

Presentation for FY2024 Financial Results Information meeting

June 3, 2025



■ Outline of FY2024 Financial Position	P.4
■ Review of the Previous Medium-term Management Plan	P.11
■ New Medium-term Management Plan	P.14
■ Initiatives to Improve Corporate Value	P.33
■ Local Sustainability Initiatives	P.39
■ Appendix	P.43
■ Appendix (Supplementary Materials for Financial Results)	P.48

FY2024 Results and FY2025 Financial Forecast

- ✓ FY2024 results – Both ordinary income and net income **increased year-on-year, reaching record highs**
- ✓ FY2025 financial forecast – **Income increase is expected** largely due to an improvement in other operating income and an increase in gain and loss from stocks and other securities
- ✓ Annual dividend – Together with the interim dividend of 9 yen, the annual dividend is scheduled to be 21 yen per share, **a year-on-year increase of 6 yen**
- ✓ Dividends for FY 3/2026 – Scheduled dividends per share are 12 yen for the interim, 12 yen for the year-end, and **24 yen for the full year**

Results of the Previous Medium-term Management Plan (KGI and KPI)

- ✓ **Achieved all KGIs** for the final year of the previous mid-term plan
- ✓ Regarding KPIs, due to changes in the external environment and other factors, the targets for commissions related to depository assets and housing-loan-related fees were revised, while the targets for corporate solutions fees and the number of personnel with professional qualifications were achieved

New Medium-term Management Plan

- ✓ Reviewed **materiality** in relation to the new Medium-term Management Plan
- ✓ The new Medium-term Management Plan covers a four-year period leading up to the Bank's 150th anniversary in November 2028 and **is themed "Taking on Challenges for the Future"**
- ✓ Set financial KGIs at **a consolidated ROE of 5% or higher** and **consolidated net income of 24.0 billion yen or greater** for FY2028, the final year of the new Medium-term Management Plan
- ✓ Create both "economic value" and "social value" based on five basic strategies, aiming to enhance the Bank's corporate value

Initiatives to Improve Corporate Value

- ✓ Organize the relationship between initiatives to improve P/B ratio and measures under the new Medium-term Management Plan using a logic tree
- ✓ Planning **"a reduction of more than 20 billion yen on a market value basis"** in cross-shareholdings over the four years of the new Medium-term Management Plan
- ✓ Aim for **"a dividend payout ratio of 40%"** in the final year of the Medium-term Management Plan, while maintaining a basic policy of stable dividends of surplus over the long term

Outline of FY2024 Financial Position

Financial Highlights

Summary of FY2024 Financial Results (Non-Consolidated)

(Million yen)		FY 3/24	FY 3/25	Year-on-year
Gross operating income	(1)	57,706	61,911	4,204
Interest income		64,874	67,274	2,399
Fees and commissions		11,555	10,477	(1,077)
Other operating income		(18,722)	(15,840)	2,882
Of which, gain and loss from government bonds and other bonds	(2)	(7,343)	(5,191)	2,151
Provision of general allowance for loan losses	(3)	2,940	413	(2,527)
Expenses	(4)	39,614	40,001	387
Net operating income A	(1) - (3) - (4)	15,151	21,497	6,345
Core net operating income	(1) - (2) - (4)	25,435	27,101	1,665
Core net operating income (excluding gain and loss from cancellation of investment trusts) B		23,832	26,858	3,026
Non-recurring gain and loss		3,895	3,137	(757)
Of which, disposal of bad debts	(5)	4,206	3,422	(783)
Gain and loss from stocks and other securities		7,015	3,478	(3,537)
Ordinary income		19,046	24,633	5,586
Extraordinary gain and loss		(172)	(259)	(86)
Net income before income taxes		18,874	24,374	5,499
Net income		13,787	17,511	3,724
Credit costs	(3) + (5)	7,147	3,835	(3,311)

(100 million yen)	FY 3/24	FY 3/25	Year-on-year
Interest and dividend on securities	249	276	26
Of which, gain and loss from cancellation of investment trusts	16	2	(13)
Gain and loss from government bonds and other bonds	(73)	(51)	21
Of which, gain on sale and redemption	1	1	0
Of which, loss on sale and redemption, and amortization	74	53	(21)
Gain and loss from stocks and other securities	70	34	(35)
Of which, gain on sale	75	40	(34)
Of which, loss on sale and amortization	5	5	0

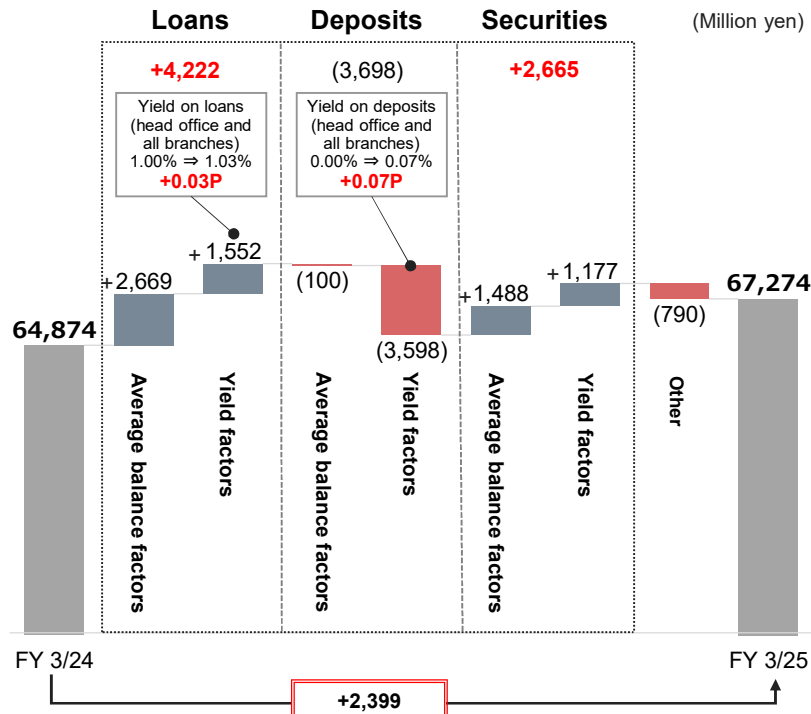
Net income increased 27.0% year-on-year due to factors such as an increase in interest income and other operating income as well as a decrease in credit costs

[Major Factors Underlying Changes]

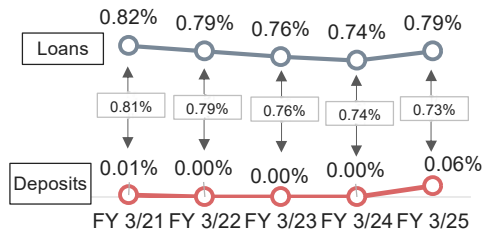
- An increase in interest on loans and securities contributes to higher interest income.
- Other operating income increased due to factors such as improvements in gain and loss from government bonds and other bonds.
- Credit costs decreased due to a rebound from the previous fiscal year, when a temporary increase in provisions occurred resulting from a change in the calculation method for the general allowance for loan losses.
- Net income increased year on year and reached a record high.

An increase in interest on loans and securities contributes to higher interest income of 3.7% year-on-year

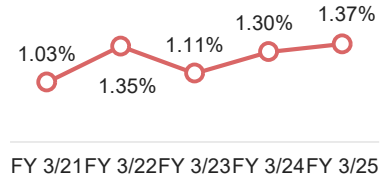
Factors underlying changes in interest income <Total of domestic and international operations departments (head office and all branches)>



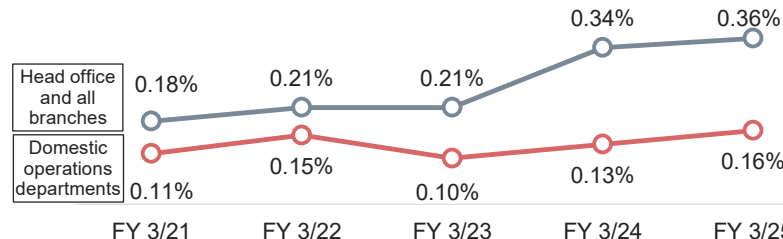
■ Deposit-loan yields (domestic operations departments)



■ Returns on securities investments (domestic operations departments)

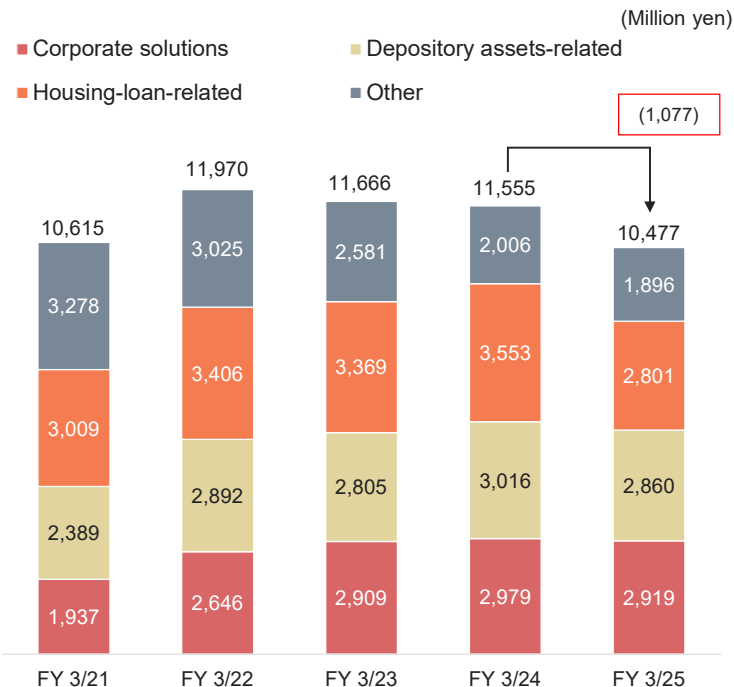


■ Historical overall profit margin (Head office and all branches, including domestic operations departments)

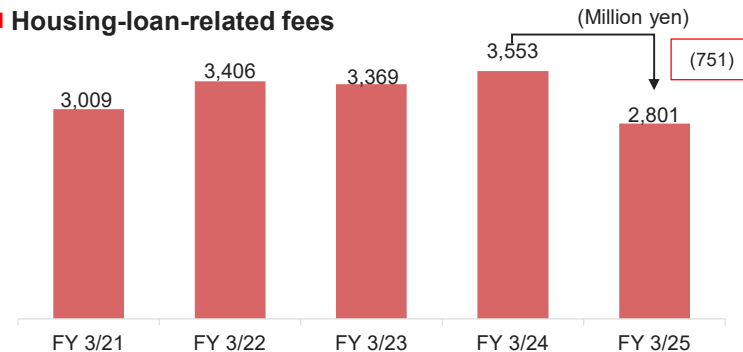


Fees and commissions decreased 9.3% year-on-year, mainly due to a decrease in housing-loan-related fees

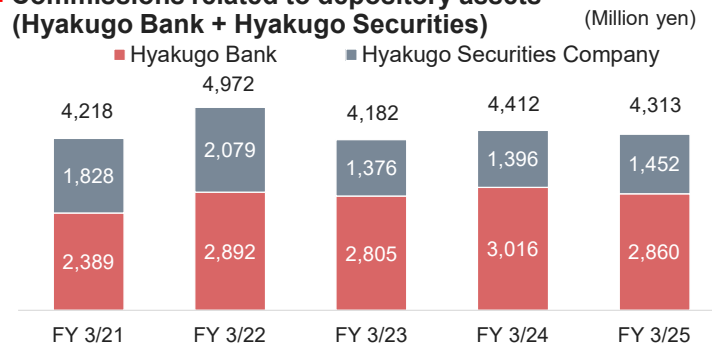
Fees and commissions (non-consolidated)



■ Housing-loan-related fees



■ Commissions related to depository assets (Hyakugo Bank + Hyakugo Securities)



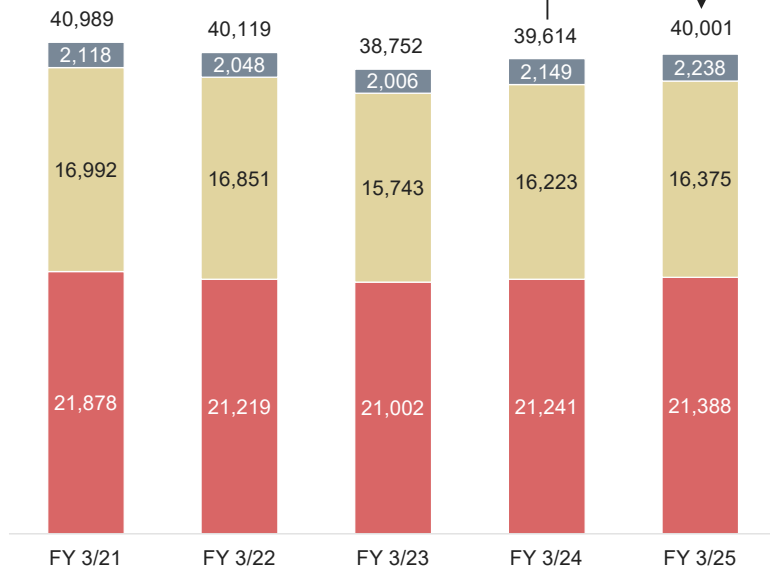
Expenses grew 1.0% year-on-year due to increases in personnel and non-personnel expenses

Expenses

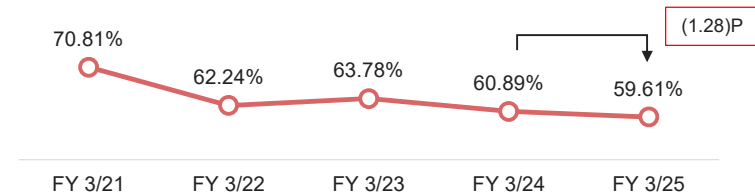
(Million yen)

■ Personnel expenses ■ Non-personnel expenses ■ Taxes

+387



Core OHR (core gross operating profit basis)



[Major factors underlying changes in expenses]

- Non-personnel expenses rose 0.9% year-on-year, mainly due to an increase in IT-related investments
- Personnel expenses grew 0.7% year-on-year, mainly due to the implementation of base salary increases
- Core OHR improved 1.28 percentage points year-on-year due to an increase in core gross operating income

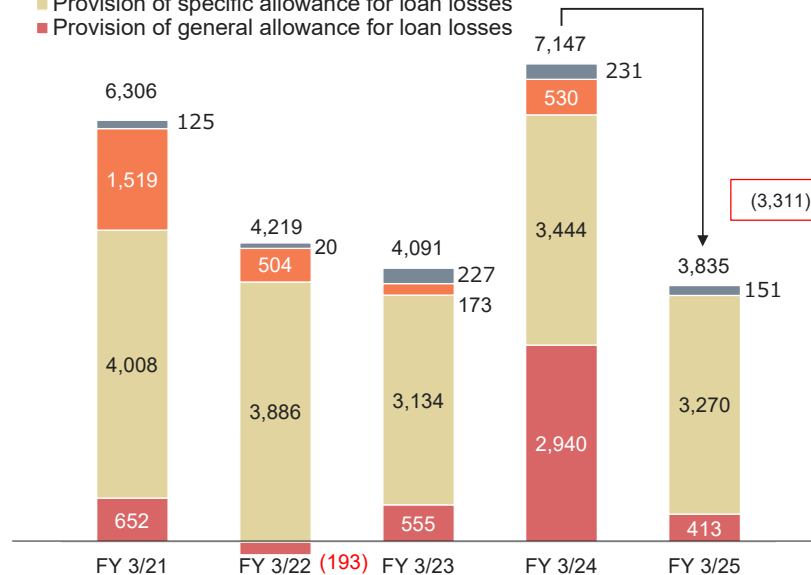
Credit Costs (non-performing loans ratio)

Credit costs decreased due to a rebound from the previous fiscal year, when a change was made to the calculation method for the general allowance for loan losses

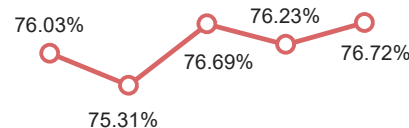
Credit costs (non-consolidated)

(Million yen)

- Other
- Loss on sale of receivables and other securities
- Provision of specific allowance for loan losses
- Provision of general allowance for loan losses

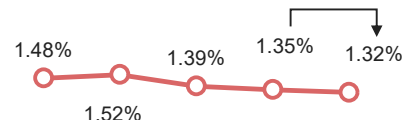


Non-performing loans coverage ratio



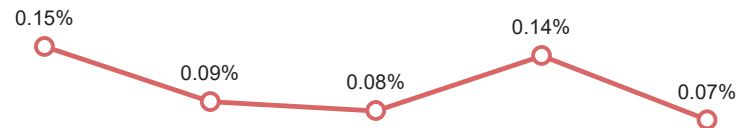
FY 3/21 FY 3/22 FY 3/23 FY 3/24 FY 3/25

Non-performing loans ratio



FY 3/21 FY 3/22 FY 3/23 FY 3/24 FY 3/25

Credit cost ratio



FY 3/21 FY 3/22 FY 3/23 FY 3/24 FY 3/25

FY 3/2026 Forecasts (published figures)

Income increase is expected largely due to an improvement in other operating income and an increase in gain and loss from stocks and other securities

Forecast (non-consolidated)

(Million yen)	FY 3/25	FY 3/26 (Forecast)
Gross operating income	61,911	66,300
Interest income	67,274	65,400
Fees and commissions	10,477	8,400
Other operating income	(15,840)	(7,500)
Net operating income	21,497	23,700
Ordinary income	24,633	25,300
Net income	17,511	18,000
Credit costs	3,835	3,800

Forecast (consolidated)

(Million yen)	FY 3/25	FY 3/26 (Forecast)
Ordinary income	25,704	26,400
Consolidated net income attributable to shareholders of the parent	18,042	18,500

Dividends

	Interim	Year-end	Full year
FY 3/25	9.00 yen	12.00 yen	21.00 yen
FY 3/26 Forecast	12.00 yen	12.00 yen	24.00 yen

Income is expected to increase for both consolidated and non-consolidated financial results due to an expected improvement in other operating income and an increase in gain and loss from stocks and other securities, despite decreases in interest income and fees and commissions and an increase in expenses

Review of the Previous Medium-term Management Plan

Basic Strategies of the Previous Medium-term Management Plan

- Under the previous Medium-term Management Plan, “Gateway to the Future II,” we renewed our long-term vision to address new threats such as climate change risks and lifestyle changes
- We focused on “five basic policies” and “eleven key strategies,” centered on strengthening efforts towards carbon neutrality

Long-Term Vision

KAI-KAKU 150 2nd STAGE New Long-Term Vision for “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.

Basic Policies and Key Strategies

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

Summary of the Previous Medium-term Management Plan

- Some KPI targets were revised due to changes in the external environment, but all KGIs were achieved

Previous Medium-term Management Plan: “Gateway to the Future II”

		Results in FY2023	Results in FY2024	FY2024 (Final Targets)
KGI	Consolidated net income	14.2 billion yen	18.0 billion yen ○	15.0 billion yen or more
	ROE in consolidated net assets	3.21%	3.87% ○	3.50% or more
	Core OHR	60.89%	59.61% ○	Less than 67%
	Equity ratio	12.22%	11.92% ○	11% or more
KPI	Housing-loan-related fees	3.5 billion yen	2.8 billion yen △	4.4 billion yen
	Commissions related to depository assets	3.0 billion yen	2.8 billion yen △	3.4 billion yen
	Corporate solutions fees	2.9 billion yen	2.9 billion yen ○	3.0 billion yen
	Number of personnel with professional qualifications	390 persons	451 persons ○	450 persons

New Medium-term Management Plan

- There have been changes in the external environment, such as a declining population, a declining birthrate and an aging population, and growing interest in the environment and sustainability
- Create economic and social value by proactively utilizing new technologies such as “digitization” in addition to the capital accumulated to date

Changes in the Environment Surrounding Hyakugo Bank

Declining population / Declining Birthrate and Aging Population

Opportunity

Increased demand for supporting efforts to improve productivity and capital investments

Risk

Stagnation and contraction of the Mie and Aichi markets due to serious labor shortage

Digitization Advancement

Opportunity

Productivity improvements by incorporating advancements in innovative new technologies and development and provision of new products and services

Risk

Intensified competition due to new services utilizing technologies such as BaaS and the entry from non-bank industries into the banking business

Growing importance of Solving Social Issues

Opportunity

Acquisition of new customers and creation of new revenue sources through new activities aimed at addressing social issues

Risk

Customer defection due to insufficient response
Increased cost of credit due to a decline in local community vitality

Diversification of Values

Opportunity

Development and provision of new services based on diversification of values, and labor productivity improvements through new workstyles

Risk

Insufficient response and reduction in productivity due to customer defection and employee turnover

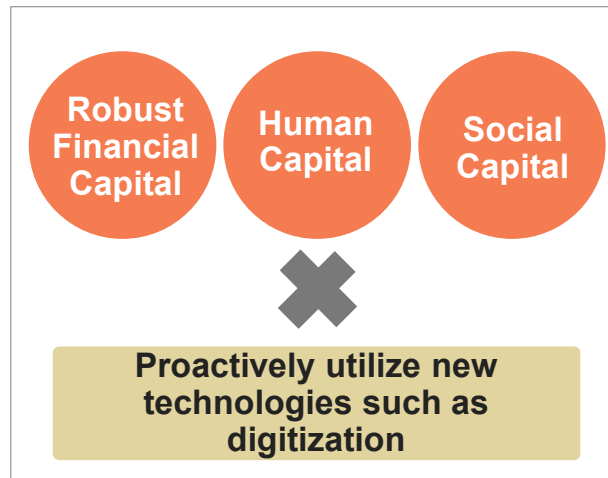
Environment / Sustainability

Opportunity

Profitability enhancement through adding value to existing products and services as well as development of new products and services

Risk




Increased costs due to environmental compliance
Decline in PER due to insufficient efforts



Create economic and social value

Materiality Review

- Reviewed materiality for new growth
- Redefined the issues to address in order to achieve new growth based on the Bank's corporate philosophy and corporate statement

Theme	Materiality	Goal
 <p>Society</p>	(1) Creating vibrant communities	Develop, promote, and vitalize local industries by helping local companies solve management issues and enhance added value, thereby contributing to the creation of vibrant and prosperous communities
	(2) Contributing to secure and prosperous lives	Provide support for realizing prosperous and secure lives by supporting community development initiatives, providing financial services aligned with customers' life stages, and offering financial and economic education
	(3) Creating a society where every individual can thrive	Contribute to local communities by creating workplaces where diverse personnel can grow their capabilities and work with vitality, both physically and mentally, thereby generating new values. Create a society that values people together with communities
 <p>Environment</p>	(4) Coexistence with nature	Conduct environmentally conscious business activities, and support the transition to a decarbonized society and circular economy through financial solutions and social contribution activities, aiming to pass on the region's abundant natural environment and resources to future generations
 <p>Governance</p>	(5) Responsible management	Aim to be the financial group of stakeholders' choice by conducting responsible management based on high ethical standards. Fulfill a role of supporting local communities by responding to environmental change flexibly and continuing to evolve

Outline of the New Medium-term Management Plan

- The new Medium-term Management Plan is a four-year plan toward the 150th anniversary of Hyakugo Bank's founding, aimed at building a more robust and efficient business structure for the banking business, its core business
- Promote business renewal and continuously reform the Bank's business portfolio by creating and developing "new businesses that create new communities"
- Aim to enhance corporate value by creating both economic and social value

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



Medium-term Management Plan KAI-KAKU 150 FINAL STAGE

Goals for Medium-term Management Plan

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 value by taking on the challenge of solving local issues

02 Taking on Challenges for Growth

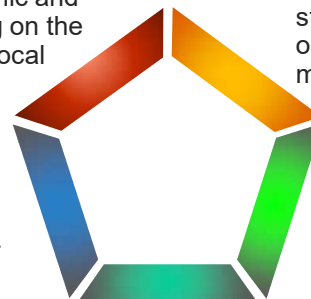
Aim to thoroughly streamline banking operations and provide more value to customers

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

Financial and Non-Financial Targets

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

Target for FY2028

Financial Targets

ROE in consolidated net assets

5 % or more

Consolidated net income

24 billion yen or more

Sustainable finance

FY2030

1 trillion yen

(Of which, more than 500 billion yen is environment-related loans)

Non-Financial Targets

Number of customer management issues solved

Cumulative total of
1,000 cases

Employee engagement index

85% or higher

Number of community issue engagements

Cumulative total of
30 cases

Ratio of female executives

25% or more

Increase in balance of depository assets*

50 billion yen

GHG emissions (Scope1,2)

Net zero

Number of financial and economic education sessions held

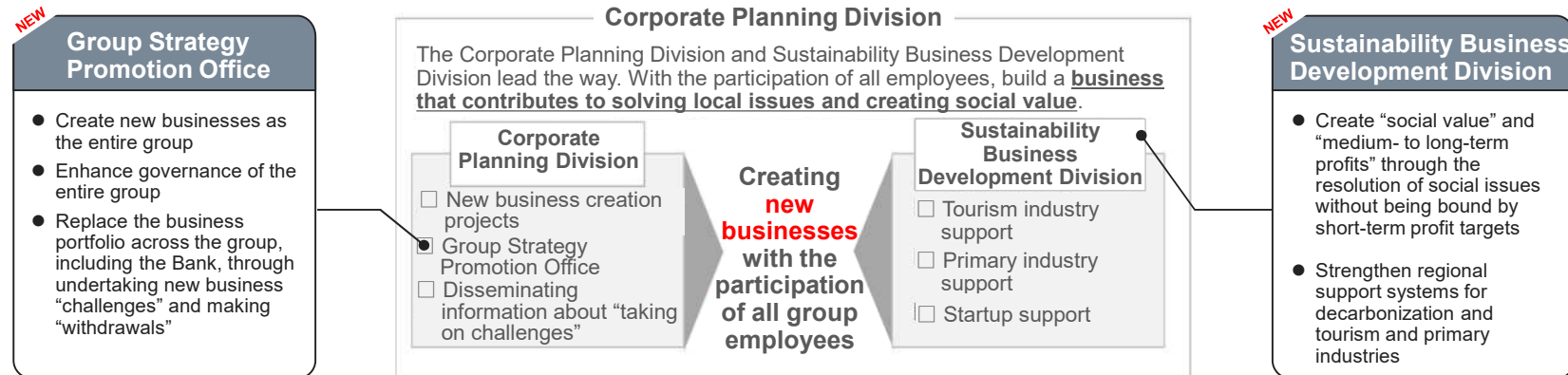
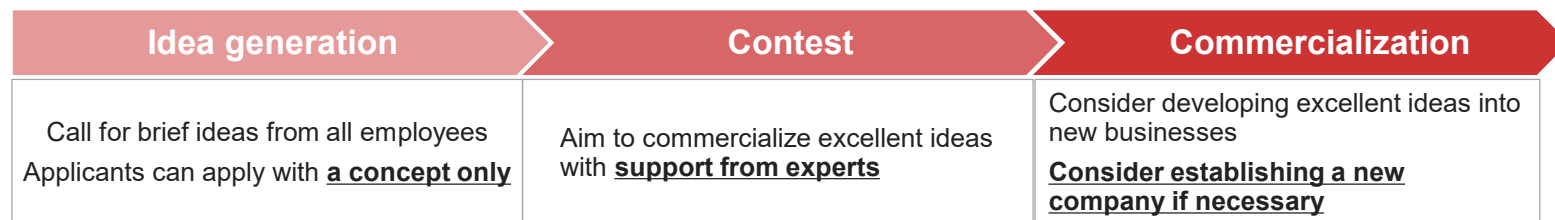
Cumulative total of
500 times

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

Basic Strategy 01: Creation of Social Value (Establishment of a System to Take on the Challenge of Creating Social Value)

Aim

- Establish a system for the entire group to work together to take on the challenge of creating social value
- Start a new project that allows each employee to freely create new businesses based on their own ideas



Basic Strategy 02: Taking on Challenges for Growth (Enhancement of Funding Efficiency and Capital Efficiency Management)

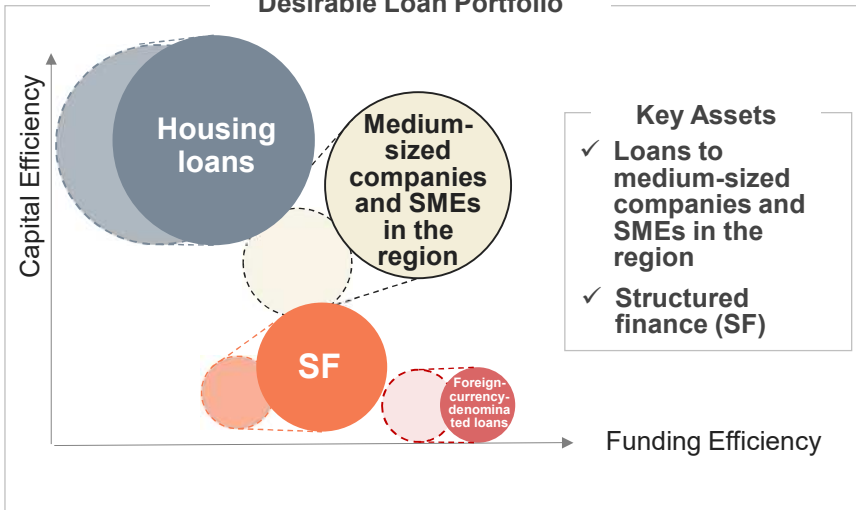
Aim

Optimize asset allocation by enhancing funding efficiency and capital efficiency management for the banking business, the Bank's primary business, while taking appropriate risks through clarification of risk appetite and flexible accumulation of assets

Formation of a Portfolio with High Funding and Capital Efficiency

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)

Desirable Loan Portfolio



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

NEW

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

NEW

Investment Finance Division

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

Basic Strategy 02: Taking on Challenges for Growth (Strengthening of Consulting)

Aim

Aim to strengthen consulting capabilities by restructuring the corporate sales framework and standardizing sales activities, thereby addressing the issues that corporate and individual customers are facing and contributing to the growth of both the entire region and the Bank

Conversion to explicit knowledge (compiling into a manual)

- ✓ **Sharing of “models” of consulting proposal**
Strengthen autonomous capabilities by compiling into a manual high-level consulting proposal techniques that corporate FAs (financial advisors) have been conducting and sharing them with sales branches

Tacit knowledge (learn by example) ⇒ Explicit knowledge (compiled into a manual)

**Strengthening
of consulting**

Development of environment where employees can learn and compete together

- ✓ **Strategic deployment of liaison personnel**
 - (1) Consolidate the “liaison and loan” personnel of smaller branches with relatively few liaison personnel into nearby branches
 - (2) Create an environment where the activities of ace (outstanding) bank employees can be directly experienced

Development of ace bank employees

- ✓ **Establishment of an environment for developing ace bank employees**
Implement the PDCA cycle for sales activities in addition to formulating various training programs to develop ace bank employees

**Strengthening
of individuals**

**Consolidation
of corporate
branches**

Standardization of sales activities (foundation and system building)

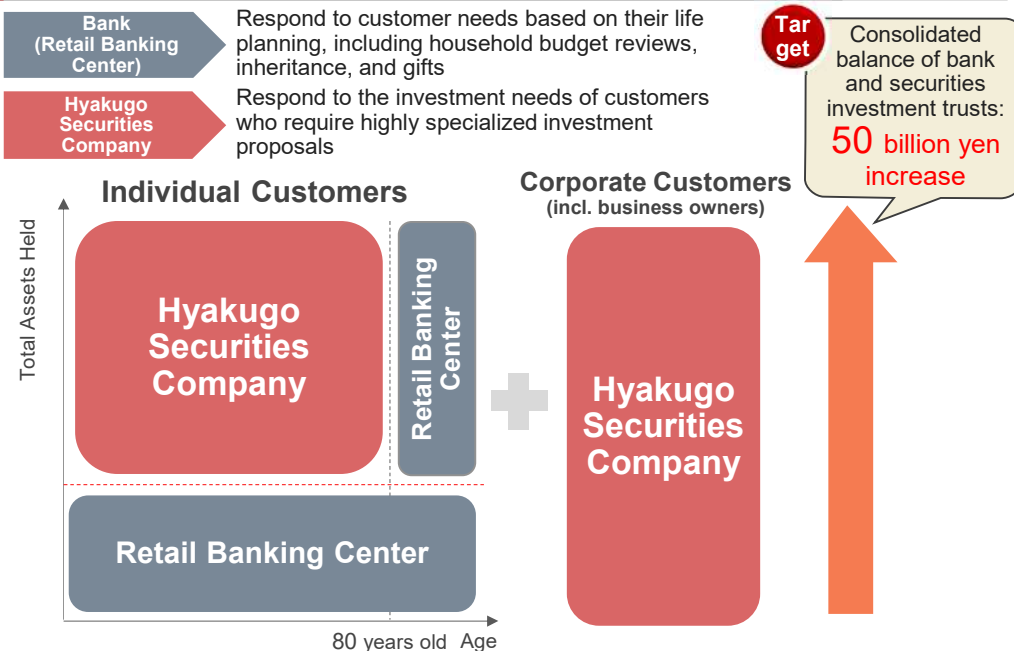
- ✓ **Practicing the “corporate sales models”**
Standardize managers to ensure that “sales promotion, sales management, and talent development” are carried out at a consistent level, regardless of each manager’s knowledge, experience, or skills
- ✓ **Establishment of “PDCA for overall sales”**
Strengthen monitoring of sales promotion and management at each branch 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

Basic Strategy 02: Taking on Challenges for Growth (Strengthening of Depository Asset Sales)

Aim

- Aim to increase the consolidated balance of bank and securities investment trusts by 50 billion yen through the enhancement of recurring-revenue businesses and the establishment of customer-oriented business operation
- Aim to realize the best interests of customers through initiatives such as enhancing the customer experience through DX and providing financial and economic education

Establish a Unified Group-Wide Sales Structure for Depository Assets



Expand Online Functions

- ✓ Promote paperless depository asset operations
- ✓ Implement online interview and online contract functions
- ✓ Implement the investment trusts transaction function in smartphone banking

TOPIX

Started handling "105 Smartphone Investment Trust" in January 2025
Achieved an improvement in customer convenience through transactions via smartphone banking application

Strengthen Financial and Economic Education

Enhance financial literacy of local customers

Provide "security" and "prosperity" to people's lives



Target

500 on-site lectures held in total during the Medium-term management plan period

Basic Strategy 02: Taking on Challenges for Growth (Renewal of Mortgage Strategy)

Aim

- Established a solid business model in the previous Medium-term Management Plan. Going forward, change the mortgage strategy by shifting the focus of activities from “quantity” to “quality”
- Aim to “further improve the quality of mortgage assets” through thorough DX and operational streamlining

Improve the Quality of Mortgage Assets

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 mid-term management operations
- 02 Centralize contracts and related documents at headquarters

Promote cross-selling to mortgage customers

- 01 Increase 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

Utilize “Flat 35”

Based on the anticipation of changes in the financial environment, utilize the full-term fixed-rate “Flat 35” to meet demand for fixed-rate mortgages

- ✓ Assign dedicated personnel
- ✓ Secure profits without using assets

Promote services that meet customer needs

Strengthen Mortgage Claims Management

NEW

Loan Claims Management Department

The Loan Claims Management Department has been established within the Retail Loan Consulting Division. The department is responsible for managing and analyzing cases of substitute payment, delinquency, and default, aiming to maintain high-quality loan claims both in recurring-revenue businesses and transaction-based businesses by strengthening mortgage claims management.

Basic Strategy 02: Taking on Challenges for Growth (Enhancement of Deposit Transactions)

Aim

Aim to increase deposits essential for building a high-quality portfolio by implementing segment-specific deposit enhancement measures for individual and corporate customers

Individual Segment

- ✓ Develop a framework to offer appropriate products and services aligned with life plans
- ✓ Develop strategies by generation and channel to increase sticky deposits

20s

30s

40s

50-60s

70s and older

Asset-building group

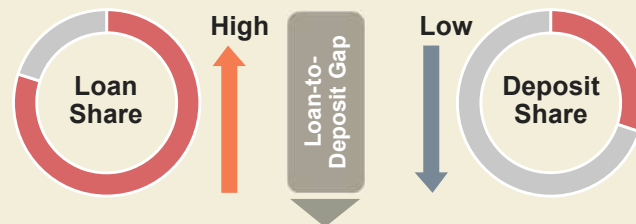
- **Strategy for mortgage customers**
Expand channels and products for mortgage customers with potential for business expansion
- **Childcare support package**
Provide customers in the “child-rearing generation” who generate the vitality of the community’s next generation with products and services aligned with their life stages

Senior group

- **Strategy for the senior group**
Provide comprehensive proposals on ideal asset management to senior customers with diverse asset-related concerns
- **Senior support package**
Expand support measures to address issues beyond asset management, such as “preparation” and “connection”

Corporate Segment

Strategy to eliminate the loan-to-deposit gap



Work on comprehensive proposal enhancement for customers with a loan-to-deposit gap and provide solutions for their management issues, thereby becoming their main bank

Out-of-prefecture strategy

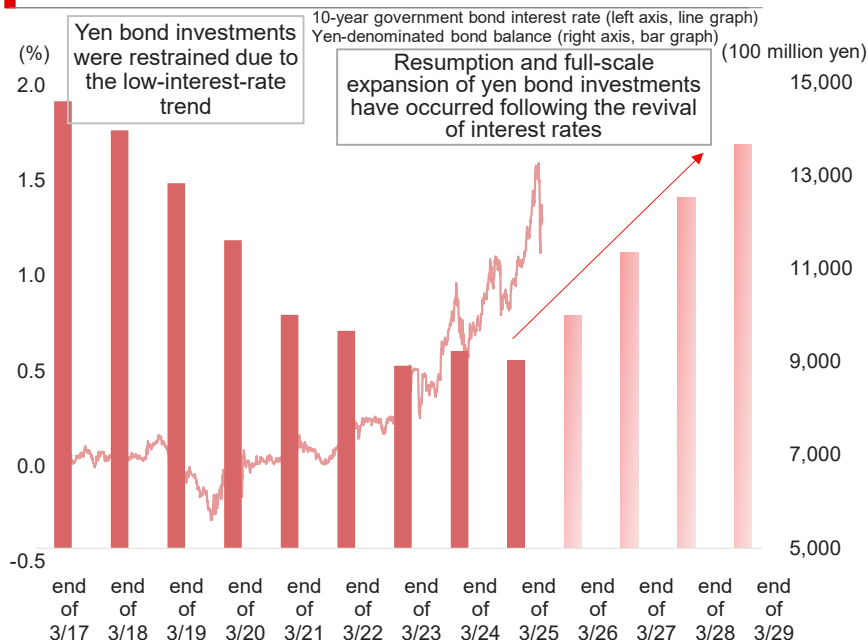


Basic Strategy 02: Taking on Challenges for Growth (Securities Strategy)

Aim

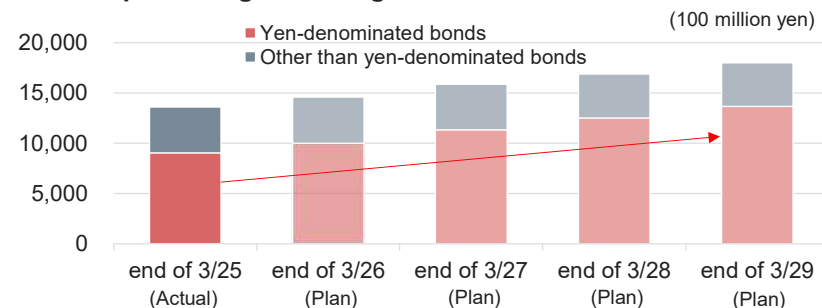
Aim to maximize earnings by flexibly responding to changes in the market environment while restructuring the securities portfolio with a focus on yen-denominated bonds

Trend of Yen-Denominated Bond Balance

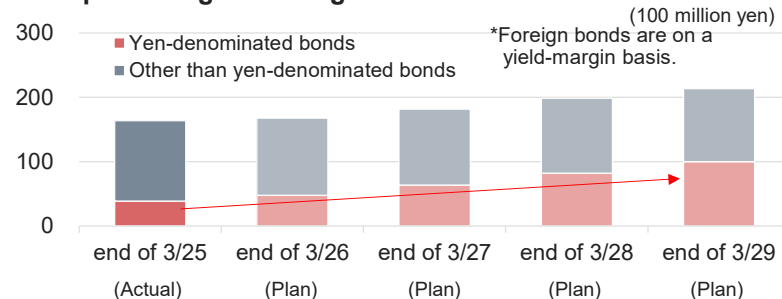


* Actual results are shown up to the end of March 2025, and figures from the Medium-term Management Plan are presented from the end of March 2026 onward.

Conceptual image of changes in balance of securities



Conceptual image of changes in interest on securities



Basic Strategy 03: Human Resource Strategy

Aim

- Define the Bank's ideal image of talent and organization both qualitatively and quantitatively through the establishment of a personnel policy
- Realize a "group of professionals who take on challenges" by developing capabilities and improving engagement through personnel system reforms

Ideal image of talent and organization

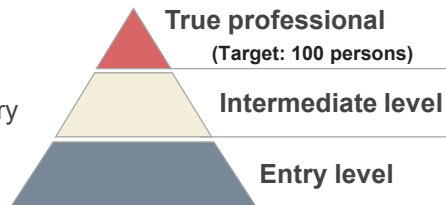
Ideal image of talent and organization

Aim for all employees to become "true professionals" through autonomous career development

✓ Advance human capital management

Encourage employees to take on challenges to achieve their desired careers

Build a system to define the requirements of the necessary talent, develop them, and precisely grasp their demonstrated capabilities



Establishment of a personnel policy

✓ Clarify the Bank's ideal image of talent and organization

"A group of people who, as good members of society, continue to deepen their knowledge and take on new challenges"

"An organization where each and every employee can fully demonstrate their capabilities and work with vigor and enthusiasm"

Personnel system reforms

✓ Realize a talent portfolio aligned with the management strategy

Implement a fundamental personnel system reform to improve employee engagement and realize a talent portfolio consisting of professionals

Support for career autonomy and "taking on challenges"

✓ Promote autonomous career development

✓ Limit the scope of transfer for employees who wish to develop their specialization

Establish an expert system to accelerate the development of professionals

✓ Encourage ambitious employees to take on challenges

Foster a rewarding work environment by expanding open-position transfers

Continuous development of professionals

✓ Development of professional talent*

Establish a framework that supports autonomous career development, aiming to produce "100 professionals" with both knowledge and practical skills

* Personnel who have passed the professional qualification examination and have demonstrated high levels of knowledge and competence

Aim

Build a foundation of “a bank that can be relied upon” by promoting paperless operations and workforce streamlining through digital technologies, thereby realizing a flexible branch strategy, workstyle reform across the Group, and enhanced customer service

Internal/Group DX & Regional DX

Promotion of DX by “DX Promotion Office (newly established)”

Reorganize the IT Strategy Department under the Corporate Planning Division into the “DX Promotion Office,” and accelerate DX initiatives across group companies and regional businesses

Group Support

Promote operational efficiency throughout the entire group

Operations of group companies

Sales division, etc.

Systems division

Personnel and general affairs divisions

Improve efficiency by centralizing system-related operations to system subsidiaries (outsourcing)

System subsidiaries (management of underlying infrastructure)

Accumulate know-how and experience to strengthen “regional DX promotion capabilities”

Local Business Support

Deploy IT specialists on-site in each region and provide ICT solutions

✓ Corporate sales staff identify customers' ICT-related management challenges and, in coordination with system subsidiaries, provide solutions to address them

✓ Aim to establish a broad consultation framework for customers' IT-related inquiries by “combining the bank branch network, IT specialists, and customers”

Alliance

System subsidiaries

Coordination

(Other companies) System companies

Resolve customers' IT issues

Paperless base

✓ Promote paperless work in main operations

Aim to improve operational efficiency and enable flexible workstyles by implementing paperless work in mortgage operations, depository asset operations, counter operations, and corporate liaison operations

My page base

✓ Enhance efficiency in mortgage operations

Streamline mortgage operations by implementing system management of incomplete processing and optimizing interim payment procedures

Electronic delivery base

✓ Discontinue mailed and hand-delivered documents

Reduce postage costs, improve operational efficiency, and prevent personal information leaks by promoting digitization of both mailed and hand-delivered documents

Basic Strategy 04: Digital Transformation (Future to Pursue through Internal/Group DX)

Aim

- “Expand non-face-to-face transactions” and “enhance the efficiency of face-to-face transactions” by leveraging digital technologies
- Achieve DX-driven “transformation of operations and mindsets” by promoting internal and group DX initiatives centered on the DX Promotion Office

Future to Pursue through Internal/Group DX

The Future of Our Workplace

Provide new value to customers based on a **market-oriented (prioritizing customer needs and preferences)** approach that relies on data through hardware (systems) and software (data utilization)

Branch Strategy

Set up branches and functions according to market characteristics

- ✓ Consolidate and integrate operations of loan and liaison functions
- ✓ Establish a liaison activity base
- ✓ Reorganize the Retail Loan Center
- ✓ Expand plaza branches

Workstyle Reform

Mindset (dispel stereotypes)

- ✓ Promote remote work
 - Shortened-hour telecommuting and telecommuting for childcare
- ✓ Standardize operations (remote seal approval and headquarters centralization)
- ✓ Execute operations outside the assigned branch
- ✓ Ensure psychological safety
- ✓ Reduce simple administrative tasks
- ✓ Reduce training time and accelerate employee readiness

Customer Service

Make Hyakugo Bank more accessible with “digital” technologies

- ✓ Improve accessibility (non-face-to-face, no visit required)
 - Customers can complete procedures anytime at their own convenience without visiting branches
 - Online interviews and consultations become available
- ✓ Provide the best services at the best time, based on an accurate understanding of customer needs
- ✓ Improve customer convenience by eliminating the need to fill out forms and affix seals
- ✓ Shorten wait times through operation-less and paperwork-less processes

Data
Utilization

POWER
EGG

My Page

Paperless Base

Online
Interviews

Subsystem
Reform

Generative
AI

Basic Strategy 04: Digital Transformation (Data Utilization)

Aim

Aim to enhance operational efficiency and sales capabilities through strengthening the building of a data-driven organization by promoting intra-group data utilization

Data Utilization

Development of measures based on data utilization

Focus on promoting data utilization in sales activities to “make data analysis more accessible,” in preparation for transformation to a data-driven organization

- ✓ **Practice digital marketing**
Strengthen sales efforts in untapped areas (smartphone banking, small business customers, etc.)
- ✓ **Strengthen data utilization in the sales field**
Advance CRM and BI tools and build an environment where the desired data is always accessible
- ✓ **Develop data utilization personnel**
Support skill development for both “those who create valuable data” and “those who leverage it”

Standardize liaison activities by customer-specific recommendations

Present “**customers’ latent needs**” based on collected customer data

Development of data utilization personnel

Develop talent capable of formulating initiatives to resolve issues and making decisions based on data analysis results

- Phase1 Develop data-driven talent and a data-driven culture**
Conduct various training and trainee programs
- Phase2 Partner with data science universities (departments)**
Conduct joint research and accept interns by partnering with data science departments
- Phase3 Hire data analysis specialists**
Recruit both mid-career professionals and new graduates (from partner universities)
- Phase4 Build a data analysis infrastructure ⇒ Establish operational know-how ⇒ Deploy in actual operations**
Build an advanced analysis platform that integrates internal and external data (internal data, website, internet banking, smartphone banking, etc.) to improve accuracy and expand usage scenarios

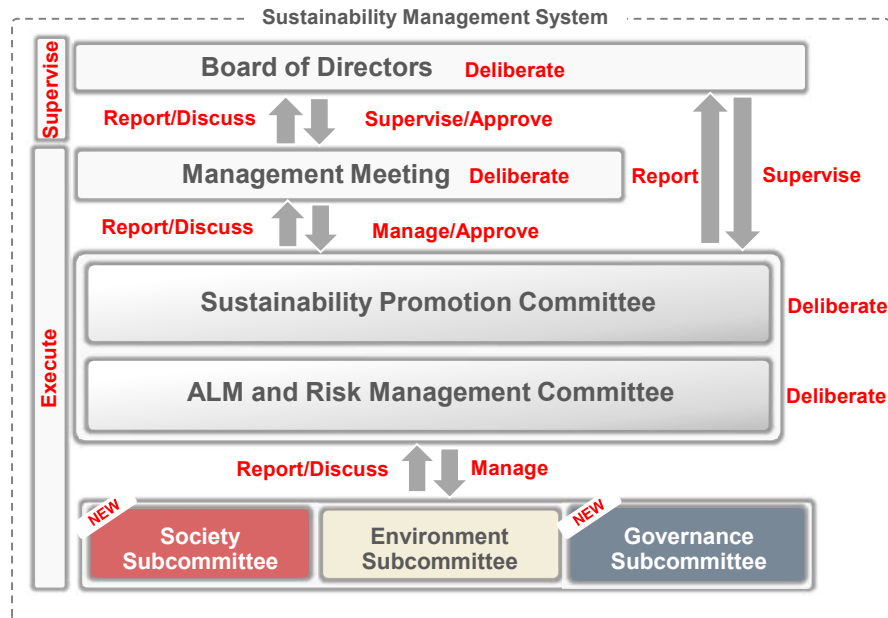
Basic Strategy 05: Strengthening of Strategic Foundation (Governance Structure for Sustainability)

Aim

Enhance the Group's framework for realizing "sustainability management" by establishing a system in which the Board of Directors oversees the status of sustainability initiatives, including "creation of social value" and "governance"

Sustainability Management System

Aim to be listed as a sustainability stock by strengthening sustainability governance and establishing the PDCA cycle



Sustainability Promotion Committee

Objective: **Deliberate on the operation of initiatives that contribute to the realization of a sustainable society** by addressing regional social issues while promoting economic development

Frequency: The committee is, in principle, **held approximately once every three months, and its activities are reported to the Management Meeting and the Board of Directors**

Role:

- (1) Deliberate important sustainability matters
- (2) Oversee the progress of materiality initiatives and manage the activities of each subcommittee and working group
- (3) Report and discuss sustainability activities with the Management Meeting and the Board of Directors

Subcommittees by ESG area

Society Subcommittee	Environment Subcommittee	Governance Subcommittee
Role: Promotion of social fields KPI progress management	Role: Promotion of environmental fields KPI progress management	Role: Promotion of governance fields KPI progress management

Basic Strategy 05: Strengthening of Strategic Foundation (Decarbonization of the Group)

Aim

Promoting 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 ahead of schedule across the entire Group (going from “by FY2030” to “by FY2028”)

Decarbonization of the Group

Decarbonization of facilities

✓ Promote decarbonization of facilities

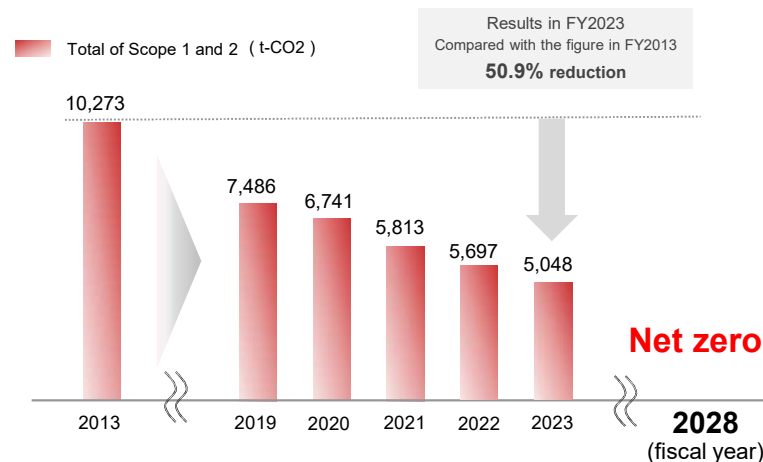
Promote decarbonization of facilities in conjunction with normal renewal of facilities, etc. Ensure timely and appropriate responses by reviewing the roadmap annually

Initiative	Roadmap
Introduction of CO ₂ -free electricity	Complete the transition to renewable energy for owned properties by 2027
Further introduce LED lighting	Introduce it at all bases
Renew air conditioning equipment	Renew equipment at the end of its useful life
Decarbonization of company vehicles	Actively introduce EVs and HVs

Ensure **timely and appropriate responses** with the annual roadmap review

Greenhouse gas (GHG) emissions

✓ GHG Emissions Trend of the Group



Basic Strategy 05: Strengthening of Strategic Foundation (Cybersecurity)

Aim

Establish a dedicated department for “cybersecurity response” to strengthen the management framework, aiming to surely protect the assets and information entrusted to the Bank by customers, while maintaining stable operation of financial systems that support regional economic activities

Cybersecurity Response

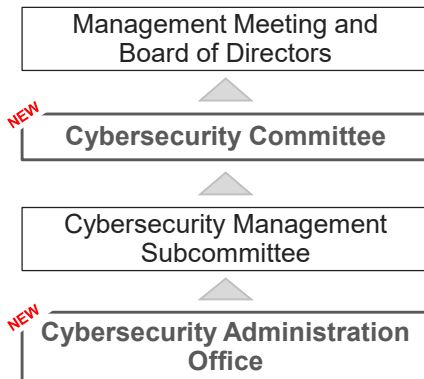
Cybersecurity response, which forms the foundation of customer safety and peace of mind, is essential. Strengthen the Group’s overall cybersecurity management framework

Reinforcement of cybersecurity framework

Establish the “Cybersecurity Administration Office” within the Computer Systems Planning & Administration Division

- To address the growing cyber risks, aim to enhance the cybersecurity management framework across the entire Hyakugo Bank Group by establishing a dedicated department **focused on specialized and intensive** cybersecurity response

- ✓ **Through the establishment of the Cybersecurity Committee**, strengthen information-sharing with the Board of Directors and establish a governance structure that includes the management
- ✓ Supervise cybersecurity risks across the entire Hyakugo Bank Group through **the formulation of the Hyakugo Bank Group CSIRT**



Response to high-priority challenges

Formulate response plans for high-priority challenges and implement PDCA management

- Leverage external vendors to advance responses and monitor their progress through the Cybersecurity Management Subcommittee. Conduct timely reporting to the management team

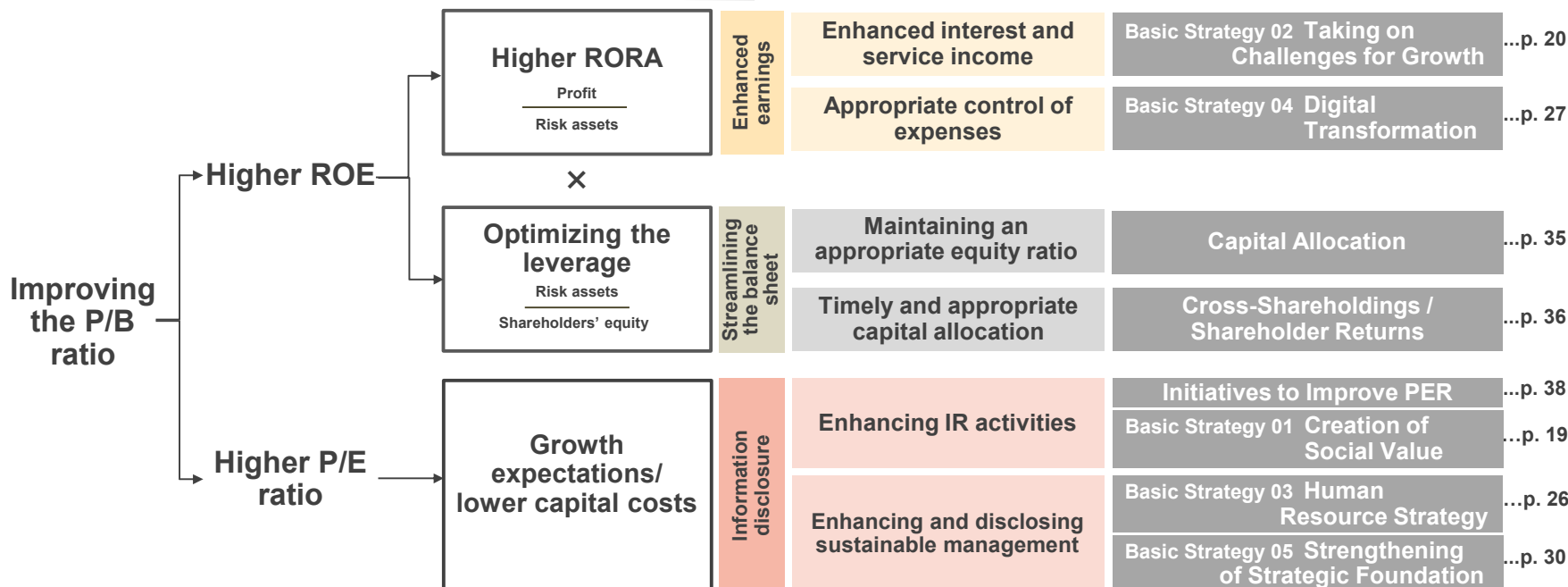
High-Priority Challenges	Descriptions and Responses
Enhancement of governance	Establish a framework that enables cybersecurity-related discussions and deliberations led by the management, through the consideration and development of management policies, action plans, and governance structures in relation to cybersecurity
Development of regulations and organizations	Develop organizations and regulations in relation to managing vulnerability, ensuring secure use of cloud services, and strengthening the group administration framework (Group CSIRT)
Education, training, and talent acquisition	For the development and acquisition of cybersecurity talent, enhance recruitment efforts and build collaborative frameworks with external organizations for incident response
Strengthening of risk response systems (controls and technologies)	Manage external contractors, including group companies, implement technical countermeasures against cyberattacks, conduct vulnerability assessments, and perform log storage, monitoring, and analysis

Initiatives to Improve Corporate Value

Initiatives to Improve P/B Ratio

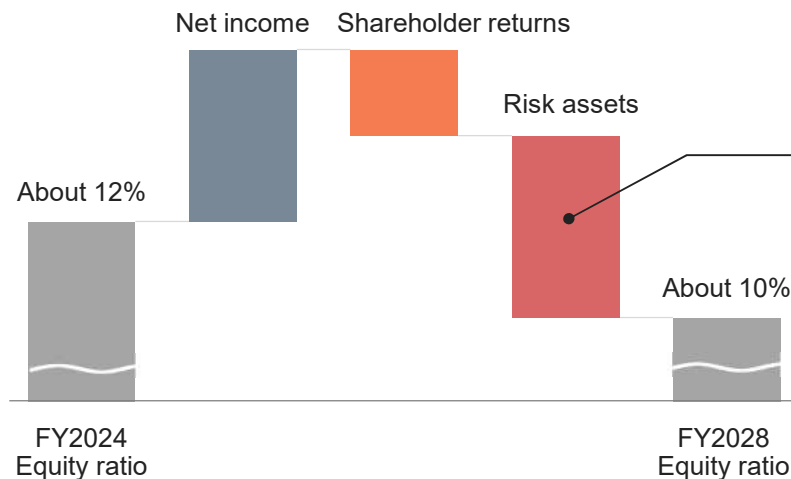
Aim to enhance corporate value through the implementation of various initiatives under the Medium-term Management Plan “Taking on Challenges for the Future”

Logic Tree for P/B ratio Improvement



Achieve “efficient asset allocation” in terms of both funding and capital to enhance profitability while maintaining soundness and making effective use of management resources

Capital Allocation



Increase loans to medium-sized companies and SMEs in the region

Increase structured finance cross-border loans

Improve the quality of mortgage assets

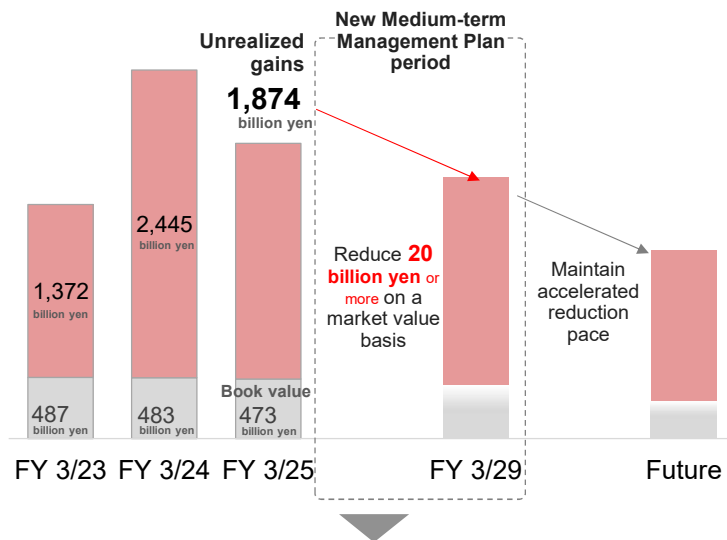
Restructure the securities portfolio

Proactively accumulate risk assets capable of creating social and economic value

* 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.

Aim to enhance corporate value by reducing cross-shareholdings systematically and allocating the capital gains incurred to strategic investments

Cross-Shareholdings (Listed Stocks)



Strategic investment in DX and human capital

Target Systematically reduce cross-shareholdings by **more than 20 billion yen** on a market value basis

Manage

Even if a sale agreement is in place, manage shares as cross-shareholdings when banking or other business relationships continue

Significance of ownership

Assess whether the shares contribute to regional economic development and enhance the Bank's corporate value

Sale

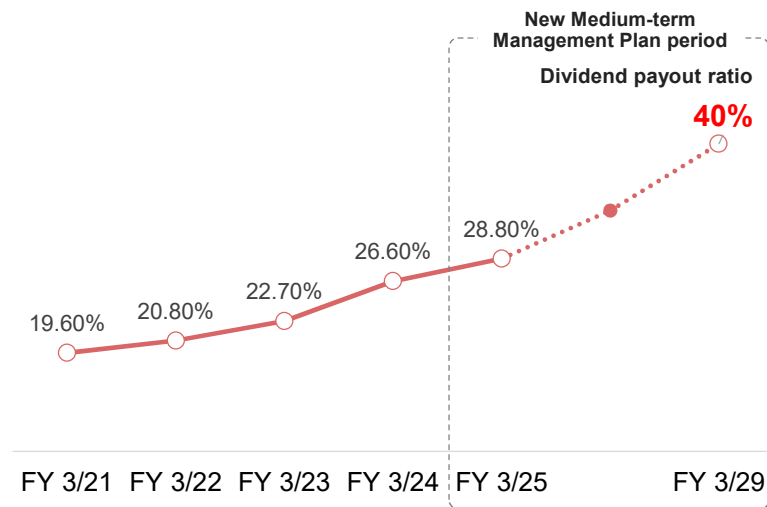
When selling such cross-holding shares, the order of sales will be determined from the perspective of investment efficiency

Gains on sale

Allocate gains from share sales to strategic investments, aimed at enhancing corporate value

While shareholder returns are based on long-term stable dividends, consider flexible treasury share repurchases targeting a dividend payout ratio of 40%

Shareholder Returns

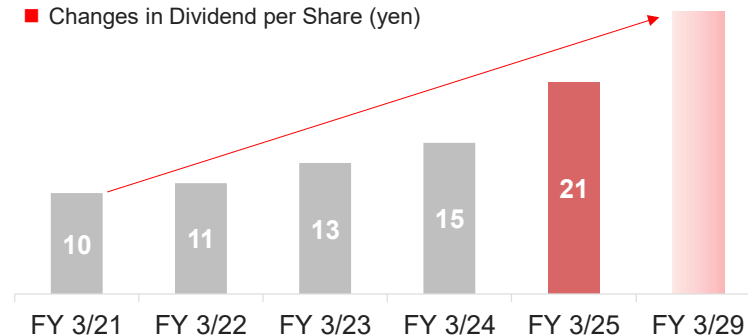


Further enhance shareholder returns

Target Aim to achieve a **dividend payout ratio of 40%** while maintaining the basic policy of stable long-term dividends

Share buyback Treasury stock will be flexibly repurchased based on market conditions including stock prices

Changes in Dividend per Share (yen)



Initiatives to Improve PER

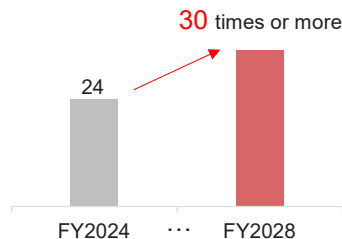
Aim to enhance initiatives for sustainable management, communication of such efforts, and response to external evaluation institutions. Create numerous opportunities to eliminate information asymmetry with stakeholders, thereby promoting a better understanding of the Bank's management strategy

Initiatives to Improve PER

Improving expected profits through higher ROE is the simple approach. In addition, promote understanding of the Bank's management strategy by carefully communicating sustainable management initiatives and responding to external evaluation institutions, thereby creating many opportunities to eliminate information asymmetry

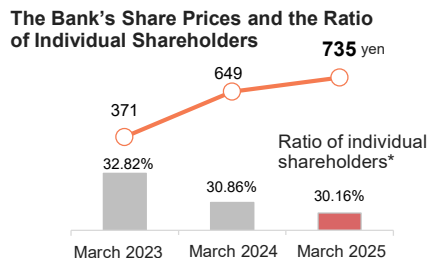
✓ Enhancement of IR and SR

- Aim to hold 30 IR/SR events annually. Share awareness of issues with investors through discussions with a wide range of shareholders
- Consider initiatives to enhance effectiveness through the enrichment of IR and SR events



✓ Holding of IR Events for Individual Shareholders

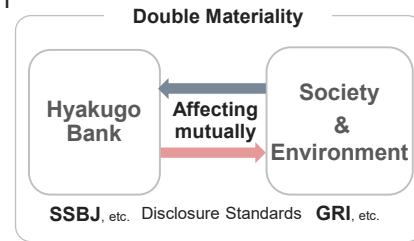
- Create opportunities for a wide range of investors, not limited to local residents, to learn about Hyakugo Bank through events such as IR events tailored for individual investors



* Excluding odd-lot shares

✓ Sustainability Information Disclosure

- Promote initiatives in anticipation of progress in disclosures based on the Sustainability Standards Board of Japan (SSBJ) standards
- Incorporate the concept of “double materiality,” which considers the mutual impacts between society/environment and the company



✓ Activities to Solve Local Issues

Efforts to Solve Local Issues

- Establishment of the Sustainability Business Development Division
- Establish a department that aims to create “social value” and “medium-to long-term profits” through the resolution of social issues without being bound by short-term profit targets

Use of ESG Evaluation Institutions

- Identification and Resolution of Issues in the ESG Field
- Through response to ESG evaluation institutions, review the Group's overall initiatives and grasp the differences with the ideal state

Local Sustainability Initiatives

- Strengthened the framework for promoting regional DX by newly acquiring two system-related companies as subsidiaries
- Promote regional DX by offering a broader range of services than ever, thereby contributing to regional productivity improvement and revitalization

Acquisition of Two System-Related Companies as Subsidiaries



* Companies that have obtained prior approval from the Financial Services Agency to engage in "businesses contributing to regional revitalization, etc.," unrestricted by traditional regulations under the Banking Act

Promotion of regional DX

Technologies, knowledge, and abundant development talent possessed by the two companies



Specialize in core systems primarily for financial institutions



Specialize in information systems and control systems primarily for the manufacturing industry

Contracted System Development

System Personnel Dispatch

System Maintenance and Operation Services

Create economic and social value

Concluded the Export Promotion Partnership Agreement with the Tokai Regional Agricultural Administration Office



Objective

In response to regional issues such as population decline and aging, develop new markets by contributing to the expansion of exports of agricultural, forestry, fishery, and food products from the Tokai region

Future

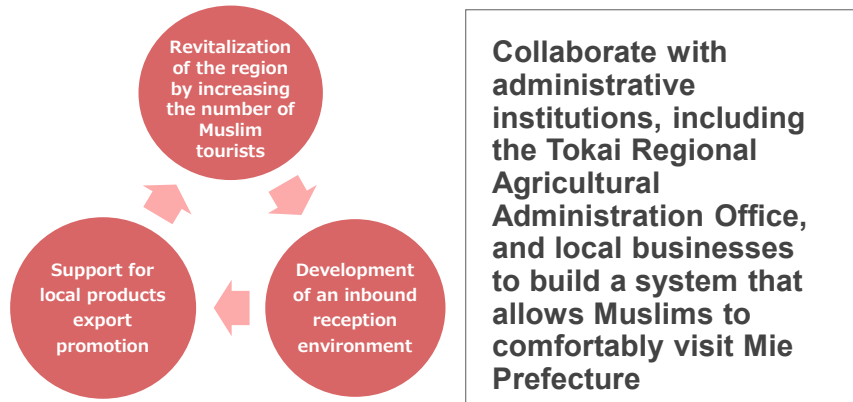
Effectively coordinate export support utilizing regional resources with inbound tourism promotion to deliver attractive regional content to overseas markets

Inbound strategy

Make Mie a leading halal-friendly prefecture

Focusing on the Muslim market which has growth potential among inbound strategies, strengthen support for developing a halal-compliant reception environment and information dissemination

Realization of a Circular Economy



Purchase “Matsusaka City Forest Management for the Future J-Credits”

1

Purchase “Matsusaka City Forest Management for the Future J-Credits” from Matsusaka City

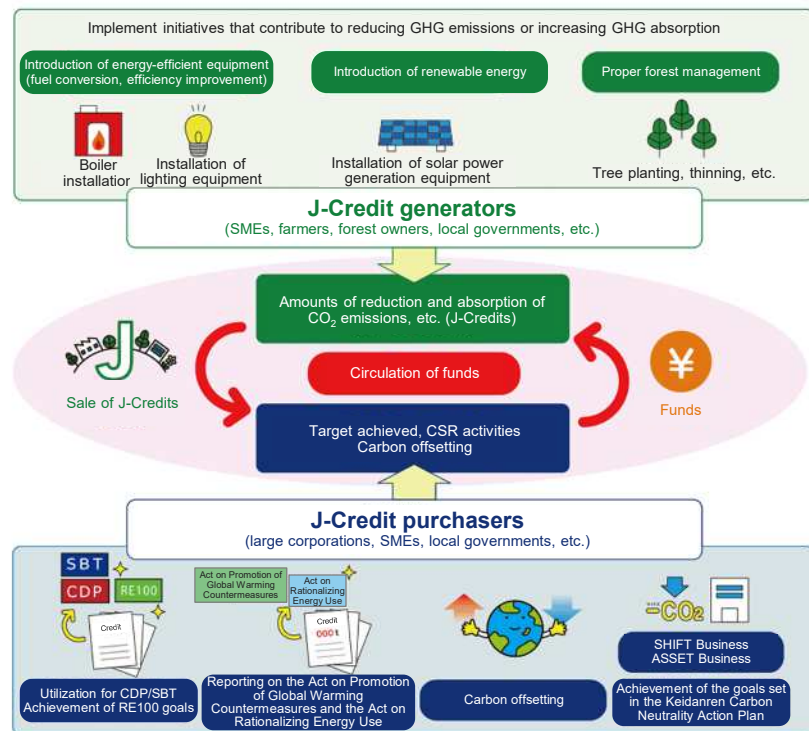
2

Utilize the credits for carbon offsetting for Scope 1 emitted at nine bases of the Bank in Matsusaka City

3

Target net-zero GHG emissions by FY2028

Continue to collaborate with Mie Prefecture, municipalities, and other stakeholders.
Work on a transition to a decarbonized society and circular economy utilizing local resources.



Source: Created by The Hyakugo Bank, Ltd. based on the J-Credit Scheme Website
(<https://japancredit.go.jp/english/>)

Appendix

Strengths of Our Sales Foundation

Number of Branches

145 in Japan
(102 locations)

* Overseas bases

Shanghai Representative Office
Bangkok Representative Office

As of May 31, 2025



Aichi Prefecture
21 branches
(20)

Osaka Prefecture
1 branch
(1)

Wakayama Prefecture
1 branch
(1)

Mie Prefecture
121 branches
(79)

Tokyo
1 branch
(1)

Number of locations in parentheses

Mie Prefecture

Semiconductor industry
Shipments of products, etc.
(2021)
1.9 trillion yen
Ranked **1st** in Japan

Real economic
growth rate
(2012–2021 average)
1.1%
Ranked **6th** in Japan

Homeownership
ratio
(2020)
72.4%
Ranked **9th** in Japan

* Electronic components, devices,
and electronic circuits
Shipments of products of the
manufacturing industry, etc.

Aichi Prefecture

Shipments of products, etc.
(2021)
47.8 trillion yen
Ranked **1st** in Japan

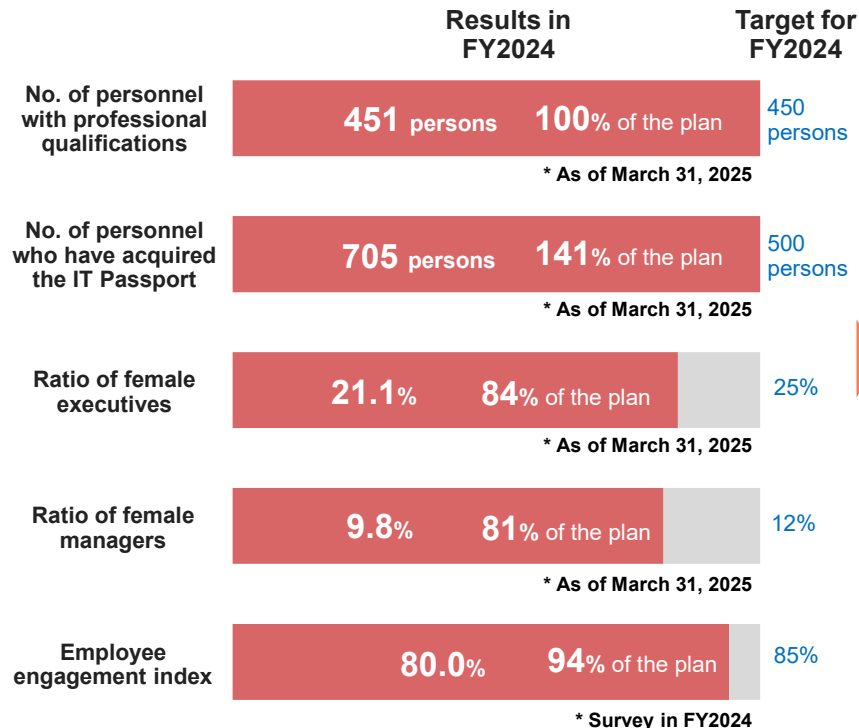
Total population
(2020)
7.54 million
Ranked **4th** in Japan

Gross prefectural product
(nominal, 2022)
43.0 trillion yen
Ranked **3rd** in Japan

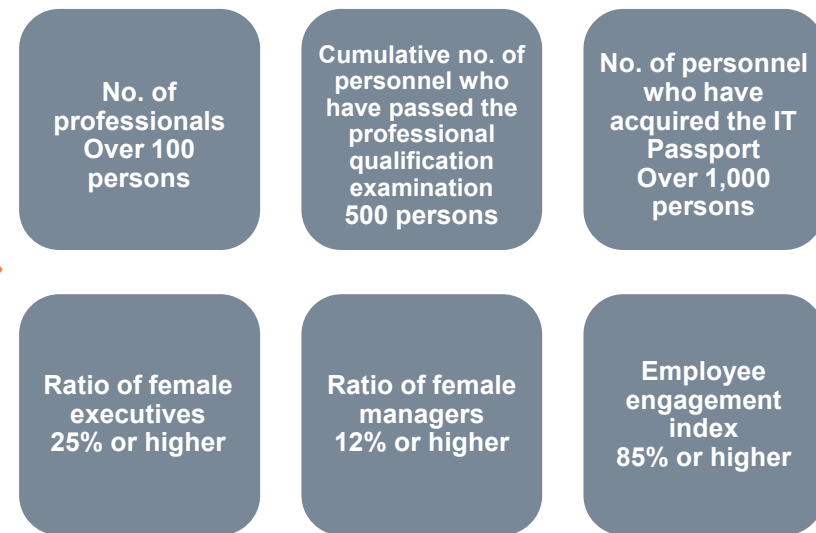
Sources: Ministry of Internal Affairs and Communications “The Census”; Cabinet Office “Prefectural Economic Accounts”; Ministry of Economy, Trade and Industry “Survey of Economic Structure”

Human Capital Indicators

Human capital targets of the Previous Medium-term Management Plan



Human capital targets of the New Medium-term Management Plan



* No. of professionals:

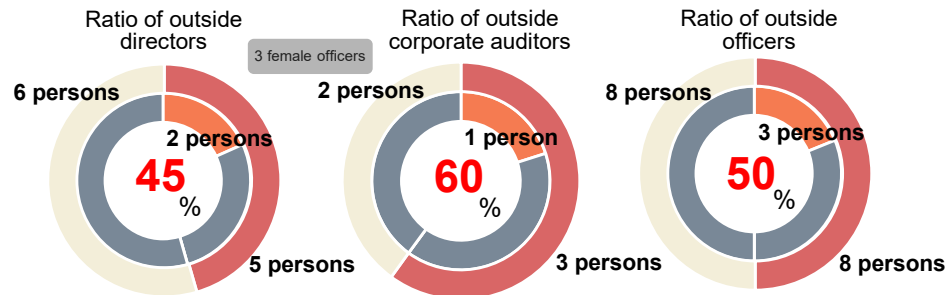
The number of personnel who have passed the professional qualification examination and have demonstrated high levels of knowledge and competence

* Employee engagement index: Percentage of positive responses on job satisfaction in the employee awareness survey

Appointment and Diversification of Outside Officers

- Ratio of outside officers * Scheduled for June 30, 2025

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)

* No. of officers scheduled as of June 30, 2025

Chair is elected from among **outside directors**

Title	No. of persons
Outside directors	5
Inside directors (representative directors)	3
Total	8

Decision-making of
Board of Directors

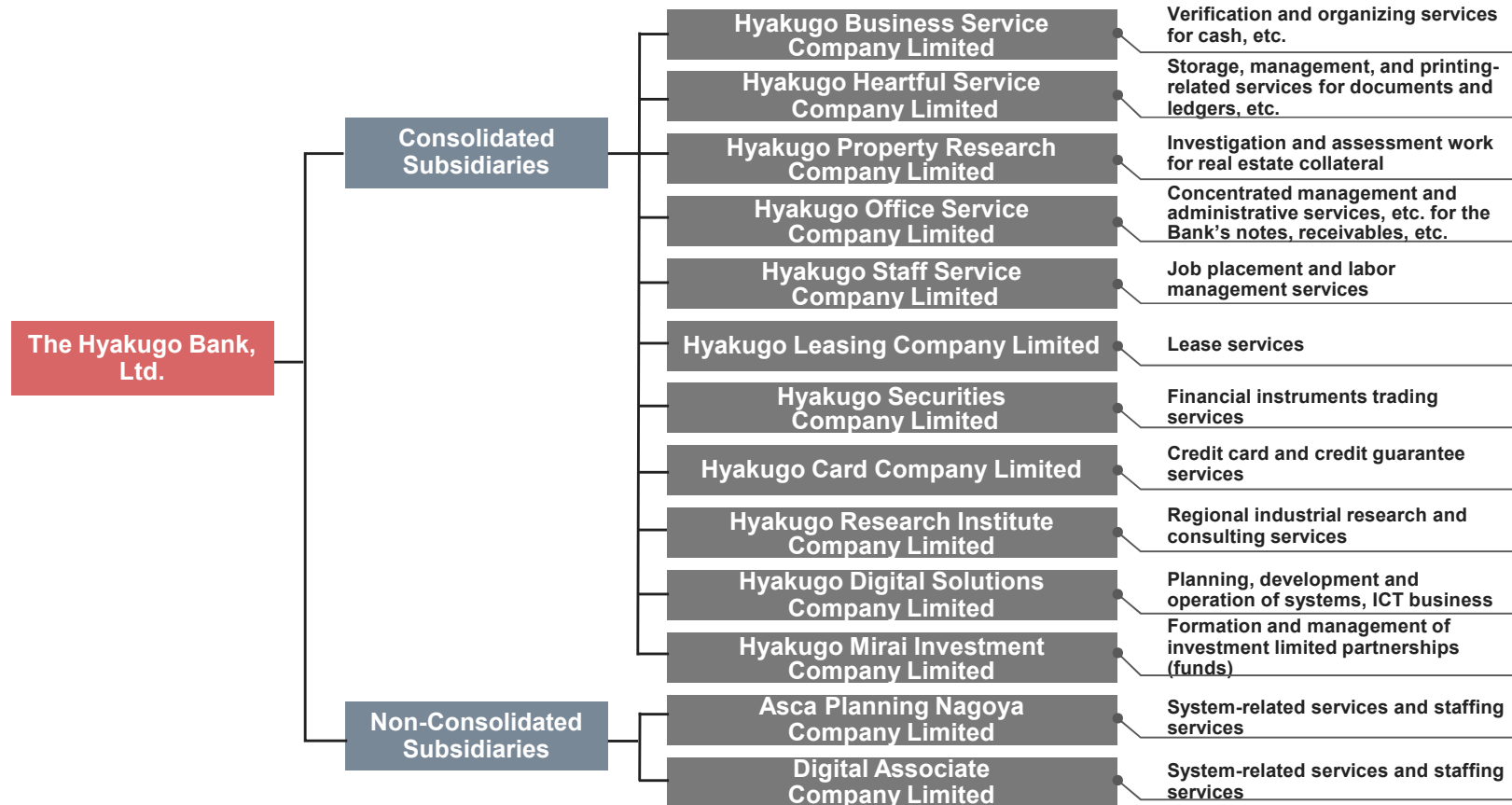
for higher
transparency

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)



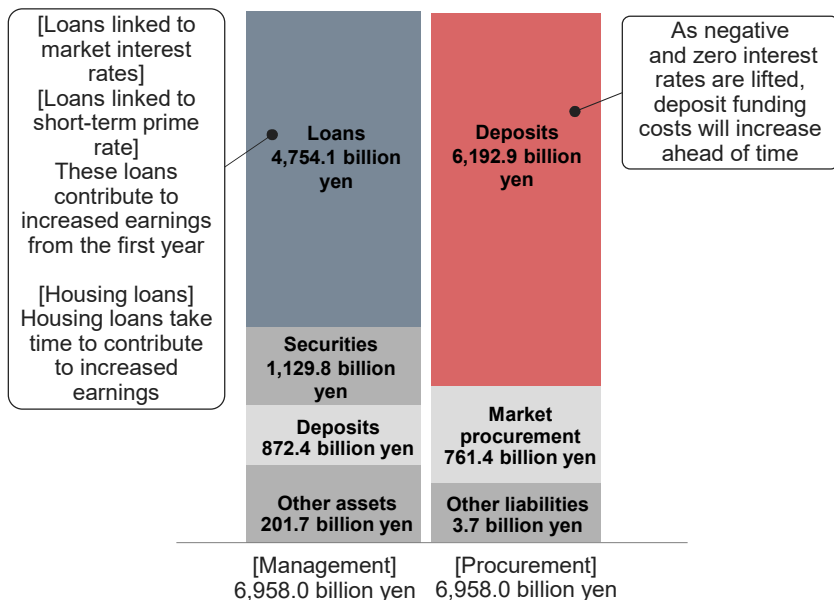


Appendix (Supplementary Materials for Financial Results)

Impact of Rising Yen Interest Rates

balance sheet (bank's non-consolidated basis)

Summary of yen balance sheet (as of March 31, 2025)



Impact of a 0.50% increase in yen interest rates on interest income (annual)

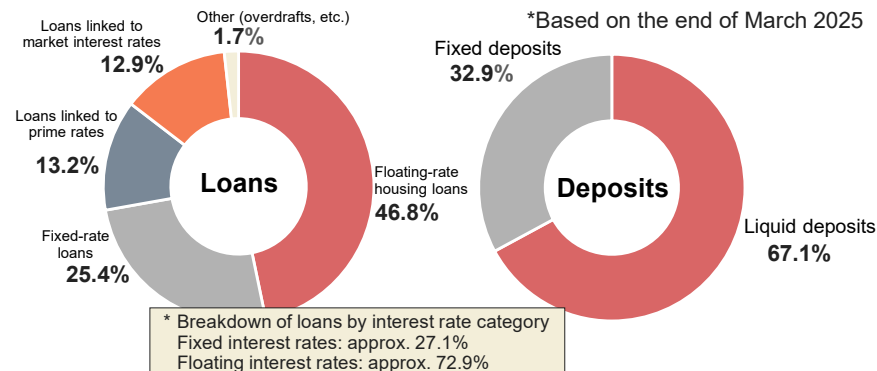
Impact simulation

Annual impact in amount
3rd year
+10.1 billion yen

<Interest rate assumptions>
Rates will rise immediately in the first year and then remain unchanged

Interest income is expected to increase due to rising loan interest rates and improved yields on securities

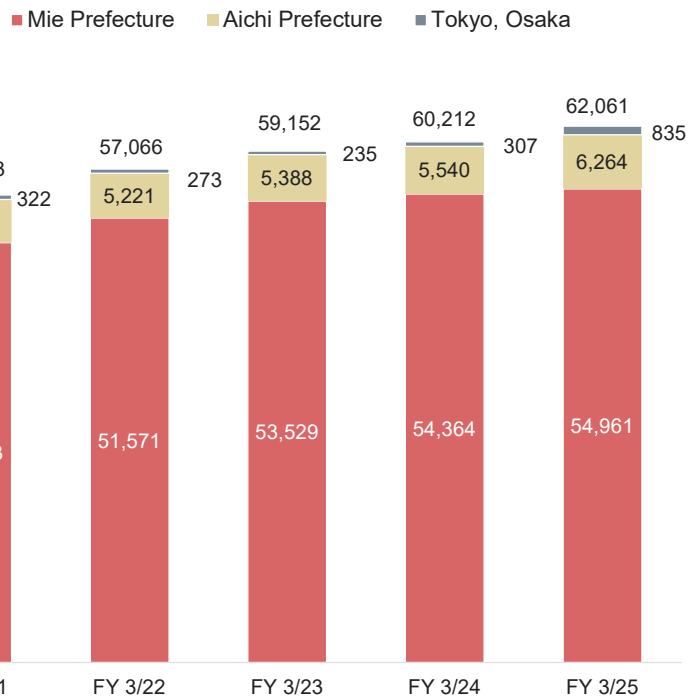
Composition of loans and deposits



Deposits (including negotiable certificates of deposit)

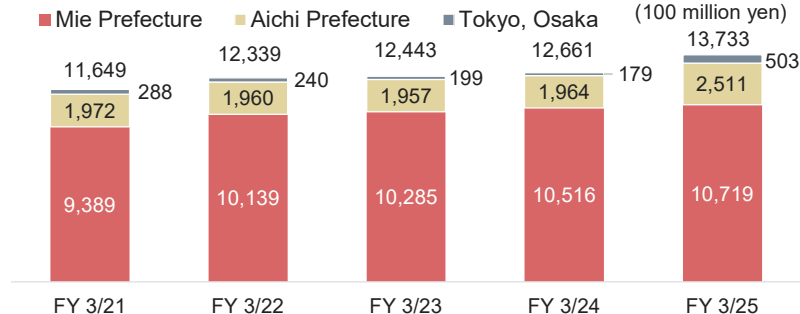
Total deposits (average balance)

(100 million yen)



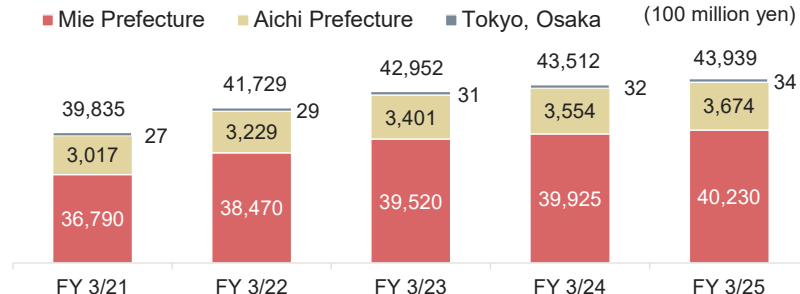
Corporate deposits (average balance)

(100 million yen)



Individual deposits (average balance)

(100 million yen)

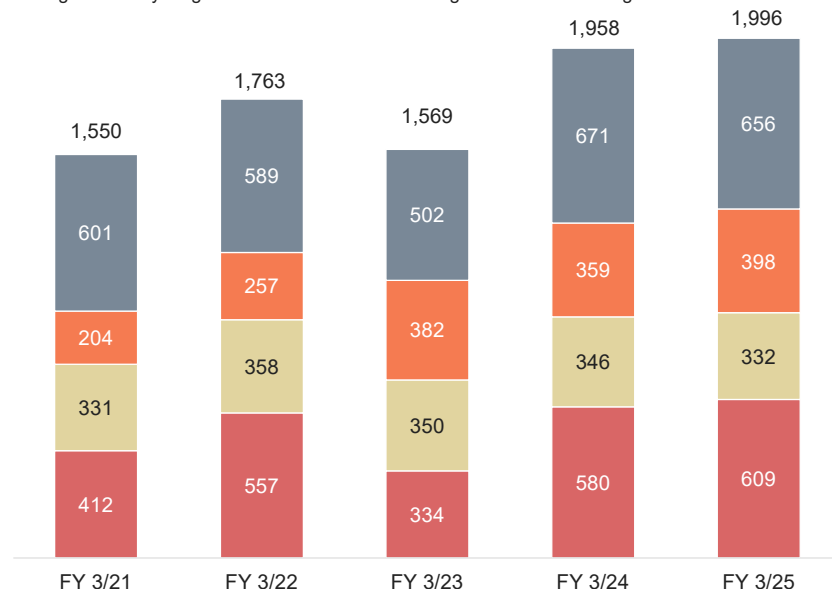


Contract amount of acquired depository assets (incl. Hyakugo Securities)

(100 million yen)

- Investment trusts
- Insurance
- Financial instrument brokerage
- Hyakugo Securities Company

* Figures for Hyakugo Securities are after excluding the Bank's brokerage.



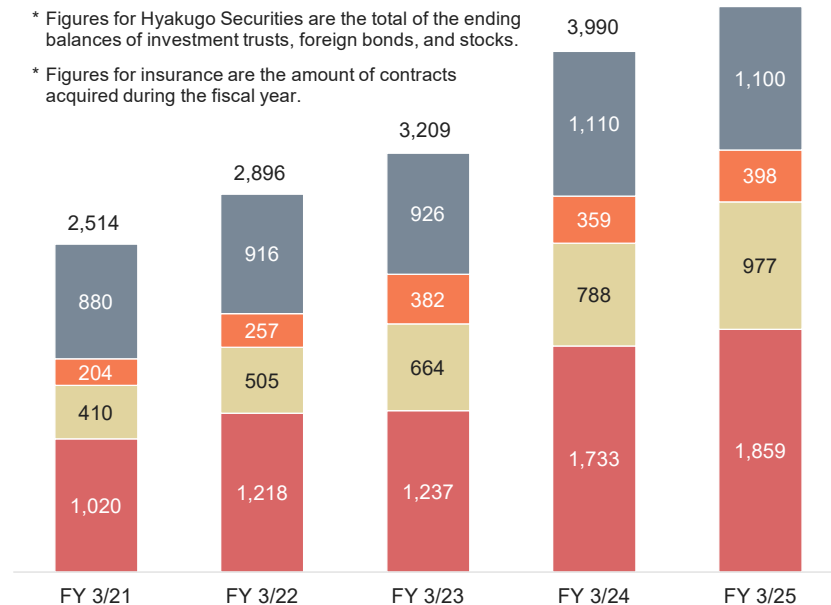
Depository assets balance (incl. Hyakugo Securities)

(100 million yen)

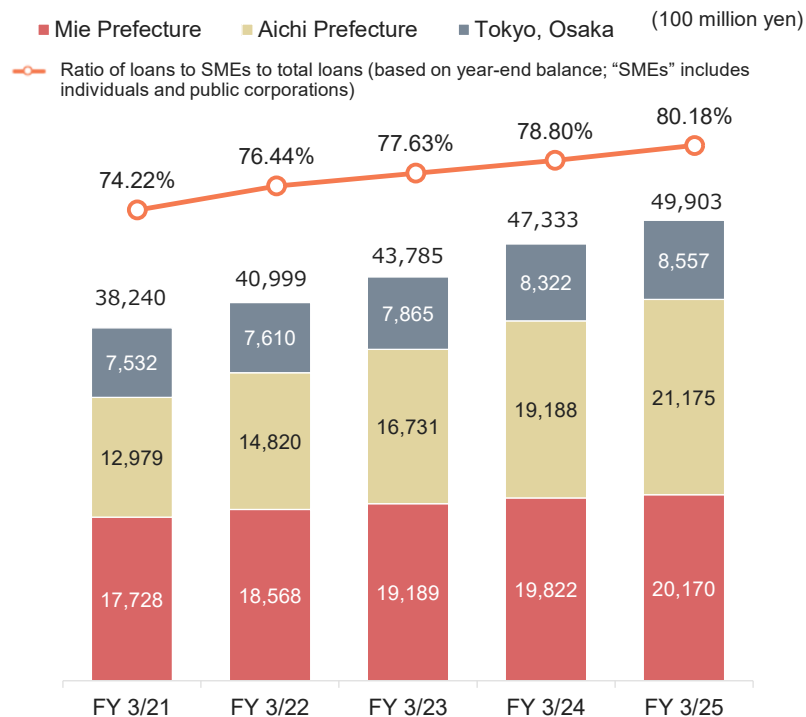
- Investment trust balance
- Insurance
- Securities brokerage
- Hyakugo Securities Company

* Figures for Hyakugo Securities are the total of the ending balances of investment trusts, foreign bonds, and stocks.

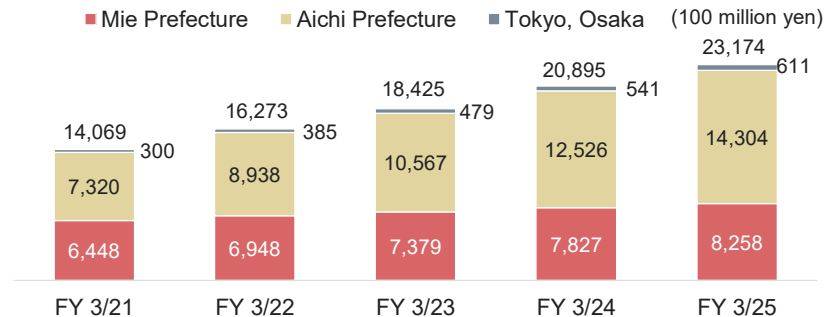
* Figures for insurance are the amount of contracts acquired during the fiscal year.



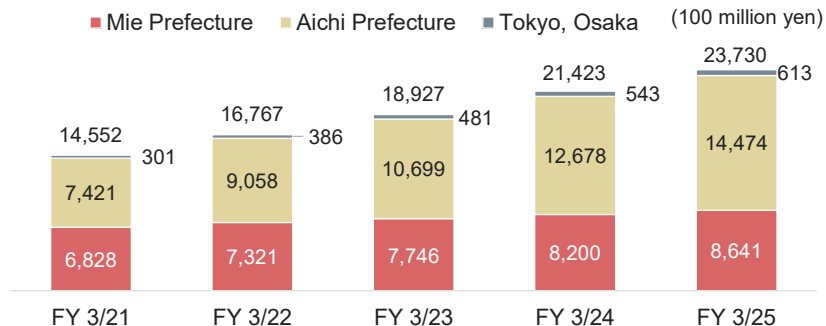
Total loans (average balance)



Housing loans (average balance)

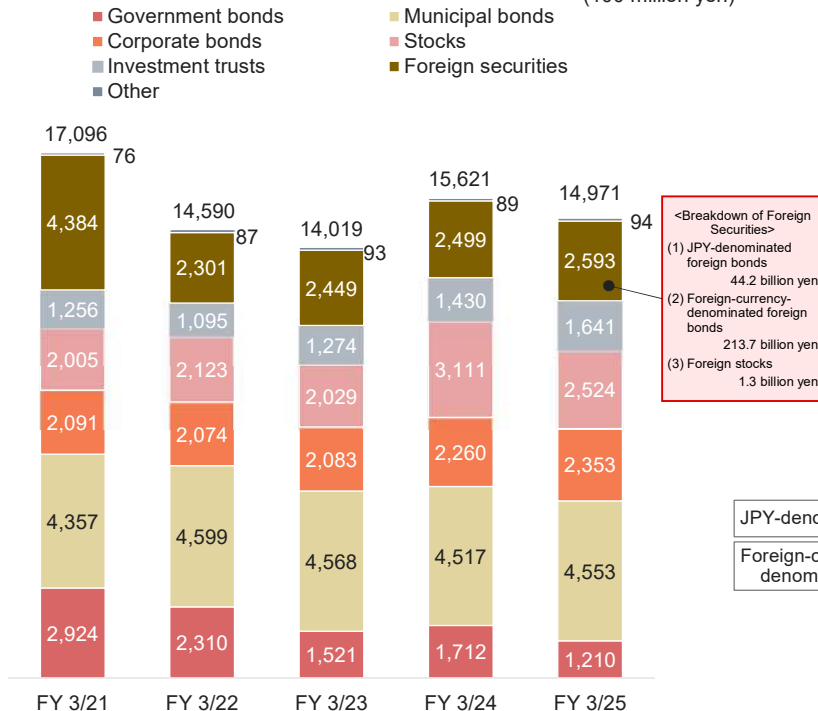


Consumer loans (average balance)



Securities balance

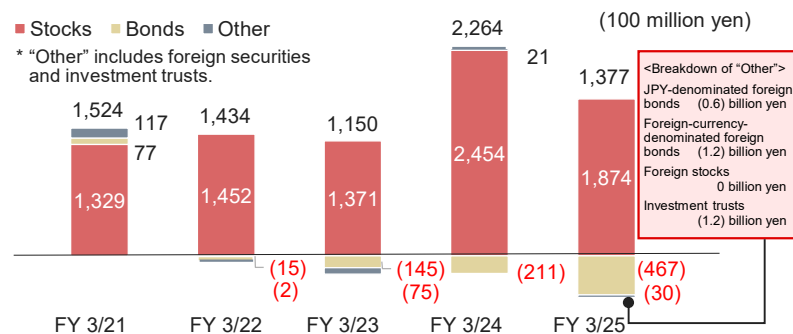
(100 million yen)



Gains and losses on securities

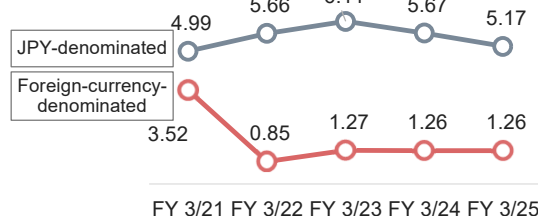
Stocks Bonds Other

* "Other" includes foreign securities and investment trusts.

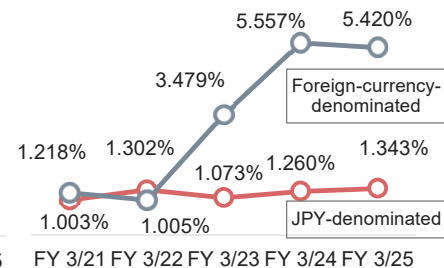


Durations

(Year)



Yields



Equity ratio

(100 million yen)

	end of 3/23	end of 3/24	end of 3/25
Equity capital (For equity ratio calculation purposes)	2,595	2,682	2,749
Risk assets	21,210	21,952	23,055
Equity ratio	12.23%	12.22%	11.92%

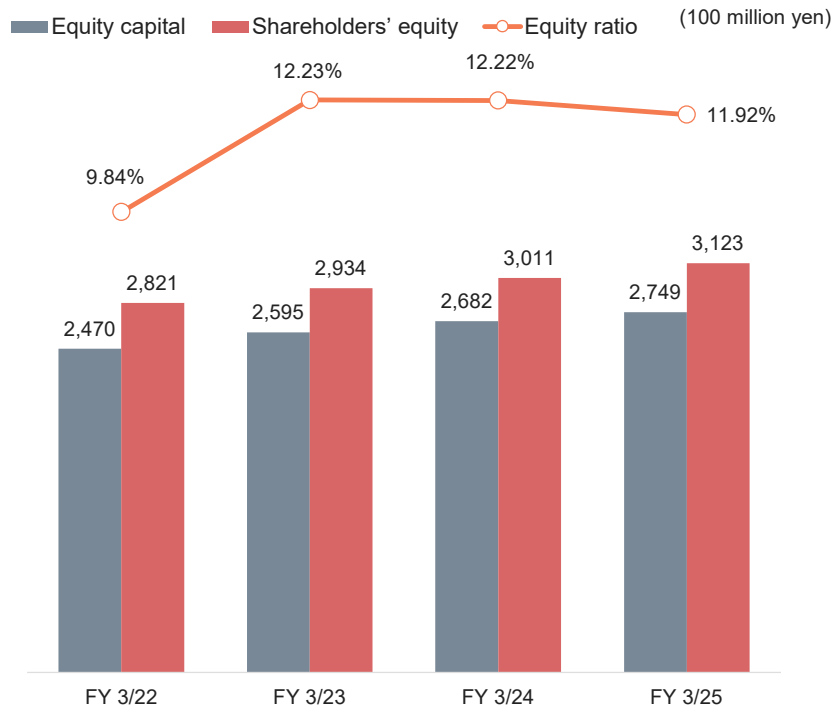
Shareholders' equity	2,934	3,011	3,123
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Method of computing value-at-credit-risk asset value : Approach based on fundamental internal ratings

Method of computing value-at-operational risk : Standard approach

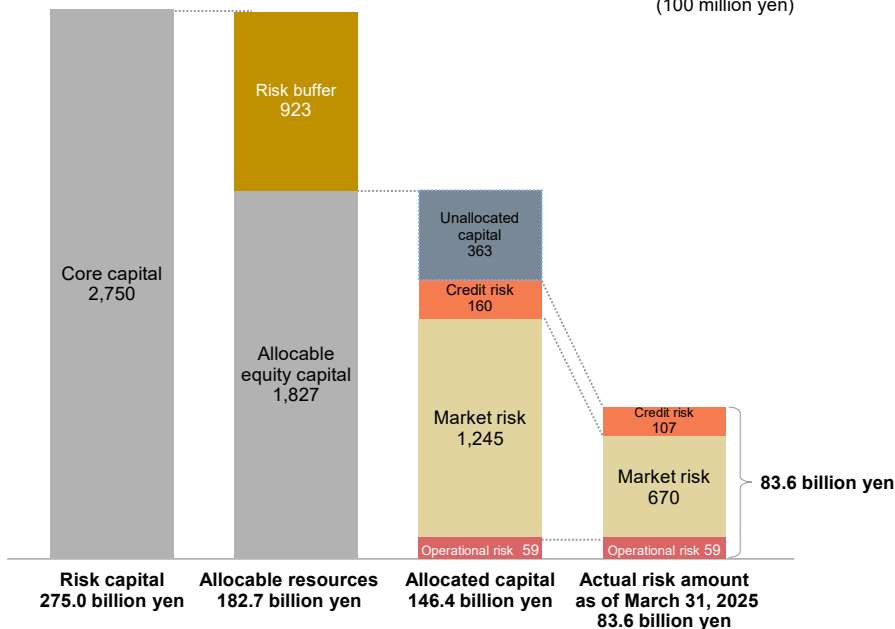
The finalization of Basel III was early adopted from the end of March 2023.

Equity capital, shareholders' equity, and equity ratio



- Risk is kept within an appropriate range according to the Bank's operating capabilities based on integrated risk management
- Compared with core capital of 275.0 billion yen and allocable capital of 182.7 billion yen, actual amount of risk is 83.6 billion yen

(100 million yen)



Method of measuring risk

		Method of measurement	Confidence interval	Holding period
Credit risk (including market-related credit exposure)		VaR	99 %	1 year
Market risk	Cross-shareholdings	VaR *	99 %	6 months
	Investment rates, portfolio investment, investment trusts	VaR	99 %	3 months
Operational risk		Standard approach		

* Amount of risk of cross shareholdings is measured after taking into consideration unrealized gains or losses (valuation gains (losses) minus the VaR equivalent value)

* Risk buffer: Capital not allocated to risk limits in the case of emergencies (equivalent to 4% of equity ratio)

* Unallocated capital: Unused portion of allocable capital

Outstanding Non-performing Loans by Disclosure Standard and Coverage

Non-performing Loans under Internal Assessment Standard (target: total credit exposure)						Loans disclosed under the Financial Reconstruction Act and risk-managed claims (target: total credit exposure) *Special attention loans, loans that are delinquent for three months or more and restructured loans are loans only						
Classification		Credit outstanding	Category				Classification	Credit outstanding		Amount covered by collateral and guarantee	Reserve for possible loan losses	Coverage ratio
			Non-categorized	Category II	Category III	Category IV						
Failure		13<6>	11	1	- (1)	- (6)	Bankrupt and quasi-bankrupt assets	123<67>		58	64	100.00%
Substantial failure		110<60>	95	15	- (6)	- (49)						
Possible failure		479	288	75	115 (118)		Doubtful assets	479		245	118	75.89%
Watch list	Under control	124	24	100			Substandard loans	77	Debts past due by three months or more 0	26	8	44.69%
									Restructured loans 77			
	Others	940	405	535			Normal assets	50,576		Ratio of loans disclosed under the Financial Reconstruction Act (subtotal) over total credit exposure 1.32%		
Normal		49,588	49,588							Reference		
Total		51,256<51,200>	50,413	727	115 (126)	- (56)	Total	51,256<51,200>				

(100 million yen) * Amounts less than stated units are rounded down.

* Total credit: Loans, customers' liabilities for acceptances and guarantees, private placement bonds guaranteed by the bank, foreign exchange, suspense payments and accrued interest similar to loans, etc.

* Values shown in the section "Non-performing Loans" under "Internal Assessment Standard" are after loan loss reserves, with the value indicated in parentheses representing amounts of reserves corresponding to the respective sections.

* The Bank does not carry out partial direct write-offs, but the amounts that would be derived if a partial direct write-off were carried out are shown in angled brackets.

Ratio of loans disclosed under the Financial Reconstruction Act (subtotal) over total credit exposure..... 1.32%

Reference
Ratio of loans disclosed under the Financial Reconstruction Act over total credit exposure if partial direct write-offs were carried out..... 1.21%

Trends of loans disclosed under the Financial Reconstruction Act

(100 million yen)

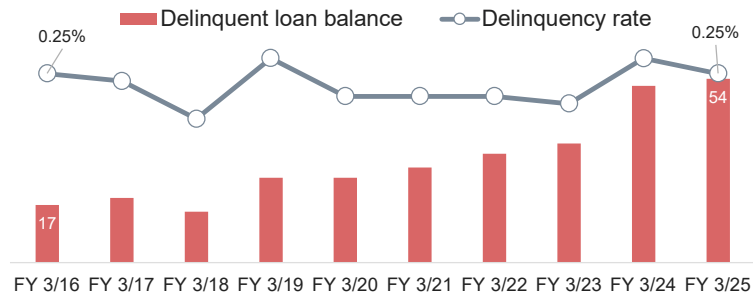
	end of 3/21	end of 3/22	end of 3/23	end of 3/24	end of 3/25	Year-on-year
Bankrupt and quasi-bankrupt assets	87	91	73	100	123	23
Doubtful assets	419	456	493	493	479	(14)
Substandard loans	90	103	79	80	77	(2)
Total	598	651	646	673	680	6
Non-performing loans ratio	1.48%	1.52%	1.39%	1.35%	1.32%	(0.03)P

Loan Delinquent Balances & Default Rates

Housing loan delinquency and default status

Delinquent loan balance and rate

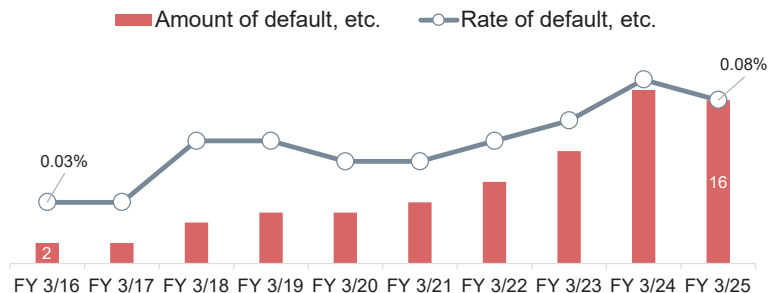
(Balance: 100 million yen)



Amount and rate of defaults, etc.

(Balance: 100 million yen)

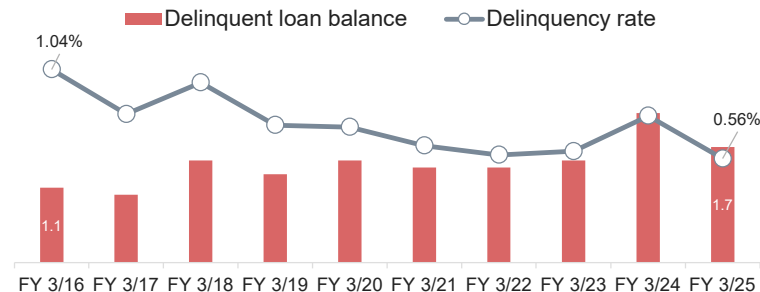
* Including guaranteed loans (payment under guarantee)



Delinquent unsecured loan balance and rate

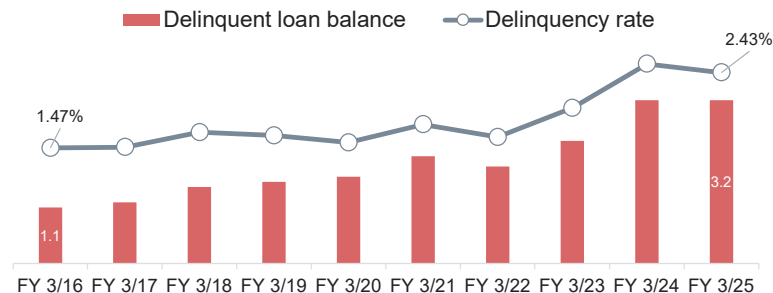
Specific-purpose loan

(Balance: 100 million yen)



Card loan

(Balance: 100 million yen)



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