

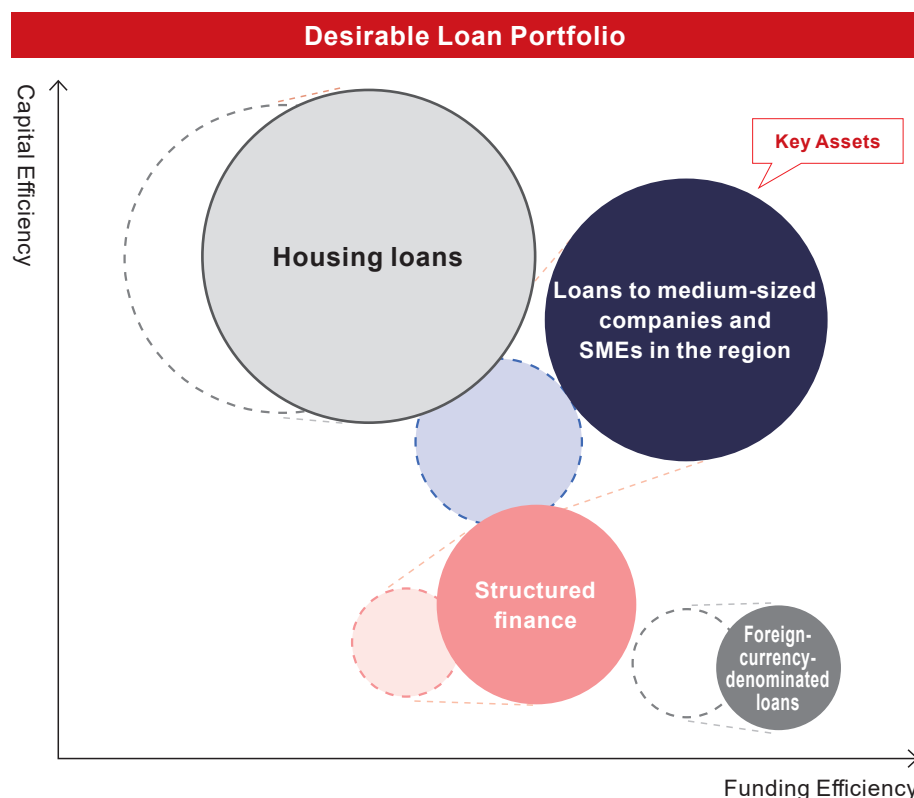
Basic Strategy **02** Challenge for the Growth

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

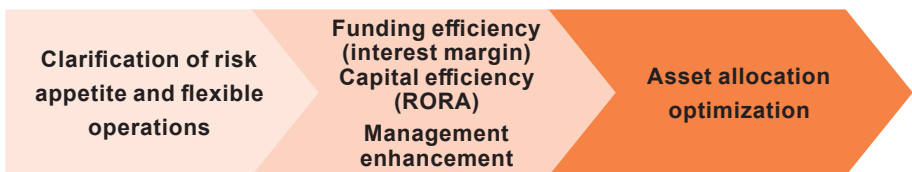
We will establish a structure that enables the appropriate accumulation of assets for maximum efficiency in terms of both funding efficiency (interest margins) and capital efficiency (RORA).



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



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

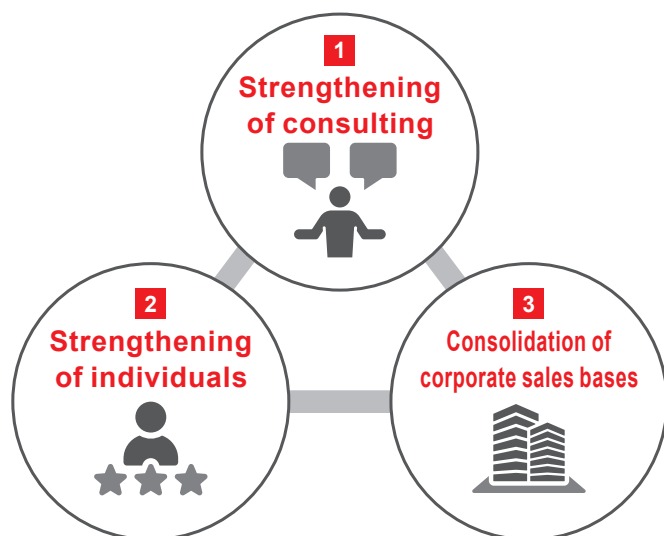
Investment Finance Division

- 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

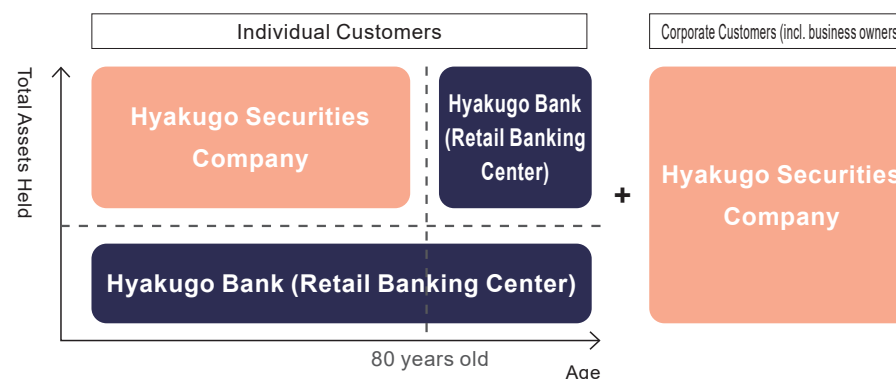
- Concretize "latent needs and apparent needs" and the "best proposal image" by customer segment
- Spread channel-specific promotion measures (potential customers in the target segment, aim, suitable products, and services) throughout the Bank
- Continuously consider for enhancing the "products," "services," "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

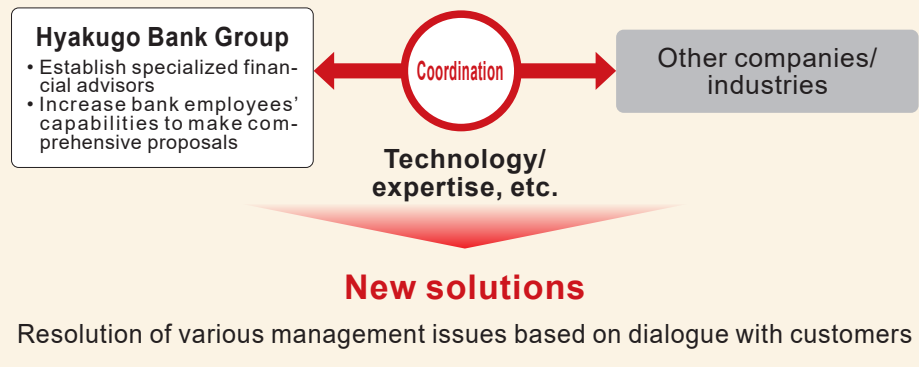
We aim to enhance corporate value through reforming the Bank's business portfolio, and offer a variety of services in the way that does not limit ourselves to the Bank's original services, thereby contributing to the creation of a vibrant region.

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.

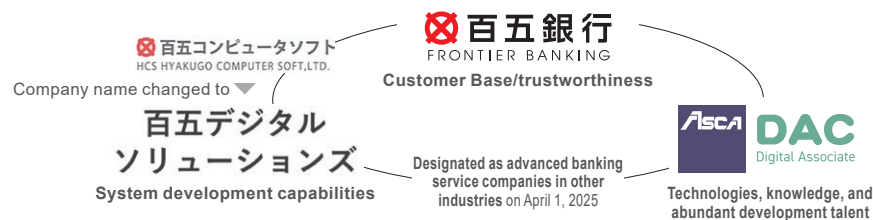


Case

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.

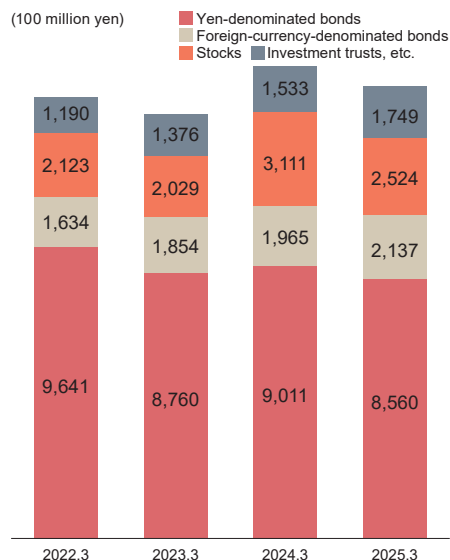
Future investment policy

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.

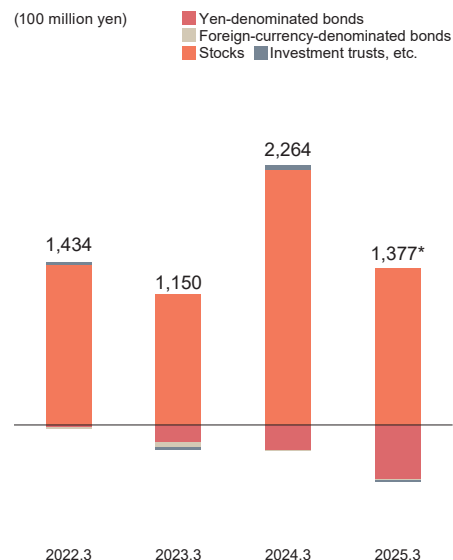
However, since FY2023, we have gradually resumed investment in yen-denominated bonds with the normalization of monetary policy, and the balance of yen-denominated bonds has begun to increase.

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.

Changes in balance of securities

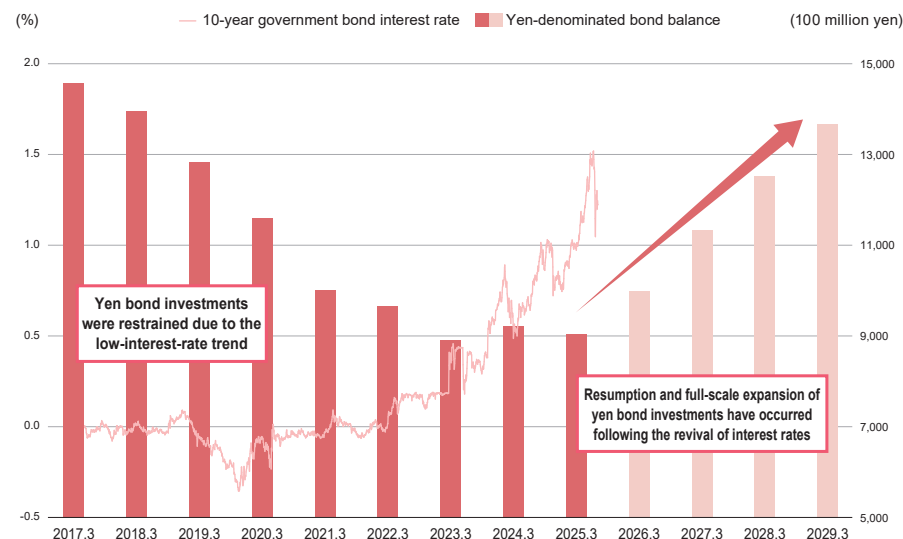


Changes in unrealized gains and losses on securities



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

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.