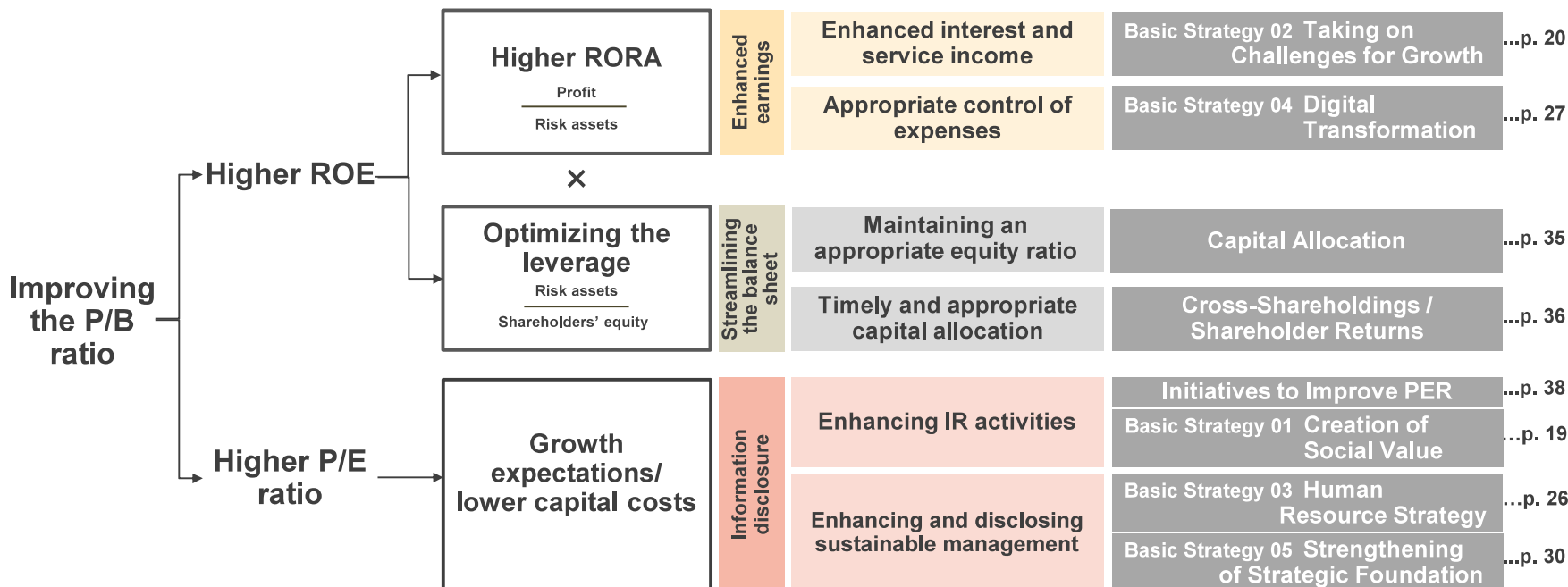


Initiatives to Improve Corporate Value

Initiatives to Improve P/B Ratio

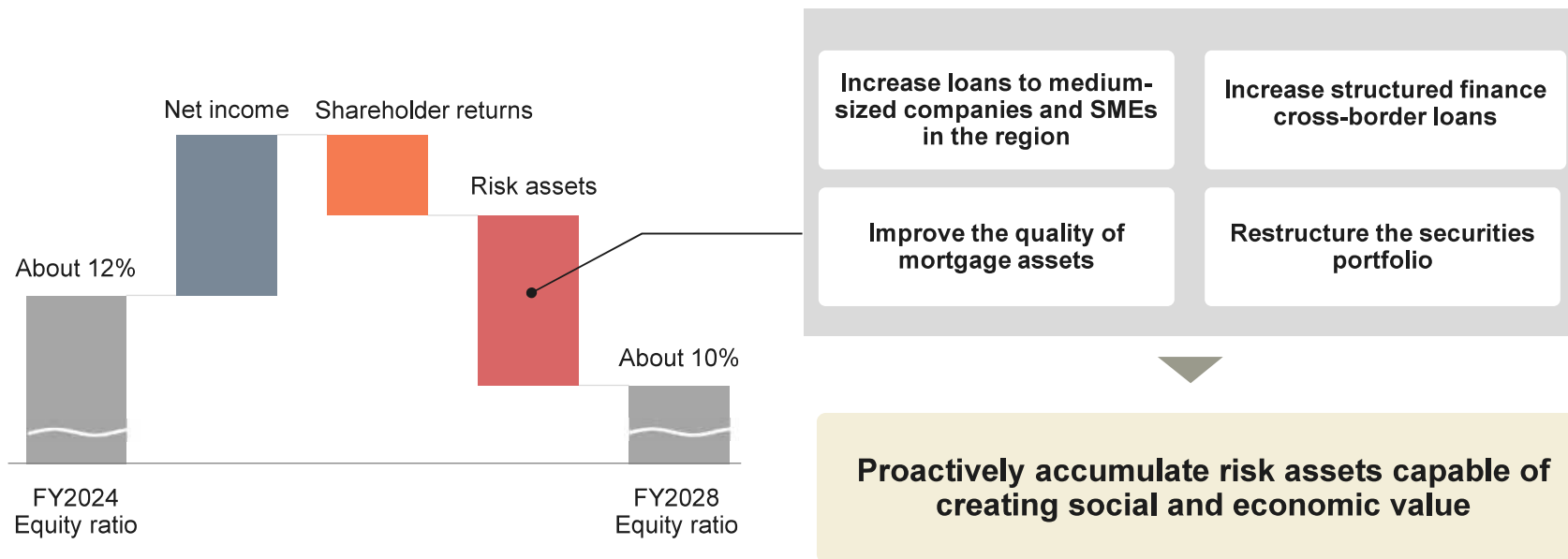
Aim to enhance corporate value through the implementation of various initiatives under the Medium-term Management Plan “Taking on Challenges for the Future”

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

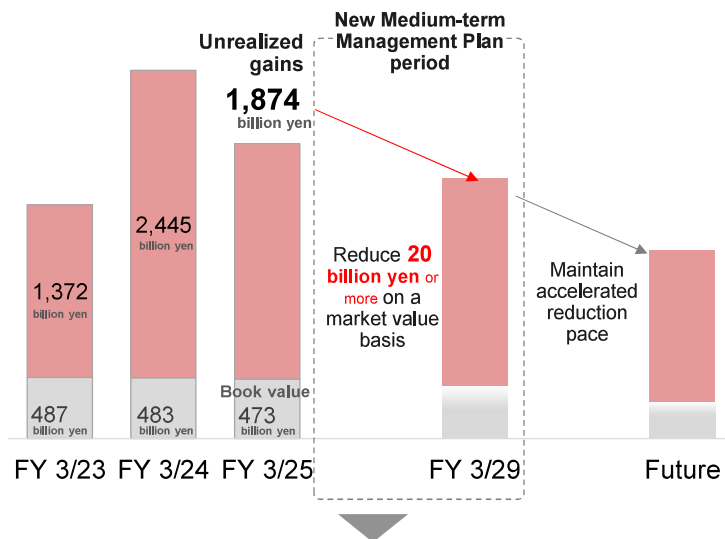
Capital Allocation



* 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

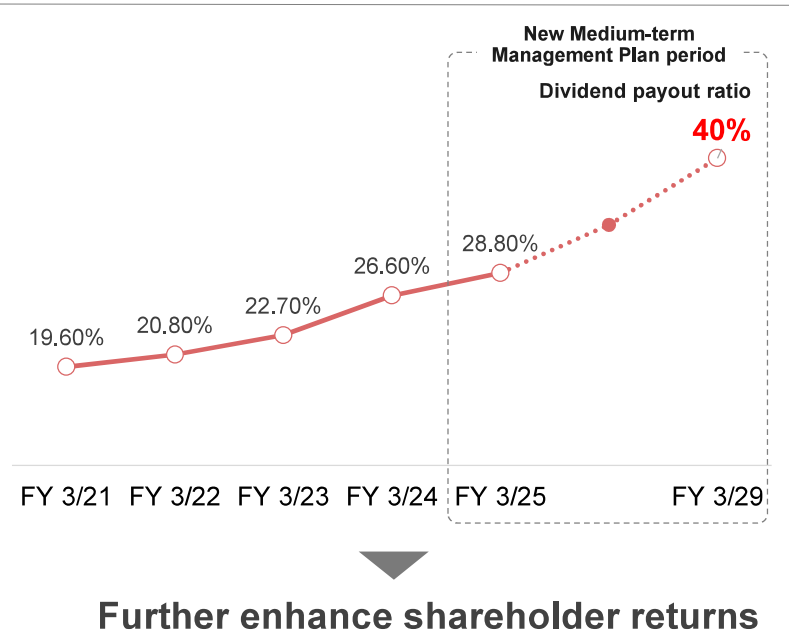
When selling such cross-holding shares, the order of sales will be determined from the perspective of investment efficiency

Gains on sale

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

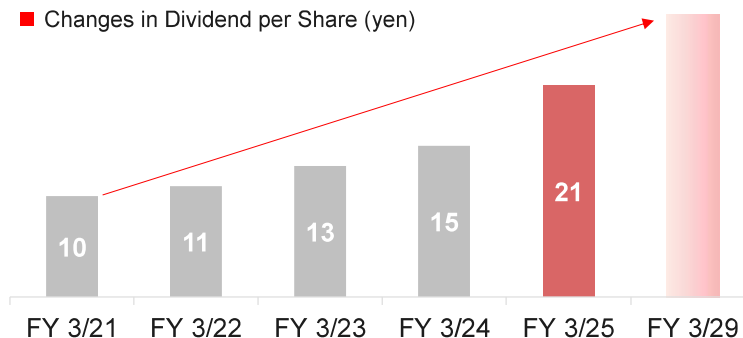
While shareholder returns are based on long-term stable dividends, consider flexible treasury share repurchases targeting a dividend payout ratio of 40%

Shareholder Returns



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



Initiatives to Improve PER

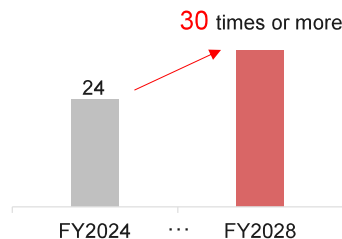
Aim to enhance initiatives for sustainable management, communication of such efforts, and response to external evaluation institutions. Create numerous opportunities to eliminate information asymmetry with stakeholders, thereby promoting a better understanding of the Bank's management strategy

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

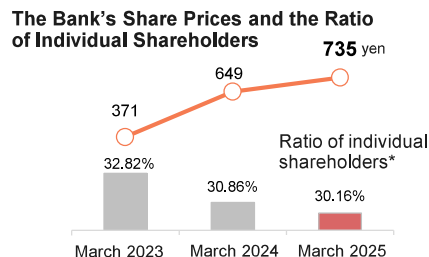
✓ Enhancement of IR and SR

- 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

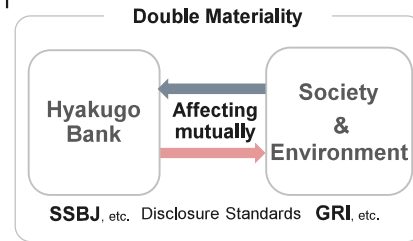
- Create opportunities for a wide range of investors, not limited to local residents, to learn about Hyakugo Bank through events such as IR events tailored for individual investors



* 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