

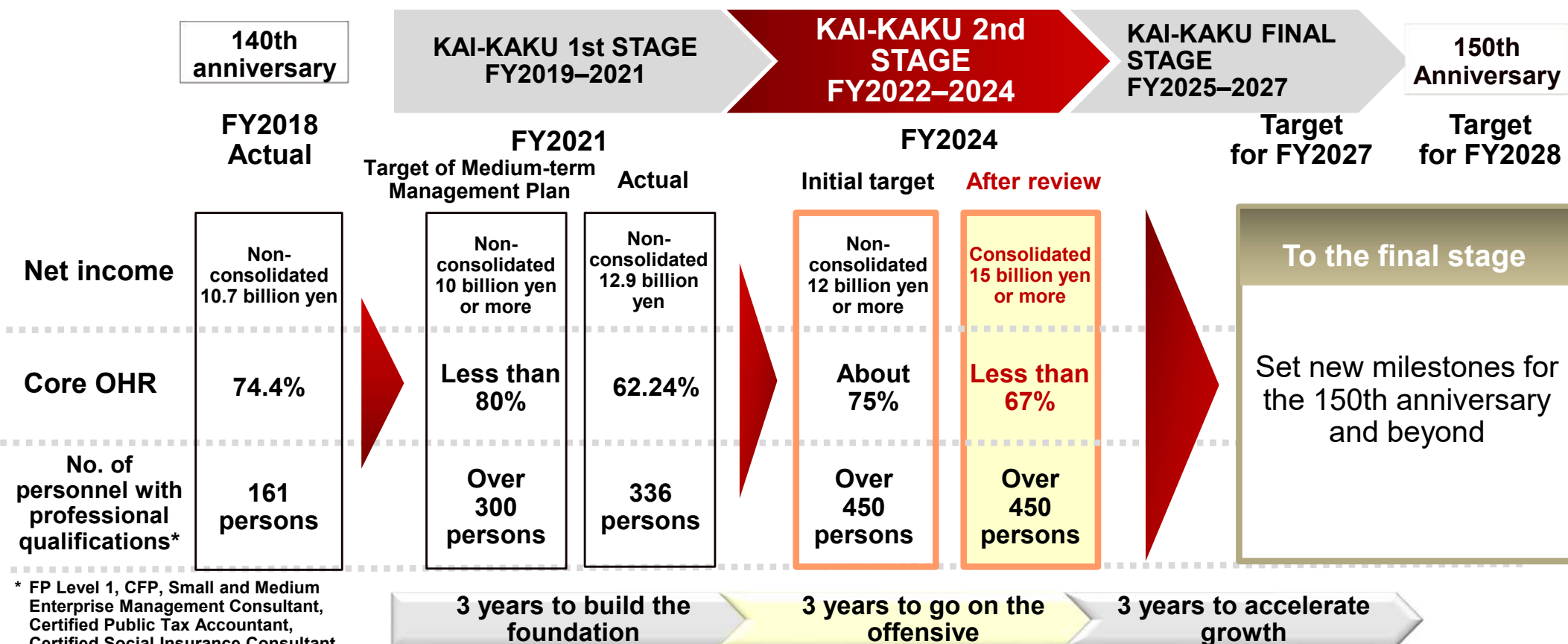
Medium-term Management Plan

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

Aiming to Transform into a Green & Consulting Bank Group

State of Progress

Take on the challenge to reach the final stage in order to realize the Bank's long-term vision of "Aiming to Transform into a Green & Consulting Bank Group"



* FP Level 1, CFP, Small and Medium Enterprise Management Consultant, Certified Public Tax Accountant, Certified Social Insurance Consultant, Securities Analyst, Certified Internal Auditor (CIA), etc.

- ✓ The current Medium-term Management Plan is **the second stage to realize the Bank's long-term vision** through FY2028, which marks its 150th anniversary since its founding. This is the final year of the plan and the Bank has begun formulating the next Medium-term Management Plan
- ✓ The next Medium-term Management Plan is **the final stage** towards realizing the long-term vision

Medium-term Management Plan **KAI-KAKU 150 2nd STAGE “Gateway to the Future II”** consists of five basic policies and 11 key strategies

Five Basic Policies		11 Key Strategies	
I	Strengthening Efforts Towards Carbon Neutrality	1	Carbon Neutral Strategy
II	Strengthening Business Model	2	Strategy to Enhance Loan Income and Fees and Commissions
		3	Securities Strategy
		4	Group Company Strategy
III	Increased Productivity	5	Channel Strategy
		6	IT Strategy
IV	Strengthening Management Foundation	7	Human Resource Strategy
		8	Governance Strategy
		9	Organizational Strategy
V	Increased Awareness of SDGs/ESG	10	Diversity Strategy
		11	SDGs/ESG Strategy

State of Progress of Numerical Targets of Medium-Term Management Plan

Some KPI targets were revised due to changes in the external environment, but KGI targets are expected to be achieved in general

		Results in FY 3/24	Results in FY 9/24	Targets in FY 3/25 (Final targets of the Medium-term Management Plan)
KGI	Consolidated net income	14.2 billion yen	9.1 billion yen	15 billion yen or more
	ROE in consolidated net assets	3.21%	3.83%	3.50% or more *1
	Core OHR	60.89%	61.07%	Less than 67%
	Equity ratio	12.22%	12.27%	11% or more
KPT	Housing-loan-related fees	3.55 billion yen	1.52 billion yen	4.4 billion yen ⇒ 2.6 billion yen or more
	Commissions related to depository assets	3.01 billion yen	1.5 billion yen	3.4 billion yen or more
	Corporate solutions fees	2.97 billion yen	1.45 billion yen	3.0 billion yen or more *2
	Number of personnel with professional qualifications	390 persons	399 persons	Over 450 persons

*1 Aiming for 5% in the long term

*2 Excluding income from derivatives

Target for the end of FY2030

Greenhouse gas emissions
Amount of sustainable finance executed

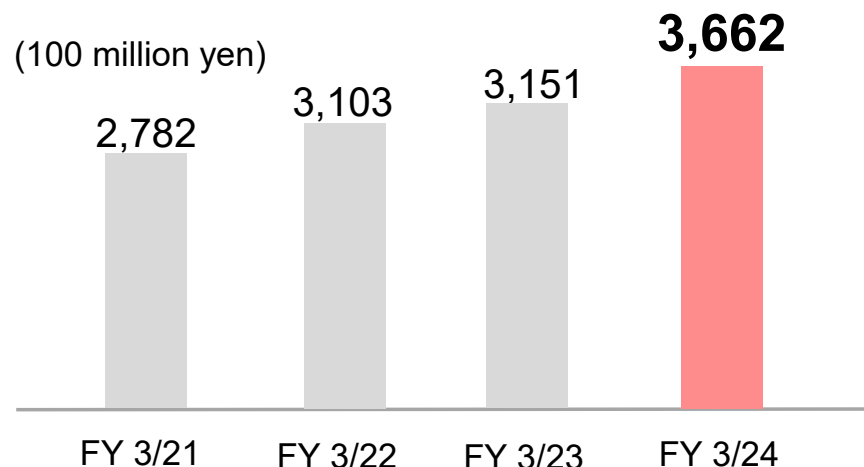
Achieve **net zero** (Scope1,2)
1 trillion yen or more (Of which, more than 500 billion yen is environment-related loans)

* Cumulative total since FY2022

Results

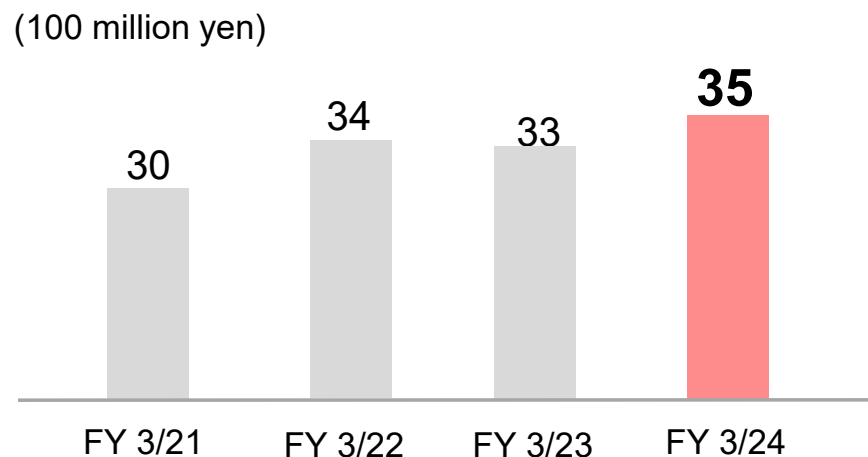
Ranked No. 1 in the nation for 6 consecutive years in terms of housing loan growth through efficient sales activities and human resource development through improving its bases

Housing loans offered in a single year in value

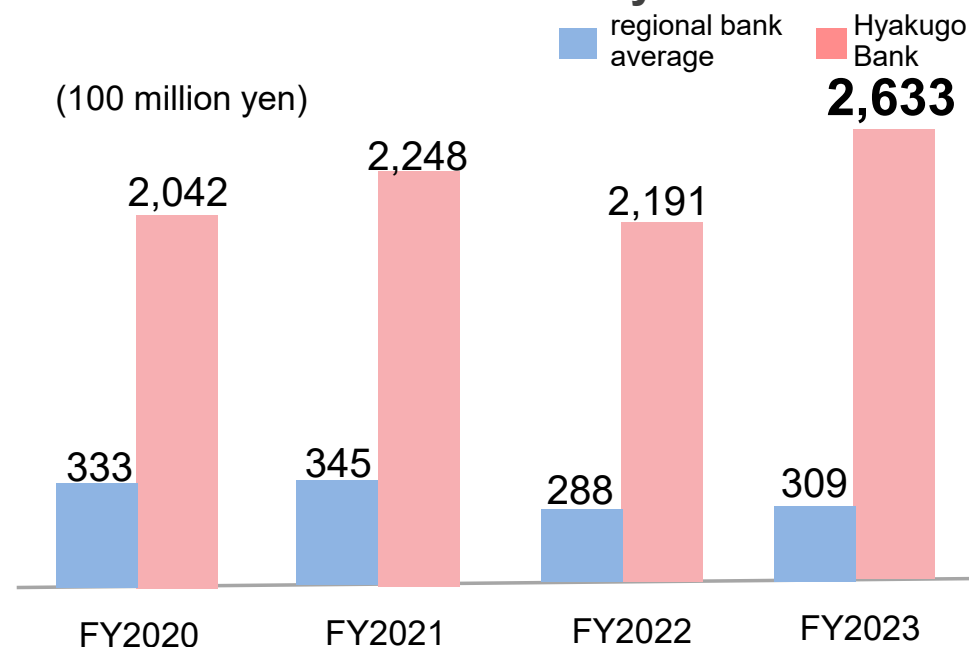


- ✓ The Bank adopted a strategy of countering the massive redemption of government bonds with **highly capital efficient housing loans**
- ✓ It has succeeded in **growing “Hyakugo’s Housing Loans” into a nationwide strength** by steadily implementing efficient sales activities and ongoing human resource development through the integration of overlapping area bases in Aichi Prefecture

Housing-loan-related fees



In terms of housing loan increase
Ranked No. 1 in the nation for 6 consecutive years



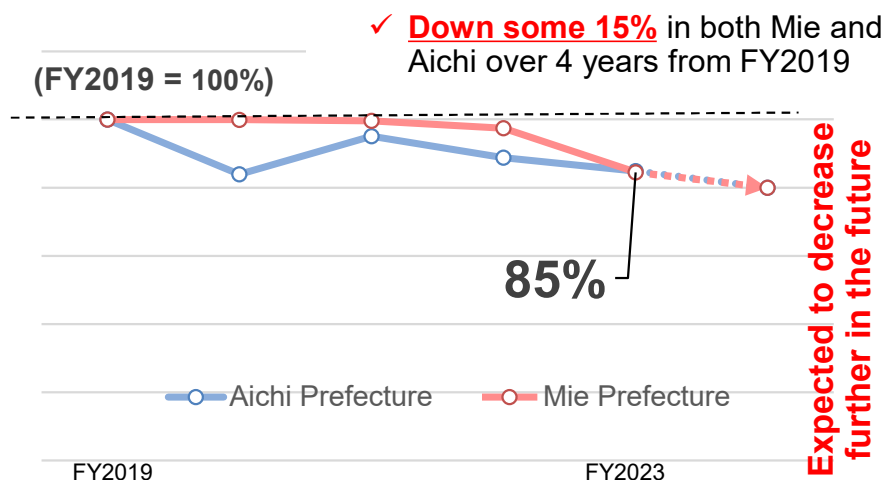
(Created by the Bank based on the Nikkin Report)

Issues and
future
measures

Focus on improving profitability by improving efficiency through digital transformation, in anticipation of a future decline in housing loan demand

Changes in the external environment

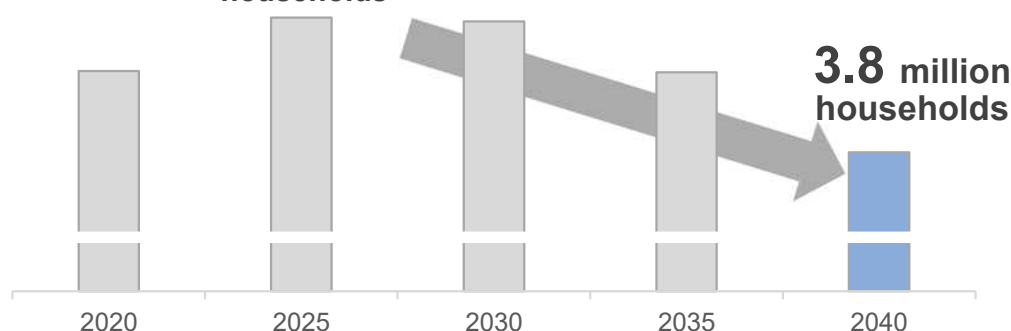
■ Percentage change in housing starts



(Created by the Bank based on the “Housing Starts Statistics” of the Ministry of Land, Infrastructure, Transport and Tourism)

■ Household forecast * Total of Aichi and Mie prefectures

3.91 million households



(Created by the Bank based on “Household Projection by Prefecture in Japan” of the National Institute of Population and Social Security Research)

- ✓ The Bank **strategically reviewed its plans** in light of recent changes in the external environment, such as a decline in housing starts and a decline in the number of households, as well as intensifying competition with other banks.

Housing loan plan (100 million yen)	FY 3/2025 Initial plan	FY 3/2025 Revised plan	Results in FY 9/2024
Mortgage financing	4,000	3,000	1,581
Housing-loan-related fees	44	26	15

- ✓ Make **proactive digital transformation investments** in the future to focus on **improving the efficiency of housing loan operations**

1H 2024
Various measures implemented

Electronic contract service introduced

System to manage loans with outstanding repayments introduced

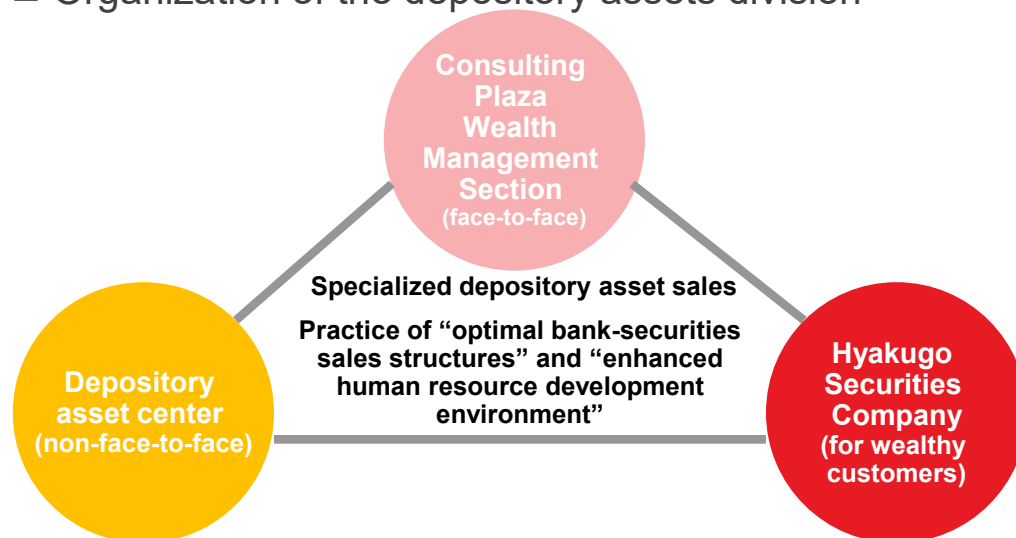
Loan management system introduced

Results

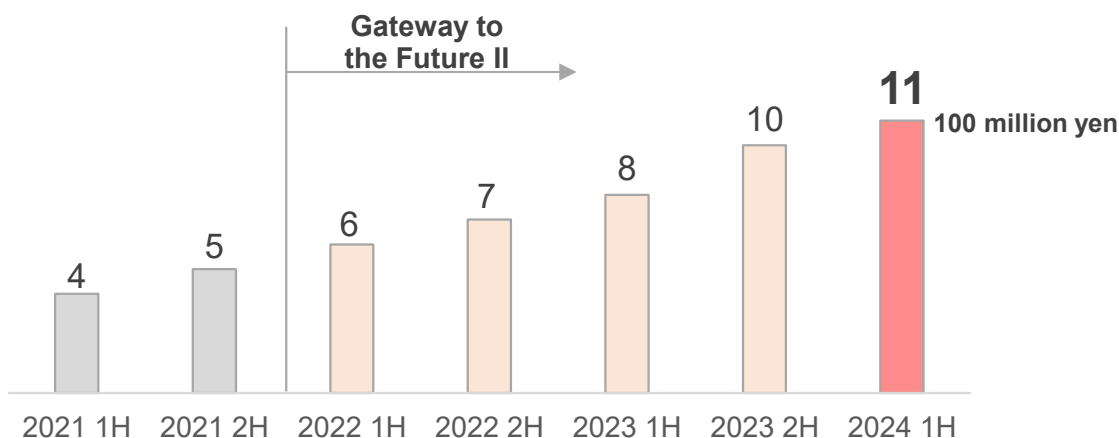
Achieved an effective sales structure by consolidating its sales branches for depository assets and strengthening cooperation with bank and securities companies

Strengthening the sales structure for depository assets

■ Organization of the depository assets division

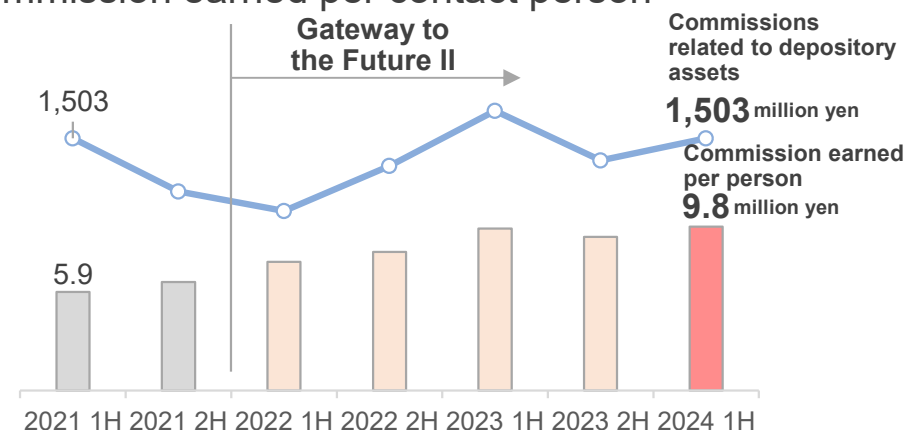


■ Investment trust balance per contact person



Commissions related to depository assets

■ Commission earned per contact person



■ Commissions related to depository assets (Hyakugo Bank)

* Breakdown of four major items (Million yen)

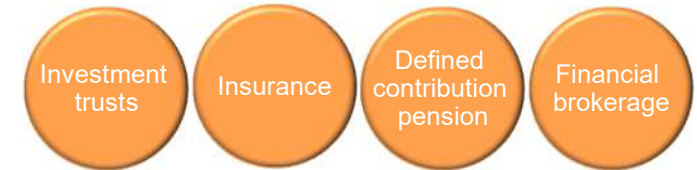
	FY 3/24 (Actual)	FY 9/24 (Actual)	FY 3/25 (Medium-Term Plan)
Investment trusts	1,431	726	1,570
Insurance	1,198	568	1,247
Financial instrument brokerage	228	113	502
Defined contribution pension	146	84	153
Inheritance-related services	11	9	25
Total	3,016	1,503	3,497

Future
measures

Optimize the Group's depository asset structure and streamline its operations through DX while strengthening customer-oriented business operations

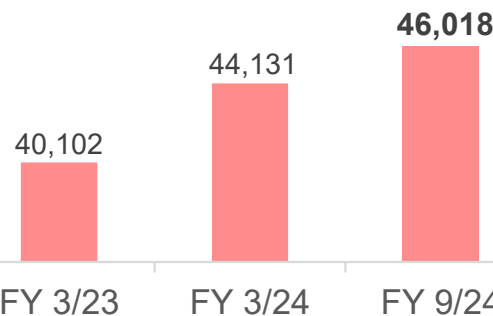
Advance “customer-oriented depository asset management sales”

- Propose products that meet customer needs based on customer profiles
- Consider tools and content that will be useful to customers
- Ensure penetration of initiatives through fiduciary duty (FD) monitoring and evaluation
- Carry out timely and appropriate follow-up



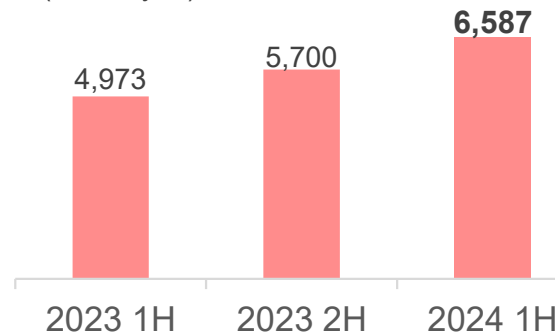
No. of NISA accounts

(accounts)



Value of installment investment trust purchases

(million yen)

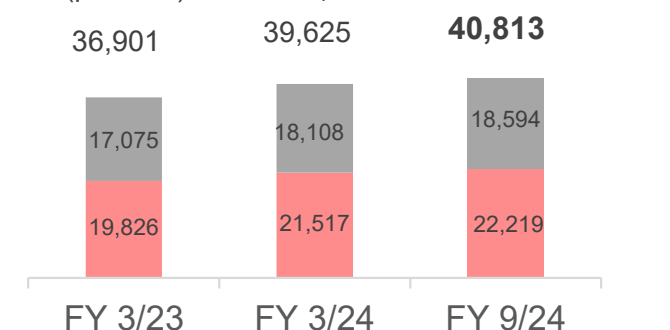


No. of defined contribution pension plan subscribers

(persons)

corporate

iDeCo (individual)



Optimize the Group's customer depository asset sales structure

Ensure penetration of bank-securities segment sales structure

Strengthen financial and economic education

Balance of depository assets from regional customers
Contribution to increased asset income

DX (paperless)

Streamline the operations through DX (paperless)

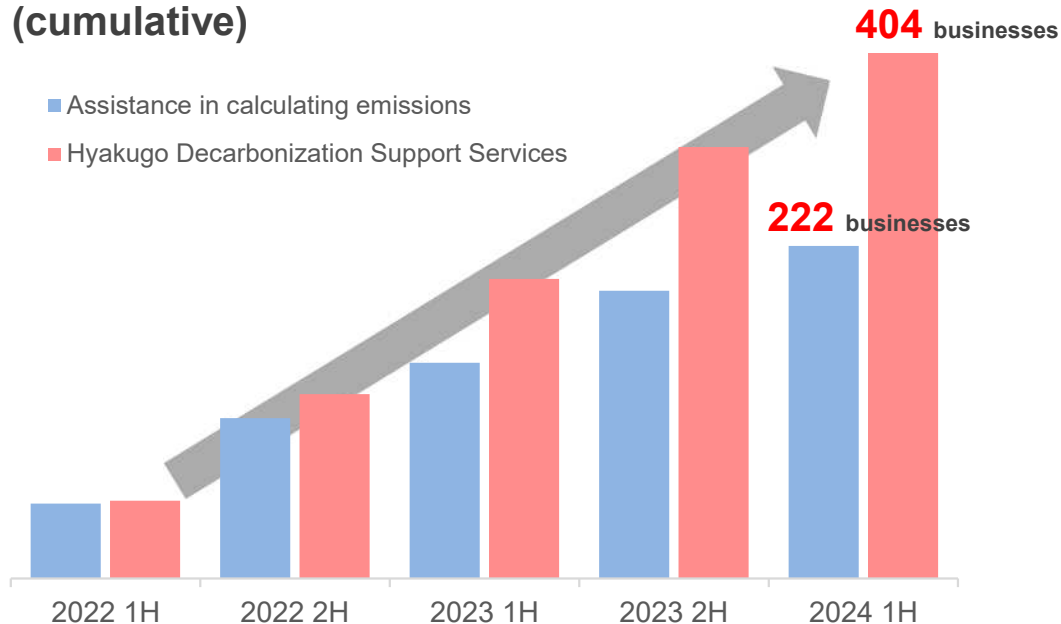
- Increase customer satisfaction
- Ensure robust administration and improve departmental income and expenditure

Results

Has provided support for decarbonization and overseas expansion of regional businesses, and proposed solutions to new business challenges

Support for decarbonization

■ Achievements in supporting decarbonization (cumulative)



- Decarbonization support services
Assistance in developing reduction targets and simulations, declaration issued and posted on the Bank's website

- ✓ The Bank began the initiative in April 2022 with the assignment of three dedicated staff members
- ✓ **Provided regional companies with solutions to achieve decarbonized management**, focusing on assistance in calculating and decarbonization support services
- ✓ The number of projects supporting decarbonization steadily increased, **surpassing 400 businesses in total**

Support for overseas expansion

■ Malaysia Halal Roundtable Meeting



- ✓ Communicated to regional businesses **the growth potential of the Halal business, which is effective for exports and inbound tourism**
- ✓ Continued activities to make Mie Prefecture an **advanced halal prefecture** and support regional businesses in taking on the challenge of halal business

■ Formed business alliance with Hong Kong Trade Development Council, a government-affiliated organization

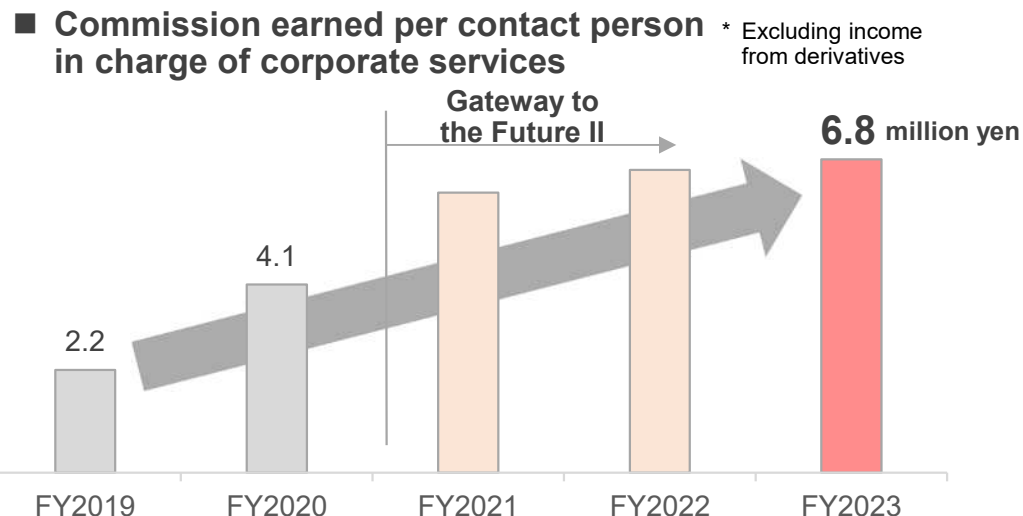
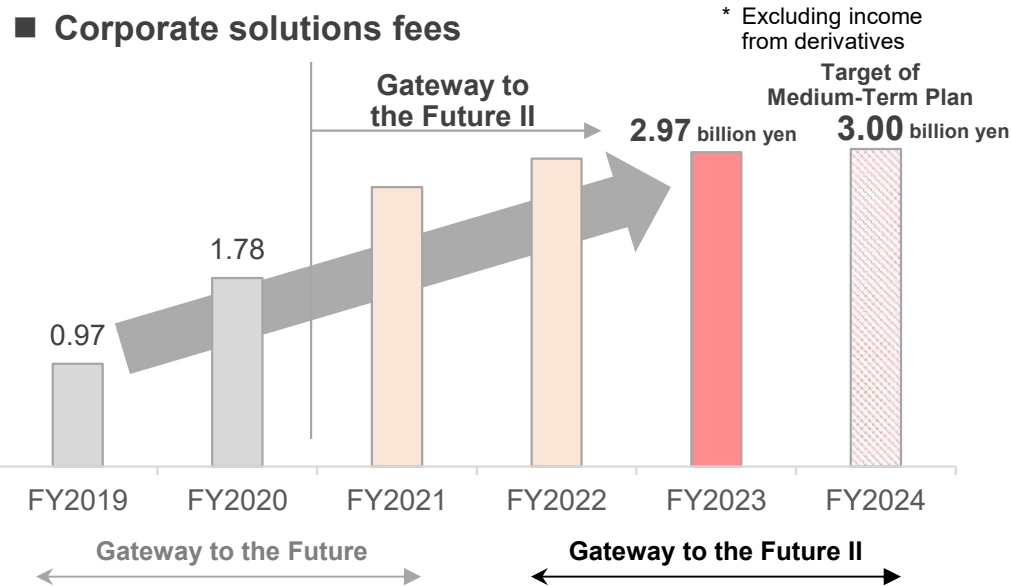
- ✓ Formed alliance with **Hong Kong Trade Development Council** with the aim of contributing to business development of regional businesses through export support
- ✓ **Supported regional businesses to develop business in Hong Kong** in the form of sales channel development for local products, local business development, and individual matching with local companies



Results

Has sophisticated further the business feasibility assessments, causing corporate solution fees to grow to the target level set in the Medium-term Management Plan

Corporate solutions fees



Renewed business feasibility assessment activities

Established new **management vision sharing sheet**

- ✓ Started review at the start of the Medium-term Management Plan, focusing on **sharing issues with customers**
Started operations under a new structure in May 2023
- ✓ **Contributed significantly to “fostering a common understanding” with customers**
- ✓ Sharing issues with customers led to solid progress in corporate consulting services
Commissions per contact person in charge of corporate services increased by 2.7 million yen from the start of the Medium-term Management Plan

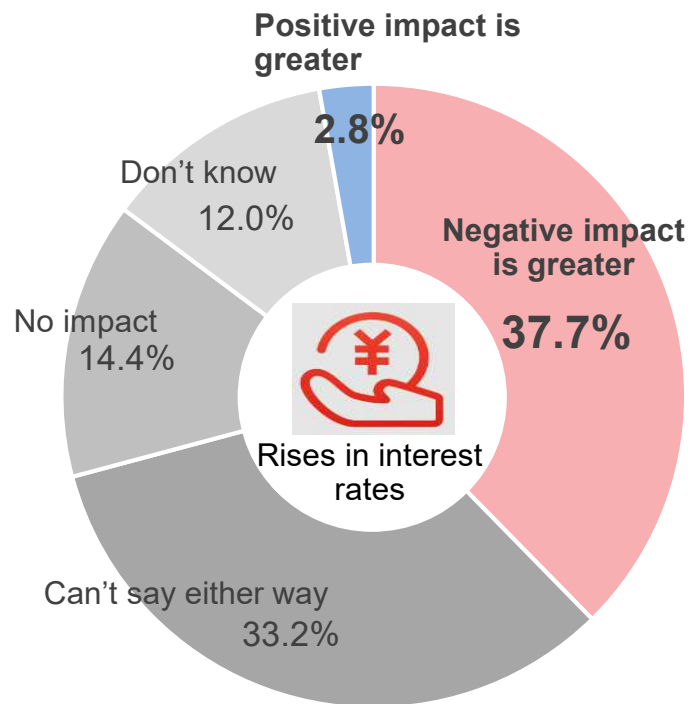
Corporate solution commissions grew to the target level set in the Medium-term Management Plan

Issues and
future
measures

Invest in human capital and DX in response to changes in the external environment so as to solidify the foundation of the corporate consulting business

Changes in the external environment

■ Impact of rising interest rates on businesses



(Created by the Bank based on the "Survey of the Impact of Rising Interest Rates on Businesses (April 2024)" of Teikoku Databank Ltd.)

- ✓ Many businesses are concerned about **the negative impact** of higher interest rates **on their business**, which may reduce their appetite for capital investment
- ✓ The Bank needs to **continue dialogue with customers, paying attention to their cash flow situation** and whether or not they need to invest in labor-saving measures to streamline their business operations

Initiatives required in the future

- ✓ Continue to share issues arising from rising interest rates and other factors with businesses and **continue dialogue**
- ✓ Fundamentally streamline its existing operations through **human capital and DX investments** to **ensure high-quantity and -quality dialogue** with customers

Improve interest income and fees/commissions through solving customer issues

- Sophisticate interest income management (for fund and capital efficiency management)
- Analyze the current sales and consulting activities and standardize them (to share "patterns")
- Develop new products and services and consider replacing old products and services

Human capital and DX investments

- Reinforce OJT by making it more location-intensive (to share know-how)
- Build a flexible sales structure through DX investment
- Develop individual skills and career paths

Results

**Achieved Medium-term Management Plan target of 300,000 accounts for smartphone banking.
New branches converted to a consulting venue**

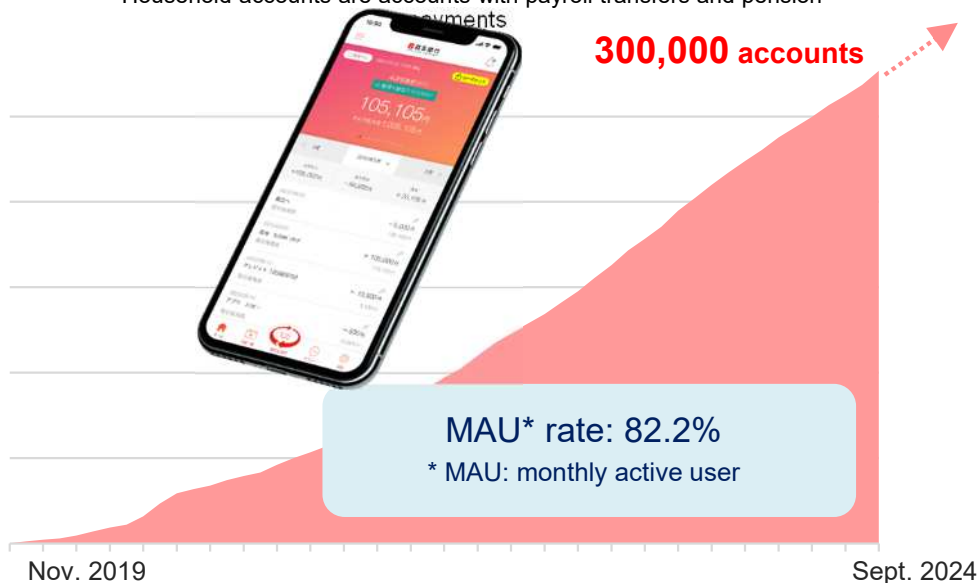
Smartphone banking

■ Changes in number of passbook-less accounts

Target of Medium-term Management Plan

Achieved **300,000 accounts** covering about
half of household accounts

* Household accounts are accounts with payroll transfers and pension
payments



SDGs

Reduction of
paper resource
use

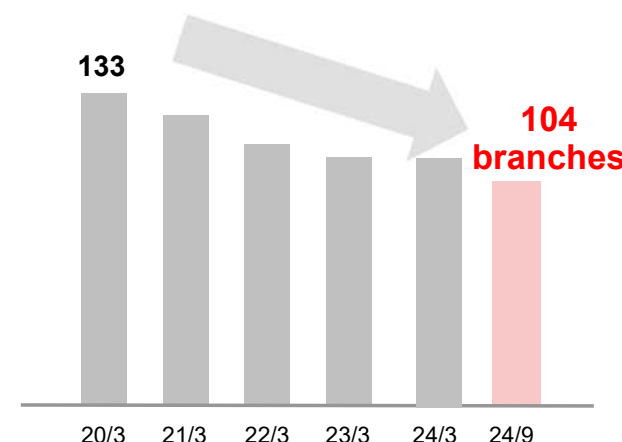


Digitization

Increased
convenience

Strengthened consulting activities at new branches

■ Changes in number of branches



The Bank did not reach the target of 100 branches in the Medium-term Management Plan, but actively worked to **consolidate branches**

Intend to **maintain the current number of branches** and engage in **efficient sales activities**

■ Converted branches into consulting venues



Expanded customer space
Significantly increased no. of consultation booths

Converted branches into **consulting venues** for higher-quality sales activities

(Hirata-cho Ekimae branch newly built, relocated, and opened on August 26, 2024)

Status of Progress of Major Priority Strategies (Human Resource Strategy and Diversity Strategy)

Steady increase in professional qualification holders, but further measures are needed to increase the ratio of women in executive and managerial positions

Progress in human capital KPIs (FY2024 target)

Target for
FY2024

No. of personnel
with professional
qualifications

399 persons

Progress rate
88%

450
persons

* As of September 30, 2024

No. of personnel
who have acquired
the IT Passport

548 persons

Progress rate
109%

500
persons

* As of September 30, 2024

Ratio of female
executives

20.9%

Progress rate
83%

25%

* As of October 1, 2024

Ratio of female
managers

9.5%

Progress rate
79%

12%

* As of October 1, 2024

Ratio of positive
opinions about job
satisfaction

80.9%

95%
of the plan

85%

* Survey in FY2023

■ Development of professional human resources

Results

Steady increase in the number of professional qualification holders to achieve the target in the Medium-term Management Plan

Steady progress in staff capacity-building through practical trainee training

■ Promotion of diversity

Issues and
future
measures

The ratio of female executives and managers is below the progress target in the Medium-term Management Plan



Further promote women's autonomous career development, and enhance systems to accommodate diverse working styles

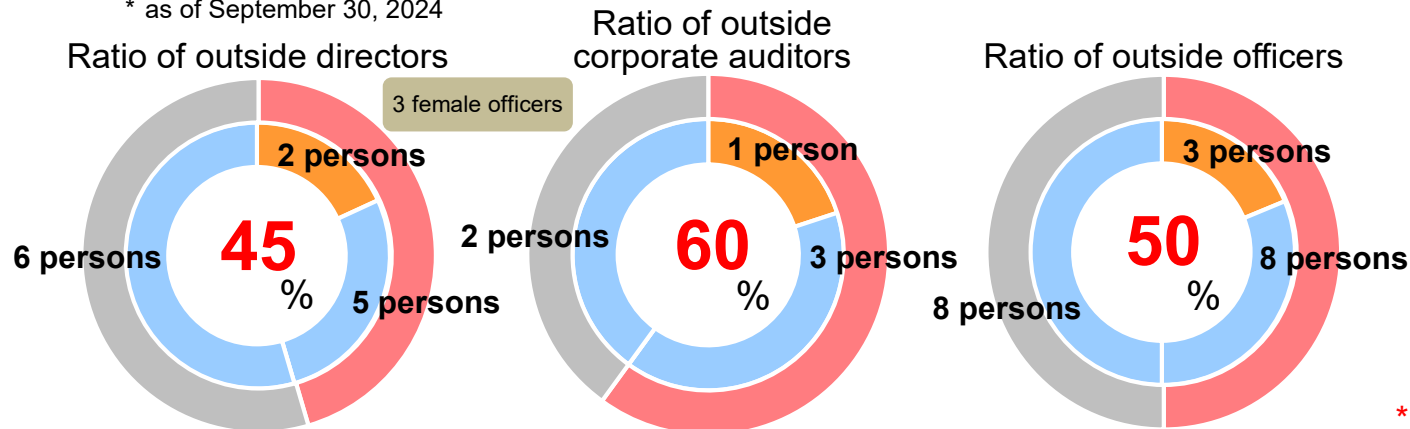
Strengthen corporate governance to ensure the Bank's sustainable growth and enhance its corporate value over the medium to long term

Appointment and diversification of outside officers

Ratio of outside officers

* as of September 30, 2024

Outside Inside Female Male



[Future policy]

The Bank will make further efforts to appoint and diversify individuals who meet the independence requirements and who can contribute to the Bank's management

* Eight outside officers are all "independent"

Enhance governance through appropriate involvement and advice from outside officers

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

Chair is elected from among
outside directors

Title	No. of persons
Outside directors	5
Inside directors (representative director)	2
Total	7

Decision-making of
Board of Directors

for higher
transparency

for higher
objectivity

[Functions]

Providing advice on the following matters to Board of Directors

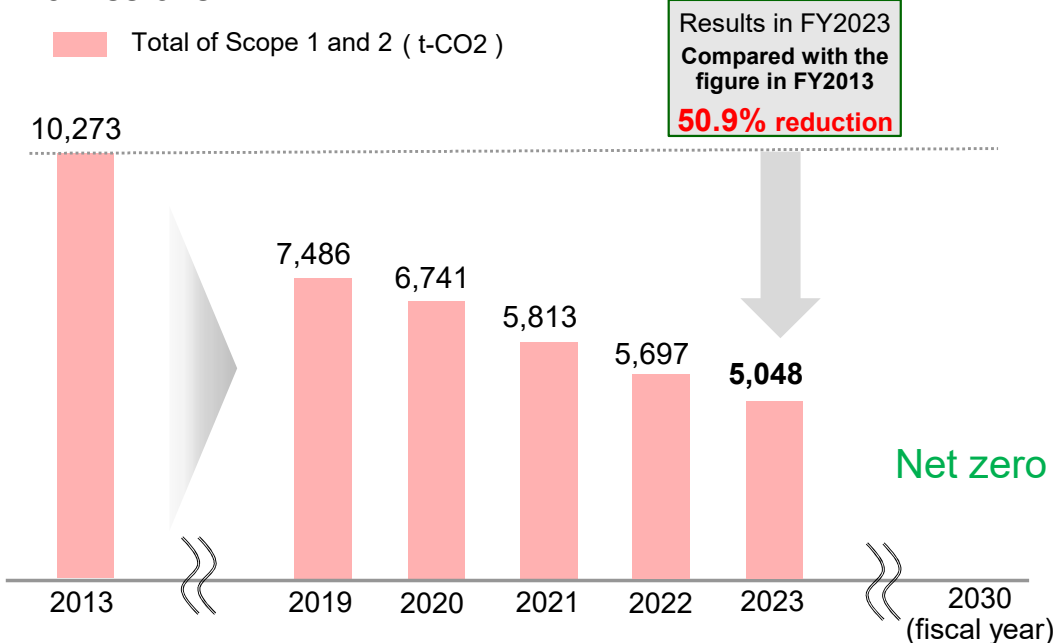
- Matters concerning candidates for directors and corporate auditors
- Matters concerning compensations, etc. to directors
- Other significant matters concerning management (such as fostering of successors and initiatives for diversity)

* No. of officers as of September 30, 2024

Greenhouse gas (GHG) emissions are steadily declining. Information disclosure based on the TCFD concept is also implemented

Greenhouse gas (GHG) emissions

Changes in the Bank Group's greenhouse gas (GHG) emissions



* The calculation method is disclosed in the Integrated Report.

Understand GHG emissions, including those from supply chain (Disclosed July 2024)

- Expand the measurement items and scope of Scope 3
Continue to increase measurement items and improve measurement methods

NEW	Category 2 (Capital Goods)	Category 6 (Business Travel)	Category 7 (Employee Commuting)	Category 15 (Investments)
	9,115 t-CO ₂	404 t-CO ₂	1,677 t-CO ₂	6,825,618 t-CO ₂

* The calculation method is disclosed in the Integrated Report.

Scenario analysis and carbon-related assets

Physical risk to 2050

Additional credit cost up to **5.1 billion yen**

Transition risk to 2050

Additional credit cost up to **14.5 billion yen**

Carbon-related assets
4 major sectors

* Based on the end of March 2024

Energy, utility	1.99%
Transport	4.48%
Materials and buildings	17.02%
Agriculture, food and forest products	1.85%

* The calculation method is disclosed in the Integrated Report.

Sustainable finance

Sustainable finance* Targets and results

Target for cumulative amount of sustainable finance execution

1 trillion yen or more

of which, target for cumulative amount of execution in the environmental area

500 billion yen or more

60.5%
of FY2030 target

605.1 billion yen

1 trillion yen

2024/9

2031/3

28.9%
of FY2030 target

144.5 billion yen

500 billion yen

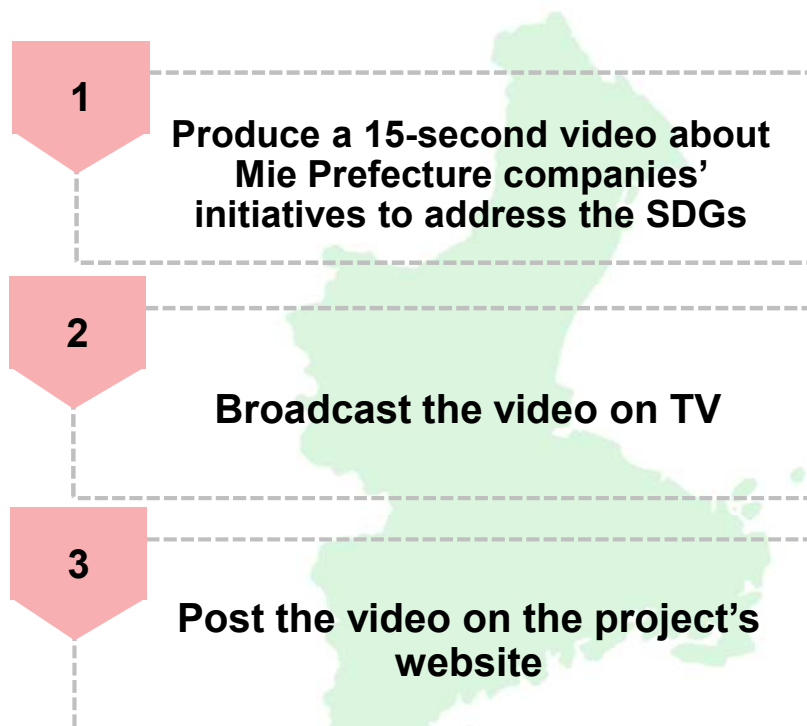
2024/9

2031/3

* Investments and loans that contribute to the realization of a sustainable society by resolving social and environmental issues, etc.

Launched a project to revitalize the SDGs initiatives of companies in Mie Prefecture

“We see it! A Good Future -- MIE SDGs ACTION”
launched



Helping Mie Prefecture companies
increase their corporate value

Fostering momentum for
local SDG initiatives