However, once we actually started using the system, it allowed customers to complete procedures online with just a click of the mouse, whereas previously they would have had to manually sign and seal physical documents. We have received positive feedback from customers as well as within the Bank, saying that it makes things much easier. I do feel that, partly due to the promotion of DX, operational efficiency has improved, even in the five short years since I joined the Bank.

—The basic strategy regarding “Digital Transformation” includes initiatives for “strengthening data utilization in the sales field.” Can you tell us what kind of initiatives this involves?

Nakaya Just as an example, we are currently accumulating data on examples of sales activities to enhance the customer relationship management (CRM) system. In the future, through data analysis, we aim to make the effects of this initiative more visible, such as what kinds



of proposals we should make to customers in “what kinds of situation to improve closing rates” and “how much we were able to contribute to customers’ growth.”

As Ms. Ao explained regarding initiatives to standardize quality of sales activities and proposals earlier, we will support building systems on the DX front, which will enable all sales staff to make high-quality proposals.

Ao We can also use proposals made by high performers as reference by looking at past sales logs. It will make a good textbook for employees who are highly motivated to grow.

Nakaya I agree. We consider DX strategies with a focus on “how we can make each and every employee thrive even further,” which I believe is the mission of Bank headquarters as a whole. For example, with personnel transfers taking place in the branches every three to four years, there may be a change in the person in charge of a particular customer. The newly appointed staff member can make preparations in anticipation of the customer’s needs based on an analysis of accumulated sales activity data. That means that those who feel challenged, like Ms. Watanabe here, about “whether

they have been able to make proposals in line with customer needs” can feel reassured and visit their customers with confidence.

From the customer’s viewpoint, if they feel that the new staff member understands what they previously told other staff members, the new staff member is more likely to gain the customer’s trust. Trust is built not only in tangible results but also in such small interactions with customers. We will work to support our employees to build relationships of trust with our customers through DX.

In the new Medium-term Management Plan, we will aim to grow as employees of Hyakugo Bank and as people, and to contribute to the local community

—Finally, can you tell us about your motivation to achieve the Medium-term Management Plan?

Ao At the branches, we prepare our business plan policy every six months, based on which we formulate action plans for achieving the Medium-term Management Plan and our numerical targets. On that basis, I believe that, to form employees’ mindset, it is just as important for each branch to have their own familiar slogans as it is to share messages and strategies from the management team.

My own branch’s slogan is “With all our might.” As well as responding to customers’ expectations with all our might, we value a mindset of caring for family and colleagues and enjoying both our work and private lives with all our might as well. Even that single goal of “strengthening of consulting” cannot be achieved with systems alone. As DX reduces work hours in administrative operations, it is important to place serious effort into one’s own personal growth and engagement with customers. I believe that a fulfilling private life not only improves bank employees’ quality of life, but also leads to personal growth, enabling us to offer closer support to our customers. As a branch general manager, I will work with all my might to support the creation of such an environment.

Nakaya I feel the greatest sense of joy and reward as a bank employee when customers call me by my own name, “Nakaya-san,” instead of just “Hyakugo Ginko-san.” At Bank headquarters, we will strive to extend that kind of circle of trust and appreciation for individuals to the entire Hyakugo Bank.

Mae In order to satisfy customers’ diverse needs, I want to improve my skills and grow into someone who will be referred to as an “ace bank employee.” I believe that not only the generation of results, but also each and every employee putting the goals of the Medium-term Management Plan into practice will lead to the achievement of the targets. This will certainly not be an easy path, but it will make me happy if my own efforts have a positive impact on other employees.

Watanabe Many employees of the Bank, including myself, are originally from Mie Prefecture or neighboring regions. Hyakugo Bank is working not only to enhance its own corporate value, but also to create both “economic and social value” for the region. I hope to continue putting in steady day-to-day efforts, with the true sense that my work is contributing to the development of my local community.



The Basic Strategies of New Medium-term Management Plan

In order to create both “economic and social value” to enhance the Bank’s corporate value, we established five basic strategies.

Basic Strategy	Aim	Specific initiatives
01 Creation of Social Value ▶ P.34	Aim to create economic and social value by taking on the challenge of solving local issues	■ Create social value through decarbonization support and tourism industry support by establishing Sustainability Business Development Division ■ Establish new companies, create new business, and strengthen group governance by establishing Group Strategy Promotion Office
02 Challenge for the Growth ▶ P.36	Aim to thoroughly streamline banking operations and provide more value to customers	■ Improve consulting capabilities by consolidating corporate sales bases ■ Thorough asset management through interest margins and RORA ■ Increase deposits by implementing segment-specific deposit enhancement measures ■ Enhance risk management for structured finance and cross-border loans by establishing Investment Finance Division ■ Enhance the Group’s depository asset sales by clarifying roles of bank and securities company ■ Improve and optimize the quality of assets by restructuring the housing loan system
03 Human Resource Strategy ▶ P.44	Aim to be a “group of professionals who take on challenges” through proactive career development	■ Realize a “group of professionals who take on challenges” by establishing a personnel policy and clarifying the ideal image of a talent portfolio ■ Implement a fundamental personnel system reform to optimize a talent portfolio and improve employee engagement
04 Digital Transformation ▶ P.50	Aim to transform operations and mindsets by leveraging digitalization and data	■ Reorganize the IT Strategy Department into the DX Promotion Office to promote unwavering DX • Paperless base^{*1} • My page base^{*2} • Electronic delivery base^{*3} • Data utilization • DX support for the Group/local businesses ■ Leverage internal and Group DX knowledge to make a full-scale entry into regional DX through collaboration with other companies
05 Strengthening of Strategic Foundation ▶ P.54 ▶ P.62	Aim to strengthen governance and integrate sustainability and management	■ Solidify strategic foundation by enhancing sustainability management system and strengthening governance structures

*1 Paperless base: expansion of operations and services that eliminate the need for customers to fill out forms and affix seals

*2 My page base: a system that allows customers to communicate smoothly with staff without visiting branches

*3 Electronic delivery base: digitization of documents provided to customers (reduction of mailed and hand-delivered documents)

Basic Strategy **01** Creation of Social Value

Establishment of a System to Take on the Challenge of Creating Social Value

We aim to create “social value” and “medium-to long-term profits” through the resolution of social issues by establishing Sustainability Business Development Division to provide regional support for decarbonization, tourism, and primary industry, and Group Strategy Promotion Office to establish new companies, promote new business creation projects, and strengthen group governance.

Establishment of a System for Creating Social Value

With the participation of all employees, we will build a business that contributes to solving local issues and creating social value.



New Business Creation Projects

In the new Medium-term Management Plan, we aim to create economic value as well as social value by providing our customers with an even wider range of solutions than ever before.

To achieve this, we need to replace the business portfolio of the entire Hyakugo Bank Group to become “A Bank That Can Be Relied Upon” more than we are today while continuing to focus on the banking business.

To that end, based on the free ideas of all employees in the Group, we are working on a new business creation project to consider new businesses, in order to create “regional happiness” through the resolution of social issues.



Basic Strategy 01 Creation of Social Value

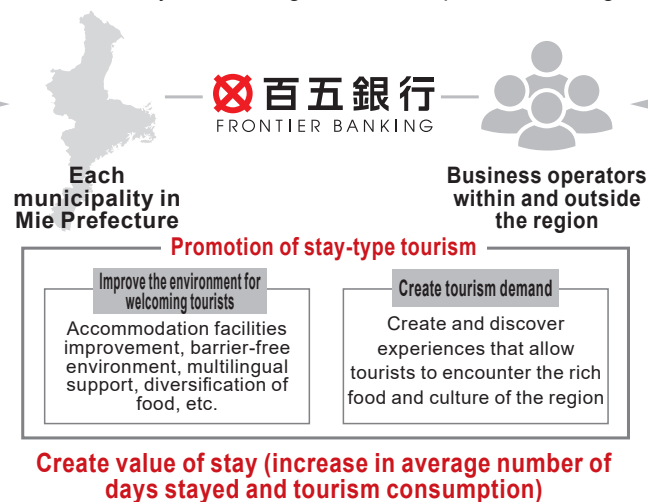
Challenge of Creating Social Value

Creation of Value of Stay and Revitalize the Regional Economy through Tourism Industry Support

The tourism industry is an important growth industry that generates ripple effects across a wide range of local industries, including not only the accommodation and food & beverage industries, but also the transportation, service, agriculture, forestry, and fishery industries. In order to revitalize the regional economy with a focus on tourism, the Bank positions “tourism industry support” as one of its priority measures in its new Medium-term Management Plan. By combining funding support for the development of accommodation facilities and enhancement of tourism infrastructure (tangible aspects) with support for disseminating the appeal of local products and culture, and developing experience-based tourism (intangible aspects), we will realize “creation of value of stay” to promote expansion of tourism consumption in Mie Prefecture. The development of the tourism industry also leads to job creation and revitalization of local industries in the region. We will collaborate with local governments, destination management/marketing organizations (DMOs), and local businesses to promote the creation of sustainable tourist destinations, thereby contributing to the development of the regional economy as a whole.

Utilization of historical structures in Iga Ueno castle town

Hyakugo Bank invests in the “Asset Renovation Fund” established by the Organization for Promoting Urban Development in collaboration with regional financial institutions and other entities. Through this Fund, we invest in NOTE Iga Ueno that operates “Nipponia Hotel Iga Ueno Castle Town,” contributing to a sustainable growth in the regional society and economy.



Dissemination of Mie's “food” and “culture”

An event was held at Mie Terrace (Nihonbashi, Tokyo) to introduce “Sake” of Mie Prefecture and “Ate (appetizers)” that go well with it. The sake brewery introduced the participants local sake and explained things they were particular about in sake brewing, and a curator of Mie Prefectural Museum gave lectures on Ise Mairi and the culture of sake.



TOPICS

Partnership Agreement with the Tokai Regional Agricultural Administration Office of the Ministry of Agriculture, Forestry and Fisheries

On March 7, 2025, we concluded a partnership agreement with the Tokai Regional Agricultural Administration Office of the Ministry of Agriculture, Forestry and Fisheries, with the aim of contributing to the expansion of exports of agricultural, forestry, fishery, and food products from the Tokai Region. We will effectively coordinate “export support” utilizing regional resources with “inbound tourism promotion” to deliver attractive regional content to overseas markets. Focusing on the Muslim market which has growth potential among inbound strategies, we will strengthen support for developing a “halal-compliant” reception environment and information dissemination.

We held a halal roundtable meeting event in collaboration with Malaysian government agencies in July 2024 and Indonesian government agencies in March 2025, engaging in activities to realize a circular economy of “export support” and “inbound tourism promotion.”



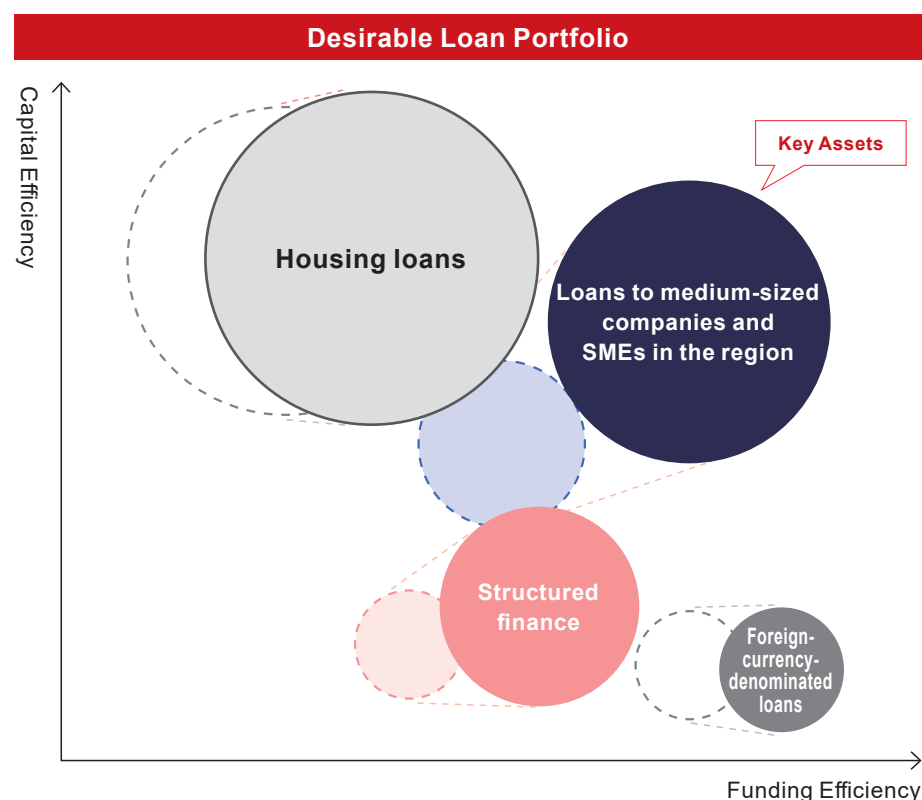
Basic Strategy 02 Challenge for the Growth

Formation of a Portfolio with High Capital and Funding Efficiency

We aim to optimize asset allocation by enhancing funding efficiency (interest margin) and capital efficiency (RORA) management for the banking business, the Bank's primary business, through clarification of risk appetite and flexible review. Furthermore, in order to enhance structured finance and cross-border risk management and to establish a system for continuously training bank employees with expertise, we will establish an Investment Finance Division at our headquarters.

Formation of a Portfolio with High Capital and Funding Efficiency

We will establish a structure that enables the appropriate accumulation of assets for maximum efficiency in terms of both funding efficiency (interest margins) and capital efficiency (RORA).



Thorough asset management through interest margins and RORA

Risk Appetite Framework (RAF)

A framework that clearly defines the risks the Bank should take, sets the amount, types, and tolerance levels of risks, and enables appropriate risk-taking

Clarification of risk appetite and flexible operations

Funding efficiency (interest margin)
Capital efficiency (RORA)
Management enhancement

Asset allocation optimization

Establishment of Investment Finance Division and Financial Market Headquarters

Financial Market Headquarters

- Serve as the command center for the Investment Finance Division and the Treasury & Securities Division, building an optimal portfolio and providing a check-and-balance function

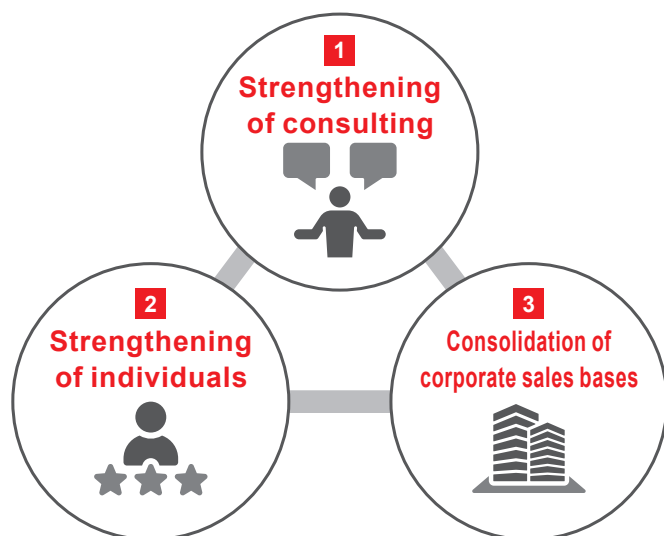
Investment Finance Division

- Asset management by professionals with expertise
- Establishment of continuous training systems

Basic Strategy 02 Challenge for the Growth

Strengthening of Consulting

We aim to strengthen consulting capabilities by restructuring the corporate sales framework and standardizing sales activities, thereby addressing the issues that customers are facing and contributing to the growth of both the entire region and the Bank. In addition, we establish an environment that enables bank employees to work hard and encourage each other by strategically deploying corporate liaison personnel.



Standardization of sales activities (foundation and system building)

▶ Practicing the “corporate sales models”

We will standardize managers to ensure that “sales promotion, sales management, and talent development” are carried out at a consistent level, regardless of each manager’s knowledge, experience, or skills.

▶ Establishment of “PDCA for overall sales”

We will strengthen monitoring of sales promotion and management in line with the permeation of corporate sales models, and establish a PDCA cycle covering planning, activity management, result verification, and drafting of improvement measures.

1 Strengthening of consulting

Sharing of “models” of consulting proposal
—From tacit knowledge (learn by example) to explicit knowledge (compiled into a manual)—

We will strengthen autonomous capabilities by compiling into a manual high-level consulting proposal techniques that corporate FAs (financial advisors) have been conducting and sharing with branches.

2 Strengthening of individuals = development of ace bank employees

Establishment of an environment for developing ace bank employees

- (1) We will implement the PDCA cycle for sales activities in addition to formulating various training programs to develop ace bank employees.
- (2) We will provide practical development through role-playing based on consulting themes.

3 Consolidation of corporate sales bases = development of environment where employees can learn and compete together

Strategic deployment of liaison personnel

- (1) We will consolidate the “liaison and loan” personnel of smaller branches with relatively few liaison personnel into nearby branches.
- (2) We will create an environment where the activities of ace bank employees can be directly experienced.

Basic Strategy 02 Challenge for the Growth

Enhancement of Depository Asset Sales (1)

We aim to enhance customer-oriented business operation by streamlining administrative operations and establishment of an efficient sales structure through various reviews of the depository asset sales system, and by strengthening non-face-to-face functions.

Customer-oriented Business Operations

The Bank and Hyakugo Securities have made a declaration of customer-oriented business operations and have set forth three promises. In order to propose an optimal asset management plan to our customers, we strive to accurately understand their knowledge, experience, financial situation, investment objectives, and risk appetite, and explain information such as products, risks, fees, and market trends in an easy-to-understand manner.

Customer-oriented business operations —Three promises—

- We will thoroughly implement customer-oriented business operations in order to contribute to asset building by customers.
- Our executives and employees will propose financial products with the best interests of our customers in mind.
- We listen to our customers' voice and actively work to improve our services and operations.

Thorough Implementation of Customer-oriented Depository Asset Sales

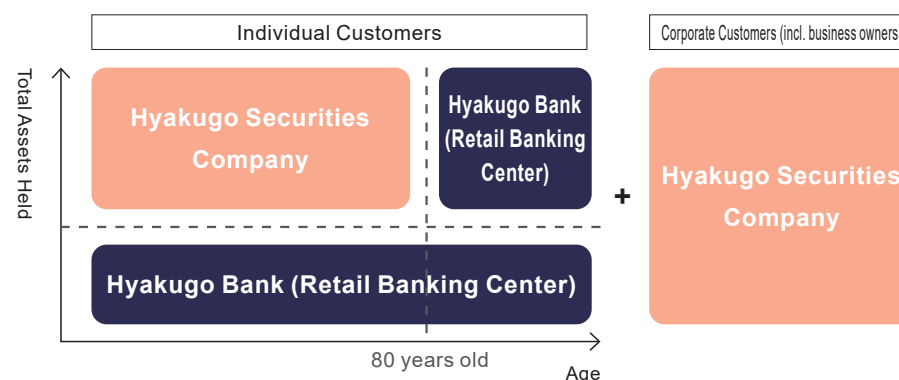
- Concretize "latent needs and apparent needs" and the "best proposal image" by customer segment
- Spread channel-specific promotion measures (potential customers in the target segment, aim, suitable products, and services) throughout the Bank
- Continuously consider for enhancing the "products," "services," "information contents," and "customer contact enhancement tools" necessary for promotion
- Compare products and practice proposals for combination in a "world with interest rates"
 - * Deposits, government bonds, insurance, bonds, investment trusts
- Enhance the PDCA cycle for the permeation of customer-oriented business operations based on performance award system's "customer-oriented sales monitoring evaluation items" and "customer surveys"
- Thorough proposals and sales tailored to customer needs based on "thorough customer profiling"
- Improve regional financial literacy by enhancing training and study sessions that practice "timely and appropriate follow-up and information provision" and by strengthening support for financial education in the region

Hyakugo Bank Group's Sales Structure for Depository Assets

In order to pursue the best interests of customers, we will clarify the roles of bank and securities company, and establish a "group sales structure for depository assets" to enable the effective implementation of our proposals. Specifically, we will establish a segment-based sales structure according to customers' life stages and depository asset balance to eliminate duplication in banking and securities promotional operations and create an efficient sales structure, and strengthen our stock business and establish customer-oriented business operations. In this way, we will aim to increase consolidated balance of bank and securities investment trusts by ¥50.0 billion.

Shift to a segment-based sales structure

- Securities company responds to the investment needs of customers who require highly specialized investment proposals
- Bank responds to customer needs based on their life planning, including household budget reviews, inheritance, and gifts



Basic Strategy 02 Challenge for the Growth

Enhancement of Depository Asset Sales (2)

Expand Online Functions

We will expand online transactions through digitalization of operations, and increase customer convenience in a series of procedures, from proposals to contracts and follow-ups. Specifically, we started handling “105 Smartphone Investment Trust” service on January 27, 2025. Going forward, we will consider implementing paperless depository asset operations, and online interview and online contract functions.

- Promote paperless depository asset operations
- Implement online interview and online contract functions
- Implement the investment trusts transaction functions in Hyakugo Bank smartphone banking, in addition to individual internet banking

Increase customer convenience

Increase accuracy of operations



Financial and economic education

In order to help enhance financial literacy of our customers and provide “security” and “prosperity” to people’s lives, we will strengthen the system of financial and economic education that we provide at high schools and other institutions, aiming for 500 on-site lectures held in total during the Medium-term Management Plan period.

Regional financial literacy enhancement (holding seminars, etc.): 500 times

Provide diverse investment education opportunities

Educational institution
(classes, lectures)

Branches and headquarters
(face-to-face seminars, webinar)

Local companies and organizations
(seminars, consultation meetings)

TOPICS

Financial literacy enhancement support

The Bank has been engaged in financial and economic education since 2002, and mainly targets students and offers a wide range of programs such as experiential learning, outreach programs, and internships in formats according to the needs of each generation and educational institution.

In recent years, financial and economic education has become a compulsory subject in high schools against the backdrop of the lowering of the age of adulthood, and with the diversification of the financial and economic situation, the importance of financial literacy education among young people has further increased.

Hyakugo Bank Group will continue to actively promote education for students who will support the next generation, and contribute to ensuring that young people who are responsible for the local community can achieve “secure and prosperous lives” in the future.



Basic Strategy 02 Challenge for the Growth

Individual Loans

We aim to further “improve the quality of mortgage assets” through thorough operational streamlining by DX, in line with changes in the external environment.

Improve the Quality of Mortgage Assets (Promote DX and Centralization at Headquarters)

In terms of mortgage strategy in the previous Medium-term Management Plan, while we implemented measures such as revising target amount for the final year (FY2024), redeploying personnel at the Retail Loan Center, and consolidating branches, the balance of mortgage increased by ¥660.4 billion (137%) compared to before the start of the previous Medium-term Management Plan (March 31, 2022) and accounted for 47% of the total loan portfolio.

Under the new Medium-term Management Plan, we will shift our activities' focus from “quantity” to “quality,” and further accelerate operational efficiency through DX and centralization at headquarters in mortgage procedures utilizing DX, aiming to improve profitability through reductions in personnel expenses and other measures. In FY2025, the first year of the new Medium-term Management Plan, we will expand non face-to-face transactions by adding a partial prepayment function to smartphone banking, adopt paperless processing of the application documents via tablet, and centralize administrative operations for contract preparation at headquarters, as well as consider customer services and operation flows in which an entire procedure for mortgage is completed online or via non face-to-face transactions in the future.

Digitalize customer procedures

- 01 Adopt paperless processing for the final mortgage application documents
- 02 Add a partial prepayment function to smartphone banking
- 03 Systematize the pre-screening application method

Centralize administrative operations at headquarters and streamline them

- 01 Adopt labor-saving management operations
- 02 Centralize contracts and related documents at headquarters

Promote cross-selling to mortgage customers

- 01 Reinforce deposits by increasing salary transfer designations
- 02 Expand ancillary transactions by capturing needs for unsecured loans and insurance

Shift activities' focus from quantity to quality

Response to demand for fixed-rate mortgages (utilize Flat 35)

Under the new Medium-term Management Plan, with market interest rates trending upward, demand for fixed-rate mortgages is expected to increase, and we will also promote “Flat 35,” which allows customers to choose long-term fixed-rate mortgage.

Strengthen Mortgage Claims Management

We established the Loan Claims Management Section. The section is responsible for managing and analyzing cases such as substitute payment and delinquency, aiming to maintain high quality of both existing mortgage claims and newly applied mortgage claims by strengthening mortgage claims management.

TOPICS Participation in Mie Decokatsu Promotion Project as a joint business operator

Under the new Medium-term Management Plan, we are working to establish a program in which the procedure from applying for an unsecured loan to signing the contract is completed online, and to make this available for all products. Additionally, we are renewing our efforts to contribute to society in the field of loans. We are considering the development of specialized products for the educational sector and initiatives in collaboration with Mie Prefecture and local companies.

Ahead of the implementation of these initiatives, in February 2025, we participated in the “Mie Decokatsu Promotion Project,” which was launched in collaboration with Mie Prefecture and other entities with the aim of promoting Decokatsu* among the citizens of the prefecture. In addition to introducing loan products and holding consultation meetings in the metaverse space, we participated in “Mie Decokatsu One Step Fair” and explained Hyakugo Bank Group's SDGs activities and held consultation meetings for automobile loans and home improvement loans. On the day of the event, building contractors, electronic and home appliances retailers, and car dealers in Mie Prefecture ran exhibition booths, and a large number of people visited the event.

* Decokatsu: a nickname for the “National Movement to Create a New and Prosperous Lifestyles toward Decarbonization” launched by the Ministry of the Environment in 2022.



Basic Strategy 02 Challenge for the Growth

Enhancement of Deposit Transactions

We aim to be “A Bank That Can Be Relied Upon” that serves both individual and corporate customers, thereby acquiring deposits that can be held for the long term by gaining support from broader customers than ever before. Toward increasing deposits essential for building a high-quality portfolio, we will implement segment-specific deposit enhancement measures.

Individual Segment

Asset-building group



Initiatives for mortgage customers

- We aim to expand channels and products for our mortgage customers with potential for business expansion.

Childcare support package

- We aim to acquire deposits that can be held for the long term by providing customers in the “child-rearing generation” who generate the vitality of the community’s next generation with comprehensive services aligned with their life stages.

Senior group



Initiatives to the senior group

- We aim to expand deposits by providing comprehensive proposals on ideal asset management to senior customers with diverse asset-related concerns.
- We will enhance our offerings to senior customers by expanding support measures to address issues beyond asset management, such as “preparation” and “connection.”

Corporate Segment

Within Mie Prefecture



Initiatives for regional collaboration

- We aim to create new products and services that have never been offered before, including consideration of developing deposit products with themes related to social issues in collaboration with local governments.

Initiatives for corporate customers

- We will enhance our comprehensive proposals to customers whose deposit transaction share is low relative to their loan transaction share. We aim to acquire deposits that can be held for the long term by encouraging them to use us as their main bank through the resolution of their management issues.

Outside Mie Prefecture



Initiatives to acquire deposits outside prefecture

- We will enhance our offerings to customers outside Mie Prefecture.
- We will strengthen activities to expand deposits at urban branches in Tokyo, Osaka, Aichi, and other prefectures.

Basic Strategy 02 Challenge for the Growth

Provision of Group-wide Solutions

We aim to enhance corporate value through reforming the Bank's business portfolio, and offer a variety of services in the way that does not limit ourselves to the Bank's original services, thereby contributing to the creation of a vibrant region.

Strengthen Coordination that Does Not Limit Ourselves to the Bank's Original Services

To achieve sustainable improvement of corporate value, the Hyakugo Bank Group aims to optimize the business portfolio of the entire Group in order to flexibly respond to changes in the environment, with a focus on the banking business.

In order to constantly renew our products, services, and business itself and provide a wider range of solutions than ever before, we will actively seek capital and business partnership with other companies, based on the knowledge, experience, and commitment to the region of all employees of the Group, to incorporate external knowledge, technology, and expertise. By so doing, we will develop the most advanced services in Japan.

In addition to the coordination between the Bank and Group companies, we will expand Hyakugo Bank Group's solutions by strengthening coordination that does not limit ourselves to the Bank's original services.

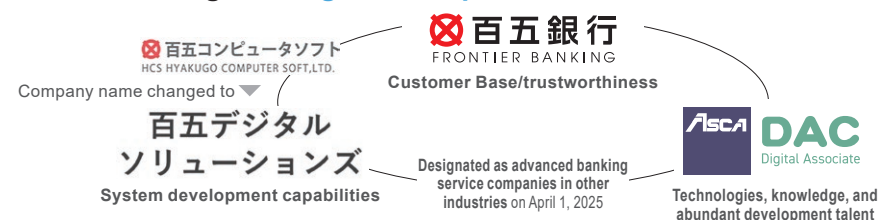


Case

On April 1, 2025, we invested in Asca Planning Nagoya Company Limited and Digital Associate Company Limited, jointly with an independent private equity fund, and made them our subsidiaries. Both companies contribute to improving productivity of their customers by providing services in Nagoya City, including system development, system maintenance and operation services, and dispatching system-related personnel. The Hyakugo Bank Group, centered on Hyakugo Digital Solutions, will further accelerate regional DX promotion by leveraging synergies with the two newly added companies to the Group. Hyakugo Digital Solutions, Asca Planning Nagoya Company Limited, and Digital Associate Company Limited are designated as advanced banking service companies in other industries*.

* Advanced banking service companies in other industries: subsidiaries of banks as defined in Article 16-2, paragraph (1), item (xv) of the Banking Act.

Strengthen regional DX promotion with a new framework



Voice of the person in charge

Our vision for the future

Under the Medium-term Management Plan, which started in April 2025, a Group Strategy Promotion Office was newly established in the Corporate Planning Division. This Office discusses the creation of new businesses to resolve regional issues and the structure of the business portfolio for the entire Group, in addition to working to improve group governance. Through further strengthening of our product and service development structure, we will contribute to the creation of "happiness in the region," by providing comprehensive services that go beyond the traditional banking business framework, offering one-stop services to customers through the integrated efforts of the entire Group, so that they say "If you ask Hyakugo Bank, they can solve anything" and "I am glad that I consulted with Hyakugo Bank."



Basic Strategy 02 Challenge for the Growth

Securities Strategy

Hyakugo Bank carries out securities investment to accumulate safe and good assets to “secure good payment reserve assets,” “obtain stable interest and dividend revenue,” and “form unrealized gains from a medium- to long-term perspective,” which plays an important role in asset management, together with loans.

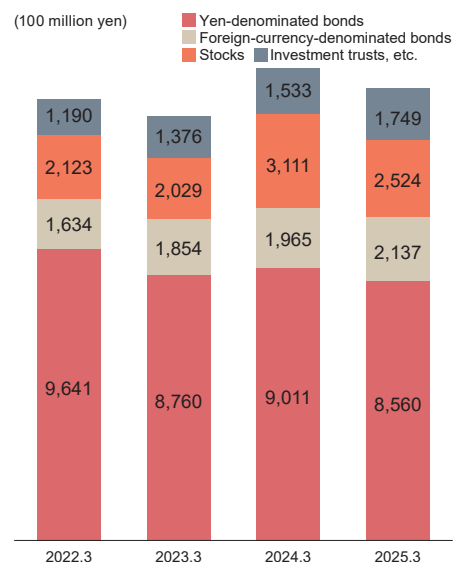
Status of securities portfolio

As of March 31, 2025, the Bank had approximately ¥1.5 trillion of securities under management.

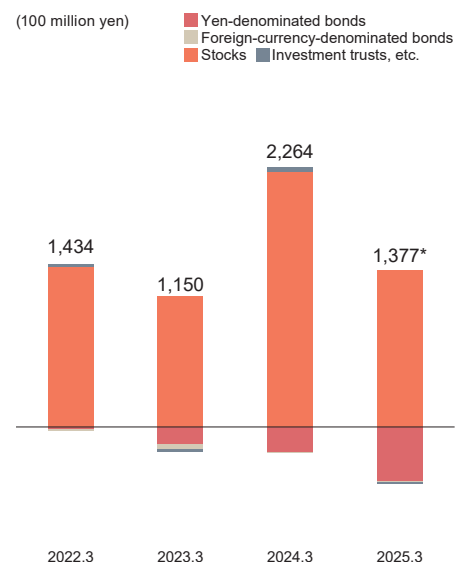
In FY2024, while we increased our investment amount in yen-denominated bonds, valuation gains (losses) decreased due to rising interest rates and falling stock prices, resulting in a decrease in balance of securities by ¥65.0 billion compared to the end of the previous fiscal year.

With regard to valuation gains and losses on securities, which indicate the health of management, although overall yen-denominated bonds have suffered valuation losses due to rising domestic interest rates, overall securities had a valuation gain of ¥137.7 billion as of March 31, 2025 due to valuation gains on stocks.

Changes in balance of securities



Changes in unrealized gains and losses on securities



* ¥140.4 billion of valuation gains after taking hedging into account

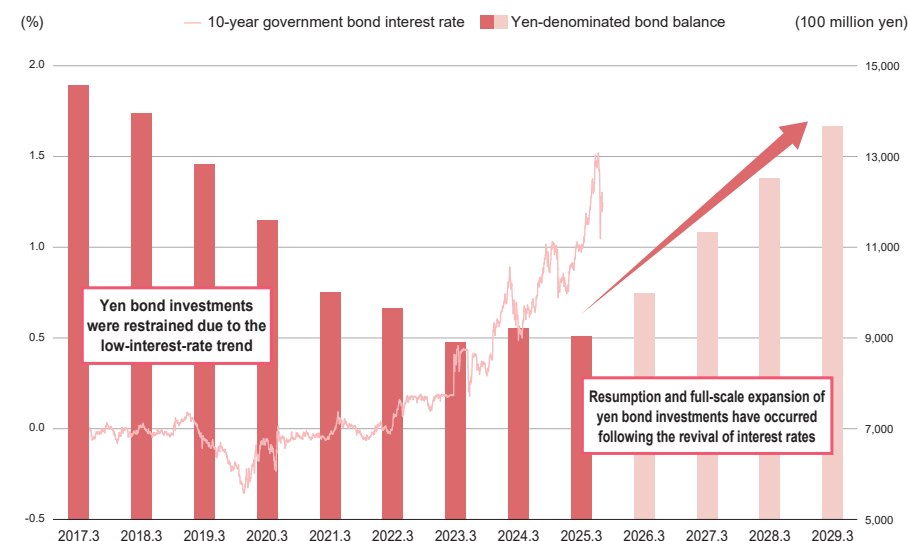
Future investment policy

As a result of the Bank's overall efforts to increase lending to medium-sized companies and SMEs and housing loans due to the difficulty of redeeming and reinvesting yen-denominated bonds with the prolonged low interest rate environment, the balance of yen-denominated bonds had been declining over the past few years.

However, since FY2023, we have gradually resumed investment in yen-denominated bonds with the normalization of monetary policy, and the balance of yen-denominated bonds has begun to increase.

In the new Medium-term Management Plan as well, our policy is to aim to maximize earnings by flexibly responding to changes in the market environment while restructuring the securities portfolio with a focus on yen-denominated bonds.

Trends of 10-year government bond interest rate and yen-denominated bond balance

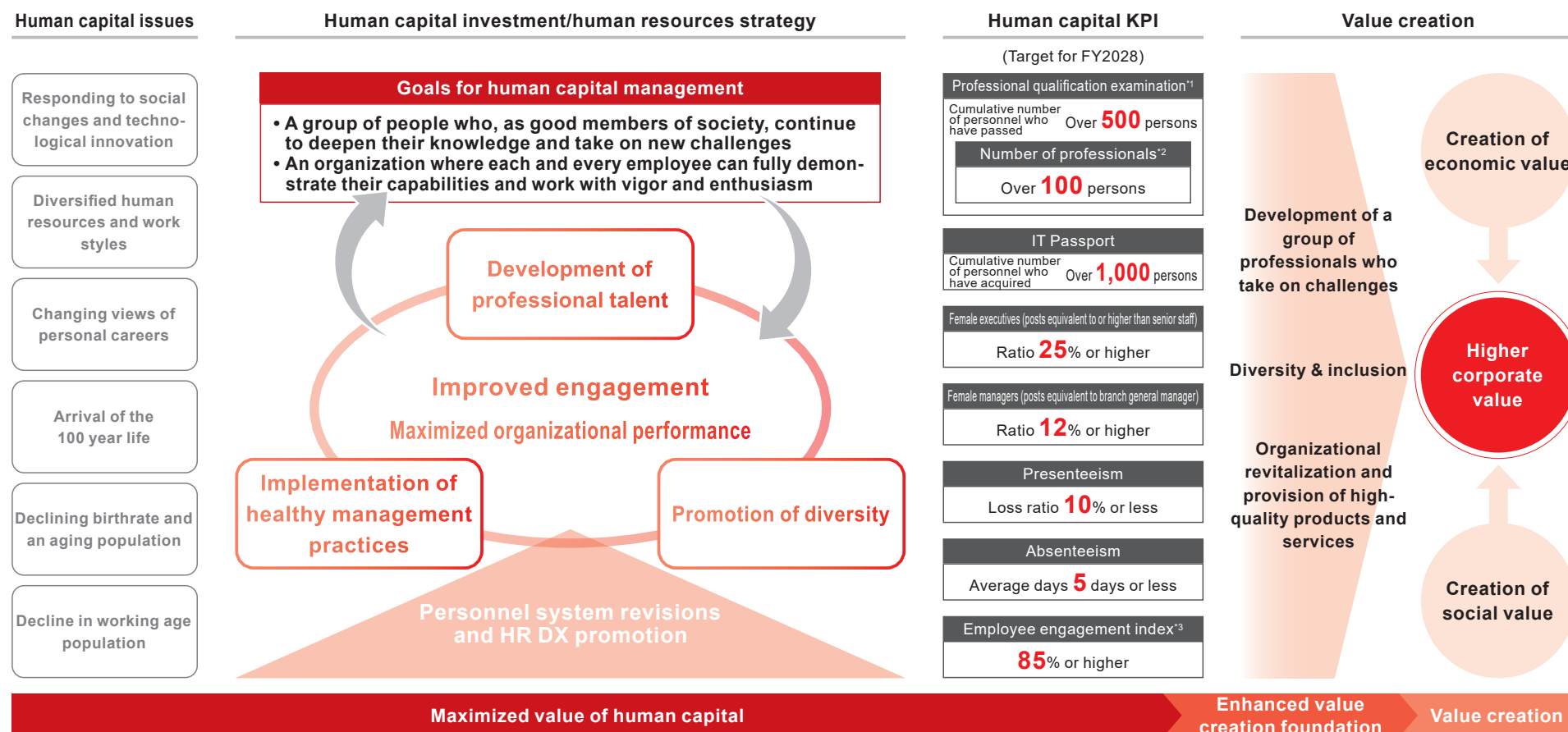


* Actual results are shown up to the end of March 2025, and figures from the Medium-term Management Plan are presented from the end of March 2026 onward.

Basic Strategy 03 Human Resource Strategy

Outline of the New Medium-term Management Plan

With regard to investment in human capital and human resources strategy under the new Medium-term Management Plan, we position the “development of professional talent,” “promotion of diversity,” “implementation of healthy management practices,” and “personnel system revisions” as our main measures, based on materiality and human capital issues, and aim to become a “group of professionals who take on challenges,” an organization where each and every employee can fully demonstrate their capabilities and work with vigor and enthusiasm. Measurable indicators and targets related to these investments in human capital and human resources strategy are as follows:



^{*1} Professional qualification examination: examinations for 1st grade financial planner, CFP, SME consultant, certified tax accountant, certified social insurance labor consultant, securities analyst, and CIA (Certified Internal Auditor), 1st-class kenchikushi, registered information security specialist, and project manager

^{*2} Number of professionals: the number of personnel who have passed the professional qualification examination and have demonstrated high levels of knowledge and competence

^{*3} Employee engagement index: percentage of positive responses on job satisfaction in the employee awareness survey

Basic Strategy 03 Human Resource Strategy

Human Resource Development Development of professional talent

Human resource development policy

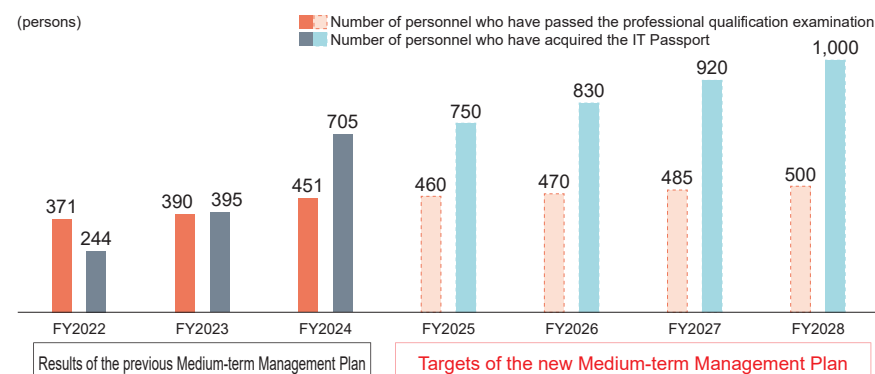
In order to promote our long-term vision of becoming a Green & Consulting Bank Group and to become “A Bank That Can Be Relied Upon,” we have defined the type of human resources we seek as independent business people who act with high morals and rich ideas, and we are nurturing bank employees who proactively STUDY, THINK, and ADVANCE. Through the synergies of “on-the-job training,” “off-the-job training,” and “self-development,” we aim to promote the growth of all employees to become true professionals who can better serve the community and our customers.

Development of consulting and digital personnel

In order to become “A Bank That Can Be Relied Upon,” by the region and customers, we have positioned challenging qualifications such as 1st grade financial planner and SME consultant as professional qualifications, and support employees to pass the examination, as one way to acquire specialized knowledge for providing optimal consulting services. As shown in the graph on the right, the number of employees who passed the examination has steadily increased, achieving the target of 450 persons set in the previous Medium-term Management Plan. We set the target of 500 persons in the new Medium-term Management Plan, which started in FY2025, and continue to provide support.

In addition, we also provide support for passing the national IT Passport exam to acquire knowledge and improve literacy in the digital sector. In the previous Medium-term Management Plan, the number of employees who passed the exam reached 705 persons, far exceeding the target of 500 persons. We set the target of 1,000 persons in the new Medium-term Management Plan and continue to provide support.

Cumulative number of personnel who have passed examinations



Brushing up on knowledge and skills

We provide employees who passed the professional qualification examination and IT Passport exam with training and seminars to brush up knowledge and skills they acquired. In FY2024, we provided training sessions on the themes of “tax reform” for those who passed the professional qualification examination, and “cybersecurity and DX” for those who acquired the IT Passport. We will continue to develop a structure to utilize their knowledge and skills, and keep them up to date.

Feedback from participants in the brush-up seminar for employees who have passed the professional qualification examination (theme: tax reform)



This seminar was useful as I had studied to pass the exam but found it difficult to brush up on my skills afterwards.



I was able to effectively acquire the latest information on taxes which was difficult to obtain on my own.

Basic Strategy 03 Human Resource Strategy

Aiming to Be a Group of Professionals Who Take on Challenges

We aim for all employees to become “true professionals” through autonomous career development. We encourage employees to take on challenges to achieve their desired careers.

“Professional talent” in the new Medium-term Management Plan

In the previous Medium-term Management Plan, we set “the number of personnel with professional qualifications” as one of our major KPIs to increase the number of personnel with knowledge necessary for consulting services. Currently, one in four to five bank employees passed challenging qualification examinations, which we believe was a success in terms of improving their knowledge. However, what is more important is to develop personnel who can utilize their knowledge.

Accordingly, in the new Medium-term Management Plan, we define the requirements of the necessary talent for implementing our strategy and work to develop them, and build a system to grasp personnel who can be called professionals based not only on their specialized knowledge but also on their demonstrated capabilities. In this way, we aim to advance our human capital management.



Under the new Medium-term Management Plan, we plan to certify career level based on a multifaceted evaluation in addition to the status of self-development efforts, sales performance, and headquarters experience, as part of our human resource development. Regarding the highest level of “true professional,” we plan to certify personnel who clearly have high work performance and execution skills and have a positive influence on people around them, with the passing professional qualification examination as their knowledge base.

Strengthening practical skills through trainee programs

We call our practical training program aimed at acquiring knowledge and skills that can be utilized in the sales field and improving practical skills “trainee programs.” We provide a wide range of trainee programs to enhance practical skills, including consulting services to our customers, data utilization, and Group companies’ operations.



Trainee programs held in FY2024 and number of participants (unit persons)

● Corporate Long-term and Medium-term Trainees	8
● Overseas Short-term Trainees	4
● International Business Support Trainees	10
● Business Succession and M&A Trainees	7
● Hyakugo Mirai Investment Trainees	8
● Data Utilization Trainees	11
● Branch General Manager and Position Review Trainees	26
● Real Estate Collateral Trainees	5
● Operation Management Trainees	16
● Other Trainees	82

Experience in headquarters-specific operations through job trial training programs

We established job trial training programs, starting in FY2025, with the aim of helping employees envision their career paths and enhance their expertise. In FY2025, we plan to conduct job trial training programs listed in the table on the right. Going forward, we will flexibly review the programs to make them more effective, based on the feedback from participants.

Job trial training programs scheduled to be held in FY2025

- Investment Finance Division Structured Finance Course
- Investment Finance Division Cross-border Loans Course
- Risk Management Division Course
- Computer Systems Planning & Administration Division Course
- Treasury & Securities Division Course
- Operation Planning & Administration Division Course

Basic Strategy 03 Human Resource Strategy

Workplace Environment Improvement Promotion of diversity and implementation of healthy management practices

Workplace environment improvement policy

In order to foster a friendly workplace culture for diverse personnel that views human resources as valuable assets and values the individuality of each employee, the Bank has continuously engaged in work-style reform and the promotion of diversity. Based on a comfortable work environment, we strive to create a workplace where each and every one of our diverse employees can maximize their abilities and play an active role.

Initiatives for respect for human rights

The Hyakugo Bank Group recognized that respect for human rights is a basic issue to be addressed for the development of various business activities, and established the “Hyakugo Bank Group Human Rights Policy” in April 2022.

Moreover, we formulated a guideline for our executives and employees to deepen their understanding of gender diversity and to ensure that they act appropriately, and established a “Diversity & Inclusion Consultation Counter” for the executives and employees.



Hyakugo Bank Group Human Rights Policy
<https://www.hyakugo.co.jp/jinken-houshin/>



Activities to improve job satisfaction

Well-being activities have been conducted throughout the entire Bank with the aim of increasing employees' job satisfaction. By returning the results of employee awareness surveys to each workplace and promoting the creation of an environment providing job satisfaction in each workplace, we will improve performance and motivation.

In addition, with the aim of enhancing employees' independence, career development, and engagement, we conduct one-on-one meetings. By providing regular opportunities for dialogue in which employees can share their concerns and discuss their career aspirations and motivations, we encourage employees to deepen their understanding of each other and to seek self-growth.



Implementation of healthy management practices

Based on the belief that the physical and mental health of our employees and their families is essential for the Bank to permanently develop and contribute to the regional community, the Bank established the Hyakugo Bank Health Declaration.

(1) **Mental Health (prevention and care of mental illness)**

(2) **Physical health (early detection of diseases and prevention of lifestyle-related diseases)**

(3) **Occupational health (creating comfortable work environments)**

With these three points as priority health measures, we are working to achieve healthy management.



Hyakugo Bank Health Declaration and Strategy Map
<https://www.hyakugo.co.jp/about/diver/nursing/>



Career recruitment initiatives

In order to secure a diverse range of personnel, the Bank has been conducting career recruitment as needed since FY2013, and personnel with a variety of skills and experience are working in a wide range of departments and positions. With the increasing mobility of human resources, we have also established a system to rehire mid-career retirees, and will continue to hire career employees to revitalize the organization.

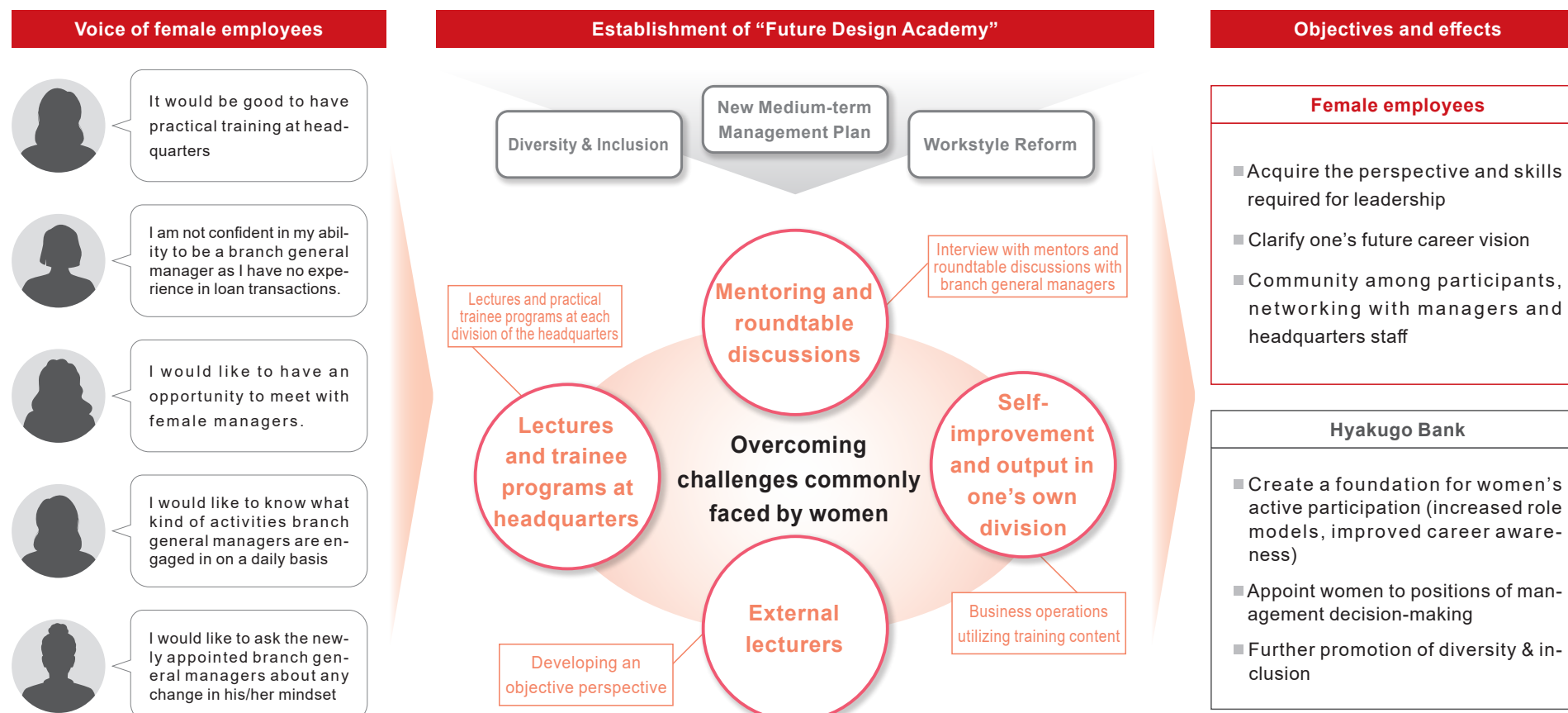
		As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Number of enrolled career hires	(persons)	25	29	34
Posts equivalent to branch general manager	(persons)	6	6	8
Posts equivalent to assistant or senior staff	(persons)	13	14	19
General positions	(persons)	6	9	7

Basic Strategy 03 Human Resource Strategy

TOPICS Examples of Diversity Promotion Initiatives

Holding New Training Program for Female Employees “Future Design Academy”

The Bank believes that promoting diversity & inclusion that incorporates diverse values and perspectives will lead to the enhancement of corporate value. Above all, we believe it is important to increase the number of diverse female role models to create a virtuous cycle that leads to raising career awareness among those around them, thereby creating a foundation for further advancement of women. Based on the above belief, we will hold “Future Design Academy,” a new training program. The first session (July 2025 to June 2026) provides female employee candidates for management positions with opportunities for them to supplementally acquire experience that they tend to lack, and to consider the significance of diversity and their future careers. In addition, as part of the program, we will conduct mentoring* to provide support and care from branch general managers who have extensive experience and skills in human resource development.



* Mentoring: mentors (advisors) and mentees (trainees) meet on a continuous and regular basis to support the growth of the mentees.

Basic Strategy 03 Human Resource Strategy

Indicators related to human capital in the previous Medium-term Management Plan

Measurable indicators, targets, and results related to investments in human capital and human resources strategy in the previous Medium-term Management Plan are as follows:

Development of professional talent

Indicators		Actual		Previous Medium-term Management Plan targets
		FY2022	FY2023	FY2024
Number of personnel with professional qualifications	(persons)	371	390	451 450 or more
Number of personnel who have acquired the IT Passport	(persons)	244	395	705 500 or more

Implementation of healthy management practices

Indicators		Actual		Previous Medium-term Management Plan targets
		FY2022	FY2023	FY2024
Presenteeism loss ratio ^{*1}	(%)	15.8	16.0	16.6 10 or under
Absenteeism average days ^{*2}	(days)	6.1	5.5	5.5 4 or less
Stress check implementation rate	(%)	98.5	97.5	97.6 98 or higher
Percentage of employees with high stress levels	(%)	4.3	3.6	3.9 5 or under
Rate of implementation of full medical checkups	(%)	59.9	77.0	84.1 70 or higher
Paid leave utilization ratio	(%)	70.1	75.0	74.9 65 or higher

*1 Presenteeism loss rate: Percentage of employees whose work performance declined due to illness or injury.

*2 Average number of days of absenteeism: Number of days taken off work due to illness, injury, or other physical condition (including paid leave, average calculated excluding people with 0 days).

Promotion of diversity

Indicators		Actual		Previous Medium-term Management Plan targets
		FY2022	FY2023	FY2024
Percentage of positive responses on job satisfaction in the employee awareness survey	(%)	80.1	80.9	80.0 85 or higher
Ratio of female executives (posts equivalent to or higher than senior staff)	(%)	19.1	20.1	21.1 25 or higher
Ratio of female managers (posts equivalent to branch general manager)	(%)	10.0	9.4	9.8 12 or higher
Ratio of male employees utilizing childcare leave	(%)	109	106	105 100 or higher
Employment rate of persons with disabilities (as of June 1)	(%)	3.00	3.01	2.99 3 or higher

Other

Indicators		Actual	
		FY2022	FY2023
Number of training courses attended (total)	(times)	4,373	4,744
Number of internal trainees (total)	(persons)	193	238
Training fees	(million yen)	106	95
Percentage of employees who received training on compliance	(%)	100	100

Indicators	Those who joined the Bank in FY2020	Those who joined the Bank in FY2021	Those who joined the Bank in FY2022
Turnover rate (new graduates within 3 years)	21.1	26.3	21.8

Outcome

Development of professional talent

Number of personnel who have passed the professional qualification examination achieved the Medium-term Management Plan target.

Practical trainee programs led to steady improvement in their abilities.

Challenges and future initiatives

Promotion of diversity

Percentage of positive responses on job satisfaction and the ratio of female executives and the ratio of female managers did not achieve the Medium-term Management Plan targets.

We will work to improve employee engagement and further promote women's active participation through measures such as personnel system revisions and provision of opportunities for autonomous career development.

Gender wage gap (Average female wage / average male wage × 100)

		FY2022	FY2023	FY2024
All employees	(%)	39.2	39.7	41.5
Regular employees	(%)	60.4	61.2	63.0
Non-regular employees	(%)	85.8	86.7	81.3

- The main reason for the large wage gap among all employees compared to regular employees and non-regular employees is the high percentage of women among non-regular workers, who are paid relatively low wages.
- Even for bank employees, who make up the majority of regular employees, differences in length of service and position distribution cause differences in average wages between men and women, but the same wage standards are applied regardless of gender.

Wage gap between male and female bank employees among regular employees

		FY2022	FY2023	FY2024
Bank employees among regular employees	(%)	65.0	65.6	65.8
Specialist I ^{*1}	Managerial posts ^{*3}	86.6	110.9	88.7
	General bank employee	83.5	90.5	90.2
Specialist II ^{*2}	Managerial posts ^{*3}	100.2	102.7	106.2
	General bank employee	104.9	98.6	94.5

*1 Specialist I: There are transfers involving relocation

*2 Specialist II: Consent is required for transfers involving relocation

*3 Middle management positions: Senior staff or higher

Initiatives to increase the ratio of female managers and correct the wage gap between men and women

- We have developed a system to ensure that the careers of female employees are not interrupted when they experience life events, thereby enhancing support for achieving a balance between work and family life.
- By expanding job opportunities for female employees and supporting their autonomous career development, we are striving to establish a work environment where women can fully demonstrate their abilities and eliminate the wage gap between men and women.

Basic Strategy **04** Digital Transformation

Creating Sustainable Value through Digital Transformation



What Is DX, and Why Is It Required of Regional Banks Now?

Tetsuya Kato

Director and Senior Managing Executive Officer

Toward sustainable value creation through DX

In 2019, we launched a 10-year long-term vision toward our 150th anniversary. It states that our future goal is to achieve sustainable and stable growth by integrating real (face-to-face sales, consulting, branches) and digital (non-face-to-face channels) initiatives, and adapting to changes in society and creating shared value together with our customers and regional communities.

Changes in the environment surrounding the region

In recent years, we have seen significant changes in the environment surrounding regional communities and in the business environment of regional banks, caused by factors such as changes in social and economic structures, a declining birthrate and an aging population, and a declining population. We believe that in order to respond to drastic environmental changes, transformation is essential not only to simply improve operational efficiency, but also to ensure business sustainability and build new competitive advantages.

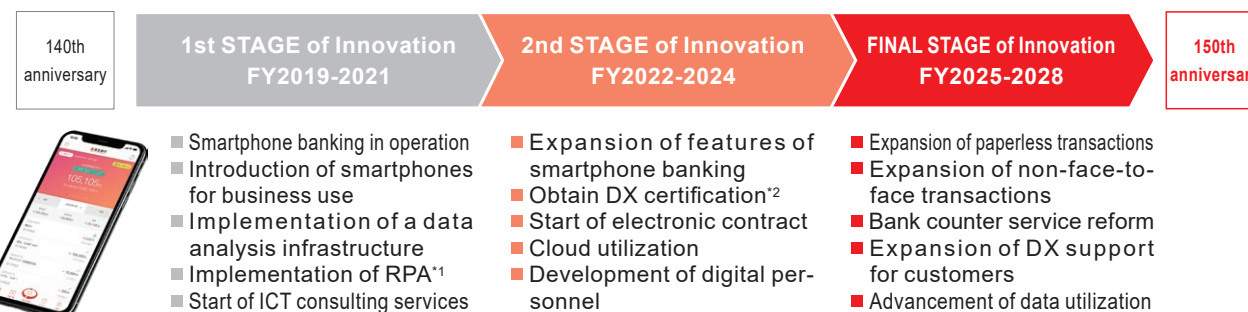
Establishing sustainable regional societies

DX is not limited to merely utilizing IT to improve operational efficiency. It is an initiative that fundamentally transforms business models, organizational culture, and the way people work, using digital technology as a starting point, to realize sustainable improvement in corporate value. In order for regional banks, which are core financial institutions in the region, to continue to fulfil their roles, it is important to go beyond conventional approaches, and review their own existence and take

on challenges of creating new values by anticipating changes.

Especially for regional banks with many local SMEs and sole proprietors as customers, digital technology is a powerful means of maintaining and improving the vitality of regional economies. At the same time, it is also a source of strengthening their competitiveness. In other words, DX is not just one option for regional banks, but a strategic necessity to live with the region.

We will work on DX with an unwavering resolve to realize a flexible branch strategy and workstyle reform across the Hyakugo Bank Group by promoting paperless work and workforce streamlining for business and administrative operations. The Hyakugo Bank Group will accurately identify our customers' management issues through dialogue with them and provide optimal solutions by bringing together the collective strength of the entire Group, thereby enhancing our value as "A Bank That Can Be Relied Upon." By promoting DX, we will support future-oriented management and contribute to the realization of sustainable regional communities.

Changes in DX initiatives

^{*1} RPA (Robotic Process Automation)
Technology that uses software robots to automate repetitive routine tasks performed by humans

^{*2} DX certification
A system whereby the government certifies businesses fully prepared to promote business transformation (DX) utilizing digital technology, based on the "Digital Governance Code" set forth by the Ministry of Economy, Trade and Industry.

Basic Strategy 04 Digital Transformation

Toward “Transformation of Operations and Mindsets” Leveraging Digitalization and Data

In order to realize our Medium-term Management Plan that aims to create both economic value and social value, enhance corporate value, and establish a sustainable business model, it is essential for us to utilize digital technology and data to work to increase productivity through business reforms, improve customer services through branch and channel reforms, and expand IT digital services to support the region and regional DX. For these to be achieved, we will formulate and implement a road-map looking ahead to the medium to long term, based on factors such as our system and network infrastructure, data utilization platform, and development of digital personnel.

With technological innovations such as AI also evolving at an accelerated pace, we will transform our operations themselves, organization, process, corporate culture, and mindsets to promote unwavering DX.

To improve productivity through business reforms

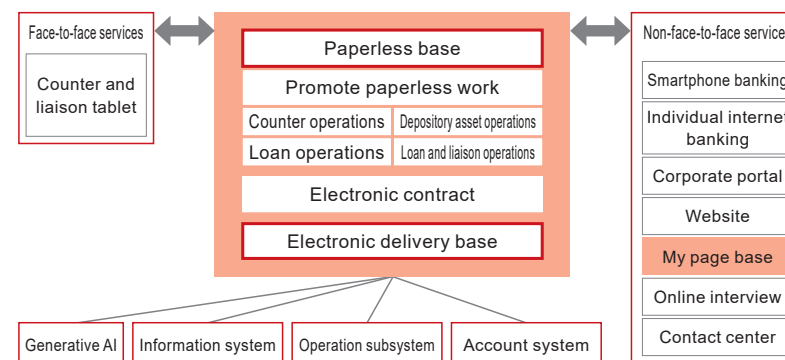
In order to enhance our corporate value and establish a sustainable business model, we believe it is necessary to promote DX not only within the Bank but also across the entire Hyakugo Bank Group, aiming for optimization on a Group-wide basis.

Our policy is to expand the use of the know-how for promoting business reforms at the Bank to the Group companies, as well as reorganize and share system and network infrastructure.

The know-how accumulated through DX across the entire Hyakugo Bank Group will be returned to the region and our customers in the form of regional DX support through cooperation with other companies.

To improve customer services through channel reforms

We are considering to provide services that connect customers to Hyakugo Bank any-time, anywhere, from the customer’s perspective by coordinating with various systems and data within the Bank to integrate operational efficiency and face-to-face and non-face-to-face services. In this fiscal year, we will work to establish and expand operation of “paperless base”¹, “my page base”², and “electronic delivery base”³ to realize these services.



*1 Paperless base: expansion of operations and services that eliminate the need for customers to fill out forms and affix seals

*2 My page base: a system that allows customers to communicate smoothly with staff without visiting branches

*3 Electronic delivery base: digitization of documents provided to customers (reduction of mailed and hand-delivered documents)

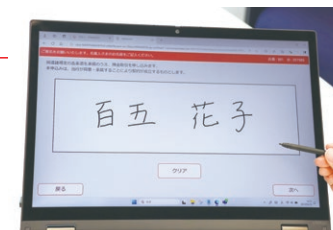
TOPICS

Now you can open a regular saving account in a paperless manner, even outside of a branch

Starting April 1, 2025, we have offered services such as opening regular saving accounts for individual customers.

Previously, opening an account using a tablet-type terminal was handled only at a branch. Now it is also available outside of a branch (at external locations).

We will continue to create an environment where customers can find Hyakugo Bank to be a closer presence by utilizing digital technology.



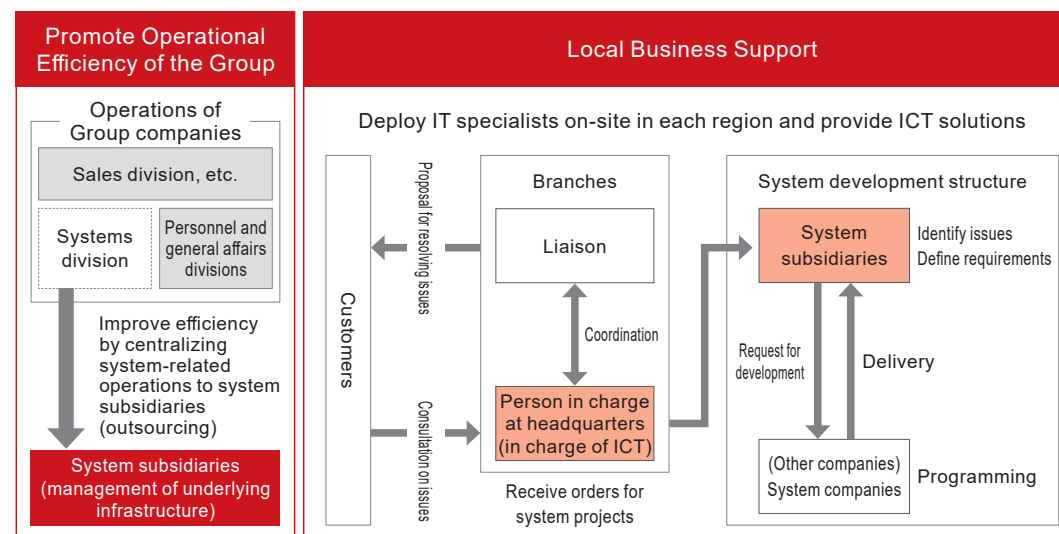
Basic Strategy 04 Digital Transformation

Promoting DX Together with the Region and Customers

One of the most important pillars in our DX strategy is “supporting DX for the region and customers.” The wave of digitalization is rapidly sweeping over local companies as well, and utilizing digital technology is essential for solving various management issues such as improving productivity, addressing labor shortages, and developing new sales channels.

We are proactively engaged in supporting the implementation of digital technology by local companies. Specifically, we offer a wide range of support programs, including matching support and system development support in collaboration with IT vendors, as well as hosting seminars and consultation meetings. In addition, we will establish a regional DX promotion network with a view to collaborating with local governments, commercial and industrial organizations, and regional universities, aiming to develop digital personnel and expand the DX base across the entire region.

We will fulfill our role as a regional DX hub with finance as a starting point, including provision of new financial services utilizing digital technology.



DX promotion utilizing personnel through internal recruitment —comments from applicants—

In promoting DX within the Bank, in order to strive for transformation that is not bound by conventional thinking, the DX Promotion Office in the Corporate Planning Division recruits DX personnel internally and promotes initiatives across the Group, including the Bank.

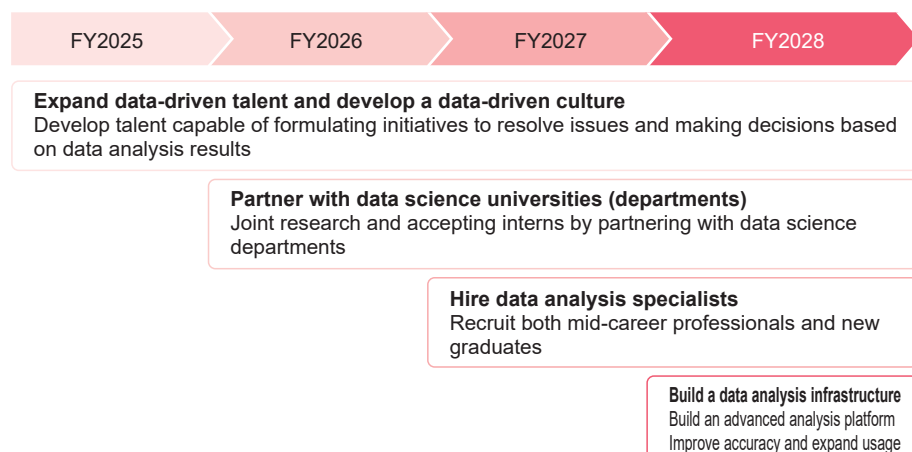


Previous responsibilities	Responsibilities in the DX Promotion Office	Comments
Housing loan sales Corporate sales	Loaned to an IT company for six months, data utilization	I will utilize my experience gained in corporate sales and at the loaned company to work to create a system that supports young employees in their sales field.
Sales at branch counters Depository assets sales	Implementation of a paperless system in depository assets sales	I will continue to work so that we can improve our banking operations by listening to the opinions of our customers and front-line sales staff while utilizing my sales experience.
Sales at branch counters Depository assets sales	Improving non-face-to-face services	I will strive to improve operational efficiency through DX in various areas, and to help maintain and increase motivation of bank employees and improve customer services.

Basic Strategy 04 Digital Transformation

Data Utilization Initiatives

With the progress of DX within the Bank and the Group, various data will be accumulated, and the advancement of data utilization is expected. We aim to enhance operational efficiency and sales capabilities through strengthening the building of a “data-driven” organization by promoting intra-group data utilization. We will aim to strengthen a “system for making decisions based on data” and a “sales framework utilizing data” through the advancement of data utilization platform and the development of data utilization personnel.



TOPICS

Utilization of digital platform

Hyakugo Bank's “digital platform” is designed to enable the use of CRM system (sales support system), BI tools (data analysis/visualization tools), and MCIF system (marketing database), as well as the operations management, in an integrated manner. In establishing the platform, we aimed to create a platform that anyone can use easily at any time, and we utilize the platform for various purposes such as improving sales capabilities and streamlining operations.



Development of measures based on data utilization

▶ Practice digital marketing (non-face-to-face sales)

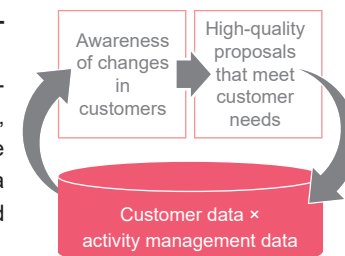
We will strengthen our digital marketing through smartphone banking for individuals and Hyakugo Corporate Direct for corporations, and establish a system that enables us to make proposals at the optimal timing through the most appropriate channels (smartphone, email, telephone, etc.) for each customer.

▶ Strengthen data utilization in the sales field (face-to-face sales)

By renewing CRM/SFA (sales support systems) and advancing BI tools, we visualize changes in customers, raise awareness among sales staff, and realize high-quality proposals that meet customer needs in a timely manner. The activities of sales staff are digitized and fed back, thereby further improving accuracy.

▶ Development of data utilization personnel

Aiming to develop both “those who create valuable data” (data scientist) and “those who leverage it” (data strategist), we will strive to develop specialized personnel and improve analytical literacy within the organization by providing a variety of data science training courses according to the level, interests, and operations of participants.



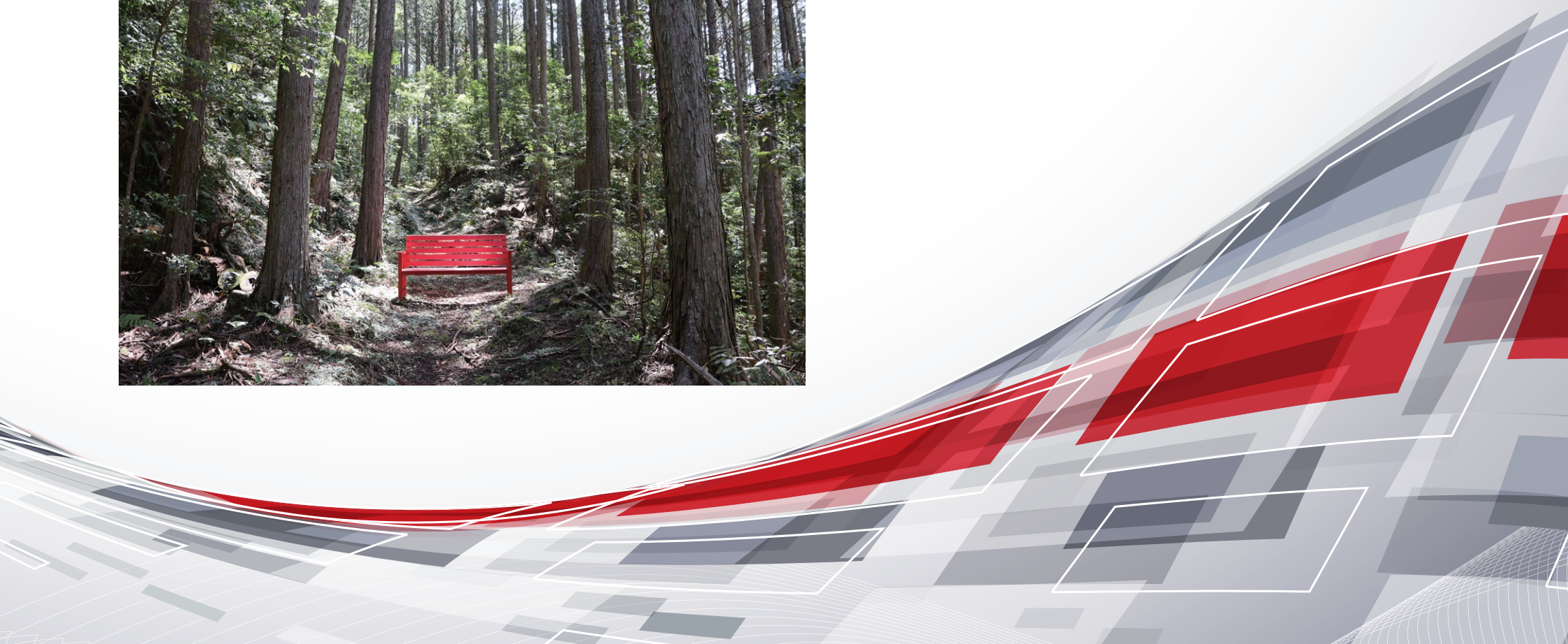
- **Financial data utilization challenge training**
Collaborate with external organizations to develop advanced data analysis skills
- **Data analysis study session for headquarters**
Develop person in charge of data analysis for headquarters staff
- **Data utilization trainee program**
Improve data utilization skills and literacy for person in charge at branches

SECTION IV

Sustainability Initiatives

55 Addressing Climate Change

61 Contributions to Local Sustainability



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 Hyakugo Bank Group's business activities, and support the decarbonization of our customers through our financial products and services.

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 materiality.

Under our Environmental Policy, 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.

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.

(1) Physical risks

Referring to the 2°C and 4°C scenarios of the IPCC*, we analyze the impact on credit costs for the Hyakugo Bank Group 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.

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 ¥3.9 billion

* IPCC: Intergovernmental Panel on Climate Change

(2) Transition risks

Referring to the 1.5°C and 2°C scenarios of the NGFS^{*1} and IEA^{*2}, we analyze the impact on credit costs that would incur for the Hyakugo Bank Group in the sectors that the Bank deems to have a relatively high degree of material risk in the event of policy tightening (introduction of a carbon tax, etc.) and market changes for the transition to a decarbonized society. To the four sectors of energy, utilities, transportation, and automotive components chosen for the analysis in FY2024, we have added the real estate sector in FY2025.

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, and real estate.
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 projecting the future financial condition of the loan recipient.
Analysis period	Until 2050
Analysis results	Increase in credit costs: up to ¥12.2 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	1.83%
Transportation	Air, marine, land, automobile	4.29%
Materials and buildings	Metals and mining, chemicals, building materials and capital goods, real estate management and development	16.93%
Agriculture, food, and forest products	Beverages and food, agriculture, paper and forestry	1.67%

* Bank's credit balance: Total of loans, acceptances and guarantees, foreign exchange, etc. on March 31, 2025 (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 make recommendations on the impacts of climate change risks, we will contribute to the decarbonization of the region through decarbonization support and sustainable finance.

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	1,652,334
Metals and mining	971,959
Automobiles	628,660
Beverages and food	386,652
Land transportation	362,292
Chemicals	359,910
Electricity	323,389
Oil and gas	229,712
Paper and forestry	134,624
Real estate management and development	57,098
Marine transportation	38,942
Agriculture	36,211
Air transportation	11,005
Coal	—
Other	1,613,087
Total	6,805,875

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*. Since FY2023, we have worked on enhancing calculations using a portion of emissions data disclosed by companies, and we improved our data quality score, which indicates the quality of emissions data on a scale of 1 to 5, from 3.46 in FY2023 to 3.40 in FY2024.

* 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, 2025, and the financial data are for the most recent fiscal year, up to March 31, 2025.
- 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	1,135,457
Metals and mining	634,887
Automobiles	496,784
Beverages and food	296,286
Land transportation	269,139
Chemicals	185,689
Oil and gas	175,994
Electricity	83,210
Paper and forestry	45,343
Real estate management and development	35,967
Agriculture	31,965
Marine transportation	28,885
Air transportation	—
Coal	—
Other	1,200,727
Total	4,620,304

From FY2023, 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 conduct 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).

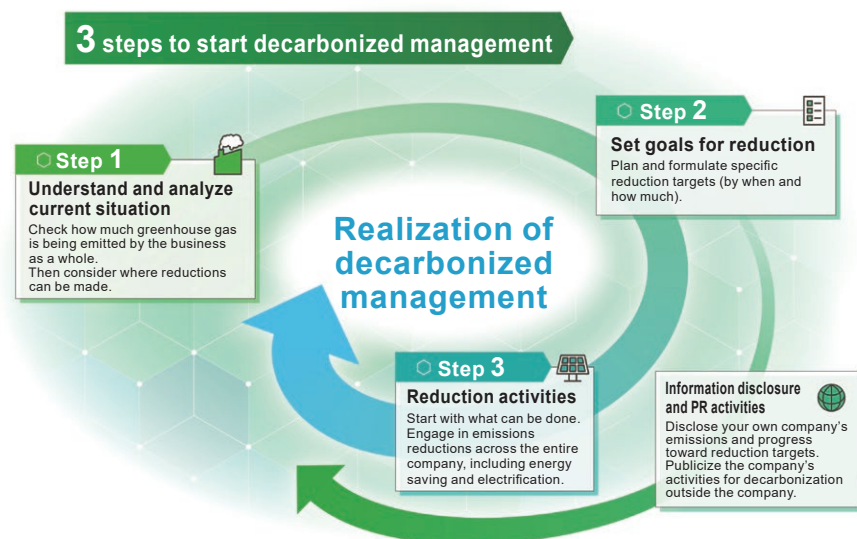
From results of analysis of the current status, sectors such as "building materials and capital goods," "metals and mining," and "automobiles" would appear to be the main sectors for engagement in decarbonized management support.

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.

Opportunities related to Climate Change

The area where Hyakugo Bank has sales foundation, particularly has thriving manufacturing industries. Manufacturing industries account for a large share of CO₂ emissions among all industries. In order to meet the demand for increased capital investments and other investments associated with the transition to decarbonization, we are strengthening initiatives to support local decarbonization with the long-term target (from FY2022 to FY2030) of “sustainable finance of ¥1 trillion (of which, more than ¥500.0 billion is environment-related loans).”

In addition, in our efforts to mitigate the environmental impact of the Hyakugo Bank Group's business activities, we set “net zero greenhouse gas emissions (Scopes 1, 2)” as a long-term target (from FY2022 to FY2028), as well as promote the introduction of renewable energy and energy-saving facilities.



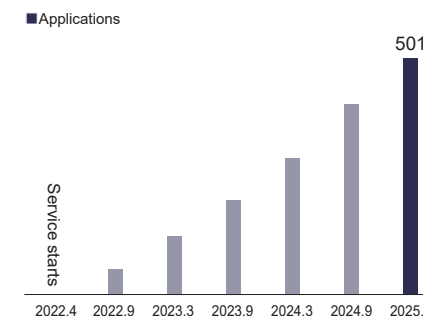
Assistance in calculating emissions and Hyakugo Decarbonization Support Services

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

Main sustainability-related loan products

Name of product		Customer needs
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.
	Decarbonization support type	Promote company's own initiatives for decarbonization
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 (individual evaluation type)		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

Marusho Co., Ltd.

Location: 5-11-15, Hinaga, Yokkaichi City
 Business description: collection and transportation of industrial waste

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)



Customer's Voice

Takahiro Kawamoto
Representative Director

We are taking on challenges to achieve a circular economy and zero emissions through our environmental consulting business, which aims to ensure proper disposal of industrial waste and convert it into a valuable resource. After receiving a proposal for decarbonized management from Hyakugo Bank, we decided to embark on it to accelerate the strengthening of decarbonized management and SDGs activities as a member of corporations that support society and environment.

First, with Hyakugo Research Institute Company Limited's assistance, we identified issues for reducing GHG emissions by calculating and visualizing them, and obtained SBT certification for SMEs with a target of reducing their emissions by 42% from FY2021 levels by 2030. Furthermore, we have been promoting our initiatives with the use of sustainable finance, in which preferential interest rates are applied upon achieving the emissions reduction targets. Thus far, we have achieved the targets smoothly.

We will contribute to the realization of sustainable environment and regional societies through our business activities beyond initiatives within our own company.

Voice of the person in charge



Marusho Co., Ltd. is engaged in environmental consulting business to solve concerns related to waste, utilizing experience and knowledge cultivated to date. Seeing the necessity of a company to take the lead in the initiatives, which is a leading company in the region that engages in environmental fields, such as Marusho Co., Ltd., we proposed the strengthening of decarbonized management. Together with our customers, we will continue to consider the realization of a sustainable society and walk beside and support them as they work toward those goals.

Kazuta Sugio
Assistant Manager, Rengeji Branch

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 Sustainability 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 equity capital 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 risks
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 risk	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 (of which, more than ¥500.0 billion is 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.

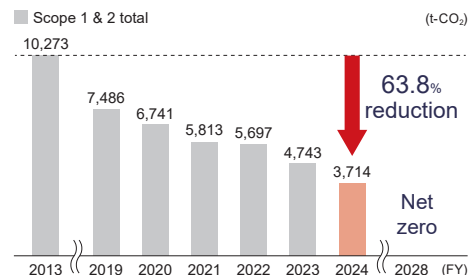
	FY2024 Actual	FY2030 Target
Sustainable finance ^{*1}	¥740.7 billion	¥1 trillion
Of which, environment-related loans ^{*2}	¥196.6 billion	¥500.0 billion or more

^{*1} Sustainable finance: Investments and loans that contribute to the realization of a sustainable society by resolving social and environmental issues

^{*2} Environment-related loans: 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 Hyakugo Bank Group's business activities with the aim of achieving net zero GHG emissions (Scopes 1, 2). In FY2024, GHG emissions were 3,714 t-CO₂, a 63.8% reduction from FY2013, mainly due to the introduction of CO₂-free electricity and LED lighting.



Roadmap for Scope 1 and 2 net zero

We formulate a roadmap for Scope 1 and 2 net zero and review it annually. We will promote decarbonization of facilities, explore a wide range of options, including the use of highly sustainable renewable energy sources, with the aim of achieving net-zero GHG emissions across the entire Hyakugo Bank Group in FY2028.

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Scope 1	Decarbonization of business vehicles (introduction of eco-cars and installation of EV charging equipment)						
	Transition to renewable energy for company owned properties (introduction of CO ₂ -free electricity)						
Scope 2	Strengthening of energy saving (introduction of LED lighting and high-efficiency lighting)						
	Renewal of equipment (renewal of air conditioning equipment)						
Emissions that cannot be reduced	Carbon offsetting with the use of non-fossil fuel certificates and regional carbon credits						

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 FY2024, we added Categories 1, 3, 4 and 5 to our calculations.

			(t-CO ₂)
Measured item		Scope of calculation	FY2024
Scope 1	Burning of fuels (gasoline, diesel oil, bunker A, city gas, LPG)	Entire Group	1,303
Scope 2	Power use		2,411
Scope 1 & 2 total			3,714

Scope 3	Category 1	Purchased goods and services	Hyakugo Bank	4,136
	Category 2	Capital goods	Entire Group	11,845
	Category 3	Fuel- and energy-related activities not included in Scope 1 or 2		865
	Category 4	Upstream transport and delivery		635
	Category 5	Waste generated in operations	Hyakugo Bank	295
	Category 6	Business travel		165
	Category 7	Employee commuting		1,675
	Category 8	Leased assets (upstream)		—
	Category 9	Downstream transportation and delivery		—
	Category 10	Processing of sold products		—
	Category 11	Use of sold products		—
	Category 12	End-of-life treatment of sold products		—
	Category 13	Downstream leased assets		—
	Category 14	Franchises		—
	Category 15	Investment		6,805,875

<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 FY2024 results, coefficients for the preceding fiscal year (FY2023) are used because coefficients for FY2024 have not yet been published.
- The Ministry of the Environment's emissions intensity database was used in the calculations of Scope 3 emissions.

Contributions to local sustainability

Support for TNFD*

Mie Prefecture, the main sales foundation of Hyakugo Bank, is a verdant area, with forest area accounting for 65% of its land. In the coast area, it has a coastline of over 1,000 km and is rich in natural environments with abundant fishery resources.



Through participation in the TNFD forum, we will further promote the use of natural capital in the regions including Mie and the initiatives for biodiversity conservation.

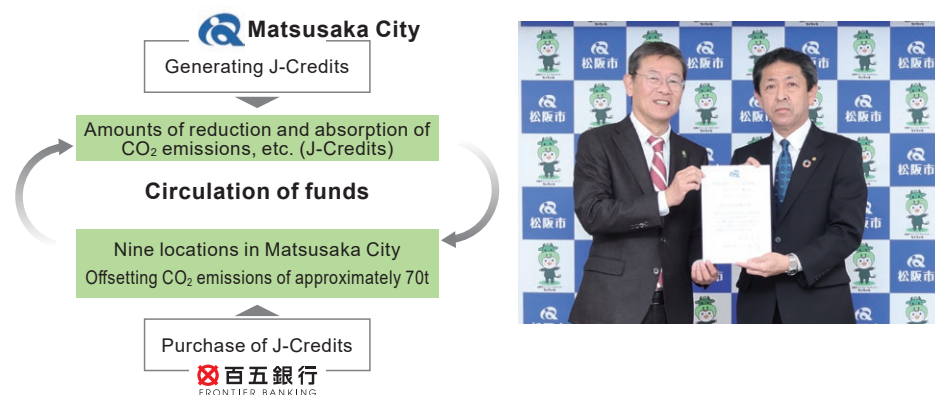
* TNFD (Task force on Nature-related Financial Disclosures)

The TNFD is an international body launched by the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Development Programme (UNDP), Global Canopy, a UK environmental NGO, and World Wide Fund for Nature (WWF) in June, 2021, to establish the framework for corporations' risk management and information disclosure related to nature.

Initiatives for circular use of forest resources

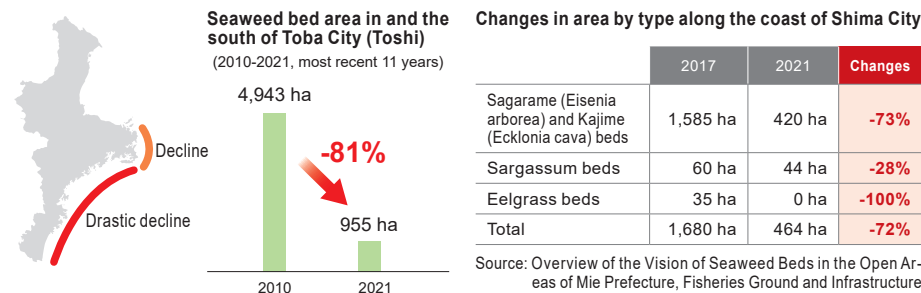
We purchased “Matsusaka City Forest Management J-Credit for a Sustainable Future,” forest-derived J-Credits for which Matsusaka City received the national certification, aiming for the circular use of regional forest resources. Through the purchase of the J-Credits, we contribute to promoting forest maintenance in Matsusaka City as well as use them for carbon offsetting of CO₂ emissions at locations of the Hyakugo Bank Group in Matsusaka City.

Hyakugo Bank, as a regional financial institution, participated in “Collaborative Platform for Promoting the Use of Mie Nature-Based Carbon Credits” as part of our regional forest conservation activities in October 2024, and will continue efforts on the transition to a decarbonized society and a circular economy that use regional resources.



Initiatives for the promotion of the fisheries industry and marine conservation

In recent years, rocky-shore denudation, which is the shrinking of seaweed beds (seaweed communities), has become a serious issue. This has been caused by rising sea temperatures due to factors such as global warming, as well as feeding damage by herbivorous fish, primarily rabbitfish and parrotfish. In particular, along the coasts of southern Mie, the rapid progress of a decline and disappearance of seaweed beds is affecting the sustainability of the fisheries industry. This includes a decrease in the harvest volume of seaweed.



Hyakugo Bank has launched initiatives that lead to conserving seaweed beds and effectively using marine resources, to solve the issues of the fisheries industry, our local industry. In January 2025, in collaboration with Mie Prefecture and fishermen, we caught herbivorous fish such as rabbitfish, a primary cause of rocky-shore denudation, and held the “Event of Cafeteria Making Use of Unused Fish,” where the fish were utilized for food.

We aim to continue to improve the sustainability of local industries by engaging in the conservation of marine ecosystem and environment through maintaining, restoring, and creating seaweed beds in collaboration with local stakeholders.



SECTION V

Foundation Supporting Corporate Value



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- 70 Risk Management
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Corporate Governance

Fundamental approach to corporate governance

In order to clarify our stance on our management that we will contribute to society through sound banking operations by adapting to the changes in the management environment of the financial industry, we have established a corporate philosophy in an aim to gain the trust of the regional society, customers, employees, and shareholders, and in an effort to realize sustainable growth and enhancement of corporate value over the medium to long term.

To realize the abovementioned aim, we have adopted a system of a company with a board of corporate auditors that enables transparent, fair, swift and resolute decision-making as our system of corporate governance. While making effective use of the auditing functions of the Board of Corporate Auditors, we have appointed multiple, highly independent outside directors so that monitoring functions of the Board of Directors are duly executed.

In addition, we have established the Basic Policy on the Internal Control System pursuant to the Companies Act, and developed a system to ensure the appropriateness of business execution of the corporate group comprised of the Hyakugo Bank and its subsidiaries. We also engage in efforts such as convening the Corporate Governance Committee, establishing other various committees, and enhancing investor relations (IR) activities.

Within the context of the changing business environment, we will continue to review the system as required to strengthen and enhance corporate governance.

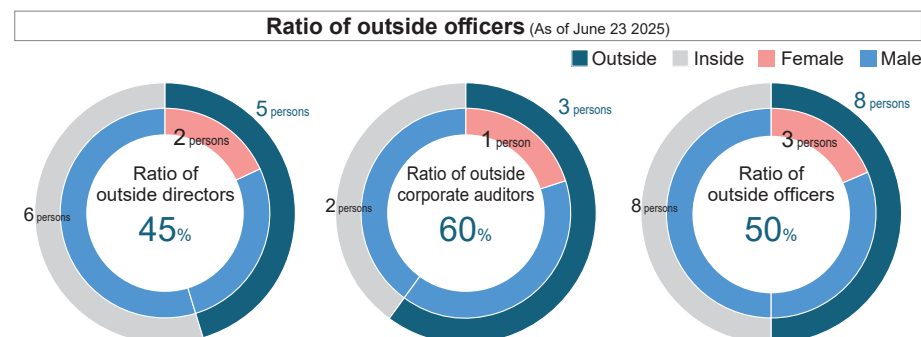
Strengthening of PDCA

Matters to be addressed	Descriptions and Responses
Clarification of departments in charge	Clarify department in charge of corporate governance (Corporate Planning Section and Secretariat), which have not been clearly identified to date, and establish the system to promote corporate governance.
Prompt information sharing	Strengthen the system which encourages sharing issues and other matters raised by the management with relevant departments and regularly reporting the status of responses to them to the management followed by responses to additional directions.
Further revitalization of discussions at Board of Directors meetings	Appropriately secure the time for deliberations, by securing the time for deliberations in accordance with the importance of matters submitted to Board meetings (simplification of matters reported, etc.), reviewing the timing of advanced disclosure of materials to Outside Directors, and enhancing pre-briefings to them.

Strengthening corporate governance

Hyakugo Bank is working to strengthen corporate governance. As of June 23, 2025, the ratio of outside officers at the Bank is 50%. We have three female officers and are promoting diversification of the makeup of outside officers. In addition, we have a Corporate Governance Committee, which serves as our non-mandatory nomination committee/compensation committee, that works to achieve higher transparency and objectivity of decision-making by the Board of Directors.

Appointment and diversification of outside officers



Suitable involvement and guidance from outside officers

Corporate Governance Committee (non-mandatory nomination committee / compensation committee)

Chairperson is elected from among outside directors

Job title	Number of persons
Outside directors	5
Inside directors (representative directors)	3
Total	8

(As of June 23, 2025)

Decision-making of Board of Directors

- For higher **transparency**
- For higher **objectivity**

Functions

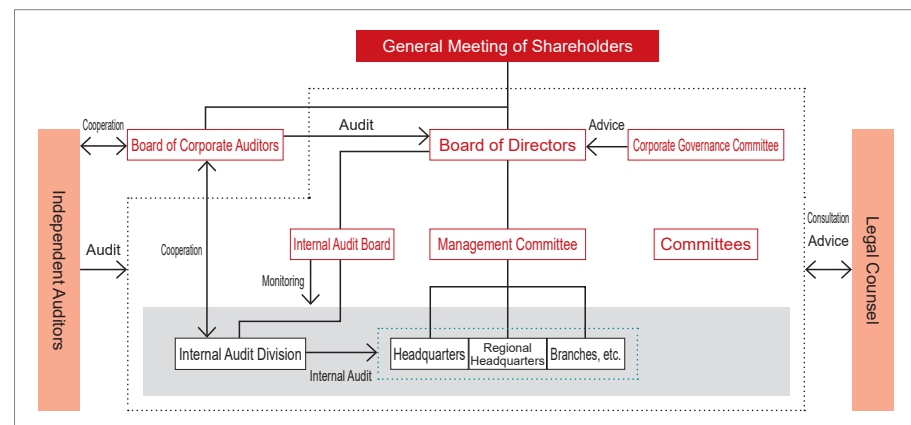
Providing advice on the following matters to Board of Directors

- **Matters concerning candidates for directors and corporate auditors**
- **Matters concerning compensation, etc. to directors**
- **Other significant matters concerning management (such as fostering of successors and initiatives for diversity)**

Corporate governance system

(As of June 23, 2025)

Corporate Governance System Diagram



Board of Directors

The Board of Directors is composed of 11 directors (including five outside directors) and meets in principle once a month. It deliberates and makes decisions on matters stipulated by laws and regulations or the Articles of Incorporation of the Bank, as well as fundamental management policies and other important matters. The Board also receives reports on status of business execution and operation of measures and oversees directors' execution of their duties. The Bank has also adopted an executive officer system and is working to enhance its business execution functions under the supervision of the Board of Directors.

Board of Corporate Auditors

The Board of Corporate Auditors is composed of five corporate auditors (including three outside corporate auditors) and meets in principle once a month. In addition to resolving and consulting on matters prescribed in laws and regulations and elsewhere, it receives reports on the results of internal audits by each of the corporate auditors and audits the directors' overall execution of their duties.

Corporate Governance Committee

The Bank has established a Corporate Governance Committee to serve as the Bank's non-mandatory nomination committee/compensation committee. It strives to achieve higher transparency and objectivity of decision-making by the Board of Directors through appropriate involvement and advice by the outside officers.

Management Committee

Established under the Board of Directors, the Management Committee is composed of the standing directors and meets in principle once a week. It deliberates on important matters concerning business execution and makes decisions on the execution, based on the basic policies set by the Board of Directors.

Internal Audit Board

Established under the Board of Directors, the Internal Audit Board is composed of the standing directors and the General Manager of Internal Audit Division and meets in principle once a month. It receives reports on the results of internal audits conducted by the Internal Audit Division under its direct control and monitors the appropriateness of business execution and effectiveness of internal audits.

Committees

Hyakugo Bank has established the following committees in its efforts to strengthen and enhance management.

Name of committee	Objectives
Compliance Committee	Establishment of legal compliance structure
Customer Protection Management Committee	Consideration of improvements and responses to enhance customer protection and convenience
Finance Facilitation Committee	Appropriate facilitation of finance for small and medium-sized businesses
ALM Risk Management Committee	Deliberation of portfolio management from the dual perspectives of management soundness and profitability
Operational Risk Management Committee	Deliberation of measures for the minimization of operational risk
IT and Digital Strategy Committee	Optimization of system investments and realization of DX
Performance and Compensation Committee	Improvement of credibility, fairness and transparency of personnel evaluations
Sustainability Promotion Committee	Deliberation on the operation of initiatives that contribute to the realization of a sustainable society
FD Committee	Strengthening of initiatives for Fiduciary Duty (FD)
Cybersecurity Committee	Realization of responses as the entire organization to secure the cybersecurity management framework

Evaluation of effectiveness of Board of Directors

Evaluation method

The Bank evaluates the effectiveness of the Board of Directors on an annual basis.

For the evaluation conducted in FY2024, the Bank distributed a questionnaire survey to the members of the Board, and the Board conducted an analysis and evaluation based on the responses and feedback received.

Evaluation results

This evaluation showed that the diverse members of the Board of Directors conduct multifaceted and in-depth discussions based on their respective experience and knowledge, that the Board's decision-making and supervisory functions are being appropriately performed, and that Board meetings are run appropriately, thus confirming that its effectiveness has been ensured. In addition, in FY2024, the Board of Directors addressed the challenge of enhancing its sharing of information and in-depth discussions about management strategies and issues with a consciousness of sustainability (medium- to long-term sustainability that includes ESG elements). The Bank's evaluation is that these efforts have been reasonably effective.

Future policy

In FY2025, the Board of Directors will work to further improve its effectiveness by its sharing of information and in-depth discussions about management strategies and issues with a consciousness of sustainability (medium- to long-term sustainability that includes ESG elements), as well as the strengthening of initiatives for the PDCA cycle.

Main matters discussed in Board of Directors meetings in FY2024 (16 meetings)

- | | |
|--|--|
| <ul style="list-style-type: none"> ■ Management plans <ul style="list-style-type: none"> • Medium-term Management Plan • Consideration of new businesses • FY2025 operational plans ■ Matters concerning sustainability <ul style="list-style-type: none"> • Sustainability management • Scope 1 and 2 emissions reduction plans ■ Matters concerning corporate governance <ul style="list-style-type: none"> • Evaluation of effectiveness of Board of Directors • Review of cross-shareholdings and formulation of divestment policy | <ul style="list-style-type: none"> ■ Matters concerning cybersecurity <ul style="list-style-type: none"> • Establishment of Cybersecurity Administration Office • Formulation of policy for cybersecurity ■ Matters concerning risk and compliance <ul style="list-style-type: none"> • Formulation of FY2025 compliance activity plans • Amendment of Hyakugo Bank Group risk assessment report regarding money laundering and other related crimes • Formulation of operational policy for integrated risk management • Determination on annual audit plan |
|--|--|

Officers compensation system

1 Directors' compensation

Compensation is paid as an incentive to strive for the sustainable improvement of corporate value. The basic policy for the determination of individual directors' compensation is that it should be at an appropriate level based on their individual duties and responsibilities.

Types of compensation

Defined-amount compensation	Defined-amount compensation shall total no more than ¥300 million per year, and it will be paid in monthly installments in accordance with roles and responsibilities.
Performance-linked compensation	This compensation is paid once a year after the Annual General Meeting of Shareholders in accordance with the business performance of a single fiscal year (previous fiscal year). The total amount paid shall be 0.9% of the Bank's profit for the relevant business year. However, a maximum amount of ¥100 million will apply, and if profit for the fiscal year is less than ¥2,000 million, the payment amount will be ¥0.
Share compensation-based stock options	The objective of this compensation is to raise motivation and morale toward the improvement of medium- to long-term corporate value and increased share prices. Share acquisition rights will be allotted once a year to a total value of no more than ¥30 million.

(1) Compensation of standing directors

Compensation is composed of a defined-amount compensation as fixed compensation, performance-linked compensation, and share compensation-based stock options.

Ratio of compensation by type

This is determined upon comprehensive consideration of positions, responsibilities, business performance and other factors, with the target ratio of 70% defined-amount compensation, 25% performance-linked compensation, and 5% share compensation-based stock options (assuming that the maximum amount of performance-linked compensation is paid).

(2) Compensation of outside directors

Outside directors shall be paid defined-amount compensation only in consideration of their duties.

(3) Individual compensation amounts

The President of the Bank shall be entrusted with the specific details based on a resolution of the Board of Directors. The President's authority shall consist of the evaluation and allocation of each individual director's defined-amount compensation and performance-linked compensation. The Board of Directors shall consult

with and obtain advice from the Corporate Governance Committee to ensure that this authority is exercised appropriately by the President. Having been delegated this authority as described above, the President must respect the content of such advice in making decisions. The number of share compensation-based stock options to be allotted to each Director shall be determined by the Board of Directors based on advice from the Corporate Governance Committee. The policy for determining the content of compensation, etc. for individual Directors is decided by a resolution of the Board of Directors after consulting with the Corporate Governance Committee and receiving its deliberation and advice.

2 Compensation of corporate auditors

Corporate auditors shall be paid defined-amount compensation only in monthly installments to enhance their neutrality and independence. The timing and allocation of payments, etc. shall be determined in consultation with the Corporate Auditors.

Reasons for appointment of outside officers

Outside directors

For the following reasons, the Bank has appointed the Outside Directors after determining that they will contribute greatly to the enhancement of the effectiveness of the Board of Directors' decision-making and supervisory functions, from the perspective of promoting the sustainable growth of the Bank and improving its medium- to long-term corporate value.

Name (Year and month of appointment)	Reasons for appointment	Attendance of Board of Directors meetings in FY2024
Hisashi Kawakita (June 2015)	Mr. Kawakita has been involved in the management of private companies for many years and has a wealth of experience and broad insights as a corporate manager.	16/16
Keiko Nishioka (June 2020)	Ms. Nishioka has been involved in the management of private companies for many years and has a wealth of experience and broad insights as a corporate manager.	16/16
Atsushi Nakamura (June 2022)	Mr. Nakamura has been involved in the management of insurance companies for many years and has a wealth of experience and broad insights in the finance industry.	16/16
Keiko Hirota (June 2024)	Through her wealth of work experience at the Mie Prefectural Government, Ms. Hirota is well versed in the realities and challenges of the region, and she has experience and insights in regional revitalization.	12/12
Hitoshi Ando (June 2025)	Mr. Ando has been involved in the management of listed companies for many years and has a wealth of experience and broad insights as a corporate manager.	—

Outside Corporate Auditors

For the following reasons, the Bank has appointed the Outside Corporate Auditors after determining that they will be able to actively express their impressions and opinions in meetings of the Board of Directors and Board of Corporate Auditors and conduct audit activities appropriately, including giving advice and recommendations.

Name (Year and month of appointment)	Reasons for appointment	Attendance of Board of Directors and Board of Corporate Auditors meetings in FY2024
Shinji Tsuruoka (June 2019)	In addition to his extensive knowledge as a university professor, Mr. Tsuruoka has served as a Director and Vice President of a university and has a wealth of experience and broad insights in the management of organizations.	Board of Directors: 16/16 Board of Corporate Auditors: 14/14
Ikuko Kawabata (June 2019)	Ms. Kawabata has worked as a prosecutor and attorney for many years and has a wealth of experience and broad insights as an expert in the law.	Board of Directors: 15/16 Board of Corporate Auditors: 13/14
Masahiro Nakamura (June 2025)	Mr. Nakamura has been involved in the management of banks and think tanks for many years and has a wealth of experience and broad insights in the finance industry.	—

Board of Directors, Corporate Auditors and Executive Officers (As of June 23, 2025)



Apr. 1984 Joined Hyakugo Bank
 Jun. 2009 General Manager of Sujikaibashi Branch and Watarabashi Sub-branch
 Jun. 2011 General Manager of Tokyo Business Division
 Jun. 2013 General Manager of International Division
 Jun. 2017 General Manager of International Division (Director)
 Jun. 2018 Executive Officer, General Manager of Chusei Regional Headquarters
 Jun. 2020 Managing Executive Officer
 Jun. 2022 Senior Managing Executive Officer (Representative Director)
 Jun. 2025 Chairman (current)



Apr. 1980 Joined Hyakugo Bank
 Jan. 2004 General Manager of Yokkaichi-nishi Branch
 Jun. 2005 General Manager of Yokkaichi Branch
 Jun. 2007 General Manager of Corporate Planning Division
 Jun. 2009 General Manager of Corporate Planning Division (Director)
 Apr. 2010 General Manager of Nansei Regional Headquarters (Director)
 Jun. 2012 General Manager of Treasury & Securities Division (Director)
 Jun. 2013 Managing Director
 Jun. 2017 Senior Managing Director
 Jun. 2018 Senior Managing Executive Officer
 Jun. 2019 Senior Managing Executive Officer (Representative Director)
 Jun. 2022 President (Representative Director) (current)



Apr. 1988 Joined Hyakugo Bank
 Apr. 2010 General Manager of Nishiharu Branch
 Dec. 2011 Manager, Corporate Planning Section of Corporate Planning Division
 Jun. 2014 Deputy General Manager of Corporate Planning Division, Manager of Corporate Planning Section
 Dec. 2014 General Manager of Matsusaka-chuo Branch
 Jun. 2016 General Manager of Retail Loan Division
 Jun. 2018 General Manager of Ise Branch
 Jun. 2020 Executive Officer, Deputy Senior General Manager of Business Planning & Promotion Headquarters
 Jun. 2021 Managing Executive Officer
 Jun. 2025 Senior Managing Executive Officer (Representative Director) (current)



Apr. 1991 Joined Hyakugo Bank
 Dec. 2016 General Manager of Komono Branch
 Jun. 2019 General Manager of Corporate Planning Division
 Jun. 2021 Executive Officer, General Manager of Corporate Planning Division
 Jun. 2022 Executive Officer, General Manager of Treasury & Securities Division
 Jun. 2023 Managing Executive Officer
 Jun. 2025 Senior Managing Executive Officer (Representative Director) (current)



Apr. 1992 Joined Hyakugo Bank
 Jun. 2018 General Manager of Kencho Branch
 Jun. 2020 General Manager of Kuwana Branch
 Jun. 2021 General Manager of Personnel Division
 Jun. 2022 Executive Officer, General Manager of Personnel Division
 Jun. 2023 Executive Officer, General Manager of Chusei Regional Headquarters, General Manager of Head office Business Division
 Jun. 2024 Executive Officer, General Manager of Chusei Regional Headquarters
 Jun. 2025 Managing Executive Officer (current)



Apr. 1992 Joined Hyakugo Bank
 Jun. 2015 General Manager of Kawage Branch
 Jun. 2017 General Manager of Tomida Branch
 Jun. 2019 General Manager of Owase Branch
 Jun. 2020 General Manager of Ise Branch
 Sep. 2021 General Manager of Ise Branch and General Manager of Shinmichi Branch
 Jun. 2022 Executive Officer, General Manager of Hokusei Regional Headquarters
 Jun. 2024 Executive Officer, General Manager of Nansei Regional Headquarters
 Jun. 2025 Managing Executive Officer (current)



Apr. 1969 Joined Toyota Motor Sales Co., Ltd. (currently Toyota Motor Corporation)
 Jul. 1978 Joined Mie Toyopet Co., Ltd.
 Jun. 1980 Director, Mie Toyopet Co., Ltd.
 Jun. 1981 Managing Director (Representative Director), Mie Toyopet Co., Ltd.
 Jun. 1984 President, Member of the Board of Directors (Representative Director), Mie Toyopet Co., Ltd.
 Jun. 2007 Outside Corporate Auditor, Hyakugo Bank
 Jun. 2014 Representative Director and President, Chitose Co., Ltd.
 Jun. 2015 Outside Director, Hyakugo Bank (current)
 Jun. 2019 Chairman of the Board of Directors (Representative Director), Mie Toyopet Co., Ltd. (current)
 Feb. 2023 Representative Director and President, Evergreen Holdings Co., Ltd.
 Jun. 2025 Representative Director and Chairman, Evergreen Holdings Co., Ltd. (current)



May 1980 Secretary and Interpreter at Japan Offices of SEDCO INC. (currently Schlumberger Limited.) and Chevron U.S.A. Inc.
 Aug. 1986 Started to work as a conference and business interpreter (freelance)
 Dec. 1996 Joined Hikari Kikai Seisakusho Co., Ltd.
 May 2001 President, Hikari Kikai Seisakusho Co., Ltd. (current)
 Jun. 2015 Outside Director, IMURAYA GROUP CO., LTD.
 Jan. 2020 Visiting Professor, Nagoya Institute of Technology (current)
 Jun. 2020 Outside Director, Hyakugo Bank (current)
 Apr. 2021 Director and Vice President, National University Corporation Mie University (current)

Outside Director

Atsushi Nakamura

- Apr. 1987 Joined Meiji Life Insurance Company (currently Meiji Yasuda Life Insurance Company)
- Apr. 2010 General Manager, Takamatsu Regional Office, Meiji Yasuda Life Insurance Company
- Apr. 2011 General Manager, Eastern Shikoku Regional Office, Meiji Yasuda Life Insurance Company
- Apr. 2014 General Manager, Marketing Planning & Research Department, Meiji Yasuda Life Insurance Company
- Apr. 2016 Operating Officer and General Manager, Corporate Planning Department, Meiji Yasuda Life Insurance Company
- Apr. 2018 Managing Executive Officer, Meiji Yasuda Life Insurance Company
- Apr. 2022 Senior Managing Executive Officer, Meiji Yasuda Life Insurance Company
- Jun. 2022 Outside Director, Hyakugo Bank (current)
- Apr. 2024 Deputy President, Representative Executive Officer, Meiji Yasuda Life Insurance Company
- Jul. 2024 Director, Deputy President, Representative Executive Officer, Meiji Yasuda Life Insurance Company (current)

Outside Director

Keiko Hirota

- Apr. 1980 Joined Mie Prefectural Government
- Apr. 2014 Director General of Mie Prefecture Department of Employment and Economic Affairs
- Apr. 2017 Superintendent of Mie Board of Education
- Apr. 2020 Vice Governor of Mie Prefecture
- Jun. 2024 Outside Director, Hyakugo Bank (current)
- Jun. 2024 Outside Director, IMURAYA GROUP CO., LTD. (current)

Outside Director

Hitoshi Ando

- Apr. 1981 Joined Yokkaichi Warehouse Co., Ltd. (currently Japan Transcity Corporation)
- Jun. 2013 Director, Japan Transcity Corporation
- Jun. 2017 Managing Executive Officer, Japan Transcity Corporation
- Jun. 2019 President, President Executive Officer, Japan Transcity Corporation (current)
- Jun. 2025 Outside Director, Hyakugo Bank (current)

Standing Corporate Auditor

Takashi Nakagawa

- Apr. 1990 Joined Hyakugo Bank
- Jun. 2015 Deputy General Manager, Corporate Planning Division, Manager, Budget Section
- Jun. 2017 General Manager, Internal Audit Division
- Jun. 2018 General Manager, Risk Management Division
- Jun. 2020 Standing Corporate Auditor (current)

Standing Corporate Auditor

Masato Urade

- Apr. 1990 Joined Hyakugo Bank
- Jun. 2017 General Manager of Kameyama Branch and Higashimiyuki Subbranch
- Jun. 2019 General Manager of Yokkaichi Branch
- Apr. 2020 General Manager of Yokkaichi Branch and Yokkaichi-ekimae Branch
- Jun. 2021 Executive Officer, General Manager of Aichi Regional Headquarters
- Jun. 2023 Executive Officer, General Manager of Nansei Regional Headquarters
- Jun. 2024 Standing Corporate Auditor (current)

Outside Corporate Auditor

Shinji Tsuruoka

- Apr. 2000 Professor, Faculty of Engineering, Mie University (currently National University Corporation Mie University)
- Apr. 2015 Executive Vice President, Mie University
- Apr. 2019 Vice President, Mie University
- Jun. 2019 Outside Corporate Auditor, Hyakugo Bank (current)
- Apr. 2020 Executive Advisor to the President, National University Corporation Mie University (current)
- Apr. 2021 Chairperson, Department of Medical Information Science, Faculty of Medical Engineering and Specially Appointed Professor, Suzuka University of Medical Science (current)

Outside Corporate Auditor

Ikuko Kawabata

- Apr. 1998 Appointed as Prosecutor
- Aug. 2010 Registered as attorney, Mie Bar Association
- Aug. 2010 Representative Attorney, Kawabata Law Office (current)
- Jun. 2019 Outside Corporate Auditor, Hyakugo Bank (current)

Outside Corporate Auditor

Masahiro Nakamura

- Apr. 1983 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)
- May 2013 Managing Executive Officer, Deputy Chief Executive, Corporate Services, The Bank of Tokyo Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)
- Executive Officer and Managing Director, Deputy Officer in charge of Administration and System Planning Department, Mitsubishi UFJ Financial Group, Inc.
- Jun. 2015 Vice President and Representative Director, Mitsubishi UFJ Research and Consulting Co., Ltd.
- Jun. 2016 Outside Corporate Auditor, The Nanto Bank, Ltd.
- May 2020 President and Representative Director, MARUNOUCHI YOROZU Co, Ltd
- Jun. 2025 Special Advisor, MARUNOUCHI YOROZU Co, Ltd (current)
- Jun. 2025 Outside Corporate Auditor, Hyakugo Bank (current)

Executive Officers (excluding concurrent directors)

General Manager of Hokusei Regional Headquarters **Kazu Sugimoto** General Manager of Personnel Division **Shinji Ito** General Manager of Chusei Regional Headquarters **Takanori Hirai** General Manager of Credit Division **Yoshihito Hirata**
 General Manager of Yokkaichi Branch and Yokkaichi-ekimae Branch **Takanori Kondo** General Manager of Nansei Regional Headquarters **Masayuki Yagata** General Manager of Aichi Regional Headquarters **Ryuichiro Ito**

Skills matrix

The Bank has the policy of disclosing the main areas of expertise and experience possessed by Directors and Corporate Auditors.

Name			Position in Hyakugo Bank	Main areas of expertise and experience possessed by Directors and Corporate Auditors					
				Corporate strategy / corporate management	Compliance / risk management / market operations	Regional development / sustainability	Sales / consulting	Human resources / diversity	IT / DX
Kei Yamazaki		Male	Chairman	●	●		●	●	
Masakazu Sugiura		Male	President (Representative Director)	●	●	●	●		
Tetsuya Kato		Male	Senior Managing Executive Officer (Representative Director)	●	●		●		●
Yasuhiro Urata		Male	Senior Managing Executive Officer (Representative Director)	●	●	●			●
Yasuhisa Igarashi		Male	Managing Executive Officer	●			●	●	
Koji Kawakami		Male	Managing Executive Officer	●		●	●		
Hisashi Kawakita	Independent	Male	Outside Director	●		●	●		
Keiko Nishioka	Independent	Female	Outside Director	●		●		●	
Atsushi Nakamura	Independent	Male	Outside Director	●	●			●	
Keiko Hirota	Independent	Female	Outside Director		●	●		●	
Hitoshi Ando	Independent	Male	Outside Director	●			●		●
Takashi Nakagawa		Male	Standing Corporate Auditor	●	●				●
Masato Urade		Male	Standing Corporate Auditor			●	●	●	
Shinji Tsuruoka	Independent	Male	Outside Corporate Auditor			●		●	●
Ikuko Kawabata	Independent	Female	Outside Corporate Auditor		●	●		●	
Masahiro Nakamura	Independent	Male	Outside Corporate Auditor	●		●	●		

*The above tables highlight the areas of particular strengths of each Director and Corporate Auditor or those in which some of the expertise, experience and knowledge of each Director and Corporate Auditor are expected to be utilized. They do not represent all expertise, experience and knowledge possessed by each Director and Corporate Auditor.

"Independent" indicates Independent Director as prescribed by Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc.

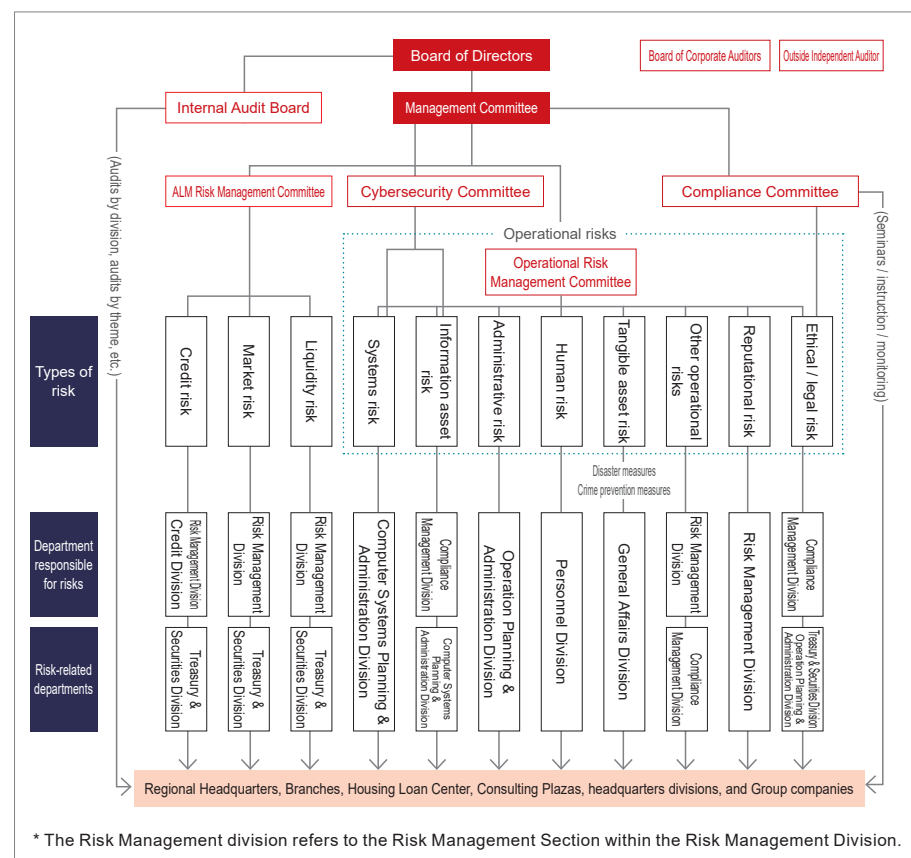
Risk Management

Fundamental risk management policies

With the diversification of financial services and businesses, the importance of risk management is heightening even further. Hyakugo Bank is working to strengthen and enhance risk management with its fundamental risk management policy of establishing an appropriate risk management framework to maintain the soundness and adequacy of management and secure stable income.

Risk Management System

(As of June 23, 2025)



Comprehensive risk management system

Hyakugo Bank has a comprehensive system to understand and manage a variety of risks of the Hyakugo Bank Group. Risks are grouped into categories such as “credit risk,” “market risk” and “operational risk.” Some headquarters divisions are designated as having principal responsibility for managing a specific type of risk, and risks are comprehensively managed by the risk management division. In addition, the ALM Risk Management Committee and the Operational Risk Management Committee comprehensively gauge, evaluate and monitor the risks and deliberate on risk management policies and measures.

In addition, based on this comprehensive risk management approach, Hyakugo Bank quantifies risks and sets limits for risk taking, and thus strives to secure both the soundness and appropriateness of management and stable earnings.

Moreover, by conducting internal audits through auditing units that are independent from business divisions, the Bank has established a mechanism for examining the appropriateness and effectiveness of management within each of its divisions and for encouraging improvement.

Credit risk management

By conducting the appropriate management of credit risk, Hyakugo Bank aims to maintain soundness of assets such as loans and to build a portfolio that has high capital and asset efficiency.

To ensure appropriate returns commensurate with risk, Hyakugo Bank has implemented a credit rating system that employs standardized criteria to evaluate credit risk. In addition, the Bank has established a basic credit policy that limits the concentration of credit in any specific company or industry in the Hyakugo Bank Credit Policy, and monitors overall credit portfolio to diversify risk.

Hyakugo Bank uses the Foundation Internal Ratings-Based (FIRB) approach to calculate the capital adequacy ratio, and is working on the sophistication of risk management. In internal control, Hyakugo Bank measures and controls credit risk in a way that includes credit concentration risk. For borrowers facing issues such as deteriorating business conditions, Hyakugo Bank appropriately determines management status and administers guidance for the formulation of revitalization plans as required to resolve problems and recover loans.

Market risk and liquidity risk management

For market risk management, Hyakugo Bank aims to ensure stable earnings while controlling risk due to market volatility of its portfolio at an appropriate level. Hyakugo Bank mainly uses VaR to quantify various risks such as “interest rate risk,” “foreign exchange risk,” and “stock price risk.”

Hyakugo Bank deals with liquidity risk by monitoring yen-denominated and foreign currency-denominated cash management and appropriately managing the risk to avoid lack of funds. In addition, for contingencies, Hyakugo Bank implements various actions such as securing assets with high liquidity, confirming how much liquidity can be procured in the market, and formulating and implementing measures in advance according to the tightness of credit.

Operational risk management

Hyakugo Bank considers operational risk to encompass a wide range of risks consisting of administrative risk, systems risk, information asset risk, ethical and legal risk, human risk, tangible asset risk, reputation risk, and other operational risks, and is working to reduce risks after appropriately evaluating their impacts and the necessity of improvement measures. Hyakugo Bank also continuously strives to strengthen risk management related to outsourcing.

Crisis management

In addition to these risk management systems, Hyakugo Bank, in light of the public nature of banking operations, has formulated the Business Continuity Plan, which will enable it to continue offering or resume at an early stage the necessary financial services to maintain the social and economic activities of the region, even in the event of a major disaster such as earthquakes or epidemic of new infectious diseases. In addition, Hyakugo Bank is reinforcing its capability to respond to crises by formulating various contingency plans and conducting regular drills.

Initiatives for cybersecurity response

To address the increasingly advanced and sophisticated cyber attacks, Hyakugo Bank’s management is committed to staying updated on the latest developments, positioning cybersecurity as an investment and engaging in proactive management.

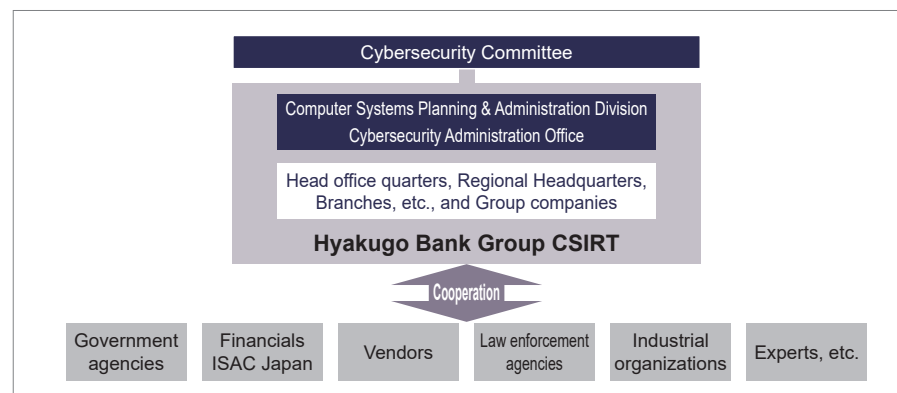
Basic policy for cybersecurity management

Management views cybersecurity risks as part of its risk management of the entire organization, and with the proactive involvement of management, we will allocate resources appropriately and, in normal times, establish systems for proactively responding to incidents. In addition, we will address the threats of ever-changing cyber attacks organizationally and technically by strengthening our ability to respond in the event of an emergency.

Scope and level of services to be maintained

We will develop a system that enables us to fulfill our social mission of continuously providing the financial services necessary for sustaining regional social and economic activities.

Risk management system



Through the establishment of the Cybersecurity Committee, we will strengthen information-sharing with the Board of Directors and establish a governance structure that includes the management. We have established Cybersecurity Administration Office, a dedicated department focused on specialized and intensive cybersecurity response, and are working to enhance the cybersecurity management framework.

Hyakugo Bank has established a cross-organizational cybersecurity response team including Group companies, Hyakugo Bank Group CSIRT^{*1}, to manage both routine and emergency situations, and formulated a basic policy and administration rules, etc. regarding cybersecurity to strengthen the cybersecurity management framework. We have also strengthened cooperation with cybersecurity-related organizations by signing a joint response agreement with the Mie Prefectural Police Department and participating in the Financials ISAC Japan^{*2}, an external organization. These efforts facilitate the gathering of information on a wide range of issues and contribute to early warning and preventive measures.

^{*1} CSIRT: An abbreviation for Computer Security Incident Response Team, an organization that works in normal times to prepare for the occurrence of potential security events in systems and other areas

^{*2} ISAC: An abbreviation for Information Sharing and Analysis Center, an organization that shares information on cybersecurity countermeasures, etc. among business sectors

Knowledge of cybersecurity leaders

Hyakugo Bank designated the manager responsible for cybersecurity administration as the person responsible for overall cybersecurity, who supervises cybersecurity risks. The manager responsible for cybersecurity administration actively participates in training and drills to incorporate external knowledge and strives to update the security system with the latest information. In addition, regular study sessions are held exclusively for the management to enhance their overall knowledge.

Securing resources

The Bank views cybersecurity as an important part of its internal infrastructure, alongside growth investments, and actively invests in “human resources” and “the development of robust systems.” We are focusing on developing and securing human resources with efforts such as sending staff to specialized organizations and training them as long-term trainees and recruiting mid-career external personnel versed in this area. Furthermore, we are working to raise awareness of cybersecurity across Hyakugo Bank by conducting targeted attack email drills and holding security study sessions regularly for all officers and employees.

Identification of risks and formulation of response plans

We identify and assess cybersecurity risks by gathering threat and vulnerability information from external organizations such as the National Cybersecurity Office (NCO^{*3}), the National Police Agency, and the Financials ISAC Japan, and by conducting periodic vulnerability assessments of the Bank’s information assets. We then systematically

take measures to mitigate cybersecurity risks, considering our business environment, management strategies, and risk tolerance.

^{*3} NCO: An abbreviation for National Cybersecurity Office, an organization established within the Cabinet Secretariat to provide advice and information necessary for ensuring cybersecurity.

Emergency response and restoration systems

In preparation for emergencies, we have a system in place to ensure cybersecurity. We also regularly participate in training organized by the Financial Services Agency and other organizations to improve our response capabilities and enable prompt action. In the event of an incident, management will be involved, and relevant departments will be convened to investigate the cause, prevent further damage, and take restoration measures to continue operations and protect information assets.

Incident status

No cyber incidents have occurred to date due to responses such as blocking unauthorized communications to the Bank’s devices.

TOPICS

Holding a seminar for cybersecurity response

The Hyakugo Bank Group is working on strengthening its cybersecurity response to address the advanced and sophisticated cyber attacks. In addition to our Group, we are also providing information to local businesses exposed to risks of cybercrimes, which have occurred frequently in recent years.

In February 2025, “Seminar for Cybersecurity Response” was held with cooperation of Mie Prefectural Police Headquarters, hosted by Hyakugo Research Institute and jointly organized by Hyakugo Bank and the Federation of Mie Prefecture Chamber of Commerce and Industry.

The seminar was attended by 151 management and cybersecurity personnel of medium-sized companies and SMEs from 122 companies and served as an opportunity providing them with useful information on necessary measures to protect important information assets of companies through demonstrations. The issues the seminar covered included the latest trends in cybercrimes, measures to prevent attacks, and the recovery process in the event of encountering damage and the methods for investigating the causes.

Hyakugo Bank will continue to foster awareness of local businesses on cybersecurity response and contribute to solving various local issues.



Compliance

Compliance measures

In addition to observing laws, regulations and rules, compliance refers to the act of adhering to and fulfilling social norms. Hyakugo Bank believes that as a bank, whose most valuable asset is its credibility, enhancing its managerial soundness and solidifying society's trust are natural principles of compliance, and each executive and employee must steadily put compliance into practice in the daily execution of duties.

To this end, the Hyakugo Bank has made compliance one of its highest management priorities and has been making efforts to bolster its compliance structure, while at the same time mitigate ethical and legal risks*. Specifically, in addition to issuing the Compliance Manual that states fundamental guidelines for compliance within the Bank, we have created the Bank-wide Compliance Committee to discuss overall compliance measures. Furthermore, Hyakugo Bank has established the Compliance Management Division to conduct integrated supervision and promotion of compliance.

Moreover, compliance officers are assigned to all headquarters divisions, regional headquarters, branches, Retail Banking Centers, and consulting plazas to prevent legal infractions and check the status of compliance. Furthermore, Hyakugo Bank is engaged in initiatives based on the Compliance Action Plan, which is formulated as a concrete action plan each year.

Hyakugo Bank will continue to reinforce its compliance structure going forward.

* Ethical and legal risks: The risk of Hyakugo Bank having to assume liability for damages or the Bank losing its credibility as a result of Hyakugo Bank being held legally or morally culpable by clients, shareholders and other stakeholders, on account of executives and employees engaging in activities that violate laws, regulations, rules, social norms, etc., or Hyakugo Bank's rules or procedures in the execution of their duties.

Initiatives for anti-money laundering, counter financing of terrorism, and counter proliferation financing

Financial institutions face the risk of day-to-day transactions being used for money laundering, financing of terrorism, proliferation financing, or financial crimes due to the nature of their business. As the threat of terrorism grows around the world, money is increasingly transferred over greater distances, and as globalism in money transferring increases, there is a rising interest in the measures being taken by financial institutions to combat these risks. With this background, the Hyakugo Bank Group carries out effective initiatives for combatting money laundering, the financing of terrorism, and proliferation financing in order to comply with related laws and regulations such as the Act on Prevention of Transfer of Criminal Proceeds and the Foreign Exchange and Foreign Trade Act and to enable the Group to respond to constantly changing risks. Through this, the Group lives up to the trust required of a financial institution.

Management system of Hyakugo Bank

Classification	Department	Functions
First line of defense (sales divisions)	Branches, Retail Banking Centers, Consulting Plazas, etc.	Directly confront and prevent money laundering and other risks
Second line of defense (administrative divisions)	AML/CFT Unit, departments reporting to the headquarters	Oversee and support the autonomous risk management efforts of the first line of defense.
Third line of defense (internal audit divisions)	Internal Audit Division	Examine the effectiveness of AML/CFT/CPF measures.

Whistle-blowing system

The Bank has established a whistle-blowing system (Compliance Hotline) for the early detection, correction, and prevention of recurrence of compliance issues, such as violations of laws and regulations, misconduct, breaches of internal rules and regulations, and harassment. This system allows all executives and employees of the Bank and the Group (including those who have left within the past year) to report and consult on compliance concerns.

The Compliance Hotline supports both anonymous and non-anonymous reports and consultations, and the designated Hotline Response Personnel and dedicated attorneys will receive reports, investigate them, and take necessary corrective actions.

Only a small number of Hotline Response Personnel will handle the report in order to minimize the extent to which the whistleblower's information is shared.

The Bank stipulates that executives and employees shall not seek the identity of whistleblowers, subjects of whistleblower reports, or those assisting in the investigation of the reported case, and that whistleblowers and those assisting in the investigation shall not disclose the fact that they have cooperated in the reporting and investigation, or any facts that they have come to know. This ensures that whistleblowers are not treated disadvantageously and can use the system with confidence.

In addition, the Compliance Management Division explains the whistle-blowing system and the Compliance Hotline at training sessions and on other occasions to familiarize executives and employees with the system and deepen their understanding of the system.

Management of conflicts of interest

In transactions that may pose a conflict of interest between Hyakugo Bank or its group companies and customers, and between customers of Hyakugo Bank or its group companies, Hyakugo Bank properly conducts business so as not to unfairly impair the interests of customers, in accordance with the Banking Act, the Financial Instruments and Exchange Act and other related laws and regulations.

"Transactions that may pose a conflict of interest" refer to transactions entered into

by Hyakugo Bank or its group companies that “may unfairly impair the interests of customers.” “Conflicts of interest” refer to situations in which interests conflict between the Hyakugo Bank or its group companies and the customer, and the interests between the customers of Hyakugo Bank or its group companies. Companies that are subject to the management of conflicts of interest include Hyakugo Bank, and Hyakugo Research Institute and Hyakugo Securities, both of which are companies of Hyakugo Bank Group.

Hyakugo Bank appropriately manages conflicts of interest by identifying transactions that are subject to conflict of interest management.

Pursuant to laws and regulations, Hyakugo Bank also discloses its Guidelines on the Management of Conflicts of Interest by posting them on its website and at its branches.

Elimination of antisocial forces

The Hyakugo Bank Group always recognizes the importance of a bank’s public mission and social responsibility. The entire organization is committed to cutting off all relationships, including transactions, with antisocial forces, by firmly refusing the provision of funds to antisocial forces that threaten the order and safety of civil society, and resolutely rejecting any undue requests and interventions by antisocial forces.

Specifically, the Regulation for Responding to Antisocial Forces stipulate basic matters for cutting off relationships with antisocial forces, and ensure that executives and employees are thoroughly aware of these matters. In addition, the Bank has introduced clauses to exclude organized crime groups in contracts and transaction terms and conditions in an effort to prevent transactions with antisocial forces.

In addition, the Bank cooperates with the police and other relevant administrative bodies, as well as with attorneys and other external professional organizations, and continuously implements measures to eliminate transactions and cut off relationships.

Initiatives to strengthen customer protection and customer information management systems

The Hyakugo Bank Group regards the management of customer protection as one of the important management issues, and strictly observes laws, regulations and rules from the perspective of customers, and conducts corporate activities in good faith and fairness. The Hyakugo Bank Group’s Customer Protection Management Policy stipulates that it will strictly comply with laws and regulations, protect the legitimate interests of customers, and strive to improve customer convenience in accordance with its corporate philosophy. The Group is making continuous efforts based on the analysis and evaluation of the status of customer protection management.

A centralized complaint management department has been established to accept consultations and complaints from customers. The department in charge of complaints consolidates them and provides direction and guidance to the department where the complaint originated and to other relevant departments to resolve the complaints.

Details of complaints, their cause analysis, and the status of corrective actions are reported to the Board of Directors through the Compliance Committee, and continuous efforts are made to improve them. The Bank has also entered into a basic agreement for the implementation of dispute resolution procedures with the Japanese Bankers Association, which is the designated dispute resolution institution as defined in the Banking Act, and is compliant with the financial ADR system, which resolves disputes with customers through the involvement of a third party.

In accordance with the Act on the Protection of Personal Information and related laws and regulations, the Bank discloses the purpose of use, etc. of personal information on its website. In addition, based on its Personal Information Protection Declaration, the Bank is committed to the appropriate protection and use of personal information, and strictly manages such information.

Response to the financial alternative dispute resolution (ADR) system

Hyakugo Bank has concluded a contract regarding procedures for handling customer complaints and procedures for dispute resolution with the Japanese Bankers Association, which is the designated dispute resolution institution as defined in the Banking Act.

Contact: Advisory Office, Japanese Bankers Association; Phone: 0570-017109 or 03-5252-3772

Initiatives against bribery and other forms of corruption

Business entertainment is a means to build relationships with all stakeholders, including customers, and to ensure smooth business operations, and is conducted in an appropriate and sound manner. The Bank has established the Management Procedures for Business Entertainment, and has developed a system to prevent bribery and other forms of corruption, so as not to deviate from socially accepted norms and common sense.

TOPICS

Execution of “Information Sharing Partnership Agreement on Prevention of Damage, etc., Related to Financial Crimes” with the Mie Prefectural Police

On March 7, 2025, in light of serious situations surrounding financial crimes such as phone scams as well as investment and romance scams using social media, Hyakugo Bank executed the “Information Sharing Partnership Agreement on Prevention of Damage, etc., Related to Financial Crimes,” whereby we provide the Mie Prefectural Police with information obtained through transaction monitoring and other measures regarding transactions suspected to cause damage and accounts such as those opened under suspicious circumstances, to prevent the escalation of damage for victims not yet aware of the damage and to lead to prompt investigation.

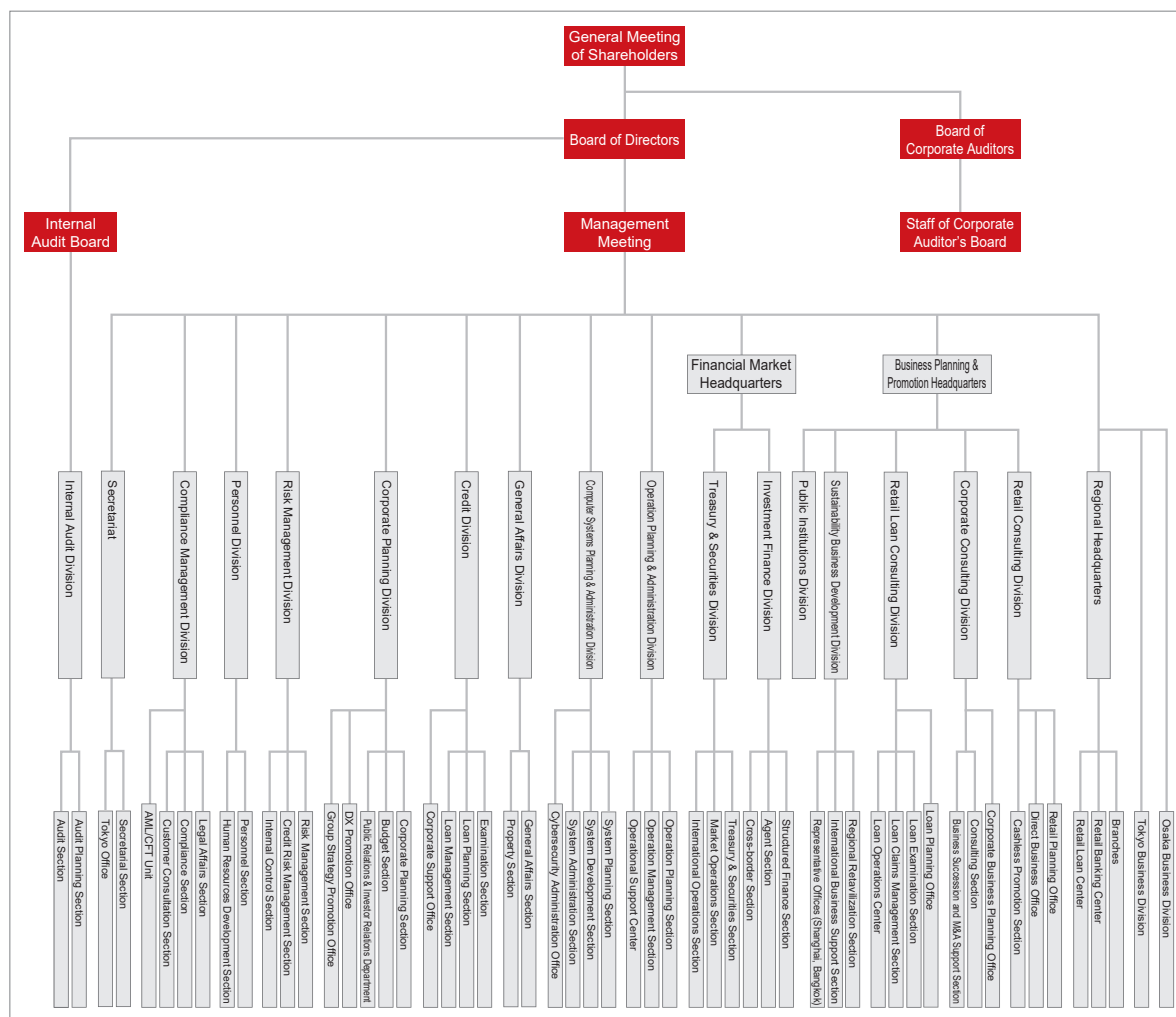
Hyakugo Bank will continue to contribute to building regional communities where local people can live life with a sense of safety and security through its efforts to collaborate with the police.



Organizational Structure / Group Companies

Organizational structure

(As of June 23, 2025)



Group Companies

Company name and Business	
Consolidated Subsidiaries	Hyakugo Card Company Limited ▶ Credit card and credit guarantee services
	Hyakugo Leasing Company Limited ▶ Lease services
	Hyakugo Research Institute Company Limited ▶ Regional industrial research and consulting services
	Hyakugo Digital Solutions Company Limited ^{*1} ▶ Planning, development and operation of systems, ICT business
	Hyakugo Securities Company Limited ▶ Financial instruments trading services
	Hyakugo Business Service Company Limited ▶ Verification and organizing services for cash, etc.
	Hyakugo Heartful Service Company Limited ^{*2} ▶ Storage, management, and printing-related services for documents and ledgers, etc.
	Hyakugo Property Research Company Limited ▶ Investigation and assessment work for real estate collateral
	Hyakugo Office Service Company Limited ▶ Concentrated management and administrative services, etc. for the Bank's notes, bonds, etc.
	Hyakugo Staff Service Company Limited ▶ Job placement and labor management services
Non-Consolidated Subsidiaries	Hyakugo Mirai Investment Company Limited ▶ Formation and management of investment limited partnerships (funds)
	Asca Planning Nagoya Company Limited ▶ System-related services and staffing services
	Digital Associate Company Limited ▶ System-related services and staffing services

^{*1} Company name changed on April 1, 2025 (former company name: Hyakugo Computer Soft, Ltd.)

^{*2} Company name changed on April 1, 2025 (former company name: Hyakugo Kanri Service Company Limited)

Communication with Stakeholders

The Hyakugo Bank Group strives to meet the expectations of its stakeholders by balancing economic development with solutions to social issues in the region through its core business, and actively discloses information through the General Meeting of Shareholders, business partner gatherings, and company briefings. We also strive to improve management by listening to the opinions and requests of our stakeholders.

Communication with customers

Business partner gathering

Every year, the Bank holds business partner gatherings to strengthen relationships with our customers and proactively disclose information.

In FY2024, we held the gathering 3 times at 3 locations in Mie and Aichi Prefectures from August to September, where the President explained business performance along with business activities and outcomes including decarbonization and SDGs initiatives and regional revitalization.

The Bank's executives and the Presidents of Group companies also participate in the gatherings to directly listen to customers' opinions and requests, which facilitates communication as well as improve management.



Date	Venue (invited district)	No. of participants
August 2024	Tsu City (Chusei District)	252
September	Matsusaka City (Nansei District)	179
	Nagoya City (Aichi District)	248

* A gathering in Yokkaichi City (Hokusei District) was cancelled due to stormy weather.

Conducting customer surveys

The Bank and Hyakugo Securities have established policies in accordance with the Principles for Customer-Oriented Business Conduct (revised on September 26, 2024) issued by the Financial Services Agency, and regularly disclose the status of their initiatives while reflecting the voice of customers. As part of these efforts, we conduct customer surveys with customers who have purchased investment trusts to gather feedback on our proposals as well as their opinions and requests. Based on customer voice, we actively work to improve our services and operations.



Customer-based Business Operation Declaration and Action Policy
https://www.hyakugo.co.jp/gyoumu_unei_sengen/



Opinions and requests from customers

- Expand product lineup
- Shorten time required to complete procedures
- Hold a seminar in which customers can casually participate

Main initiatives to improve services and operations

- We are considering the introduction of products that will complement our existing product lineup as needed.
- We launched "105 Smartphone Investment Trust" services in January 2025, for which we enhanced the functions of our smartphone banking application, achieving an improvement in transactions.
- We started paperless operations for face-to-face depository asset transactions in July 2025.
- We are holding small scale seminars and consultation meetings at each Branch as needed.

Communication with regional society

Holding the event of Corporation Day at Mie Prefectural Museum (MieMu)

The Corporation Day was held for local people to enjoy Mie Prefectural Museum, on which basic fees for viewing exhibitions were free.

On Corporation Day, we held events which can be enjoyed by people of all generations from children to adults. Those included a panel exhibition and an exhibition of tea bowls from the Sekisui Museum, related to Handeishi Kawakita, who has association with Hyakugo Bank, and other exhibitions of the Sekisui Museum, as well as quiz rallies to try quizzes related to the Bank, experiencing coloring Ukiyoe, and a game with our baseball team. The Corporation Day attracted about 1,600 visitors.



Holding financial knowledge competition Economics Koshien

Every year since 2011, the Bank has held the Mie competition of Economics Koshien, a national finance and economics quiz tournament for high-school students, under the joint sponsorship of the Association for the Promotion of Financial Literacy, a non-profit organization.

With financial knowledge becoming increasingly necessary amid diversifying financial and economic conditions, the tournament aims to provide an opportunity for high school students, who are about to enter society, to have fun learning about finance and economics to make use of what they learn in their lives in the future.

Twenty-four students from 12 teams from high schools within Mie Prefecture participated in the 14th competition held in December 2024 and competed with their financial knowledge to advance to the nationals.

At this tournament, the team from Mie Prefectural Yokkaichi High School won the competition, and attended the nationals held in Tokyo as a representative of Mie Prefecture.



Communication with shareholders and investors

Every June, we hold the Ordinary General Meeting of Shareholders at our Marunouchi Headquarter Building. In addition, we hold regular company briefing sessions mainly for domestic and international securities firms, institutional investors, and analysts, in an effort to strengthen opportunities for dialogue and enhance communication with shareholders and investors.

In FY2024, we held Information meetings (IR), both in-person (in Tokyo) and online, for full-year results announcement in May and for interim results announcement in November. Audio recordings of the IR meetings, along with explanatory materials, are available on the Bank's website.

Individual company briefings for institutional investors in Japan and overseas are also held as needed.

Activities in FY2024

Number of IR and SR implemented		24
General Meeting of Shareholders	Number of participants (including online participants)	215
	Number of briefings held	2 times
Financial results briefing	Number of participants (including online participants)	145



The Hyakugo Bank Group's Website: "For Shareholders and Investors"
<https://www.hyakugo.co.jp/ir/>



Shareholder benefit program

We have a shareholder benefit program as a way of expressing our appreciation to our shareholders for their support. All shareholders who hold 1,000 shares or more as of March 31 of each year receive a gift catalog for local specialties of Mie Prefecture.

Eligible shareholders	Shareholders recorded in the shareholder registry who hold 1,000 or more shares in Hyakugo Bank as of March 31 of each year
Description of shareholder benefits	Recipients can select items from the Shareholder Benefit Gift Catalog, which lists local specialties of Mie Prefecture, in accordance with the number of shares they hold.



Number of shares held	Available local specialty gift
1,000 to 4,999	¥3,000 equivalent
5,000 or more	¥5,000 equivalent

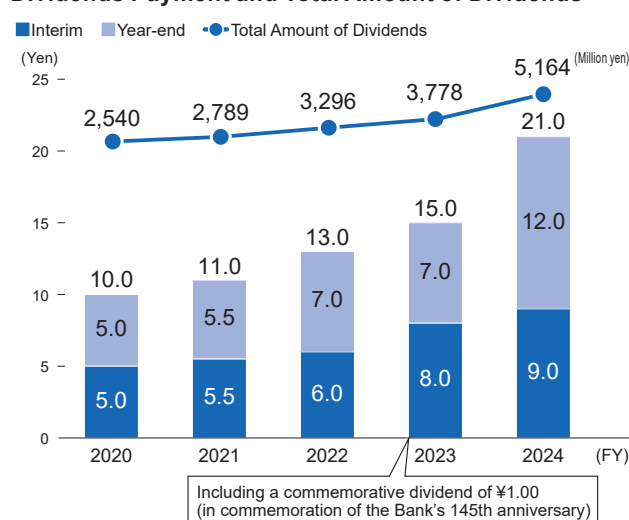
* The content of benefits may be reviewed.

Dividends to shareholders

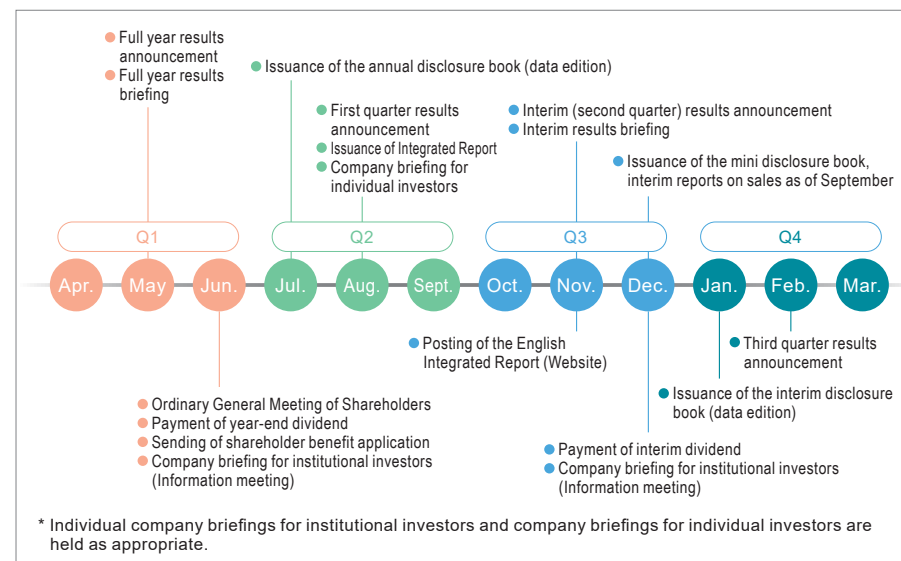
The Bank's basic policy is to enhance internal reserve in order to maintain and reinforce sound management, and to implement stable returns of profit to its shareholders.

In accordance with the Bank's basic policy, an annual dividend of ¥21 per share was paid to all shareholders for FY2024.

Dividends Payment and Total Amount of Dividends



IR calendar



Disclosure of information

Issuance of the disclosure book "Integrated Report"

We publish our integrated reports called HYAKUGO BANK REPORT. This report comprises both financial and non-financial information, and describes the Bank's management conditions, initiatives for sustainable growth, and medium- to long-term value creation. Specifically, the report introduces our medium to long-term management strategy, corporate governance structure, as well as our activities aiming to achieve a sustainable society as a regional financial institution, along with photos and numerical data. The latest edition of Hyakugo Bank Integrated Report 2025 is available at branch counters.

In addition, the disclosure book (data edition) based on Article 21 of the Banking Act is published in July and January every year. Please see the Bank's website.



The Hyakugo Bank Website
<https://www.hyakugo.co.jp/>

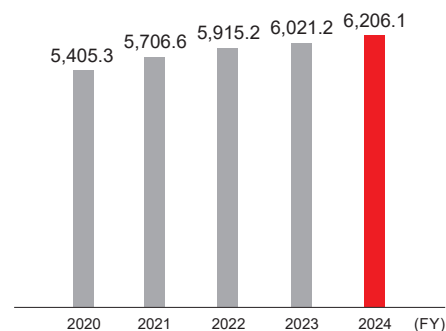


Financial Highlights (Non-consolidated)

Total deposits, etc.* (average balance)

¥6,206.1 billion

(Billion yen)

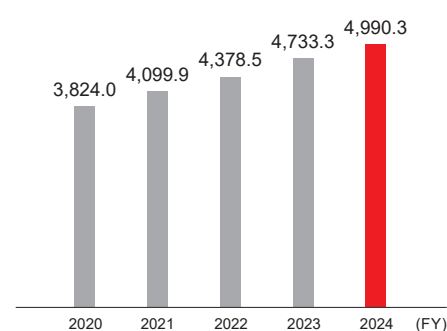


* Total deposits + NCDs

Total loans (average balance)

¥4,990.3 billion

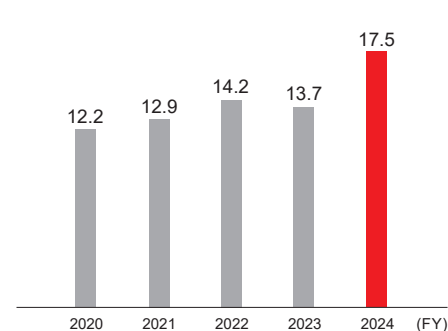
(Billion yen)



Net income

¥17.5 billion

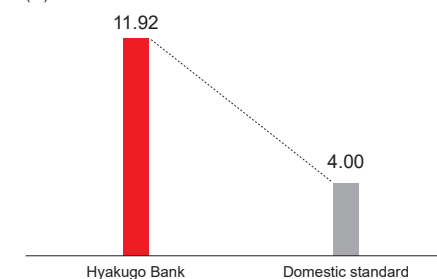
(Billion yen)



Capital adequacy ratio (domestic standard) (As of March 31, 2025)

11.92%

(%)



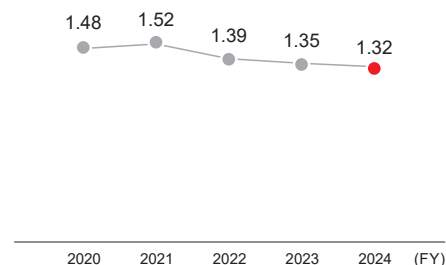
Our capital adequacy ratio, which shows business soundness, has significantly exceeded domestic standards.

Non-performing loans ratio

1.32%

(%)

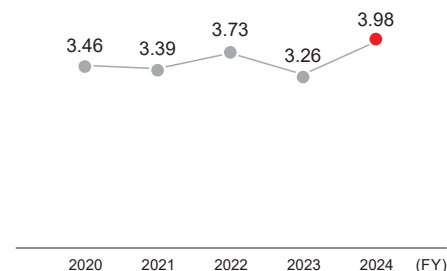
Assets remain sound.



ROE

3.98%

(%)

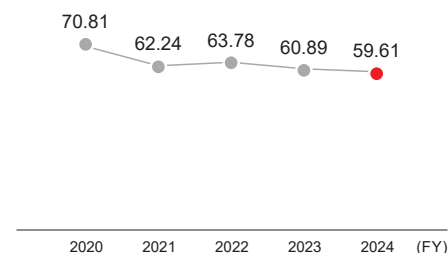


* The average balance of equity capital, which is the denominator, is calculated using the following formula: (equity capital at the beginning of the period + equity capital at the end of the period) / 2.

OHR

59.61%

(%)



Rating and Investment Information, Inc. (R&I) (As of March 31, 2025)

A (Stable)

Business soundness and trustworthiness were highly evaluated.

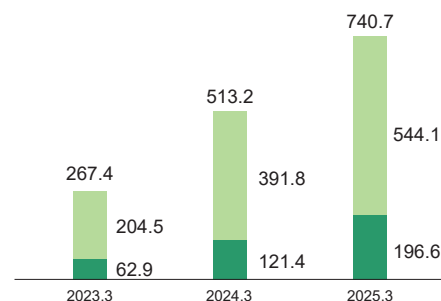
Non-financial Highlights

Cumulative amount of sustainable finance executed (As of March 31, 2025)

¥740.7 billion (Of which, **¥196.6 billion** is environment-related loans)

(Billion yen)

■ Environmental fields ■ Social fields



Target

FY2022 - FY2030

¥1 trillion

(Of which, more than ¥500.0 billion is environment-related loans)

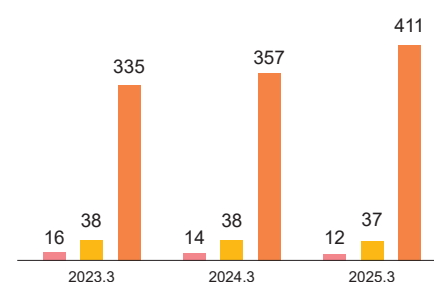
Number of personnel with professional qualifications* (As of March 31, 2025)

1st grade financial planners Securities analysts SME consultants

411 **37** **12**

(Persons)

■ 1st grade financial planner
■ Securities analyst ■ SME consultant



* The same person may hold multiple qualifications.

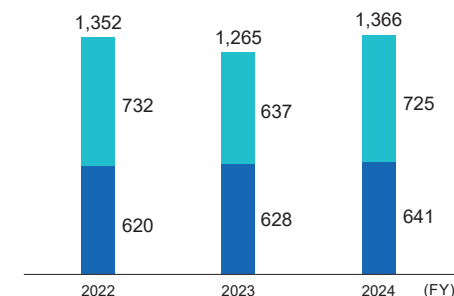
Number of business succession and M&A consultations (FY2024)

Number of business succession consultations Number of M&A consultations

641 **725**

(Cases)

■ Number of business succession consultations
■ Number of M&A consultations



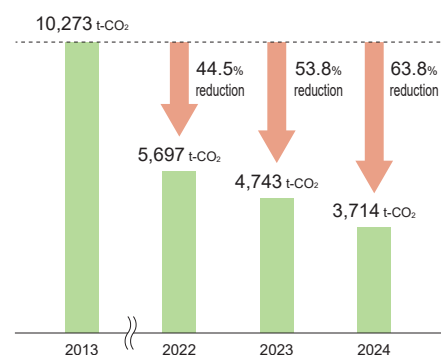
GHG emissions (Scope 1 & 2) reduction ratio

FY2024 comparison

Down **21.6%**

FY2013 comparison

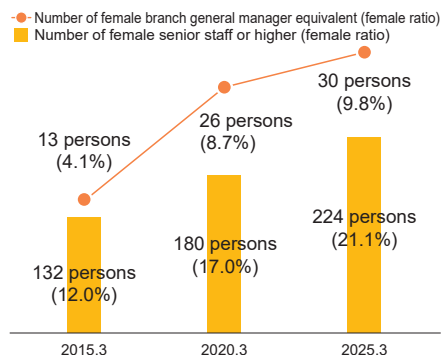
Down **63.8%**



Percentage of female managers (As of March 31, 2025)

Female branch general manager equivalent Female senior staff or higher

9.8% **21.1%**

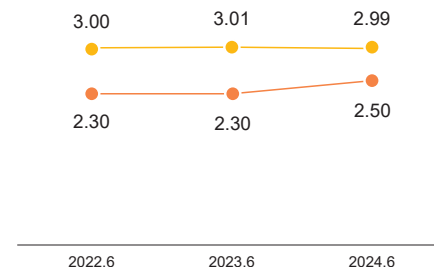


Employment rate of persons with disabilities (June 1, 2024)

2.99%

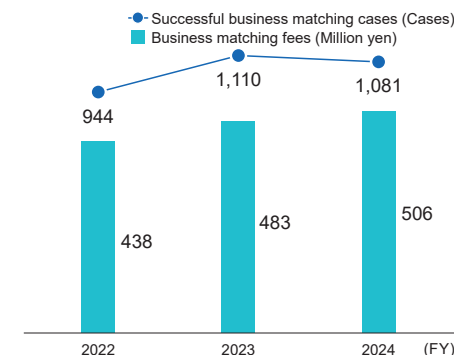
(%)

■ Mandatory employment rate
■ Special exception group employment rate



Successful business matching cases (FY2024)

1,081 cases



External Certifications

Health & Productivity Management Outstanding Organizations Recognition Program—White 500



In recognition of various initiatives to achieve healthy management, the Bank has been certified by the Ministry of Economy, Trade and Industry, and NIPPON KENKO KAIGI, as an organization engaged in outstanding health management under the “Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category)—White 500” for eight consecutive years since 2018.

L-Boshi (3-star rating)



In 2021, the Bank received the highest rating of three stars in the L-Boshi certification from the Minister of Health, Labour and Welfare based on the Act on the Promotion of Women's Active Engagement in Professional Life. Among the companies with “Platinum Kurumin” certification, the Bank was the first in the prefecture to receive the L-Boshi certification (three stars) and the first among financial institutions in the three prefectures of the Tokai region.

Company promoting active participation of persons with disabilities



In January 2020, as a company that employs a large number of persons with disabilities and in which persons with disabilities play an active role, Hyakugo Heartful Service Company Limited (former company name: Hyakugo Kanri Service Company Limited) was certified as a “company promoting active participation of persons with disabilities” by the Japan Association of Employers of Persons with Disabilities for the first time in Japan as a special-purpose subsidiary of a regional bank.

Mie Prefectural “Tokowaka” health management companies (White Mie)



From Mie Prefecture, the Bank has been recognized as a ‘Mie Prefectural “Tokowaka” health management company (White Mie)’ for being a company that actively works to improve the health of its employees and promotes “health management” with the aim of realizing a “Tokowaka Mie, a place where everyone can live healthy lives.”

Platinum Kurumin Plus



In 2008 and 2011, the Bank received “Kurumin” certification from the Minister of Health, Labour and Welfare as a child-rearing support company under the Act on Advancement of Measures to Support Raising Next-Generation Children. In 2016, the Bank was further recognized with “Platinum Kurumin” certification for implementing higher-standard initiatives. In March 2023, the Bank became the first company in the three prefectures of the Tokai region to receive “Platinum Kurumin Plus” certification as a company committed to creating a workplace environment that facilitates both fertility treatment and work.

Certified as a small and medium-sized enterprise excelling in employment of persons with disabilities (MONISU certification)



In December 2020, Hyakugo Heartful Service Company Limited (former company name: Hyakugo Kanri Service Company Limited), our special-purpose subsidiary, became the first company in Mie prefecture to receive “MONISU certification” from the Minister of Health, Labour and Welfare as an outstanding business making efforts to hire people with disabilities.

“Advanced” certification in D&I AWARD 2024



We received “Advanced” certification in one of Japan’s largest certification and award system for diversity and inclusion (D&I) initiatives of companies and organizations nationwide, conducted by JobRainbow Co., Ltd.

Awarded by the Mie Prefectural Governor as a company promoting work style reform in Mie



Mie Prefecture has established a certification system for companies that are working to create a workplace environment where everyone can work comfortably, promoting work-life balance, reviewing work styles, supporting the development of the next generation, and promoting the advancement of women. The Bank received the Best Practice Award, equivalent to first place, in FY2017 and the Good Practice Award in FY2023.

Profile / Stock Information

Profile of Hyakugo Bank

(As of March 31, 2025)

Name:	The Hyakugo Bank, Ltd.												
Established:	November 19, 1878												
Head office location:	21-27, Iwata, Tsu, Mie Prefecture												
Representative:	President Masakazu Sugiura												
Paid-in capital:	¥20.0 billion												
Number of employees:	2,207												
Number of Branches:	145 Branches, 2 Overseas Representative Offices												
Breakdown	<table> <tr> <td>Mie Prefecture</td><td>86 Branches</td></tr> <tr> <td></td><td>35 Sub-branches</td></tr> <tr> <td>Aichi Prefecture</td><td>21 Branches</td></tr> <tr> <td>Wakayama Prefecture</td><td>1 Branch</td></tr> <tr> <td>Others</td><td>2 Branches (Tokyo, Osaka)</td></tr> <tr> <td>Overseas</td><td>2 (Shanghai, Bangkok)</td></tr> </table>	Mie Prefecture	86 Branches		35 Sub-branches	Aichi Prefecture	21 Branches	Wakayama Prefecture	1 Branch	Others	2 Branches (Tokyo, Osaka)	Overseas	2 (Shanghai, Bangkok)
Mie Prefecture	86 Branches												
	35 Sub-branches												
Aichi Prefecture	21 Branches												
Wakayama Prefecture	1 Branch												
Others	2 Branches (Tokyo, Osaka)												
Overseas	2 (Shanghai, Bangkok)												

Non-branch ATM locations:	194
Convenience store ATM locations (E-net, SEVEN BANK, LAWSON BANK):	51,395

Total assets:	¥7,393.8 billion
Deposits:	¥5,984.3 billion
Loans and bills discounted:	¥5,078.1 billion
Non-consolidated capital adequacy ratio:	11.92% (Domestic standard)
Consolidated capital adequacy ratio:	12.33% (Domestic standard)
Rating:	A (Rating and Investment Information, Inc.)

Stock Information

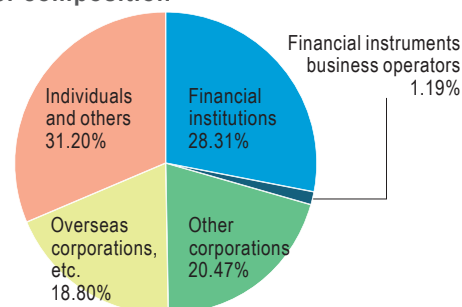
(As of March 31, 2025)

Status of shares

Total number of authorized shares	396,000 thousand
Total number of outstanding shares	254,119 thousand
Number of shareholders	22,446
Stock exchanging listing	Tokyo, Nagoya
Securities code	8368

Note: The number of shareholders excludes holders of treasury stock.

Shareholder composition



Classification	Number of shares		Number of shareholders (persons)
	(%)	(thousands)	
Financial institutions	28.31	69,636	37
Financial instruments business operators	1.19	2,949	27
Other corporations	20.47	50,355	739
Overseas corporations, etc.	18.80	46,236	189
Individuals and others	31.20	76,739	21,454

Notes: 1. The number of shares held is rounded down to the nearest thousand shares.
 2. Voting rights are calculated by dividing the number of shares held by the total number of outstanding shares (excluding 8,201 thousand treasury shares), rounded down to the second decimal place.
 3. The number of shareholders excludes the holder of treasury stock.

Major shareholders

Name of shareholder	Number of shares (thousands)	Voting rights (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,302	10.28
Meiji Yasuda Life Insurance Company	10,093	4.10
Custody Bank of Japan, Ltd. (Trust Account)	9,544	3.88
Nippon Life Insurance Company	8,396	3.41
Hyakugo Bank Employees' Shareholding Association	5,090	2.07
NORTHERN TRUST CO. (AVFC) RE USL NON-TREATY CLIENTS ACCOUNT	5,030	2.04
GOLDMAN SACHS INTERNATIONAL	4,328	1.76
STATE STREET BANK AND TRUST COMPANY 505103	4,040	1.64
SHIMIZU CORPORATION	3,930	1.59
JP MORGAN CHASE BANK 385781	3,055	1.24
Top 10 total	78,812	32.04

Notes: 1. The number of shares held is rounded down to the nearest thousand shares.
 2. Voting rights are calculated by dividing the number of shares held by the total number of outstanding shares (excluding 8,201 thousand treasury shares), rounded down to the second decimal place.

Guidance on stock

Shareholder's register administrator Account management organization for special accounts	Mitsubishi UFJ Trust and Banking Corporation
Contact information	TEL: 0120-232-711 (Toll-free in Japan)



**Edited by the Corporate Planning Division,
The Hyakugo Bank, Ltd.**

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